

**ANNUAL FINANCIAL REPORT  
BLEDSOE COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2014**



**ANNUAL FINANCIAL REPORT  
BLEDSOE COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2014**

***COMPTROLLER OF THE TREASURY  
JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT  
JAMES R. ARNETTE  
Director***

***STEVE REEDER, CPA, CGFM, CFE  
Audit Manager***

***MICHAEL FORD, CPA, CGFM  
Auditor 4***

***DEVAN MCDOWELL, CFE  
JENI PALADENI, CISA  
State Auditors***

**This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)**

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## BLEDSOE COUNTY, TENNESSEE

### TABLE OF CONTENTS

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	Exhibit	Page(s)
Summary of Audit Findings		6-7
<u>INTRODUCTORY SECTION</u>		8
Bledsoe County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Position	A	16-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23-24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	25
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	26-28
Ambulance Service Fund	C-6	29
Highway/Public Works Fund	C-7	30
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	31
Index and Notes to the Financial Statements		32-73
REQUIRED SUPPLEMENTARY INFORMATION:		74
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Bledsoe County School Department	E-1	75
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Bledsoe County School Department	E-2	76
Notes to the Required Supplementary Information		77

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		78
Nonmajor Governmental Funds:		79-80
Combining Balance Sheet	F-1	81-84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	85-88
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	F-3	89
Drug Control Fund	F-4	90
Other Special Revenue Fund	F-5	91
Major Governmental Fund:		92
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	93
Fiduciary Funds:		94
Combining Statement of Fiduciary Assets and Liabilities	H-1	95
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	96
Component Unit:		
Discretely Presented Bledsoe County School Department:		97
Statement of Activities	I-1	98
Balance Sheet – Governmental Funds	I-2	99-100
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	101
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	102-103
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	104
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	106
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	107-108
School Federal Projects Fund	I-9	109
Central Cafeteria Fund	I-10	110
Education Debt Service Fund	I-11	111

	Exhibit	Page(s)
Miscellaneous Schedules:		112
Schedule of Changes in Long-term Bonds, Notes, Capital Lease, and Other Loans	J-1	113-114
Schedule of Long-term Debt Requirements by Year	J-2	115-116
Schedule of Transfers – Primary Government and Discretely Presented Bledsoe County School Department	J-3	117
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Bledsoe County School Department	J-4	118
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	119-128
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Bledsoe County School Department	J-6	129-132
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	133-147
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Bledsoe County School Department	J-8	148-157
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	158
 <u>SINGLE AUDIT SECTION</u>		 159
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		   160-161
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133		   162-164
Schedule of Expenditures of Federal Awards and State Grants		165-166
Schedule of Audit Findings Not Corrected		167
Schedule of Findings and Questioned Costs		168-178
Best Practice		179
Auditee Reporting Responsibilities		180

# ***Summary of Audit Findings***

Annual Financial Report  
Bledsoe County, Tennessee  
For the Year Ended June 30, 2014

## ***Scope***

We have audited the basic financial statements of Bledsoe County as of and for the year ended June 30, 2014.

## ***Results***

Our report on Bledsoe County's financial statements is unmodified.

Our audit resulted in 13 findings and recommendations, which we have reviewed with Bledsoe County management. Detailed findings and recommendations are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF ROAD SUPERINTENDENT**

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
- ◆ The Highway/Public Works Fund had a deficit in unassigned fund balance.
- ◆ The general ledger cash account was not accurately reconciled with county trustee reports, and the fund had a cash overdraft at June 30, 2014.
- ◆ The office had deficiencies in budget operations.
- ◆ Employees at the Highway Department used department purchased fuel in their personal vehicles.
- ◆ A complete county road list was not submitted to the County Commission for approval.
- ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments.
- ◆ Receivables and payables were not recorded correctly in the Highway/Public Works Fund.
- ◆ The office had deficiencies in purchasing procedures.

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### **OFFICE OF TRUSTEE**

- ◆ Usernames and passwords were shared by employees.
-

## **OFFICE OF SHERIFF**

- ◆ Some collections were not deposited within three days.
- 

## **AMBULANCE SERVICE AND THE OFFICES OF COUNTY MAYOR; ROAD SUPERINTENDENT; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER OF DEEDS; AND SHERIFF**

- ◆ Duties were not segregated adequately.
- 

## **BLEDSON COUNTY**

- ◆ Bledson County has a material recurring audit finding.

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# INTRODUCTORY SECTION

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# Bledsoe County Officials

## June 30, 2014

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### **Officials**

Bobby Collier, County Mayor  
Marvin Smith, Road Superintendent  
Jennifer Terry, Director of Schools  
Deanna Rains, Trustee  
Alan Nail, Assessor of Property  
Carolyn Terry, County Clerk  
Michael Walker, Circuit, General Sessions, and Juvenile Courts Clerk  
Greg Forgey, Clerk and Master  
Emma Boynton, Register of Deeds  
James Morris, Sheriff

### **Board of County Commissioners**

Craig Mercer, Chairman	Robert Reese
Steve Bice	Tanya Roberson
Shayne Bickford	Ronald Sapp
Vincent Boring	Roger Simmons
Tim Campbell	Barry Smith
Junior Hankins	Perry Swafford
Ronnie Hudson	

### **Board of Education**

Charlie Young, Chairman	Stacy Farmer
Bobby Angel	Vincent Pendegrass
Bennett Boynton	Alfred Terry
Penny Everett	

### **Audit Committee**

Phil Crawford  
Mitzi Hankins  
Elizabeth Turner

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# FINANCIAL SECTION

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

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 Bledsoe County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bledsoe County Nursing Home. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bledsoe County Nursing Home is based solely on the report of the other auditors. We were unable to determine Bledsoe County Nursing Home's respective percentages of the assets, net position, and revenues of the aggregate discretely presented component units because the Bledsoe County Emergency Communications District, a component unit requiring discrete presentation, was not

included in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County, Tennessee, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Bledsoe County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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 schedules of funding progress – pension plan and other postemployment benefits plan on pages 75 - 77 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bledsoe 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 Fund, combining and individual fund financial statements of the Bledsoe 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 Fund, combining and individual fund financial statements of the Bledsoe County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Bledsoe County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2014, on our consideration of Bledsoe County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bledsoe County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 16, 2014

JPW/sb

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Bledsoe County, Tennessee  
Statement of Net Position  
June 30, 2014

	Primary Governmental Activities	Component Units	
		Bledsoe County School Department	Bledsoe County Nursing Home
<u>ASSETS</u>			
Cash	\$ 48,128	\$ 3,056	\$ 436,491
Equity in Pooled Cash and Investments	3,084,006	5,306,017	0
Accounts Receivable	3,690,246	18,916	210,779
Allowance for Uncollectible	(2,204,770)	0	(92,000)
Due from Other Governments	920,017	635,043	0
Due from Component Units	12,750,919	0	0
Prepaid Items	0	0	18,049
Property Taxes Receivable	3,056,003	1,824,529	0
Allowance for Uncollectible Property Taxes	(240,687)	(143,698)	0
Other Assets	0	0	8,590
Capital Assets:			
Assets Not Depreciated:			
Land	173,140	375,847	0
Construction in Progress	182,362	1,548,041	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,100,944	8,564,073	285,471
Infrastructure	4,274,909	103,780	0
Other Capital Assets	570,551	1,124,377	56,679
Total Assets	<u>\$ 33,405,768</u>	<u>\$ 19,359,981</u>	<u>\$ 924,059</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 105,720	\$ 163,788	\$ 0
Total Deferred Outflows of Resources	<u>\$ 105,720</u>	<u>\$ 163,788</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 510,252	\$ 20,903	\$ 70,485
Accrued Payroll	0	0	55,806
Payroll Deductions Payable	724	4,812	0
Cash Overdraft	700	0	0
Accrued Interest Payable	89,373	0	0
Customer Deposits Payable	0	6,064	8,590
Due to Primary Government	0	12,750,919	0
Due to State of Tennessee	1,963	0	0
Other Current Liabilities	12	0	58,200
Noncurrent Liabilities:			
Due Within One Year	1,170,528	0	0
Due in More Than One Year (net of unamortized premiums on debt)	20,356,595	415,687	0
Total Liabilities	<u>\$ 22,130,147</u>	<u>\$ 13,198,385</u>	<u>\$ 193,081</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,671,416	\$ 1,594,918	\$ 0
Total Deferred Inflows of Resources	<u>\$ 2,671,416</u>	<u>\$ 1,594,918</u>	<u>\$ 0</u>

(Continued)

Exhibit A

Bledsoe County, Tennessee  
Statement of Net Position (Cont.)

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>	
		<u>Bledsoe County School Department</u>	<u>Bledsoe County Nursing Home</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 3,778,718	\$ 11,879,906	\$ 342,150
Restricted for:			
General Government	135,863	0	0
Finance	1,706	0	0
Administration of Justice	35,778	0	0
Public Safety	99,707	0	0
Public Health and Welfare	1,749,097	0	0
Highways	427,712	0	0
Debt Service	671,882	0	0
Education	0	3,585,659	0
Unrestricted	<u>1,809,462</u>	<u>(10,735,099)</u>	<u>388,828</u>
Total Net Position	<u>\$ 8,709,925</u>	<u>\$ 4,730,466</u>	<u>\$ 730,978</u>

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



Exhibit B

Bledsoe County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues		Primary Government	Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Bledsoe County School Department	Bledsoe County Nursing Home
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 2,073,363	\$ 1,666,018	\$ 0
Property Taxes Levied for Solid Waste				273,731	0	0
Property Taxes Levied for Debt Service				539,582	85,920	0
Local Option Sales Taxes				80,423	659,401	0
Litigation Tax - General				15,668	0	0
Business Tax				46,023	0	0
Wholesale Beer Tax				93,527	0	0
Other Local Taxes				0	2,439	0
Grants and Contributions Not Restricted to Specific Programs				647,379	12,747,043	100,000
Unrestricted Investment Income				32,397	5,908	835
Miscellaneous				17,138	10,799	0
Total General Revenues				\$ 3,819,231	\$ 15,177,528	\$ 100,835
Change in Net Position				\$ 375,119	\$ 1,110,127	\$ (109,573)
Net Position, July 1, 2013				8,334,806	3,620,339	840,551
Net Position, June 30, 2014				\$ 8,709,925	\$ 4,730,466	\$ 730,978

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

Exhibit C-1

Bledsoe County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds		
<b>ASSETS</b>							
Cash	\$ 0	\$ 27,535	\$ 20,546	\$ 0	\$ 47	\$ 48,128	
Equity in Pooled Cash and Investments	2,005,594	49,558	0	629,559	399,295	3,084,006	
Accounts Receivable	0	3,690,145	0	0	101	3,690,246	
Allowance for Uncollectibles	0	(2,204,770)	0	0	0	(2,204,770)	
Due from Other Governments	226,822	0	689,240	0	3,955	920,017	
Due from Other Funds	148	13	0	0	0	161	
Due from Component Units	45	0	0	0	0	45	
Property Taxes Receivable	2,217,402	0	0	551,653	286,948	3,056,003	
Allowance for Uncollectible Property Taxes	(174,640)	0	0	(43,448)	(22,599)	(240,687)	
Total Assets	\$ 4,275,371	\$ 1,562,481	\$ 709,786	\$ 1,137,764	\$ 667,747	\$ 8,353,149	
<b>LIABILITIES</b>							
Accounts Payable	\$ 4,132	\$ 0	\$ 506,120	\$ 0	\$ 0	\$ 510,252	
Payroll Deductions Payable	0	182	542	0	0	724	
Cash Overdraft	0	0	700	0	0	700	
Due to Other Funds	0	0	0	0	161	161	
Due to State of Tennessee	0	0	1,963	0	0	1,963	
Other Current Liabilities	0	12	0	0	0	12	
Total Liabilities	\$ 4,132	\$ 194	\$ 509,325	\$ 0	\$ 161	\$ 513,812	
Deferred Current Property Taxes	\$ 1,938,350	\$ 0	\$ 0	\$ 482,229	\$ 250,837	\$ 2,671,416	
Deferred Delinquent Property Taxes	97,412	0	0	24,276	12,712	134,400	

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Other Deferred/Unavailable Revenue	\$ 6,600	\$ 1,485,375	\$ 407,166	\$ 0	\$ 0	\$ 0	\$ 1,899,141
Total Deferred Inflows of Resources	\$ 2,042,362	\$ 1,485,375	\$ 407,166	\$ 506,505	\$ 263,549	\$ 0	\$ 4,704,957
<u>FUND BALANCES</u>							
Restricted:	\$ 39,760	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,760
Restricted for General Government	1,706	0	0	0	0	0	1,706
Restricted for Administration of Justice	35,778	0	0	0	0	0	35,778
Restricted for Public Safety	16,935	0	0	0	33,983	0	50,918
Restricted for Public Health and Welfare	25,848	0	0	0	0	0	25,848
Restricted for Other Operations	0	0	0	0	237,324	0	237,324
Restricted for Highways/Public Works	0	0	20,546	0	0	0	20,546
Restricted for Capital Outlay	0	0	0	0	96,103	0	96,103
Restricted for Debt Service	0	0	0	631,259	0	0	631,259
Restricted for Capital Projects	0	0	0	0	550	0	550
Restricted for Other Purposes	0	0	0	0	36,077	0	36,077
Committed:							
Committed for Public Health and Welfare	0	76,912	0	0	0	0	76,912
Committed for Social, Cultural, and Recreational Services	5,098	0	0	0	0	0	5,098
Unassigned	2,103,752	0	(237,251)	0	0	0	1,876,501
Total Fund Balances	\$ 2,228,877	\$ 76,912	\$ (206,705)	\$ 631,259	\$ 404,037	\$ 0	\$ 3,134,380
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,275,371	\$ 1,562,481	\$ 709,786	\$ 1,137,764	\$ 667,747	\$ 0	\$ 8,353,149

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

Exhibit C-2

Bledsoe County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	3,134,380
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	173,140	
Add: construction in progress		182,362	
Add: buildings and improvements net of accumulated depreciation		7,100,944	
Add: infrastructure net of accumulated depreciation		4,274,909	
Add: other capital assets net of accumulated depreciation		<u>570,551</u>	12,301,906
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(20,320,000)	
Less: notes payable		(348,098)	
Less: other loans payable		(428,625)	
Less: capital lease payable		(126,158)	
Less: accrued interest on bonds, notes, and other loans		(89,373)	
Less: deferred premium on debt issuances		(197,299)	
Less: compensated absences payable		(58,337)	
Less: other postemployment benefits liability		(48,606)	
Add: debt to be contributed by the School Department		12,750,874	
Add: deferred amount on refunding		<u>105,720</u>	(8,759,902)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>2,033,541</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>8,709,925</u></u>

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

Exhibit C-3

Bledsoe County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	Major Funds						No major Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service		Other Governmental Funds	Total Governmental Funds		
				General	Debt Service				
<u>Revenues</u>									
Local Taxes	\$ 2,372,323	\$ 0	\$ 0	\$ 531,502	\$ 0	\$ 275,525	\$ 3,179,350		
Licenses and Permits	9,619	0	0	2,146	0	1,096	12,861		
Fines, Forfeitures, and Penalties	41,854	0	0	0	0	12,062	53,916		
Charges for Current Services	22,503	835,745	0	0	0	12,760	871,008		
Other Local Revenues	201,704	4,087	8,312	35,253	0	6,598	255,954		
Fees Received from County Officials	442,686	0	0	0	0	0	442,686		
State of Tennessee	1,299,995	0	2,069,611	53,901	0	64,483	3,487,990		
Federal Government	3,855	0	0	0	0	30,870	34,725		
Other Governments and Citizens Groups	0	0	0	1,057,962	0	183,000	1,240,962		
<u>Total Revenues</u>	<u>\$ 4,394,539</u>	<u>\$ 839,832</u>	<u>\$ 2,077,923</u>	<u>\$ 1,680,764</u>	<u>\$ 586,394</u>	<u>\$ 9,579,452</u>			
<u>Expenditures</u>									
Current:									
General Government	\$ 809,497	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 809,497		
Finance	359,412	0	0	0	0	0	359,412		
Administration of Justice	478,788	0	0	0	0	12,760	491,548		
Public Safety	1,962,570	0	0	0	0	228,887	2,191,457		
Public Health and Welfare	224,611	1,032,729	0	0	0	267,944	1,525,284		
Social, Cultural, and Recreational Services	85,635	0	0	0	0	0	85,635		
Agriculture and Natural Resources	58,406	0	0	0	0	0	58,406		
Other Operations	29,461	0	0	0	0	2,000	31,461		
Highways	0	0	2,499,305	0	0	46,890	2,546,195		
Debt Service:									
Principal on Debt	0	0	0	918,590	0	0	918,590		
Interest on Debt	0	0	0	674,327	0	0	674,327		
Other Debt Service	0	0	0	11,582	0	0	11,582		

(Continued)

Exhibit C-3

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

	Major Funds				No major Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,870	\$ 38,870
Total Expenditures	\$ 4,008,380	\$ 1,032,729	\$ 2,499,305	\$ 1,604,499	\$ 0	\$ 597,351	\$ 9,742,264
Excess (Deficiency) of Revenues Over Expenditures	\$ 386,159	\$ (192,897)	\$ (421,382)	\$ 76,265	\$ (10,957)	\$ (10,957)	\$ (162,812)
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 0	\$ 132,569	\$ 0	\$ 0	\$ 0	\$ 0	\$ 132,569
Transfers In	0	42,870	0	34,860	50,000	50,000	127,730
Transfers Out	(92,870)	(34,860)	0	0	0	0	(127,730)
Total Other Financing Sources (Uses)	\$ (92,870)	\$ 140,579	\$ 0	\$ 34,860	\$ 50,000	\$ 50,000	\$ 132,569
Net Change in Fund Balances	\$ 293,289	\$ (52,318)	\$ (421,382)	\$ 111,125	\$ 39,043	\$ 39,043	\$ (30,243)
Fund Balance, July 1, 2013	1,935,588	129,230	214,677	520,134	364,994	364,994	3,164,623
Fund Balance, June 30, 2014	\$ 2,228,877	\$ 76,912	\$ (206,705)	\$ 631,259	\$ 404,037	\$ 404,037	\$ 3,134,380

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

Exhibit C-4

Bledsoe 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, 2014

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)		\$ (30,243)
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 374,162	
Less: current-year depreciation expense	<u>(498,390)</u>	(124,228)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 2,033,541	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(1,532,065)</u>	501,476
<p>(3) 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 position. Also, governmental funds report the effect of 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 net effect of these differences in the treatment of long-term debt and related items.</p>		
Less: capital lease proceeds	\$ (132,569)	
Less: contribution from School Department for bonds, notes, and other loans	(732,180)	
Less: change in deferred amount on refunding debt	(20,789)	
Add: change in premium on debt issuance	7,884	
Add: principal payments on bonds	790,000	
Add: principal payments on notes	50,756	
Add: principal payments on other loans	97,834	
Add: principal payments on capital lease	<u>6,411</u>	67,347
<p>(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.</p>		
Change in accrued interest payable	\$ (28,547)	
Change in other postemployment benefits liability	(3,689)	
Change in compensated absences payable	<u>(6,997)</u>	(39,233)
Change in net position of governmental activities (Exhibit B)		<u>\$ 375,119</u>

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

Exhibit C-5

Bledsoe County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,372,323	\$ 0	\$ 2,372,323	\$ 2,299,512	\$ 2,299,512	\$ 72,811
Licenses and Permits	9,619	0	9,619	11,500	11,500	(1,881)
Fines, Forfeitures, and Penalties	41,854	0	41,854	35,515	35,515	6,339
Charges for Current Services	22,503	0	22,503	24,850	24,850	(2,347)
Other Local Revenues	201,704	0	201,704	186,550	186,550	15,154
Fees Received from County Officials	442,686	0	442,686	389,260	389,260	53,426
State of Tennessee	1,299,995	0	1,299,995	1,059,200	1,059,200	240,795
Federal Government	3,855	0	3,855	3,873	3,873	(18)
<b>Total Revenues</b>	<b>\$ 4,394,539</b>	<b>\$ 0</b>	<b>\$ 4,394,539</b>	<b>\$ 4,010,260</b>	<b>\$ 4,010,260</b>	<b>\$ 384,279</b>
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 59,125	\$ 0	\$ 59,125	\$ 67,660	\$ 67,660	\$ 8,535
Board of Equalization	100	0	100	400	400	300
County Mayor/Executive	172,627	0	172,627	176,196	176,196	3,569
County Attorney	21,398	0	21,398	32,500	32,500	11,102
Election Commission	103,587	0	103,587	121,128	121,128	17,541
Register of Deeds	114,596	0	114,596	119,590	120,378	5,782
County Buildings	117,801	0	117,801	131,649	129,099	11,298
Other General Administration	220,263	0	220,263	486,731	444,056	223,793
<u>Finance</u>						
Property Assessor's Office	135,969	0	135,969	150,535	150,535	14,566
County Trustee's Office	109,051	0	109,051	120,067	120,067	11,016
County Clerk's Office	114,392	0	114,392	122,715	122,715	8,323
<u>Administration of Justice</u>						
Circuit Court	185,660	(397)	185,263	182,562	193,799	8,536
General Sessions Court	111,745	0	111,745	112,548	112,548	803

