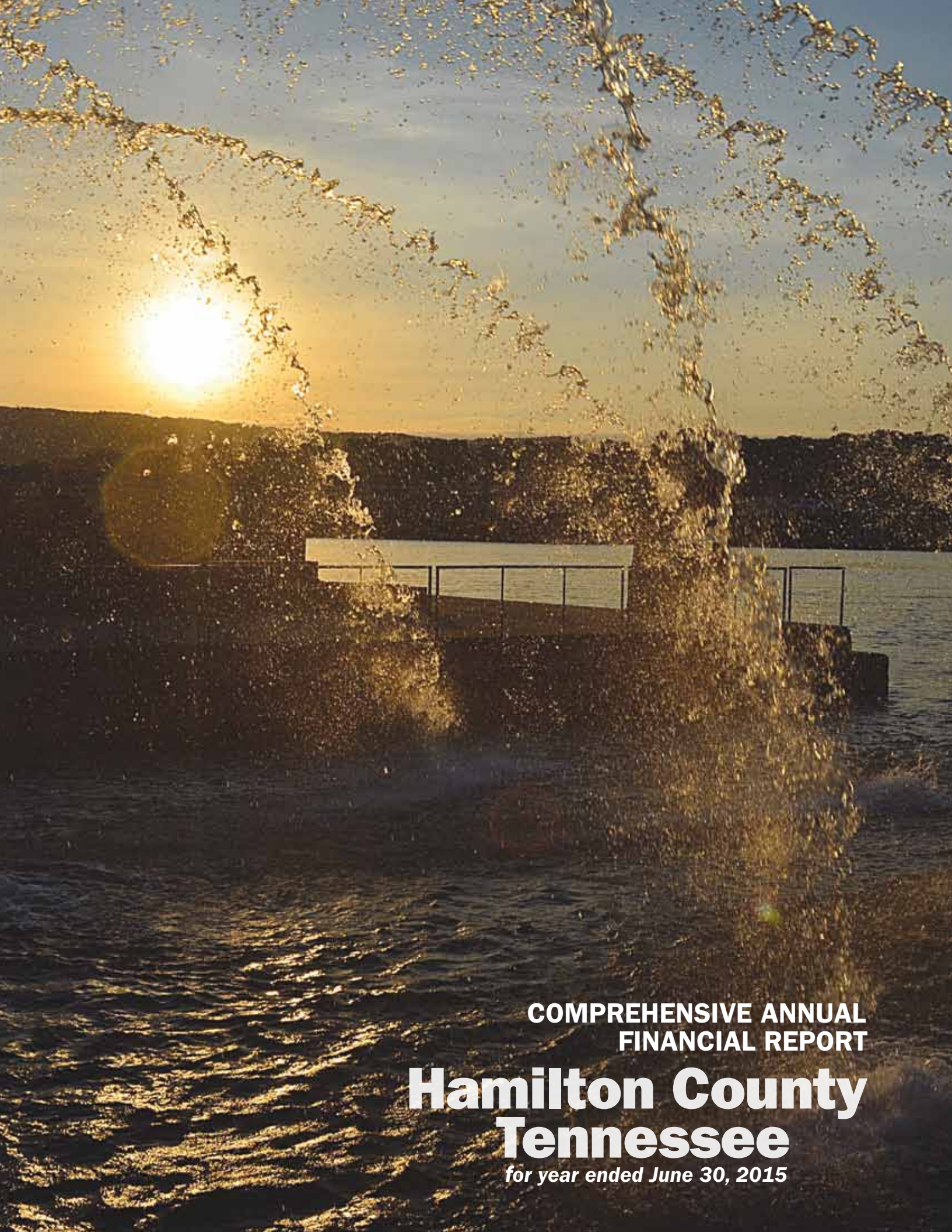

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Hamilton County Tennessee

for year ended June 30, 2015

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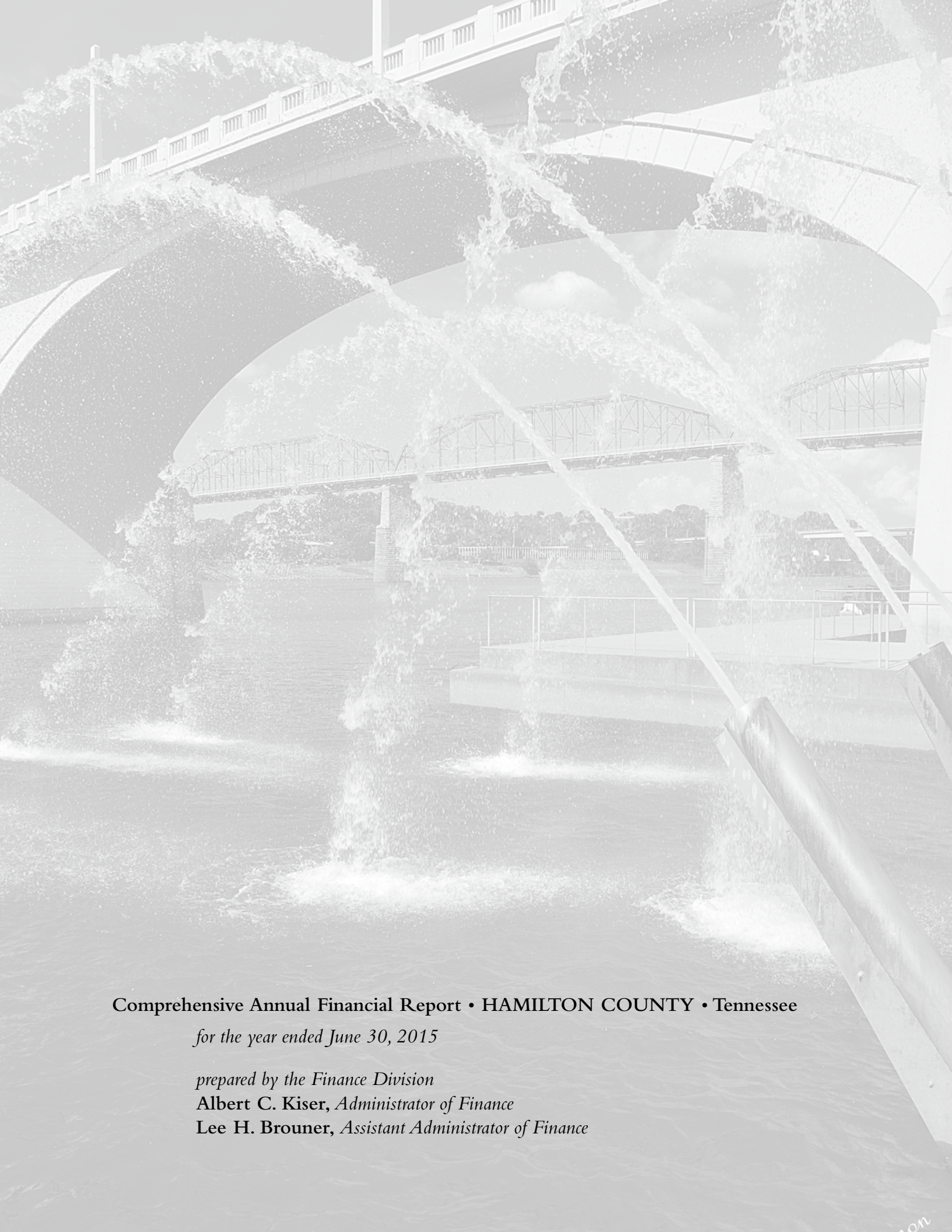

Comprehensive Annual Financial Report • HAMILTON COUNTY • Tennessee

for the year ended June 30, 2015

prepared by the Finance Division
Albert C. Kiser, *Administrator of Finance*
Lee H. Brouner, *Assistant Administrator of Finance*

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Hamilton County, Tennessee

Office of the County Mayor

Jim M. Coppinger

Jim Coppinger
County Mayor

December 31, 2015

To the County Board of Commissioners
And Citizens of Hamilton County

As Hamilton County's Mayor, supported by my staff, we continue to embrace my philosophy of fiscally conservative government. Our financial team has again successfully maintained our AAA bond rating with three different rating agencies: Standard and Poor's, Moody's and Fitch. This is important because due to our outstanding bond rating, we can borrow money at lower interest rates, allowing us to do additional initiatives with your tax dollars.

I firmly believe the government's money is the people's money and we are judicious in spending your tax dollars. This belief has allowed us to spend during my tenure almost $100 million in school construction projects. We have continued our daily economic development efforts that have brought in tens of millions of dollars to Hamilton County. Plus, we have continued the services you have come to expect that make Hamilton County one of the best places in the United States to live, work and play.

We take great pride in our economic development efforts over the past five years. Since January 2011, we have created 12,537 jobs and brought more than $1.6 billion in investments into Hamilton County. There is little doubt in my mind that people all over the world continue to look at Hamilton County as one of the best places to create or invest in a business.

Companies such as McKee Foods, Amazon, Fillauer, Schnellecke Logistics, Gestamp, Remsource USA and others have all expanded over the last year. Volkswagen's expansion effort continues on schedule and will result in 1,500 jobs late next year as VW launches its mid-sized SUV. I'd like to share an important fact with you, 93% of our businesses employ fewer than 50 people. Small businesses continue to be the backbone of our success.

One of Hamilton County's great business success stories is our Business Development Center. The concept is simple. We create an environment where entrepreneurs can build their businesses so that they can grow and bloom into successful companies. There are currently 65 startup companies in the BDC, employing over 300 people; more than 35% are technology-based companies. Furthermore, about 38% of the companies in the BDC are minority or women-owned. This speaks volumes about the diversity of Hamilton County. More than 535 companies have left the BDC and entered the mainstream business world. Five years later, 92% of those companies continue to be in business.

As mentioned earlier, we have invested nearly $100 million in school construction projects. Work continues on the new Ganns Middle Valley Elementary School scheduled to open this August. Additionally, we have signed contracts to begin construction on a major addition to Sale Creek Middle/High School. We are in the process of designing and then bidding on major additions to Nolan Elementary and Wolftever Elementary schools. We are also in the preliminary design process for an additional roadway entrance into Daisy Elementary. We recently attended the dedication ceremony for the new East Brainerd Elementary School which opened in August on schedule.

625 Georgia Avenue, Suite 208 • Chattanooga, TN 37402 • Phone (423) 209-6100 • Fax (423) 209-6101

TO THE COUNTY BOARD OF COMMISSIONERS AND CITIZENS OF HAMILTON COUNTY

– continued from page one

Our commitment to advanced education and critical thinking is unwavering with our support of not only the STEM School (Science, Technology, Engineering and Math) but also the "Pathways to Prosperity" initiative. Pathways provides students the opportunity to choose an educational pathway to success. Pathways promotes a path for post-secondary student education, leading to potential certificates to participate in advanced manufacturing or IT jobs. This is key to creating a workforce for our 21st century job goals.

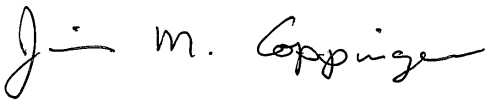
We have continued our commitment to our local volunteer fire departments with three construction projects. New facilities are being constructed in Sale Creek and Tri-Community area as well as an addition to the existing Dallas Bay Volunteer Fire Department.

We have made all of these commitments without a tax increase. Our conservative fiscal approach has allowed us to present a balanced budget throughout my tenure as mayor without ever having a conversation about increasing your taxes. We strongly believe it is important to have a low property tax for future residential and commercial investment. We will always work to promote growth to create revenue.

Our initiatives to improve the quality of life for all of our citizens continue. Our Read 20 program, which is designed to have young children reading at third grade level, has given away 608,891 books, worth over $7.3 million. All grade school children, whether they attend public or private schools, can now use the Public Library free of charge. Our Hamilton County Discount Prescription Card Program has been used over 416,000 times and saved our citizens $12.4 million since it began in February 2007. Our Hamilton County Parks and Recreation Department continues to host about 150,000 visitors annually at our Enterprise South Nature Park, and our Chester Frost Park campgrounds hosted over 75,000 campers during the last 12 months.

My commitment since I took office is to work every day to make Hamilton County a better place for you to work and live. This commitment continues daily, our work to create the opportunity for every citizen to succeed and prosper is ongoing. My promise to you over the past four years has been to make Hamilton County the standard for other communities to view and emulate. My pledge to you is that we will continue to enhance public education and create jobs and new businesses while expanding existing Hamilton County businesses.

Sincerely,



Jim M. Coppinger
County Mayor

BOARD OF COMMISSIONERS *for fiscal year ending June 30, 2015*

Chester Bankston
District 9
Chairman, Pro Tempore

Gregory Beck
District 5
Commissioner

Tim Boyd
District 8
Commissioner

Randy Fairbanks
District 1
Commissioner

James A. (Jim) Fields
District 2
Chairman

Joe Graham
District 6
Commissioner

Marty Haynes
District 3
Commissioner

Warren Mackey
District 4
Commissioner

Sabrena Smedley
District 7
Commissioner

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OPEN

HAMILTON COUNTY, TENNESSEE

ALBERT C. KISER

Administrator of Finance

December 31, 2015

TO THE CITIZENS, COUNTY MAYOR AND COUNTY BOARD OF COMMISSIONERS

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of Hamilton County, Tennessee, for the fiscal year ended June 30, 2015. This report was prepared in accordance with generally accepted accounting principles (GAAP) by the Finance Division of Hamilton County. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material aspects. It is presented in a manner designed to fairly set forth the financial activity of the various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

This report is prepared under the accounting model for governments as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Using this approach, the reader can view program costs compared to program revenues for the government as a whole.

The State of Tennessee requires an annual audit of the County's financial records. An independent firm of certified public accountants, Mauldin & Jenkins, LLC, has audited the County's financial statements in accordance with this requirement. The independent firm is responsible to the County Board of Commissioners and is under contract with the State Comptroller of the Treasury. The independent auditor concluded, based upon the audit, that the County's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP and thus rendered an unqualified opinion. The report of independent auditors is presented in the financial section of this report.

This report contains the traditional County funds, the Constitutional Officers of the County and the County's discretely presented component units: the Hamilton County Department of Education, the Hamilton County "911" Emergency Communication District, the Hamilton County Water & Wastewater Treatment Authority, and the Hamilton County Railroad Authority. These agencies are included based on criteria established by the Governmental Accounting Standards Board (GASB).

GAAP requires that management provide a narrative introduction, overview and analysis in the form of Management's Discussion and Analysis (MD&A) to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found beginning on page iv of the Financial Section.

PROFILE OF HAMILTON COUNTY, TENNESSEE

Hamilton County is located in the southeast region of the State of Tennessee, with the City of Chattanooga as its largest city. It is approximately 120 miles southwest of Knoxville, Tennessee; 360 miles east of Memphis, Tennessee; 120 miles southeast of Nashville, Tennessee, which is the State capital; and 120 miles northwest of Atlanta, Georgia.

The County was incorporated on October 25, 1819, by the Tennessee State Legislature. It operates under a County Commission/County Mayor form of government. The County Mayor, the chief fiscal officer of the County, is elected at-large to a four-year term, as are the Assessor of Property, Circuit Court Clerk, County Clerk, Criminal Court Clerk, Juvenile Court Clerk, Register of Deeds, Sheriff and Trustee. The District Attorney General, District Public Defender and all Hamilton County judges are elected at-large for eight-year terms. The County's nine-member Board of Commissioners is elected by district to four-year terms. The Department of Education, a component unit, is managed by a nine-member board that is elected by district to four-year terms that are staggered so that no more than five are elected in any election year.

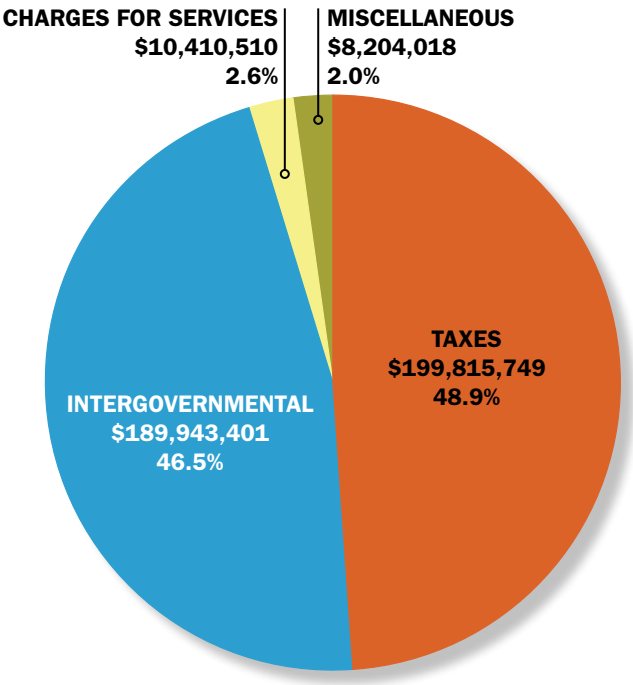
The County provides its citizens with a range of services that includes, but is not limited to, police, ambulance, sanitation and solid waste, health and social services, culture and recreation, highways and streets, planning, courts, jails and general administrative services. Other services are provided by organizations which have their own board of directors and include the Hamilton County Department of Education, Hamilton County Water & Wastewater Treatment Authority, Hamilton County "911" Emergency Communication District, and Hamilton County Railroad Authority.

Even though the Hamilton County Department of Education is a separate legal entity from Hamilton County government, it constitutes a major portion of the funding requirements for the County. With a school system of 6,157 employees and a student population of 42,627, the Department of Education's operating budget for fiscal year 2015 was $408.3 million. Hamilton County provided funding for 48.9%, or $199.8 million of this operating budget through property taxes, sales taxes, and use of fund balance. State and federal appropriations and grants provided $189.9 million; charges for services provided $10.4 million; and investments and miscellaneous items provided $8.2 million.

The Board of Commissioners adopted the fiscal year 2015 annual budget for the County in June 2014. A formal budget is employed as a management control device. The budgets are prepared on a basis consistent with GAAP, except that encumbrances are treated as budgeted expenditures when the commitment to purchase has occurred. All unencumbered and unexpended appropriations lapse at year-end. The level at which expenditures may not legally exceed appropriations is the division level.

Constitutional officers, departments and agencies requesting funding by the Board of Commissioners must submit their budget requests during January of each year. The County Mayor publicly submits a budget to the Board of Commissioners for approval prior to June 30. After the budget is formally adopted, any changes within a division that do not require additional resources must be approved by the County Mayor; the Commission must approve all other

HAMILTON COUNTY DEPARTMENT OF EDUCATION REVENUE BUDGET BY SOURCE FOR FISCAL YEAR ENDING JUNE 30, 2015



changes. Budget to actual comparisons are presented in this CAFR for each individual fund for which an annual budget has been adopted. Hamilton County follows the laws of Tennessee regarding the control, adoption and amendment of the budget during each fiscal year. Hamilton County's budget practices not only comply with all state statutes but are more stringent due to our formal budget policy.

LOCAL ECONOMIC OUTLOOK

The economy for Hamilton County remains steady, strong and healthy. According to the Tennessee Department of Labor, the unemployment rate for Hamilton County as of June 30, 2015 was 6.1%, as compared to the state's rate of 6.3% and the national rate of 5.5%. With the County's continued emphasis on economic development and the recent Volkswagen announcement to expand its plant and begin assembly of a new vehicle line, there are plenty of opportunities for employment growth on the horizon. Continued development of the riverfront, downtown, and promotion of the Enterprise South Industrial Park are all positive marks for the local economy.

ENTERPRISE SOUTH INDUSTRIAL PARK

Enterprise South Industrial Park continues to be developed and used in recruiting new and expanded businesses to Hamilton County. The Park's two largest employers are both relatively new to the Hamilton County area: Volkswagen Group of America and Amazon.com, Inc. Volkswagen arrived in Hamilton County in 2008 and invested $1 billion to build its manufacturing plant. Volkswagen currently employs 2,372 at the Chattanooga plant, with an additional 1,500 working at suppliers and other associated businesses in our region.

Amazon.com opened a major distribution and fulfillment center at Enterprise South in 2010 at a cost of $91 million. The center currently employs 2,473 people.

THE RIVERWALK

The Riverwalk includes Ross's Landing Park, Coolidge Park and Renaissance Park, which are visited by more than 3 million people annually. More than $150 million in public and private funds have been used for design and construction. The County is currently working toward completion of a new three-mile segment from the Riverwalk's current boundary at Ross's Landing to South Broad Street's connection with St. Elmo. This expansion will represent one of the most intriguing and valuable sections of the Riverwalk in terms of the city's history, both cultural and industrial. Planners revealed that they would like to see an exhibit about a black community called Blue Goose Hollow, where Bessie Smith was born, at the M. L. King Boulevard crossing. They also hope the National Park Service can use the view of Lookout Mountain facing Moccasin Bend as a back drop for the Civil War activity for visitors at the U. S. Pipe crossings next to Interstate 24. Construction is continuing on the new section of the Riverwalk, and the estimated completion date of the expansion is Spring 2016.

FUND BALANCE

Hamilton County made several budget amendments during FY 2015, one of which required a significant use of General Fund reserves. In August 2014, in accordance with the terms of the joint agreement between the state of Tennessee, the city of Chattanooga, Hamilton County, and Volkswagen, the County Commission passed a resolution amending the FY 2015 budget and appropriating $26.25 million to the IDB of Chattanooga toward reimbursement of certain of VW's capital costs in conjunction with its major expansion. To alleviate some of this charge to the fund balance, the County Commission approved a resolution in September 2014 to reimburse the General Fund up to $3,074,000 for General

Ten year analysis of the change in fund balance
(expressed in thousands)

	General Fund	Special Revenue Funds	Debt Service Fund
2006	$ 55,363	$ 8,440	$ 1,421
2007	58,334	8,542	1,653
2008	77,102	8,638	240
2009	84,070	7,626	227
2010	87,920	6,936	298
2011	95,967	6,024	237
2012	104,431	5,363	387
2013	111,169	6,034	358
2014	111,433	4,566	923
2015	91,394	3,536	1,330

Fund capital outlay expenditures from the County line of credit, and in February 2015, the County Commission authorized the release of $2,201,000 of funds previously reserved for HCDE school upgrades to the General Fund (with the intent to purchase the needed HCDE school upgrades from the line of credit).

As such, the June 2015 fund balance for the General Fund was budgeted to decrease a net of approximately $21 million for these isolated one-time items. These FY 2015 budget amendments were for isolated opportunities, and similar major amendments to the FY 2016 budget are not anticipated.

In spite of the above isolated budget amendments, Hamilton County's year-end fund balances continue to remain healthy. The County has consistently maintained a reserve in the General Fund equivalent to at least three months of expenditures and will continue to do so.

LONG-TERM FINANCIAL PLANNING

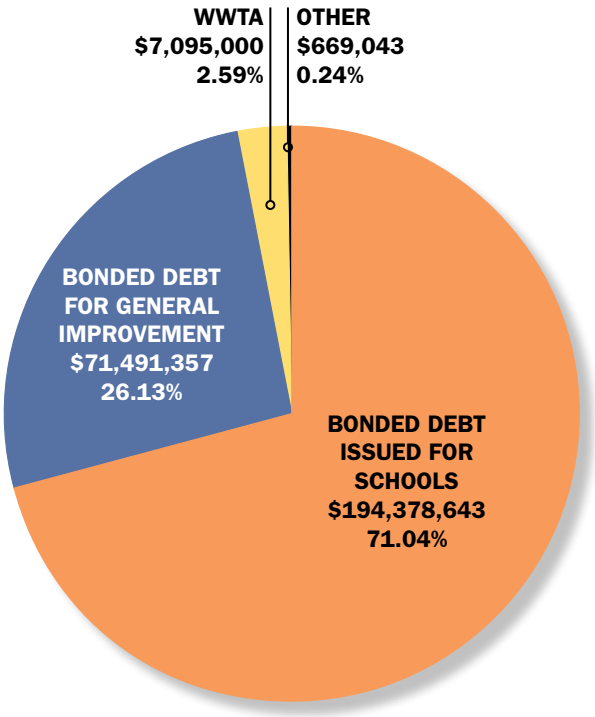
As a result of sound financial management practices, Hamilton County has been able to continue providing the same high level of services to its citizens without a tax increase for the seventh consecutive year. Long-term financial planning includes both operations and capital needs. The Mayor and Commission work closely together in a timely and thorough budgeting process to map out an operational plan for the upcoming year.

The County's capital needs are addressed annually in its operating budget and long-term through its five-year capital plan. Short-term capital needs such as vehicles, computers, office equipment, etc. are funded through the annual operating budget.

The County's long-term capital needs are financed using a short-term revolving line of credit agreement coupled with fifteen-year general obligation bond debt. The revolving line of credit agreement enables the County to start its long-term capital projects sooner, and its rapid, fifteen-year debt amortization keeps the County's total debt load at a manageable level. This rapid amortization results in principal retirement of approximately fifty percent (50%) within five years and eighty-three percent (83%) within ten years.

HAMILTON COUNTY TOTAL DEBT AS OF JUNE 30, 2015

$273,634,043



Ratio of General Bonded Debt Outstanding

Fiscal Year Ended June 30	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2005	$ 143,380,000	0.65%	$ 463
2006	125,510,000	0.55%	404
2007	107,730,000	0.46%	344
2008	188,260,000	0.78%	570
2009	200,110,000	0.71%	601
2010	206,960,000	0.73%	614
2011	185,550,000	0.65%	551
2012	223,705,000	0.80%	656
2013	263,545,000	0.93%	763
2014	238,300,000	0.83%	683
2015	272,965,000	0.94%	777

RELEVANT FINANCIAL POLICIES

Hamilton County consistently maintains a low debt burden. This has been accomplished through sound, conservative debt management practices. In 2012, the County revised its debt policy in order to establish and codify its objectives and practices. The policy's goal is to assist all concerned parties in understanding the County's debt management approach and to promote transparency for our citizens, investors and all other interested parties.

The County consistently maintains a strong unassigned fund balance in the general fund which exceeds its reserve policy of twenty-five percent (25%) of its operating budget. This minimizes the negative effect of any unanticipated expenditures and/or loss of any major revenue source.

MAJOR INITIATIVES

Hamilton County's commitment to its mission of meeting the needs of people where they live, work and play guides our plans for the future and directs us toward delivering quality services to our citizens.

PLANNED GROWTH STRATEGIES

Hamilton County Government has established a team consisting of elected officials, business leaders, civic and community organizations and involved citizens to create and implement a strategic plan to manage the expected population growth of our area resulting from recent economic developments. This regional plan will ensure balanced growth, promote economic development, and protect and enhance the quality of life for all. Specific areas addressed include housing, transportation, land use, environmental, energy, green space and infrastructure.

ECONOMIC DEVELOPMENT

Our economic development initiative reflects our goal of a viable and sustainable economic future for our community. We believe this is vital for those who live here and for those who are considering relocating to Hamilton County.

- ***Enterprise South Nature Park*** – In June 2014, Volkswagen announced that it was embarking on a major expansion of its automobile manufacturing plant in Hamilton County. The expansion is expected to result in a capital investment of $900 million and in excess of 2,000 new and well-paying VW jobs. Hamilton County, along with the City of Chattanooga and the State of Tennessee, spent a significant amount of time and capital in working with Volkswagen to make this major economic expansion a reality.
- ***Business Development Center*** – The Hamilton County Business Development Center (BDC) is a 125,000 square-foot facility that has been renovated into a highly successful business incubator. The BDC offers start-up businesses office or manufacturing space at highly competitive lease rates for up to 3 years. Each year the incubator graduates 20 to 25 companies into the market. The program recently celebrated its 26th anniversary and graduated its 500th business into the local market. The BDC has achieved national recognition for its success and is among the top six percent of the nation's business incubators.

PUBLIC EDUCATION IMPROVEMENT

The Hamilton County Department of Education has an independently elected board tasked with operating the K-12 public school system in the County. Hamilton County is a primary funding source for the school system, with approximately 50 percent of the County property tax levy directed toward the school system.

The County also assists the school system through the issuance of debt and general obligation bonds to build, renovate and expand the school facilities. Since the turn of the century, the County has built 16 new schools and expended over $358 million toward modernizing and upgrading the County school buildings and grounds. In March 2014, the County Commission approved plans for the expenditure of $48 million for construction of one replacement middle school and the expansion of three County schools from the County's revolving line of credit agreement.

QUALITY OF LIFE ISSUES

Hamilton County citizens and visitors are able to enjoy one of the finest naturally beautiful environments in the Southeast. The County's surrounding mountains, state and national forests, as well as its rivers and streams have afforded this area its reputation as a leading destination for outdoor activities.

- ***Enterprise South Nature Park*** – The Park is located on 2,800 wooded acres adjacent to the Enterprise South Industrial Park. It offers miles of walking paths, bicycle paths and off-road biking trails. In 2015, the County applied for a State grant for the development of equestrian horse trails at the Park which became under contract in November 2015.
- ***Step ONE*** – This county-wide initiative addresses the problem of obesity in our community by promoting physical fitness, nutrition, and healthy lifestyles. This effort is guided by the County Mayor and the Hamilton County Regional Health Council.
- ***IRIS Project*** – Increasing the Rate of Infant Survival (IRIS) works to initiate new, creative and innovative programs that have a positive impact on Infant Mortality Rates, which are thought to be one of the best predictors of a community's overall health status.
- ***Tennessee Riverpark*** – Hamilton County and the city of Chattanooga have cooperated to establish the Tennessee Riverpark as one of the Southeast's foremost recreation facilities. With 10 miles of lighted concrete trails, parks, piers and bridges along its route, the Riverpark is a resource for recreation and alternative transportation. Construction is proceeding on a new three mile segment of the Riverpark that will extend the Riverwalk from Ross's Landing Downtown to the base of Lookout Mountain.The expansion is expected to be complete and open for use in Spring 2016.

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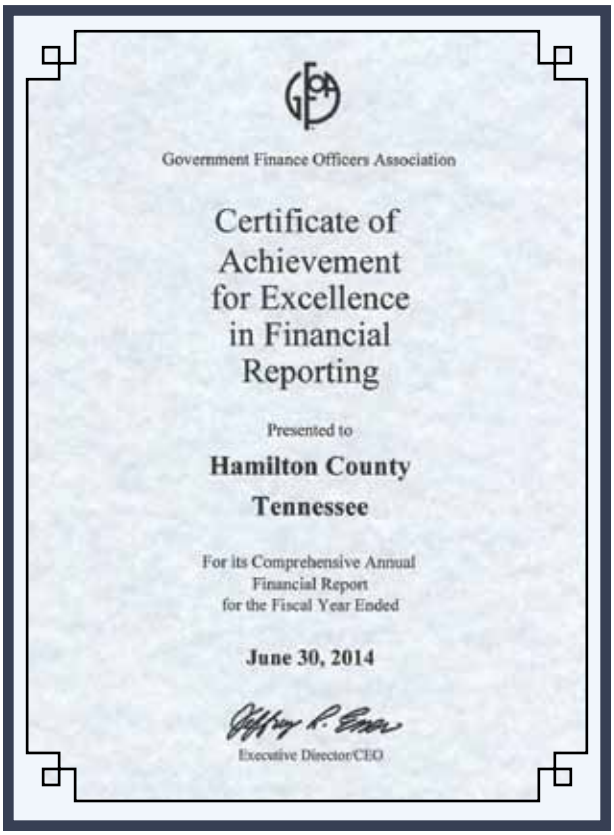
AWARDS AND ACKNOWLEDGEMENTS

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hamilton County, Tennessee for its Comprehensive Annual Financial Report for the year ended June 30, 2014. Hamilton County has received this award for 34 consecutive years.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are currently submitting it to GFOA to determine its eligibility for another certificate.


Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hamilton County

Tennessee

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

GFOA also presented a Distinguished Budget Presentation Award to the County for its Comprehensive Annual Budget Report (CABR) for the fiscal year ended June 2015. This is the 13th consecutive year Hamilton County received this award for the CABR. In order to be awarded a Distinguished Budget Presentation Award, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Budget Report, which must conform to program standards and satisfy both generally accepted accounting principles and applicable legal requirements. Like the Certificate of Achievement for Financial Reporting, this award is valid for a period of one year only. We believe our CABR for the fiscal year ending June 2016 continues to conform to program requirements, and we have submitted it to GFOA to determine its eligibility for another award.

ACKNOWLEDGMENTS

I would like to thank the entire staff of the Finance Division, the County Auditor's Office and the independent auditors for their cooperation and dedication in the preparation of this report. I would also like to express my gratitude for the support we have received from the County Mayor and the County Board of Commissioners in conducting the financial operations of the County in a sound and progressive manner.

Respectfully submitted,

Albert C. Kiser, CPA, CGFM
Administrator of Finance

ALBERT C. KISER
Administrator of Finance

LEE H. BROUNER
Assistant Administrator of Finance

HAMILTON COUNTY
GENERAL GOVERNMENT OFFICIALS
(as of June 30, 2015)

Jim Coppinger, *County Mayor*
Mike Compton *Chief of Staff*
Dan Saieed, *Director of Development*
Cleveland Grimes, *Executive Director of WWTA*

Board of Commissioners
Chester Bankston, *Chairman, Pro Tempore*
Gregory Beck
Tim Boyd
Randy Fairbanks
James A. Fields, *Chairman*
Joe Graham
Marty Haynes
Warren Mackey
Sabrena Smedley

Legislative
Patricia Moore, *Administrator*

Constitutional Officers
Gary Behler, *Juvenile Court Clerk*
Bill Bennett, *Assessor of Property*
Vince Dean, *Criminal Court Clerk*
James Hammond, *Sheriff*
Larry Henry, *Circuit Court Clerk*
Bill Hullander, *Trustee*
Pam Hurst, *Register of Deeds*
William F. Knowles, *County Clerk*
Robin Miller, *Clerk & Master*
Dr. James Metcalfe, *Medical Examiner*
Robert D. Philyaw, *Juvenile Court Judge*
Neal Pinkston, *District Attorney*
Steve Smith, *District Public Defender*
Kerry Steelman, *Administrator of Elections*

Division & Department Heads
AUDITING
Bill W. McGriff, *County Auditor*

FINANCE
Albert C. Kiser, *Administrator*
Lee H. Brouner, *Assistant Administrator of Finance*
Bart McKinney, *Director of Information Technology Services*
Gail Roppo, *Director of Purchasing and Contract Management*

GENERAL SERVICES
Don Allen, *Administrator*
Tom Lamb, *Director of Recreation*
Worth Lillard, *Director of Maintenance*
Barbara Payne, *Director of Corrections*
Tony Reavley, *Director of Emergency Management and Homeland Security*
Ken Wilkerson, *Director of Emergency Medical Services*

HEALTH SERVICES
Becky Barnes, *Administrator*
Tammy M. Burke, *Director of Clinical Services*
Bonnie Deakins, *Director of Environmental Health*
Nettie Gerstle, *Director of Administrative Services*
Diana Kreider, *Director of Case Management Services*
Bill Ulmer, *Director of Community Health Services*

HUMAN RESOURCES
Alecia Poe, *Administrator*
Sandra Ellis, *Director of Human Resources*

LEGAL
Rheubin M. Taylor, *County Attorney*

PUBLIC WORKS
Todd Leamon, *Administrator and County Engineer*
John Agan, *Director of Engineering*
Randy Parnell, *Director of Building Inspection*
Ben Wilson, *Director of Highway Department*

CITIZENS

COUNTY BOARD OF COMMISSIONERS
423-209-7200

LEGISLATIVE STAFF
423-209-7200

MAGISTRATES
423-209-7656

MEDICAL EXAMINER
423-493-5175

APPOINTED BOARDS

AUDITING
423-209-6200

LEGAL
423-209-6150

COUNTY MAYOR
423-209-6100

MAYORAL STAFF
423-209-6100

CHIEF OF STAFF
423-209-6180

DEVELOPMENT
423-209-6810

EQUAL EMPLOYMENT OPPORTUNITY
423-209-6146

READ 20
423-209-6190

RAILROAD AUTHORITY
423-209-6470

WWTA
423-209-7842

FINANCE DIVISION
423-209-6330

ACCOUNTING
423-209-6330

FINANCIAL MANAGEMENT
423-209-6370

GEOGRAPHIC INFO SYSTEMS
423-209-7760

INFORMATION TECHNOLOGY SERVICES
423-209-6250

PURCHASING
423-209-6350

GENERAL SERVICES DIVISION
423-209-6800

CORRECTIONS
423-843-4830

EMERGENCY MANAGEMENT HOMELAND SECURITY
423-209-6910

EMS
423-209-6900

MAINTENANCE
423-209-7700

RECREATION
423-842-0177

HEALTH SERVICES DIVISION
423-209-8000

ADMINISTRATIVE SERVICES
423-209-8010

CASE MANAGEMENT SERVICES
423-209-8155

CLINICAL SERVICES
423-209-8218

COMMUNITY HEALTH SERVICES
423-209-8088

ENVIRONMENTAL HEALTH
423-209-8110

HUMAN RESOURCES DIVISION
423-209-6120

BENEFITS
423-209-6120

RISK MANAGEMENT
423-209-6126

WELLNESS & FITNESS PROGRAMS
423-209-6177

PUBLIC WORKS DIVISION
423-209-7800

BUILDING INSPECTION
423-209-7860

ENGINEERING
423-209-7810

HIGHWAY
423-855-6100

REAL PROPERTY
423-855-6444

SUPPORT SERVICES
423-855-6490

CONSTITUTIONAL OFFICES

ASSESSOR — 423-209-7300

CHANCERY COURT CHANCELLORS — 423-209-7380

CLERK AND MASTER — 423-209-6600

CIRCUIT COURT JUDGES — 423-209-6700

CIRCUIT COURT CLERK — 423-209-6700

COUNTY CLERK — 423-209-6500

CRIMINAL COURT JUDGES — 423-209-7500

CRIMINAL COURT CLERK — 423-209-7500

DISTRICT ATTORNEY — 423-209-7400

ELECTION COMMISSION — 423-493-7720

JUVENILE COURT JUDGE — 423-209-5100

JUVENILE COURT CLERK — 423-209-5250

PUBLIC DEFENDER — 423-634-6374

REGISTER OF DEEDS — 423-209-6560

SESSIONS COURT JUDGES — 423-209-7660

SHERIFF — 423-209-7000

TRUSTEE — 423-209-7270

SWIM FINISH
SWIM FINISH
VOLUNTEER
IRONMAN 70.3
TYR
ROKA
IRONMAN
IRONMAN
IRONMAN

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITORS' REPORT

To the County Commission
of Hamilton County, Tennessee
Chattanooga, Tennessee

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 **Hamilton County, Tennessee** (the "County"), as of and for the year ended June 30, 2015, 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 Hamilton County "911" Emergency Communications District, which represents 3 percent, 4 percent, and 3 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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 Hamilton County "911" Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility (continued)

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 the 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 Hamilton County, Tennessee as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note K and Note T, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the County's net pension liability and the related disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages IV through XX), schedules of required supplementary information – (on pages B-1 through B-11) 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hamilton County, Tennessee's basic financial statements. The combining and individual fund financial statements for the governmental funds, fiduciary funds, and discretely presented component unit – Hamilton County Board of Education, the budgetary comparison schedules, the financial schedules, and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements for the governmental funds, fiduciary funds, and discretely presented component unit – Hamilton County Board of Education, the budgetary comparison schedules, the financial schedules, and schedule of expenditures of federal awards 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. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of Hamilton County, Tennessee'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 the County's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The discussion and analysis of Hamilton County's financial performance provides an overall review of the County's financial activities for the year ended June 30, 2015. It is designed to:

(a) Assist the reader in focusing on significant financial issues,
(b) Provide an overview of the County's financial activities,
(c) Identify changes in the County's financial position,
(d) Identify any material deviations from the original financial plan, and
(e) Identify individual fund issues or concerns.