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Administration of Justice (Cont.)</u>						
Chancery Court	\$ 137,686	\$ 0	\$ 137,686	\$ 137,888	\$ 144,586	\$ 6,900
Juvenile Court	43,697	0	43,697	46,735	46,735	3,038
<u>Public Safety</u>						
Sheriff's Department	723,796	0	723,796	846,597	846,597	122,801
Jail	1,128,631	(1,606)	1,127,025	1,244,252	1,244,252	117,227
Fire Prevention and Control	54,500	0	54,500	75,500	75,500	21,000
Rescue Squad	10,000	0	10,000	10,000	10,000	0
Other Emergency Management	20,088	0	20,088	22,773	31,750	11,662
County Coroner/Medical Examiner	25,555	0	25,555	23,200	25,555	0
<u>Public Health and Welfare</u>						
Local Health Center	123,024	0	123,024	137,096	137,096	14,072
Nursing Home	100,000	0	100,000	100,000	100,000	0
Crippled Children Services	0	0	0	971	971	971
General Welfare Assistance	1,587	0	1,587	5,400	5,400	3,813
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	4,500	0	4,500	4,500	4,500	0
Libraries	74,417	0	74,417	81,893	82,716	8,299
Parks and Fair Boards	6,718	0	6,718	8,000	8,000	1,282
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	53,406	0	53,406	68,020	68,020	14,614
Soil Conservation	5,000	0	5,000	5,000	5,000	0
<u>Other Operations</u>						
Other Economic and Community Development	3,775	0	3,775	4,000	4,000	225
Veterans' Services	22,986	(82)	22,904	35,259	35,259	12,355
Contributions to Other Agencies	2,700	0	2,700	5,500	5,500	2,800
Total Expenditures	\$ 4,008,380	\$ (2,085)	\$ 4,006,295	\$ 4,686,865	\$ 4,672,518	\$ 666,223

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 386,159	\$ 2,085	\$ 388,244	\$ (676,605)	\$ (662,258)	\$ 1,050,502
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (92,870)	0	\$ (92,870)	\$ (50,000)	\$ (92,870)	0
Total Other Financing Sources	\$ (92,870)	0	\$ (92,870)	\$ (50,000)	\$ (92,870)	0
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 293,289	2,085	\$ 295,374	\$ (726,605)	\$ (755,128)	\$ 1,050,502
	1,935,588	(2,085)	1,933,503	2,131,054	2,131,054	(197,551)
Fund Balance, June 30, 2014	\$ 2,228,877	0	\$ 2,228,877	\$ 1,404,449	\$ 1,375,926	\$ 852,951

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

Exhibit C-6

Bledsoe County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 835,745 \$	0 \$	835,745 \$	930,000 \$	930,000 \$	(94,255)
Other Local Revenues	4,087	0	4,087	0	0	4,087
Total Revenues	\$ 839,832 \$	0 \$	839,832 \$	930,000 \$	930,000 \$	(90,168)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	\$ 1,032,729 \$	(535) \$	1,032,194 \$	930,000 \$	1,087,420 \$	55,226
Total Expenditures	\$ 1,032,729 \$	(535) \$	1,032,194 \$	930,000 \$	1,087,420 \$	55,226
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ (192,897) \$	535 \$	(192,362) \$	0 \$	(157,420) \$	(34,942)
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 132,569 \$	0 \$	132,569 \$	0 \$	132,569 \$	0
Transfers In	42,870	0	42,870	0	42,870	0
Transfers Out	(34,860)	0	(34,860)	0	(34,860)	0
Total Other Financing Sources	\$ 140,579 \$	0 \$	140,579 \$	0 \$	140,579 \$	0
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (52,318) \$	535 \$	(51,783) \$	0 \$	(16,841) \$	(34,942)
	129,230	(535)	128,695	90,311	90,311	38,384
Fund Balance, June 30, 2014	\$ 76,912 \$	0 \$	76,912 \$	90,311 \$	73,470 \$	3,442

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

Exhibit C-7

Bledsoe County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 8,312	\$ 3,000	\$ 3,000	\$ 5,312
State of Tennessee	2,069,611	1,748,742	1,748,742	320,869
<b>Total Revenues</b>	<b>\$ 2,077,923</b>	<b>\$ 1,751,742</b>	<b>\$ 1,751,742</b>	<b>\$ 326,181</b>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 152,384	\$ 149,143	\$ 152,983	\$ 599
Highway and Bridge Maintenance	771,937	759,516	759,496	(12,441)
Operation and Maintenance of Equipment	287,508	264,600	298,200	10,692
Quarry Operations	3,219	3,200	3,220	1
Other Charges	102,368	96,250	98,250	(4,118)
Employee Benefits	291,689	335,100	335,100	43,411
Capital Outlay	890,200	173,000	171,000	(719,200)
<b>Total Expenditures</b>	<b>\$ 2,499,305</b>	<b>\$ 1,780,809</b>	<b>\$ 1,818,249</b>	<b>\$ (681,056)</b>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (421,382)	\$ (29,067)	\$ (66,507)	\$ (354,875)
Net Change in Fund Balance	\$ (421,382)	\$ (29,067)	\$ (66,507)	\$ (354,875)
Fund Balance, July 1, 2013	214,677	56,095	56,095	158,582
<b>Fund Balance, June 30, 2014</b>	<b>\$ (206,705)</b>	<b>\$ 27,028</b>	<b>\$ (10,412)</b>	<b>\$ (196,293)</b>

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

Exhibit D

Bledsoe County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,428,608
Accounts Receivable	73
Due from Other Governments	<u>30,449</u>
Total Assets	<u>\$ 1,459,130</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 30,449
Due to Litigants, Heirs, and Others	<u>1,428,681</u>
Total Liabilities	<u>\$ 1,459,130</u>

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

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**BLEDSON COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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Note	Page(s)
<b>I. Summary of Significant Accounting Policies</b>	
A. Reporting Entity	33
B. Government-wide and Fund Financial Statements	34
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	35
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	37
2. Receivables and Payables	38
3. Capital Assets	39
4. Deferred Outflows/Inflows of Resources	40
5. Compensated Absences	40
6. Long-term Obligations	41
7. Net Position and Fund Balance	41
<b>II. Reconciliation of Government-wide and Fund Financial Statements</b>	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	43
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	43
<b>III. Stewardship, Compliance, and Accountability</b>	
A. Budgetary Information	44
B. Fund Deficit	44
C. Cash Shortage - Prior Year	45
D. Cash Overdraft	45
E. Expenditures Exceeded Appropriations	45
F. Appropriations Exceeded Estimated Available Funds	45
G. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount	45
<b>IV. Detailed Notes on All Funds</b>	
A. Deposits and Investments	45
B. Capital Assets	47
C. Insurance Recoveries	49
D. Construction Commitments	49
E. Interfund Receivables, Payables, and Transfers	49
F. Capital Lease	51
G. Long-term Obligations	52
H. On-Behalf Payments	57
<b>V. Other Information</b>	
A. Risk Management	57
B. Accounting Changes	58
C. Subsequent Event	58
D. Contingent Liabilities	58
E. Joint Ventures	59
F. Retirement Commitments	60
G. Other Postemployment Benefits (OPEB)	63
H. Purchasing Laws	65
<b>VI. Other Notes - Discretely Presented Bledsoe County Nursing Home</b>	66

**BLEDSOE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Bledsoe 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 Bledsoe County:

**A. Reporting Entity**

Bledsoe County is a public municipal corporation governed by an elected 13-member board. As required by GAAP, these financial statements present Bledsoe 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 Bledsoe County School Department operates the public school system in the county, and the voters of Bledsoe County elect its board. The School Department is fiscally dependent on the county because it may not issue debt and its budget and property tax levy are subject to the Bledsoe 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 Bledsoe County Nursing Home provides nursing care to the citizens of Bledsoe County, and the Bledsoe County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the nursing home must obtain the County Commission's approval.

The Bledsoe County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Bledsoe County, and the Bledsoe 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 Bledsoe County Emergency Communications District were not available from other auditors

in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Bledsoe 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 Bledsoe County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Bledsoe County Nursing Home  
107 Wheeler Town Avenue  
Pikeville, TN 37367

Bledsoe County Emergency Communications District  
305 Alan P. Deakins Road  
Pikeville, TN 37367

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position 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 Bledsoe 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 Bledsoe 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.

Bledsoe County issues all debt for the discretely presented Bledsoe County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2014.

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 fund 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 Bledsoe 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, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Bledsoe County has no 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. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Bledsoe 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.

Bledsoe 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.

**Ambulance Service Fund** – This special revenue fund is used to account for the transactions of the county’s Ambulance Service. Patient charges are the foundational revenues of this fund.

**Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

**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.

Additionally, Bledsoe County reports the following fund types:

**Capital Projects Funds** – These funds are used to account for various capital projects within the county.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Bledsoe County. 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 Bledsoe County School Department reports the following major governmental funds:

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

**School Federal Projects Fund** – This special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

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

Additionally, the Bledsoe County School Department reports the following fund type:

**Debt Service Fund** – The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, education related long-term debt principal, interest, and related costs.

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.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**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 Bledsoe County School Department. Each fund's portion of this pool is displayed on the

balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Bledsoe 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance is based on historical collection data. The allowance for uncollectible property taxes is equal to 4.28 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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.

**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 and Improvements	20 - 40
Other Capital Assets	5 - 30
Infrastructure	20 - 50

4. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenue, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

5. **Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation beyond fiscal year-end. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for vacation pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. Employees are allowed to accumulate sick leave days equal to the number of days earned in a year; however, the granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The general policy of the discretely presented Bledsoe County School Department does not allow for the accumulation of vacation days beyond fiscal year-end for professional or support personnel. All professional (teachers) and support personnel of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded.

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

**7. Net Position and Fund Balance**

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

- a. Net investments in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Bledsoe County had \$12,750,874 in outstanding debt for capital purposes for the discretely presented Bledsoe County School Department. This debt is a liability of Bledsoe County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Bledsoe County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by

resolution authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

## **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 Position**

#### **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 Position.

#### **Discretely Presented Bledsoe 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 Position.

### **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 position of governmental activities reported in the government-wide Statement of Activities.

#### **Discretely Presented Bledsoe 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 position 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/Executive, 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.

At June 30, 2014, the Bledsoe County School Department reported the following significant encumbrance:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
School Department:		
Major Fund:		
General Purpose School	Buses	\$ 185,114

#### B. Fund Deficit

The Highway/Public Works Fund (special revenue fund) had a deficit unassigned fund balance of \$227,251 at June 30, 2014. This deficit unassigned fund balance resulted from expenditures exceeding restricted, committed, and assigned balances. No action had been taken by the government to liquidate this fund deficit as of the date of this report.

**C. Cash Shortage – Prior Year**

An investigative report dated October 7, 2013, by the Comptroller’s Division of Investigations, Financial and Compliance Unit reported a cash shortage of at least \$2,568.04 existed in the Bledsoe County Ambulance Service at April 30, 2013. This report disclosed that the former emergency management services director purchased controlled substances for which its usage is unaccounted. On May 7, 2014, this shortage was liquated when the former emergency management services director made full restitution.

**D. Cash Overdraft**

The Highway/Public Works Fund had a cash overdraft of \$700 at June 30, 2014. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2014.

**E. Expenditures Exceeded Appropriations**

Expenditures exceeded total appropriations approved by the County Commission in the Highway/Public Works Fund by \$681,056. Expenditures in excess of appropriations are a violation of state statute. These expenditures in excess of appropriations were funded by available fund balance.

**F. Appropriations Exceeded Estimated Available Funds**

The budget and subsequent amendments approved by the County Commission for the Highway/Public Works Fund resulted in appropriations exceeding estimated available funding by \$10,412.

**G. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount**

The Highway/Public Works Fund’s actual fund balance at July 1, 2013, was \$214,677; however, the estimated fund balance reflected in the county’s budget was \$56,095. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget approval process by \$158,582.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Bledsoe County and the Bledsoe 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, depositing, and investing most county funds. Each

fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

### **Deposits**

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

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

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2014.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2014, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 173,140	\$ 0	\$ 173,140
Construction in Progress	0	182,362	182,362
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 173,140</b>	<b>\$ 182,362</b>	<b>\$ 355,502</b>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 8,290,735	\$ 0	\$ 8,290,735
Infrastructure	6,696,689	0	6,696,689
Other Capital Assets	2,780,206	191,800	2,972,006
<b>Total Capital Assets Depreciated</b>	<b>\$ 17,767,630</b>	<b>\$ 191,800</b>	<b>\$ 17,959,430</b>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 1,002,554	\$ 187,237	\$ 1,189,791
Infrastructure	2,273,588	148,192	2,421,780
Other Capital Assets	2,238,494	162,961	2,401,455
<b>Total Accumulated Depreciation</b>	<b>\$ 5,514,636</b>	<b>\$ 498,390</b>	<b>\$ 6,013,026</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 12,252,994</b>	<b>\$ (306,590)</b>	<b>\$ 11,946,404</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 12,426,134</b>	<b>\$ (124,228)</b>	<b>\$ 12,301,906</b>

There were no decreases in capital assets to report during the year ended June 30, 2014. Depreciation expense was charged to functions of the primary government as follows:

**Governmental Activities:**

General Government	\$ 14,986
Finance	2,940
Administration of Justice	12,412
Public Safety	212,652
Public Health and Welfare	67,515
Social, Cultural, and Recreational Services	3,972
Agriculture and Natural Resources	3,920
Highways/Public Works	<u>179,993</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 498,390</u>

**Discretely Presented Bledsoe County School Department**

**Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 380,847	\$ 0	\$ (5,000)	\$ 375,847
Construction in Progress	0	1,548,041	0	1,548,041
Total Capital Assets Not Depreciated	<u>\$ 380,847</u>	<u>\$ 1,548,041</u>	<u>\$ (5,000)</u>	<u>\$ 1,923,888</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,777,313	\$ 29,812	\$ 0	\$ 14,807,125
Infrastructure	162,674	0	0	162,674
Other Capital Assets	2,626,194	178,650	(103,909)	2,700,935
Total Capital Assets Depreciated	<u>\$ 17,566,181</u>	<u>\$ 208,462</u>	<u>\$ (103,909)</u>	<u>\$ 17,670,734</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 5,895,587	\$ 347,465	\$ 0	\$ 6,243,052
Infrastructure	51,283	7,611	0	58,894
Other Capital Assets	1,512,066	168,401	(103,909)	1,576,558
Total Accumulated Depreciation	<u>\$ 7,458,936</u>	<u>\$ 523,477</u>	<u>\$ (103,909)</u>	<u>\$ 7,878,504</u>

**Governmental Activities (Cont.):**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Total Capital Assets Depreciated, Net	\$ 10,107,245	\$ (315,015)	\$ 0	\$ 9,792,230
Governmental Activities Capital Assets, Net	\$ 10,488,092	\$ 1,233,026	\$ (5,000)	\$ 11,716,118

Depreciation expense was charged to functions of the School Department as follows:

**Governmental Activities:**

Instruction	\$ 10,319
Support Services	490,561
Operation of Non-instructional Services	<u>22,597</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 523,477</u>

**C. Insurance Recoveries**

The discretely presented Bledsoe County School Department suffered flood and fire damages to various buildings in the prior year and damage to a fence in the current year. Insurance recoveries of \$1,798 were received and used to repair the damages.

**D. Construction Commitments**

At June 30, 2014, the discretely presented Bledsoe County School Department had uncompleted construction and renovation contracts of approximately \$1,458,567 for the construction of a vocational wing at the high school, security vestibules at all schools, and other various renovation projects. Funding has been received for these future expenditures.

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2014, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 148
Ambulance Service	"	13
Discretely Presented		
School Department:		
General Purpose School	School Federal Projects	80,707

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

**Due to/from Primary Government and Component Unit:**

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Primary Government:	Component Unit:	
Governmental Activities	School Department	\$ 12,750,919

The Due to Primary Government consists of the balance of bonds (\$12,185,000), a note (\$286,098), and an other loan (\$279,776) issued for the School Department. The School Department has agreed to contribute funds annually to retire the debt. This long-term debt obligation is reflected in the governmental activities on the Statement of Net Position.

The remaining balance of the Due to Primary Government (\$45) represents revenues of the primary government's General Fund that were posted to the General Purpose School Fund in error. This amount is expected to be received within one year.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	Ambulance Service Fund	General Debt Service Fund	Nonmajor Governmental Fund
General Fund	\$ 42,870	\$ 0	\$ 50,000
Ambulance Service Fund	0	34,860	0
<b>Total</b>	<b>\$ 42,870</b>	<b>\$ 34,860</b>	<b>\$ 50,000</b>

**Discretely Presented Bledsoe County School Department**

Transfers Out	Transfers In		
	General Purpose School Fund	School Federal Projects Fund	Education Debt Service Fund
General Purpose School Fund	\$ 0	\$ 2,835	\$ 518,940
School Federal Projects Fund	26,696	0	0
<b>Total</b>	<b>\$ 26,696</b>	<b>\$ 2,835</b>	<b>\$ 518,940</b>

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 in accordance with budgetary authorizations.

**F. Capital Lease**

On February 13, 2014, Bledsoe County entered into a five-year lease-purchase agreement for four defibrillators and accessories for the Ambulance Service. The terms of the agreement require total lease payments of \$132,569 plus interest of 4.693 percent. Title to the defibrillators transfers to Bledsoe County at the end of the lease period. The lease payments are made from the Ambulance Service Fund.

The assets acquired through the capital lease are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 132,000
Less: Accumulated Depreciation	<u>(1,833)</u>
Total Book Value	<u>\$ 130,167</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2015	\$ 29,681
2016	29,681
2017	29,681
2018	29,681
2019	<u>22,262</u>
Total Minimum Lease Payments	\$ 140,986
Less: Amount Representing Interest	<u>(14,828)</u>
Present Value of Minimum Lease Payments	<u>\$ 126,158</u>

## **G. Long-term Obligations**

### **Primary Government**

#### **General Obligation Bonds, Notes, and Other Loans**

Bledsoe County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds 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 32 years for bonds, up to 12 years for notes, and up to seven years for the 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, 2014, will be retired from the General Debt Service and Highway/Public Works funds.

General obligation bonds, capital outlay notes, other loans, and the capital lease outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bond	2 to 3.5	%	12-1-38	\$ 4,000,000	\$ 4,000,000
General Obligation Bond - Refunding	1 to 4.5		6-1-41	17,755,000	16,320,000
Capital Outlay Notes	2.93 to 4.95		12-1-21	512,269	348,098
Other Loans	0 to 3.75		3-1-19	714,200	428,625
Capital Lease	4.693		3-1-19	132,569	126,158

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2014, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 935,000	\$ 635,038	\$ 1,570,038
2016	955,000	616,225	1,571,225
2017	975,000	596,771	1,571,771
2018	1,000,000	575,581	1,575,581
2019	1,015,000	553,169	1,568,169
2020-2024	5,175,000	2,360,366	7,535,366
2025-2029	3,475,000	1,673,525	5,148,525
2030-2034	2,555,000	1,181,306	3,736,306
2035-2039	3,170,000	624,031	3,794,031
2040-2041	1,065,000	73,575	1,138,575
Total	\$ 20,320,000	\$ 8,889,587	\$ 29,209,587

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 52,313	\$ 15,068	\$ 67,381
2016	54,917	12,937	67,854
2017	56,667	10,636	67,303
2018	37,473	8,277	45,750
2019	39,370	6,380	45,750
2020-2022	107,358	7,017	114,375
Total	\$ 348,098	\$ 60,315	\$ 408,413

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2015	\$ 100,599	\$ 5,685	\$ 106,284
2016	101,712	4,572	106,284
2017	102,868	3,416	106,284
2018	98,148	2,216	100,364
2019	25,298	848	26,146
Total	\$ 428,625	\$ 16,737	\$ 445,362

There is \$631,259 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and the capital lease totaled \$1,182, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Outstanding 6-30-14
<u>Bonds Payable</u>	
<u>Contributions from the Education Debt Service Fund</u>	
School Refunding Series 2011	\$ 5,100,000
School Refunding Series 2013	3,085,000
General Obligation Series 2013	4,000,000

Description of Indebtedness (Cont.)	Outstanding 6-30-14
<u>Note Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Program	\$ 286,098
<u>Other Loan Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Program	<u>279,776</u>
Total	<u>\$ 12,750,874</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loan
Balance, July 1, 2013	\$ 21,110,000	\$ 398,854	\$ 526,459
Reductions	(790,000)	(50,756)	(97,834)
Balance, June 30, 2014	<u>\$ 20,320,000</u>	<u>\$ 348,098</u>	<u>\$ 428,625</u>
Balance Due Within One Year	<u>\$ 935,000</u>	<u>\$ 52,313</u>	<u>\$ 100,599</u>

	Capital Lease	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2013	\$ 0	\$ 44,917	\$ 51,340
Additions	132,569	4,047	118,928
Reductions	(6,411)	(358)	(111,931)
Balance, June 30, 2014	<u>\$ 126,158</u>	<u>\$ 48,606</u>	<u>\$ 58,337</u>
Balance Due Within One Year	<u>\$ 24,279</u>	<u>\$ 0</u>	<u>\$ 58,337</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 21,329,824
Less: Balance Due Within One Year	(1,170,528)
Add: Unamortized Premium on Debt	<u>197,299</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 20,356,595</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

**Discretely Presented Bledsoe County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Bledsoe County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 430,457
Additions	88,443
Reductions	<u>(103,213)</u>
Balance, June 30, 2014	<u>\$ 415,687</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 415,687
Less: Balance Due Within One Year	<u>0</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 415,687</u>
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Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

**H. On-Behalf Payments - Discretely Presented Bledsoe County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Bledsoe 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, 2014, were \$50,177 and \$14,725, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county is a member of the Local Government Property and Causality Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

**Employee Health Insurance**

Bledsoe County, with the exception of the Highway Department, provides health insurance coverage to its employees through 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 the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The Bledsoe County Highway Department provides commercial health insurance coverage to its employees. Settled claims have not exceeded this commercial coverage over the past three fiscal years. Highway Department pre-65 age retirees are not allowed to remain in the program.