This discussion and analysis is an integral part of the financial statements as a whole.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

- The government-wide assets and deferred outflows of resources of Hamilton County at the close of fiscal year 2015 were $644,943,624.
- Government-wide revenues totaled $227,228,331, an increase of $5,146,000 (2.3%) from the prior year.
- Government-wide expenses were $226,317,257, an increase of $5,885,677 (2.7%) from the prior year.
- Total bonded debt at June 30, 2015 for the County was $272,965,000, of which $194,379,000 was assigned to the Hamilton County Department of Education for capital additions and improvements.
- The County's financial statements reflect a change in accounting principle for FY 2015 with the implementation of GASB Statement No. 68. This new standard significantly changed the County's accounting for pension amounts. The new accounting principle resulted in a reduction of net position as of the beginning of fiscal year 2015 of $29.3 million.
- The County drew $30 million in August 2014 from its line of credit to provide funding for certain school construction and general government projects. This line of credit draw was repaid in May 2015.
- In May 2015, the County issued $60 million of bonds to retire $35 million in line of credit draws and received $25 million in new monies for costs associated with various school projects and other governmental projects.

Fund Financial Statements

- Revenues for governmental funds increased $7,149,000, or 3.2% from last year.
- Expenditures for governmental funds increased $73,914,000, or 31.9% from last year. The increase was primarily the result of an increase in debt service payments to repay line of credit draws ($35 million) plus an increase in expenditures for capital projects of $36.6 million.
- Capital project expenditures were $51,002,000, with $21,901,000 spent for school construction projects.
- The County reported the operating results for the Sheriff Narcotics and State Sexual Offenders Funds as Constitutional Officers Governmental Funds in fiscal year 2015. These funds were reported in the General Fund in the 2014 CAFR.
- Operating transfers from the General Fund increased by $23.2 million (64.4%) from the prior year. This was the direct result of the transfer of $26.25 million from the General Fund to the Capital Projects Fund in conjunction with the major expansion of the Volkswagen plant.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's basic financial statements contain three components:

(1) government-wide financial statements,
(2) fund financial statements, and
(3) notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements. The other supplementary information includes detailed budget to actual comparisons of the General Fund and other budgeted County funds; combining statements for nonmajor governmental funds; statements of account activity in fiduciary agency funds; and combining financial statements for the County's largest discretely presented component unit, the Hamilton County Board of Education.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, the Statement of Net Position and Statement of Activities provide the reader with a broad overview of the County's financial condition.

The Statement of Net Position combines and consolidates all the County's current financial resources with capital assets and long-term obligations. The end result is net position, which is segregated into three components:
(1) Net investment in capital assets,
(2) Restricted net position, and
(3) Unrestricted net position.

The County's net position at the end of fiscal year 2015 of $150,208,911 increased $911,074 (0.6%) from the balance at the prior year end.

The Statement of Activities presents information showing how the government's net position changed during fiscal year 2015. Program revenues, which directly offset costs of specific functions, are allocated to those functions, resulting in the net expenses for governmental activities. General revenues, such as taxes, fines and interest earnings, offset the remaining costs resulting in the annual increase or decrease in net position. This statement is intended to summarize the net cost of various governmental services that are supported by general revenues.

Governmental activities include general government, public safety, highways and streets, health, social services, and culture and recreation. Hamilton County has no business-type activities. The government-wide financial statements include the following legally separate component units: the Hamilton County Department of Education, the Water & Wastewater Treatment Authority, Hamilton County "911" Emergency Communication, and Hamilton County Railroad Authority.

The government-wide financial statements can be found on pages A-1 to A-3 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

GOVERNMENTAL FUNDS

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the major funds, which include the General, Debt Service and Capital Projects funds. Data from the other governmental funds, Constitutional Officers, Governmental Law Library, Hotel/Motel and Economic Crimes, is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual budget for the General and Debt Service funds and certain Special Revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate budgetary compliance. The basic governmental fund financial statements can be found on pages A-4 to A-11 of this report.

PROPRIETARY FUNDS

There are two types of proprietary funds – enterprise funds and internal service funds. An internal service fund is the only type of proprietary fund the County maintains. An internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses that fund to account for its self-insurance and risk management programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Individual fund data for the Internal Service fund is provided on pages A-12 to A-14 of this report.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The basic fiduciary fund financial statements can be found on pages A-15 to A-16 of this report.

NOTES TO BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages A-20 to A-61 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents required and other supplementary information. Required supplementary information includes the funding progress and employer contributions for the Public Employee Retirement Systems. Other supplementary information includes detailed budgetary information for the General Fund, combining statements for the nonmajor governmental funds, combining statement of changes in assets and liabilities for the Constitutional Officers Agency Funds, combining statements for the Hamilton County Department of Education and various financial and statistical tables. Combining and individual fund schedules can be found on pages C-6 to D-11; the various financial and statistical tables can be found on pages E-1 to F-26.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

HAMILTON COUNTY, TENNESSEE
NET POSITION

	Governmental Activities	
	2015	**2014**
ASSETS		
Current and Other Assets	$ 341,749,858	$ 261,921,908
Capital Assets	283,452,163	279,049,681
TOTAL ASSETS	625,202,021	540,971,589
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pension contributions	14,423,401	14,639,428
Deferred loss on refunding	5,318,202	3,373,266
	19,741,603	18,012,694
LIABILITIES		
Long-term Liabilities	322,887,347	277,907,343
Other Liabilities	31,415,136	22,517,135
TOTAL LIABILITIES	354,302,483	300,424,478
DEFERRED INFLOWS OF RESOURCES		
Unearned property tax revenue	112,226,286	109,261,968
Deferred inflows from pensions	28,205,944	—
	140,432,230	109,261,968
NET POSITION		
Net Investment in Capital Assets	244,360,829	238,660,378
Restricted	—	52,298
Unrestricted	(94,151,918)	(89,414,839)
TOTAL NET POSITION	**$ 150,208,911**	**$ 149,297,837**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $150,208,911 at the close of the fiscal year ended June 30, 2015.

Net position is comprised of three elements:

(1) Net investment in capital assets (e.g., land, buildings, infrastructures and equipment);

(2) Restricted net position held for restrictions as prescribed by law; and

(3) Unrestricted net position. The long-term liabilities of $322,887,347 include $194,379,000 of debt for assets contributed to the Hamilton County Department of Education, a component unit, which results in a negative unrestricted net position.

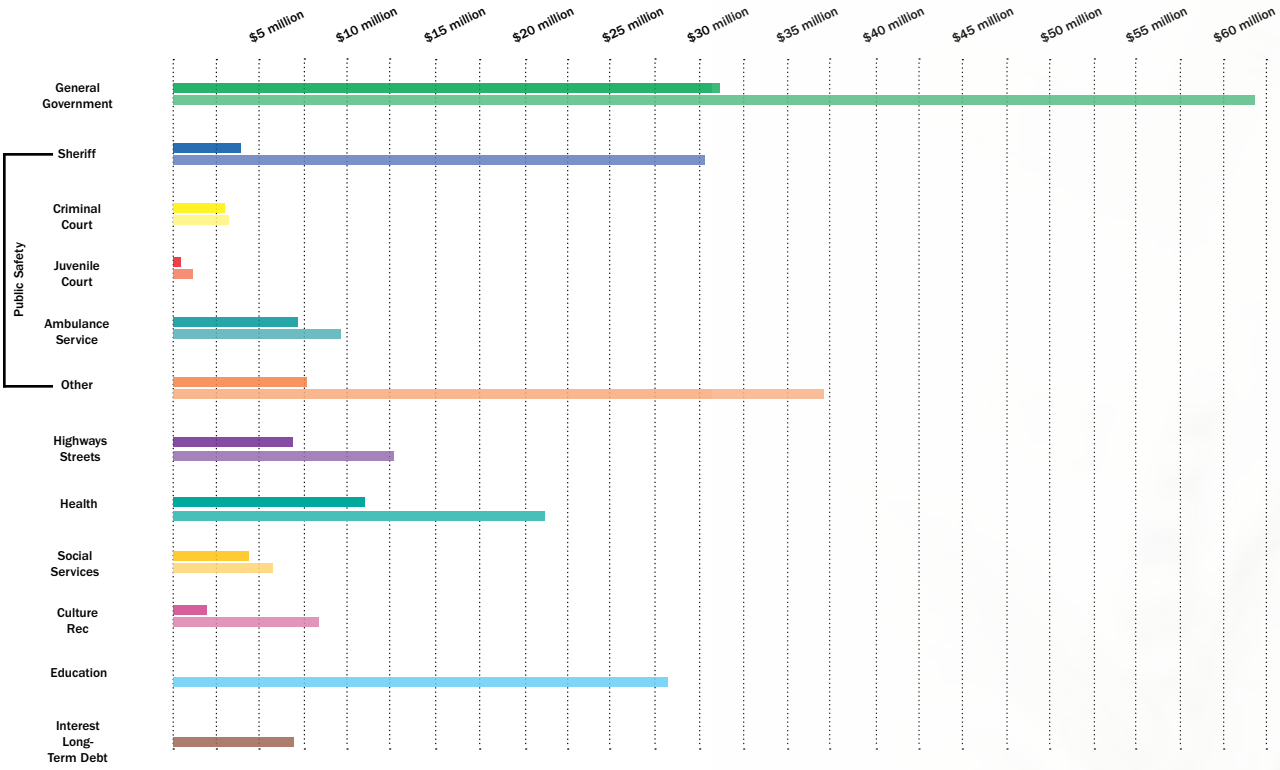
HAMILTON COUNTY, TENNESSEE
CHANGES IN NET POSITION

	Governmental Activities	
	2015	**2014**
REVENUES		
Program Revenues		
Charges for Services	$ 43,452,431	$ 42,344,254
Operating Grants and Contributions	28,079,517	27,009,289
Capital Grants and Contributions	6,678,478	3,340,173
Total Program Revenues	78,210,426	72,693,716
General Revenues		
Property Taxes	131,986,902	131,026,476
Other Taxes	16,458,733	16,144,427
Other	662,270	2,217,672
Total General Revenues	149,017,905	149,388,575
TOTAL REVENUES	227,228,331	222,082,291
EXPENSES		
General Government	61,957,402	54,450,998
Public Safety	81,100,994	82,035,772
Highways and Streets	12,396,414	8,542,153
Health	21,133,493	21,478,078
Social Services	6,274,516	6,624,641
Culture and Recreation	7,921,387	7,018,607
Education	28,300,691	32,510,412
Interest on Long-Term Debt	7,232,360	7,770,919
TOTAL EXPENSES	226,317,257	220,431,580
CHANGE IN NET POSITION	**$ 911,074**	**$ 1,650,711**
Beginning Net Position	149,297,837	147,647,126
Ending Net Position	**$ 150,208,911**	**$ 149,297,837**

The County's net position increased $911,000 during the current fiscal year. Total expenses for FY 2015 increased by $5.9 million in large part due to additional expenditures of the general government and highways and streets. These additional expenditures were offset by an increase in total revenues of $5.1 million in part from increased funding from grants.

EXPENSES AND PROGRAM REVENUES
for fiscal year ending June 30, 2015

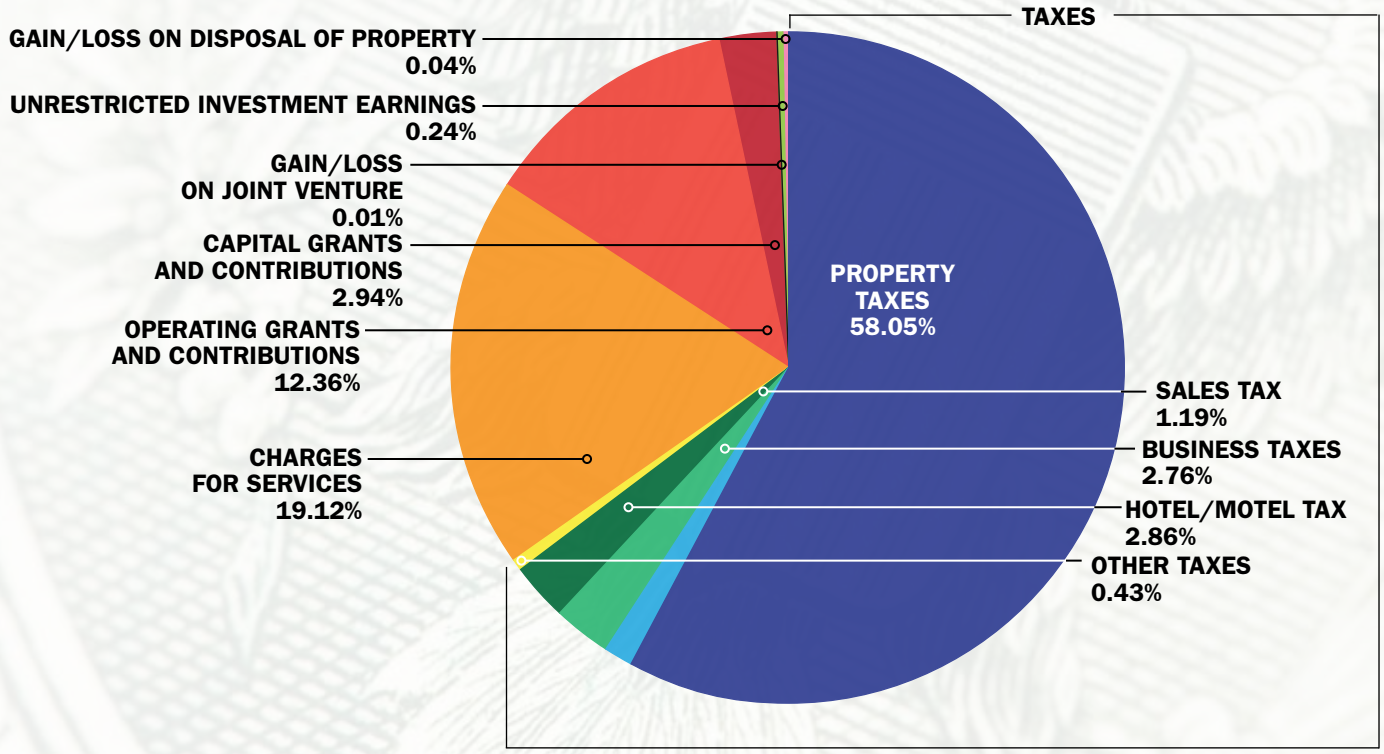
	PROGRAM REVENUES	EXPENSES
General Government	$ 31,490,039	$ 61,957,402
Public Safety		
Sheriff	3,491,273	30,250,034
Criminal Court	2,578,618	2,724,085
Juvenile Court	389,769	1,495,996
Ambulance Services	7,440,280	9,514,960
Other	7,572,893	37,115,919
Highways and Streets	7,246,552	12,396,414
Health	11,130,814	21,133,493
Social Services	4,568,661	6,274,516
Culture and Recreation	2,301,527	7,921,387
Education	—	28,300,691
Interest on long-term debt	—	7,232,360
TOTAL	**$ 78,210,426**	**$ 226,317,257**



REVENUES BY SOURCE
for fiscal year ending June 30, 2015

	2015	PERCENTAGE	2014	PERCENTAGE
Taxes				
Property Taxes	$ 131,896,902	58.05%	$ 131,026,476	59.00%
Sales Taxes	2,710,878	1.19%	3,011,186	1.36%
Business Taxes	6,273,817	2.76%	6,338,605	2.85%
Hotel/Motel Taxes	6,498,427	2.86%	5,823,474	2.62%
Other Taxes	975,611	0.43%	971,162	0.44%
Charges for Services	43,452,431	19.12%	42,344,254	19.07%
Operating Grants and Contributions	28,079,517	12.36%	27,009,289	12.16%
Capital Grants and Contributions	6,678,478	2.94%	3,340,173	1.50%
Gain/Loss on Joint Venture	11,842	0.01%	32,625	0.01%
Unrestricted Investment Earnings	551,529	0.24%	525,199	0.24%
Gain/Loss on Disposal of Property	98,899	0.04%	1,659,848	0.75%
TOTAL	**$ 227,228,331**	**100.00%**	**$ 222,082,291**	**100.00%**

Capital Grants and Contributions increased by $3.3 million and Operating Grants and Contributions also increased by $1.0 million. This is a product of the County's efforts to actively search for and obtain new and additional federal and state grants. Charges for Services increased $1.1 million due to additional revenues for public safety and the general government.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2015, the County's governmental funds reported combined ending fund balances of $162,252,000, an increase of $23,633,000. The fund balance consists of a restricted portion of fund balance of $3,339,000, an assigned portion of fund balance of $18,910,000, and an unassigned portion of fund balance of $84,819,000. The remainder of fund balance is not available for new spending and is split into committed and nonspendable. Committed is $53,377,000 to liquidate contracts and purchase orders. Nonspendable is $1,807,000 for inventories and prepaid items.

The General, Debt Service and Capital Projects funds are reported as major funds.

The General Fund is the chief operating fund of the County. The total fund balance at June 30, 2015 was $91,394,000, consisting primarily of a nonspendable portion of $1,807,000; assigned fund balance of $4,703,000; and an unassigned fund balance of $84,819,000. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 50.4% of the total General Fund expenditures, while total fund balance represents 54.3% of that same amount.

The unassigned fund balance of the County's General Fund decreased by $20,124,000 during the current fiscal year. The major reason for that decrease is attributed to transfers out of the General Fund increasing $23 million primarily as a direct result of the transfer of $26,250,000 to the Capital Projects Fund for the County's commitments resulting from the expansion at the Chattanooga Volkswagen Plant. Part of this increase in transfers out was offset by an increase in transfers in of $6 million. The increase in transfers in was largely from the county line of credit for capital outlay expenditures and from funds previously reserved for HCDE school upgrades transferred from the Capital Projects Fund to the General Fund. General Fund revenues increased $2 million due to an increase in tax revenue due to economic development in the County. General Fund expenses also increased by $3.5 million in part due to increase expenses for highways and streets, additional health related costs, and Public Safety increased expenditures for Sheriff.

As stated previously, the County moved the operating results for the Sheriff Narcotics and State Sexual Offenders out of the General Fund in fiscal year 2015. These funds are reported in the County's financial statements as Constitutional Officers Governmental Funds and not as part of the General Fund. The move of the Sheriff Narcotics and State Sexual Offenders Funds resulted in a reduction of the fund balance as previously reported in the FY 2014 CAFR for the General Fund of $673,000.

The Debt Service fund has a total fund balance of $1,330,000, an increase of $407,000. Funds are transferred to the Debt Service fund as needed. Therefore, as debt payments increased, transfers into the fund also increased.

The Capital Projects Fund is used to account for revenues and expenditures for large capital projects. The majority of the funding for these capital projects is derived from draws from the County's line of credit agreement and issuances of general obligation bonds.

At year end, the Capital Projects Fund had a fund balance of $65,992,000. The County has outstanding commitments for Capital Projects totaling $53,115,000. Of the commitments, $33,083,000 or 62.3% is for school construction, $236,000 or 0.4% is for economic development, $9,303,000 or 17.5% for recreation projects and $10,494,000 or 19.8% for general government improvements. Commitments for school construction increased $13,300,000 this year as a result of the construction of a new elementary school being built in Middle Valley. This school will combine Ganns/Middle Valley and Falling Water elementaries. Construction was completed this year on the new East Brainerd Elementary school. Commitments for recreation projects increased $7,792,000, as we start Hamilton County's next

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – *continued*

phase of the Riverwalk. Commitments for general government improvements increased $10,057,000 due to three construction projects for local volunteer fire departments. New facilities are being constructed in Sale Creek and the Tri-Community area as well as an addition to the existing Dallas Bay Volunteer Fire Department.

PROPRIETARY FUNDS

The County's Proprietary fund is used to account for the self-insurance programs. The County is self-insured for health, unemployment compensation, on-the-job injury claims, property, automobile and liability claims and losses due to liabilities arising under the laws of the state and federal governments. The cost for these programs is funded through premiums paid by the departments and agencies of Hamilton County Government. Unrestricted net position for the Proprietary Fund at the end of the fiscal year amounted to $20,048,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County Commission approved and adopted its 2015 annual operating budget in June 2014. The original General Fund operating budget was balanced without the use of fund balance.

The County Commission approved a total of $31,137,000 in amendments to General Fund operating expenditures during fiscal year 2015 and total amendments of $8,525,000 to the General Fund revenue budget. Part of the expenditure amendments included $26.25 million to the IDB of Chattanooga toward reimbursement of certain Volkswagen's capital costs in conjunction with its major expansion. Part of the revenue amendments included reimbursement to the General Fund up to $3,074,000 for capital outlay expenditures from the County line of credit and $2,201,000 of funds previously reserved for HCDE school upgrades transferred to the General Fund. These large FY 2015 budget amendments were for isolated opportunities, and similar major amendments to the FY 2016 budget are not anticipated. The remaining amendments to the General Fund revenue and expenditure budgets were primarily for:

- Increases to budgets for grant-related items not expended during the prior fiscal year, carried over into the current fiscal year; and
- New grants received from various state and federal agencies.

In spite of the above isolated budget amendments, Hamilton County's year-end fund balances continue to remain healthy. The County has consistently maintained a reserve in the General Fund equivalent to at least three months of expenditures and will continue to do so.

Actual revenues were less than budgeted revenues by $4,790,000 (2.6%). This variance is largely due to a shortfall of intergovernmental revenues of $1.2 million and a shortfall of charges for services of $2.9 million.

Total expenditures were less than budgeted expenditures by $7,604,000 (5.7%). A large part of this favorable variance resulted from conservative spending by the General Government, Health Department, Public Safety, and Highways and Streets. A detailed Budgetary Comparison Schedule for the General Fund is presented at pages C-1 through C-5 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The County's investment in capital assets as of June 30, 2015, amounts to $283,452,000 (net of accumulated depreciation of $255,482,000). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, intangibles and construction in progress. The County transferred $24,399,000 in assets to the Department of Education. For the year, the County's investment in capital assets increased by $4,402,000 or 1.6%. Additional information on the County's capital assets can be found in the Notes to the Basic Financial Statements – Note J.

Major capital asset events during the current year included the following:

- Infrastructure construction at Enterprise South Industrial Park - $316,000
- School construction and renovations - $18,581,000
- TN Riverpark Downtown Segment Phase I & II - $5,689,000
- Sale Creek Volunteer Fire Department - $1,983,000
- Upgrades at Chester Frost Park - $977,000
- Final installment payment for purchase of land at Enterprise South Industrial Park - $5,451,000

CAPITAL ASSET ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2015

NET OF DEPRECIATION

	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 67,095,440	$ 5,778,057	$ (263,652)	$ 72,609,845
Construction in progress	33,128,245	28,639,526	(25,050,701)	36,717,070
Buildings	141,827,259	691,160	(521,986)	141,996,433
Improvements other than buildings	25,640,791	882,685	—	26,523,476
Machinery and equipment	42,315,312	3,447,810	(1,872,121)	43,891,001
Infrastructure	207,265,165	3,290,916	—	210,556,081
Intangibles	5,958,710	703,942	(21,988)	6,640,664
Depreciation	(244,181,241)	(12,229,711)	928,545	(255,482,407)
	$ 279,049,681	$ 31,204,385	$ (26,801,903)	$ 283,452,163

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

LONG-TERM DEBT

At the end of fiscal year 2015, the County had general obligation bonds outstanding of $272,965,000, and notes payable and other debt of $669,043. Of the bonded debt, $194,379,000 was issued for Hamilton County Department of Education capital improvements program.

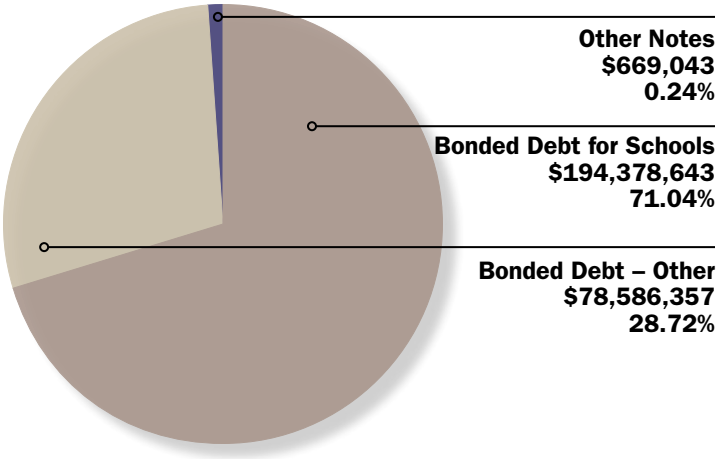
Additional information on the County's debt can be found in the Notes to Basic Financial Statements – Note M.

Hamilton County is in a strong position financially and our future is bright due to the sound management practices that have enabled the County to maintain solid fund balances and reserves. One measure of an entity's financial strength is the level of its fund balances. The County has consistently maintained a General Fund balance equivalent to at least three months of expenditures, which places us in an excellent position to adequately address most fiscal emergencies. Our Fund Balance Policy recommends that the fund balance be no less than 25% of the planned operating expenses.

The County's excellent bond ratings (AAA by Standard and Poor's and Fitch Ratings and Aaa by Moody's Investors Service) are further evidence of its financial strength. These ratings indicate that the County's bonds are considered to be very high investment quality, which translates to lower interest rates and corresponding lower interest payments. Having solid conservative financial policies and strong financial reserves are principal reasons for these ratings.

General Long-Term Debt

General Obligation Bonds Outstanding	$ 272,965,000	99.76%
Other Notes	669,043	0.24%
	273,634,043	
Less: Assigned Debt Service Fund Balance	(1,330,354)	
Net General Long-Term Debt	$ 272,303,689	



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered in preparing the County's budget for fiscal year 2016:

- Budgeted expenditures for FY 2016 totaled $665,335,601, which represented an increase over the FY 2015 budget of $21,898,000 (3.4%).
- The County's property tax rate has remained constant with no tax increases since fiscal year 2008. The County Assessor completed the County's latest four-year cyclical reappraisal in fiscal year 2014. Property tax revenues for fiscal year 2016 are budgeted to increase by 2.6% over the prior year.
- Intergovernmental revenues account for 33% of the County's total revenue. The intergovernmental revenues consist primarily of funding received from the State of Tennessee and from the Federal government. Eighty-eight percent of the intergovernmental revenues are received by the Department of Education with the remainder going to the General Fund. Intergovernmental revenues are projected to grow 3.3% in fiscal year 2016.
- Transfers-in from other funds include various interfund transfers, including excess fees paid to the General Fund from various constitutional officers; appropriation from the General Fund to the Debt Service Fund to cover scheduled principal and interest payments due in fiscal year 2016; and transfers in from the Capital Projects Fund to cover FY 2016 capital outlay expenditures. Total revenues from transfers increased by $8,410,000 (18.1%) from the FY 2015 budget primarily due to an increase in the appropriation from the General Fund to the Debt Service Fund of

$5,176,000 (15.5%) and the transfer of $3,614,000 from the Capital Projects Fund to finance the cost of capital outlay expenditures.

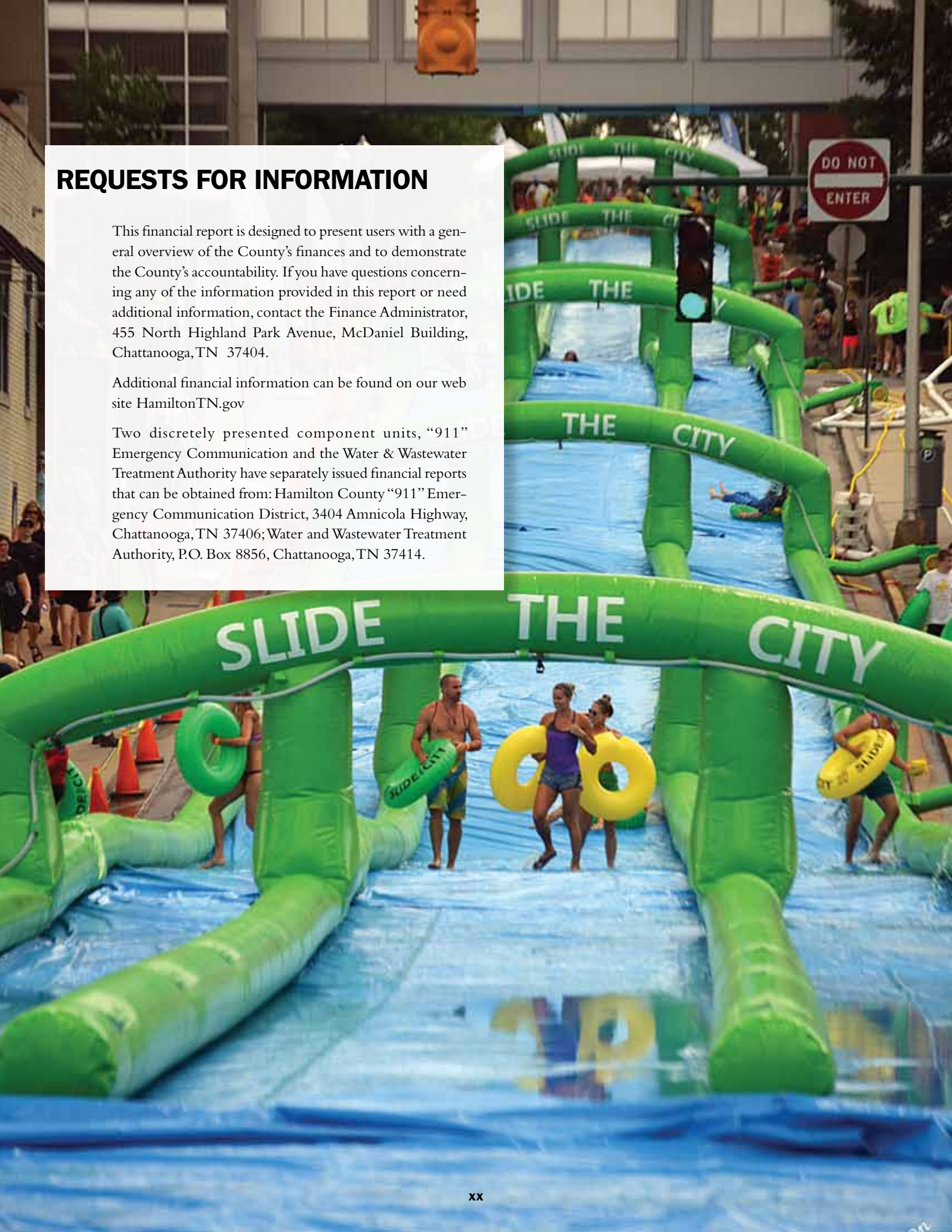
- The County granted across-the-board salary increases of 1.5% at a cost of $1.5 million (including benefits).
- Principal and interest costs increased $5.7 million over FY 2015. The increase is the direct result of the issuance of $60 million of bonds in May 2015 and the corresponding principal and interest due on such bonds in FY 2016.
- The County budgeted for a reduction of costs in certain areas, primarily dealing with employee benefits. Budgeted health insurance costs decreased by 4.0%, a $1 million decline compared to FY 2015. The decline is a result of:
  - Successful cost control efforts through use of an employee clinic, pharmacy, and wellness center; and
  - Health insurance premiums charged to departments in prior years that exceeded claims experience.
- The County Commission approved a change to its employee retirement plans for employees hired October 1, 2015 and thereafter. The current employee pension plan, known as the Legacy Plan, will remain in effect for current employees and is budgeted at a cost of 14.33% of employees' salaries. The new plan, known as the Hybrid Plan, locks pension costs at 9% of employees' salaries. The Hybrid plan will take effect for employees hired on or after October 1, 2015. The anticipated savings in FY 2016 in adopting the new plan will be approximately $250,000, and the annual savings will grow exponentially each year thereafter.
- Hamilton County Department of Education (HCDE), a discretely presented component unit of Hamilton County Government accounts for 61% of the total County budget. HCDE's overall budget growth over FY 2015 was $6.5 million, including growth in local funding of $2.8 million.
- The HCDE adopted a fiscal year 2016 budget of $405,685,000 (61% of the total budget for Hamilton County). The HCDE's combined budget growth is 1.6% over fiscal year 2015. Basic Education Program funding increased by 2.6% and is calculated by the State based on multiple parameters; however, one of the main components is student enrollment. In fiscal year 2016, the school district is projecting an increase in student enrollment.
- Increases in the expenditure budgets were attributable primarily to school based personnel. These included the salary increase anticipated from the State Department of Education. Salary step increases are calculated annually based on years of service in accordance with the contractual agreement with the educational association. The largest decrease in expenditures was in employee health insurance costs, which decreased $2 million from the FY 2015 budget. This decrease can be attributed to savings from restructuring the employee health insurance program.
- To balance the Education budget certain challenges had to be addressed, not the least of which was staffing. Instructional staff increased due to projected growth in student enrollment. With over 80% of School District funds being spent on personnel, the District closely aligns its staffing levels with the State's Basic Education Program and class size mandates.

REQUESTS FOR INFORMATION

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions concerning any of the information provided in this report or need additional information, contact the Finance Administrator, 455 North Highland Park Avenue, McDaniel Building, Chattanooga, TN 37404.

Additional financial information can be found on our web site HamiltonTN.gov

Two discretely presented component units, "911" Emergency Communication and the Water & Wastewater Treatment Authority have separately issued financial reports that can be obtained from: Hamilton County "911" Emergency Communication District, 3404 Amnicola Highway, Chattanooga, TN 37406; Water and Wastewater Treatment Authority, P.O. Box 8856, Chattanooga, TN 37414.



STATEMENT OF NET POSITION
HAMILTON COUNTY, TENNESSEE
June 30, 2015

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	$ 8,371,695	$ 23,916,280
Certificates of deposit	-	9,548,228
Investments	171,315,362	94,886,575
Receivables, net of allowance for uncollectibles	146,856,291	162,629,838
Receivables, restricted	-	763,911
Due from component units	998,957	-
Due from primary government	-	2,333,917
Inventories	2,110,880	1,002,475
Restricted cash	-	5,176,822
Prepaid items	316,201	780,326
Advance to component units, net of allowance for uncollectibles	7,516,938	-
Net pension asset	-	1,770,727
Net OPEB asset	509,741	-
Investment in joint venture	3,753,793	-
Land and other nondepreciable assets	109,326,915	23,716,984
Other capital assets, net of accumulated depreciation	174,125,248	411,673,723
Total assets	625,202,021	738,199,806
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pension contributions	14,423,401	19,170,391
Deferred loss on refunding	5,318,202	-
	19,741,603	19,170,391
LIABILITIES		
Accounts payable and accrued expenses	29,081,219	41,983,106
Due to primary government	-	998,957
Due to component units	2,333,917	-
Long-term liabilities:		
Due within one year	31,408,912	9,809,244
Due in more than one year	287,323,589	46,071,569
Net pension liability	4,154,846	-
Advance from primary government	-	14,016,938
Total liabilities	354,302,483	112,879,814
DEFERRED INFLOWS OF RESOURCES		
Unearned property tax revenue	112,226,286	126,475,326
Deferred inflows from pensions	28,205,944	58,851,864
Total deferred inflows of resouces	140,432,230	185,327,190
NET POSITION		
Net investment in capital assets	244,360,829	409,915,135
Restricted for:		
Centralized cafeteria	-	2,537,907
WWTA PSLP program	-	6,326,994
Unrestricted	(94,151,918)	40,383,157
Total net position	$150,208,911	$459,163,193

The Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
PRIMARY GOVERNMENT			
Government activities:			
General government	$ 61,957,402	$ 20,414,588	$ 4,396,973
Public safety:			
Sheriff	30,250,034	785,553	2,705,720
Criminal Court	2,724,085	2,578,618	-
Juvenile Court	1,495,996	389,769	-
Ambulance Services	9,514,960	7,440,280	-
Other	37,115,919	2,272,222	5,300,671
Highways and streets	12,396,414	2,719,713	4,526,839
Health	21,133,493	1,915,656	9,215,158
Social services	6,274,516	4,397,525	171,136
Culture and recreation	7,921,387	538,507	1,763,020
Education	28,300,691	-	-
Interest on long-term debt	7,232,360	-	-
TOTAL PRIMARY GOVERNMENT	$226,317,257	$ 43,452,431	$ 28,079,517
COMPONENT UNITS			
Department of Education	$388,420,510	$ 7,957,489	$ 52,668,141
"911" Emergency communications	12,235,723	1,713,880	3,764,388
Water and wastewater treatment authority	12,150,704	16,816,344	-
Railroad authority	133,452	132,602	-
TOTAL COMPONENT UNITS	$412,940,389	$ 26,620,315	$ 56,432,529
General revenues:			
Property taxes			
Sales taxes			
Business taxes			
Hotel/Motel taxes			
Other taxes			
Gain/Loss on joint venture			
Unrestricted investment earnings			
Grants and contributions not restricted to specific programs			
Gain/Loss on disposal of property			
Total general revenues			
Change in net position			
Net position, beginning as restated			
Net position, ending			

The Notes to Basic Financial Statements are an integral part of this statement.

	Net (Expenses) Revenues and Changes in Net Position	
Capital Grants and Contributions	Primary Government Governmental Activities	Components Units
$ 6,678,478	$ (30,467,363)	
-	(26,758,761)	
-	(145,467)	
-	(1,106,227)	
-	(2,074,680)	
-	(29,543,026)	
-	(5,149,862)	
-	(10,002,679)	
-	(1,705,855)	
-	(5,619,860)	
-	(28,300,691)	
-	(7,232,360)	
$ 6,678,478	(148,106,831)	
$ 23,743,887		$ (304,050,993)
7,002,508		245,053
3,110,491		7,776,131
-		(850)
$ 33,856,886		(296,030,659)
	131,896,902	133,065,420
	2,710,878	66,031,434
	6,273,817	-
	6,498,427	-
	975,611	-
	11,842	-
	551,529	392,644
	-	143,330,708
	98,899	-
	149,017,905	342,820,206
	911,074	46,789,547
	149,297,837	412,373,646
	$ 150,208,911	$ 459,163,193

BALANCE SHEET
GOVERNMENTAL FUNDS

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	General	Debt Service
ASSETS:		
Cash and cash equivalents	$ 475,434	$ 567
Investments	79,990,148	1,285,488
Receivables, net of allowance for uncollectible	140,227,476	49,749
Due from other funds	3,588,403	-
Due from component units	998,957	-
Inventories	1,607,160	-
Prepaid items	200,135	-
Total assets	$ 227,087,713	$ 1,335,804
LIABILITIES:		
Accounts payable	$ 4,648,325	$ 5,450
Accrued items and other	10,239,633	-
Intergovernmental payables	420,566	-
Due to other funds	137,908	-
Due to component units	382,917	-
Total liabilities	15,829,349	5,450
DEFERRED INFLOWS OF RESOURCES:		
Unearned property taxes	118,672,957	-
Other deferred revenues	1,191,345	-
Total deferred inflows of resources	119,864,302	-
FUND BALANCES:		
Nonspendable for inventories	1,607,160	-
Nonspendable for prepaid items	200,135	-
Restricted for general government	-	-
Restricted for public safety	12,835	-
Restricted for social services	-	-
Committed for public safety	51,669	-
Committed for capital projects	-	-
Assigned for general government	2,137,352	-
Assigned for public safety	2,394,327	-
Assigned for debt service	-	1,330,354
Assigned for highways and streets	16,158	-
Assigned for health	143,087	-
Assigned for culture and recreation	12,090	-
Assigned for capital projects	-	-
Unassigned	84,819,249	-
Total fund balances	91,394,062	1,330,354
Total liabilities, deferred inflows of resources and fund balances	$ 227,087,713	$ 1,335,804

The Notes to Basic Financial Statements are an integral part of this statement.

Capital Projects	Other Governmental Funds	Total Governmental Funds
$ -	$ 4,539,959	$ 5,015,960
70,464,014	802,904	152,542,554
5,202,782	1,375,206	146,855,213
2,078	120,400	3,710,881
-	-	998,957
-	-	1,607,160
-	-	200,135
$75,668,874	$ 6,838,469	$ 310,930,860
$ 5,324,160	$ -	$ 9,977,935
-	2,120,520	12,360,153
-	-	420,566
2,401,824	1,181,619	3,721,351
1,951,000	-	2,333,917
9,676,984	3,302,139	28,813,922
-	-	118,672,957
220	-	1,191,565
220	-	119,864,522
-	-	1,607,160
-	-	200,135
-	1,845,569	1,845,569
-	701,930	714,765
-	778,864	778,864
-	209,967	261,636
53,115,303	-	53,115,303
-	-	2,137,352
-	-	2,394,327
-	-	1,330,354
-	-	16,158
-	-	143,087
-	-	12,090
12,876,367	-	12,876,367
-	-	84,819,249
65,991,670	3,536,330	162,252,416
$75,668,874	$ 6,838,469	$ 310,930,860

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

HAMILTON COUNTY, TENNESSEE

June 30, 2015

Differences in amounts reported for governmental activities in the statement of net position on page A-1:

Fund balances - total governmental funds		$ 162,252,416
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		283,452,163
Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		7,638,604
Internal service funds are used by management to charge the costs of self-insurance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		20,048,269
The County OPEB trust fund has been funded in excess of annual required contributions, creating a net OPEB asset. This asset is not a currently available financial resource and is not reported in the funds.		509,741
Long-term assets receivable from a component unit are not due until the related long-term liability is due and payable.		7,516,938
The County entered into a joint venture with the City of Chattanooga and the Carter Street Corporation for the development and management of the Convention and Visitor's Trade Center. This asset is not a currently available financial resource and is not reported in the funds.		3,753,793
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. This item consists of the following:		
General obligation bonds	$ 272,965,000	
Original issue premiums	29,918,021	
Notes payable & other debt	669,043	
Deferred loss on refunding	(5,318,202)	
Net pension liability	4,154,846	
Deferred outflows from pension contributions	(14,423,401)	
Deferred inflows from pensions	28,205,944	
Landfill post closure costs	170,000	
Compensated absences	15,010,437	
Accrued interest payable	3,611,325	
		(334,963,013)
Net position of governmental activities		$ 150,208,911

The Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

HAMILTON COUNTY, TENNESSEE

Year Ended June 30, 2015

	General	Debt Service
REVENUES		
Taxes	$ 143,574,006	$ -
Licenses and permits	683,952	-
Intergovernmental	26,550,455	697,337
Charges for services	13,141,891	555,131
Fines, forfeitures and penalties	1,763,762	-
Investment earnings	342,084	3,598
Miscellaneous	4,694,948	62,574
Total revenues	190,751,098	1,318,640
EXPENDITURES		
Current:		
General government	39,611,357	-
Public safety:		
Sheriff	31,320,416	-
Criminal Court	-	-
Juvenile Court	1,407,321	-
Ambulance Services	9,277,506	-
Other	38,978,807	-
Highways and streets	11,075,618	-
Health	22,437,799	-
Social services	3,218,363	-
Culture and recreation	7,589,563	-
Debt service:		
Principal	-	59,324,643
Interest and fiscal charges	-	9,551,882
Capital outlay:		
General government	3,370,649	-
Education	-	-
Total expenditures	168,287,399	68,876,525
Excess (deficiency) of revenues over (under) expenditures	22,463,699	(67,557,885)
OTHER FINANCING SOURCES (USES)		
Transfers in	16,752,153	32,965,170
Transfers out	(59,290,170)	-
Sale of capital assets	35,844	-
Proceeds from sale of bonds	-	35,000,000
Proceeds from line of credit	-	-
Premium from bonds	-	-
Proceeds from sale of refunding bonds	-	30,135,000
Premium on refunding bonds	-	5,725,718
Payment to refunded bonds escrow agent	-	(35,860,718)
Total other financing sources and uses	(42,502,173)	67,965,170
Net change in fund balances	(20,038,474)	407,285
Fund balances, beginning, as restated	111,432,536	923,069
Fund balances, ending	$ 91,394,062	$ 1,330,354

The Notes to Basic Financial Statements are an integral part of this statement.

Capital Projects	Other Governmental Funds	Total Governmental Funds
$ -	$ 6,512,530	$ 150,086,536
-	-	683,952
6,678,478	69,224	33,995,494
224,587	21,260,614	35,182,223
-	96,600	1,860,362
111,984	28,855	486,521
782,350	186,022	5,725,894
7,797,399	28,153,845	228,020,982
-	11,136,485	50,747,842
-	239,377	31,559,793
-	2,834,843	2,834,843
-	-	1,407,321
-	-	9,277,506
-	19,149	38,997,956
-	-	11,075,618
-	-	22,437,799
-	3,511,009	6,729,372
-	-	7,589,563
-	-	59,324,643
-	-	9,551,882
29,100,909	-	32,471,558
21,901,273	-	21,901,273
51,002,182	17,740,863	305,906,969
(43,204,783)	10,412,982	(77,885,987)
26,325,000	-	76,042,323
(5,274,570)	(11,477,583)	(76,042,323)
731,325	35,030	802,199
25,000,000	-	60,000,000
30,000,000	-	30,000,000
10,716,640	-	10,716,640
-	-	30,135,000
-	-	5,725,718
-	-	(35,860,718)
87,498,395	(11,442,553)	101,518,839
44,293,612	(1,029,571)	23,632,852
21,698,058	4,565,901	138,619,564
$ 65,991,670	$ 3,536,330	$ 162,252,416

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

HAMILTON COUNTY, TENNESSEE

Year Ended June 30, 2015

Differences in amounts reported for governmental activities in the statement of activities on pages A-2 and A-3:

Net change in fund balances - total governmental funds	$ 23,632,852
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net assets.	41,772,509
Depreciation expense on governmental capital assets are included in the governmental activities in the statement of activities.	(12,229,711)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment on long-term debt and related items.	(39,319,172)
The net revenues of internal service funds are reported with governmental activities.	2,270,952
The net effect of various transactions involving capital assets is to decrease net position.	(741,624)
The net effect of capital asset transactions involving the Hamilton County Department of Education is to decrease net position.	(24,398,692)
The net effect of the change in the net OPEB obligation is included in the governmental activities in the statement of activities.	79,537
The net effect of the change in the net pension liability is included in the governmental activities in the statement of activities.	10,371,549
Certain governmental revenues will not be collected for several months after the fiscal year and are reported as deferred inflows in the governmental funds.	(538,968)
The net effect of the change in the Carter Street joint venture is included in the governmental activities in the statement of activities.	11,842
Change in net position of governmental activities	$ 911,074

The Notes to Basic Financial Statements are an integral part of this statement.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

HAMILTON COUNTY, TENNESSEE

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 144,610,800	$ 144,610,800	$ 143,574,006	$ (1,036,794)
Licenses and permits	879,300	879,300	683,952	(195,348)
Intergovernmental revenues	22,058,452	25,014,217	23,844,735	(1,169,482)
Charges for services	15,675,679	15,700,679	12,821,647	(2,879,032)
Fines, forfeitures and penalties	1,134,050	1,134,050	1,149,227	15,177
Investment earnings	433,885	433,885	331,895	(101,990)
Miscellaneous	3,554,756	3,824,763	4,401,938	577,175
Total revenues	188,346,922	191,597,694	186,807,400	(4,790,294)
EXPENDITURES				
Current:				
General government	40,564,475	41,457,816	39,613,161	1,844,655
Public safety	47,957,333	49,457,435	48,258,990	1,198,445
Highways and streets	12,244,848	12,244,848	11,091,653	1,153,195
Health	23,346,075	24,572,256	22,496,750	2,075,506
Social services	2,254,336	2,254,450	2,187,146	67,304
Culture and recreation	7,970,559	7,976,768	7,583,692	393,076
Capital outlay	3,073,749	4,260,110	3,387,796	872,314
Total expenditures	137,411,375	142,223,683	134,619,188	7,604,495
Excess of revenues over expenditures	50,935,547	49,374,011	52,188,212	2,814,201
OTHER FINANCING SOURCES (USES)				
Transfers in	11,466,000	16,740,571	16,804,619	64,048
Transfers out	(62,441,547)	(88,766,547)	(88,387,366)	379,181
Sale of capital assets	40,000	40,000	35,844	(4,156)
Total other financing sources (uses)	(50,935,547)	(71,985,976)	(71,546,903)	439,073
Net change in fund balance	-	(22,611,965)	(19,358,691)	3,253,274
Fund balance allocation	-	22,611,965	-	-
	$ -	$ -	(19,358,691)	$ 3,253,274
Add encumbrances at end of year	.		708,744	
Less encumbrances at beginning of year			(618,114)	
			(19,268,061)	
Excess of revenues over (under) expenditures for sub-funds budgeted separately from the General Fund				
Sheriff - sub-fund of General Fund			(606,787)	
Juvenile Court Clerk - sub-fund of General Fund			(163,626)	
Net change in fund balance--(GAAP Modified Accrual Basis)			(20,038,474)	
Fund balance at beginning of year, as restated--(GAAP Modified Accrual Basis)			111,432,536	
Fund balance at end of year--(GAAP Modified Accrual Basis)			$ 91,394,062	

(continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND--(continued)

EXPLANATION OF DIFFERENCES:

REVENUES	
Actual amounts (budgetary basis) from the budgetary comparison schedule	$ 203,647,863
Sheriff - sub-fund of General Fund - actual GAAP	3,499,208
Juvenile Court Clerk - sub-fund of General Fund - actual GAAP	392,023
Total revenues and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 207,539,094
EXPENDITURES	
Actual amounts (budgetary basis) from the budgetary comparison schedule	$ 223,006,554
Adjustment for encumbrances	(90,630)
Transfer out for Sheriff and Juvenile Court	(29,097,196)
Sheriff - sub-fund of General Fund - actual GAAP	31,320,416
Juvenile Court Clerk - sub-fund of General Fund - actual GAAP	2,438,424
Total expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 227,577,568
FUND BALANCE	
General fund, exclusive of Sheriff and Juvenile Court Clerk sub-funds	$ 90,616,574
Sheriff - sub-fund of General Fund	397,860
Juvenile Court Clerk - sub-fund of General Fund	379,628
General Fund - GAAP Modified Accrual Basis	$ 91,394,062

STATEMENT OF NET POSITION
PROPRIETARY FUND

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	Governmental Activities - Internal Service Fund
CURRENT ASSETS	
Cash	$ 3,355,735
Investments	18,772,808
Accounts receivable	1,078
Due from other funds	15,429
Inventory	503,720
Prepaid insurance	77,932
Prepaid items	38,134
Total current assets	22,764,836
LIABILITIES	
Current Liabilities	
Accounts payable	152,195
Accrued claims	2,163,108
Due to other funds	4,959
Unearned revenue	368
Total current liabilities	2,320,630
Noncurrent Liabilities	
Accrued claims	395,937
NET POSITION	
Unrestricted	$ 20,048,269

The Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Charges for services	$ 33,978,039
Other	1,174,436
Total operating revenues	35,152,475
OPERATING EXPENSES	
Unemployment compensation	52,108
Claims and premiums	26,558,651
Pharmacy	4,697,391
Clinic	957,510
Administration	680,871
Total operating expenses	32,946,531
Operating income (loss)	2,205,944
NONOPERATING REVENUES	
Investment earnings	65,008
Change in net position	2,270,952
Net position, beginning	17,777,317
Net position, ending	$ 20,048,269

The Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

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	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from insurance premiums	$ 31,122,097
Cash received from unemployment compensation	615,675
Cash paid for claims and premiums	(26,333,887)
Cash paid for administration	(638,132)
Cash paid for clinic	(953,094)
Cash received for pharmacy	31,266
Net cash provided by (used in) operating activities	3,843,925
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(18,772,807)
Proceeds from sale of investments	18,151,047
Interest on investments	65,008
Net cash provided by (used in) investing activities	(556,752)
Net change in cash and cash equivalents	3,287,173
Beginning cash and cash equivalents	68,562
Ending cash and cash equivalents	$ 3,355,735
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income (loss)	$ 2,205,944
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Change in receivable	(3,478)
Change in due from other funds	1,347,121
Change in inventory	17,796
Change in prepaid	58,012
Change in accounts payable	142,829
Change in due to other funds	4,959
Change in deferred revenue	368
Change in accrued claims	70,374
Total adjustments	1,637,981
Net cash provided by (used in) operating activities	$ 3,843,925

The Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	OPEB Trust Fund	Pension Trust Funds	Constitutional Officers Agency Funds
ASSETS			
Cash	$ 2,537	$ 122,603	$ 13,451,413
Certificates of deposit	-	-	7,414,437
Investments	-	-	215,695
Investments, at fair value:			
US Gov. Securities	385,300	109,827	-
Municipal Bonds	449,869	172,441	-
Mutual Funds	8,041,494	1,398,595	-
Domestic Equity Securities	5,319,351	362,984	-
Domestic Corporate Bonds	1,039,874	354,157	-
Foreign Bonds / Notes	156,506	52,169	-
Foreign Equity Securities	781,578	51,720	-
Total investments	16,173,972	2,501,893	-
Receivables:			
Interest	34,090	8,918	-
Accounts	-	302	144,558
Intergovernmental	-	-	-
Total receivables	34,090	9,220	144,558
Total assets	16,210,599	2,633,716	21,226,103
LIABILITIES			
Accrued items and other	-	-	14,960,052
Intergovernmental payables	-	-	6,266,051
Total liabilities	-	-	21,226,103
NET POSITION			
Assets held in trust for benefits	$ 16,210,599	$ 2,633,716	$ -

The Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	OPEB Trust Fund	Pension Trust Funds
ADDITIONS		
Contributions:		
Employer	$ 1,600,000	$ 67,931
Other	-	3,588
Total contributions	1,600,000	71,519
Investment earnings:		
Net change in fair value of investments	(106,717)	(22,739)
Interest	535,911	86,196
Net investment income	429,194	63,457
Total additions	2,029,194	134,976
DEDUCTIONS		
Benefits	-	145,107
Administrative expense	85,175	17,915
Total deductions	85,175	163,022
Change in net position	1,944,019	(28,046)
Net position, beginning	14,266,580	2,661,762
Net position, ending	$ 16,210,599	$ 2,633,716

STATEMENT OF NET POSITION
COMPONENT UNITS

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	Hamilton County Department of Education	"911" Emergency Communication	Water & Wastewater Treatment Authority (WWTA)	Railroad Authority	Total
ASSETS					
Cash and cash equivalents	$ 16,304,870	$ 905,208	$ 6,652,921	$ 53,281	$ 23,916,280
Certificates of deposit	-	9,548,228	-	-	9,548,228
Investments	94,812,255	74,320	-	-	94,886,575
Receivables, net of allowance for uncollectible	159,504,732	235,354	2,889,752	-	162,629,838
Receivables, restricted	-	-	763,911	-	763,911
Due from primary government	2,333,917	-	-	-	2,333,917
Net pension asset	708,763	1,061,964	-	-	1,770,727
Inventories	927,765	-	74,710	-	1,002,475
Restricted cash	-	-	5,176,822	-	5,176,822
Prepaid items	392,763	-	387,563	-	780,326
Land and other nondepreciable assets	20,121,792	14,742	3,580,450	-	23,716,984
Capital assets, net of accumulated depreciation	313,008,603	7,827,679	90,836,341	1,100	411,673,723
Total assets	608,115,460	19,667,495	110,362,470	54,381	738,199,806
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows from pensions	18,816,204	354,187	-	-	19,170,391
Total deferred outflows of resources	18,816,204	354,187	-	-	19,170,391
LIABILITIES					
Accounts payable and other current liabilities	39,802,461	681,829	1,498,595	221	41,983,106
Due to primary government	22,046	635,710	341,201	-	998,957
Noncurrent liabilities:					
Due within one year	8,902,220	-	907,024	-	9,809,244
Due in more than one year	35,105,325	-	10,966,244	-	46,071,569
Advance from primary government	224,043	-	13,792,895	-	14,016,938
Total liabilities	84,056,095	1,317,539	27,505,959	221	112,879,814
DEFERRED INFLOWS OF RESOURCES					
Unearned property tax revenue	126,475,326	-	-	-	126,475,326
Deferred inflows from pension	58,397,532	454,332	-	-	58,851,864
Total deferred inflows of resources	184,872,858	454,332	-	-	185,327,190
NET POSITION					
Net investment in capital assets	333,130,395	7,842,421	68,941,219	1,100	409,915,135
Restricted for:					
Centralized cafeteria	2,537,907	-	-	-	2,537,907
WWTA PSLP program	-	-	6,326,994	-	6,326,994
Unrestricted	22,334,409	10,407,390	7,588,298	53,060	40,383,157
Total net position	$ 358,002,711	$ 18,249,811	$ 82,856,511	$ 54,160	$ 459,163,193

The Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
COMPONENT UNITS

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
HAMILTON COUNTY DEPARTMENT OF EDUCATION				
Regular instruction	$ 195,142,374	$ 836,346	$ 10,042,186	$ 11,878,895
Exceptional instruction	40,547,026	366,304	7,287,458	2,463,327
Vocational instruction	8,894,797	-	456,428	541,862
Support services:				
Pupil services	14,534,410	-	2,435,195	883,135
Instructional staff	23,975,250	-	12,181,284	1,479,896
Board of education	5,634,270	-	-	346,649
Administration	25,253,980	-	-	1,507,931
Business and fiscal services	2,564,521	-	-	160,696
Human resources	1,123,659	-	-	68,350
Plant operation and maintenance	29,993,031	-	-	1,922,090
Pupil transportation	13,894,603	-	472,257	852,521
Central and other	2,151,096	-	-	130,635
Operation of noninstructional services:				
Community services	3,271,057	3,190,124	551,494	199,327
Early childhood education	2,964,384	-	2,973,424	179,198
Child Nutrition	18,476,052	3,564,715	16,268,415	1,129,375
TOTAL DEPARTMENT OF EDUCATION	388,420,510	7,957,489	52,668,141	23,743,887
"911" EMERGENCY COMMUNICATIONS				
Emergency communications operations	12,235,723	1,713,880	3,764,388	7,002,508
WATER & WASTEWATER TREATMENT AUTHORITY				
Water and wastewater treatment operations	12,150,704	16,816,344	-	3,110,491
RAILROAD AUTHORITY				
Railroad authority operations	133,452	132,602	-	-
TOTAL COMPONENT UNITS	$ 412,940,389	$ 26,620,315	$ 56,432,529	$ 33,856,886

General revenues:
Property taxes
Sales taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings

Total general revenues

Change in net position
Net position, beginning as restated

Net position, ending

The Notes to Basic Financial Statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position				
Hamilton County Department of Education	"911" Emergency Communication	Water & Wastewater Treatment Authority	Railroad Authority	Total
$ (172,384,947)				$ (172,384,947)
(30,429,937)				(30,429,937)
(7,896,507)				(7,896,507)
(11,216,080)				(11,216,080)
(10,314,070)				(10,314,070)
(5,287,621)				(5,287,621)
(23,746,049)				(23,746,049)
(2,403,825)				(2,403,825)
(1,055,309)				(1,055,309)
(28,070,941)				(28,070,941)
(12,569,825)				(12,569,825)
(2,020,461)				(2,020,461)
669,888				669,888
188,238				188,238
2,486,453				2,486,453
(304,050,993)				
	$ 245,053			245,053
		$ 7,776,131		7,776,131
			$ (850)	(850)
				(296,030,659)
133,065,420	-	-	-	133,065,420
66,031,434	-	-	-	66,031,434
143,330,708	-	-	-	143,330,708
325,568	49,682	17,394	-	392,644
342,753,130	49,682	17,394	-	342,820,206
38,702,137	294,735	7,793,525	(850)	46,789,547
319,300,574	17,955,076	75,062,986	55,010	412,373,646
$ 358,002,711	$ 18,249,811	$ 82,856,511	$ 54,160	$ 459,163,193

NOTES TO BASIC FINANCIAL STATEMENTS

HAMILTON COUNTY, TENNESSEE
June 30, 2015

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hamilton County, Tennessee (the County) was incorporated October 25, 1819, by the Tennessee State Legislature and operates under a legislative body – County Mayor form of government. The present form of government was established in 1978 by constitutional amendment.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for governmental accounting and financial reporting. The County has implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

(1) REPORTING ENTITY

In evaluating the County as a reporting entity, management has addressed all potential component units. Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The component units of the primary government (the County) are all discretely presented.

Discretely Presented Component Units

Hamilton County Department of Education – The Hamilton County Department of Education provides public education for grades kindergarten through twelve. The nine-member board is comprised of elected members who appoint the superintendent. The Hamilton County Commission levies taxes for the operations of the school system and issues debt for all significant capital projects, thus making the Hamilton County Department of Education fiscally dependent on the primary government. The financial activities also include the operations of a centralized cafeteria system, school activity funds, capital projects, and an internal service fund. Additional information may be obtained from: Hamilton County Department of Education, 6703 Bonny Oaks Drive, Bldg. 200-1, Chattanooga, TN 37421.

Emergency Communication District Board (911) – The "911" Emergency Communication Board was approved by resolution of the Hamilton County Board of Commissioners after the passage of Chapter 867 of the 1984 Tennessee Public Acts which authorized Emergency Communications Districts. The nine-member board is appointed by the County Mayor, is approved by the Hamilton County Board of Commissioners, and is legally separate from Hamilton County. The Board of Commissioners must approve any bonds or indebtedness of the district. Complete financial statements may be obtained from: Hamilton County "911" Emergency Communication District, 3404 Amnicola Highway, Chattanooga, TN 37406.

Hamilton County Water & Wastewater Treatment Authority – The Water & Wastewater Treatment Authority (the Authority) was organized under the Water & Wastewater Treatment

Authority Act of the State of Tennessee. The Authority began operations on July 1, 1994, for the purpose of providing wastewater treatment service to residents of unincorporated areas of Hamilton County, Tennessee. The five-member board is appointed by the Hamilton County Board of Commissioners from recommendations of the County Mayor and is legally separate. The Authority's Board has final decision-making authority for the entity. The County Board of Commissioners does not approve the Authority's budget. Complete financial statements may be obtained from: Water & Wastewater Treatment Authority, P.O. Box 8856, Chattanooga, TN 37414.

Hamilton County Railroad Authority – The Railroad Authority (the Authority) was organized under the Railroad Authority Act of the State of Tennessee. The Authority was established on February 20, 2002 for the purpose of improving rail service in Hamilton County. The five-member Board consists of the County Mayor, City of Chattanooga Mayor, one member elected by the Board of County Commissioners, one member elected by the Chattanooga City Council, and the President and CEO of Chattanooga Area Chamber of Commerce. The Authority's Board has final decision-making authority for the entity. The Board of Commissioners must approve any bonds or indebtedness of the Authority. Additional information may be obtained from: Hamilton County Railroad Authority, 117 East Seventh Street, Chattanooga, TN 37402.

(2) JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The County participates in the following joint venture:

Carter Street Corporation – The Carter Street Corporation manages the Trade Center and parking garage that were financed by Industrial Development Bonds. Further information, along with condensed financial information, can be found in Note R – Joint Venture.

Related Organizations – The following related organizations are excluded from the financial reporting entity because the County's accountability for these organizations does not extend beyond making the appointments. Audited financial statements are available from the respective organizations.

North West Utility District – This utility district is different from the other utility districts of Hamilton County because of the size of the area that it covers. Tennessee Code Annotated, Section 7-82-307(r)(1) & (2) provides for the appointment of seven members of which three members are recommended by the utility commission and the remaining four are appointed by the County Mayor. After the board appointments, neither a financial benefit nor a burden to the citizens of Hamilton County arises.

Industrial Development Board of the County of Hamilton – The Industrial Development Board of the County of Hamilton (the Corporation) is a corporation formed for the purpose of promoting and developing commercial, industrial, and manufacturing enterprise and encouraging employment within the boundaries of Hamilton County. The County Board of Commissioners appoints the eleven-member board. The Corporation is authorized and empowered to issue industrial development revenue bonds that do not constitute an indebtedness of Hamilton County, the State of Tennessee, or any political subdivision thereof. The County assumes no responsibility for the day-to-day operating expenses of the Corporation. Fees charged to applicants for funding finance such expenses.

Chattanooga-Hamilton County Hospital Authority – The County Mayor appoints, subject to the approval of the County Board of Commissioners, four members of the eleven-member Hospital Authority Board. The County is committed to fund a minimum of $1,500,000 annually for indigent patient care to the Authority. The Authority has the ability to issue its own debt, which is not an obligation of the County, and primarily patient revenues finance its operations.

(3) BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements, focusing on either the County as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as

either governmental activities or business-type activities. At June 30, 2015, the County has no business-type activities in the primary government. In the government-wide Statement of Net Position, the governmental activities (a) are presented on a consolidated basis in a single column and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations and deferred resources of inflows and outflows.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, highways and streets, etc.), which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. Program revenues include revenues from fines and forfeitures, licenses and permits fees, service assessments, and charges for services. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is designed to view the County as a complete entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Major individual governmental funds statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the County's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented in the summary form as part of the proprietary fund financial statement. Activities accounted for in the Internal Service Funds include: (1) accounting for the payment of workers' compensation and general liability claims; (2) payment of retiree and employee medical claims, life insurance and other payroll related expenses, and unemployment claims; (3) the employee pharmacy; and (4) the employee medical clinic. Operating revenues and expenses are the result of providing services to the principal user of the internal service. Any revenues or expenses that are not the result of providing those services are classified as nonoperating. Since the principal users of the internal services are the County's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level and interfund transactions are eliminated. To the extent possible, the costs of these services are reflected in the appropriate functional activity (public safety, highways and streets, etc.).

The County's fiduciary funds are presented in the fund financial statements by type (trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The focus of the government-wide financial statements is on the County as a whole. The focus of the fund financial statements is on the major individual government funds as well as the fiduciary funds (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

(4) BASIS OF PRESENTATION

The financial transactions of the County are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred resources of outflows, liabilities, deferred resources of inflows, fund balance/net position, revenues and expenditures/expenses. The County reports the following major funds and other fund types:

a) Major Funds

General Fund – The General Fund is used to account for all revenues and expenditures applicable to the general operations of county government that are not properly accounted for in another fund. All general operating revenues that are not restricted or designated as to their use by outside sources are recorded in the General Fund. Revenues are derived primarily from taxes and intergovernmental revenues.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the payment of interest, principal, and related costs of long-term liabilities of the Primary Government's governmental activities.

Capital Projects Fund – The Capital Projects Fund is used to account for resources designated to construct or acquire capital assets and major improvements. Revenues are derived primarily from the issuance of long-term liabilities, intergovernmental revenues, grants, and earnings on investments.

b) Other Fund Types

Special Revenue Funds – Special Revenue Funds account for revenue sources that are legally restricted or committed to expenditure for specific purposes, such as grant programs, certain fines and forfeitures, and law enforcement services.

Internal Service Funds – The Internal Service Fund accounts for the County's self-insurance programs. The County is self-insured for employee medical claims, unemployment compensation, on-the-job injury claims, property and liability claims, and losses due to liabilities arising under the laws of the state and federal governments. The costs for these programs are funded through premiums paid by the departments and agencies of the County.

Pension Trust Funds – The Pension Trust Funds account for assets held by the County as trustee. These funds are accounted for in the same manner as business enterprises providing similar services. Certain county employees hired prior to July 1, 1977, all county commissioners, and certain county teachers who were employed prior to July 1, 1945, are covered by the Pension Trust Funds.

OPEB Trust Fund – OPEB Trust Fund is used to report the County's "Other Postemployment Benefits". The fund accounts for resources held in trust for a defined benefit postemployment health and medical care plan for County retirees and their dependents. This fund is accounted for in the same manner as business enterprises providing similar services.

Agency Funds – Agency Funds are used to account for fiduciary assets held by the County in a custodial capacity as an agent on behalf of individuals and other government entities. The County's agency fund is used to account for various deposits, bail bonds, performance bonds, and pension trust funds.

(5) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements and the Proprietary and Fiduciary Fund Financial Statements are presented on the accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on the modified accrual basis.

Accrual – Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual – All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Major revenue sources susceptible to accrual include: grants, interest, sales and use taxes, hotel/motel taxes, property taxes, and intergovernmental revenues. In general, other revenues are recognized when cash is received.

The County defined the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be six months for intergovernmental revenues and sixty days for property taxes and other revenues.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

(6) BUDGET POLICY AND BUDGETARY DATA

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

On or around June 1, the County Mayor submits to the Hamilton County Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of funding them.

Public hearings are conducted which allow for taxpayer comments.

Prior to July 1, the Board of Commissioners legally enacts a balanced budget through passage of a resolution.

The County Mayor is authorized to transfer budgeted amounts within divisions within any fund; however, any revisions that alter the total expenditures of any fund or transfer funds between divisions must be approved by the Board of Commissioners.

A legally enacted budget is employed as a management control device during the year for the following governmental funds: General Fund, Sheriff Fund, Juvenile Court Clerk Fund, Hotel Motel Fund and Debt Service Fund. Formal budgetary integration is not employed for the remaining Constitutional Officers due to the ability of management to closely monitor and control the transactions in the funds. The remaining special revenue funds are unbudgeted because effective control is maintained through the appropriation of revenues by the General Fund and through management's observation of the limited transactions of these funds. Sheriff and Juvenile Court Clerk Funds were blended into the General Fund after budget adoption.

The budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. Budgetary comparisons presented in the report are on this budgetary basis and do not include financial information of individual funds which do not have budgets. Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of the fiscal year.

Encumbrances against budgeted appropriations are recorded during the year upon execution of purchase orders, contracts, or other appropriate documents. Amounts shown as encumbrances at June 30, 2015, reflect expenditures for goods and services that had not been received or completed at that date. These items are recorded as commitments of fund balances and provide authority for the carryover of appropriations to the subsequent year in order to complete these transactions. Encumbrances are utilized in the General Fund, the Capital Projects Fund, and the General Purpose School Fund, a component unit.

	General	Capital Projects	Total
Primary Government			
Committed for public safety	$ 51,669	$ -	$ 51,669
Committed for capital projects	-	53,115,303	53,115,303
Assigned for general government	493,983	-	493,983
Assigned for public safety	43,426	-	43,426
Assigned for highways and streets	16,158	-	16,158
Assigned for health	143,087	-	143,087
Assigned for culture and recreation	12,090	-	12,090
	$ 760,413	$ 53,115,303	$ 53,875,716

The various departments within the County are organized by function into separate divisions. The level at which expenditures may not legally exceed appropriations is the division level. All budget amounts included in these financial statements and the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

The General Fund of the County is organized into seven separate divisions by function (Constitutional Offices, Supported Agencies, Unassigned, Finance, Public Works, General Services and Health) and it is at that level that expenditures may not legally exceed appropriations. The Sheriff and Juvenile Court Clerk have separate legally adopted budgets that are combined with the General Fund as established by GASB 54. Funds that have a legally adopted budget may not exceed appropriations.