## **Discretely Presented Bledsoe 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, and casualty insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

### **Employee Health Insurance**

The discretely presented Bledsoe County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *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. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

## **C. Subsequent Event**

On August 31, 2014, Bobby Collier left the Office of County Mayor and was succeeded by Gregg Ridley.

## **D. Contingent Liabilities**

The county is involved in several pending lawsuits. However, the county attorney estimates that the potential claims against the county, not covered

by insurance, resulting from such litigation should not be material to the county's financial statements.

**E. Joint Ventures**

The Sequatchie/Bledsoe Landfill Board is responsible for a closed regional sanitary landfill, which is owned by Bledsoe County, Sequatchie County, the City of Dunlap, and the City of Pikeville. The landfill is governed by a ten-member board, including the county mayor and two members appointed by the County Commission. The remaining seven members are appointed by the other joint owners. Bledsoe County has control over budgeting and financing the joint venture only to the extent of representation by the three board members and is responsible for funding approximately 39 percent of any postclosure care costs. Bledsoe County made \$12,864 in contributions to the board during the year. Complete financial statements for the Sequatchie/Bledsoe Landfill Board can be obtained from the board's administrative office at the following address:

Administrative Office:

Sequatchie/Bledsoe Landfill  
P.O. Box 149  
Pikeville, TN 37367

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district is composed of Bledsoe, Franklin, Grundy, Marion, Rhea, and Sequatchie 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 the participating law enforcement agencies within the judicial district. Bledsoe County made no contributions to the DTF for the year ended June 30, 2014, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General  
Twelfth Judicial District  
375 Church Street, Suite 300  
Dayton, TN 37321

**F. Retirement Commitments**

**Plan Description**

Information for this footnote for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2013.

Employees of Bledsoe 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 Bledsoe 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**

Bledsoe County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 8.33 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, 2013, Bledsoe County's annual pension cost of \$475,839 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 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 ten-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, 2011, was five years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$475,839	100%	\$0
6-30-12	484,619	100	0
6-30-11	378,018	100	0

### Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.73 percent funded. The actuarial accrued liability for benefits was \$12.48 million, and the actuarial value of assets was \$11.44 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.26 million, and the ratio of the UAAL to the covered payroll was 19.61 percent.

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

## **SCHOOL TEACHERS**

### **Plan Description**

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

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 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, 2013, 2012, and 2011, were \$627,763, \$627,071, and \$614,383, respectively, equal to the required contributions for each year.

**G. Other Postemployment Benefits (OPEB)**

Plan Description

Bledsoe County (except for the Highway Department) and the Bledsoe County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or preferred provider organization (PPO) 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>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a 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. Bledsoe County retirees' contributions vary depending on the insurance options they select, ranging from \$196 to \$657 per month. School Department retirees' contributions vary depending on the insurance options they select, ranging from \$260 to \$1,052 per month. Bledsoe County and the School Department recognized expenditures of \$358 and \$103,213, respectively, for postemployment health care during the year ended June 30, 2014.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 88,000	\$ 4,000
Interest on the NOPEBO	17,218	1,797
Adjustment to the ARC	(16,775)	(1,750)
Annual OPEB cost	\$ 88,443	\$ 4,047
Amount of contribution	(103,213)	(358)
Increase/decrease in NOPEBO	\$ (14,770)	\$ 3,689
Net OPEB obligation, 7-1-13	430,457	44,917
Net OPEB obligation, 6-30-14	\$ 415,687	\$ 48,606

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 166,418	47.03 %	\$ 324,808
6-30-13	"	190,201	44.45	430,457
6-30-14	"	88,443	116.7	415,687
6-30-12	Local Government Group	12,932	26.59	37,087
6-30-13	"	8,908	12.1	44,917
6-30-14	"	4,047	8.85	48,606

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 917,000	\$ 20,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 917,000	\$ 20,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 6,615,867	\$ 690,050
UAAL as a % of covered payroll	13.86%	2.9%

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, 2013, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 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 July 1, 2007.

In addition to the other postemployment benefits described above, the Board of Education agreed by contract to pay the department's and the individual's portion of the medical and health insurance expenses for the previous two directors (Thad Colvard and Phil Kiper, who left employment August 15, 2006, and June 30, 2012, respectively). These payments will be made through the group plan currently available or acquired for board employees in the future, beginning immediately upon the retirement or resignation of the director of schools, through and until such date that the director attains Medicare insurance coverage. During the year, expenditures totaling \$12,047 were recognized for postemployment healthcare for these previous two directors.

#### **H. Purchasing Laws**

##### Office of County Mayor

Purchasing procedures for the Bledsoe County Mayor's Office are governed by the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code*

*Annotated (TCA).* This act provides for all purchases exceeding \$10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by provisions of Chapter 153, Private Acts of 1941, and the Uniform Road Law, Section 54-7-113, *TCA*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

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

**VI. OTHER NOTES – DISCRETELY PRESENTED BLEDSOE COUNTY NURSING HOME**

**A. Summary of Significant Accounting Policies**

Reporting Entity

Bledsoe County Nursing Home (the nursing home) was organized in 1967 as a public corporation to operate a 50-bed intermediate care facility located in Pikeville, Tennessee. The nursing home, a component unit of Bledsoe County, Tennessee, is governed by a six-member Board appointed by the Bledsoe County Commission who also have financial responsibility of the nursing home such as approval of any bond indentures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Enterprise Fund Accounting

The nursing home utilizes the enterprise fund method of accounting whereby revenues and expenses are recognized on the accrual basis and the economic resource measurement focus. Substantially all revenues and expenses are subject to accrual.

### Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the nursing home considers currency on hand and demand deposits with financial institutions to be cash. The nursing home considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash in resident trust funds is not considered cash or a cash equivalent since balances therein are held by the nursing home in an agency capacity for various patients. State statutes authorize the nursing home to invest in obligations of the U.S. Treasury, bank certificates of deposit, state approved repurchase agreements and pooled investment funds, and state or local bonds, rated A or higher by a nationally recognized rating service. The nursing home had \$158,000 in cash equivalents at June 30, 2014.

### Patient Accounts Receivable

For patient accounts receivable, the allowance for doubtful accounts is based on management's assessment of the collectability of specific patient's accounts and the aging of the account receivable. If there is a deterioration of a patient's credit worthiness or actual defaults are higher than historical experience, management's estimates of recoverability of amounts due to the nursing home could be adversely affected.

### Assets Limited as to Use

Assets limited as to use consist of residents' personal assets held by the nursing home for the personal use of those residents (see Note VI.D.).

### Capital Assets

Individual capital assets purchased for greater than \$5,000 are reported at historical cost. Donated capital items are reported at their estimated fair value at the date of donation. Depreciation is computed over the estimated useful lives using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. Expenditures for maintenance, repairs, renewals and betterments that do not extend the useful lives of the assets are expensed as incurred. A summary of estimated useful lives of capital assets follows:

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Buildings, Land Improvements, Fixed Equipment	8 - 40
Equipment	5 - 10

### Operating Revenues and Expenses

Operating revenues include net patient service revenue, rental income, and any other revenues generated by the nursing home's day-to-day operations. The Medicaid program, a major third-party payor, reimburses the nursing home for services rendered to Medicaid beneficiaries based on a prospective per-diem rate established by the Medicaid program. The per-diem rate established by Medicaid is based primarily on prior-years' cost, subject to a maximum per-diem rate set by the State of Tennessee. A provision for contractual adjustment is made to reduce recorded charges to estimated payments.

Revenue from the Medicaid program accounted for approximately 95 percent of the nursing home's net patient service revenue for the year ended June 30, 2014.

Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Nonoperating income consists of interest income and contributions from outside parties.

### Net Position

Net position of the nursing home is classified into three components. *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted Net Position* is a noncapital asset that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the nursing home. *Unrestricted Net Position* is the remaining net position that does not meet the definition of net investment in capital assets or restricted. There were no restricted assets at June 30, 2014.

### Deferred Outflows/Inflows of Resources

During the prior year, the nursing home adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under this Statement, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources – a consumption of net assets by the government that is applicable to a future reporting period.

Deferred inflows of resources – an acquisition of net assets by the government that is applicable to a future reporting period.

As of June 30, 2014, the nursing home did not have any deferred outflows or inflows of resources. This statement had no significant impact on the nursing home.

#### Charity Care

The nursing home provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the nursing home does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. For 2014, no charity care was provided.

#### Income Taxes

The nursing home, as a component unit of Bledsoe County, Tennessee, is exempt from federal and state income taxes.

#### Risk Management

The nursing home is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

### **B. Management Contract**

On October 1, 2001, Bledsoe County, Tennessee, (owner) and the Board of Directors (the board) of Bledsoe County Nursing Home entered into an agreement with the Chattanooga Hamilton County Hospital Authority d/b/a Erlanger Health Systems, a Tennessee governmental hospital authority (the hospital), to manage the operations of the nursing home for an initial five-year period, renewable for four additional five-year terms. The hospital also provides insurance coverage, employee health insurance, and a portion of compensation for the director of nursing, administrator, and accountant, which is billed to the nursing home on a monthly basis. The term of this agreement shall terminate on October 1, 2026. The fee for these services shall be \$120,000 for years one through five; \$130,000 for years six through ten; \$140,000 for years 11 through 15; \$150,000 for years 16 through 20; and \$160,000 for years 21 through 25. All management fees are payable in equal

quarterly amounts due on the fifteenth day of the first month of each calendar quarter.

Through this agreement, Bledsoe County and the board agree to be, and remain, solely liable for and obligated to satisfy and discharge all claims, losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees and expenses related to the defense of any claims) arising directly or indirectly in connection with, or relating to, the operation of the nursing home, except to the extent that such claims have been caused by the gross negligence or willful misconduct of the hospital.

The management fee expense totaled \$140,000 in 2014.

**C. Deposits and Certificates of Deposit**

The carrying amount of the nursing home's deposits with commercial banks was \$445,081, and the bank balance was \$459,056 at June 30, 2014.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the nursing home's deposits may not be returned to it. Of the bank balances for June 30, 2014, \$279,548 was covered by federal depository insurance, and \$179,508 was covered by collateral held in the pledging bank's trust department in the nursing home's name.

Interest Rate Risk

For an investment, this is the risk that a change in interest rates will affect the fair market value of investments held. The nursing home has certificates of deposit at a fixed interest rate.

The nursing home currently has no formal policy addressing interest rate or custodial credit risks other than to comply with state statutes.

The nursing home maintains a single \$158,000 certificate of deposit with a local financial institution. The certificate of deposit is nonnegotiable and renews automatically at the end of each month. The stated interest rate was .15 percent at June 30, 2014.

**D. Assets Limited as to Use**

The nursing home administers certain funds, which are residents' personal assets. These assets are reflected in the accompanying financial statements as both an asset and a liability to the nursing home.

The composition of assets whose use is limited is:

	<u>6-30-14</u>
Resident Trust Fund	\$ 8,590

**E. Capital Assets**

Capital assets consist of the following:

	<u>Balance 7-1-13</u>	<u>Additions</u>	<u>Balance 6-30-14</u>
Capital Assets Being Depreciated:			
Land Improvements	\$ 48,696	\$ 0	\$ 48,696
Building	1,213,436	0	1,213,436
Fixed Equipment	248,306	0	248,306
Major Moveable Equipment	42,698	0	42,698
Minor Moveable Equipment	74,092	0	74,092
Total Capital Assets Being Depreciated	<u>\$ 1,627,228</u>	<u>\$ 0</u>	<u>\$ 1,627,228</u>
Less Accumulated Depreciation for:			
Land Improvements	\$ 41,439	\$ 377	\$ 41,816
Building	876,785	58,060	934,845
Fixed Equipment	215,984	5,463	221,447
Major Moveable Equipment	42,698	0	42,698
Minor Moveable Equipment	40,758	3,514	44,272
Total Capital Assets Being Depreciated	<u>\$ 1,217,664</u>	<u>\$ 67,414</u>	<u>\$ 1,285,078</u>
Capital Assets, Net	<u>\$ 409,564</u>	<u>\$ (67,414)</u>	<u>\$ 342,150</u>

**F. Purchased Services**

The dietary arrangement between the nursing home and the hospital is a mutual agreement allowing the hospital to run the day-to-day operations of the cafeteria. However, the cafeteria space is located in the nursing home facilities, and rent of \$1,000 per month is charged to the hospital. The hospital purchases all dietary supplies, dietary salaries, and consulting fees.

The nursing home is charged a cost-per-meal for meals served to patients.

Total amount paid to the hospital for these expenses was as follows:

	<u>2014</u>
Dietary Purchased Services	\$ 357,331

The amount of unpaid expense due to the hospital totaled \$67,257 at June 30, 2014. This amount is included in accounts payable on the balance sheet.

**G. Compensated Absences**

Nursing home employees are paid for personal annual leave (PAL) time by a prescribed formula based on length of service. Upon termination, employees of the nursing home are compensated for any PAL time earned but not taken. Compensated absence liabilities of \$46,950 were reported at June 30, 2014.

**H. Concentration of Credit Risk**

The nursing home is located in Pikeville, Tennessee. The nursing home grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	<u>2014</u>
Medicaid	70 %
Patients	30

**I. Commitments and Contingencies**

**Operating Leases**

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred.

There are no future minimum lease payments under operating leases as of June 30, 2014, that have initial or remaining lease terms in excess of one year.

Total rental expense in 2014 for all operating leases was \$2,969.

**Claims-made Insurance Policies**

The nursing home is insured for professional liability under a claims-made policy with an independent insurance carrier. A claims-made policy covers claims reported to the carrier during the policy term, regardless of the date of

the incident giving rise to the claim. Premiums are determined by a variety of factors related to the nursing home. The primary level of coverage is \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

Coverage for workers' compensation insurance is provided on a claims-made basis. The primary level of coverage is \$100,000 per claim, \$100,000 per employee, and \$500,000 in the aggregate.

#### Charity Care

The nursing home has an uncompensated services obligation under a Hill-Burton Grant. During the fiscal year ended June 30, 2003, the Hill-Burton obligation was converted from a dollar obligation to a time obligation expiring September 29, 2016. The fulfillment of this Hill-Burton requirement can be satisfied by providing free care in future periods.

#### Litigation

The nursing home is subject to claims and suits, which arise in the ordinary course of business. In the opinion of management, the ultimate resolution of such pending legal proceedings has been adequately provided for in its financial statements, and will not have a material effect on the nursing home's results of operations or financial position.

#### **J. Net Working Capital**

Net working capital at June 30, 2014, was \$388,828.

#### **K. Contribution Income**

In 2014, the nursing home received a contribution from the Bledsoe County Commission totaling \$100,000 to be used as needed during the course of operations. At June 30, 2014, all proceeds had been used.

#### **L. Employee Benefit Plan**

Effective July 6, 2010, the Bledsoe County Nursing Home, joined the Tennessee Consolidated Retirement System (TCRS), a multiple-employer Public Employee Retirement System (PERS). All full-time personnel employed at or after October 1, 2010, are required to participate in the TCRS pension plan. The nursing home contributes the employer's share of pension contributions based on a set percent of payroll determined by actuarial valuation. The rate is subject to change every two years in order to keep the system actuarially sound. The employees are required to contribute five percent of their salaries to the plan. Contributions by the nursing home totaled \$66,113 during the fiscal year. Information in regard to funding status, contribution requirements, and trends appears in the financial statements of Bledsoe County and cannot be separately identified for the nursing home.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Bledsoe County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Bledsoe County School Department  
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 11,444	\$ 12,476	\$ 1,032	91.73	% \$ 5,260	19.61 %
7-1-09	9,344	11,519	2,175	81.12	4,074	53.39
7-1-07	8,646	9,009	363	95.97	3,691	9.83

Information for this exhibit for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2013.

Exhibit E-2

Bledsoe County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Bledsoe County School Department  
June 30, 2014

(Dollar amounts in thousands)

<u>Plans</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-10	\$ 0	\$ 180	\$ 180	0	\$ 586	30.72 %
"	7-1-11	0	119	119	0	1,100	10.82
"	7-1-13	0	20	20	0	690	2.90
<u>DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	1,325	1,325	0	5,865	22.59
"	7-1-11	0	1,427	1,427	0	6,089	23.44
"	7-1-13	0	917	917	0	6,615	13.86

**BLEDSON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2014**

NONE

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the transactions related to the disposal of solid waste.

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for some transactions of the Bledsoe County Emergency Communications District, a discretely presented component unit, based upon a contract with the district. The district contributes funds to the county, and the county manages the operating expenses for the district.

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 of deeds, and sheriff.

# Capital Projects Fund

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Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for community development projects.

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for the HOME Investment Program.