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive/(Negative)
General Fund				
Constitutional Offices	$ 54,129,467	$ 54,619,343	$ 53,280,522	$ 1,338,821
Supported Agencies	4,021,437	4,021,437	4,011,798	9,639
Unassigned	64,755,025	92,862,314	90,311,653	2,550,661
Finance	7,436,731	7,941,425	7,481,697	459,728
Public Works	17,011,328	17,026,238	15,635,048	1,391,190
General Services	30,841,407	31,806,901	31,648,772	158,129
Health	21,657,527	22,712,572	20,637,065	2,075,507
	199,852,922	230,990,230	223,006,555	7,983,675
Sheriff	30,601,730	31,576,063	31,264,446	311,617
Juvenile Court Clerk	2,511,941	2,511,941	2,438,424	73,517
Total General Fund	232,966,593	265,078,234	256,709,425	8,368,809
Debt Service	33,994,780	33,994,780	33,876,525	118,255
Hotel Motel	6,100,000	6,100,000	6,499,017	(399,017)
Primary Government	$ 273,061,373	$ 305,173,014	$ 297,084,967	$ 8,088,047

A separately issued budgetary report is available and can be obtained from Hamilton County Finance Division, 455 North Highland Park Avenue, Chattanooga, Tennessee 37404.

(7) ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

a) Cash and Cash Equivalents

The County considers cash and cash equivalents to include cash on hand, amounts due from banks, and interest-bearing deposits at various financial institutions.

b) Investments

Investments are stated at fair value, except for interest-earning investment contracts that have a remaining maturity of one year or less at the time of purchase.

c) Receivables

Receivables were recorded in the Governmental, Proprietary, Fiduciary, and Component Unit Funds. Where appropriate, receivables are shown net of an allowance for uncollectible accounts.

d) Inventories and Prepaid Items

Inventories are valued at cost, which approximates market value using the first-in, first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The costs are recorded as expenditures at the time individual inventory items are used (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

e) Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. The County maintains infrastructure asset records consistent with other capital assets. The County's threshold for additions to capital assets is $5,000 in the primary government and $5,000 for the Department of Education. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

	Useful Life
Buildings	20 – 50 years
Improvements Other Than Buildings	20 – 50 years
Machinery and Equipment	5 – 20 years
Public Domain Infrastructure	10 – 50 years
Intangibles	5 years

Beginning in the implementation year (July 1, 2001) new infrastructure expenditures have been capitalized and depreciated. Following the implementation of GASB No. 34, the County continued to expand and refine its capital assets. Effective July 1, 2003, the County recorded the infrastructure assets at estimated or actual historical cost, net of accumulated depreciation. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

f) Fund Balance

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions*, in fiscal year 2011. In the governmental fund financial statements, the fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are (a) not in spendable form, or (b) legally or contractually required to be maintained intact (e.g., endowments). The fund balance considered "nonspendable" includes items not expected to be converted to cash (e.g., inventories and prepaid items), as well as long-term receivables and the County's investment in its joint venture described in Note R. The County does not have any nonspendable fund balance that is legally or contractually required to be maintained intact.

Restricted fund balance includes amounts that are restricted for the following purposes noted in this paragraph. These amounts result from constraints placed on the use of resources (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. State statutes mandate that certain funds collected are restricted for their specific purposes. Purposes that are controlled by state statute are fees collected for automation, certain funds received for public safety, and certain funds received for the Department of Education centralized cafeteria that are intended for a special segment of the school population and not intended to benefit the student body as a whole. Other funds that are restricted are the fees collected from rate payers to finance the private service lateral program (PSLP) of the Water and Wastewater Treatment Authority

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by legally binding contracts approved by resolution. These items are commitments that exceed the $15,000 threshold set forth by the Hamilton County Purchasing Rules and Regulations. Items committed may only be modified or rescinded by resolution passed by the County Commission.

Assigned fund balance consists of amounts constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. For reporting purposes, assignments may fall into two categories: assigned for specific purposes or assigned for encumbrances that fall below the $15,000 threshold as set forth by the Hamilton County Purchasing Rules and Regulations. Items assigned as encumbrances may be assigned, modified or rescinded by the County Mayor or his designee, as set forth in the Hamilton County Purchasing Rules and Regulations.

Unassigned fund balance is the residual balance in the general fund (i.e., fund balance that is not either nonspendable, not restricted, committed, or assigned.)

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted amounts are expended first, and then unrestricted funds are used. Generally, when expenditures are incurred utilizing unrestricted funds, unassigned amounts are expended first, then assigned amounts, then committed amounts.

g) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The County has an item that qualifies as a deferred outflow of resources relating to the 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. The 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 reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County reports unearned property taxes and various receivables for revenue which do not meet the availability criteria in governmental funds as deferred inflows of resources.

h) Pension Plans

Substantially all County employees are eligible to participate in retirement benefit plans established by either the County or the State of Tennessee.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Hamilton County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Hamilton County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

The County has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment

return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

(8) REVENUES, EXPENDITURES AND EXPENSES

Substantially all governmental fund revenues are accrued. Expenditures are recognized when the related fund liability is incurred, except for the following instances permitted by generally accepted accounting principles:

- General obligation long-term debt principal and interest are reported only when due.
- Inventory costs are reported in the period when inventory items are consumed rather than in the period purchased.

a) Property Taxes

Property taxes levied by the County are assessed by the Assessor of Property and collected by the Trustee, both of whom are elected officials of the County. Property tax revenues are recognized when they become measurable and available. "Available" means due or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. Uncollected amounts not considered available are recorded as deferred inflows of resources. Hamilton County has unlimited ability to levy ad valorem taxes.

The property tax calendar applicable to the current fiscal year is as follows:

Lien date	January 1, 2014
Levy date	October 1, 2014
Tax bills mailed	October 1, 2014
Delinquency date	March 1, 2015
Tax sale – 2011 delinquent property taxes	June 4, 2015

b) Grant Revenue

The County, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any) when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the County before the eligibility requirements are met are reported as deferred inflows of resources.

Some grants and contributions consist of capital assets or resources that are restricted for capital purposes – to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the County.

c) Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average daily equity in pooled cash and investments to the total average daily pooled equity in pooled cash and investments.

d) Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reflected as transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund. Transactions that would be treated as revenues or expenditures if they involve organizations external to the County are treated as revenues in the receiving fund and expenditures in the disbursing fund. Amounts reported in the fund financial statements as transfers in/out from other funds are eliminated in the governmental activities column of the government-wide Statement of Activities.

Amounts owed to one fund or component unit by another are reported as due to/due from other funds or component units. Amounts reported in the fund financial statements as due to/due from other funds are eliminated in the governmental activities column of the government-wide Statement of Net Position.

e) Payments Between the County and Component Units

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions – that is, as revenues and expenses. Payments from component units consist of debt service payments from "911" Emergency Communication for equipment purchased by the County and from Water and Wastewater Treatment Authority for bonds issued in the County's name.

f) Indirect Costs

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

g) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

h) Compensated Absences

County employees earn compensation for absences by a prescribed formula based on their length of service. Compensation for absences is accumulated every pay period and has a cap of 1,680 hours for employees hired before January 1, 2013. Employees hired after that date may only accumulate up to 800 hours. During the year, the compensation earned may be used for either vacation or absence due to illness. At year end, the liability for compensation for absences earned but not paid to employees is accrued in the government-wide financial statements by function. Upon termination or retirement, employees are paid for the balance accrued in their compensated absences bank.

(9) NET POSITION

The government-wide financial statements utilize a net position presentation and are displayed in three components.

Net Investment in Capital Assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – consists of net position with third party (statutory, bond covenant or granting agency) limitations on their use. The County's policy is generally to use restricted net position first, as appropriate opportunities arise.

Unrestricted Net Position – all other net position that does not meet the definition of restricted or net investment in capital assets.

NOTE B – CHANGE IN REPORTING ENTITY

Management of the County has determined that a restatement of the beginning fund balance of the General Fund and Other Governmental Funds was needed to report two funds, which were previously reported in the General Fund, as Special Revenue Funds in the current year. The Sheriff Drug Fund and Sheriff TN State Sex Offenders Fund meet the definition of special revenue funds in the current year. Therefore, in accordance with generally accepted accounting principles, the following restatement to beginning fund balance for the General Fund is as follows:

General Fund as previously reported:	$ 112,105,611
Adjustment for Sheriff Drug Fund beginning fund balance	(619,466)
Adjustment for TN State Sex Offenders Fund beginning fund balance	(53,609)
Beginning General Fund balance, restated:	$ 111,432,536

Other Governmental Funds as previously reported:	$ 3,892,826
Adjustment for Sheriff Drug Fund beginning fund balance	619,466
Adjustment for TN State Sex Offenders Fund beginning fund balance	53,609
Beginning Other Governmental Funds balance, restated:	$ 4,565,901

NOTE C – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The County incurred no material violations of finance related legal and contractual provisions.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2015, the County had no material excess of expenditures over appropriations in individual funds.

Net Position/Fund Balance Deficit

At June 30, 2015, the County has a deficit of $94,151,918 in unassigned net position in the government-wide statement of net position for governmental activities. Historically, significant portions of the County's general obligation bonds are issued to acquire, construct, and develop facilities for the Department of Education. These facilities are not recorded as capital assets of the County's governmental activities but are recorded as capital assets of the Department of Education, which is a discretely presented component unit. During the year ending June 30, 2015, the County conveyed $24,398,692 in capital assets to the Department of Education. At June 30, 2015, the County's long-term liabilities include general obligation bonds of $194,378,643 issued for the Department of Education capital projects and notes payable of $224,043 for capital expenditures.

NOTE D – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Custodial credit risk relating to deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2015, all deposits were insured or collateralized, as required by Government policy.

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and interest-bearing deposits at various financial institutions.

Investments

At June 30, 2015, investments of the primary government (except for Pension Trust Funds and OPEB Trust Fund) and component units consist of the following:

	Weighted Average Maturity (Days)	Fair Value
Primary Government – Governmental Activities**:**		
Investment in local investment pool	198	$171,300,362
Certificates of Deposit	62	15,000
Total		$171,315,362
Primary Government – Agency Funds**:**		
Investment in local investment pool	198	$ 215,695
Total		$ 215,695
Component Units**:**		
Investment in local investment pool	198	$ 94,753,430
Investment in state investment pool	-	74,320
Certificates of Deposit	305	58,825
Total		$ 94,886,575

Interest rate risk – Interest rate risk is the risk that the fair value of an investment will be adversely affected by changes in interest rates. As a means of limiting the County's exposure to fair value losses arising from rising

interest rates, the County purchases investments with maturities of two years or less as required by state law. The County's investment practices further reduce exposure to interest rate risk by maintaining a weighted average maturity in its investment portfolio of one year or less through the use of the "ladder" method of investing and by holding all investments to maturity. The County's investment portfolio did not experience any significant fluctuations in fair value during the year.

Custodial credit risk – The County's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the County's agent in the County's name, or by the Federal Reserve Banks acting as third party agents. The statutes also authorize the types of investments in which the County can participate. The portfolio manager may invest in any instruments which are in accordance with applicable laws, including but not limited to the following: certificates of deposit and savings accounts in banks and savings and loan institutions; Tennessee Valley Authority Bonds; bonds, notes, or treasury bills of the United States; Federal Land Bank bonds; Federal Home Loan Bank notes and bonds; Federal National Mortgage Association notes and debentures, banks for cooperative debentures, or any of its other agencies, or obligations guaranteed as to principal and interest by the United States; the pooled investment fund of the State of Tennessee; or repurchase agreements.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's adopted investment policy is designed to maximize investment earnings while protecting the security of principal and providing adequate liquidity. State law requires that the County not have investments longer than two years and all investments to be secured by either the State Collateral Pool Board or the participating bank.

Pension Trust Funds and Other Post Employment Benefits Trust Fund – The County's Pension Trust Funds and Other Post Employment Benefits (OPEB) Trust Fund are managed with long-term objectives that include maximizing total investment earnings. State statutes and County policies allow these funds a broader range of investments than other County investments. The County's Pension Trust Funds and OPEB Trust Fund have no investments in any one issuer that represent 5 percent or more of plan net position. The credit risk of investments of these funds is summarized as follows:

Pension Trust Funds:

	Moody's Rating	Fair Value	Interest Rate
U.S. Treasury Note	Aaa	$ 56,176	0.625-3.125%
Agency Securities – FHLMC	Aaa	26,421	2.375-3.750%
Agency Securities – FNMA	Aaa	27,230	5.375%
Municipal Bonds	A1	26,427	4.122%
Municipal Bonds	A2	34,693	2.942%
Municipal Bonds	A3	25,545	4.500%
Municipal Bonds	Aa1	20,327	3.512%
Municipal Bonds	Aa2	15,483	3.450%
Municipal Bonds	Aa3	24,822	2.201%
Municipal Bonds	Aaa	25,144	2.820%
Domestic Corporate Bonds	A1	20,863	4.125-4.800%
Domestic Corporate Bonds	A2	75,957	2.150-5.625%
Domestic Corporate Bonds	A3	87,355	2.500-6.250%
Domestic Corporate Bonds	Aa3	20,566	1.75%-3.150%
Domestic Corporate Bonds	Baa1	108,956	2.200-6.850%
Domestic Corporate Bonds	Baa2	10,667	4.250%
Domestic Corporate Bonds	Baa3	29,793	3.150-6.500%
Foreign Bonds / Notes	A1	10,105	2.300%
Foreign Bonds / Notes	A2	9,885	3.125%
Foreign Bonds / Notes	A3	11,257	5.625%
Foreign Bonds / Notes	Aa1	10,899	4.300%
Foreign Bonds / Notes	Baa3	10,023	3.000%
Mutual Funds	Not rated	1,398,595	Various
Domestic Equity Securities	Not rated	362,984	Various
Foreign Equity Securities	Not rated	51,720	Various
		$ 2,501,893	

OPEB Trust Fund:

	Moody's Rating	Fair Value	Interest Rate
U.S. Treasury Note	Aaa	$ 183,124	0.625-3.125 %
Agency Securities – FHLMC	Aaa	125,934	2.375-3.750%
Agency Securities – FNMA	Aaa	76,243	5.375%
Municipal Bonds	A1	52,854	4.122%
Municipal Bonds	A2	49,561	2.942%
Municipal Bonds	A3	25,546	4.500%
Municipal Bonds	Aa1	114,231	2.197-5.440%
Municipal Bonds	Aa2	99,935	1.796-3.450%
Municipal Bonds	Aa3	34,751	2.201%
Municipal Bonds	Aaa	45,259	2.820%
Municipal Bonds	Not rated	27,733	4.948%
Domestic Corporate Bonds	A1	67,605	4.125-4.800%
Domestic Corporate Bonds	A2	224,791	2.150-5.625%
Domestic Corporate Bonds	A3	199,980	2.500-6.250%
Domestic Corporate Bonds	Aa3	56,484	1.750-3.150%
Domestic Corporate Bonds	Baa1	359,611	2.200-6.875%
Domestic Corporate Bonds	Baa2	37,334	4.250%
Domestic Corporate Bonds	Baa3	94,068	3.150-6.500%
Foreign Bonds / Notes	A1	30,317	2.300%
Foreign Bonds / Notes	A2	29,654	3.125%
Foreign Bonds / Notes	A3	33,770	5.625%
Foreign Bonds / Notes	Aa1	32,696	4.300%
Foreign Bonds / Notes	Baa3	30,068	3.000%
Mutual Funds	Not rated	8,041,494	Various
Domestic Equity Securities	Not rated	5,319,351	Various
Foreign Equity Securities	Not rated	781,578	Various
		$16,173,972	

NOTE E – RECEIVABLES

Receivables at June 30, 2015, consist of the following:

Funds	Property Taxes	Patients	Accounts	Inter-Governmental	Allowance for Uncollectibles	Net
Primary Government:						
General	$133,216,033	$25,711,856	$2,372,520	$ 7,105,567	$(28,178,500)	$140,227,476
Debt service	-	-	49,749	-	-	49,749
Capital projects	-	-	605,437	4,597,345	-	5,202,782
Nonmajor	-	-	1,176,416	198,790	-	1,375,206
Internal service	-	-	1,078	-	-	1,078
	$133,216,033	$25,711,856	$4,205,200	$11,901,702	$(28,178,500)	$146,856,291
Component Units:						
Governmental	$147,833,271	$ -	$1,012,727	$18,874,169	$ (7,980,081)	$159,740,086
Proprietary	-	-	3,653,663	-	-	3,653,663
	$147,833,271	$ -	$4,666,390	$18,874,169	$ (7,980,081)	$163,393,749

Property tax receivables include uncollected taxes from the past seven years' levies plus the anticipated levy for the current calendar year. Taxes uncollected after that time are written off, and the property is ultimately sold through a back tax property sale. The allowance for uncollectible tax is the weighted average percentage of prior year collections on delinquent taxes to the total delinquent taxes receivable at June 30, 2015.

Patient accounts receivable represent uncollected revenues for services rendered. Ambulance patient accounts that are uncollected after 120 days are considered doubtful and ultimately written off as uncollectible. All other accounts are considered doubtful after a reasonable effort has been made to collect.

NOTE F – SOLID WASTE DISPOSAL POST CLOSURE CARE COSTS

The County utilizes the General Fund to account for post closure care costs of the Hamilton County Birchwood Landfill Area 1 and the TVA Model Landfill. The County completed closure of both Area 1 and the TVA Model Landfill in 2001. In accordance with state and federal regulations, the County is required to perform certain maintenance and monitoring functions for thirty years after closure. The estimated liability for post closure care costs of $170,000 at June 30, 2015, is based on the use of 100% of capacity of both landfill areas. The estimated total current cost of the post closure care of $170,000 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired at June 30, 2015. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in post closure requirements will be covered by appropriations in the General Fund.

NOTE G – COMMITMENTS AND CONTINGENCIES

The County is a party to various legal proceedings. At the date of these financial statements, the County cannot estimate its liability, if any, from losses that may result from certain proceedings. In the opinion of management and the County attorneys, the potential adverse impact of these proceedings would not be material to the combined financial statements of the County.

The County has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. County management is not aware of any potential losses from such disallowance and believes that reimbursements, if any, would not be material.

The County has entered into various construction commitments. Such contracts include contracts for improvements to schools, industrial parks, and other facilities related to general government capital projects. Several of these contracts were in progress but not completed as of June 30, 2015. The total contractual commitments outstanding as of June 30, 2015, aggregated approximately $53,218,514. These commitments are reported in the governmental-wide statements. The County has sufficient funds available to cover these commitments.

Hamilton County Water and Wastewater Treatment Authority (the Authority), a discretely presented component unit, is currently defending a court case that seeks to declare the $8 monthly fee charged for the Private Service Lateral Program (PSLP) funding as unlawful. Further, the case seeks to certify a class action suit on behalf of all customers of the Authority. The Authority is contesting the lawsuit vigorously, but no outcome is certain. Should the courts rule against the Authority, the Authority may be required to refund approximately $14 million in fees. In addition, if the Authority receives an unfavorable ruling, the Authority will require an increase in the variable rate in order to fund the PSLP as the program is necessary to comply with the Clean Water Act.

NOTE H – CONDUIT DEBT OBLIGATION

From time to time, Hamilton County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial commercial facilities deemed to be in the public interest and Single Family Mortgage Revenue Bonds to provide assistance to potential homeowners pursuant to the Tennessee Home Mortgage Finance Act. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity or homeowner served by the bond issuance. Neither Hamilton County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2015, there is one Industrial Revenue Bond outstanding. The aggregate principal amount payable for the Industrial Revenue Bond series issued at June 30, 2015, is $19,065,468.

The aggregate principal amount for the remaining series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled $234,756,196.

NOTE I – CONSTITUTIONAL OFFICERS

Certain operating expenditures of the Constitutional Officers for the year ended June 30, 2015, which are budgeted and included within the General Fund, are summarized as follows:

	Compensation and Fringe Benefits	Purchased Services	Capital Outlay	Total
Circuit Court Clerk	$ 981,181	$ 309,211	$ 3,605	$ 1,293,997
Clerk and Master	703,956	139,307	-	843,263
County Clerk	1,438,494	351,460	28,063	1,818,017
Criminal Court Clerk	1,322,612	139,921	9,802	1,472,335
Juvenile Court Clerk	2,319,912	99,962	38,450	2,458,324
Register	391,209	52,082	1,082	444,373
Sheriff	26,683,102	4,557,704	1,096,038	32,336,844
Trustee	367,004	311,179	20,148	698,331
Election Commission	1,253,484	321,100	6,738	1,581,322
Assessor of Property	3,078,205	346,986	58,135	3,483,326
	$ 38,539,159	$ 6,628,912	$1,262,061	$ 46,430,132

NOTE J – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, is as follows:

Primary Government

	Beginning Balance	Current Year Additions	Current Year Retirements	Ending Balance
Governmental Activities:				
Non-Depreciable Assets:				
Land	$ 67,095,440	$ 5,778,057	$ (263,652)	$ 72,609,845
Construction in progress	33,128,245	28,639,526	(25,050,701)	36,717,070
Total non-depreciable assets	100,223,685	34,417,583	(25,314,353)	109,326,915
Depreciable Assets:				
Buildings	141,827,259	691,160	(521,986)	141,996,433
Improvements other than buildings	25,640,791	882,685	-	26,523,476
Machinery and equipment	42,315,312	3,447,810	(1,872,121)	43,891,001
Infrastructure	207,265,165	3,290,916	-	210,556,081
Intangibles	5,958,710	703,942	(21,988)	6,640,664
Total depreciable assets	423,007,237	9,016,513	(2,416,095)	429,607,655
Less Accumulated Depreciation for:				
Buildings	(65,453,488)	(3,017,703)	21,750	(68,449,441)
Improvements other than buildings	(14,775,611)	(1,251,744)	-	(16,027,355)
Machinery and equipment	(33,787,166)	(2,401,118)	884,807	(35,303,477)
Infrastructure	(126,548,787)	(5,222,765)	-	(131,771,552)
Intangibles	(3,616,189)	(336,381)	21,988	(3,930,582)
Total accumulated depreciation	(244,181,241)	(12,229,711)	928,545	(255,482,407)
Depreciable Assets, net	178,825,996	(3,213,198)	(1,487,550)	174,125,248
Governmental activities capital assets, net	$ 279,049,681	$ 31,204,385	$(26,801,903)	$ 283,452,163

Discretely Presented Component Units

	Beginning Balance	Current Year Additions	Current Year Retirements	Ending Balance
Non-Depreciable Assets:				
Land	$ 20,121,792	$ -	$ -	$ 20,121,792
Construction in progress	4,816,865	2,645,036	(3,866,709)	3,595,192
Other non-depreciable assets	-	-	-	-
Total non-depreciable assets	24,938,657	2,645,036	(3,866,709)	23,716,984
Depreciable Assets:				
Buildings	505,814,319	23,739,801	-	529,554,120
Improvements other than buildings	22,810,562	366,739	-	23,177,301
Machinery and equipment	37,745,320	3,316,902	(5,093,107)	35,969,115
Utility plant	118,992,711	3,353,892	2,904,109	125,250,712
Total depreciable assets	685,362,912	30,777,334	(2,188,998)	713,951,248
Less Accumulated Depreciation for:				
Buildings	(215,184,005)	(10,657,498)	-	(225,841,503)
Improvements other than buildings	(17,426,569)	(386,040)	-	(17,812,609)
Machinery and equipment	(26,664,366)	(2,278,154)	5,518,312	(23,424,208)
Utility plant	(32,037,887)	(3,232,994)	71,676	(35,199,205)
Total accumulated depreciation	(291,312,827)	(16,554,686)	5,589,988	(302,277,525)
Depreciable Assets, net	394,050,085	14,222,648	3,400,990	411,673,723
Component units capital assets, net	$ 418,988,742	$ 16,867,684	$ (465,719)	$ 435,390,707

Depreciation expense is charged to functions as follows:

Primary Government – Governmental Activities**:**	
Ambulance Services	$ 583,755
Criminal Court	45,039
General Government	2,951,592
Health	248,140
Highway and Streets	5,299,974
Juvenile Court	191,744
Other Public Safety	957,826
Culture and Recreation	1,263,210
Sheriff	668,841
Social Services	19,590
Total	$ 12,229,711
Discretely Presented Component Units**:**	
Department of Education	$ 12,168,042
Water & Wastewater Treatment Authority	3,477,272
“911” Emergency Communications	908,822
Railroad Authority	550
Total	$ 16,554,686

Hamilton County donated $24,398,692 assets transferred from construction in progress to the Department of Education, a component unit of Hamilton County.

NOTE K – EMPLOYEE RETIREMENT SYSTEMS

Hamilton County provides retirement benefits through six pension plans. The majority of employees participate in one of three retirement plans provided by the Tennessee Consolidated Retirement System (TCRS). One of the TCRS plans is the Political Subdivision Pension Plan (PSPP), an agent, multiple-employer, defined benefit plan which is available for all County employees except teachers. The other two TCRS plans are the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP) renamed in 2015 as the Teacher Legacy Pension Plan and the Teacher Retirement Plan which are available to teachers of the Hamilton County School System. Teachers with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension

Plan, a cost sharing multiple-employer pension plan. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

The remaining employees who are eligible for retirement benefits participate in three single-employer, defined benefit pension plans (Employees' Retirement Plan, Commissioners' Retirement Plan, and Teachers' Retirement Plan). The County acts as Trustee for these plans.

The following is a summary of each of these plans:

Tennessee Consolidated Retirement Systems

(1) POLITICAL SUBDIVISION PENSION PLAN (PSPP)

Plan Description

Employees of Hamilton County, including certain employees of the Hamilton County Department of Education, are members of the Political Subdivision Pension Plan (PSPP), an agent, multiple-employer, defined benefit pension plan administered by the TCRS. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's highest 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 thirty 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 the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Hamilton 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.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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, 15th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/PS/.

Funding Policy

Hamilton County adopted a noncontributory retirement plan for its employees on July 1, 1981 by assuming employee contributions up to 5 percent of annual covered payroll.

Hamilton County is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2015, was 14.33% of annual covered payroll. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the County were $14,355,470. By law, employer contributions are required to be paid. The TCRS may intercept the County's state shared

taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

The required contribution was determined as part of the June 30, 2014 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 per year compounded annually; (b) projected 3.0 percent annual rate of inflation; (c) projected salary increases of 4.25 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 post retirement 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. Hamilton County's amortization method is level dollar on a closed basis. The remaining amortization period at July 1, 2013 was seven years.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocations
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three techniques described above.

Net Pension Liability (Asset)

The County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Key Actuarial Assumptions

Reporting Date	June 30, 2015
Measurement Date	June 30, 2014
Actuarial Valuation Date	June 30, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Asset valuation method	Fair market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent, if provided

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Employees Covered by Benefit Terms at June 30, 2014

Inactive employees or beneficiaries currently receiving benefits	2,146
Inactive employees entitled to but not yet receiving benefits	2,386
Active employees	2,704
Total	7,236

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Schedule of Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at June 30, 2013	$ 416,614,295	$ 372,520,300	$ 44,093,995
Service cost	7,739,359	-	7,739,359
Interest	31,157,770	-	31,157,770
Differences between expected and actual experience	(1,525,480)	-	(1,525,480)
Contributions-employer	-	14,573,540	(14,573,540)
Contributions-employee	-	65,443	(65,443)
Net Investment income	-	61,448,985	(61,448,985)
Benefit payments, including refunds of employee contributions	(17,833,455)	(17,833,455)	-
Administrative expense	-	(120,676)	120,676
Net Changes	$ 19,538,194	$ 58,133,837	$(38,595,643)
Balance at June 30, 2014	$ 436,152,489	$ 430,654,137	$ 5,498,352

Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate

The following represents the net pension liability (asset) calculated using the stated discount rate, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability (Asset)	$ 60,615,751	$ 5,498,352	$(40,619,599)

Pension Expense (Income) and Deferred Outflows/Inflows of Resources

	Pension Expense/(Income)
Service Cost	$ 7,739,359
Interest	31,157,770
Contributions-employees	(65,443)
Projected investment income	(27,814,704)
Recognition of experience (gain)/loss	(305,096)
Recognition of investment (gain)/loss	(6,726,856)
Administrative expense	120,676
Pension Expense/(Income)	$ 4,105,706

For the year ended June 30, 2015, the recognized pension expense (income) is $4,105,706. At June 30, 2015, deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,220,384
Changes of assumptions	-	-
Net difference between projected and actual earnings of pension plan investments	-	26,907,425
Contributions subsequent to the measurement date of June 30, 2014	14,355,470	(not applicable)
Total	$ 14,355,470	$ 28,127,809

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (7,031,952)
2017	(7,031,952)
2018	(7,031,952)
2019	(7,031,952)
2020	-
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2015, the County reported a payable of $1,108,219 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

(2) STATE EMPLOYEES, TEACHERS, AND HIGHER EDUCATION EMPLOYEES PENSION PLAN (SETHEEPP) – TEACHER LEGACY PENSION PLAN

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Hamilton County Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing, multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Hamilton County Schools for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were $14,190,458, which is 9.04 percent of covered payroll. The employer rate, when combined with member

contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension asset. At June 30, 2014, the Hamilton County Schools reported an asset of $708,763 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Hamilton County Schools' proportion of the net pension liability was based on Hamilton County Schools' employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Hamilton County Schools' proportion was 4.361741 percent. The proportion measured as of June 30, 2013 was 4.185057 percent.

Pension income. For the year ended June 30, 2015, Hamilton County Schools recognized a pension income of $192,488.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, Hamilton County Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,720,700	$ -
Net difference between projected and actual earnings on pension plan investments	-	58,397,532
Changes in proportion of Net Pension liability (Asset)	2,492,196	-
LEA's contributions subsequent to the measurement date of June 30, 2014	14,190,458	-
Total	$ 18,403,354	$ 58,397,532

Hamilton County Schools employer contributions of $14,190,458, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	$ (13,897,234)
2017	(13,897,234)
2018	(13,897,234)
2019	(13,897,234)
2020	702,149
Thereafter	702,149

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.5 percent

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.50 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Hamilton County Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50 percent, as well as what Hamilton County Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Hamilton County Schools' proportionate share of the net pension liability (asset)	$ 119,540,830	$ (708,763)	$ (100,262,390)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2015, Hamilton County Schools reported a payable of $1,126,229 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

(3) TEACHER RETIREMENT PLAN

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

General Information About the Pension Plan

Plan description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Hamilton County Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing, multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing, multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring

governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015 to the Teacher Retirement Plan were $412,850, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, Hamilton County Schools did not recognize a pension expense at June 30, 2015.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, Hamilton County Schools reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Hamilton County Schools' contributions subsequent to the measurement date of June 30, 2014	$ 412,850	$ (not applicable)

Hamilton County Schools' employer contributions of $412,850 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

Payable to the Pension Plan

At June 30, 2015, Hamilton County Schools reported a payable of $46,243 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Hamilton County Administered Plans

Significant Accounting Policies

Basis of Accounting

The financial statements of the Employees', Commissioners', and Teachers' Retirement Funds are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. There are no investments in any one organization that represent 5 percent or more of plan net position.

Actuarial Assumptions and Estimates

The actuarial calculations are based on the benefits provided under the terms of the plans in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are always subject to continual revisions as results are compared to past expectations and new estimates are made about the future. The actuarial methods used and calculations determined reflect a long term perspective as the techniques used are

designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of the related assets.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount rate. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The discount rate was the single rate which, when applied to all projected benefit payments, resulted in the same present value of benefit payments when the above discussed calculations are combined.

Plan Description and Provisions

(1) EMPLOYEES' PENSION PLAN

The County maintains a closed, single-employer defined benefit pension plan for employees who elected to continue in this plan when it closed to new enrollment in 1977.

The plan is designed for either the County or each participant to contribute 6.4 percent of the first $800 of monthly salary toward the cost of the plan. A participant whose service terminates prior to eligibility for normal retirement (and who is not disabled) is entitled only to a return of the employee contribution made by him or on his behalf.

The normal retirement benefit is 50 percent of the employee's final average earnings, where final average earnings are based on the four-year period of service, which yields the highest arithmetic average of basic salary not in excess of $800 per month. For employees hired prior to April 15, 1969, normal retirement date is the earlier of (1) completion of twenty-four years of credited service or (2) completion of twenty years of credited service and attainment of age 55. For employees hired thereafter, normal retirement date is the attainment of age 65 and completion of twenty-four years of credited service. In the event of total and permanent disability, participants who are not yet eligible for normal retirement benefits can receive a percentage of their final average earnings, based on their years of credited service at the time of disability. Benefit provisions are established and amended by the Private Acts of Tennessee.

(2) COMMISSIONERS' PENSION PLAN

The County maintains a single-employer defined benefit plan for County Commissioners in which each Commissioner can elect to participate. Those who elect to participate are not required to contribute to the plan. Credit for prior service can be purchased.

There are no limits on the time at which a Commissioner (or former Commissioner with at least five years of service) can elect to purchase such credit. Each participant accrues a monthly benefit of 2.5% of five-year average pay per year of credit service, payable upon retirement at or after age 55. Accrued benefits are vested after five years of service. Benefit provisions are established and amended by the Private Acts of Tennessee.

(3) TEACHERS' PENSION PLAN

The County maintains a closed, single-employer defined benefit plan for a group of teachers who are receiving as annuities amounts arising from the refund of their contributions to an earlier plan. Although these annuity payments could be discontinued at any time, they have been extended throughout the lifetime of the remaining plan participants. The amount of the monthly pension benefit received by each participant has been previously determined.

Employees Covered by Benefit Terms

	Employees' Pension Plan	Commissioners' Pension Plan	Teachers' Pension Plan
Retirees and beneficiaries receiving benefits	21	12	2
Vested terminated employees	-	4	-
Active employees:			
Fully vested	-	2	-
Non vested	-	7	-
Actuarial valuation date	June 30, 2015	June 30, 2015	June 30, 2015
Measurement date	June 30, 2014	June 30, 2014	June 30, 2014

Investment Policy

The Pension Board (the "Board") establishes (and may amend) the pension plan's policy regarding asset allocation. Plan assets are managed with a long-term objective of achieving a fully funded status for the benefit provided through the plan. The Board's asset allocation policy as of June 30, 2015, is show below:

Asset Class	Employees' Plan Target Allocation	Commissioners' Plan Target Allocation
Equity	-	40.00%
Domestic Equity	31.00%	-
International Equity	9.00%	-
Fixed Income	50.00%	50.00%
Real Estate (REITs)	2.50%	-
Commodities	2.50%	-
Other	5.00%	10.00%
	100.00%	100.00%

The Teachers' Plan only maintains Certificates of Deposit.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using the Black-Litterman Methodology. The Black-Litterman uses market implied (CAPM) returns as neutral starting points for estimating the set of expected returns, and then allows the practitioner to tilt the portfolio in the direction of his or her views. The practitioner can control how strongly a particular view influences portfolio weights, in accordance with the degree of confidence with which he or she holds the view. The Black-Litterman Model largely mitigates the problems of input-sensitivity and estimation error maximization that result in unintuitive, highly concentrated portfolios. Best estimates of forward-looking rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Asset Class	Long-term Expected Real Rate of Return
Cash Equivalents	2.48%	U.S. Short Gov	2.66%
T-Notes/CDs	2.48%	U.S. Intermediate Government	2.99%
Fixed Annuities	2.53%	U.S. Long Government	4.01%
U.S. Large Cap Value	8.66%	U.S. Mortgage Backed Securities	3.18%
U.S. Large Cap Growth	8.03%	U.S. Intermediate Credit	3.76%
U.S. Large Cap Blend	8.35%	Int'l Fixed Income (Hedged)	2.80%
U.S. Mid Cap Value	9.40%	U.S. High Yield	5.33%

U.S. Mid Cap Growth	8.90%	Municipal Bond	3.22%
U.S. Mid Cap Blend	9.15%	TIPS	3.98%
U.S. Small Cap Value	9.21%	Emerging Markets Debt	6.68%
U.S. Small Cap Growth	9.07%	Alt Strategies	3.82%
U.S. Small Cap Blend	9.14%	REITs	9.50%
Int'l Developed Large/Mid Cap Value	9.52%	Commodities	5.90%
Int'l Developed Large/Mid Cap Growth	8.58%	Balanced Funds	6.40%
Int'l Developed Small Cap Core	9.38%	Private Equity	10.86%
Emerging Markets Value	11.15%	MLPs	5.07%
Emerging Markets Growth	10.35%	Preferred Securities	5.16%
U.S. Aggregate Fixed Income	3.47%		

Funding Policy and Other Information

Hamilton County contributes to each plan at an actuarially determined rate. Administrative costs are financed through contributions and investment earnings. The annual required contributions, actual contributions, and other pertinent information for each plan for the year ending June 30, 2015 are shown in the following table:

	County Administered Retirement Plans		
	Employees'	Commissioners'	Teachers'
Contribution authorization:	Private Acts of TN	Private Acts of TN	Pension Board
How contributions are determined:	Actuarially	Actuarially	Actuarially
Required contribution rate:			
Active employees	6.4%	N/A	N/A
Employer	-	Actuarially Determined	-
Other contributing entities	N/A	N/A	-
Actual contributions:			
Employees	-	-	-
Employer	-	$55,000	$12,931
Other contributing entities	N/A	N/A	$3,588
Date of last actuarial valuation	June 30, 2015	June 30, 2015	June 30, 2015
Actuarial valuation date for current contributions	June 30, 2015	June 30, 2015	June 30, 2015
Actual assumptions:			
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Method for actuarial value of assets	Market Value	Market Value	Market Value
Inflation rate	N/A	N/A	N/A
Investment return	7.5%	6.0%	5.0%
Projected salary increases	N/A	4.0%	N/A
Amortization:			
Method	Level Dollar	Level Dollar	Level Dollar
Period	10 years open	10 years open	10 years open

All the Hamilton County Administered Plans follow the same Mortality Rates Schedule below. The Commissioners' Plan has no pre-retirement mortality rates and the table below applies to post-retirement only.