Exhibit F-1

Bledsoe County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	Special Revenue Funds				Total	Capital Projects Funds
	Solid Waste/ Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees		
\$	0 \$	0 \$	0 \$	47 \$	47 \$	0
Equity in Pooled Cash and Investments	232,569	33,983	36,090	0	302,642	96,103
Accounts Receivable	0	0	0	101	101	0
Due from Other Governments	3,955	0	0	0	3,955	0
Property Taxes Receivable	286,948	0	0	0	286,948	0
Allowance for Uncollectible Property Taxes	(22,599)	0	0	0	(22,599)	0
Total Assets	\$ 500,873	\$ 33,983	\$ 36,090	\$ 148	\$ 571,094	\$ 96,103
<u>LIABILITIES</u>						
Due to Other Funds	0 \$	0 \$	13 \$	148 \$	161 \$	0
Total Liabilities	\$ 0	\$ 0	\$ 13	\$ 148	\$ 161	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 250,837	\$ 0	\$ 0	\$ 0	\$ 250,837	\$ 0
Deferred Delinquent Property Taxes	12,712	0	0	0	12,712	0
Total Deferred Inflows of Resources	\$ 263,549	\$ 0	\$ 0	\$ 0	\$ 263,549	\$ 0

(Continued)

Exhibit F-1

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

	Special Revenue Funds					Capital Projects Funds
	Solid Waste/ Sanitation	Drug Control	Other Special Revenue	Consti- tional Officers - Fees	Total	
\$	0	33,983	0	0	33,983	0
	237,324	0	0	0	237,324	0
	0	0	0	0	0	96,103
	0	0	0	0	0	0
	0	0	36,077	0	36,077	0
<b>\$</b>	<b>237,324</b>	<b>33,983</b>	<b>36,077</b>	<b>0</b>	<b>307,384</b>	<b>96,103</b>
<b>\$</b>	<b>500,873</b>	<b>33,983</b>	<b>36,090</b>	<b>148</b>	<b>571,094</b>	<b>96,103</b>

FUND BALANCES

Restricted:

- Restricted for Public Safety
- Restricted for Other Operations
- Restricted for Capital Outlay
- Restricted for Capital Projects
- Restricted for Other Purposes
- Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Capital Projects Funds (Cont.)		Total Nonmajor Governmental Funds
HUD Grant Projects	Total	

\$	0	\$	0	\$	47
	550		96,653		399,295
	0		0		101
	0		0		3,955
	0		0		286,948
	0		0		(22,599)
\$	550	\$	96,653	\$	667,747

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Due from Other Governments	
Property Taxes Receivable	
Allowance for Uncollectible Property Taxes	
Total Assets	

LIABILITIES

Due to Other Funds	0	\$	0	\$	161
Total Liabilities	0	\$	0	\$	161

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	0	\$	0	\$	250,837
Deferred Delinquent Property Taxes	0		0		12,712
Total Deferred Inflows of Resources	0	\$	0	\$	263,549

(Continued)

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

Capital Projects Funds (Cont.)		Total Nonmajor Governmental Funds
HUD Grant Projects	Total	
\$ 0	\$ 0	\$ 33,983
0	0	237,324
0	96,103	96,103
550	550	550
0	0	36,077
<u>\$ 550</u>	<u>\$ 96,653</u>	<u>\$ 404,037</u>
\$ 550	\$ 96,653	\$ 667,747

FUND BALANCES

Restricted:	
Restricted for Public Safety	33,983
Restricted for Other Operations	237,324
Restricted for Capital Outlay	96,103
Restricted for Capital Projects	550
Restricted for Other Purposes	0
Total Fund Balances	<u>404,037</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>667,747</u>

Exhibit F-2

Bledsoe County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Total	
<u>Revenues</u>						
Local Taxes	\$ 275,525	\$ 0	\$ 0	\$ 0	\$ 275,525	\$ 0
Licenses and Permits	1,096	0	0	0	1,096	0
Fines, Forfeitures, and Penalties	0	12,062	0	0	12,062	0
Charges for Current Services	0	0	0	12,760	12,760	0
Other Local Revenues	5,817	0	781	0	6,598	0
State of Tennessee	64,483	0	0	0	64,483	0
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	183,000	0	183,000	0
Total Revenues	\$ 346,921	\$ 12,062	\$ 183,781	\$ 12,760	\$ 555,524	\$ 0
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 12,760	\$ 12,760	\$ 0
Public Safety	0	14,691	214,196	0	228,887	0
Public Health and Welfare	248,524	0	0	0	248,524	19,420
Other Operations	0	0	0	0	0	0
Highways	46,890	0	0	0	46,890	0
Capital Projects	0	0	0	0	0	10,000
Total Expenditures	\$ 295,414	\$ 14,691	\$ 214,196	\$ 12,760	\$ 537,061	\$ 29,420
Excess (Deficiency) of Revenues Over Expenditures	\$ 51,507	\$ (2,629)	\$ (30,415)	\$ 0	\$ 18,463	\$ (29,420)

(Continued)

Exhibit F-2

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

	Special Revenue Funds					Capital Projects Funds
	Solid Waste/ Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Total	
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 50,000	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 50,000	\$ 0
Net Change in Fund Balances	\$ 51,507	\$ (2,629)	\$ 19,585	\$ 0	\$ 68,463	\$ (29,420)
Fund Balance, July 1, 2013	185,817	36,612	16,492	0	238,921	125,523
Fund Balance, June 30, 2014	\$ 237,324	\$ 33,983	\$ 36,077	\$ 0	\$ 307,384	\$ 96,103

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	HUD Grant Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 0 \$	0 \$	0 \$	275,525
Licenses and Permits	0	0	0	1,096
Fines, Forfeitures, and Penalties	0	0	0	12,062
Charges for Current Services	0	0	0	12,760
Other Local Revenues	0	0	0	6,598
State of Tennessee	0	0	0	64,483
Federal Government	30,870	0	30,870	30,870
Other Governments and Citizens Groups	0	0	0	183,000
Total Revenues	\$ 30,870 \$	0 \$	30,870 \$	586,394
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0 \$	0 \$	0 \$	12,760
Public Safety	0	0	0	228,887
Public Health and Welfare	0	0	19,420	267,944
Other Operations	2,000	0	2,000	2,000
Highways	0	0	0	46,890
Capital Projects	28,870	0	38,870	38,870
Total Expenditures	\$ 30,870 \$	0 \$	60,290 \$	597,351
Excess (Deficiency) of Revenues Over Expenditures	\$ 0 \$	0 \$	(29,420) \$	(10,957)

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	HUD Grant Projects	Total	
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0 \$	0 \$	0 \$	50,000
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	50,000
Net Change in Fund Balances	\$ 0 \$	0 \$	(29,420) \$	39,043
Fund Balance, July 1, 2013	0	550	126,073	364,994
Fund Balance, June 30, 2014	\$ 0 \$	550 \$	96,653 \$	404,037

Exhibit F-3

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 275,525	\$ 264,581	\$ 264,581	\$ 10,944
Licenses and Permits	1,096	1,050	1,050	46
Other Local Revenues	5,817	12,400	12,400	(6,583)
State of Tennessee	64,483	55,700	55,700	8,783
Total Revenues	<u>\$ 346,921</u>	<u>\$ 333,731</u>	<u>\$ 333,731</u>	<u>\$ 13,190</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 235,660	\$ 248,178	\$ 248,178	\$ 12,518
Landfill Operation and Maintenance	12,864	13,000	13,000	136
<u>Highways</u>				
Litter and Trash Collection	46,890	64,552	64,552	17,662
Total Expenditures	<u>\$ 295,414</u>	<u>\$ 325,730</u>	<u>\$ 325,730</u>	<u>\$ 30,316</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 51,507</u>	<u>\$ 8,001</u>	<u>\$ 8,001</u>	<u>\$ 43,506</u>
Net Change in Fund Balance	\$ 51,507	\$ 8,001	\$ 8,001	\$ 43,506
Fund Balance, July 1, 2013	<u>185,817</u>	<u>185,724</u>	<u>185,724</u>	<u>93</u>
Fund Balance, June 30, 2014	<u>\$ 237,324</u>	<u>\$ 193,725</u>	<u>\$ 193,725</u>	<u>\$ 43,599</u>

Exhibit F-4

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 12,062	\$ 3,960	\$ 3,960	\$ 8,102
Total Revenues	\$ 12,062	\$ 3,960	\$ 3,960	\$ 8,102
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 14,600	\$ 1,700	\$ 16,387	\$ 1,787
Drug Enforcement	91	2,060	2,060	1,969
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	0	200	200	200
Total Expenditures	\$ 14,691	\$ 3,960	\$ 18,647	\$ 3,956
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,629)	\$ 0	\$ (14,687)	\$ 12,058
Net Change in Fund Balance	\$ (2,629)	\$ 0	\$ (14,687)	\$ 12,058
Fund Balance, July 1, 2013	36,612	36,611	36,611	1
Fund Balance, June 30, 2014	\$ 33,983	\$ 36,611	\$ 21,924	\$ 12,059

Exhibit F-5

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Other Special Revenue Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 781	\$ 50,000	\$ 50,000	\$ (49,219)
Other Governments and Citizens Groups	183,000	183,000	183,000	0
Total Revenues	<u>\$ 183,781</u>	<u>\$ 233,000</u>	<u>\$ 233,000</u>	<u>\$ (49,219)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Other Public Safety	\$ 214,196	\$ 232,820	\$ 232,819	\$ 18,623
Total Expenditures	<u>\$ 214,196</u>	<u>\$ 232,820</u>	<u>\$ 232,819</u>	<u>\$ 18,623</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (30,415)</u>	<u>\$ 180</u>	<u>\$ 181</u>	<u>\$ (30,596)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Total Other Financing Sources	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,000</u>
Net Change in Fund Balance	\$ 19,585	\$ 180	\$ 181	\$ 19,404
Fund Balance, July 1, 2013	<u>16,492</u>	<u>16,614</u>	<u>16,614</u>	<u>(122)</u>
Fund Balance, June 30, 2014	<u><u>\$ 36,077</u></u>	<u><u>\$ 16,794</u></u>	<u><u>\$ 16,795</u></u>	<u><u>\$ 19,282</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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Exhibit G

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 531,502	\$ 487,896	\$ 487,896	\$ 43,606
Licenses and Permits	2,146	900	900	1,246
Charges for Current Services	0	34,860	34,860	(34,860)
Other Local Revenues	35,253	50,000	50,000	(14,747)
State of Tennessee	53,901	20,000	20,000	33,901
Other Governments and Citizens Groups	1,057,962	0	1,057,962	0
Total Revenues	<u>\$ 1,680,764</u>	<u>\$ 593,656</u>	<u>\$ 1,651,618</u>	<u>\$ 29,146</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 186,410	\$ 199,860	\$ 193,548	\$ 7,138
Education	732,180	0	732,180	0
<u>Interest on Debt</u>				
General Government	348,545	420,000	425,545	77,000
Education	325,782	0	325,782	0
<u>Other Debt Service</u>				
General Government	11,582	10,800	11,582	0
Total Expenditures	<u>\$ 1,604,499</u>	<u>\$ 630,660</u>	<u>\$ 1,688,637</u>	<u>\$ 84,138</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 76,265</u>	<u>\$ (37,004)</u>	<u>\$ (37,019)</u>	<u>\$ 113,284</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 34,860	\$ 0	\$ 0	\$ 34,860
Total Other Financing Sources	<u>\$ 34,860</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,860</u>
Net Change in Fund Balance	\$ 111,125	\$ (37,004)	\$ (37,019)	\$ 148,144
Fund Balance, July 1, 2013	<u>520,134</u>	<u>520,135</u>	<u>520,135</u>	<u>(1)</u>
Fund Balance, June 30, 2014	<u>\$ 631,259</u>	<u>\$ 483,131</u>	<u>\$ 483,116</u>	<u>\$ 148,143</u>

# Fiduciary Funds

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Agency Funds are used to account for assets held by the county 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.

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

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

Exhibit H-1

Bledsoe County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2014

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,428,608	\$ 1,428,608
Accounts Receivable	0	73	73
Due from Other Governments	30,449	0	30,449
Total Assets	<u>\$ 30,449</u>	<u>\$ 1,428,681</u>	<u>\$ 1,459,130</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 30,449	\$ 0	\$ 30,449
Due to Litigants, Heirs, and Others	0	1,428,681	1,428,681
Total Liabilities	<u>\$ 30,449</u>	<u>\$ 1,428,681</u>	<u>\$ 1,459,130</u>

Exhibit H-2

Bledsoe County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 188,981	\$ 188,981	\$ 0
Due from Other Governments	31,904	30,449	31,904	30,449
<b>Total Assets</b>	<b>\$ 31,904</b>	<b>\$ 219,430</b>	<b>\$ 220,885</b>	<b>\$ 30,449</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 31,904	\$ 219,430	\$ 220,885	\$ 30,449
<b>Total Liabilities</b>	<b>\$ 31,904</b>	<b>\$ 219,430</b>	<b>\$ 220,885</b>	<b>\$ 30,449</b>
 <u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,408,541	\$ 2,300,857	\$ 2,280,790	\$ 1,428,608
Accounts Receivable	0	73	0	73
<b>Total Assets</b>	<b>\$ 1,408,541</b>	<b>\$ 2,300,930</b>	<b>\$ 2,280,790</b>	<b>\$ 1,428,681</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,408,541	\$ 2,300,930	\$ 2,280,790	\$ 1,428,681
<b>Total Liabilities</b>	<b>\$ 1,408,541</b>	<b>\$ 2,300,930</b>	<b>\$ 2,280,790</b>	<b>\$ 1,428,681</b>
 <u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,408,541	\$ 2,300,857	\$ 2,280,790	\$ 1,428,608
Equity in Pooled Cash and Investments	0	188,981	188,981	0
Accounts Receivable	0	73	0	73
Due from Other Governments	31,904	30,449	31,904	30,449
<b>Total Assets</b>	<b>\$ 1,440,445</b>	<b>\$ 2,520,360</b>	<b>\$ 2,501,675</b>	<b>\$ 1,459,130</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 31,904	\$ 219,430	\$ 220,885	\$ 30,449
Due to Litigants, Heirs, and Others	1,408,541	2,300,930	2,280,790	1,428,681
<b>Total Liabilities</b>	<b>\$ 1,440,445</b>	<b>\$ 2,520,360</b>	<b>\$ 2,501,675</b>	<b>\$ 1,459,130</b>

# Bledsoe County School Department

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

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

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

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

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the contribution to the primary government of, education related long-term debt principal, interest, and related costs.

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

Exhibit I-1

Bledsoe County, Tennessee  
Statement of Activities  
Discretely Presented Bledsoe County School Department  
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues		Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
	Total Governmental Activities					
Governmental Activities:						
Instruction	\$ 10,433,081	\$ 32,369	\$ 1,071,595	\$ (9,329,117)		
Support Services	4,477,193	0	602,938	(3,874,255)		
Operation of Non-instructional Services	2,307,949	252,879	1,516,823	(538,247)		
Interest on Long-term Debt	325,782	0	0	(325,782)		
Total Governmental Activities	\$ 17,544,005	\$ 285,248	\$ 3,191,356	\$ (14,067,401)		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 1,666,018		
Property Taxes Levied for Debt Service				85,920		
Local Option Sales Taxes				659,401		
Other Local Taxes				2,439		
Grants and Contributions Not Restricted to Specific Programs				12,747,043		
Unrestricted Investment Earnings				5,908		
Miscellaneous				10,799		
Total General Revenues				\$ 15,177,528		
Change in Net Position				\$ 1,110,127		
Net Position, July 1, 2013				3,620,339		
Net Position, June 30, 2014				\$ 4,730,466		

Exhibit I-2

Bledsoe County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Bledsoe County School Department  
June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other	Governmental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,056	\$ 3,056
Equity in Pooled Cash and Investments	1,946,814	2,593	2,409,106	947,504	5,306,017	5,306,017
Accounts Receivable	18,916	0	0	0	18,916	18,916
Due from Other Governments	421,310	138,339	0	75,394	635,043	635,043
Due from Other Funds	80,707	0	0	0	80,707	80,707
Property Taxes Receivable	1,734,238	0	0	90,291	1,824,529	1,824,529
Allowance for Uncollectible Property Taxes	(136,587)	0	0	(7,111)	(143,698)	(143,698)
Total Assets	\$ 4,065,398	\$ 140,932	\$ 2,409,106	\$ 1,109,134	\$ 7,724,570	\$ 7,724,570
<u>LIABILITIES</u>						
Accounts Payable	\$ 4,062	\$ 9,097	\$ 0	\$ 7,744	\$ 20,903	\$ 20,903
Payroll Deductions Payable	4,650	162	0	0	4,812	4,812
Due to Other Funds	0	80,707	0	0	80,707	80,707
Due to Primary Government	45	0	0	0	45	45
Current Liabilities Payable from Restricted Assets:						
Customer Deposits Payable	0	0	0	6,064	6,064	6,064
Total Liabilities	\$ 8,757	\$ 89,966	\$ 0	\$ 13,808	\$ 112,531	\$ 112,531
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 1,515,990	\$ 0	\$ 0	\$ 78,928	\$ 1,594,918	\$ 1,594,918
Deferred Delinquent Property Taxes	75,561	0	0	3,952	79,513	79,513
Other Deferred/Unavailable Revenue	17,179	0	0	37,697	54,876	54,876
Total Deferred Inflows of Resources	\$ 1,608,730	\$ 0	\$ 0	\$ 120,577	\$ 1,729,307	\$ 1,729,307

(Continued)

Bledsoe County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Bledsoe County School Department (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other	Governmental Funds	
\$	185,114	966	2,383,181	974,749	\$	3,544,010
	0	50,000	0	0		50,000
	23,962	0	25,925	0		49,887
	2,238,835	0	0	0		2,238,835
\$	2,447,911	50,966	2,409,106	974,749	\$	5,882,732
\$	4,065,398	140,932	2,409,106	1,109,134	\$	7,724,570

FUND BALANCES

Restricted:	
Restricted for Education	
Committed:	
Committed for Education	
Assigned:	
Assigned for Education	
Unassigned	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

Exhibit I-3

Bledsoe County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Bledsoe County School Department  
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	5,882,732
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	375,847	
Add: construction in progress		1,548,041	
Add: buildings and improvements net of accumulated depreciation		8,564,073	
Add: infrastructure net of accumulated depreciation		103,780	
Add: other capital assets net of accumulated depreciation		<u>1,124,377</u>	11,716,118
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for bonds	\$	(12,185,000)	
Less: contributions due on primary government debt for notes		(286,098)	
Less: contributions due on primary government debt for other loans		(279,776)	
Less: other postemployment benefits liability		(415,687)	
Add: deferred amount on refunding		<u>163,788</u>	(13,002,773)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>134,389</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>4,730,466</u></u>

Exhibit I-4

Bledsoe County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds

Discretely Presented Bledsoe County School Department  
For the Year Ended June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other	Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 1,892,815	\$ 0	\$ 0	\$ 538,656	\$ 2,431,471	
Licenses and Permits	8,235	0	0	374	8,609	
Charges for Current Services	6,868	0	0	252,879	259,747	
Other Local Revenues	33,894	0	5,510	398	39,802	
State of Tennessee	12,709,944	0	0	20,550	12,730,494	
Federal Government	23,153	1,878,223	0	1,288,671	3,190,047	
Total Revenues	\$ 14,674,909	\$ 1,878,223	\$ 5,510	\$ 2,101,528	\$ 18,660,170	
<u>Expenditures</u>						
Current:						
Instruction	\$ 7,865,719	\$ 981,609	\$ 0	\$ 0	\$ 8,847,328	
Support Services	5,008,832	729,303	0	0	5,738,135	
Operation of Non-instructional Services	711,432	145,759	0	1,428,161	2,285,352	
Capital Outlay	59,301	0	0	0	59,301	
Debt Service:						
Principal on Debt	102,180	0	0	630,000	732,180	
Interest on Debt	14,994	0	0	310,788	325,782	
Other Debt Service	0	0	0	8,002	8,002	
Capital Projects	0	0	1,499,841	0	1,499,841	
Total Expenditures	\$ 13,762,458	\$ 1,856,671	\$ 1,499,841	\$ 2,376,951	\$ 19,495,921	
Excess (Deficiency) of Revenues Over Expenditures	\$ 912,451	\$ 21,552	\$ (1,494,331)	\$ (275,423)	\$ (835,751)	

(Continued)

Exhibit I-4

Bledsoe County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Bledsoe County School Department (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other	Governmental Funds	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 1,798	\$ 0	\$ 0	\$ 0	\$ 0	1,798
Transfers In	26,696	2,835	0	518,940	518,940	548,471
Transfers Out	(521,775)	(26,696)	0	0	0	(548,471)
Total Other Financing Sources (Uses)	\$ (493,281)	\$ (23,861)	\$ 0	\$ 518,940	\$ 518,940	1,798
Net Change in Fund Balances	\$ 419,170	\$ (2,309)	\$ (1,494,331)	\$ 243,517	\$ 243,517	(833,953)
Fund Balance, July 1, 2013	2,028,741	53,275	3,903,437	731,232	731,232	6,716,685
Fund Balance, June 30, 2014	\$ 2,447,911	\$ 50,966	\$ 2,409,106	\$ 974,749	\$ 974,749	\$ 5,882,732

Exhibit I-5

Bledsoe County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Bledsoe County School Department  
For the Year Ended June 30, 2014

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)		\$ (833,953)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,756,503	
Less: current-year depreciation expense	<u>(523,477)</u>	1,233,026
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: loss on disposal of capital assets		(5,000)
(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, 2014	\$ 134,389	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(142,225)</u>	(7,836)
(4) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Less: change in deferred amount on refunding	\$ (23,060)	
Add: principal contributions on bonds to primary government	630,000	
Add: principal contributions on notes to primary government	30,756	
Add: principal contributions on other loans to primary government	<u>71,424</u>	709,120
(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 other postemployment benefits liability		<u>14,770</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,110,127</u>

Exhibit I-6

Bledsoe County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Bledsoe County School Department  
June 30, 2014

	Special Revenue Fund	Debt Service Education Debt Service	Total Nonmajor Governmental Funds
	Central Cafeteria		
<u>ASSETS</u>			
Cash	\$ 3,056	\$ 0	\$ 3,056
Equity in Pooled Cash and Investments	494,340	453,164	947,504
Due from Other Governments	0	75,394	75,394
Property Taxes Receivable	0	90,291	90,291
Allowance for Uncollectible Property Taxes	0	(7,111)	(7,111)
Total Assets	<u>\$ 497,396</u>	<u>\$ 611,738</u>	<u>\$ 1,109,134</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,744	\$ 0	\$ 7,744
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	6,064	0	6,064
Total Liabilities	<u>\$ 13,808</u>	<u>\$ 0</u>	<u>\$ 13,808</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 78,928	\$ 78,928
Deferred Delinquent Property Taxes	0	3,952	3,952
Other Deferred/Unavailable Revenue	0	37,697	37,697
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 120,577</u>	<u>\$ 120,577</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 483,588	\$ 491,161	\$ 974,749
Total Fund Balances	<u>\$ 483,588</u>	<u>\$ 491,161</u>	<u>\$ 974,749</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 497,396</u>	<u>\$ 611,738</u>	<u>\$ 1,109,134</u>