	AGE (Sample value per 1,000 lives)			
Mortality Rates	60	70	80	90
2015 IRS Combined Static Mortality Table				
Male	0.46%	1.57%	5.16%	16.79%
Female	0.45%	1.47%	3.93%	12.33%

Future Mortality Improvement:

The mortality tables above utilizes Scale AA to project improvement to 15 years beyond the valuation date for retired participants and 7 years beyond the valuation date for active participants.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

	Discount Rate	Net Pension Liability
Teachers' Plan		
Net Pension Liability, 1% Decrease	4.00%	$ 3,538
Net Pension Liability, Current Rate	5.00%	$ 3,256
Net Pension Liability, 1% Increase	6.00%	$ 2,990
Employees' Plan		
Net Pension Liability, 1% Decrease	6.50%	$(1,517,306)
Net Pension Liability, Current Rate	7.50%	$(1,539,291)
Net Pension Liability, 1% Increase	8.50%	$(1,559,321)
Commissioners' Plan		
Net Pension Liability, 1% Decrease	5.00%	$211,632
Net Pension Liability, Current Rate	6.00%	$157,290
Net Pension Liability, 1% Increase	7.00%	$109,201

Contributions

For the year ended June 30, 2015, no employer contributions were made for the Employees' Pension Plan. Employer contributions to the Commissioners' Pension Plan totaled $55,000 and $12,931 to the Teachers' Pension Plan.

Components of Net Pension Liability

The components of the net pension liability at June 30, 2015, were as follows:

	June 30, 2015		
	Teachers' Plan	Employees' Plan	Commissioners' Plan
Total Pension Liability	$ 10,742	$ 459,960	$ 784,269
Plan Fiduciary Net Position	(7,486)	(1,999,251)	(626,979)
Net Pension Liability	$ 3,256	$ (1,539,291)	$ 157,290
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	(69.69%)	434.66%	79.94%

Changes in Net Pension Liability

Employees' Retirement	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2013	$ 582,860	$ 1,923,988	$ (1,341,128)
Changes for the Year:			
Service Cost	-	-	-
Interest Expense	40,175	-	40,175
Benefit Changes	-	-	-
Experience losses (gains)	-	-	-
Changes in assumptions	-	-	-
Contributions – Employer	-	-	-
Contributions – Employees	-	-	-
Net Investment Income	-	226,056	(226,056)
Refunds of contributions	-	-	-
Benefits paid	(96,114)	(96,114)	-
Plan administrative expenses	-	(15,390)	15,390
Recognition of Prior Post-measurement Contribution	-	-	-
Post-measurement Contribution	-	-	-
Other changes	-	-	-
Amortization of or change in beginning balances	-	-	-
Net Changes	(55,939)	114,552	(170,491)
Balances at 6/30/2014	$ 526,921	$ 2,038,540	$ (1,511,619)

Commissioners' Retirement	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2013	$ 756,218	$ 571,736	$ 184,482
Changes for the Year:			
Service Cost	26,615	-	26,615
Interest Expense	45,430	-	45,430
Benefit Changes	-	-	-
Experience losses (gains)	-	-	-
Changes in assumptions	-	-	-
Contributions – Employer	-	65,888	(65,888)
Contributions – Employees	-	-	-
Net Investment Income	-	46,376	(46,376)
Refunds of contributions	-	-	-
Benefits paid	(52,129)	(52,129)	-
Plan administrative expenses	-	(6,814)	6,814
Recognition of Prior Post-measurement Contribution	-	-	-
Post-measurement Contribution	-	-	-
Other changes	-	-	-
Amortization of or change in beginning balances	-	-	-
Net Changes	19,916	53,321	(33,405)
Balances at 6/30/2014	$ 776,134	$ 625,057	$ 151,077

Increase (Decrease)

Teachers' Retirement

Changes in Net Pension Liability	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2013	$ 18,197	$ 7,180	$ 11,017
Changes for the Year:			
Service Cost	-	-	-
Interest Expense	816	-	816
Benefit Changes	-	-	-
Experience losses (gains)	-	-	-
Changes in assumptions	-	-	-
Contributions – Employer	-	-	-
Contributions – Employees	-	-	-
Net Investment Income	-	3	(3)
Refunds of contributions	-	-	-
Benefits paid	(3,812)	(3,812)	-
Plan administrative expenses	-	(5,206)	5,206
Recognition of Prior Post-measurement Contribution	-	-	-
Post-measurement Contribution	-	-	-
Other changes	-	-	-
Amortization of or change in beginning balances	-	-	-
Net Changes	(2,996)	(9,015)	6,019
Balances at 6/30/2014	$ 15,201	$ (1,835)	$ 17,036

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2015, the Teachers' Retirement recognized pension expense will be $5,914, the Commissioners' Retirement recognized pension expense will be $41,973, and the Employees' Retirement recognized pension expense (income) will be $(101,741). This determination is based on a measurement date of June 30, 2014.

As of June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	Teachers' Retirement		Commissioners' Retirement		Employees' Retirement	
	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources
Experience losses (gains)	$ -	$ -	$ -	$ -	$ -	$ -
Change of assumptions	-	-	-	-	-	-
Investment losses (gains)	105	-	-	(9,490)	-	(68,750)
Total	$ 105	$ -	$ -	$ (9,490)	$ -	$ (68,750)

Contributions subsequent to the measurement date totaling $12,931 for the Teachers' Retirement, $55,000 for the Commissioners' Retirement, and $0 for the Employees' Retirement were reported as deferred outflows of resources related to pensions and will be recognized as a reduction on the net pension liability in the year ending June 30, 2016. Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

	Teachers' Retirement	Commissioners' Retirement	Employees' Retirement
Years Ending June 30:			
2016	$ 26	$ (2,373)	$ (17,188)
2017	26	(2,373)	(17,188)
2018	26	(2,373)	(17,188)
2019	27	(2,371)	(17,186)
2020	-	-	-
Thereafter	-	-	-

The Hamilton County administered plans do not issue stand-alone financial reports and are not included in the report of a public employee retirement system or a report of another entity. The plans' financial statements are as follows:

	Employees' Pension	Commissioners' Pension	Teachers' Pension	Pension Trust Funds
ASSETS:				
Cash	$ 40,800	$ 74,616	$ 7,187	$ 122,603
Investments, at fair value				
US Gov. Securities	109,827	-	-	109,827
Municipal Bonds	172,441	-	-	172,441
Mutual Funds	846,820	551,775	-	1,398,595
Domestic Equity Securities	362,984	-	-	362,984
Domestic Corporate Bonds	354,157	-	-	354,157
Foreign Bonds/Notes	52,169	-	-	52,169
Foreign Equity Securities	51,720	-	-	51,720
Total investments	1,950,118	551,775	-	2,501,893
Receivables:				
Interest	8,330	588	-	8,918
Accounts	3	-	299	302
Total Assets	1,999,251	626,979	7,486	2,633,716
LIABILITIES				
Accrued Items & Other	-	-	-	-
NET POSITION				
Assets held in trust for pension benefits	$ 1,999,251	$ 626,979	$ 7,486	$ 2,633,716

	Employees' Pension	Commissioners' Pension	Teachers' Pension	Pension Trust Funds
ADDITIONS:				
Contributions:				
Employer	$ -	$ 55,000	$ 12,931	$ 67,931
Other	-	-	3,588	3,588
Total contributions	-	55,000	16,519	71,519
Investments earnings:				
Net change in fair value of investments	(5,576)	(17,163)	-	(22,739)
Interest	65,704	20,490	2	86,196
Net investment income	60,128	3,327	2	63,457
Total additions	60,128	58,327	16,521	134,976
DEDUCTIONS:				
Benefits	85,477	52,430	7,200	145,107
Administrative expense	13,940	3,975	-	17,915
Total deductions	99,417	56,405	7,200	163,022
Change in net position	(39,289)	1,922	9,321	(28,046)
Net position, beginning	2,038,540	625,057	(1,835)	2,661,762
Net position, ending	$ 1,999,251	$ 626,979	$ 7,486	$2,633,716

NOTE L – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(1) PLAN DESCRIPTION:

Primary Government

In addition to providing pension benefits, the County provides OPEB benefits (health care) for certain retired employees through a single-employer defined benefit healthcare plan. Employees who have retired under one of the County's retirement plans and who are ineligible for Medicare can elect to continue their health care coverage under this plan until they become eligible for Medicare. Benefits are established and amended by the County Commission. A stand-alone financial report is not issued.

Department of Education (Department)

In addition to providing pension benefits, the Department, a discretely presented component unit, provides a portion of its OPEB benefits (health care and dental) for certain retired employees through a single-employer defined benefit healthcare plan. Employees who have retired under one of the Department's retirement plans and who are ineligible for Medicare can elect to continue their health care and dental coverage until they become eligible for Medicare. Benefits are established and amended by the Hamilton County School Board. A stand-alone financial report is not issued.

(2) FUNDING POLICY:

Primary Government

In fiscal year 2011, the County established an Other Postemployment Benefits Trust (OPEB Trust) which is used to partially pre-fund benefits. The County's General Fund contributes to the OPEB Trust to pre-fund benefits. Only the prefunded portion of the OPEB cost is included in the OPEB Trust. The pay-as-you-go component is funded and accounted for in the County's Governmental Activities - Internal Service Fund. Eligible retirees pay a premium using a formula based on date of retirement, years of service, and the County's computed cost for active employees. During fiscal year 2015, the County and retirees contributed $1,167,807 and $1,158,184 respectively to the internal service fund for health care benefits for 124 retirees. Funding is established and amended by the County Commission, and no planned increases were approved for fiscal year 2015.

Department of Education (Department)

Eligible retirees pay a premium using a formula based on date of retirement, years of service, and the Department's computed cost for active employees. During fiscal year 2015, the Department contributed $6,681,801 for these health care benefits for 558 retirees. The Department will make contributions to its Department of Education - Internal Service Fund in amounts sufficient to cover the pay-as-you-go component plus administrative costs. The Department has no plans at this time to fund the remaining portion of the annual required contributions. Funding is established and amended by the Hamilton County School Board, and no planned increases were approved for fiscal year 2015.

(3) ANNUAL OPEB COST AND NET OPEB OBLIGATION:

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year, the amounts contributed to the Plans, and changes in the County's net OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation:

	Primary Government	Department of Education	Total
Net OPEB Obligation – July 1	$ (430,204)	$ 21,705,040	$ 21,274,836
Annual required contribution	3,122,393	10,340,752	13,463,145
Interest on net OPEB obligation	(27,963)	868,202	840,239
Adjustment to annual required contribution	7,097	(926,690)	(919,593)
Annual OPEB cost (expense)	3,101,527	10,282,264	13,383,791
Expected payout for Retiree Benefits	(1,581,064)	(6,681,801)	(8,262,865)
Current Year Contribution to Trust	(1,600,000)	-	(1,600,000)
Contribution made	(3,181,064)	(6,681,801)	(9,862,865)
Increase (decrease) in net OPEB obligation	(79,537)	3,600,463	3,520,926
Net OPEB obligation – June 30	$ (509,741)	$ 25,305,503	$ 24,795,762
% of annual OPEB cost contributed to trust	51.6%	0%	12.0%
% of annual OPEB cost to total contribution	102.6%	65.0%	73.7%

	Year Ended June 30	Annual OPEB Cost	Total Contributions	Percentage Contributed	Net OPEB Obligation End of Year
Primary Government					
	2015	$ 3,101,527	$3,181,064	102.6%	$ (509,741)
	2014	2,984,678	3,037,331	101.8%	(430,204)
	2013	2,797,588	2,906,665	103.9%	(377,551)
Dept. of Education					
	2015	$ 10,282,264	$ 6,681,801	65.0%	$ 25,305,503
	2014	12,051,748	7,749,540	64.3%	21,705,040
	2013	11,357,424	7,142,433	62.9%	17,402,832

(4) FUNDED STATUS AND FUNDING PROGRESS:

Primary Government

As of July 1, 2015, the most recent actuarial valuation date, the County employees post-retirement medical insurance benefits plan was 36.6% funded. The actuarial accrued liability for benefits was $36,287,563 and the actuarial value of assets was $13,292,356, resulting in an unfunded actuarial accrued liability (UAAL) of $22,995,207. The covered payroll (annual payroll of active employees covered by the plan) was $81,197,167 and the ratio of the UAAL to the covered payroll was 28.3%. For the year ended June 30, 2015, $1,600,000 was contributed to the OPEB Trust, and an additional $1,600,000 has been budgeted for fiscal year ended June 30, 2016.

Department of Education (Department)

As of July 1, 2015, the most recent actuarial valuation date, the Department's employees' post-retirement medical and dental insurance benefits plan was 0% funded. The actuarial accrued liability for benefits was $97,250,917, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $97,250,917. The covered payroll (annual payroll of active employees covered by the plan) was $182,234,548, and the ratio of the UAAL to the covered payroll was 53.4%. The Department will make

payments in amounts sufficient to cover annual benefits paid and administrative costs but has no plans at this time to fund the remaining portion of the annual required contributions.

(5) ACTUARIAL VALUATIONS:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plans and the annual required contributions of the County and plan members are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities.

(6) ACTUARIAL METHODS AND ASSUMPTIONS:

Projections of benefits for financial reporting purposes are based on the substantive plans (the plans as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Primary Government

The actuarial valuation method used is the entry age normal actuarial cost method in which the actuarial value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. Projected salary increases are based on 3% per year. Ninety-five percent (95%) of future eligible retirees are assumed to elect medical coverage upon retirement. The actuarial value of plan assets is developed by adjusting expected assets on the valuation date toward market value of assets by an amount equal to one-third of the difference between expected and market asset values. The resulting actuarial value shall not exceed 120% of the market value, or be less than 80% of the market value.

Department of Education (Department)

The actuarial valuation method used is the entry age normal actuarial cost method in which the actuarial value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. Projected salary increases are based on 3% per year. Ninety-five percent (95%) of future eligible retirees are assumed to elect medical coverage upon retirement. Seventy percent (70%) of participants currently on leave of absence are assumed to return to retirement eligibility.

The Schedule of Funding Progress for both plans is presented as required supplementary information following the notes to the financial statements.

Other key assumptions are as follows:

	Primary Government	Department of Education
Healthcare Cost Trend		
Annual medical costs increase, first year	9%	7.5%
Future annual increases - medical	5% over a 8-year period	5% over a 5-year period
Dental	N/A	Capped at $1,000/year
UAAL Amortization Period	30 years closed	30 years closed
Investment Return	6.5%	4.0%
Inflation Rate	2.5%	2.5%
Projected Salary Increase	3.0%	3.0%
Post Retirement Benefit Increases	None	None

NOTE M – LONG-TERM LIABILITIES

Long-term liabilities, which consist of serially maturing general obligation bonds, compensated absences, and certain notes to be repaid by the County, are summarized in the following sections:

General Obligation Bonds – Hamilton County periodically issues general obligation bonds for the acquisition and construction of major capital facilities. These bonds are direct obligations and are backed by the full faith and credit of the County. These bonds are generally issued as 15- to 30- year serial bonds with the 15-year term being prevalent for the last few years. Proceeds from the issuance of general obligation bonds are used to finance construction of new school facilities, major repair or replacement of school facilities, and certain public work projects and the incidental and necessary expenses related thereto. General obligation bonds are summarized by issue as follows:

Purpose	Interest Rates	Principal Amount	Amount Due Within One Year
General Improvement, Series 1998-B	5.00-5.10%	$ 3,680,000	$ 290,000
General Improvement, Series 2008-A	3.50-3.75%	961,012	961,012
School, Series 2008-A	3.50-3.75%	5,503,988	5,503,988
General Improvement, Series 2008-B	3.25-4.00%	753,502	753,502
School, Series 2008-B	3.25-4.00%	2,581,498	2,581,498
General Improvement, Series 2009	3.00-4.375%	1,785,060	595,020
School, Series 2009	3.00-4.375%	4,544,940	1,514,980
General Improvement, Series 2010-A	3.00-4.00%	7,475,000	
General Improvement, Series 2010-B	2.50-4.25%	8,050,000	1,610,000
General Improvement, Series 2010-C	2.20-5.00%	3,340,000	330,000
General Improvement, Series 2011-A	3.25-5.00%	6,967,746	692,995
School, Series 2011-A	3.25-5.00%	26,212,254	2,607,005
General Improvement, Series 2011-B	3.00-5.00%	11,655,000	1,454,167
School, Series 2011-B	4.00-5.00%	2,640,000	650,833
General Improvement, Series 2013-A	2.00-4.00%	8,718,094	670,623
School, Series 2013-A	2.00-4.00%	43,801,906	3,369,377
General Improvement, Series 2013-B	2.00-4.00%	6,564,343	52,027
School, Series 2013-B	2.00-4.00%	37,595,657	297,973
General Improvement, Series 2015-A	5.00%	11,442,000	762,800
School, Series 2015-A	5.00%	48,558,000	3,237,200
General Improvement, Series 2015-B	2.00-5.00%	7,194,600	-
School, Series 2015-B	2.00-5.00%	22,940,400	-
Total payable from the Debt Service Fund		$ 272,965,000	$ 27,935,000

Notes Payable and Other Debt – In September 2013, the Board of Commissioners approved a resolution authorizing the issuance of bond anticipation notes in the form of Revolving Loans in an aggregate principal amount not to exceed $90,000,000. Under the terms of the Revolving Loan agreement, the principal balance for each revolving loan shall be due within a two-year period and shall bear interest at a variable rate based on certain published prime rates (either the LIBOR index rate or the SIFMA index rate). In addition to interest on outstanding loans, the County will pay a fee to the issuing bank equal to 0.325% of all issued loans and 0.265% of the unutilized portion of the $90,000,000 agreement. Hamilton County received and paid a revolving loan of $30,000,000 during the year ended June 30, 2015.

The County entered into a Loan Agreement (the "Agreement") with the Public Building Authority of the County of Montgomery, Tennessee (the "Authority") on February 17, 1999. This Agreement reserves funds for the County in the amount of $9,000,000 (the "Loan") from the proceeds of the Authority's adjustable Rate Pooled Financing Revenue Bonds (Tennessee County Loan Pool), Series 1997. The County is obligated under the Agreement to repay the Loan in installments consisting of (i) principal repayments payable annually for a 14-year term in certain amounts and on certain dates as specified in the Agreement, and (ii) interest and certain expenses calculated and billed at the rate or rates and on the date or dates as specified in the Agreement. The Loan is a direct general obligation of the County and as such, the full faith, credit, and taxing power of the County are irrevocably pledged for its payment. As of June 30, 2015, the County has withdrawn $1,361,000 of the Funds reserved to fund certain public works projects

and the incidental and necessary expenses related thereto. At June 30, 2015, the County has fulfilled its obligation on this Agreement.

The County has entered into an Agreement with the City of Chattanooga to fund a portion of the municipality's debt obligations. This Agreement represents direct general obligations of the County and as such, the full faith, credit, and taxing power of the County are irrevocably pledged for these payments. As of June 30, 2015, the County's remaining obligations to the City of Chattanooga total $445,000, of which $445,000 is due within one year.

The County entered into a Loan Agreement (the "Agreement") with the Tennessee State School Bond Authority (the "Authority"), pursuant to TCA Sections 49-3-1202 et seq. as amended (the "Act") December 20, 2003. This Agreement reserves funds for the County in the amount of $1,365,000 (the Loan) from the proceeds of the Authority's Qualified Zone Academy Bonds (the "Bonds"), Series 2003. The County is obligated under the Agreement to repay the Loan in installments consisting of principal and administrative expenses payable annually for a 15-year term in certain amounts and on certain dates as specified in the Agreement. The Loan is a direct general obligation of the County and as such, the full faith, credit and taxing power of the County are irrevocably pledged for its repayment. For the purpose of providing funds to finance the cost of the Projects, including the payment of legal and fiscal cost incident to the issuance and sale of the Bonds and the Loan Agreement and making and receiving the loan from the Authority, the Department of Education, on behalf of the County, shall make annual payments of principal in amounts equal to approximately level debt service payable in the years 2004 through 2017. The loan shall not bear interest. As of June 30, 2015, the County has withdrawn $1,361,000 of the funds reserved. At June 30, 2015, the County's remaining obligation was $224,043, of which $90,733 is due within one year.

Annual Debt Service Requirements to Maturity for General Obligation Bonds and Notes Payable and Other Debt are as follows:

Year	Principal	Interest
General Obligation Bonds:		
2016	$ 27,935,000	$ 9,419,710
2017	24,395,000	9,299,740
2018	24,575,000	8,220,995
2019	24,595,000	7,761,640
2020-2024	110,295,000	26,211,818
2025-2029	56,235,000	5,672,361
2030-2031	4,935,000	248,938
	$ 272,965,000	$ 66,835,202
Notes Payable and Other Debt:		
2016	$ 535,733	$ 10,013
2017	90,733	-
2018	42,577	-
	$ 669,043	$ 10,013

Changes in Long-term Liabilities – During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Primary Government:					
Government Activities:					
General Obligation Bonds	$ 238,300,000	$ 90,135,000	$ 55,470,000	$ 272,965,000	$27,935,000
Notes payable and other debt	6,193,607	30,000,000	35,524,564	669,043	535,733
OPEB Obligation	-	3,122,393	3,122,393	-	-
Landfill post closure costs	180,000	-	10,000	170,000	10,000
Compensated absences	15,183,251	6,456,506	6,629,320	15,010,437	2,928,179
	259,856,858	129,713,899	100,756,277	288,814,480	$31,408,912
Net deferred premium	18,050,485	16,442,358	4,574,822	29,918,021	
	$ 277,907,343	$146,156,257	$ 105,331,099	$ 318,732,501	

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Component Units:					
Notes payable and other debt	$ 12,762,872	$ 7,868,554	$ 889,565	$19,741,861	$ 964,935
OPEB Obligation	21,705,040	10,282,264	6,681,801	25,305,503	6,681,801
Compensated absences	10,514,217	920,767	608,800	10,826,184	2,162,508
	44,982,129	19,071,585	8,180,166	55,873,548	$9,809,244
Net deferred premium	11,624	-	4,359	7,265	
	$ 44,993,753	$19,071,585	$8,184,525	$55,880,813	

Debt service requirements for general obligation bonds, notes payable and other debt are met by the General Fund and intergovernmental revenues received directly by the Debt Service Fund. OPEB obligations and landfill post closure costs are being liquidated by the General Fund and compensated absences are liquidated by the General Fund and Special Revenue Funds.

Total additions in Long-term Liabilities of Governmental Activities above are different than total proceeds from bonds and notes in the accompanying financial statements. The differences are due to original issue discounts and premiums on bonds, the accrual of construction draws on certain projects in the Capital Projects Fund, OPEB obligations and compensated absences earned during the year.

Total reductions in Long-term Liabilities for Governmental Activities above exceed principal retirement expenditures in the Debt Service Fund by the amount of landfill post-closure care costs paid from the General Fund, OPEB funding accrued in the General Fund and transferred to the trust fund, and compensated absences used during the year.

NOTE N - REFINANCING

On May 7, 2015, the County issued general obligation bonds (Series 2015A Bonds) in the amount of $60,000,000 and general obligation refunding bonds (Series 2015B Bonds) in the amount of $30,135,000. The Series 2015A Bonds were issued at a premium of $10,716,400 and were used to retire $35,000,000 of Bond Anticipation Notes and to provide funding for $35,716,400 for new projects. The 2015B bonds were issued to retire were issued to retire a total of $31,670,000 in outstanding debt, consisting of bonds issued in 2009 of $12,645,000 with a call date of March 1, 2017 and bonds issued in 2011 of $19,025,000 with a call date of January 1, 2020. The present value of savings to Hamilton County from the refunded bonds is $1,855,139. Proceeds from the 2015B bonds in the amount of $35,607,521 were placed with an escrow agent. The proceeds will be used to purchase direct non-callable obligations, the principal of and interest on which are unconditionally guaranteed as to full and timely payments by the United States of America, and obligations of any agency or instrumentally of the United States (the ‘Federal Securities). The principal and interest of the Federal Securities, together with the cash held in the escrow fund, will be sufficient to pay, when due, the principal of and the redemption premium and interest on the refunded bonds through March 1, 2017 and January 1, 2020, the redemption dates.

With the refunding of the bonds, the government-wide statements realized a deferred loss on refunding of $1,944,936 which will be amortized until March 1, 2017.

NOTE O – DEFEASED DEBT

In prior years, the County has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in a trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the County’s government-wide financial statements. As of June 30, 2015, the County’s balance of the defeased debt outstanding was $76,925,000.

NOTE P – INTERFUND RECEIVABLES AND PAYABLES

During the course of normal operations, the County has numerous transactions between funds. Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Interfund receivables/payables are transactions reimbursing a fund for expenditures made for the benefit of another fund. Such transactions are recorded as expenditures and an interfund payable in the receiving

fund. Such transactions are recorded as an interfund receivable in the disbursing fund. On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables." These amounts are eliminated on the statement of net position.

Receivable Primary Government	Payable Primary Government	Amount
General Fund	Nonmajor Government Fund	$1,181,620
General Fund	Capital Projects	2,401,824
General Fund	Internal Service	4,959
Capital Projects Funds	General Fund	2,078
Internal Service Funds	General Fund	15,429
Nonmajor Governmental Fund	General Fund	120,400
		$3,726,310

Receivable Primary Government	Payable Component Units	Amount
General Fund	"911" Emergency Communication	$ 635,710
General Fund	Water/Wastewater Treatment	341,201
General Fund	Department of Education	22,046
Department of Education	General Fund	382,917
Department of Education	Capital Projects	1,951,000
		$ 3,332,874

NOTE Q – INTERFUND TRANSFERS

Transfers within the County are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs. Interfund transfers are transactions between funds transferring funds out of one fund to support the operations of another fund.

Transfers In Primary Government	Transfers Out Primary Government	Amount
General Fund	Nonmajor Governmental Funds	$ 11,477,583
General Fund	Capital Projects	5,274,570
Debt Service	General Fund	32,965,170
Capital Projects	General Fund	26,325,000
		$76,042,323

NOTE R – JOINT VENTURE

The Carter Street Corporation is a nonprofit corporation that was organized by the City of Chattanooga, Tennessee, and Hamilton County, Tennessee. The Corporation serves as the coordinating body for the development, operation, and management of the Chattanooga/Hamilton County Convention and Trade Center and parking garage and is lessor of the adjoining hotel. Of the five-member board, two members are appointed by the County Mayor and two members are appointed by the Mayor of Chattanooga. The appointment of the fifth member, who serves as chairman, is agreed on by the County Mayor and the Mayor of Chattanooga.

The City and the County funded the original construction of the Chattanooga/Hamilton County Convention and Trade Center and parking garage through Lease Rental Revenue Bonds, which have been repaid. In accordance with the lease agreement, the County has a one-third equity interest in the Corporation.

Complete financial statements may be obtained from: Carter Street Corporation, Chattanooga Hamilton County Convention & Trade Center, 1 Carter Plaza, Chattanooga, TN 37401.

Condensed financial information for the Carter Street Corporation as of June 30, 2015, is as follows:

ASSETS	
Cash	$ 1,925,968
Accounts receivable	402,021
Inventories	54,300
Prepaid expenses	30,428
Premises and equipment	9,126,647
Total assets	11,539,364
LIABILITIES AND NET POSITION	
Liabilities	
Accounts payable and accrued items	53,263
Accrued expenses	151,881
Advanced deposits	72,841
Total liabilities	277,985
Net position	
Net investment in capital assets	9,126,647
Unrestricted	2,134,732
Total net position	$11,261,379
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION:	
Total operating revenues	$ 3,788,620
Total operating expenses	(3,541,897)
Less depreciation and amortization	(626,651)
Loss from operations	(379,928)
Non-operating revenues	415,454
Non-operating expenses	-
Net income	35,526
Net position at July 1, 2014	11,225,853
Net position at June 30, 2015	$11,261,379

NOTE S – RISK MANAGEMENT

Hamilton County has various exposures to loss as a result of its operations and service delivery, including liability, errors and omissions, on-the-job injuries, unemployment compensation and property damage (for various risk of loss associated with its property). The County maintains an Internal Service Fund to finance these various exposures to loss. The County utilizes a third-party claims administrator to establish and monitor case reserves and adjust claims associated with its self insurance program. In addition, the County has an independent actuary review its funding on an annual basis.

The County is self-funded for liability, on-the-job injuries, errors and omissions, unemployment compensation and the first $25,000 per incident on property and equipment claims. The County has an umbrella liability policy with limits of $1,000,000 per occurrence/$2,000,000 aggregate and a $700,000 retention covering liability claims outside of the County's tort limits, and non-tort claims such as employment-related liability, healthcare and social services liability, benefits, law enforcement liability and automobile liability. The County has a liability policy to cover election polling booth locations with a $1,000,000 per occurrence and aggregate limit. The County also has a jointly owned Pollution Legal Liability Policy with the City of Chattanooga, which covers specified acreage at the Enterprise

South Industrial Park identified for development with limits of $35,000,000 and a $500,000 deductible with a term of up to 15 years, which commenced on January 8, 2003. There were no significant reductions in insurance coverage from the prior year, nor did the amount of settlements exceed insurance coverage for each of the past three fiscal years.

Hamilton County Department of Education, a discretely presented component unit, maintains a separate Internal Service Fund for providing risk management services, which include handling property claims, auto and general liability claims, and injuries to employees. All risk is retained for auto and general liability claims, injuries to employees, the first $1,000 per incident on boiler/machinery claims, and the first $10,000 per incident on property claims.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated and periodically re-evaluated, taking into consideration the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. Changes in the balances of claims liabilities during the year are as follows:

	Total Primary Government	Total Component Units
Unpaid claims, June 30, 2013	$ 2,748,890	$ 7,487,398
Incurred claims	28,529,793	55,033,305
Claims payments	(28,790,012)	(54,895,406)
Unpaid claims, June 30, 2014	2,488,671	7,625,297
Incurred claims	31,958,040	54,921,421
Claims payments	(31,887,666)	(54,670,860)
Unpaid claims, June 30, 2015	$ 2,559,045	$ 7,875,858

On July 1, 2010, the Department of Education began self-insuring the HMO portion of employee medical claims in addition to the PPO claims which were already self-insured.

At June 30, 2015, the Hamilton County Internal Service Fund has net position of $20,048,629, and the Department of Education Internal Service Fund has net position of $34,156,509. These net position balances are designated for future catastrophic losses.