## Exhibit I-7

Bledsoe County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Bledsoe County School Department  
For the Year Ended June 30, 2014

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Debt Service	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 538,656	\$ 538,656
Licenses and Permits	0	374	374
Charges for Current Services	252,879	0	252,879
Other Local Revenues	398	0	398
State of Tennessee	11,728	8,822	20,550
Federal Government	1,288,671	0	1,288,671
Total Revenues	<u>\$ 1,553,676</u>	<u>\$ 547,852</u>	<u>\$ 2,101,528</u>
<u>Expenditures</u>			
Current:			
Operation of Non-instructional Services	\$ 1,428,161	\$ 0	\$ 1,428,161
Debt Service:			
Principal on Debt	0	630,000	630,000
Interest on Debt	0	310,788	310,788
Other Debt Service	0	8,002	8,002
Total Expenditures	<u>\$ 1,428,161</u>	<u>\$ 948,790</u>	<u>\$ 2,376,951</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 125,515</u>	<u>\$ (400,938)</u>	<u>\$ (275,423)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 518,940	\$ 518,940
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 518,940</u>	<u>\$ 518,940</u>
Net Change in Fund Balances	\$ 125,515	\$ 118,002	\$ 243,517
Fund Balance, July 1, 2013	358,073	373,159	731,232
Fund Balance, June 30, 2014	<u>\$ 483,588</u>	<u>\$ 491,161</u>	<u>\$ 974,749</u>

Exhibit I-8

Bledsoe County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Bledsoe County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 1,892,815	\$ 0	\$ 0	\$ 1,892,815	\$ 1,845,455	\$ 1,845,455	\$ 47,360
Licenses and Permits	8,235	0	0	8,235	7,300	7,300	935
Charges for Current Services	6,868	0	0	6,868	0	0	6,868
Other Local Revenues	33,894	0	0	33,894	37,460	37,460	(3,566)
State of Tennessee	12,709,944	0	0	12,709,944	12,633,000	12,702,902	7,042
Federal Government	23,153	0	0	23,153	14,339	25,216	(2,063)
<b>Total Revenues</b>	<b>\$ 14,674,909</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 14,674,909</b>	<b>\$ 14,537,554</b>	<b>\$ 14,618,333</b>	<b>\$ 56,576</b>
<b>Expenditures</b>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,927,653	\$ 0	\$ 3,646	\$ 5,931,299	\$ 6,115,875	\$ 6,111,875	\$ 180,576
Alternative Instruction Program	53,241	0	0	53,241	54,195	54,195	954
Special Education Program	1,542,778	0	0	1,542,778	1,560,582	1,571,458	28,680
Vocational Education Program	342,047	0	0	342,047	348,428	348,428	6,381
<u>Support Services</u>							
Attendance	55,516	0	0	55,516	68,307	68,307	12,791
Health Services	222,588	0	0	222,588	282,296	282,295	59,707
Other Student Support	322,191	0	0	322,191	367,983	367,983	45,792
Regular Instruction Program	480,035	0	0	480,035	513,389	517,389	37,354
Special Education Program	149,733	0	0	149,733	150,881	150,881	1,148
Vocational Education Program	567	0	0	567	1,000	1,000	433
Other Programs	64,902	0	0	64,902	0	64,902	0
Board of Education	304,932	0	0	304,932	339,159	339,159	34,227
Director of Schools	234,045	0	0	234,045	256,765	257,765	23,720
Office of the Principal	690,743	0	0	690,743	711,983	711,983	21,240
Fiscal Services	193,828	0	0	193,828	204,211	204,211	10,383
Operation of Plant	996,879	0	0	996,879	1,124,489	1,123,489	126,610
Maintenance of Plant	278,722	0	1,800	280,522	293,030	293,030	12,508
Transportation	1,014,151	(181,683)	185,114	1,017,582	1,151,082	1,151,082	133,500

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2013	6/30/2014			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Operation of Non-instructional Services</u>								
Food Service	\$ 4,818	\$ 0	\$ 0	\$ 0	4,818	\$ 8,219	\$ 8,219	\$ 3,401
Community Services	271,633	0	0	0	271,633	285,165	290,164	18,531
Early Childhood Education	434,981	(11,255)	9,966	9,966	433,692	433,691	433,692	0
Capital Outlay								
Regular Capital Outlay	59,301	(11,369)	8,550	8,550	56,482	100,000	100,000	43,518
Principal on Debt								
Education	102,180	0	0	0	102,180	103,000	103,000	820
Interest on Debt								
Education	14,994	0	0	0	14,994	15,500	15,500	506
Total Expenditures	\$ 13,762,458	\$ (204,307)	\$ 209,076	\$ 209,076	\$ 13,767,227	\$ 14,489,230	\$ 14,570,007	\$ 802,780
<u>Excess (Deficiency) of Revenues</u>								
Over Expenditures	\$ 912,451	\$ 204,307	\$ (209,076)	\$ (209,076)	\$ 907,682	\$ 48,324	\$ 48,326	\$ 859,356
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 1,798	\$ 0	\$ 0	\$ 0	1,798	\$ 25,000	\$ 25,000	\$ (23,202)
Transfers In	26,696	0	0	0	26,696	21,000	21,000	5,696
Transfers Out	(521,775)	0	0	0	(521,775)	(525,000)	(526,000)	4,225
Total Other Financing Sources	\$ (493,281)	\$ 0	\$ 0	\$ 0	\$ (493,281)	\$ (479,000)	\$ (480,000)	\$ (13,281)
<u>Net Change in Fund Balance</u>								
Fund Balance, July 1, 2013	\$ 419,170	\$ 204,307	\$ (209,076)	\$ (209,076)	\$ 414,401	\$ (430,676)	\$ (431,674)	\$ 846,075
	2,028,741	(204,307)	0	0	1,824,434	1,822,281	1,822,281	2,153
Fund Balance, June 30, 2014	\$ 2,447,911	\$ 0	\$ (209,076)	\$ (209,076)	\$ 2,238,835	\$ 1,391,605	\$ 1,390,607	\$ 848,228

Exhibit I-9

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Bledsoe County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 0	\$ 0	\$ 146,000	\$ (146,000)
Federal Government	1,878,223	1,792,344	1,822,903	55,320
<b>Total Revenues</b>	<b>\$ 1,878,223</b>	<b>\$ 1,792,344</b>	<b>\$ 1,968,903</b>	<b>\$ (90,680)</b>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 571,958	\$ 548,180	\$ 580,693	\$ 8,735
Special Education Program	389,226	420,702	417,680	28,454
Vocational Education Program	20,425	19,521	20,425	0
<u>Support Services</u>				
Other Student Support	34,623	38,378	37,474	2,851
Regular Instruction Program	587,136	608,517	608,616	21,480
Special Education Program	101,380	117,824	127,074	25,694
Vocational Education Program	1,550	1,550	1,550	0
Transportation	4,614	13,740	8,740	4,126
<u>Operation of Non-instructional Services</u>				
Community Services	145,759	0	149,924	4,165
<b>Total Expenditures</b>	<b>\$ 1,856,671</b>	<b>\$ 1,768,412</b>	<b>\$ 1,952,176</b>	<b>\$ 95,505</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 21,552	\$ 23,932	\$ 16,727	\$ 4,825
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 2,835	\$ 0	\$ 7,000	\$ (4,165)
Transfers Out	(26,696)	(23,932)	(27,008)	312
<b>Total Other Financing Sources</b>	<b>\$ (23,861)</b>	<b>\$ (23,932)</b>	<b>\$ (20,008)</b>	<b>\$ (3,853)</b>
Net Change in Fund Balance	\$ (2,309)	\$ 0	\$ (3,281)	\$ 972
Fund Balance, July 1, 2013	53,275	0	3,281	49,994
<b>Fund Balance, June 30, 2014</b>	<b>\$ 50,966</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 50,966</b>

Exhibit I-10

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Bledsoe County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 252,879	\$ 295,500	\$ 295,500	\$ (42,621)
Other Local Revenues	398	1,000	1,000	(602)
State of Tennessee	11,728	11,500	11,500	228
Federal Government	1,288,671	1,224,807	1,224,807	63,864
Total Revenues	<u>\$ 1,553,676</u>	<u>\$ 1,532,807</u>	<u>\$ 1,532,807</u>	<u>\$ 20,869</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,428,161	\$ 1,506,281	\$ 1,549,381	\$ 121,220
Total Expenditures	<u>\$ 1,428,161</u>	<u>\$ 1,506,281</u>	<u>\$ 1,549,381</u>	<u>\$ 121,220</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 125,515</u>	<u>\$ 26,526</u>	<u>\$ (16,574)</u>	<u>\$ 142,089</u>
Net Change in Fund Balance	\$ 125,515	\$ 26,526	\$ (16,574)	\$ 142,089
Fund Balance, July 1, 2013	<u>358,073</u>	<u>358,073</u>	<u>358,073</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 483,588</u>	<u>\$ 384,599</u>	<u>\$ 341,499</u>	<u>\$ 142,089</u>

Exhibit I-11

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Bledsoe County School Department  
Education Debt Service Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 538,656	\$ 511,120	\$ 511,120	\$ 27,536
Licenses and Permits	374	375	375	(1)
State of Tennessee	8,822	10,000	10,000	(1,178)
Total Revenues	<u>\$ 547,852</u>	<u>\$ 521,495</u>	<u>\$ 521,495</u>	<u>\$ 26,357</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 630,000	\$ 360,000	\$ 630,000	\$ 0
<u>Interest on Debt</u>				
Education	310,788	306,062	310,788	0
<u>Other Debt Service</u>				
Education	8,002	11,500	11,500	3,498
Total Expenditures	<u>\$ 948,790</u>	<u>\$ 677,562</u>	<u>\$ 952,288</u>	<u>\$ 3,498</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (400,938)</u>	<u>\$ (156,067)</u>	<u>\$ (430,793)</u>	<u>\$ 29,855</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 518,940	\$ 525,000	\$ 525,000	\$ (6,060)
Total Other Financing Sources	<u>\$ 518,940</u>	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>\$ (6,060)</u>
Net Change in Fund Balance	\$ 118,002	\$ 368,933	\$ 94,207	\$ 23,795
Fund Balance, July 1, 2013	<u>373,159</u>	<u>373,158</u>	<u>373,158</u>	<u>1</u>
Fund Balance, June 30, 2014	<u>\$ 491,161</u>	<u>\$ 742,091</u>	<u>\$ 467,365</u>	<u>\$ 23,796</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Bledsoe County, Tennessee  
Schedule of Changes in Long-term Bonds, Notes, Capital Lease, and Other Loans  
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
General Obligation/Refunding Bond Series 2009	\$ 8,790,000	2 to 4.5 %	6-1-09	6-1-41	\$ 8,295,000	\$ 0	\$ 160,000	\$ 8,135,000
Total Payable through General Debt Service Fund					\$ 8,295,000	\$ 0	\$ 160,000	\$ 8,135,000
<u>Contributions Due by School Department from the Education Debt Service Fund</u>								
<u>to the General Debt Service Fund</u>								
School Refunding Series 2003	5,510,000	2 to 4.25	5-29-03	5-29-14	\$ 270,000	\$ 0	\$ 270,000	\$ 0
School Refunding Series 2011	5,850,000	1 to 3.5	7-15-11	10-1-26	5,430,000	0	330,000	5,100,000
School Refunding Series 2013	3,115,000	2 to 3.5	4-10-13	12-1-38	3,115,000	0	30,000	3,085,000
General Obligation Series 2013	4,000,000	2 to 3.5	4-10-13	12-1-38	4,000,000	0	0	4,000,000
Total Contributions Due by School Department from the Education Debt Service Fund					\$ 12,815,000	\$ 0	\$ 630,000	\$ 12,185,000
Total Bonds Payable					\$ 21,110,000	\$ 0	\$ 790,000	\$ 20,320,000
<b>NOTES PAYABLE</b>								
<u>Payable through Highway/Public Works Fund</u>								
Truck and Tractors	100,000	2.93	3-2-12	3-1-17	\$ 82,000	\$ 0	\$ 20,000	\$ 62,000
Total Payable through Highway/Public Works Fund					\$ 82,000	\$ 0	\$ 20,000	\$ 62,000
<u>Contributions Due by School Department from the General Purpose School Fund</u>								
<u>to the General Debt Service Fund</u>								
Energy Program	412,269	4.95	12-2-09	12-1-21	\$ 316,854	\$ 0	\$ 30,756	\$ 286,098
Total Contributions Due by School Department from the General Purpose School Fund					\$ 316,854	\$ 0	\$ 30,756	\$ 286,098
Total Notes Payable					\$ 398,854	\$ 0	\$ 50,756	\$ 348,098
<b>CAPITAL LEASE PAYABLE</b>								
<u>Payable through Ambulance Service Fund</u>								
Defibrillators	132,569	4.693	2-13-14	3-1-19	\$ 0	\$ 132,569	\$ 6,411	\$ 126,158
Total Capital Lease Payable					\$ 0	\$ 132,569	\$ 6,411	\$ 126,158

(Continued)

Exhibit J-1

Bledsoe County, Tennessee  
Schedule of Changes in Long-term Bonds, Notes, Capital Lease, and Other Loans (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
<b>OTHER LOANS PAYABLE</b>								
Payable through General Debt Service Fund	\$ 214,200	3.75	2-6-12	3-1-19	\$ 175,259	\$ 0	\$ 26,410	\$ 148,849
Ambulances					\$ 175,259	\$ 0	\$ 26,410	\$ 148,849
Total Payable through General Debt Service Fund					\$ 175,259	\$ 0	\$ 26,410	\$ 148,849
<u>Contributions Due by School Department from the General Purpose School Fund</u>								
to the General Debt Service Fund	500,000	0	5-31-11	5-31-18	\$ 351,200	\$ 0	\$ 71,424	\$ 279,776
Energy Program					\$ 351,200	\$ 0	\$ 71,424	\$ 279,776
Total Contributions Due by School Department from the General Purpose School Fund					\$ 351,200	\$ 0	\$ 71,424	\$ 279,776
to the General Debt Service Fund					\$ 351,200	\$ 0	\$ 71,424	\$ 279,776
Total Other Loans Payable					\$ 526,459	\$ 0	\$ 97,834	\$ 428,625

Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 935,000	\$ 635,038	\$ 1,570,038
2016	955,000	616,225	1,571,225
2017	975,000	596,771	1,571,771
2018	1,000,000	575,581	1,575,581
2019	1,015,000	553,169	1,568,169
2020	1,050,000	529,214	1,579,214
2021	1,090,000	502,396	1,592,396
2022	1,100,000	473,190	1,573,190
2023	1,150,000	442,095	1,592,095
2024	785,000	413,471	1,198,471
2025	825,000	387,537	1,212,537
2026	850,000	359,650	1,209,650
2027	915,000	329,438	1,244,438
2028	435,000	306,150	741,150
2029	450,000	290,750	740,750
2030	470,000	274,112	744,112
2031	490,000	256,125	746,125
2032	510,000	237,350	747,350
2033	530,000	217,369	747,369
2034	555,000	196,350	751,350
2035	580,000	173,987	753,987
2036	605,000	150,725	755,725
2037	630,000	126,169	756,169
2038	665,000	100,225	765,225
2039	690,000	72,925	762,925
2040	495,000	47,925	542,925
2041	570,000	25,650	595,650
Total	\$ 20,320,000	\$ 8,889,587	\$ 29,209,587

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 52,313	\$ 15,068	\$ 67,381
2016	54,917	12,937	67,854
2017	56,667	10,636	67,303
2018	37,473	8,277	45,750
2019	39,370	6,380	45,750
2020	41,353	4,397	45,750
2021	43,458	2,292	45,750
2022	22,547	328	22,875
Total	\$ 348,098	\$ 60,315	\$ 408,413

(Continued)

Exhibit J-2

Bledsoe County, Tennessee  
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2015	\$ 24,279	\$ 5,402	\$ 29,681
2016	25,443	4,238	29,681
2017	26,663	3,018	29,681
2018	27,941	1,740	29,681
2019	21,832	430	22,262
Total	\$ 126,158	\$ 14,828	\$ 140,986

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2015	\$ 100,599	\$ 5,685	\$ 106,284
2016	101,712	4,572	106,284
2017	102,868	3,416	106,284
2018	98,148	2,216	100,364
2019	25,298	848	26,146
Total	\$ 428,625	\$ 16,737	\$ 445,362

Exhibit J-3

Bledsoe County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Bledsoe County School Department  
For the Year Ended June 30, 2014

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Other Special Revenue	Operations	\$ 50,000
"	Ambulance Service	"	42,870
Ambulance Service	General Debt Service	Debt payments	<u>34,860</u>
Total Transfers Primary Government			<u>\$ 127,730</u>
<u>DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 26,696
General Purpose School	School Federal Projects	Grant match	2,835
"	Education Debt Service	Debt retirement	<u>518,940</u>
Total Transfers Discretely Presented Bledsoe County School Department			<u>\$ 548,471</u>

Exhibit J-4

Bledsoe County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Bledsoe County School Department  
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 71,184	\$ 25,000	NGM Insurance
Road Superintendent	Section 8-24-102, TCA	67,795	100,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	84,630 (1)	(2)	"
Trustee	Section 8-24-102, TCA	61,632	476,000	NGM Insurance
Assessor of Property	Section 8-24-102, TCA	61,632	50,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	61,632	25,000	NGM Insurance
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	61,632	25,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	61,632 (3)	45,000	State Farm Fire and Casualty Company
Register of Deeds	Section 8-24-102, TCA	61,632	15,000	NGM Insurance
Sheriff	Section 8-24-102, TCA	67,795	25,000	"
Employee Dishonesty Bond Coverage:				
General County Government			150,000	Local Government Property and Casualty Fund
Highway Department			150,000	"
School Employees			150,000	Tennessee Risk Management Trust

(1) Does not include a chief executive officer training supplement of \$1,000 and a travel allowance of \$5,000.

(2) The director of schools is covered under the employee dishonesty blanket bond.

(3) Does not include special commissioner fees of \$12,500.