NOTE T – CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note K, the County implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 as well as Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68 effective July 1, 2014. This new standard significantly changed the County's accounting for pension amounts. As a result of this change in accounting principle, the County was required to restate beginning net position for governmental activities as shown below:

Net position, as previously reported	$ 178,576,995
Remove old net pension asset	(970,220)
Net pension liability, beginning balance	(42,948,366)
Deferred outflows of resources, pension related items, beginning balance	14,639,428
Beginning net position, restated	$ 149,297,837

As a result of this change in accounting principle, the Hamilton County Department of Education was required to restate beginning net position as shown below:

Net position, as previously reported	$	372,968,936
Net pension liability, beginning balance		(68,870,741)
Deferred outflows of resources, pension related items, beginning balance		15,202,379
Beginning net position, restated	$	319,300,574

As a result of this change in accounting principle, the "911" Emergency Communications District was required to restate beginning net position as shown below:

Net position, as previously reported	$	17,071,399
Net pension liability, beginning balance		453,881
Deferred outflows of resources, pension related items, beginning balance		429,796
Beginning net position, restated	$	17,955,076

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
POLITICAL SUBDIVISION PENSION PLAN (PSPP)

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Tennessee Consolidated Retirement System

	2014
Total Pension Liability	
Service Cost (normal cost adjusted to end of year)	$ 7,739,359
Interest	31,157,770
Changes of benefit terms	-
Differences between expected and actual experience	(1,525,480)
Changes of assumptions	-
Benefit Payments/Refunds	(17,833,455)
Net Change in Total Pension Liability	19,538,194
Total Pension Liability - beginning	416,614,295
Total Pension Liability - ending (a)	$ 436,152,489
Plan Fiduciary Net Position	
Contributions - employer	$ 14,573,540
Contributions - employee	65,443
Net investment income	61,448,985
Benefit Payments/Refunds	(17,833,455)
Administrative expenses	(120,676)
Other	-
Net Change in Plan Fiduciary Net Position	58,133,837
Plan Fiduciary Net Position - beginning	372,520,300
Plan Fiduciary Net Position - ending (b)	$ 430,654,137
Net Pension Liability - ending (a) - (b)	$ 5,498,352
Plan Fiduciary Net Position as a % of the Total Pension Liability	98.74%
Covered-employee payroll	$ 103,506,102
Net Pension Liability as a % of covered-employee payroll	5.31%

* for fiscal year ending June 30, 2015 (year shown is measurement date)

Note: This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS
TEACHERS' LEGACY PENSION PLAN

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Tennessee Consolidated Retirement System

	2014*
Proportion of the net pension asset	4.361741%
Proportionate share of the net pension asset	$ 708,763
Covered-employee payroll	$ 171,197,960
Proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.08%

* for fiscal year ending June 30, 2015 (year shown is measurement date)

Note: This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
TEACHERS' PLAN

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Hamilton County Administered Plans

Teachers' Plan	2014	2015
Total Pension Liability		
Service Cost (normal cost adjusted to end of year)	$ -	$ -
Interest	816	670
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(1,517)
Changes of assumptions	-	-
Benefit Payments/Refunds	(3,812)	(3,612)
Net Change in Total Pension Liability	(2,996)	(4,459)
Total Pension Liability - beginning	18,197	15,201
Total Pension Liability - ending (a)	$ 15,201	$ 10,742
Plan Fiduciary Net Position		
Contributions - employer	$ -	$ 12,931
Contributions - employee	-	3,588
Net investment income	3	2
Benefit Payments/Refunds	(3,812)	(3,612)
Administrative expenses	(5,206)	-
Other	-	-
Net Change in Plan Fiduciary Net Position	(9,015)	12,909
Plan Fiduciary Net Position - beginning	7,180	(1,835)
Plan Fiduciary Net Position - ending (b)	$ (1,835)	$ 11,074
Net Pension Liability - ending (a) - (b)	$ 17,036	$ (332)
Plan Fiduciary Net Position as a % of the Total Pension Liability	-12.1%	103.1%
Covered-employee payroll	$ -	$ -
Net Pension Liability as a % of covered-employee payroll	N/A	N/A

Note: This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES' PLAN

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Hamilton County Administered Plans

	2014	2015
Total Pension Liability		
Service Cost (normal cost adjusted to end of year)	$ -	$ -
Interest	40,175	36,314
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(17,798)
Changes of assumptions	-	-
Benefit Payments/Refunds	(96,114)	(85,477)
Net Change in Total Pension Liability	(55,939)	(66,961)
Total Pension Liability - beginning	582,860	526,921
Total Pension Liability - ending (a)	$ 526,921	$ 459,960
Plan Fiduciary Net Position		
Contributions - employer	$ -	$ -
Contributions - employee	-	-
Net investment income	226,056	60,128
Benefit Payments/Refunds	(96,114)	(85,477)
Administrative expenses	(15,390)	(13,940)
Other	-	-
Net Change in Plan Fiduciary Net Position	114,552	(39,289)
Plan Fiduciary Net Position - beginning	1,923,988	2,038,540
Plan Fiduciary Net Position - ending (b)	$ 2,038,540	$ 1,999,251
Net Pension Liability - ending (a) - (b)	$ (1,511,619)	$ (1,539,291)
Plan Fiduciary Net Position as a % of the Total Pension Liability	386.9%	434.7%
Covered-employee payroll	$ -	$ -
Net Pension Liability as a % of covered-employee payroll	N/A	N/A

Note: This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
COMMISSIONERS' PLAN

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Hamilton County Administered Plans

	2014	2015
Total Pension Liability		
Service Cost (normal cost adjusted to end of year)	$ 26,615	$ 27,680
Interest	45,430	46,656
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(13,771)
Changes of assumptions	-	-
Benefit Payments/Refunds	(52,129)	(52,430)
Net Change in Total Pension Liability	19,916	8,135
Total Pension Liability - beginning	756,218	776,134
Total Pension Liability - ending (a)	$ 776,134	$ 784,269
Plan Fiduciary Net Position		
Contributions - employer	$ 65,888	$ 55,000
Contributions - employee	-	-
Net investment income	46,376	3,327
Benefit Payments/Refunds	(52,129)	(52,430)
Administrative expenses	(6,814)	(3,975)
Other	-	-
Net Change in Plan Fiduciary Net Position	53,321	1,922
Plan Fiduciary Net Position - beginning	571,736	625,057
Plan Fiduciary Net Position - ending (b)	$ 625,057	$ 626,979
Net Pension Liability - ending (a) - (b)	$ 151,077	$ 157,290
Plan Fiduciary Net Position as a % of the Total Pension Liability	80.5%	79.9%
Covered-employee payroll	$ 186,705	$ 186,705
Net Pension Liability as a % of covered-employee payroll	80.9%	84.2%

Note: This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEMS

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Tennessee Consolidated Retirement System

	PSPP				
Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	$ 14,355,470	$ 14,355,470	$ -	$ 103,455,881	14.33%
2014	$ 14,573,540	$ 14,573,540	$ -	$ 103,506,102	14.08%

	Teachers' Legacy Plan				
Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	$ 14,190,458	$ 14,190,458	$ -	$ 156,974,093	9.04%
2014	$ 15,202,379	$ 15,202,379	$ -	$ 171,197,960	8.88%

	Teachers' Retirement Plan*				
Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	$ 258,031	$ 412,850	$ (154,819)	$ 10,321,250	4.00%

*Note: This plan began 7/1/2014

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYEES' PLAN AND COMMISSIONERS' PLAN

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Hamilton County Administered Plans

	Employees' Retirement				
Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	$ -	$ -	$ -	$ -	N/A
2014	-	-	-	N/A	N/A
2013	-	-	-	-	N/A
2012	-	-	-	N/A	N/A
2011	-	-	-	-	N/A
2010	-	-	-	N/A	N/A
2009	-	-	-	-	N/A
2008	-	-	-	N/A	N/A
2007	-	-	-	-	N/A
2006	-	-	-	N/A	N/A

	Commissioners' Retirement				
Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	$ 51,769	$ 55,000	$ (3,231)	$ 186,705	29.5%
2014	51,769	65,888	(14,119)	186,705	35.3%
2013	50,074	67,418	(17,344)	186,705	36.1%
2012	50,074	67,418	(17,344)	N/A	N/A
2011	47,000	67,418	(20,418)	186,705	36.1%
2010	47,700	75,258	(27,558)	N/A	N/A
2009	52,431	75,258	(22,827)	196,236	38.4%
2008	52,431	75,258	(22,827)	N/A	N/A
2007	49,563	75,258	(25,695)	191,733	39.3%
2006	30,454	75,258	(44,804)	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' PLAN

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Hamilton County Administered Plans

	Teachers' Retirement				
Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	$ 5,447	$ 12,931	$ (7,484)	$ -	N/A
2014	1,393	-	1,393	-	N/A
2013	2,075	-	2,075	-	N/A
2012	2,075	-	2,075	N/A	N/A
2011	938	-	938	-	N/A
2010	938	-	938	N/A	N/A
2009	605	-	605	-	N/A
2008	605	-	605	N/A	N/A
2007	-	-	-	-	N/A
2006	-	-	-	N/A	N/A

SCHEDULE OF PENSION INVESTMENT RETURNS

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Teachers' Plan

	2015
Annual money-weighted rate of return, net of invesment expenses for the County's Teacher's Pension Plan	0.03%

Employees' Plan

	2015
Annual money-weighted rate of return, net of invesment expenses for the County's Employees' Pension Plan	2.32%

Commissioners' Plan

	2015
Annual money-weighted rate of return, net of invesment expenses for the County's Commissioners' Pension Plan	-0.10%

Note: This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Primary Government						
07/01/14	$ 13,292,356	$ 36,287,563	$ 22,995,207	36.6%	$ 81,197,167	28.3%
07/01/13	10,956,074	34,001,560	23,045,486	32.2%	78,832,201	29.2%
07/01/12	8,772,754	31,796,250	23,023,496	27.6%	76,586,117	30.1%
07/01/11	6,846,734	34,175,128	27,328,394	20.0%	71,164,995	38.4%
07/01/10	-	32,267,635	32,267,635	0.0%	69,092,228	46.7%
Department of Education						
07/01/14	$ -	$ 97,250,917	$ 97,250,917	0.0%	$ 182,234,548	53.4%
07/01/13	-	111,727,631	111,727,631	0.0%	177,652,632	62.9%
07/01/12	-	108,129,525	108,129,525	0.0%	172,478,284	62.7%
07/01/11	-	89,329,785	89,329,785	0.0%	192,370,258	46.4%
07/01/10	-	87,718,669	87,718,669	0.0%	182,473,427	48.1%

Schedule of Employer Contributions

	Year Ended June 30	Annual Required Contribution	Total Contributions	Percentage Contributed
Primary Government				
	2015	$ 3,122,393	$ 3,181,064	101.9%
	2014	3,004,067	3,037,331	101.1%
	2013	2,888,991	2,906,665	100.6%
	2012	3,033,618	3,417,718	112.7%
	2011	3,316,984	8,031,145	242.1%
Department of Education				
	2015	$ 10,340,752	$ 6,681,801	64.6%
	2014	12,018,403	7,749,540	64.5%
	2013	11,382,578	7,142,433	62.7%
	2012	9,323,251	7,499,576	80.4%
	2011	8,879,110	6,848,928	77.1%

NOTE TO SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

HAMILTON COUNTY, TENNESSEE
June 30, 2015

PUBLIC EMPLOYEE RETIREMENT SYSTEMS

Actuarial information of the Tennessee Consolidated Retirement System Plans

Employer contributions for the year ended June 30, 2015 are based on the results of the July 1, 2013 actuarial valuation. Accordingly, governmental employers utilize the following notes to the schedule relating to the Actuarially Determined Contributions when presenting 2015.

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	7 years
Asset valuation method	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent, if provided

Actuarial Information of the County Administered Plans

The annual required contribution for each of these plans was determined using the entry age normal funding method. The actuarial value of assets was determined at market value. The assumption with respect to investment return was 7.5% for the Employees' Retirement Plan, 5.0% for the Teachers' Retirement Plan and 6.0% for the Commissioners' Retirement Plan. No explicit assumptions were made with regard to inflation. Salary increases were not considered for the Employees' and Teachers' Retirement Plans because the benefits are either capped or not based upon salary. The assumption with respect to salary increases was 4.0% for the Commissioners' Retirement Plan.

OTHER POST EMPLOYMENT BENEFITS

Actuarial Information of the County Employees Post Retirement Medical Insurance Benefits

The annual required contribution was determined by using the entry age normal funding method and a discount rate of 6.5%. The actuarial value of the unfunded actuarial accrued liability is being amortized as a level percentage of covered payroll over a 30-year period commencing on the valuation date.

Actuarial Information of the Department of Education Post Retirement Medical and Dental Insurance Benefits

The annual required contribution was determined using the entry age normal funding method and a discount rate of 4.0%. The actuarial value of the unfunded actuarial accrued liability is being amortized as a level percentage of covered payroll over a 30-year period commencing on the valuation date.

GENERAL FUND

The General Fund accounts for all sources and uses of financial resources applicable to the general operations of county government, which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to use are recorded in the General Fund. Revenues are derived primarily from taxes and intergovernmental revenues.

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND DETAIL

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property taxes	$ 134,124,800	$ 134,124,800	$ 133,627,803	$ (496,997)
Local sales tax	3,040,000	3,040,000	2,710,878	(329,122)
Business taxes	6,496,000	6,496,000	6,273,817	(222,183)
Wholesale beer tax	950,000	950,000	961,508	11,508
Total taxes	144,610,800	144,610,800	143,574,006	(1,036,794)
Licenses and permits	879,300	879,300	683,952	(195,348)
Intergovernmental revenues:				
State of Tennessee	16,630,646	18,348,029	17,866,989	(481,040)
United States Government	2,994,081	3,895,680	3,395,632	(500,048)
Cities	2,433,725	2,770,508	2,582,114	(188,394)
Total intergovernmental revenues	22,058,452	25,014,217	23,844,735	(1,169,482)
Charges for services:				
Health department	2,014,261	2,014,261	1,754,647	(259,614)
Other	13,661,418	13,686,418	11,067,000	(2,619,418)
Total charges for services	15,675,679	15,700,679	12,821,647	(2,879,032)
Fines, forfeitures and penalties	1,134,050	1,134,050	1,149,227	15,177
Investment earnings	433,885	433,885	331,895	(101,990)
Miscellaneous	3,554,756	3,824,763	4,401,938	577,175
Total revenues	188,346,922	191,597,694	186,807,400	(4,790,294)
EXPENDITURES				
Current:				
General government:				
County Clerk	1,872,613	1,898,813	1,816,477	82,336
Register	507,280	507,280	528,993	(21,713)
County Trustee	744,330	744,330	679,215	65,115
Assessor of Property	3,480,009	3,676,959	3,425,041	251,918
District Attorney General	1,212,710	1,212,710	1,169,392	43,318
Election Commission	1,713,086	1,713,086	1,556,291	156,795
Board of Equalization	5,000	5,000	960	4,040
Soil Conservation	118,789	118,789	119,220	(431)
Agricultural Department	236,410	236,410	226,341	10,069
County-City Planning Commission	678,289	678,289	678,289	-

(continued)

BUDGETARY COMPARISON SCHEDULE--(continued)
GENERAL FUND DETAIL

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
EXPENDITURES--(continued):				
Current--(continued):				
General government--(continued):				
Regional Council of Government & SETTDD	$ 72,293	$ 72,293	$ 72,293	$ -
CARTA	105,200	105,200	105,200	-
Economic Development	600,000	600,000	600,000	-
Representative-General Assembly	20,000	20,000	20,000	-
Utilities	2,000,000	2,000,000	1,982,354	17,646
County Board of Commissioners	741,059	878,400	675,310	203,090
County Mayor	713,175	713,175	669,071	44,104
County Auditor	2,506,025	2,506,025	2,364,473	141,552
Chief of Staff	398,726	398,726	339,065	59,661
Chief Reading Officer	289,559	289,559	278,758	10,801
County Attorney	833,969	833,969	768,125	65,844
Emp Assistance Program	34,800	34,800	27,440	7,360
Human Resources	687,917	687,917	717,181	(29,264)
Insurance	208,000	208,000	182,117	25,883
Employee Benefits	3,933,340	3,933,340	3,039,079	894,261
Trustee's Commission	2,665,000	2,665,000	3,078,927	(413,927)
External Audits	204,000	204,000	189,615	14,385
TSCA Dues	9,937	9,937	9,937	-
NACO Dues	6,729	6,729	6,729	-
Equal Employment Opportunity	57,500	60,000	58,782	1,218
Finance Administrator	269,148	269,148	265,776	3,372
Accounting	1,985,326	1,985,326	1,937,848	47,478
Financial Management	519,441	519,441	433,109	86,332
Information Technology Services	3,254,599	3,279,599	2,912,076	367,523
Purchasing	514,457	563,113	565,405	(2,292)
Geographic Information System	893,760	1,324,799	1,367,484	(42,685)
Custodial Services	1,931,301	1,946,211	2,021,541	(75,330)
Real Property	360,024	360,024	339,218	20,806
Recycling	239,361	239,361	217,735	21,626
Human Services Administrator	228,309	228,309	243,393	(15,084)
Development Services	488,747	488,747	654,079	(165,332)
Maintenance	3,090,526	3,101,271	3,138,220	(36,949)
Railroad Authority	133,731	133,731	132,602	1,129
Total general government	40,564,475	41,457,816	39,613,161	1,844,655

(continued)

BUDGETARY COMPARISON SCHEDULE--(continued)
GENERAL FUND DETAIL

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
EXPENDITURES--(continued):				
Current--(continued):				
Public safety:				
Drug Court	$ -	$ 425,000	$ 439,506	$ (14,506)
Medical Examiner	1,340,132	1,340,132	1,345,724	(5,592)
Criminal Court Clerk	1,550,100	1,728,170	1,571,565	156,605
Public Defender	667,466	667,466	630,295	37,171
General Sessions Court	1,436,676	1,436,676	1,421,661	15,015
Juries	153,250	153,250	118,937	34,313
Court Judges	491,813	491,813	490,534	1,279
Judicial Commission Magistrates	392,528	392,528	374,430	18,098
Juvenile Court	7,260,942	7,349,485	6,916,663	432,822
Forest Fire Prevention	4,000	4,000	4,000	-
Humane Education Society	395,255	395,255	395,255	-
Certified Cost Reimbursement	815,600	815,600	635,888	179,712
Building Inspection	1,165,627	1,165,627	1,114,991	50,636
Emergency Services	3,664,753	4,101,573	3,756,253	345,320
Corrections	15,154,650	15,149,670	15,916,563	(766,893)
Litter Grant	562,595	567,577	514,304	53,273
Homeland Security Grants	-	319,400	169,326	150,074
Security Services	1,070,167	1,070,167	849,910	220,257
Volunteer Emergency Services	242,668	263,850	228,538	35,312
WWTA	2,339,769	2,339,769	2,062,335	277,434
Ambulance Services	9,249,342	9,280,427	9,302,312	(21,885)
Total public safety	47,957,333	49,457,435	48,258,990	1,198,445
Highways and streets:				
Public Works Administrator	244,216	244,216	248,328	(4,112)
Engineering Services	1,945,485	1,945,485	1,747,642	197,843
Highway	10,055,147	10,055,147	9,095,683	959,464
Total highways and streets	12,244,848	12,244,848	11,091,653	1,153,195

(continued)

BUDGETARY COMPARISON SCHEDULE--(continued)
GENERAL FUND DETAIL

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
EXPENDITURES--(continued):				
Current--(continued):				
Health:				
Air Pollution Control	$ 188,548	$ 188,548	$ 188,548	$ -
Baroness Erlanger Hospital	1,500,000	1,500,000	1,500,000	-
Health Department	21,657,527	22,883,708	20,808,202	2,075,506
Total health	23,346,075	24,572,256	22,496,750	2,075,506
Social services:				
Clerk and Master	871,075	871,189	843,149	28,040
Circuit Court Clerk	1,333,261	1,333,261	1,293,997	39,264
Urban League	50,000	50,000	50,000	-
Children's Services	-	-	-	-
Total social services	2,254,336	2,254,450	2,187,146	67,304
Culture and recreation:				
Armed Forces Day Parade	10,000	10,000	10,000	-
Bessie Smith Museum	62,653	62,653	62,653	-
Parks and Recreation Department	7,897,906	7,904,115	7,511,039	393,076
Total culture and recreation	7,970,559	7,976,768	7,583,692	393,076
Capital outlay	3,073,749	4,260,110	3,387,796	872,314
Total budgetary expenditures	137,411,375	142,223,683	134,619,188	7,604,495
Excess of revenues over expenditures	50,935,547	49,374,011	52,188,212	2,814,201

(continued)

BUDGETARY COMPARISON SCHEDULE--(continued)
GENERAL FUND DETAIL

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 11,466,000	$ 16,740,571	$ 16,804,619	$ 64,048
Transfers out	(62,441,547)	(88,766,547)	(88,387,366)	379,181
Sale of capital	40,000	40,000	35,844	(4,156)
Total other financing sources (uses)	(50,935,547)	(71,985,976)	(71,546,903)	439,073
Net change in fund balance	-	(22,611,965)	(19,358,691)	3,253,274
Fund balance allocation	-	22,611,965	-	-
	$ -	$ -	(19,358,691)	$ 3,253,274
Add encumbrances at end of year			708,744	
Less encumbrances at beginning of year			(618,114)	
Net change in fund balance--(GAAP Modified Accrual Basis)			(19,268,061)	
Excess of revenues over (under) expenditures for sub-funds budgeted separately from the General Fund				
Sheriff - sub-fund of General Fund			(606,787)	
Juvenile Court Clerk - sub-fund of General Fund			(163,626)	
Net change in fund balance --(GAAP Modified Accrual Basis)			(20,038,474)	
Fund balance at beginning of year, as restated--(GAAP Modified Accrual Basis)			111,432,536	
Fund balance at end of year--(GAAP Modified Accrual Basis)			$ 91,394,062	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These are operating funds which are restricted as to use by the federal or state governments and special purpose funds established by the County Board of Commissioners.

Constitutional Officers Funds account for revenues and expenditures associated with the administrative function of the Constitutional Officers.

Governmental Law Library Fund accounts for revenues and expenditures associated with maintaining a law library for attorneys practicing in state and county courts.

Hotel/Motel Fund accounts for revenues and expenditures associated with the County's Hotel/Motel room tax.

Economic Crimes Fund accounts for revenues and expenditures of the bad check restitution program established by the Tennessee Legislature.

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	Special Revenue Funds	
	Constitutional Officers	Governmental Law Library
ASSETS		
Cash and equivalents	$ 3,915,066	$ 488
Investments	596,676	122,377
Receivables:		
Accounts	481,555	1,250
Intergovernmental	198,790	-
Due from other funds	120,400	-
Prepaid assets	-	-
Total assets	$ 5,312,487	$ 124,115
LIABILITIES:		
Accrued items and other	$ 804,505	$ 1,612
Due to other funds	1,181,619	-
Total liabilities	1,986,124	1,612
FUND BALANCES:		
Restricted for general government	1,845,569	-
Restricted for public safety	701,930	
Restricted for social services	778,864	-
Committed for public safety	-	122,503
Total fund balances	3,326,363	122,503
Total liabilities and fund balances	$ 5,312,487	$ 124,115

Hotel/ Motel	Economic Crimes	Total Nonmajor Governmental Funds
$ 623,905	$ 500	$ 4,539,959
-	83,851	802,904
690,498	3,113	1,176,416
-	-	198,790
-	-	120,400
-	-	-
$1,314,403	$ 87,464	$ 6,838,469
$1,314,403	$ -	$ 2,120,520
-	-	1,181,619
1,314,403	-	3,302,139
-	-	1,845,569
		701,930
-	-	778,864
-	87,464	209,967
-	87,464	3,536,330
$1,314,403	$ 87,464	$ 6,838,469

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Special Revenue Funds	
	Constitutional Officers	Governmental Law Library
REVENUES		
Taxes	$ -	$ 14,103
Intergovernmental	69,224	-
Charges for services	21,260,614	-
Fines, forfeitures and penalities	59,333	-
Investment earnings	27,555	452
Miscellaneous	186,022	-
Total revenues	21,602,748	14,555
EXPENDITURES		
Current:		
General government	4,637,468	-
Public safety:		
Criminal Court	2,834,843	-
Sheriff	239,377	-
Other	-	19,149
Social services	3,494,453	-
Total expenditures	11,206,141	19,149
Excess (deficiency) of revenues over (under) expenditures	10,396,607	(4,594)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	(11,477,583)	-
Sale of capital assets	35,030	-
Total other financing sources (uses)	(11,442,553)	-
Net change in fund balances	(1,045,946)	(4,594)
Fund balances, beginning as restated	4,372,309	127,097
Fund balances, ending	$ 3,326,363	$ 122,503

Hotel/ Motel	Economic Crimes	Total Nonmajor Governmental Funds
$ 6,498,427	$ -	$ 6,512,530
-	-	69,224
-	-	21,260,614
-	37,267	96,600
590	258	28,855
-	-	186,022
6,499,017	37,525	28,153,845
6,499,017	-	11,136,485
-	-	2,834,843
-	-	239,377
-	-	19,149
-	16,556	3,511,009
6,499,017	16,556	17,740,863
-	20,969	10,412,982
-	-	-
-	-	(11,477,583)
-	-	35,030
-	-	(11,442,553)
-	20,969	(1,029,571)
-	66,495	4,565,901
$ -	$ 87,464	$ 3,536,330

COMBINING BALANCE SHEET
CONSTITUTIONAL OFFICERS NONMAJOR GOVERNMENTAL FUNDS

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	Circuit Court Clerk	Clerk and Master	County Clerk	Criminal Court Clerk
ASSETS :				
Cash and cash equivalents	$ 236,844	$ 1,198,355	$ 857,242	$ 706,312
Investments	-	-	-	-
Receivables:				
Accounts	800	-	24,423	155,921
Intergovernmental	-	-	-	198,790
Due from other funds	41,474	-	-	78,926
Prepaid assets	-	-	-	-
Total assets	$ 279,118	$ 1,198,355	$ 881,665	$ 1,139,949
LIABILITIES:				
Accrued items and other	$ 14,784	$ 10,825	$ 119,163	$ 614,830
Due to other funds	250,000	423,000	-	500,000
Total liabilities	264,784	433,825	119,163	1,114,830
FUND BALANCES:				
Restricted for general government	-	-	762,502	-
Restricted for public safety	-	-	-	25,119
Restricted for social services	14,334	764,530	-	-
Total fund balances	14,334	764,530	762,502	25,119
Total liabilities and fund balances	$ 279,118	$ 1,198,355	$ 881,665	$ 1,139,949

Register	Trustee	Sheriff Drug Fund	Sheriff State Sex Offenders Fund	Total Constitutional Officers
$ 349,623	$ 480,724	$ 15,548	$ 70,418	$ 3,915,066
-	-	596,676	-	596,676
-	297,967	1,694	750	481,555
-	-	-	-	198,790
-	-	-	-	120,400
-	-	-	-	-
$ 349,623	$ 778,691	$ 613,918	$ 71,168	$ 5,312,487
$ 15,078	$ 28,608	$ 467	$ 750	$ 804,505
-	1,561	2,500	4,558	1,181,619
15,078	30,169	2,967	5,308	1,986,124
334,545	748,522	-	-	1,845,569
-	-	610,951	65,860	701,930
-	-	-	-	778,864
334,545	748,522	610,951	65,860	3,326,363
$ 349,623	$ 778,691	$ 613,918	$ 71,168	$ 5,312,487

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CONSTITUTIONAL OFFICERS NONMAJOR GOVERNMENTAL FUNDS

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Circuit Court Clerk	Clerk and Master	County Clerk	Criminal Court Clerk
REVENUES				
Intergovernmental	$ 34,588	$ -	$ -	$ -
Charges for services	1,949,396	2,401,909	3,946,552	2,578,618
Fines, forfeitures and penalties	-	-	-	-
Investment earnings	5,778	4,122	4,030	1,920
Miscellaneous	-	-	39,182	-
Total revenues	1,989,762	2,406,031	3,989,764	2,580,538
EXPENDITURES				
Current:				
General government	-	-	2,874,106	-
Public safety:				
Criminal Court	-	-	-	2,834,843
Sheriff	-	-	-	-
Social services	1,979,435	1,515,018	-	-
Total expenditures	1,979,435	1,515,018	2,874,106	2,834,843
Excess (deficiency) of revenues over (under) expenditures	10,327	891,013	1,115,658	(254,305)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(329,590)	(1,114,654)	(980,700)	(435,235)
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	(329,590)	(1,114,654)	(980,700)	(435,235)
Net change in fund balances	(319,263)	(223,641)	134,958	(689,540)
Fund balances, beginning	333,597	988,171	627,544	714,659
Fund balances, ending	$ 14,334	$ 764,530	$ 762,502	$ 25,119

Register	Trustee	Sheriff Drug Fund	Sheriff State Sex Offenders Fund	Total Constitutional Officers
$ -	$ -	$ 34,636	$ -	$ 69,224
1,922,371	8,461,768	-	-	21,260,614
-	-	28,283	31,050	59,333
2,537	6,921	2,098	149	27,555
34,973	-	111,867	-	186,022
1,959,881	8,468,689	176,884	31,199	21,602,748
760,911	1,002,451	-	-	4,637,468
-	-	-	-	2,834,843
-	-	220,429	18,948	239,377
-	-	-	-	3,494,453
760,911	1,002,451	220,429	18,948	11,206,141
1,198,970	7,466,238	(43,545)	12,251	10,396,607
-	-	-	-	-
(1,125,729)	(7,491,675)	-	-	(11,477,583)
-	-	35,030	-	35,030
(1,125,729)	(7,491,675)	35,030	-	(11,442,553)
73,241	(25,437)	(8,515)	12,251	(1,045,946)
261,304	773,959	619,466	53,609	4,372,309
$ 334,545	$ 748,522	$ 610,951	$ 65,860	$ 3,326,363

FIDUCIARY FUNDS

AGENCY FUNDS

These funds are used to account for assets held by the County in a custodial capacity as an agent on behalf of individuals and other government entities.

Constitutional Officers Funds account for various deposits, bail bonds and performance bonds held by the Constitutional Officers.

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CONSTITUTIONAL OFFICERS AGENCY FUNDS

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
CIRCUIT COURT CLERK				
Cash	$ 1,252,647	$ 14,563,606	$ 11,316,856	$ 4,499,397
Certificates of deposit	2,565,174	799,396	456,735	2,907,835
Total assets	$ 3,817,821	$ 15,363,002	$ 11,773,591	$ 7,407,232
Accrued items and other	$ 3,707,206	$ 14,015,470	$ 10,436,381	$ 7,286,295
Intergovernmental payables	110,615	1,347,532	1,337,210	120,937
Total liabilities	$ 3,817,821	$ 15,363,002	$ 11,773,591	$ 7,407,232
CLERK AND MASTER				
Cash	$ 2,770,092	$ 14,895,016	$ 13,736,244	$ 3,928,864
Certificates of deposit	5,381,272	841,260	2,349,880	3,872,652
Total assets	$ 8,151,364	$ 15,736,276	$ 16,086,124	$ 7,801,516
Accrued items and other	$ 7,026,234	$ 4,862,563	$ 5,573,529	$ 6,315,268
Intergovernmental payables	1,125,130	10,873,713	10,512,595	1,486,248
Total liabilities	$ 8,151,364	$ 15,736,276	$ 16,086,124	$ 7,801,516
COUNTY CLERK				
Cash	$ 2,224,332	$ 25,841,340	$ 25,270,107	$ 2,795,565
Accounts receivable	2,215	7,015	9,023	207
Total assets	$ 2,226,547	$ 25,848,355	$ 25,279,130	$ 2,795,772
Accrued items and other	$ 150,501	$ 968,988	$ 856,863	$ 262,626
Intergovernmental payables	2,076,046	24,879,367	24,422,267	2,533,146
Total liabilities	$ 2,226,547	$ 25,848,355	$ 25,279,130	$ 2,795,772

(continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES--(continued)
CONSTITUTIONAL OFFICERS AGENCY FUNDS

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
CRIMINAL COURT CLERK				
Cash	$ 36,171	$ 5,422,886	$ 5,422,808	$ 36,249
Accounts receivable	110,017	32,799	-	142,816
Total assets	$ 146,188	$ 5,455,685	$ 5,422,808	$ 179,065
Accrued items and other	146,188	$ 5,455,685	$ 5,422,808	$ 179,065
Intergovernmental payables	-	-	-	-
Total liabilities	$ 146,188	$ 5,455,685	$ 5,422,808	$ 179,065
JUVENILE COURT CLERK				
Cash	$ 37,714	$ 910,453	$ 899,716	$ 48,451
Certificates of deposit	636,932	96,634	99,616	633,950
Investments	43,339	52,187	-	95,526
Total assets	$ 717,985	$ 1,059,274	$ 999,332	$ 777,927
Accrued items and other	$ 717,985	$ 1,059,274	$ 999,332	$ 777,927
Total liabilities	$ 717,985	$ 1,059,274	$ 999,332	$ 777,927
REGISTER				
Cash	$ 783,976	$ 10,659,720	$ 10,304,791	$ 1,138,905
Accounts receivable	1,761	42,147	42,373	1,535
Total assets	$ 785,737	$ 10,701,867	$ 10,347,164	$ 1,140,440
Intergovernmental payables	$ 785,737	$ 10,701,867	$ 10,347,164	$ 1,140,440
Total liabilities	$ 785,737	$ 10,701,867	$ 10,347,164	$ 1,140,440

(continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES--(continued)
CONSTITUTIONAL OFFICERS AGENCY FUNDS

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
SHERIFF				
Cash	$ 16,197	$ 489,660	$ 487,155	$ 18,702
Investments	81,422	38,747	-	120,169
Total assets	$ 97,619	$ 528,407	$ 487,155	$ 138,871
Accrued items and other	$ 97,619	$ 528,407	$ 487,155	$ 138,871
Total liabilities	$ 97,619	$ 528,407	$ 487,155	$ 138,871
TRUSTEE				
Cash	$ 847,043	$ 28,606,651	$ 28,468,414	$ 985,280
Total assets	$ 847,043	$ 28,606,651	$ 28,468,414	$ 985,280
Intergovernmental payables	$ 847,043	$ 28,606,651	$ 28,468,414	$ 985,280
Total liabilities	$ 847,043	$ 28,606,651	$ 28,468,414	$ 985,280
TOTAL CONSTITUTIONAL OFFICERS AGENCY FUNDS				
Cash	$ 7,968,172	$ 101,389,332	$ 95,906,091	$ 13,451,413
Certificates of deposit	8,583,378	1,737,290	2,906,231	7,414,437
Investments	124,761	90,934	-	215,695
Accounts receivable	113,993	81,961	51,396	144,558
Total assets	$16,790,304	$ 103,299,517	$ 98,863,718	$ 21,226,103
Accrued items and other	$11,845,733	$ 26,890,387	$ 23,776,068	$ 14,960,052
Intergovernmental payables	4,944,571	76,409,130	75,087,650	6,266,051
Total liabilities	$16,790,304	$ 103,299,517	$ 98,863,718	$ 21,226,103

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ 600,194	$ 600,194	$ 697,337	$ 97,143
Charges for current services	550,000	550,000	555,131	5,131
Investment earnings	2,000	2,000	3,598	1,598
Miscelleneous	67,502	67,502	62,574	(4,928)
Total revenues	1,219,696	1,219,696	1,318,640	98,944
EXPENDITURES				
Debt Service:				
Principal retirement	24,347,610	59,347,610	59,324,643	22,967
Interest and fiscal charges	9,647,170	9,647,170	9,551,882	95,288
Total budgetary expenditures	33,994,780	68,994,780	68,876,525	118,255
Excess (deficiency) of revenues over (under) budgetary expenditures	(32,775,084)	(67,775,084)	(67,557,885)	217,199
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	35,000,000	35,000,000	-
Proceeds from sale of refunding bonds	-	30,135,000	30,135,000	-
Premium on refunding bonds	-	5,725,718	5,725,718	-
Payment to refunded bonds escrow agent	-	(35,860,718)	(35,860,718)	-
Transfers in	32,775,084	32,775,084	32,965,170	190,086
Total other financing sources (uses)	32,775,084	67,775,084	67,965,170	190,086
Net change in fund balance	-	-	407,285	407,285
Fund balance allocation	-	-	-	-
	$ -	$ -	407,285	$ 407,285
Fund balances at beginning of year--(GAAP Modified Accrual Basis)			923,069	
Fund balances at end of year--(GAAP Modified Accrual Basis)			$ 1,330,354	

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUND

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Hotel / Motel Fund			
	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Hotel/Motel Occupancy tax	$ 6,098,170	$ 6,098,170	$ 6,498,427	$ 400,257
Investment earnings	1,830	1,830	590	(1,240)
Total revenues	6,100,000	6,100,000	6,499,017	399,017
EXPENDITURES				
Hotel/Motel Occupancy tax	6,100,000	6,100,000	6,499,017	(399,017)
Total budgetary expenditures	6,100,000	6,100,000	6,499,017	(399,017)
Net change in fund balance	-	-	-	-
Fund balance allocation	$ -	$ -	$ -	$ -

BUDGETARY COMPARISON SCHEDULE
JUVENILE COURT CLERK - sub-fund of General Fund

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for current services	$ 403,400	$ 403,400	$ 381,001	$ (22,399)
Investment earnings	-	-	2,254	2,254
Miscellaneous	6,100	6,100	8,768	2,668
Total revenues	409,500	409,500	392,023	(17,477)
EXPENDITURES				
Current:				
Public safety:				
Juvenile Court	1,453,717	1,453,717	1,407,321	46,396
Social Services:				
Child support	1,058,224	1,058,224	1,031,103	27,121
Total budgetary expenditures	2,511,941	2,511,941	2,438,424	73,517
Excess (deficiency) of revenues over (under) budgetary expenditures	(2,102,441)	(2,102,441)	(2,046,401)	56,040
OTHER FINANCING SOURCES (USES)				
Transfers in	1,882,775	1,882,775	1,882,775	-
Net change in fund balance--(GAAP)	$ (219,666)	$ (219,666)	$ (163,626)	$ 56,040

For reporting purposes this fund is a sub-fund of the General Fund.

BUDGETARY COMPARISON SCHEDULE
SHERIFF - sub-fund of General Fund

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Budgeted Amounts		Actual (Non - GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES	Original	Final		
Intergovernmental	$ 2,349,005	$ 3,089,120	$ 2,705,720	$ (383,400)
Charges for current services	21,000	21,000	14,024	(6,976)
Fines, forfeitures and penalties	539,000	539,000	539,754	754
Investment earnings	10,000	10,000	7,912	(2,088)
Miscellaneous	68,304	68,304	207,328	139,024
Total revenues	2,987,309	3,727,424	3,474,738	(252,686)
EXPENDITURES				
Current Public Safety				
Administration	2,320,719	2,388,876	2,273,693	115,183
Patrol	9,239,456	9,737,273	9,275,072	462,201
Jail	12,075,110	12,059,664	12,144,462	(84,798)
Process and court servers	1,005,922	1,005,922	1,044,445	(38,523)
Communications	926,405	926,405	892,602	33,803
Major crimes	1,765,565	1,765,565	1,870,614	(105,049)
Fugitive warrant	1,176,063	1,176,063	1,267,856	(91,793)
Civil process	639,428	639,428	648,631	(9,203)
Special operations	978,061	978,061	843,858	134,203
Inmate commissary	-	30,000	127,330	(97,330)
Governor's highway safety grant	-	393,805	253,698	140,107
Information system	271,597	271,597	425,646	(154,049)
IV-D civil process	203,404	203,404	196,539	6,865
Total budgetary expenditures	30,601,730	31,576,063	31,264,446	311,617
Excess (deficiency) of revenues over (under) budgetary expenditures	(27,614,421)	(27,848,639)	(27,789,708)	58,931
OTHER FINANCING SOURCES (USES)				
Transfers in	27,214,421	27,214,421	27,214,421	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	27,214,421	27,214,421	27,214,421	-
Net change in fund balance	(400,000)	(634,218)	(575,287)	58,931
Fund balance allocation	400,000	634,218	-	-
	$ -	$ -	(575,287)	$ 58,931
Add encumbrances at end of year			51,669	
Less encumbrances at beginning of year			(92,536)	
Excess of nonbudgeted revenues and other financing sources over nonbudgeted expenditures and other financing uses (Sheriff Special Projects)			9,367	
Net change in fund balance--(GAAP)			$ (606,787)	

For reporting purposes this fund is a sub-fund of the General Fund.

DISCRETELY PRESENTED COMPONENT UNIT
HAMILTON COUNTY DEPARTMENT OF EDUCATION

Discretely presented component units are entities that are legally separate from the County, but the County is considered to be financially accountable for these entities. The Hamilton County Department of Education provides public education for grades kindergarten through twelve.

GOVERNMENTAL FUND TYPES

General Purpose School Fund accounts for the operations of the school system, including instructional programs, administration, transportation, and other educational expenditures for the individual schools.

Centralized Cafeteria Fund accounts for the food service operations at the schools.

Education Capital Projects Fund accounts for resources designated for major improvements to capital assets in the school system.

PROPRIETARY FUND TYPES

Hamilton County Department of Education Internal Service Fund accounts for the Hamilton County Department of Education self-insurance programs. The Department of Education is self-insured for on-the-job injury claims, non-tort liability claims, unemployment compensation, health insurance, and the dental reimbursement program.

AGENCY FUND TYPES

School Activity Fund accounts for extracurricular activities of the student bodies of the schools. The school principals and activity sponsors direct these activities.

COMBINING BALANCE SHEET
HAMILTON COUNTY DEPARTMENT OF EDUCATION GOVERNMENTAL FUNDS

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	General Purpose School	Centralized Cafeteria	Education Capital Projects	Total Department of Education Governmental Funds
ASSETS:				
Cash	$ 9,809,165	5,373,235	$ 18,806	$ 15,201,206
Investments	94,803,678	8,577	-	94,812,255
Receivables (net of allowances for uncollectibles):				
Property taxes	139,853,190	-	-	139,853,190
Accounts	762,468	14,905	-	777,373
Intergovernmental	16,606,024	37,783	-	16,643,807
Due from other DOE funds	1,571,713	-	4,549,838	6,121,551
Due from primary government	2,333,917	-	-	2,333,917
Inventories	171,593	756,172	-	927,765
Total assets	$ 265,911,748	$ 6,190,672	$ 4,568,644	$ 276,671,064
LIABILITIES:				
Accounts payable	$ 5,365,306	$ 14,118	$ 25,407	$ 5,404,831
Accrued items and other	34,163,019	103,644	56,213	34,322,876
Due to other DOE funds	40,979,319	2,525,718	996,846	44,501,883
Due to primary government	19,851	2,195	-	22,046
Total current liabilities	80,527,495	2,645,675	1,078,466	84,251,636
DEFERRED INFLOWS OF RESOURCES:				
Unearned property taxes	132,997,058	-	-	132,997,058
Other	381,870	-	-	381,870
Total deferred inflows of resources	133,378,928	-	-	133,378,928
FUND BALANCES:				
Nonspendable	171,593	756,172	-	927,765
Restricted for centralized cafeteria	-	2,537,907	-	2,537,907
Restricted for education	2,161,878	-	-	2,161,878
Restricted for instruction	43,185	-	-	43,185
Committed for education	6,203,435	-	-	6,203,435
Committed for capital projects	-	-	3,490,178	3,490,178
Committed for instruction	1,955,984	-	-	1,955,984
Committed for centralized cafeteria	-	250,918	-	250,918
Assigned for education	3,512,938	-	-	3,512,938
Unassigned	37,956,312	-	-	37,956,312
Total fund balances	52,005,325	3,544,997	3,490,178	59,040,500
Total liabilities, deferred inflows of resources and fund balances	$ 265,911,748	$ 6,190,672	$ 4,568,644	$ 276,671,064

RECONCILIATION OF THE BALANCE SHEET OF HAMILTON COUNTY DEPARTMENT OF EDUCATION GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Differences in amounts reported for the Department of Education in the statement of net position on page A-15:	
Fund balances - total Department of Education governmental funds	$ 59,040,500
Amounts reported for the Department of Education in the statement of net position are different because:	
Capital assets used in the Department of Education's governmental activities are not financial resources and, therefore, are not reported in the funds.	333,130,395
Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows in the funds.	6,903,602
Internal service funds are used by management to charge the costs of self-insurance programs to individual funds. The assets and liabilities of the internal service funds are included in the Department of Education in the statement of net position.	34,156,509
Long-term payable to primary government is not due until the related long-term liability is due and payable.	(224,043)
Long-term liabilities, consisting of accumulated leave, OPEB obligation and other long-term debt, are not due and payable in the current period and therefore are not reported in the funds.	(75,004,252)
Net position of the Department of Education	$ 358,002,711

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HAMILTON COUNTY DEPARTMENT OF EDUCATION GOVERNMENTAL FUNDS

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	General Purpose School	Centralized Cafeteria	Education Capital Projects	Total Department of Education Governmental Funds
REVENUES				
Taxes	199,760,139	$ -	$ -	$ 199,760,139
Intergovernmental	170,788,959	16,481,185	-	187,270,144
Charges for services	4,392,774	3,564,715	-	7,957,489
Investment earnings	310,867	14,201	500	325,568
Miscellaneous	8,060,440	6,071	662,194	8,728,705
Total revenues	383,313,179	20,066,172	662,694	404,042,045
EXPENDITURES				
Current:				
Education	372,338,689	18,739,641	-	391,078,330
Capital outlay	127,654	-	3,225,587	3,353,241
Total expenditures	372,466,343	18,739,641	3,225,587	394,431,571
Excess (deficiency) of revenues over (under) expenditures	10,846,836	1,326,531	(2,562,893)	9,610,474
OTHER FINANCING SOURCES (USES)				
Transfers between DOE funds	(3,000,000)	-	3,000,000	-
Net change in fund balances	7,846,836	1,326,531	437,107	9,610,474
Fund balances, beginning	44,158,489	2,218,466	3,053,071	49,430,026
Fund balances, ending	$ 52,005,325	$ 3,544,997	$ 3,490,178	$ 59,040,500

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF HAMILTON COUNTY DEPARTMENT OF EDUCATION GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

Differences in amounts reported for governmental activities in the statement of activities on pages A-16 and A-17:	
Net change in fund balances - total Department of Education governmental funds	$ 9,610,474
Amounts reported for the Department of Education in the statement of activities are different because:	
Depreciation expense on governmental capital assets are included in the governmental activities in the statement of activities.	(12,168,042)
Bond payments are reported as expenditures in the Department of Education's governmental activities in the period paid.	97,064
The net effect of various transactions involving capital assets is to increase net position.	24,873,392
The loss on sale/abandonment of capital assets is not recognized in the Department of Education's governmental funds.	(50,181)
Other post employment benefits will not be funded therefore the expense is not recognized in the funds.	(3,600,463)
The net revenues of internal service funds are reported with governmental activities.	6,119,348
The net effect of the change in the net pension liability is included in the statement of activities.	14,795,797
Certain items 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.	(311,967)
Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds.	(663,285)
Change in net position of governmental activities	$ 38,702,137

BUDGETARY COMPARISON SCHEDULE
HAMILTON COUNTY DEPARTMENT OF EDUCATION GOVERNMENTAL FUNDS
GENERAL PURPOSE SCHOOL AND CENTRALIZED CAFETERIA

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property taxes	$ 132,062,249	$ 132,562,249	$ 133,728,705	$ 1,166,456
Local sales tax	64,598,596	63,455,921	66,031,434	2,575,513
Total taxes	196,660,845	196,018,170	199,760,139	3,741,969
Intergovernmental revenues:				
State of Tennessee:				
Education	140,596,032	137,880,734	136,872,343	(1,008,391)
Food service	176,000	176,000	198,770	22,770
Federal funds received from State of Tennessee and other sources:				
Education	32,241,427	37,751,198	33,916,616	(3,834,582)
Food service	14,135,469	14,135,469	16,282,415	2,146,946
Total intergovernmental revenues	187,148,928	189,943,401	187,270,144	(2,673,257)
Charges for services:				
Education	4,298,682	4,833,682	4,392,774	(440,908)
Food service	5,576,828	5,576,828	3,564,715	(2,012,113)
Total charges for current services	9,875,510	10,410,510	7,957,489	(2,453,021)
Investment earnings:				
Education	250,000	250,000	310,867	60,867
Food service	7,630	7,630	14,201	6,571
Total investment earnings	257,630	257,630	325,068	67,438
Miscellaneous:				
Education	3,251,223	7,946,388	8,060,440	114,052
Food service	-	-	6,071	6,071
Total miscellaneous	3,251,223	7,946,388	8,066,511	120,123
Total revenues	397,194,136	404,576,099	403,379,351	(1,196,748)

(continued)

BUDGETARY COMPARISON SCHEDULE--(continued)
HAMILTON COUNTY DEPARTMENT OF EDUCATION GOVERNMENTAL FUNDS
GENERAL PURPOSE SCHOOL AND CENTRALIZED CAFETERIA

HAMILTON COUNTY, TENNESSEE

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Current:				
Education:				
Regular instruction program	$ 177,162,978	$ 176,924,915	$ 174,598,096	$ 2,326,819
Special education program	34,508,885	33,741,477	33,302,091	439,386
Vocational education program	8,741,749	8,556,440	8,534,284	22,156
Attendance	1,684,309	1,655,215	1,565,209	90,006
Health services	3,417,807	3,417,807	3,414,555	3,252
Other student support	6,728,812	7,170,951	7,157,458	13,493
Regular instruction support	9,296,074	9,462,817	9,037,897	424,920
Special education support	2,982,292	2,985,481	2,919,397	66,084
Vocational education support	278,354	282,246	270,385	11,861
Board of education	6,204,720	6,205,401	5,677,321	528,080
Office of superintendent	1,019,173	1,016,912	927,377	89,535
Office of principal	24,496,865	24,015,186	23,885,058	130,128
Fiscal services	2,788,751	2,820,690	2,666,486	154,204
Human resources	1,269,092	1,279,529	1,149,123	130,406
Operation of plant	23,954,769	25,129,607	24,319,262	810,345
Maintenance of plant	8,097,165	8,094,371	8,092,101	2,270
Transportation	15,042,947	15,042,947	14,645,337	397,610
Central and other	2,250,904	2,201,368	2,183,237	18,131
Community services	2,986,682	2,986,682	2,472,820	513,862
Early childhood	2,810,171	2,810,177	2,795,367	14,810
Federal programs	31,679,218	37,318,236	32,811,292	4,506,944
Other self funded projects	2,276,959	5,762,658	5,161,957	600,701
Charter Schools	6,369,138	6,369,138	6,273,157	95,981
Education debt service	97,500	97,500	97,500	-
Food service	19,895,927	19,895,927	18,980,990	914,937
Total education	396,041,241	405,243,678	392,937,757	12,305,921
Capital outlay:				
Education	130,000	130,000	130,000	-
Total budgetary expenditures	396,171,241	405,373,678	393,067,757	12,305,921
OTHER FINANCING USES				
Transfers to other DOE funds	(3,000,000)	(3,000,000)	(3,000,000)	-
Net change in fund balance	(1,977,105)	(3,797,579)	7,311,594	11,109,173
Fund balance allocation	1,977,105	3,797,579	-	-
	$ -	$ -	7,311,594	$ 11,109,173
Add encumbrances at end of year			5,063,993	
Less encumbrances at beginning of year			(3,202,220)	
Excess of nonbudgeted revenues and other financing sources over nonbudgeted expenditures and other financing uses (Education Capital Projects)			437,107	
Net change in fund balance--(GAAP Modified Accrual Basis)			9,610,474	
Fund balances at beginning of year, as restated--(GAAP Modified Accrual Basis)			49,430,026	
Fund balances at end of year--(GAAP Modified Accrual Basis)			$ 59,040,500	

STATEMENT OF NET POSITION
HAMILTON COUNTY DEPARTMENT OF EDUCATION
INTERNAL SERVICE FUND

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	Department of Education Internal Service Fund
CURRENT ASSETS	
Cash	$ 1,103,664
Receivables	2,230,362
Due from other DOE funds	38,380,332
Prepaid items	392,763
Total current assets	42,107,121
LIABILITIES	
Current Liabilities	
Accounts payable	74,754
Accrued claims	6,739,712
Total current liabilities	6,814,466
Noncurrent Liabilities	
Accrued claims	1,136,146
NET POSITION	
Unrestricted	$ 34,156,509

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
HAMILTON COUNTY DEPARTMENT OF EDUCATION INTERNAL SERVICE FUND

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Department of Education Internal Service Fund
OPERATING REVENUES	
Charges for services	$ 65,517,482
Other	1,635
Total operating revenues	65,519,117
OPERATING EXPENSES	
Unemployment compensation	85,622
Claims and premiums	59,313,025
Total operating expenses	59,398,647
Operating income (loss)	6,120,470
NONOPERATING REVENUES (EXPENSES)	
Interest cost	(1,122)
Change in net position	6,119,348
Net position, beginning	28,037,161
Net position, ending	$ 34,156,509

STATEMENT OF CASH FLOWS
HAMILTON COUNTY DEPARTMENT OF EDUCATION
INTERNAL SERVICE FUND

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Department of Education Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from insurance premiums	$ 55,160,388
Cash paid for unemployment compensation	(85,622)
Cash paid for claims and premiums	(59,062,464)
Net cash provided by operating activities	(3,987,698)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash paid for interest cost	(1,122)
Net cash used in investing activities	(1,122)
Net change in cash and cash equivalents	(3,988,820)
Beginning cash and cash equivalents	5,092,484
Ending cash and cash equivalents	$ 1,103,664
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	$ 6,120,470
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in accounts receivable	(210,387)
Change in due from other funds	(8,952,296)
Change in prepaid items	(277,509)
Change in accounts payable	(918,537)
Change in accrued claims	250,561
Total adjustments	(10,108,168)
Net cash provided by operating activities	$ (3,987,698)

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
HAMILTON COUNTY DEPARTMENT OF EDUCATION AGENCY FUND

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

ASSETS	
Cash	$ 7,935,968
Prepaid Items	100
Total Assets	$ 7,936,068
LIABILITES	
Due to Others	$ 7,936,068
Total Liabilities	$ 7,936,068

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
HAMILTON COUNTY DEPARTMENT OF EDUCATION AGENCY FUND

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash	$ 7,373,683	$ 13,429,359	$ 12,867,074	$ 7,935,968
Accounts receivable	4,096	-	4,096	-
Prepaid items	400	100	400	100
Total assets	$ 7,378,179	$ 13,429,459	$ 12,871,570	$ 7,936,068
LIABILITES				
Due to others	$ 7,378,179	$ 13,429,459	$ 12,871,570	$ 7,936,068
Total liabilities	$ 7,378,179	$ 13,429,459	$ 12,871,570	$ 7,936,068

SCHEDULE OF PROPERTY TAXES RECEIVABLE

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Year of Levy	Property Taxes Receivable	Allowance For Estimated Uncollectibles	Net Amount
2015 *	$ 262,397,388	$ 12,083,302	$ 250,314,086
2014	10,290,719	529,972	9,760,747
2013	3,224,742	467,265	2,757,477
2012	2,334,545	570,563	1,763,982
2011	1,044,645	783,170	261,475
2010	956,339	841,292	115,047
2009	44,188	44,188	-
2008	756,738	756,738	-
	$ 281,049,304	$ 16,076,490	$ 264,972,814
DISTRIBUTION TO PRIMARY GOVERNMENT			
County General	$ 133,216,033	$ 8,096,409	$ 125,119,624
DISTRIBUTION TO COMPONENT UNIT			
General Purpose School	147,833,271	7,980,081	139,853,190
	$ 281,049,304	$ 16,076,490	$ 264,972,814

* Accrual of the anticipated current year levy is required by GASB Statement No. 33.

SCHEDULE OF CERTIFICATES OF DEPOSIT BY FUND

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	Maturity Date	Interest Rate	Amount
PRIMARY GOVERNMENT:			
AGENCY FUNDS			
Constitutional Officers:			
Circuit Court Clerk	Various	Various	$ 2,907,835
Clerk and Master	Various	Various	3,872,652
Juvenile Court Clerk	Various	Various	633,950
Total primary government			7,414,437
COMPONENT UNITS:			
PROPRIETARY FUNDS			
"911" Emergency Communication:			
First Tennessee Bank	10/06/15	0.450%	8,524,692
First Tennessee Bank	06/12/16	0.450%	1,023,536
Total component units			9,548,228
Total			$ 16,962,665

SCHEDULE OF INVESTMENTS BY FUND

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	MATURITY DATE	INTEREST RATE	FACE VALUE	BOOK VALUE
PRIMARY GOVERNMENT				
GENERAL FUND				
Hamilton County Local Investment Pool	N/A	Monthly Weighted Average	$79,975,148	$ 79,975,148
Certificate of Deposit Classified as Investments	various	various	15,000	15,000
DEBT SERVICE				
Hamilton County Local Investment Pool	N/A	Monthly Weighted Average	1,285,488	1,285,488
CAPITAL PROJECTS				
Hamilton County Local Investment Pool	N/A	Monthly Weighted Average	23,900,201	23,900,201
First TN Investment Pool	N/A	Monthly Weighted Average	46,563,813	46,563,813
OTHER GOVERNMENTAL FUNDS				
Governmental Law Library:				
Hamilton County Local Investment Pool	N/A	Monthly Weighted Average	122,377	122,377
Economic Crimes:				
Hamilton County Local Investment Pool	N/A	Monthly Weighted Average	$ 83,851	$ 83,851
Constitutional Officers:				
Hamilton County Local Investment Pool	N/A	Monthly Weighted Average	$ 596,676	$ 596,676

(continued)

SCHEDULE OF INVESTMENTS BY FUND--(continued)

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	MATURITY DATE	INTEREST RATE	FACE VALUE	BOOK VALUE
INTERNAL SERVICE				
Hamilton County Local Investment Pool	N/A	Monthly Weighted Average	18,772,808	18,772,808
Total Primary Government Funds				171,315,362
PENSION TRUST FUND				
Mutual Funds	Various	Various	1,398,595	1,398,595
Domestic Corporate Bonds	Various	Various	354,157	354,157
Foreign Bonds / Notes	Various	Various	52,169	52,169
Domestic Equity Securities	Various	Various	362,984	362,984
Foreign Equity Securities	Various	Various	51,720	51,720
US Government Securities	Various	Various	109,827	109,827
Municipal Bonds	Various	Various	172,441	172,441
OPEB TRUST FUND				
Mutual Funds	Various	Various	8,041,494	8,041,494
Domestic Corporate Bonds	Various	Various	1,039,874	1,039,874
Foreign Bonds / Notes	Various	Various	156,506	156,506
Domestic Equity Securities	Various	Various	5,319,351	5,319,351
Foreign Equity Securities	Various	Various	781,578	781,578
US Government Securities	Various	Various	385,300	385,300
Municipal Bonds	Various	Various	449,869	449,869
AGENCY FUNDS				
Constitutional Officers:				
Juvenile Court Clerk:				
Hamilton County Local Investment Pool	N/A	Monthly Weighted Average	95,526	95,526
Sheriff:				
Hamilton County Local Investment Pool	N/A	Monthly Weighted Average	$ 120,169	$ 120,169
Total Fiduciary Funds				18,891,560

(continued)

SCHEDULE OF INVESTMENTS BY FUND--(continued)

HAMILTON COUNTY, TENNESSEE
June 30, 2015

	MATURITY DATE	INTEREST RATE	FACE VALUE	BOOK VALUE
COMPONENT UNITS				
GOVERNMENTAL FUNDS				
General Purpose School:				
Hamilton County Local Investment Pool	N/A	Monthly Weighted Average	94,744,853	94,744,853
Certificate of Deposit Classified as Investments	04/30/16	0.50%	58,825	58,825
Centralized Cafeteria:				
First TN Investment Pool	N/A	Monthly Weighted Average	8,577	8,577
ENTERPRISE FUNDS				
"911" Emergency Communication:				
State of Tennessee Local Government Investment Pool	N/A	Monthly Weighted Average	74,320	74,320
Total Component Units				94,886,575
Total Investments				$ 285,093,497

SCHEDULE OF BONDS, NOTES PAYABLE, AND OTHER DEBT

HAMILTON COUNTY, TENNESSEE
June 30, 2015

			DEBT REMAINING AT JUNE 30, 2015			
	DATE	ORIGINAL	INTEREST			
TYPE OF ISSUE	OF ISSUE	ISSUE	DATES	RATES	MATURITY SCHEDULE	PRINCIPAL
BONDED DEBT						
General Improvement	03/01/98 B	$ 6,100,000	Aug/Feb	5.000	$290,000; due 08/01/2015	$ 290,000
				5.100	$305,000; due 08/01/2016	305,000
				5.100	$320,000; due 08/01/2017	320,000
				5.100	$335,000; due 08/01/2018	335,000
				5.100	$355,000; due 08/01/2019	355,000
				5.100	$370,000; due 08/01/2020	370,000
				5.100	$395,000; due 08/01/2021	395,000
				5.100	$415,000; due 08/01/2022	415,000
				5.100	$435,000; due 08/01/2023	435,000
				5.100	$460,000; due 08/01/2024	460,000
						3,680,000
General Improvement	04/08/08 A	14,418,900	Sept/Mar	3.750	$961,012; due 03/01/2016	961,012
						961,012
School	04/08/08 A	82,581,100	Sept/Mar	3.750	$5,503,988; due 03/01/2016	5,503,988
						5,503,988
General Improvement	04/08/08 B	8,317,900	Nov/May	4.000	$753,503; due 11/01/2015	753,502
						753,502
School	04/08/08 B	28,497,100	Nov/May	4.000	$2,581,497; due 11/01/2015	2,581,498
						2,581,498
General Improvement	03/10/09	8,883,000	Sept/Mar	4.000	$595,020 a year; due 03/01/2016-17	1,190,040
				3.500	$595,020; due 03/01/2018	595,020
						1,785,060

(continued)

SCHEDULE OF BONDS, NOTES PAYABLE,
AND OTHER DEBT--(continued)

HAMILTON COUNTY, TENNESSEE
June 30, 2015

			DEBT REMAINING AT JUNE 30, 2015			
	DATE	ORIGINAL	INTEREST			
TYPE OF ISSUE	OF ISSUE	ISSUE	DATES	RATES	MATURITY SCHEDULE	PRINCIPAL
BONDED DEBT--(continued)						
School	03/10/09	$22,617,000	Sept/Mar	4.000	$1,514,980 a year; due 03/01/2016-17	$ 3,029,960
				3.500	$1,514,980; due 03/01/2018	1,514,980
						4,544,940
General Improvement	03/10/10 B	16,115,000	Sept/Mar	3.000	$1,610,000; due 03/01/2016	1,610,000
(taxable to bondholder)				4.000	$1,610,000 a year; due 03/01/2017-18	3,220,000
				4.125	$1,610,000; due 03/01/2019	1,610,000
				4.250	$1,610,000; due 03/02/2020	1,610,000
						8,050,000
General Improvement	03/10/10 C	4,980,000	Sept/Mar	3.200	$330,000; due 03/01/2016	330,000
(Recovery Zone Economic				3.500	$330,000; due 03/01/2017	330,000
Development Bonds				3.700	$330,000; due 03/01/2018	330,000
- taxable to bondholder) *				4.000	$330,000; due 03/01/2019	330,000
				4.150	$330,000; due 03/01/2020	330,000
				4.350	$330,000; due 03/01/2021	330,000
				4.600	$330,000; due 03/01/2022	330,000
				4.700	$330,000; due 03/01/2023	330,000
				4.850	$330,000; due 03/01/2024	330,000
				5.000	$370,000; due 03/01/2025	370,000
						3,340,000
General Improvement	03/10/10 A	7,475,000	Sept/Mar	3.000	$1,610,000 a year; due 03/01/2021-22	3,220,000
(Recovery Zone Facility Bonds)				3.250	$1,610,000; due 03/01/2023	1,610,000
				3.500	$1,610,000; due 03/01/2024	1,610,000
				4.000	$1,035,000; due 03/01/2025	1,035,000
						7,475,000

(continued)

SCHEDULE OF BONDS, NOTES PAYABLE,
AND OTHER DEBT--(continued)

HAMILTON COUNTY, TENNESSEE
June 30, 2015

			DEBT REMAINING AT JUNE 30, 2015			
	DATE	ORIGINAL	INTEREST			
TYPE OF ISSUE	OF ISSUE	ISSUE	DATES	RATES	MATURITY SCHEDULE	PRINCIPAL
BONDED DEBT--(continued)						
General Improvement	11/08/11 A	$12,875,000	July/Jan	5.000	$692,995; due 01/01/2016	$ 692,995
				5.000	$727,644; due 01/01/2017	727,644
				5.000	$764,395; due 01/01/2018	764,395
				5.000	$802,194; due 01/01/2019	802,194
				5.000	$843,143; due 01/01/2020	843,143
				5.000	$885,143; due 01/01/2021	885,143
				3.250	$1,107,741; due 01/01/2026	1,107,741
				3.500	$1,144,491; due 01/01/2027	1,144,491
						6,967,746
School	11/08/11 A	48,435,000	July/Jan	5.000	$2,607,005; due 01/01/2016	2,607,005
				5.000	$2,737,356; due 01/01/2017	2,737,356
				5.000	$2,875,605; due 01/01/2018	2,875,605
				5.000	$3,017,806; due 01/01/2019	3,017,806
				5.000	$3,171,857; due 01/01/2020	3,171,857
				5.000	$3,329,857; due 01/01/2021	3,329,857
				3.250	$4,167,259; due 01/01/2026	4,167,259
				3.500	$4,305,509; due 01/01/2027	4,305,509
						26,212,254
General Improvement	11/08/11 B	7,923,000	July/Jan	5.000	$1,124,167; due 01/01/2016	1,124,167
				5.000	$1,133,667; due 01/01/2017	1,133,667
				5.000	$1,146,333; due 01/01/2018	1,146,333
				5.000	$1,155,833; due 01/01/2019	1,155,833
						4,560,000

(continued)

SCHEDULE OF BONDS, NOTES PAYABLE,
AND OTHER DEBT--(continued)

HAMILTON COUNTY, TENNESSEE
June 30, 2015

			DEBT REMAINING AT JUNE 30, 2015			
	DATE	ORIGINAL	INTEREST			
TYPE OF ISSUE	OF ISSUE	ISSUE	DATES	RATES	MATURITY SCHEDULE	PRINCIPAL
BONDED DEBT--(continued)						
Water & Wastewater Treatment Authority	11/08/11 B	$ 8,025,000	July/Jan	5.000	$330,000; due 01/01/2016	$ 330,000
				5.000	$350,000; due 01/01/2017	350,000
				5.000	$365,000; due 01/01/2018	365,000
				5.000	$385,000; due 01/01/2019	385,000
				4.000	$410,000; due 01/01/2020	410,000
				3.000	$425,000; due 01/01/2021	425,000
				3.000	$435,000; due 01/01/2022	435,000
				3.000	$450,000; due 01/01/2023	450,000
				3.000	$460,000; due 01/01/2024	460,000
				3.250	$475,000; due 01/01/2025	475,000
				3.375	$490,000; due 01/01/2026	490,000
				3.500	$510,000; due 01/01/2027	510,000
				3.500	$530,000; due 01/01/2028	530,000
				3.625	$545,000; due 01/01/2029	545,000
				3.750	$565,000; due 01/01/2030	565,000
				3.750	$370,000; due 01/01/2031	370,000
						7,095,000
School	11/08/11 B	4,587,000	July/Jan	5.000	$650,833; due 01/01/2016	650,833
				5.000	$656,333; due 01/01/2017	656,333
				5.000	$663,667; due 01/01/2018	663,667
				5.000	$669,167; due 01/01/2019	669,167
						2,640,000
General Improvement	04/10/13 A	10,061,000	Sept/Mar	4.000	$670,623 a year; due 03/01/2016-22	4,694,361
				2.000	$670,623; due 03/01/2023	670,623
				2.125	$670,622; due 03/01/2024	670,622
				2.250	$670,622; due 03/01/2025	670,622
				2.375	$670,622; due 03/01/2026	670,622
				2.500	$670,622; due 03/01/2027	670,622
				2.750	$670,622; due 03/01/2028	670,622
						8,718,094

(continued)

SCHEDULE OF BONDS, NOTES PAYABLE,
AND OTHER DEBT--(continued)

HAMILTON COUNTY, TENNESSEE
June 30, 2015

			DEBT REMAINING AT JUNE 30, 2015			
	DATE	ORIGINAL	INTEREST			
TYPE OF ISSUE	OF ISSUE	ISSUE	DATES	RATES	MATURITY SCHEDULE	PRINCIPAL
BONDED DEBT--(continued)						
School	04/10/13 A	$50,549,000	Sept/Mar	4.000	$3,369,377 a year; due 03/01/2016-22	$ 23,585,639
				2.000	$3,369,377; due 03/01/2023	3,369,377
				2.125	$3,369,378; due 03/01/2024	3,369,378
				2.250	$3,369,378; due 03/01/2025	3,369,378
				2.375	$3,369,378; due 03/01/2026	3,369,378
				2.500	$3,369,378; due 03/01/2027	3,369,378
				2.750	$3,369,378; due 03/01/2028	3,369,378
						43,801,906
General Improvement	04/10/13 B	6,701,100	Sept/Mar	2.000	$52,027; due 03/01/2016	52,027
				4.000	$950,611; due 03/01/2017	950,611
				4.000	$943,922; due 03/01/2018	943,922
				4.000	$936,489; due 03/01/2019	936,489
				4.000	$929,800; due 03/01/2020	929,800
				4.000	$921,624; due 30/01/2021	921,624
				3.000	$920,138; due 03/01/2022	920,138
				3.000	$909,732; due 03/01/2023	909,732
						6,564,343
School	04/10/13 B	38,378,900	Sept/Mar	2.000	$297,973; due 03/01/2016	297,973
				4.000	$5,444,389; due 03/01/2017	5,444,389
				4.000	$5,406,078; due 03/01/2018	5,406,078
				4.000	$5,363,511; due 03/01/2019	5,363,511
				4.000	$5,325,200; due 03/01/2020	5,325,200
				4.000	$5,278,376; due 03/01/2021	5,278,376
				3.000	$5,269,862; due 03/01/2022	5,269,862
				3.000	$5,210,268; due 03/01/2023	5,210,268
						37,595,657

(continued)

SCHEDULE OF BONDS, NOTES PAYABLE,
AND OTHER DEBT--(continued)

HAMILTON COUNTY, TENNESSEE
June 30, 2015

			DEBT REMAINING AT JUNE 30, 2015			
	DATE	ORIGINAL	INTEREST			
TYPE OF ISSUE	OF ISSUE	ISSUE	DATES	RATES	MATURITY SCHEDULE	PRINCIPAL
BONDED DEBT--(continued)						
General Improvement	05/07/15 A	$ 11,442,000	May	5.000	$762,800 a year; due 03/01/2016-30	$ 11,442,000
						11,442,000
School	05/07/15 A	48,558,000	May	5.000	$3,237,200; due 03/01/2016-30	48,558,000
						48,558,000
General Improvement	05/07/15 B	7,194,600	March	2.000	$465,554; due 03/01/2019	465,554
				5.000	$454,8104; due 03/01/2020	454,810
				5.000	$459,585; due 03/01/2021	459,585
				5.000	$1,488,579; due 03/01/2022	1,488,579
				5.000	$1,544,684; due 03/01/2023	1,544,684
				4.000	$1,603,177; due 03/01/2024	1,603,178
				4.000	$1,178,210; due 03/01/2025	1,178,210
						7,194,600
School	05/07/15 B	22,940,400	March	2.000	$1,484,446; due 03/01/2019	1,484,446
				5.000	$1,450,190; due 03/01/2020	1,450,190
				5.000	$1,465,415; due 03/01/2021	1,465,415
				5.000	$4,746,421; due 03/01/2022	4,746,421
				5.000	$4,925,316; due 03/01/2023	4,925,316
				4.000	$5,111,823; due 03/01/2024	5,111,822
				4.000	$3,756,790; due 03/01/2025	3,756,790
						22,940,400
TOTAL BONDED DEBT						$ 272,965,000

(continued)

SCHEDULE OF BONDS, NOTES PAYABLE,
AND OTHER DEBT--(continued)

HAMILTON COUNTY, TENNESSEE
June 30, 2015

			DEBT REMAINING AT JUNE 30, 2015			
	DATE	ORIGINAL	INTEREST			
TYPE OF ISSUE	OF ISSUE	ISSUE	DATES	RATES	MATURITY SCHEDULE	PRINCIPAL
OTHER DEBT OBLIGATIONS						
Qualified Zone Academy Bonds, Series 2003	Various	$ 1,365,000	-	None	$90,733; due 12/23/2015	$ 90,733
					$90,733; due 12/23/2016	90,733
					$42,577; due 12/23/2017	42,577
						224,043
Agreement between the County and City of Chattanooga regarding Finley Stadium	03/01/02	6,500,000	Sept/Mar	4.500	$445,000; due 09/01/2015	445,000
						445,000
TOTAL BONDS, NOTES PAYABLE AND OTHER DEBT						$ 273,634,043

* Under terms of the bond agreement, the Federal government has pledged to reimburse the County for 45% of all interest paid on the Recovery Zone Economic Development Bonds.

DEBT SERVICE REQUIREMENTS TO MATURITY

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Year Ended June 30	Combined Totals	GENERAL OBLIGATION BONDS Bond Principal	Interest	Total
2016	$ 37,900,456	$ 27,935,000	$ 9,419,710	$ 37,354,710
2017	33,785,473	24,395,000	9,299,740	33,694,740
2018	32,838,572	24,575,000	8,220,995	32,795,995
2019	32,356,640	24,595,000	7,761,640	32,356,640
2020	30,424,785	22,920,000	7,504,785	30,424,785
2021	29,770,440	23,115,000	6,655,440	29,770,440
2022	28,572,178	23,235,000	5,337,178	28,572,178
2023	27,185,508	23,435,000	3,750,508	27,185,508
2024	20,553,907	17,590,000	2,963,907	20,553,907
2025	17,272,623	15,315,000	1,957,623	17,272,623
2026	15,194,438	13,805,000	1,389,438	15,194,438
2027	15,090,200	14,000,000	1,090,200	15,090,200
2028	9,351,450	8,570,000	781,450	9,351,450
2029	4,998,650	4,545,000	453,650	4,998,650
2030	4,800,063	4,565,000	235,063	4,800,063
2031	383,875	370,000	13,875	383,875
	$ 340,479,258	$ 272,965,000	$ 66,835,202	$ 339,800,202

(1) Interest noted above for Notes Payable and Other Debt includes the interest payable on debt outstanding which bears a fixed interest rate. Interest on certain of the outstanding notes payable is determined on a variable basis, and accordingly, is not included in the annual debt requirements noted above.

NOTES PAYABLE AND OTHER DEBT

Note Principal	Interest (1)	Total
$ 535,733	$ 10,013	$ 545,746
90,733	-	90,733
42,577	-	42,577
-		-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
$ 669,043	$ 10,013	$ 679,056

HAMILTON COUNTY, TENNESSEE
June 30, 2015

Statistical Section

This part of the County annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the county's overall financial health.

Contents **Page**

Financial Trends **F-1**

These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.

Revenue Capacity **F-5**

These schedules contain information to help the reader assess the factors affecting the county's ability to generate its property and sales taxes.

Debt Capacity **F-9**

These schedules present information to help the reader assess the affordability of the county's current levels of outstanding debt and the county's ability to issue additional debt in the future.

Demographic and Economic Information **F-12**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place and to help make comparisons over time and with other governments.