Bledsoe County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2014

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,860,983	\$ 240,821	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	118,257	14,431	0	0	0
Circuit/Clerk & Master Collections - Prior Years	124,283	16,083	0	0	0
Interest and Penalty	19,579	2,396	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	7,160	904	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	2,384	308	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	79,963	0	0	0	0
Litigation Tax - General	15,668	0	0	0	0
Business Tax	46,023	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	4,496	582	0	0	0
Wholesale Beer Tax	93,527	0	0	0	0
Total Local Taxes	\$ 2,372,323	\$ 275,525	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	124	0	0	0	0
Cable TV Franchise	8,724	1,096	0	0	0
<u>Permits</u>					
Other Permits	771	0	0	0	0
Total Licenses and Permits	\$ 9,619	\$ 1,096	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 8,489	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	2,207	0	0	0	0
Drug Control Fines	0	0	0	1,069	0
Drug Court Fees	429	0	0	0	0
Jail Fees	751	0	0	0	0
DUI Treatment Fines	190	0	0	0	0
<u>General Sessions Court</u>					
Fines	4,983	0	0	0	0
Officers Costs	10,503	0	0	0	0
Drug Control Fines	0	0	0	8,037	0
Drug Court Fees	2,388	0	0	0	0
Jail Fees	3,156	0	0	0	0
DUI Treatment Fines	2,611	0	0	0	0
Data Entry Fee - General Sessions Court	2,610	0	0	0	0
<u>Juvenile Court</u>					
Officers Costs	53	0	0	0	0
<u>Chancery Court</u>					
Data Entry Fee - Chancery Court	3,476	0	0	0	0
Courtroom Security Fee	8	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	2,956	0
Total Fines, Forfeitures, and Penalties	\$ 41,854	\$ 0	\$ 0	\$ 12,062	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	\$ 835,625	\$ 0	\$ 0
Fees					
Copy Fees	2,586	0	120	0	0
Library Fees	1,211	0	0	0	0
Telephone Commissions	11,850	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	3,350	0	0	0	0
Data Processing Fee - Sheriff	47	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,450	0	0	0	0
Data Processing Fee - County Clerk	9	0	0	0	0
Total Charges for Current Services	\$ 22,503	\$ 0	\$ 835,745	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0	0	49	0	0
Lease/Rentals	140,000	0	0	0	0
Sale of Materials and Supplies	335	0	0	0	0
Commissary Sales	3,775	0	0	0	0
Sale of Recycled Materials	0	5,817	0	0	0
Refund of Telecommunication and Internet Fees (E-Rate)	1,818	0	0	0	0
Miscellaneous Refunds	53,713	0	50	0	781
<u>Nonrecurring Items</u>					
Sale of Property	1,355	0	0	0	0
Damages Recovered from Individuals	0	0	2,568	0	0
Contributions and Gifts	649	0	1,420	0	0

(Continued)

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

	Special Revenue Funds					Other Special Revenue
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control		
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>	59 \$	0 \$	0 \$	0 \$	0 \$	0
Total Other Local Revenues	201,704 \$	5,817 \$	4,087 \$	0 \$	0 \$	781
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
Juvenile Court Clerk	206 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fees in-Lieu-of-Salary</u>						
County Clerk	97,458	0	0	0	0	0
Circuit Court Clerk	19,992	0	0	0	0	0
General Sessions Court Clerk	48,523	0	0	0	0	0
Clerk and Master	86,663	0	0	0	0	0
Juvenile Court Clerk	207	0	0	0	0	0
Register	39,948	0	0	0	0	0
Sheriff	6,797	0	0	0	0	0
Trustee	142,892	0	0	0	0	0
Total Fees Received from County Officials	442,686 \$	0 \$	0 \$	0 \$	0 \$	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	4,500 \$	0 \$	0 \$	0 \$	0 \$	0
Solid Waste Grants	0	1,064	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	69,159	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants (Cont.)</u>					
State Aid Program	\$ 0 \$	0 \$	0 \$	0 \$	0
Litter Program	0	35,382	0	0	0
<u>Other State Revenues</u>					
Income Tax	8,031	0	0	0	0
Vehicle Certificate of Title Fees	4,106	0	0	0	0
Alcoholic Beverage Tax	36,321	0	0	0	0
State Revenue Sharing - T.V.A.	216,659	28,037	0	0	0
Contracted Prisoner Boarding	904,532	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	18,955	0	0	0	0
Other State Grants	3,415	0	0	0	0
Other State Revenues	34,317	0	0	0	0
Total State of Tennessee	\$ 1,299,995 \$	64,483 \$	0 \$	0 \$	0
<u>Federal Government</u>					
Federal Through State					
Community Development	0 \$	0 \$	0 \$	0 \$	0
Homeland Security Grants	3,855	0	0	0	0
Total Federal Government	\$ 3,855 \$	0 \$	0 \$	0 \$	0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	0 \$	0 \$	0 \$	0 \$	183,000
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	0 \$	183,000
Total	\$ 4,394,539 \$	346,921 \$	839,832 \$	12,062 \$	183,781

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Fund		Total
	Constitu- tional Officers - Fees	Highway / Public Works	General	Debt Service	Community Development/ Industrial Park			
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 0	\$ 0	\$ 462,981	\$ 0	\$ 0	\$ 2,564,785		
Trustee's Collections - Prior Year	0	0	29,390	0	0	162,078		
Circuit/Clerk & Master Collections - Prior Years	0	0	30,902	0	0	171,268		
Interest and Penalty	0	0	4,752	0	0	26,727		
Payments in-Lieu-of-Taxes - T.V.A.	0	0	1,765	0	0	9,829		
Payments in-Lieu-of-Taxes - Local Utilities	0	0	593	0	0	3,285		
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	0	0	79,963		
Litigation Tax - General	0	0	0	0	0	15,668		
Business Tax	0	0	0	0	0	46,023		
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	1,119	0	0	6,197		
Wholesale Beer Tax	0	0	0	0	0	93,527		
Total Local Taxes	\$ 0	\$ 0	\$ 531,502	\$ 0	\$ 0	\$ 3,179,350		
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	0	0	0	0	0	124		
Cable TV Franchise	0	0	2,146	0	0	11,966		
<u>Permits</u>								
Other Permits	0	0	0	0	0	771		
Total Licenses and Permits	\$ 0	\$ 0	\$ 2,146	\$ 0	\$ 0	\$ 12,861		

(Continued)

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

	Special Revenue Funds			Debt Service		Capital		Total
	(Cont.)	Highway / Public Works	General Debt Service	Fund	Projects	Fund		
	Constitu- tional Officers - Fees				Community Development/ Industrial Park			
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	8,489
Officers Costs	0	0	0	0	0	0	0	2,207
Drug Control Fines	0	0	0	0	0	0	0	1,069
Drug Court Fees	0	0	0	0	0	0	0	429
Jail Fees	0	0	0	0	0	0	0	751
DUI Treatment Fines	0	0	0	0	0	0	0	190
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	0	4,983
Officers Costs	0	0	0	0	0	0	0	10,503
Drug Control Fines	0	0	0	0	0	0	0	8,037
Drug Court Fees	0	0	0	0	0	0	0	2,388
Jail Fees	0	0	0	0	0	0	0	3,156
DUI Treatment Fines	0	0	0	0	0	0	0	2,611
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	2,610
<u>Juvenile Court</u>								
Officers Costs	0	0	0	0	0	0	0	53
<u>Chancery Court</u>								
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	3,476
Courtroom Security Fee	0	0	0	0	0	0	0	8
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	2,956
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	53,916

(Continued)

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

	Special Revenue Funds			Debt Service		Capital		Total
	(Cont.)	Highway / Public Works	General Debt Service	Projects Fund	Community Development/ Industrial Park			
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
<u>Patient Charges</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 835,625
<u>Fees</u>								
Copy Fees	0	0	0	0	0	0	0	2,706
Library Fees	0	0	0	0	0	0	0	1,211
Telephone Commissions	0	0	0	0	0	0	0	11,850
Constitutional Officers' Fees and Commissions	260	0	0	0	0	0	0	260
Special Commissioner Fees/Special Master Fees	12,500	0	0	0	0	0	0	12,500
Data Processing Fee - Register	0	0	0	0	0	0	0	3,350
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	47
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	3,450
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	9
Total Charges for Current Services	\$ 12,760	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 871,008
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	0	0	0	32,348	0	0	0	32,397
Lease/Rentals	0	0	0	0	0	0	0	140,000
Sale of Materials and Supplies	0	0	0	0	0	0	0	335
Commissary Sales	0	0	0	0	0	0	0	3,775
Sale of Recycled Materials	0	0	0	0	0	0	0	5,817
Refund of Telecommunication and Internet Fees (E-Rate)	0	0	0	0	0	0	0	1,818
Miscellaneous Refunds	0	7,812	0	2,905	0	0	0	65,261
<u>Nonrecurring Items</u>								
Sale of Property	0	0	0	0	0	0	0	1,355
Damages Recovered from Individuals	0	500	0	0	0	0	0	3,068
Contributions and Gifts	0	0	0	0	0	0	0	2,069

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Fund		Total
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park				
<u>Other Local Revenues (Cont.)</u>								
<u>Other Local Revenues</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 59
Total Other Local Revenues	\$ 0	\$ 8,312	\$ 35,253	\$ 0	\$ 0	\$ 0	\$ 0	\$ 255,954
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 206
<u>Fees in-Lieu-of-Salary</u>								
County Clerk	0	0	0	0	0	0	0	97,458
Circuit Court Clerk	0	0	0	0	0	0	0	19,992
General Sessions Court Clerk	0	0	0	0	0	0	0	48,523
Clerk and Master	0	0	0	0	0	0	0	86,663
Juvenile Court Clerk	0	0	0	0	0	0	0	207
Register	0	0	0	0	0	0	0	39,948
Sheriff	0	0	0	0	0	0	0	6,797
Trustee	0	0	0	0	0	0	0	142,892
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 442,686
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,500
Solid Waste Grants	0	0	0	0	0	0	0	1,064
<u>Health and Welfare Grants</u>								
Health Department Programs	0	0	0	0	0	0	0	69,159
<u>Public Works Grants</u>								
Bridge Program	0	175,926	0	0	0	0	0	175,926

(Continued)

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

	Special Revenue Funds (Cont.)		Debt Service Fund		Capital Projects Fund		Total
	Constituti- onal Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park			
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants (Cont.)</u>							
State Aid Program	\$ 0	\$ 356,709	\$ 0	\$ 0	\$ 0	\$ 0	\$ 356,709
Litter Program	0	0	0	0	0	0	35,382
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	8,031
Vehicle Certificate of Title Fees	0	0	0	0	0	0	4,106
Alcoholic Beverage Tax	0	0	0	0	0	0	36,321
State Revenue Sharing - T.V.A.	0	0	53,901	0	0	0	298,597
Contracted Prisoner Boarding	0	0	0	0	0	0	904,532
Gasoline and Motor Fuel Tax	0	1,527,686	0	0	0	0	1,527,686
Petroleum Special Tax	0	9,290	0	0	0	0	9,290
Registrar's Salary Supplement	0	0	0	0	0	0	18,955
Other State Grants	0	0	0	0	0	0	3,415
Other State Revenues	0	0	0	0	0	0	34,317
Total State of Tennessee	\$ 0	\$ 2,069,611	\$ 53,901	\$ 0	\$ 0	\$ 0	\$ 3,487,990
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 30,870	\$ 0	\$ 0	\$ 30,870
Homeland Security Grants	0	0	0	0	0	0	3,855
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 30,870	\$ 0	\$ 0	\$ 34,725
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 1,057,962	\$ 0	\$ 0	\$ 0	\$ 1,240,962
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 1,057,962	\$ 0	\$ 0	\$ 0	\$ 1,240,962
Total	\$ 12,760	\$ 2,077,923	\$ 1,680,764	\$ 30,870	\$ 0	\$ 0	\$ 9,579,452

Exhibit J-6

Bledsoe County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 Discretely Presented Bledsoe County School Department  
 For the Year Ended June 30, 2014

	Special Revenue Funds			Debt Service Fund		Capital
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Projects Education Capital	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,455,480	\$ 0	\$ 0	\$ 75,777	\$ 0	\$ 1,531,257
Trustee's Collections - Prior Year	103,421	0	0	3,802	0	107,223
Circuit/Clerk & Master Collections - Prior Years	97,220	0	0	5,061	0	102,281
Interest and Penalty	16,763	0	0	874	0	17,637
Payments in-Lieu-of Taxes - T.V.A.	5,852	0	0	305	0	6,157
Payments in-Lieu-of Taxes - Local Utilities	1,871	0	0	97	0	1,968
<u>County Local Option Taxes</u>						
Local Option Sales Tax	206,252	0	0	452,557	0	658,809
<u>Statutory Local Taxes</u>						
Bank Excise Tax	3,517	0	0	183	0	3,700
Interstate Telecommunications Tax	2,439	0	0	0	0	2,439
<b>Total Local Taxes</b>	<b>\$ 1,892,815</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 538,656</b>	<b>\$ 0</b>	<b>\$ 2,431,471</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,045	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,045
Cable TV Franchise	7,190	0	0	374	0	7,564
<b>Total Licenses and Permits</b>	<b>\$ 8,235</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 374</b>	<b>\$ 0</b>	<b>\$ 8,609</b>
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 6,868	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,868
Lunch Payments - Children	0	0	113,446	0	0	113,446
Lunch Payments - Adults	0	0	35,243	0	0	35,243

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Education Debt Service	Education Capital Projects				
<u>Charges for Current Services (Cont.)</u>									
<u>Education Charges (Cont.)</u>									
Income from Breakfast	0 \$	0 \$	100 \$	0 \$	0 \$	0 \$	0 \$	100	
A la carte Sales	0	0	104,090	0	0	0	0	104,090	
<b>Total Charges for Current Services</b>	<b>6,868 \$</b>	<b>0 \$</b>	<b>252,879 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>259,747</b>	
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	0 \$	0 \$	398 \$	0 \$	0 \$	0 \$	5,510 \$	5,908	
Refund of Telecommunication and Internet Fees (E-Rate)	25,501	0	0	0	0	0	0	25,501	
Miscellaneous Refunds	688	0	0	0	0	0	0	688	
<u>Nonrecurring Items</u>									
Sale of Equipment	569	0	0	0	0	0	0	569	
Contributions and Gifts	6,956	0	0	0	0	0	0	6,956	
<u>Other Local Revenues</u>									
Other Local Revenues	180	0	0	0	0	0	0	180	
<b>Total Other Local Revenues</b>	<b>33,894 \$</b>	<b>0 \$</b>	<b>398 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>5,510 \$</b>	<b>39,802</b>	
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
<u>On-behalf Contributions for OPEB</u>									
<u>State Education Funds</u>									
Basic Education Program	11,475,030	0	0	0	0	0	0	11,475,030	
Early Childhood Education	433,691	0	0	0	0	0	0	433,691	
School Food Service	0	0	11,728	0	0	0	0	11,728	
Other State Education Funds	287,697	0	0	0	0	0	0	287,697	

(Continued)

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

	General Purpose School	Special Revenue Funds			Debt Service		Capital	
		School Federal Projects	Central Cafeteria	Education Debt Service	Education Debt Service	Projects Fund		
						Education	Capital Projects	
<u>State of Tennessee (Cont.)</u>								
<u>State Education Funds (Cont.)</u>								
Career Ladder Program	64,471	0	0	0	0	0	0	64,471
Career Ladder - Extended Contract	13,870	0	0	0	0	0	0	13,870
<u>Other State Revenues</u>								
Mixed Drink Tax	21	0	0	0	0	0	0	21
State Revenue Sharing - T.V.A.	169,450	0	0	8,822	0	0	0	178,272
Other State Grants	200,812	0	0	0	0	0	0	200,812
<b>Total State of Tennessee</b>	<b>\$ 12,709,944</b>	<b>\$ 0</b>	<b>\$ 11,728</b>	<b>\$ 8,822</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 12,730,494</b>
<u>Federal Government</u>								
<u>Federal Through State</u>								
USDA School Lunch Program	0	0	645,090	0	0	0	0	645,090
USDA - Commodities	0	0	78,707	0	0	0	0	78,707
Breakfast	0	0	294,659	0	0	0	0	294,659
USDA - Other	0	0	68,568	0	0	0	0	68,568
Vocational Education - Basic Grants to States	12,276	31,071	0	0	0	0	0	43,347
Title I Grants to Local Education Agencies	0	642,171	0	0	0	0	0	642,171
Special Education - Grants to States	10,877	474,461	0	0	0	0	0	485,338
Special Education Preschool Grants	0	28,513	0	0	0	0	0	28,513
English Language Acquisition Grants	0	7,014	0	0	0	0	0	7,014
Safe and Drug-free Schools - State Grants	0	146,000	0	0	0	0	0	146,000
Rural Education	0	31,519	0	0	0	0	0	31,519
Eisenhower Professional Development State Grants	0	159,899	0	0	0	0	0	159,899
Race-to-the-Top - ARRA	0	173,709	0	0	0	0	0	173,709
Other Federal through State	0	0	201,647	0	0	0	0	201,647

(Continued)

Exhibit J-6

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

	Special Revenue Funds			Debt Service Fund		Capital
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Education Capital Projects	Fund Education Capital Projects
Federal Government (Cont.)						
Direct Federal Revenue						
Other Direct Federal Revenue	\$ 0	\$ 183,866	\$ 0	\$ 0	\$ 0	\$ 183,866
Total Federal Government	\$ 23,153	\$ 1,878,223	\$ 1,288,671	\$ 0	\$ 0	\$ 3,190,047
Total	\$ 14,674,909	\$ 1,878,223	\$ 1,553,676	\$ 547,852	\$ 5,510	\$ 18,660,170

Exhibit J-7

Bledsoe County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	45,760	
Social Security		2,627	
Medical Insurance		3,133	
Employer Medicare		614	
Audit Services		3,863	
Dues and Memberships		1,350	
Legal Notices, Recording, and Court Costs		685	
Postal Charges		1,093	
Total County Commission			\$ 59,125

Board of Equalization

Board and Committee Members Fees	\$	100	
Total Board of Equalization			100

County Mayor/Executive

County Official/Administrative Officer	\$	71,184	
Assistant(s)		27,764	
Secretary(ies)		22,387	
Social Security		7,523	
State Retirement		10,107	
Life Insurance		98	
Employer Medicare		1,759	
Communication		5,962	
Data Processing Services		12,798	
Dues and Memberships		3,975	
Maintenance Agreements		1,139	
Postal Charges		1,192	
Travel		3,847	
Office Supplies		2,712	
Other Supplies and Materials		180	
Total County Mayor/Executive			172,627

County Attorney

Legal Services	\$	19,884	
Legal Notices, Recording, and Court Costs		1,514	
Total County Attorney			21,398

Election Commission

County Official/Administrative Officer	\$	52,388	
Secretary(ies)		352	
Election Commission		3,350	
Election Workers		10,244	
Social Security		3,270	
State Retirement		4,364	
Life Insurance		32	
Employer Medicare		765	
Communication		796	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Legal Notices, Recording, and Court Costs	\$	1,773	
Maintenance Agreements		1,066	
Postal Charges		1,326	
Rentals		46	
Travel		2,774	
Other Contracted Services		466	
Data Processing Supplies		19,709	
Office Supplies		866	
Total Election Commission			\$ 103,587

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Clerical Personnel		24,343	
Social Security		4,862	
State Retirement		7,162	
Life Insurance		53	
Medical Insurance		5,791	
Employer Medicare		1,137	
Communication		1,174	
Data Processing Services		4,124	
Dues and Memberships		507	
Maintenance Agreements		1,170	
Postal Charges		235	
Travel		399	
Office Supplies		2,007	
Total Register of Deeds			114,596

County Buildings

Custodial Personnel	\$	21,099	
Maintenance Personnel		15,800	
Social Security		2,251	
State Retirement		1,758	
Life Insurance		32	
Employer Medicare		526	
Maintenance and Repair Services - Buildings		29,617	
Other Contracted Services		3,582	
Custodial Supplies		4,102	
Electricity		30,701	
Water and Sewer		7,729	
Other Supplies and Materials		604	
Total County Buildings			117,801

Other General Administration

Guards	\$	5,587	
Unemployment Compensation		298	
Other Contracted Services		14,876	
Office Supplies		230	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Other Supplies and Materials	\$	2,238	
Building and Contents Insurance		65,619	
Trustee's Commission		47,005	
Workers' Compensation Insurance		60,430	
Liability Claims		500	
Other Charges		23,480	
Total Other General Administration			\$ 220,263

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		29,781	
Clerical Personnel		11,543	
Social Security		6,383	
State Retirement		8,576	
Life Insurance		65	
Employer Medicare		1,493	
Communication		1,288	
Contracts with Government Agencies		5,757	
Data Processing Services		2,116	
Maintenance Agreements		1,008	
Postal Charges		385	
Rentals		46	
Travel		1,636	
Other Contracted Services		3,516	
Office Supplies		744	
Total Property Assessor's Office			135,969

County Trustee's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		16,000	
Social Security		4,813	
State Retirement		5,954	
Life Insurance		32	
Employer Medicare		1,126	
Communication		1,507	
Data Processing Services		13,912	
Dues and Memberships		517	
Legal Notices, Recording, and Court Costs		288	
Maintenance Agreements		38	
Postal Charges		524	
Printing, Stationery, and Forms		105	
Travel		494	
Data Processing Supplies		567	
Office Supplies		1,542	
Total County Trustee's Office			109,051

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		30,896	
Social Security		5,663	
State Retirement		7,708	
Life Insurance		53	
Employer Medicare		1,324	
Communication		1,362	
Maintenance Agreements		514	
Postal Charges		1,800	
Rentals		46	
Data Processing Supplies		800	
Office Supplies		2,594	
Total County Clerk's Office			\$ 114,392

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		19,819	
Accountants/Bookkeepers		22,409	
Clerical Personnel		19,819	
Jury and Witness Expense		8,704	
Social Security		7,631	
State Retirement		10,302	
Life Insurance		130	
Employer Medicare		1,785	
Communication		4,007	
Data Processing Services		14,767	
Dues and Memberships		407	
Maintenance Agreements		1,198	
Postal Charges		1,300	
Office Supplies		11,750	
Total Circuit Court			185,660

General Sessions Court

Judge(s)	\$	96,348	
Social Security		5,974	
State Retirement		8,026	
Employer Medicare		1,397	
Total General Sessions Court			111,745

Chancery Court

County Official/Administrative Officer	\$	61,632
Deputy(ies)		30,896
Secretary(ies)		12,721
Social Security		6,180
State Retirement		7,708
Life Insurance		65

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Medical Insurance	\$	3,657	
Employer Medicare		1,445	
Communication		1,916	
Dues and Memberships		507	
Maintenance Agreements		2,241	
Postal Charges		1,704	
Rentals		80	
Travel		296	
Other Contracted Services		650	
Data Processing Supplies		266	
Office Supplies		5,722	
Total Chancery Court			\$ 137,686

Juvenile Court

Social Workers	\$	26,956	
Other Salaries and Wages		2,250	
In-Service Training		175	
Social Security		1,766	
State Retirement		2,400	
Life Insurance		32	
Employer Medicare		413	
Communication		718	
Maintenance Agreements		519	
Travel		1,246	
Office Supplies		504	
Other Supplies and Materials		4,000	
Other Charges		2,718	
Total Juvenile Court			43,697

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,795	
Assistant(s)		2,460	
Deputy(ies)		285,983	
Youth Service Officer(s)		83,861	
Overtime Pay		36,312	
In-Service Training		5,077	
Social Security		29,411	
State Retirement		35,752	
Life Insurance		292	
Employer Medicare		6,878	
Communication		1,250	
Dues and Memberships		1,530	
Maintenance Agreements		1,443	
Maintenance and Repair Services - Vehicles		21,226	
Medical and Dental Services		320	
Towing Services		1,885	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Travel	\$	915	
Gasoline		63,933	
Office Supplies		5,659	
Uniforms		3,829	
Other Supplies and Materials		469	
Law Enforcement Equipment		6,316	
Motor Vehicles		61,200	
Total Sheriff's Department			\$ 723,796

Jail

Supervisor/Director	\$	33,052	
Guards		435,058	
Cafeteria Personnel		27,280	
Part-time Personnel		90,578	
Overtime Pay		17,016	
In-Service Training		281	
Social Security		37,273	
State Retirement		29,410	
Life Insurance		382	
Employer Medicare		8,717	
Communication		10,825	
Medical and Dental Services		145,621	
Travel		648	
Other Contracted Services		24,027	
Custodial Supplies		10,811	
Drugs and Medical Supplies		8,440	
Electricity		55,274	
Equipment and Machinery Parts		2,155	
Food Supplies		124,245	
Natural Gas		23,433	
Office Supplies		3,928	
Prisoners Clothing		3,818	
Uniforms		1,946	
Water and Sewer		22,457	
Other Supplies and Materials		11,956	
Total Jail			1,128,631

Fire Prevention and Control

Contributions	\$	54,000	
Other Charges		500	
Total Fire Prevention and Control			54,500

Rescue Squad

Contributions	\$	10,000	
Total Rescue Squad			10,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Communication	\$	906	
Maintenance and Repair Services - Equipment		1,350	
Maintenance and Repair Services - Vehicles		2,097	
Diesel Fuel		849	
Office Supplies		3,488	
Other Supplies and Materials		3,446	
Other Charges		7,952	
Total Other Emergency Management			\$ 20,088

County Coroner/Medical Examiner

Medical and Dental Services	\$	22,305	
Travel		3,250	
Total County Coroner/Medical Examiner			25,555

Public Health and Welfare

Local Health Center

Secretary(ies)	\$	5,600	
Other Salaries and Wages		73,186	
Social Security		4,143	
Employer Medicare		969	
Communication		4,046	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		7,572	
Travel		1,978	
Other Contracted Services		11,054	
Electricity		11,413	
Office Supplies		433	
Utilities		2,430	
Total Local Health Center			123,024

Nursing Home

Transfers to Other Funds	\$	100,000	
Total Nursing Home			100,000

General Welfare Assistance

Contributions	\$	1,545	
Other Supplies and Materials		42	
Total General Welfare Assistance			1,587

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	4,500	
Total Senior Citizens Assistance			4,500

Libraries

Assistant(s)	\$	16,200	
Librarians		31,378	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Social Security	\$	2,644	
State Retirement		3,963	
Life Insurance		41	
Medical Insurance		3,935	
Employer Medicare		618	
Communication		1,891	
Dues and Memberships		45	
Maintenance and Repair Services - Buildings		84	
Postal Charges		246	
Travel		686	
Other Contracted Services		2,049	
Data Processing Supplies		1,490	
Electricity		2,240	
Library Books/Media		3,244	
Water and Sewer		2,437	
Other Supplies and Materials		1,226	
Total Libraries	\$		74,417

Parks and Fair Boards

Contributions	\$	3,500	
Electricity		3,218	
Total Parks and Fair Boards			6,718

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	33,360	
Social Security		2,068	
State Retirement		4,879	
Unemployment Compensation		20	
Employer Medicare		484	
Communication		3,175	
Dues and Memberships		265	
Rentals		455	
Transportation - Other than Students		4,500	
Other Supplies and Materials		4,200	
Total Agriculture Extension Service			53,406

Soil Conservation

Contributions	\$	5,000	
Total Soil Conservation			5,000

Other Operations

Other Economic and Community Development

Contracts with Other Public Agencies	\$	3,775	
Total Other Economic and Community Development			3,775

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Assistant(s)	\$	4,370	
Supervisor/Director		5,244	
Social Security		596	
Employer Medicare		139	
Communication		2,191	
Maintenance Agreements		399	
Maintenance and Repair Services - Buildings		2,844	
Postal Charges		46	
Travel		987	
Other Contracted Services		146	
Electricity		2,597	
Office Supplies		965	
Water and Sewer		2,462	
Total Veterans' Services			\$ 22,986

Contributions to Other Agencies

Contributions	\$	2,700	
Total Contributions to Other Agencies			2,700

Total General Fund \$ 4,008,380

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$	28,564	
Other Salaries and Wages		66,835	
Social Security		4,144	
State Retirement		3,656	
Life Insurance		43	
Employer Medicare		969	
Communication		1,447	
Other Contracted Services		55,061	
Diesel Fuel		32,584	
Electricity		3,139	
Equipment and Machinery Parts		13,072	
Water and Sewer		353	
Other Supplies and Materials		976	
Building and Contents Insurance		5,000	
Trustee's Commission		5,642	
Vehicle and Equipment Insurance		2,500	
Workers' Compensation Insurance		4,675	
Solid Waste Equipment		7,000	
Total Convenience Centers			\$ 235,660

Landfill Operation and Maintenance

Contracts for Landfill Facilities	\$	12,864	
Total Landfill Operation and Maintenance			12,864

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Highways

Litter and Trash Collection

Education Media Personnel	\$	3,751	
Clerical Personnel		4,700	
Other Salaries and Wages		25,360	
Social Security		1,864	
State Retirement		1,046	
Life Insurance		58	
Employer Medicare		436	
Other Supplies and Materials		6,175	
Motor Vehicles		3,500	
Total Litter and Trash Collection			\$ 46,890

Total Solid Waste/Sanitation Fund \$ 295,414

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$	380,386	
Part-time Personnel		52,862	
Overtime Pay		91,755	
In-Service Training		3,556	
Social Security		38,485	
State Retirement		17,444	
Life Insurance		191	
Medical Insurance		70,031	
Unemployment Compensation		6,923	
Communication		3,416	
Consultants		14,586	
Contracts with Public Carriers		43,500	
Licenses		1,500	
Maintenance and Repair Services - Buildings		3,107	
Maintenance and Repair Services - Equipment		3,234	
Maintenance and Repair Services - Vehicles		12,732	
Postal Charges		1,168	
Travel		460	
Other Contracted Services		635	
Data Processing Supplies		2,076	
Drugs and Medical Supplies		21,293	
Electricity		5,621	
Gasoline		38,217	
Office Supplies		2,298	
Uniforms		3,756	
Water and Sewer		1,197	
Other Supplies and Materials		296	
Refunds		244	
Vehicle and Equipment Insurance		8,000	
Workers' Compensation Insurance		30,000	
Other Charges		11,644	

(Continued)

Exhibit J-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Principal on Capital Leases	\$	6,411	
Interest on Capital Leases		1,009	
Communication Equipment		2,000	
Motor Vehicles		20,127	
Health Equipment		132,569	
Total Ambulance/Emergency Medical Services			\$ 1,032,729

Total Ambulance Service Fund \$ 1,032,729

Drug Control Fund

Public Safety

Sheriff's Department

Travel	\$	100	
Law Enforcement Equipment		14,500	
Total Sheriff's Department			\$ 14,600

Drug Enforcement

Trustee's Commission	\$	91	
Total Drug Enforcement			91

Total Drug Control Fund 14,691

Other Special Revenue Fund

Public Safety

Other Public Safety

Supervisor/Director	\$	31,701	
Dispatchers/Radio Operators		99,358	
Overtime Pay		16,037	
In-Service Training		855	
Social Security		10,896	
State Retirement		11,109	
Life Insurance		118	
Medical Insurance		3,091	
Communication		5,546	
Dues and Memberships		241	
Postal Charges		184	
Travel		3,497	
Other Contracted Services		7,173	
Electricity		6,163	
Gasoline		408	
Office Supplies		3,919	
Water and Sewer		1,711	
Building and Contents Insurance		5,000	
Workers' Compensation Insurance		6,000	
Other Charges		1,189	
Total Other Public Safety			\$ 214,196

Total Other Special Revenue Fund 214,196

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 150	
Total Circuit Court		\$ 150

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 12	
Total General Sessions Court		12

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 12,500	
Constitutional Officers' Operating Expenses	98	
Total Chancery Court		<u>12,598</u>

Total Constitutional Officers - Fees Fund		\$ 12,760
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,795	
Data Processing Personnel	26,150	
Secretary(ies)	20,180	
Communication	6,537	
Data Processing Services	5,096	
Dues and Memberships	2,499	
Maintenance and Repair Services - Office Equipment	26	
Postal Charges	400	
Travel	2,718	
Other Contracted Services	2,495	
Data Processing Supplies	390	
Electricity	6,410	
Office Supplies	937	
Propane Gas	4,268	
Water and Sewer	2,684	
Other Supplies and Materials	1,338	
Other Charges	2,461	
Total Administration		\$ 152,384

Highway and Bridge Maintenance

Foremen	\$ 48,106
Equipment Operators	108,520
Truck Drivers	66,178
Laborers	147,633
Overtime Pay	3,485
Freight Expenses	582
Other Contracted Services	4,701
Asphalt	122,057
Concrete	153
Crushed Stone	225,523

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Ice	\$	838	
Other Road Supplies		1,006	
Pipe - Metal		34,059	
Propane Gas		3,439	
Road Signs		3,922	
Other Supplies and Materials		1,329	
Other Charges		406	
Total Highway and Bridge Maintenance			\$ 771,937

Operation and Maintenance of Equipment

Mechanic(s)	\$	33,898	
Nightwatchmen		38,287	
Overtime Pay		383	
Freight Expenses		1,883	
Maintenance and Repair Services - Equipment		4,173	
Maintenance and Repair Services - Vehicles		3,857	
Other Contracted Services		60	
Diesel Fuel		87,875	
Equipment and Machinery Parts		59,728	
Garage Supplies		3,877	
Gasoline		23,862	
Lubricants		7,970	
Small Tools		2,030	
Tires and Tubes		17,744	
Other Supplies and Materials		1,816	
Other Charges		65	
Total Operation and Maintenance of Equipment			287,508

Quarry Operations

Other Charges	\$	3,219	
Total Quarry Operations			3,219

Other Charges

Rentals	\$	600	
Other Contracted Services		964	
Building and Contents Insurance		475	
Liability Insurance		12,346	
Trustee's Commission		15,322	
Vehicle and Equipment Insurance		7,203	
Workers' Compensation Insurance		43,292	
Principal on Notes		20,000	
Interest on Notes		2,166	
Total Other Charges			102,368

Employee Benefits

Social Security	\$	42,059	
State Retirement		37,357	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Employee and Dependent Insurance	\$	207,819	
Unemployment Compensation		4,454	
Total Employee Benefits			\$ 291,689

Capital Outlay

Engineering Services	\$	15,542	
Data Processing Equipment		1,586	
Highway Construction		348,337	
State Aid Projects		524,735	
Total Capital Outlay			890,200

Total Highway/Public Works Fund \$ 2,499,305

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	160,000	
Principal on Other Loans		26,410	
Total General Government			\$ 186,410

Education

Principal on Bonds	\$	630,000	
Principal on Notes		30,756	
Principal on Other Loans		71,424	
Total Education			732,180

Interest on Debt

General Government

Interest on Bonds	\$	343,000	
Interest on Other Loans		5,545	
Total General Government			348,545

Education

Interest on Bonds	\$	310,788	
Interest on Notes		14,994	
Total Education			325,782

Other Debt Service

General Government

Fiscal Agent Charges	\$	706	
Trustee's Commission		10,876	
Total General Government			11,582

Total General Debt Service Fund 1,604,499

(Continued)

Exhibit J-7

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

<u>General Capital Projects Fund</u>			
<u>Public Health and Welfare</u>			
<u>Convenience Centers</u>			
Solid Waste Equipment	\$	19,420	
Total Convenience Centers			\$ 19,420
<u>Capital Projects</u>			
<u>Social, Cultural, and Recreation Projects</u>			
Other Capital Outlay	\$	10,000	
Total Social, Cultural, and Recreation Projects			<u>10,000</u>
Total General Capital Projects Fund			\$ 29,420
<u>Community Development/Industrial Park Fund</u>			
<u>Other Operations</u>			
<u>Other Economic and Community Development</u>			
Other Charges	\$	2,000	
Total Other Economic and Community Development			\$ 2,000
<u>Capital Projects</u>			
<u>Public Utility Projects</u>			
Engineering Services	\$	28,870	
Total Public Utility Projects			<u>28,870</u>
Total Community Development/Industrial Park Fund			<u>30,870</u>
Total Governmental Funds - Primary Government			<u>\$ 9,742,264</u>

Exhibit J-8

Bledsoe County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Bledsoe County School Department  
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	3,904,276	
Career Ladder Program		36,560	
Career Ladder Extended Contracts		7,000	
Homebound Teachers		5,525	
Educational Assistants		264,362	
Certified Substitute Teachers		17,527	
Non-certified Substitute Teachers		79,967	
Social Security		249,536	
State Retirement		371,007	
Life Insurance		1,038	
Medical Insurance		549,057	
Employer Medicare		58,927	
Maintenance and Repair Services - Equipment		2,456	
Other Contracted Services		1,760	
Instructional Supplies and Materials		67,339	
Textbooks		74,953	
Regular Instruction Equipment		236,363	
Total Regular Instruction Program			\$ 5,927,653

Alternative Instruction Program

Teachers	\$	40,859	
Career Ladder Program		1,000	
Social Security		2,424	
State Retirement		3,717	
Medical Insurance		4,674	
Employer Medicare		567	
Total Alternative Instruction Program			53,241

Special Education Program

Teachers	\$	784,952	
Career Ladder Program		4,000	
Homebound Teachers		6,175	
Educational Assistants		242,638	
Speech Pathologist		100,872	
Other Salaries and Wages		7,508	
Social Security		64,736	
State Retirement		95,643	
Medical Insurance		172,908	
Employer Medicare		15,404	
Maintenance and Repair Services - Equipment		2,741	
Other Contracted Services		9,282	
Instructional Supplies and Materials		20,479	
Other Supplies and Materials		2,112	
Special Education Equipment		13,328	
Total Special Education Program			1,542,778

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	258,664	
Career Ladder Program		3,000	
Non-certified Substitute Teachers		3,932	
Social Security		15,949	
State Retirement		23,236	
Medical Insurance		22,621	
Employer Medicare		3,730	
Other Contracted Services		2,015	
Instructional Supplies and Materials		8,900	
Total Vocational Education Program			\$ 342,047

Support Services

Attendance

Supervisor/Director	\$	35,393	
Career Ladder Program		1,000	
Social Security		2,256	
State Retirement		3,232	
Employer Medicare		528	
Travel		3,935	
Other Contracted Services		5,007	
Other Supplies and Materials		3,665	
In Service/Staff Development		500	
Total Attendance			55,516

Health Services

Medical Personnel	\$	141,366	
Other Salaries and Wages		19,704	
Social Security		9,619	
State Retirement		10,700	
Medical Insurance		11,205	
Employer Medicare		2,250	
Postal Charges		200	
Travel		4,874	
Other Contracted Services		494	
Other Supplies and Materials		20,595	
In Service/Staff Development		1,217	
Other Charges		358	
Health Equipment		6	
Total Health Services			222,588

Other Student Support

Guidance Personnel	\$	135,806	
Psychological Personnel		48,157	
Social Security		10,105	
State Retirement		16,336	
Medical Insurance		32,491	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Employer Medicare	\$	2,363	
Evaluation and Testing		8,889	
Other Contracted Services		50,016	
Other Supplies and Materials		5,272	
In Service/Staff Development		2,512	
Other Charges		345	
Other Capital Outlay		9,899	
Total Other Student Support			\$ 322,191

Regular Instruction Program

Supervisor/Director	\$	79,569	
Career Ladder Program		5,000	
Librarians		137,719	
Instructional Computer Personnel		62,155	
Other Salaries and Wages		66,893	
Social Security		20,191	
State Retirement		29,746	
Medical Insurance		32,254	
Employer Medicare		4,911	
Maintenance and Repair Services - Equipment		130	
Travel		13,801	
Other Contracted Services		125	
Library Books/Media		6,283	
Other Supplies and Materials		192	
In Service/Staff Development		9,096	
Other Equipment		11,970	
Total Regular Instruction Program			480,035

Special Education Program

Supervisor/Director	\$	68,511	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		3,500	
Secretary(ies)		29,888	
Social Security		6,249	
State Retirement		9,063	
Medical Insurance		10,133	
Employer Medicare		1,462	
Communication		4,370	
Postal Charges		500	
Travel		7,312	
Other Supplies and Materials		5,045	
In Service/Staff Development		1,700	
Total Special Education Program			149,733

Vocational Education Program

Travel	\$	567	
Total Vocational Education Program			567

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-behalf Payments to OPEB	\$ 64,902	
Total Other Programs		\$ 64,902

Board of Education

Board and Committee Members Fees	\$ 24,025	
Social Security	1,490	
Medical Insurance	6,163	
Unemployment Compensation	30,393	
Employer Medicare	348	
Audit Services	5,500	
Dues and Memberships	6,769	
Legal Services	14,666	
Travel	4,234	
Other Contracted Services	2,000	
Office Supplies	312	
Other Supplies and Materials	315	
Liability Insurance	83,138	
Trustee's Commission	55,745	
Workers' Compensation Insurance	67,927	
Other Charges	1,907	
Total Board of Education		304,932

Director of Schools

County Official/Administrative Officer	\$ 84,630	
Career Ladder Program	1,000	
Social Security	5,616	
State Retirement	8,048	
Medical Insurance	25,853	
Employer Medicare	1,313	
Other Fringe Benefits	1,274	
Communication	88,224	
Dues and Memberships	1,652	
Maintenance and Repair Services - Equipment	195	
Postal Charges	1,265	
Travel	8,648	
Office Supplies	75	
In Service/Staff Development	415	
Other Charges	3,138	
Administration Equipment	2,699	
Total Director of Schools		234,045

Office of the Principal

Principals	\$ 358,335
Career Ladder Program	3,000
Career Ladder Extended Contracts	3,500
Assistant Principals	57,069

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Secretary(ies)	\$	126,489	
Social Security		32,209	
State Retirement		48,002	
Medical Insurance		50,916	
Employer Medicare		7,533	
Communication		2,190	
Administration Equipment		1,500	
Total Office of the Principal			\$ 690,743

Fiscal Services

Supervisor/Director	\$	56,124	
Accountants/Bookkeepers		75,463	
Other Salaries and Wages		1,000	
Social Security		7,334	
State Retirement		11,353	
Medical Insurance		21,942	
Employer Medicare		1,715	
Data Processing Services		10,158	
Travel		851	
Office Supplies		1,297	
In Service/Staff Development		265	
Administration Equipment		6,326	
Total Fiscal Services			193,828

Operation of Plant

Supervisor/Director	\$	32,739	
Custodial Personnel		303,019	
Social Security		19,474	
State Retirement		26,722	
Medical Insurance		39,954	
Employer Medicare		4,630	
Rentals		29,800	
Other Contracted Services		48,836	
Custodial Supplies		56,606	
Electricity		347,209	
Natural Gas		42,257	
Water and Sewer		37,413	
Other Supplies and Materials		385	
Other Charges		1,285	
Plant Operation Equipment		6,550	
Total Operation of Plant			996,879

Maintenance of Plant

Supervisor/Director	\$	34,503	
Maintenance Personnel		74,177	
Social Security		6,202	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

State Retirement	\$	9,094	
Medical Insurance		11,083	
Employer Medicare		1,450	
Maintenance and Repair Services - Buildings		89,284	
Maintenance and Repair Services - Equipment		12,329	
Travel		56	
Other Contracted Services		7,191	
Other Supplies and Materials		19,513	
Maintenance Equipment		13,840	
Total Maintenance of Plant			\$ 278,722

Transportation

Supervisor/Director	\$	32,739	
Mechanic(s)		56,895	
Bus Drivers		354,914	
Other Salaries and Wages		23,625	
Social Security		26,401	
State Retirement		35,801	
Medical Insurance		19,255	
Employer Medicare		6,695	
Contracts with Parents		627	
Maintenance and Repair Services - Vehicles		25,612	
Medical and Dental Services		3,507	
Travel		2,244	
Other Contracted Services		9,525	
Diesel Fuel		160,594	
Gasoline		14,296	
Tires and Tubes		14,375	
Vehicle Parts		34,423	
Other Supplies and Materials		9,873	
Administration Equipment		1,067	
Transportation Equipment		181,683	
Total Transportation			1,014,151

Operation of Non-instructional Services

Food Service

Other Salaries and Wages	\$	4,162	
Social Security		258	
Employer Medicare		60	
Other Charges		338	
Total Food Service			4,818

Community Services

Clerical Personnel	\$	24,972	
Other Salaries and Wages		143,380	
Social Security		9,297	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Community Services (Cont.)

State Retirement	\$	13,599	
Medical Insurance		10,310	
Employer Medicare		2,174	
Communication		3,090	
Postal Charges		496	
Travel		22,695	
Instructional Supplies and Materials		13,327	
Other Supplies and Materials		27,276	
Other Equipment		1,017	
Total Community Services			\$ 271,633

Early Childhood Education

Teachers	\$	163,126	
Bus Drivers		19,526	
Educational Assistants		84,958	
Other Salaries and Wages		23,588	
Non-certified Substitute Teachers		2,140	
Social Security		17,330	
State Retirement		24,096	
Medical Insurance		34,046	
Employer Medicare		4,055	
Communication		3,456	
Travel		3,761	
Instructional Supplies and Materials		31,951	
In Service/Staff Development		1,074	
Other Capital Outlay		21,874	
Total Early Childhood Education			434,981

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	59,301	
Total Regular Capital Outlay			59,301

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	102,180	
Total Education			102,180

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	14,994	
Total Education			14,994

Total General Purpose School Fund \$ 13,762,458

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	213,130	
Educational Assistants		68,550	
Non-certified Substitute Teachers		11,275	
Social Security		17,061	
State Retirement		24,613	
Medical Insurance		33,095	
Employer Medicare		4,003	
Instructional Supplies and Materials		99,809	
Regular Instruction Equipment		100,422	
Total Regular Instruction Program			\$ 571,958

Special Education Program

Educational Assistants	\$	314,456	
Non-certified Substitute Teachers		8,172	
Social Security		19,387	
State Retirement		25,754	
Medical Insurance		12,878	
Employer Medicare		4,539	
Instructional Supplies and Materials		3,743	
Special Education Equipment		297	
Total Special Education Program			389,226

Vocational Education Program

Instructional Supplies and Materials	\$	192	
Vocational Instruction Equipment		20,233	
Total Vocational Education Program			20,425

Support Services

Other Student Support

Evaluation and Testing	\$	18,587	
Travel		8,686	
Other Supplies and Materials		6,445	
Other Charges		905	
Total Other Student Support			34,623

Regular Instruction Program

Supervisor/Director	\$	55,257	
Clerical Personnel		14,130	
Other Salaries and Wages		129,415	
In-Service Training		39,062	
Social Security		13,690	
State Retirement		21,168	
Medical Insurance		25,604	
Employer Medicare		3,202	
Consultants		33,552	
Maintenance and Repair Services - Equipment		427	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	69,450	
Other Contracted Services		128,322	
Other Supplies and Materials		24,691	
In Service/Staff Development		16,955	
Other Equipment		12,211	
Total Regular Instruction Program			\$ 587,136

Special Education Program

Psychological Personnel	\$	42,329	
Social Security		2,343	
State Retirement		3,759	
Medical Insurance		11,105	
Employer Medicare		548	
Travel		5,838	
Other Contracted Services		28,549	
In Service/Staff Development		6,909	
Total Special Education Program			101,380

Vocational Education Program

Travel	\$	1,550	
Total Vocational Education Program			1,550

Transportation

Contracts with Parents	\$	4,614	
Total Transportation			4,614

Operation of Non-instructional Services

Community Services

Other Salaries and Wages	\$	99,982	
Social Security		4,194	
State Retirement		5,918	
Employer Medicare		977	
Travel		16,410	
Other Supplies and Materials		11,177	
Other Charges		1,500	
Other Equipment		5,601	
Total Community Services			145,759

Total School Federal Projects Fund \$ 1,856,671

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	36,000	
Cafeteria Personnel		379,106	
Other Salaries and Wages		26,296	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	25,911	
State Retirement		33,840	
Medical Insurance		55,431	
Employer Medicare		6,060	
Communication		2,366	
Maintenance and Repair Services - Equipment		38,779	
Travel		10,346	
Other Contracted Services		11,721	
Food Preparation Supplies		67,525	
Food Supplies		619,375	
Office Supplies		6,980	
Uniforms		3,012	
USDA - Commodities		78,707	
In Service/Staff Development		3,747	
Other Charges		1,453	
Food Service Equipment		21,506	
Total Food Service			\$ 1,428,161

Total Central Cafeteria Fund \$ 1,428,161

Education Debt Service Fund

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	630,000	
Total Education			\$ 630,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	310,788	
Total Education			310,788

Other Debt Service

Education

Fiscal Agent Charges	\$	1,681	
Trustee's Commission		6,321	
Total Education			8,002

Total Education Debt Service Fund 948,790

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	102,575	
Consultants		92,355	
Other Contracted Services		8,815	
Building Construction		1,296,096	
Total Education Capital Projects			\$ 1,499,841

Total Education Capital Projects Fund 1,499,841

Total Governmental Funds - Bledsoe County School Department \$ 19,495,921

Exhibit J-9

Bledsoe County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 188,981</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 187,091
Trustee's Commission	<u>1,890</u>
Total Cash Disbursements	<u>\$ 188,981</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
Cash Balance, June 30, 2014	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT 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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Bledsoe County's basic financial statements, and have issued our report thereon dated September 16, 2014. Our report includes a reference to other auditors who audited the financial statements of the Bledsoe County Nursing Home as described in our report on Bledsoe County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bledsoe County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bledsoe County's internal control. Accordingly, we do not express an opinion on the effectiveness of Bledsoe County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the

accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2014-001, 2014-002, and 2014-013.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-003(B), 2014-004(E), 2014-007, 2014-008, 2014-009(A), 2014-010, and 2014-012.

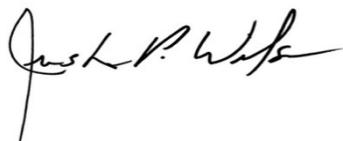
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bledsoe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2014-003(A), 2014-004(A,B,C,D), 2014-005, 2014-006, 2014-009(B), and 2014-011.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bledsoe County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 16, 2014

JPW/sb



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

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Bledsoe County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bledsoe County's major federal programs for the year ended June 30, 2014. Bledsoe County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Bledsoe County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Bledsoe 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Bledsoe County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Bledsoe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Bledsoe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bledsoe County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Bledsoe 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

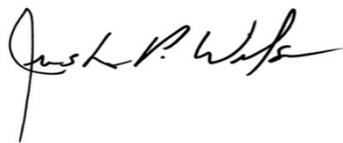
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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 Bledsoe County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Bledsoe County's basic financial statements. We issued our report thereon dated September 16, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 16, 2014

JPW/sb

Bledsoe County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2014

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 78,707 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	294,659
National School Lunch Program	10.555	N/A	685,619 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	28,039
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Child and Adult Care Food Program	10.558	N/A	2,140
Summer Food Service Program for Children	10.559	N/A	199,507
Total U.S. Department of Agriculture			\$ 1,288,671
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(2)	\$ 30,870
Total U.S. Department of Housing and Urban Development			\$ 30,870
U.S. Department of Education:			
Direct Program:			
Fund for the Improvement of Education	84.215	N/A	\$ 183,866
Passed-through State Department of Labor and Workforce Development:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	12,276
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	642,171
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	487,646
Special Education - Preschool Grants	84.173	N/A	28,513
Career and Technical Education - Basic Grants to States	84.048	N/A	31,071
Twenty-first Century Community Learning Centers	84.287	N/A	148,835
Rural Education	84.358	N/A	31,519
Improving Teacher Quality State Grants	84.367	N/A	159,899
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	173,709
Passed-through Wilson County Board of Education:			
English Language Acquisition State Grants	84.365	N/A	7,014
Total U.S. Department of Education			\$ 1,906,519
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 282,966
Homeland Security Grant Program	97.067	N/A	3,855
Total U.S. Department of Homeland Security			\$ 286,821
Total Expenditures of Federal Awards			\$ 3,512,881

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	Z-14-LIT004-00	\$ 35,382
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	1,064
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	4,500
Local Health Services Grant - State Department of Health	N/A	(2)	69,159
Help America Vote Act - State Division of Elections	N/A	(2)	3,415
Internet Connectivity - State Department of Education	N/A	(2)	5,391
Lottery for Education After School Programs - State Department of Education	N/A	(2)	186,812
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	433,691
Coordinated School Health - State Department of Education	N/A	(2)	80,000
Safe Schools - State Department of Education	N/A	(2)	14,000
Family Resource Grants - State Department of Education	N/A	(2)	29,612
Statewide Student Management System - State Department of Education	N/A	(2)	<u>5,007</u>
Total State Grants			<u>\$ 868,033</u>

CFDA = Catalog of Federal Domestic Assistance  
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$764,326.

Bledsoe County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2014

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Bledsoe County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

**OFFICE OF ROAD SUPERINTENDENT**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-006	166	The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation

**BLEDSON COUNTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-009	167	Bledsoe County has a material recurring audit finding

**AMBULANCE SERVICE AND OFFICES OF COUNTY MAYOR; ROAD SUPERINTENDENT; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER OF DEEDS; AND SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-010	168	Duties were not segregated adequately

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**BLEDSON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Bledsoe County is unmodified.
2. The audit of the financial statements of Bledsoe County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed two instances of noncompliance that are material to the financial statements of Bledsoe County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified 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, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); State Fiscal Stabilization Funds (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Bledsoe County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

### OFFICE OF ROAD SUPERINTENDENT

#### FINDING 2014-001

#### **THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2014, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments totaling \$139,304 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the Highway Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

#### RECOMMENDATION

The Highway Department should have appropriate processes in place to ensure that its general ledger account balances are materially correct.

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#### FINDING 2014-002

#### **THE HIGHWAY/PUBLIC WORKS FUND HAD A DEFICIT IN UNASSIGNED FUND BALANCE**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The Highway/Public Works Fund had a deficit in unassigned fund balance of \$227,251 at June 30, 2014. This deficit occurred because department personnel had not requested the reimbursement of grant funds on a timely basis. Sound business practices dictate that requests for grant reimbursements be made on a current basis. As of the date of this report, the requests for grant reimbursements have not been filed, and the deficit has not been liquidated.

## RECOMMENDATION

Requests for reimbursements from grant funds should be made on a timely basis. Management should ensure that adequate funding is provided to prevent the recurrence of a deficit in unassigned fund balance.

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### FINDING 2014-003

#### **THE GENERAL LEDGER CASH ACCOUNT WAS NOT ACCURATELY RECONCILED WITH COUNTY TRUSTEE REPORTS, AND THE FUND HAD A CASH OVERDRAFT AT JUNE 30, 2014**

(A. – Material Noncompliance Under *Government Auditing Standards*; B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

During the audit, we noted the following deficiencies, which can be attributed to a lack of understanding of internal controls, sound business practices, and a lack of management oversight.

- A. The office did not properly reconcile the general ledger's Cash with Trustee account in the Highway/Public Works Fund with county trustee reports. The office attempted to reconcile the Cash with Trustee account with the trustee's report monthly; however, the Cash with Trustee account did not reconcile with the trustee's report by \$135,470 at June 30, 2014. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the trustee's report monthly. The failure to accurately reconcile the Cash with Trustee account with the county trustee's report monthly is an internal control weakness that resulted in posting errors not being discovered and corrected in a timely manner. The office posted revenues and Cash with Trustee for the month of July 2013 to non-revenue/non-cash accounts. This error was not corrected until we provided audit adjustments that management accepted to properly reflect the revenue and cash balance accounts in the financial statements of this report.
- B. At June 30, 2014, the Highway/Public Works Fund had a cash overdraft of \$700. This cash overdraft resulted from the issuance of warrants that exceeded cash on deposit with the county trustee. Sound business practices dictate that expenditures should be held within available funds. The cash overdraft was liquidated subsequent to June 30, 2014.

## RECOMMENDATION

The office should reconcile the Highway/Public Works Fund's general ledger cash account with county trustee reports monthly as required by state statute, and any errors discovered should be corrected promptly. The Highway Department should not issue warrants exceeding cash on deposit with the county trustee.

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**THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

(A. and C. – Material Noncompliance Under *Government Auditing Standards*; B. and D. – Noncompliance Under *Government Auditing Standards*; E. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations. These deficiencies exist due to an oversight by management and because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

- A. Expenditures exceeded total appropriations approved by the County Commission in the Highway/Public Works Fund by \$681,056. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”
- B. Five of nine salary line items exceeded appropriations in the Highway/Public Works Fund by amounts ranging from \$309 to \$6,693. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.
- C. The Highway/Public Works Fund’s actual beginning fund balance (\$214,677) at July 1, 2013, exceeded the estimated fund balance (\$56,095) presented to the County Commission by \$158,582. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management’s failure to properly estimate the actual ending fund balance for June 30, 2013, and resulted in materially understating the estimated beginning fund balance.
- D. The budget and subsequent amendments approved by the County Commission for the Highway/Public Works Fund resulted in appropriations exceeding estimated available funding by \$10,412. Sound budgetary principles dictate that appropriations be held within estimated available funding.
- E. Several budget amendments were posted in the Highway/Public Works Fund that were not approved by the County Commission. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized only those budget

amendments approved by the County Commission in the financial statements of this report.

### RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended during the year when it becomes apparent that the original estimate varies from the actual by a material amount. Appropriations that exceed estimated available funding should not be submitted to the County Commission, and the County Commission should not approve such appropriations. Budget amendments should be accurately posted to the accounting records after approval by the County Commission.

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### FINDING 2014-005

### **EMPLOYEES AT THE HIGHWAY DEPARTMENT USED DEPARTMENT PURCHASED FUEL IN THEIR PERSONAL VEHICLES**

(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies related to use of department purchased fuel. These deficiencies can be attributed to the failure of management to adequately monitor fuel use and review travel claims.

- A. During our review of fuel usage logs, we discovered that on April 2, 2014, the Highway Department bookkeeper put 12 gallons of gasoline in her personal vehicle from the department's fuel pumps. The bookkeeper advised us that she put the department's gasoline in her personal vehicle for a trip to Knoxville for training. Upon further review of the bookkeeper's travel claim for this period, we noticed that she claimed reimbursement for 191 miles (\$89.77) for the April 2, 2014, trip to Knoxville. We brought this to the bookkeeper's attention, and a total of \$89.77 was deducted from her next three travel claims prior to June 30, 2014.
- B. Based on the above-noted finding, we extended our review to include all fuel logs for the year, and we discovered that at least 318 additional gallons of gasoline were put in other employees' personal vehicles from the Highway Department fuel pumps. Officials and employees advised us that it is the practice of the department to provide employees with gasoline when they have to use their personal vehicles to run errands on behalf of the department and when they use their vehicles as safety vehicles riding behind mowers or other large highway equipment.
- C. We reviewed the May 6, 2014, fuel log during interim work, and this original log had the name "Wayne" in two places in the space for "Truck #", showing 14 and 15 gallons pumped that day. Subsequent to June 30, 2014, we again reviewed the May 6, 2014, log and noticed that the log had been altered to

show vehicle numbers 53 and 8 in the two places where the name “Wayne” had been. As a result, we again reviewed all of the gasoline logs for the year; however, we noted that this was the only entry that had been altered. Section 39-16-504, *Tennessee Code Annotated*, states that it is unlawful to “knowingly make a false entry in, or false alteration of, a governmental record.”

It should be noted that the fuel purchased by the Highway Department is tax exempt and both state and federal regulations strictly prohibit the use of government purchased non-taxed fuel in personal vehicles.

#### RECOMMENDATION

County officials should ensure that employees do not put Highway Department purchased fuel in their personal vehicles since it is a violation of both state and federal laws. Instead, employees should either use Highway Department vehicles for county business or should be reimbursed for the use of their personal vehicles based upon the actual miles driven through a department approved employee travel reimbursement plan. Official records of the office should never be altered.

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#### FINDING 2014-006

#### **A COMPLETE COUNTY ROAD LIST WAS NOT SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL**

(Noncompliance Under *Government Auditing Standards*)

The road supervisor submitted the required list of county roads to the County Commission in April 2014; however, this list did not include all required information or a summary of changes from the prior year. Section 54-10-103, *Tennessee Code Annotated*, requires the road supervisor to submit a list of county roads to the County Commission for its approval at the January session each year. The list must include the classification, width, and distance of each county-maintained road, and a summary of all changes from the prior year’s road list. Highway Department officials need a current approved list of county roads to determine which roads the department is authorized to work. This deficiency is the result of a lack of management oversight.

#### RECOMMENDATION

The road supervisor should submit a list of county roads to the County Commission at its January session that includes the classification, width and distance of each road, and a summary of changes as required by state statute.

FINDING 2014-007

**GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS  
WERE NOT RECONCILED WITH PAYROLL REPORTS  
AND PAYMENTS**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the Highway/Public Works Fund. Sound business practice dictates that these reconciliations be performed monthly. The failure to regularly reconcile payroll deduction accounts allowed errors to remain undiscovered and uncorrected. This deficiency exists due to a lack of management oversight.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly.

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FINDING 2014-008

**RECEIVABLES AND PAYABLES WERE NOT  
RECORDED CORRECTLY IN THE HIGHWAY/PUBLIC  
WORKS FUND**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Receivables and payables at June 30, 2014, were determined and recorded on the accounting records of the Highway/Public Works Fund as required by generally accepted accounting principles. However, the closing entry to record the receivables and payables was made incorrectly. Receivables and payables were netted, and the difference was posted as a reduction to a revenue account. This deficiency is the result of a lack of understanding of generally accepted accounting principles. We presented audit adjustments to management that they approved and posted to properly present receivables and payables in the financial statements of this report.

RECOMMENDATION

Receivables and payables should be properly recorded on the accounting records of the Highway/Public Works Fund each June 30.

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FINDING 2014-009

**THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. – Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 26 disbursements totaling \$130,778 from a population of 551 vendor checks totaling \$1,563,239. Our examination revealed the following deficiencies, which were the result of a lack of management oversight:

- A. Invoices were paid without documentation that goods had been received and/or services had been rendered in nine of 25 applicable purchases. This practice weakens controls over the purchasing process and increases the risks of paying for something that was not received.
- B. Our sample revealed that the Highway Department purchased \$114,321 of hot mix; however, competitive bids were not solicited for this purchase. Purchasing procedures for this office are governed by the provisions of Chapter 153, Private Acts of 1941, and the Uniform Road Law, Section 54-7-113, *Tennessee Code Annotated*. These statutes require competitive bids on all purchases exceeding \$10,000. The failure to solicit competitive bids could result in the Highway Department paying more than the most competitive price.

RECOMMENDATION

To strengthen internal controls over purchasing procedures, the office should maintain documentation that goods have been received or services have been rendered before invoices are paid. Competitive bids should be solicited for all purchases exceeding \$10,000 as required by state statute.

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OFFICE OF TRUSTEE

FINDING 2014-010

**USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office’s accounting software, employees also used shared usernames and passwords when processing transactions. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared usernames. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. This deficiency was corrected when brought to the attention of management.

## RECOMMENDATION

Each employee should continue to access the application using his or her unique username and password to ensure transactions are properly identified to that employee.

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## OFFICE OF SHERIFF

### FINDING 2014-011

### **SOME COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS**

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited to the bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of August, September, and October 2013, and the months of and February, March, April, and May 2014, to examine general receipts and deposits, and the months of July 2013 through September 2013 to examine Sex Offender Registry receipts and deposits. The office did not deposit some funds to the bank account within three days of collection in three of 29 deposits made during these months. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

## RECOMMENDATION

All funds should be deposited within three days of collection as required by state statute.

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## **AMBULANCE SERVICE AND THE OFFICES OF COUNTY MAYOR; ROAD SUPERINTENDENT; TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER OF DEEDS; AND SHERIFF**

### FINDING 2014-012

### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees at the Ambulance Service and in the Offices of County Mayor; Road Superintendent; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register of Deeds; and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give 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

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

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BLEDSON COUNTY

FINDING 2014-013

**BLEDSON COUNTY HAS A MATERIAL RECURRING  
AUDIT FINDING**

(Internal Control – Material Weakness Under *Government  
Auditing Standards*)

Bledson County has a material audit finding that has been reported in its Annual Financial Report for three or more consecutive years. This recurring material finding is listed below:

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2014-001, 2013-006, 12.03

The Highway/Public Works Fund required material  
audit adjustments for proper financial statement  
presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Bledson County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Bledson County should work with its Audit Committee to correct the above-noted material weakness in internal control.

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

There were no findings and questioned costs for federal programs.

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Bledsoe County.

### **BLEDSON COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Bledsoe County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Bledsoe County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**BLEDSON COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2014**

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