Operating Information **F-15**

These schedules contain information about the county's operations and resources to help the reader understand how the county's financial information relates to the services the county provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule I
Hamilton County, Tennessee
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2014	2013	2012
Governmental activities				
Net investment in capital assets	$ 244,360,829	$ 238,660,378	$ 282,129,410	$ 241,279,539
Restricted	-	52,298	541,385	607,360
Unrestricted	(94,151,918)	(89,414,839)	(102,953,837)	(78,744,095)
Total governmental activities net positior	$ 150,208,911	$ 149,297,837	$ 179,716,958	$ 163,142,804
Primary government				
Net investment in capital assets	$ 244,360,829	$ 238,660,378	$ 282,129,410	$ 241,279,539
Restricted	-	52,298	541,385	607,360
Unrestricted	(94,151,918)	(89,414,839)	(102,953,837)	(78,744,095)
Total primary government net positior	$ 150,208,911	$ 149,297,837	$ 179,716,958	$ 163,142,804

Fiscal Year					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$ 177,199,640	$ 143,726,882	$ 250,836,816	$ 245,443,716	$ 197,381,058	$ 172,743,851
716,194	25,363,259	26,820,351	39,198,251	20,087,313	26,796,148
(76,522,919)	(67,221,963)	(71,766,690)	(58,222,559)	(18,991,416)	(11,889,667)
$ 101,392,915	$ 101,868,178	$ 205,890,477	$ 226,419,408	$ 198,476,955	$ 187,650,332
$ 177,199,640	$ 143,726,882	$ 250,836,816	$ 245,443,716	$ 197,381,058	$ 172,743,851
716,194	25,363,259	26,820,351	39,198,251	20,087,313	26,796,148
(76,522,919)	(67,221,963)	(71,766,690)	(58,222,559)	(18,991,416)	(11,889,667)
$ 101,392,915	$ 101,868,178	$ 205,890,477	$ 226,419,408	$ 198,476,955	$ 187,650,332

Schedule II
Hamilton County, Tennessee
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2014	2013	2012
Expenses				
Governmental activities:				
General Government	$ 61,957,402	$ 54,450,998	$ 55,107,145	$ 58,143,030
Public Safety:				
Sheriff	30,250,034	29,934,441	28,915,718	28,342,846
Criminal Court	2,724,085	4,181,671	4,185,439	3,874,884
Juvenile Court	1,495,996	8,112,975	8,022,995	8,816,800
Ambulance Services	9,514,960	9,513,721	28,986,494	23,104,366
Other	37,115,919	30,292,964	41,630,920	35,477,004
Highways and streets	12,396,414	8,542,153	14,995,362	15,369,248
Health	21,133,493	21,478,078	20,031,449	20,231,080
Social Services	6,274,516	6,624,641	7,145,934	6,199,607
Culture and recreation	7,921,387	7,018,607	8,069,498	9,079,005
Education	28,300,691	32,510,412	2,452,772	4,097,398
Interest on long-term debt	7,232,360	7,770,919	8,558,921	8,863,280
Total governmental activities expenses	226,317,257	220,431,580	228,102,647	221,598,548
Total primary government expenses	226,317,257	220,431,580	228,102,647	221,598,548
Program Revenues				
Governmental activities:				
Charges for services				
General Government	20,414,588	19,044,471	19,360,899	17,742,600
Public Safety:				
Sheriff	785,553	1,234,909	1,045,569	1,133,673
Criminal Court	2,578,618	2,715,418	2,463,580	2,250,415
Juvenile Court	389,769	381,798	420,352	342,337
Ambulance Services	7,440,280	7,059,718	29,900,324	21,180,453
Other	2,272,222	2,278,610	9,455,129	8,908,857
Highways and streets	2,719,713	2,803,123	2,789,369	2,515,109
Health	1,915,656	1,806,662	1,825,028	1,893,258
Social Services	4,397,525	4,322,084	4,310,818	4,079,181
Culture and recreation	538,507	697,461	600,408	632,217
Operating grants and contributions	28,079,517	27,009,289	25,125,782	27,124,454
Capital grants and contributions	6,678,478	3,340,173	3,506,316	11,819,153
Total governmental activities program revenues	78,210,426	72,693,716	100,803,574	99,621,707
Total primary government program revenues	78,210,426	72,693,716	100,803,574	99,621,707
Net (Expenses) Revenues				
Governmental activities	(148,106,831)	(147,737,864)	(127,299,073)	(121,976,841)
Total primary government net expense	(148,106,831)	(147,737,864)	(127,299,073)	(121,976,841)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	131,896,902	131,026,476	127,585,203	128,640,070
Sales taxes	2,710,878	3,011,186	2,992,738	2,691,376
Business taxes	6,273,817	6,338,605	6,284,366	5,728,456
Hotel/Motel taxes	6,498,427	5,823,474	5,469,608	5,571,577
Other taxes	975,611	971,162	947,753	940,809
Gain/Loss on joint venture	11,842	32,625	-	-
Unrestricted investment earnings	551,529	525,199	593,559	623,836
Gain/Loss on disposal of property	98,899	1,659,848	-	(366,650)
Total general revenues	149,017,905	149,388,575	143,873,227	143,829,474
Total primary government	149,017,905	149,388,575	143,873,227	143,829,474
Change in Net Position				
Governmental activities	911,074	1,650,711	16,574,154	21,852,633
Total primary government	$ 911,074	$ 1,650,711	$ 16,574,154	$ 21,852,633

Fiscal Year					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$ 71,919,720	$ 60,945,951	$ 50,151,407	$ 42,045,548	$ 38,442,141	$ 34,981,305
29,218,502	28,205,975	28,107,384	24,640,408	26,176,514	25,294,547
4,126,994	4,199,909	4,108,437	3,973,378	3,835,788	3,586,288
8,947,936	7,804,678	8,701,955	8,581,230	7,960,486	7,638,342
22,343,290	22,613,585	21,720,861	20,122,892	19,676,312	17,811,039
35,313,682	35,685,195	36,181,342	27,865,271	25,372,780	22,751,522
18,405,626	16,709,116	18,635,187	15,801,736	15,540,503	13,673,235
22,159,904	22,289,607	22,234,163	21,746,737	20,528,751	19,121,961
8,932,771	9,922,024	9,048,831	8,357,336	7,911,773	7,776,426
11,018,276	10,867,943	10,953,584	10,369,561	12,513,987	10,460,777
19,312,528	51,348,798	94,734,470	17,923,690	13,011,783	12,792,560
8,343,186	8,744,210	8,127,516	7,437,956	6,344,384	6,533,192
260,042,415	279,336,991	312,705,137	208,865,743	197,315,202	182,421,194
260,042,415	279,336,991	312,705,137	208,865,743	197,315,202	182,421,194
16,164,972	16,003,648	15,611,825	15,357,585	15,358,345	17,509,655
1,267,582	1,252,013	1,194,102	1,279,627	1,581,710	1,187,587
2,265,859	2,365,764	2,206,055	2,616,360	2,641,719	2,393,387
360,824	387,503	507,980	553,234	676,830	752,358
22,093,664	21,513,200	20,584,282	20,228,681	18,697,842	18,387,291
8,918,963	9,413,644	4,837,997	2,848,975	2,711,231	2,856,527
2,490,007	2,554,986	2,346,478	2,228,804	1,960,832	514,874
2,229,402	2,375,089	2,369,463	2,435,325	2,758,815	3,006,494
4,476,458	4,394,572	4,519,884	4,374,293	4,351,989	3,762,669
606,726	605,779	602,550	603,712	560,931	536,093
25,675,026	24,716,541	27,141,888	28,400,517	24,838,263	24,653,509
23,786,966	3,894,488	68,688,249	8,033,704	5,230,533	3,091,343
110,336,449	89,477,227	150,610,753	88,960,817	81,369,040	78,651,787
110,336,449	89,477,227	150,610,753	88,960,817	81,369,040	78,651,787
(149,705,966)	(189,859,764)	(162,094,384)	(119,904,926)	(115,946,162)	(103,769,407)
(149,705,966)	(189,859,764)	(162,094,384)	(119,904,926)	(115,946,162)	(103,769,407)
128,028,643	124,907,475	122,782,141	118,523,153	96,081,225	90,818,279
12,827,069	12,931,526	12,940,031	13,361,357	13,547,577	15,715,561
5,825,899	5,066,223	4,992,580	4,980,398	4,938,615	5,096,014
5,250,752	4,523,689	4,235,794	4,492,971	4,174,410	3,960,862
873,942	852,642	816,315	732,465	2,222,336	744,167
24,279	496,928	-	-	-	-
797,443	864,264	1,841,224	5,757,035	5,808,622	3,863,330
(4,397,324)	(63,805,282)	(6,042,632)	-	-	-
149,230,703	85,837,465	141,565,453	147,847,379	126,772,785	120,198,213
149,230,703	85,837,465	141,565,453	147,847,379	126,772,785	120,198,213
(475,263)	(104,022,299)	(20,528,931)	27,942,453	10,826,623	16,428,806
$ (475,263)	$ (104,022,299)	$ (20,528,931)	$ 27,942,453	$ 10,826,623	$ 16,428,806

Schedule III
Hamilton County, Tennessee
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	2015	2014	2013	2012
General Fund				
Reserved	$ -	$ -	$ -	$ -
Undesignated	-	-	-	-
Nonspendable	1,807,295	1,461,681	1,827,632	1,309,794
Restricted	12,835	676,543	-	-
Committed	51,669	635,790	-	384,773
Assigned	4,703,014	4,388,787	3,691,467	3,721,297
Unassigned	84,819,249	104,942,810	105,650,072	99,015,009
Total General Fund	$ 91,394,062	$ 112,105,611	$ 111,169,171	$ 104,430,873
All Other Governmental Funds				
Reserved	$ -	$ -	$ -	$ -
Undesignated, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Restricted	3,326,363	3,699,234	541,385	607,360
Committed	53,325,270	22,323,862	12,509,279	34,122,497
Assigned	14,206,721	923,069	17,771,050	5,427,722
Unassigned	-	(432,212)	-	(31,943,966)
Total all other governmental funds	$ 70,858,354	$ 26,513,953	$ 30,821,714	$ 8,213,613

Presentation and classification of fund balances was changed in fiscal year 2011 in accordance with GASB statement 54.

Fiscal Year					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$ -	$ 2,201,425	$ 2,240,047	$ 2,350,255	$ 1,573,982	$ 2,723,959
-	85,718,733	81,829,708	74,751,577	56,760,180	52,638,869
1,281,429	-	-	-	-	-
-	-	-	-	-	-
1,537,756	-	-	-	-	-
3,100,039	-	-	-	-	-
90,048,014	-	-	-	-	-
$ 95,967,238	$ 87,920,158	$ 84,069,755	$ 77,101,832	$ 58,334,162	$ 55,362,828
$ -	$ 16,661,834	$ 18,080,304	$ 61,761,770	$ 131,501,016	$ 24,050,251
-	5,764,206	4,772,420	5,607,353	5,434,029	3,547,007
-	(30,688,283)	(19,622,546)	(15,833,094)	(104,202,005)	9,245,897
-	297,560	227,025	240,340	1,653,012	1,421,249
716,194	-	-	-	-	-
3,564,407	-	-	-	-	-
5,529,977	-	-	-	-	-
(46,775,161)	-	-	-	-	-
$ (36,964,583)	$ (7,964,683)	$ 3,457,203	$ 51,776,369	$ 34,386,052	$ 38,264,404

Schedule IV
Hamilton County, Tennessee
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	2015	2014	2013	2012
Revenues				
Taxes	$ 150,086,536	$ 147,308,652	$ 143,132,173	$ 144,261,287
Licenses, fees, and permits	683,952	776,100	793,667	731,556
Fines and penalties	1,860,362	1,921,990	1,476,871	1,594,138
Charges for services	35,182,223	63,906,651	64,816,716	54,163,275
Intergovernmental	33,995,494	30,757,104	29,029,942	36,063,983
Investment earnings	486,521	461,792	521,109	508,669
Miscellaneous	5,725,894	4,651,714	4,869,399	7,228,358
Total revenues	228,020,982	249,784,003	244,639,877	244,551,266
Expenditures				
General government	50,747,842	50,362,251	47,663,878	46,958,454
Public Safety:				
Sheriff	31,559,793	29,259,072	27,896,776	27,592,036
Criminal Court	2,834,843	4,068,093	4,122,911	3,809,165
Juvenile Court	1,407,321	8,217,867	7,902,056	7,647,160
Ambulance Services	9,277,506	29,926,931	28,412,229	22,716,010
Other	38,997,956	37,731,583	34,370,090	33,902,939
Highways and streets	11,075,618	10,287,522	12,569,217	12,689,019
Health	22,437,799	21,540,074	20,020,045	19,633,044
Social Services	6,729,372	6,714,942	7,100,228	7,157,261
Culture and recreation	7,589,563	7,358,539	7,348,349	7,149,295
Capital Outlay				
General government	32,471,558	11,510,232	19,944,142	16,284,473
Education	21,901,273	7,514,503	32,030,140	23,105,086
Debt service				
Interest	9,551,882	9,748,185	9,687,025	8,652,232
Principal	59,324,643	26,665,621	22,149,648	22,930,469
Total expenditures	305,906,969	260,905,415	281,216,734	260,226,643
Excess of revenues over/(under) expenditures	(77,885,987)	(11,121,412)	(36,576,857)	(15,675,377)
Other Financing Sources (Uses)				
Transfers in	76,042,323	47,201,886	67,988,512	65,894,981
Transfers out	(76,042,323)	(47,201,886)	(67,988,512)	(65,894,981)
Proceeds from sale of bonds	60,000,000	5,000,000	105,690,000	68,652,693
Proceeds from line of credit	30,000,000	-	-	-
Premium from bonds	10,716,640	-	11,152,177	-
Proceeds from sale of refunding bonds	30,135,000	-	-	-
Premium on refunding bonds	5,725,718	-	-	-
Payment to refunded bonds escrow agent	(35,860,718)	-	(51,163,429)	-
Sale of capital assets	802,199	2,750,091	244,508	664,515
Total other financing sources (uses)	101,518,839	7,750,091	65,923,256	69,317,208
Net change in fund balances	$ 23,632,852	$ (3,371,321)	$ 29,346,399	$ 53,641,831
Debt service as a percentage of noncapital expenditures	27.4%	15.1%	13.9%	14.3%

Fiscal Year					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$ 151,836,030	$ 148,111,703	$ 144,276,429	$ 140,393,598	$ 120,511,933	$ 116,247,392
519,985	570,241	481,224	797,046	1,003,230	1,118,017
1,523,798	1,645,613	1,743,208	1,833,694	1,901,904	1,908,302
55,056,770	53,818,065	48,899,791	44,286,784	43,750,881	42,471,528
45,514,101	28,211,594	88,237,432	36,434,220	31,579,697	27,744,852
635,415	721,590	1,460,315	4,787,729	5,003,729	3,160,096
7,715,385	5,231,714	3,656,393	5,609,073	4,644,229	5,409,088
262,801,484	238,310,520	288,754,792	234,142,144	208,395,603	198,059,275
46,162,369	44,204,640	45,220,838	43,766,409	38,105,787	35,410,918
27,915,703	27,098,751	27,233,714	26,485,549	25,276,122	24,518,755
3,778,962	3,866,689	3,809,610	3,655,426	3,534,185	3,261,864
8,794,247	7,634,147	8,470,204	8,401,507	7,841,180	7,388,345
21,746,243	22,072,669	21,292,132	20,091,509	19,276,996	17,479,465
34,323,045	34,836,832	28,981,590	26,738,109	24,015,988	22,200,063
11,521,034	11,906,366	12,922,294	12,059,582	11,387,520	9,638,478
22,015,989	22,318,932	22,054,237	21,474,905	20,281,542	19,009,220
8,879,493	9,843,579	9,025,813	8,262,557	7,878,541	7,747,039
9,823,405	9,382,528	9,312,831	8,953,438	11,154,441	10,245,016
49,800,770	27,279,773	78,016,936	14,924,623	9,221,715	12,700,379
6,330,913	21,897,496	40,495,222	80,904,133	30,744,012	4,599,993
9,072,871	9,547,473	8,722,581	5,369,261	19,951,308	6,800,427
23,755,338	23,884,805	46,909,239	18,674,736	6,626,765	19,978,367
283,920,382	275,774,680	362,467,241	299,761,744	235,296,102	200,978,329
(21,118,898)	(37,464,160)	(73,712,449)	(65,619,600)	(26,900,499)	(2,919,054)
65,892,738	66,275,753	87,257,125	56,145,380	59,602,211	57,900,713
(65,892,738)	(66,275,753)	(87,257,125)	(56,145,380)	(59,477,211)	(57,775,713)
-	28,570,000	31,500,000	101,493,337	25,000,000	-
-	-	-	-	-	-
-	216,242	690,409	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
166,078	1,106,435	170,797	284,250	868,481	1,941,876
166,078	29,892,677	32,361,206	101,777,587	25,993,481	2,066,876
$ (20,952,820)	$ (7,571,483)	$ (41,351,243)	$ 36,157,987	$ (907,018)	$ (852,178)
14.4%	14.8%	22.8%	11.8%	13.6%	14.6%

Schedule V

Hamilton County, Tennessee

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended June 30	Levy Year	Real Property		
		Residential Property	Commercial Property	Other Multi-Use Property
2007	2006	$ 3,631,674,980	$ 2,197,164,974	$ 96,515,955
2008	2007	3,791,887,727	2,276,582,369	102,219,515
2009	2008	3,892,376,937	2,347,954,299	104,523,805
2010	2009	4,585,377,106	2,743,690,312	114,177,025
2011	2010	4,640,933,356	2,723,942,772	108,325,420
2012	2011	4,681,094,025	2,698,950,897	108,689,970
2013	2012	4,718,378,925	2,700,654,267	113,267,860
2014	2013	4,702,746,714	2,800,636,391	134,546,620
2015	2014	4,769,391,038	2,828,250,473	134,609,987
2016	2015	4,840,478,821	2,898,914,219	134,968,174

Source: Hamilton County Assessor's Office

Notes: Property in Hamilton County is reassessed once every four years. The County assesses property at 25% of actual value for residential property, 40% of actual value for commercial property and 30% of actual value for other multi-use property and personalty property. The public utilities assessments are made by the State of Tennessee for all counties and cities in the state. The Electric Power Board (EPB) is not included in these totals. The assessed and estimated values for the EPB for fiscal year 2016 are $414,360,215 and $753,382,209 respectively. Assessments for tax exempt properties are excluded from total taxable assessed value. The Hamilton County Tax Assessor does not maintain assessments for these properties.

Personalty Property	Public Utilities Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
$ 561,772,393	$ 329,134,150	$ 6,816,262,452	2.8940	$ 22,812,332,576
533,938,891	299,212,058	7,003,840,560	3.1540	23,523,556,774
556,193,467	306,586,243	7,207,634,751	3.1540	24,199,213,935
616,574,058	340,109,973	8,399,928,474	2.7652	28,254,952,916
600,198,491	304,075,212	8,377,475,251	2.7650	28,288,200,746
602,424,839	315,421,659	8,406,581,390	2.7650	28,415,629,965
634,320,306	323,769,821	8,490,391,179	2.7650	28,705,784,323
628,761,261	317,189,690	8,583,880,676	2.7652	28,930,431,362
635,961,929	332,475,202	8,700,688,629	2.7652	29,321,263,755
632,734,311	N/A	8,507,095,525	2.7652	29,168,209,115

Schedule VI
Hamilton County, Tennessee
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)

Fiscal Year Ended June 30	County Direct Rates					
	General Government	Department of Education	District Road	Total Direct Rate	Chattanooga	East Ridge
2006	1.3159	1.5655	0.0126	2.8940	2.2020	1.0770
2007	1.3159	1.5655	0.0126	2.8940	2.2020	1.0770
2008	1.5759	1.5655	0.0126	3.1540	2.2020	1.0770
2009	1.5759	1.5655	0.0126	3.1540	2.2020	1.2870
2010	1.3816	1.3726	0.0110	2.7652	1.9390	1.1227
2011	1.3816	1.3726	0.0110	2.7652	2.3090	1.4200
2012	1.3816	1.3726	0.0110	2.7652	2.3090	1.4227
2013	1.3816	1.3726	0.0110	2.7652	2.3090	1.4227
2014	1.3816	1.3726	0.0110	2.7652	2.3090	1.4227
2015	1.3816	1.3726	0.0110	2.7652	2.3090	1.4227

Source: Hamilton County Trustee's Office

Overlapping Rates							
Red Bank	Lookout Mountain	Signal Mountain	Collegedale	Soddy-Daisy	Lakesite	Ridgeside	Walden
1.2600	2.0136	1.4250	0.9520	0.7800	0.2900	1.5010	0.5000
1.2600	1.8000	1.7750	1.2000	0.7800	0.2900	1.5010	0.5000
1.2600	1.8000	1.7750	1.2000	0.7800	0.2900	1.6000	0.5000
1.2600	1.8000	1.7750	1.3200	0.7800	0.2900	1.8000	0.5000
1.1001	1.4700	1.5134	1.1500	0.6860	0.2400	1.6070	0.4300
1.1001	1.4700	1.6634	1.3400	1.0000	0.2400	1.9000	0.4400
1.3500	1.6200	1.6634	1.3400	1.0000	0.2400	1.9000	0.4400
1.3561	1.6200	1.5684	1.3713	1.3524	0.2352	1.9063	0.4290
1.3500	1.6600	1.5684	1.3713	1.3524	0.2350	2.0100	0.4290
1.3500	1.7430	1.5684	1.3713	1.3524	0.2350	2.0100	0.4290

Schedule VII
Hamilton County, Tennessee
Principal Property Taxpayers
Current Year and Nine Years Ago

	2015		
Taxpayer	Taxable Assessed Value	Rank	% of Total Assessed Valuation
Electric Power Board	$ 414,360,215	1	4.87%
Volkswagen	215,991,955	2	2.54%
TVA	137,422,487	3	1.62%
Blue Cross Blue Shield	93,496,986	4	1.10%
CBL Properties	92,122,378	5	1.08%
Bellsouth Telecommunications	72,273,335	6	0.85%
Alstom	66,684,418	7	0.78%
McKee Baking/Foods Corp.	64,672,647	8	0.76%
Tennessee-American Water Co.	62,763,289	9	0.74%
Walmart	45,597,043	10	0.54%
Provident Life & Accident	-		-
Chattanooga Gas Company	-		-
E. I. Dupont	-		-
Norfolk Southern	-		-
	$ 1,265,384,753		14.88%

Source: Hamilton County Trustee & Hamilton County Assessor of Property

Note: This schedule serves a dual purpose of providing basic information about Hamilton County's most significant revenue payers and highlighting the degree to which we depend on a small number of payers.

2006		
Taxable Assessed Value	Rank	% of Total Assessed Valuation
$ 196,915,596	1	2.98%
-		-
111,372,760	2	1.69%
-		-
71,069,294	4	1.08%
71,390,700	3	1.08%
-		-
40,871,875	8	0.62%
47,823,886	5	0.72%
-		-
44,925,362	6	0.68%
42,322,480	7	0.64%
25,339,364	9	0.38%
19,980,631	10	0.30%
$ 672,011,948		10.17%

Schedule VIII
Hamilton County, Tennessee
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	$ 181,473,837	$ 173,318,379	95.506%	$ 7,776,101	$ 181,094,480	99.791%
2007	187,738,019	179,757,257	95.749%	7,995,420	187,752,677	100.008%
2008	211,448,308	201,229,831	95.167%	10,065,580	211,295,411	99.928%
2009	217,659,937	205,689,580	94.500%	11,154,824	216,844,404	99.625%
2010	222,870,484	210,841,565	94.603%	10,773,590	221,615,155	99.437%
2011	223,245,685	210,215,791	94.163%	11,575,559	221,791,350	99.349%
2012	223,736,777	211,687,655	94.615%	10,381,622	222,069,277	99.255%
2013	225,823,440	213,711,111	94.636%	9,218,847	222,929,958	98.719%
2014	228,590,172	217,614,995	95.199%	7,083,822	224,698,817	98.298%
2015	231,397,863	221,090,224	95.545%	-	221,090,224	95.545%

Schedule IX
Hamilton County, TN
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year	**General Obligation Bonds**	**Notes Payable**	**Net Deferred Premium**	**Short-Term Obligation**	**Total Primary Government**	**Percentage of Personal Income**	**Total Debt Per Capita**
2006	$ 125,510,000	$ 17,322,009	$ 1,394,099	$ -	$ 144,226,108	1.29%	$ 464
2007	107,730,000	14,989,671	1,195,863	25,000,000	148,915,534	1.24%	476
2008	188,260,000	12,649,202	7,155,506	25,000,000	233,064,708	1.85%	706
2009	200,110,000	10,389,963	6,996,505	46,560,000	264,056,468	2.09%	793
2010	206,960,000	8,030,725	6,478,763	43,060,000	264,529,488	2.15%	785
2011	185,550,000	5,677,713	5,641,678	64,616,000	261,485,391	2.02%	777
2012	223,705,000	4,170,834	12,891,039	28,556,000	269,322,873	1.98%	790
2013	263,545,000	2,614,726	20,111,397	-	286,271,123	1.97%	828
2014	238,300,000	6,193,607	18,050,485	-	262,544,092	1.78%	753
2015	272,965,000	668,964	29,918,021	-	303,551,985	2.00%	864

Schedule X
Hamilton County, TN
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Bonded Debt Per Capita
2006	$ 125,510,000	0.55%	$ 404
2007	107,730,000	0.46%	344
2008	188,260,000	0.78%	570
2009	200,110,000	0.71%	601
2010	206,960,000	0.73%	614
2011	185,550,000	0.65%	551
2012	223,705,000	0.78%	656
2013	263,545,000	0.91%	763
2014	238,300,000	0.81%	683
2015	272,965,000	0.94%	777

Schedule XI
Hamilton County, TN
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
City of Chattanooga	$ 145,587,767	57.414%	$ 83,587,761
Town of East Ridge	6,276,159	3.888%	244,017
Town of Red Bank	614,383	2.086%	12,816
Town of Lookout Mountain	-	1.286%	-
Town of Signal Mountain	911,948	3.118%	28,435
Town of Collegedale	2,218,451	3.117%	69,149
Town of Soddy Daisy	795,945	2.767%	22,024
Town of Walden	-	0.864%	-
Other debt			
City of Chattanooga	149,722,366	57.414%	85,961,599
Town of East Ridge	-	3.888%	-
Town of Red Bank	776,600	2.086%	16,200
Town of Lookout Mountain	-	1.286%	-
Town of Signal Mountain	-	3.118%	-
Town of Collegedale	677,161	3.117%	21,107
Town of Soddy Daisy	-	2.767%	-
Town of Walden	-	0.864%	-
Subtotal, overlapping debt			169,963,108
Hamilton County direct debt			273,633,964
Total direct and overlapping debt			$ 443,597,072

Sources: Debt outstanding data provided by each municipality. Assessed value data used to estimate applicable percentages provided by Hamilton County Assessor's office.

Notes: Overlapping governments are those that coincide with the geographic boundaries of Hamilton County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses in Hamilton County. This process recognizes that, when considering the county's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying debt--of each overlapping government.

Schedule XII
Hamilton County, Tennessee
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (000's)	Per Capita Income	Unemployment Rate
2005	310,935	$ 11,149,618	$ 35,858	5.8%
2006	312,905	12,008,126	38,376	5.4%
2007	330,168	12,598,201	38,157	3.9%
2008	332,848	12,664,312	38,048	5.8%
2009	337,175	12,315,482	36,525	9.8%
2010	336,463	12,960,452	38,520	8.7%
2011	340,855	13,607,246	39,921	8.3%
2012	345,545	14,503,753	41,974	8.5%
2013	348,673	14,766,891	42,352	7.2%
2014	351,220	15,150,272	43,136	6.1%

Sources: Personal income and per capita income information provided by the Chamber of Commerce: Bureau of Economic Analysis (BEA). For 2014, personal income and per capita income were interpolated based on percentage increases reported by Metropolitan areas in the BEA. Personal income and per capita income were updated to actuals as reported by BEA for 2009-2013. Population estimate was found at the U.S. Census Bureau. Unemployment

Schedule XIII
Hamilton County, Tennessee
Principal Employers
Current Year and Nine Years Ago

	2015			2006		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Hamilton County Department of Education	4,504	1	2.42%	4,546	1	2.76%
Blue Cross Blue Shield of Tennessee	4,437	2	2.38%	4,315	2	2.62%
Tennessee Valley Authority	3,737	3	2.01%	3,067	5	1.86%
Erlanger Health System	3,604	4	1.94%	3,429	3	2.08%
Memorial Health Care System	2,832	5	1.52%	2,658	7	1.62%
UnumProvident Corporation	2,800	6	1.50%	2,918	6	1.77%
McKee Foods Corporation	2,750	7	1.48%	3,200	4	1.94%
Amazon.com.dedc LLC	2,473	8	1.33%	-	-	-
Volkswagen Chattanooga	2,372	9	1.27%	-	-	-
City of Chattanooga	2,230	10	1.20%	2,364	8	1.44%
CIGNA Health Care System	-	-	-	1,975	9	1.20%
Pilgrim's Pride Corporation	-	-	-	1,839	10	1.12%
Total	31,739		17.05%	30,311		18.41%

Source: Chattanooga Area Chamber of Commerce

Schedule XIV
Hamilton County, TN
Full-time Equivalent County Government Employees by Function/Program
As of June 30, 2015

	Full-time Equivalent Employees									
Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government	637	649	654	659	718	751	754	769	660	536
Public Safety [1]	698	662	656	652	500	534	447	384	379	365
Highways and Streets	90	95	98	97	98	97	125	130	129	111
Health [2]	265	269	269	267	267	277	291	262	238	278
Social Services[3]	0	0	0	0	0	58	108	108	83	97
Culture and Recreation	82	90	85	91	92	88	98	81	83	89
Total	1,772	1,765	1,762	1,766	1,675	1,805	1,823	1,734	1,572	1,476

Source: Hamilton County Human Resources Department

Notes: Full time equivalents (FTE)
Full time - 1 full time equivalent - these are permanent employees who earn pension and leave time
Skimp - .63 full time equivalent - these are permanent employees who do not work more than 1,300 hours a year, earn leave time but do not participate in pension
Part time - .5 full time equivalent - these are permanent employees who do not work more than 1,040 hours a year and do not participate in pension nor earn leave time
Temporary - .5 full time equivalent - these employees do not have permanent status, do not work more than 1,040 hours a year and do not participate in pension nor earn leave time

[1] The 2010 increase in the number of employees in Public Safety was due to the consolidation of the City and County 911 service

[2] There was an increase in 2009 in the number of employees in the Health Department because more manpower was needed to administer the two flu vaccines

[3] Social Services department was dissolved in June 2011

Schedule XV
Hamilton County, TN
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2015	2014	2013	2012
General Government				
County Clerk (DMV) - transactions processed	361,666	400,000	411,547	368,604
Register - documents recorded	66,254	69,147	65,559	65,953
Recycling - tons collected	2,104	2,239	2,189	3,006
Election Commission - registered voters	207,044	206,444	220,480	216,003
Election Commission - votes cast in last election	83,193	53,685	142,161	50,562
Purchasing - bids posted	137	132	168	144
Public Safety				
Building Inspections - permits issued	1,069	1,149	1,424	983
Building Inspections - inspections and investigations	12,684	12,540	12,216	12,000
[1] Building Inspections - processed appl for new/existing septic system	438	378	351	333
Jail - average number inmates housed	535	635	522	519
Sheriff's Dept - physical arrests	6,872	6,175	8,080	7,865
Juvenile Court Judge - cases heard	5,385	5,346	5,522	6,496
Criminal Court Judge - cases heard	8,091	7,895	8,185	8,762
Ambulance Services - responded calls	22,632	21,462	22,278	22,942
Police Protection (Sworn, Correctional, Civilian and Others)	387	387	373	395
Highways and Streets				
Engineering Services - projects administered	58	73	77	89
[2] Highways & Streets - bridges maintained	67	67	67	67
Health				
Health Dept - patients seen	31,490	33,004	34,892	37,274
Community Services (formerly Social Services)				
3 Emergency Assistance Program of Financial Services - households served	370	351	319	367
3 Emergency Assistance Program of Financial Services - of services	446	443	403	450
Chancery Court Judge - cases heard	2,073	2,330	2,430	2,297
Circuit Court Judge - cases heard	5,471	5,514	3,578	3,371
Culture & Recreation				
Number of Facilities Maintained	32	32	32	32
[4] Number of Programs Offered	22	14	14	13
Education				
Public School Enrollment	43,511	42,141	42,525	42,435
Private School Enrollment	10,474	10,372	10,456	10,377

Sources: CABR from prior years, CAFR from prior years and various department personnel

[1] Note on Building Inspections - From 2010 - 2013 the housing crisis drastically affected the groundwater protection program. With very few houses being built, bought or sold there was a large decrease in the number or applications for new/existing septic systems.

[2] Note on Highways & Streets bridges maintained - The number of bridges maintained decreased in 2010 because some bridges are now maintained by other city annexed areas.

[3] Note on EAP - The number of households served and services rendered by the Emergency Assistance Program had both decreased due to inflation, decreased funding and program policy revision but both are now on the increase.

[4] Note on Culture & Recreation Number of Programs Offered - the increase in 2015 was due to Culture & Recreation being able to offer more programs.

Fiscal Year					
2011	2010	2009	2008	2007	2006
326,795	328,766	347,946	366,029	381,072	404,066
63,309	67,824	73,441	79,036	78,300	81,687
3,910	3,137	3,157	2,235	2,342	2,218
210,160	207,961	205,382	184,792	184,099	182,250
87,817	51,805	148,480	74,417	109,401	50,968
147	173	164	190	153	150
950	909	998	1,420	1,600	1,616
11,445	11,210	15,051	22,214	25,292	24,562
702	1,166	467	2,250	2,131	828
514	525	555	592	610	583
8,016	7,558	7,002	6,654	6,728	6,723
6,463	6,325	7,287	7,618	9,255	7,574
8,711	8,508	8,444	4,306	5,000	4,866
22,944	22,247	21,580	21,382	20,393	20,536
371	378	401	361	373	393
72	74	56	70	80	69
67	67	81	81	81	81
40,055	59,096	43,467	44,452	47,383	49,817
432	503	488	448	425	350
528	620	607	645	548	420
2,300	2,241	2,383	2,253	2,521	2,520
3,461	3,846	3,016	2,925	2,892	3,088
32	32	32	34	34	34
17	17	17	15	18	18
42,236	41,950	41,372	40,578	40,430	40,826
10,439	10,606	10,514	10,813	11,351	11,330

Schedule XVI
Hamilton County, TN
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2015	2014	2013	2012
General Government				
Libraries	9	9	9	9
Recycling Stations	5	5	5	6
Telecommunications locations supported	212	212	224	224
Election Commission ballot boxes	127	127	127	127
Public Safety				
Volunteer Fire Stations	18	18	18	18
Ambulance Stations	15	15	15	15
[1] Sheriff patrol cars	260	262	241	247
Highways and Streets				
Miles of paved streets	2,665	2,665	2,665	2,624
Health				
Healthcare Systems	4	5	5	5
Culture & Recreation				
Number of Parks	122	122	122	122
Golf Courses	21	21	21	21
Recreation Centers	16	16	16	15
Theaters	17	17	17	17
Bowling Alleys	3	3	3	3

Sources: CAFR from prior years and various department personnel

[1] The fluctuation in the number of Sheriff patrol cars is due to cars being received in one year but not stripped and surplused until the next fiscal year.

Fiscal Year					
2011	2010	2009	2008	2007	2006
9	9	9	9	9	9
6	6	6	6	6	5
223	208	202	202	202	202
125	125	125	125	122	122
18	18	17	17	17	17
15	15	15	15	15	15
271	262	244	225	211	224
2,622	2,380	2,380	2,380	2,380	2,435
5	5	5	5	5	5
122	90	90	98	98	97
21	21	21	21	21	21
15	15	16	17	17	17
17	17	15	15	15	14
3	3	3	3	3	3

Schedule XVII
Hamilton County, TN
Salaries and Surety Bonds of Principal Officers
Fiscal Year ended June 30, 2015

Official Title	Salary	Bond
County Mayor	$ 157,103	$ 100,000
Superintendent of Schools	160,637	100,000
County Coroner	181,634	N/A
County Attorney	153,343	N/A
Finance Administrator	133,824	N/A
County Auditor	134,651	N/A
County Commissioners:		
Chester Bankston, *Chairman, Pro Tempore*	25,633	N/A
Gregory Beck	22,230	N/A
Tim Boyd	22,230	N/A
Randy Fairbanks	22,230	N/A
James A. Fields, *Chairman*	29,040	N/A
Joe Graham	22,230	N/A
Marty Haynes	22,230	N/A
Warren Mackey	22,230	N/A
Sabrena Smedley	22,230	N/A

Constitutional Officers

Assessor of Property	$ 117,232	$ 50,000
Circuit Court Clerk	111,232	100,000
Clerk and Master	111,232	100,000
County Clerk	111,232	100,000
Criminal Court Clerk	111,232	100,000
Juvenile Court Judge	167,686	100,000
Juvenile Court Clerk	111,232	100,000
Register	111,232	100,000
Sheriff	122,355	100,000
Trustee	111,232	13,056,188

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
Justice for Families Program	N/A	2014-FJ-AX-0029	$ 11,547
Safe Havens Grant	16.527	2011-CW-AX-K001	171,136
State Criminal Alien Assistance Progam	16.606	2013-AP-BX-0109	96
		2012-H4896-TN-AP	7
		2014-AP-BX-0819	14,459
			14,562
Public Safety Partnership and Community Policing Grants	16.710	2013-UL-WX-0019	325,340
Passed through the Tennessee Commission of Children and Youth Domestic Violence	16.590	2013-FL-AX-0024	104,019
Total U.S. Department of Justice			626,604
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Tennessee Commission on Children and Youth Supplemental Nutrition program for Women, Infants and Children	10.557	GG-15-43833-00	1,642,319
Total U.S. Department of Agriculture			1,642,319

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - continued
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Tennessee Department of Human Services			
Child Support Program Title IV-D	93.563	GG-09-25249-02	$ 196,539
		GG-13-39307-04	404,387
			600,926
Social Services Block Grant	93.667	Z-15-49306	238,763
Passed through the Tennessee Department of Health			
		GG-14-37971-00	
Maternal, Infant and Early Childhood Home Visiting Program	93.505	GG-15-42354-00	365,504
		GG-15-42436-00	113,000
			478,504
Project Grants and Cooperative Agreements for Tuberculosis Control	93.116	GG-15-43214-00	303,400
		GG-15-41327-00	64,500
			367,900
Centers for Disease Control and Prevention: Injury Prevention and Control Research and State and Community-Based Programs	93.136	GG-15-44305-00	30,144
Family Planning Services	93.217	GU-13-38855-00	467,892
Immunization Cooperative Agreements	93.268	GG-14-41167-00	120,609
		GG-15-43755-00	149,293
			269,902
Centers for Disease Control and Prevention, Investigations and		GG-13-34829-00	
Technical Assistance	93.283	GG-15-40658-00	40,038
Affordable Care Act Grants for Capital Development in Health Centers	93.526	C8ACS11242-01-00	41,612
Hospital Preparedness Program & Public Health Emergency Preparedness	93.074	GG-14-37433-00	458,786
HIV Care Formula Grants	93.917	GG-15-44402-00	200,587
		GG-14-40561-00	
Preventive Health Services Grant: Sexually Trasmitted Diseases Control	93.977	GG-15-44402-02	189,985
Preventive Health and Health Services Block Grant	93.991	GG-15-41819-00	121,700
Assistance Programs for Chronic Disease Prevention and Control	93.945	GG-14-40752-00	90,583
		GG-14-39846-00	
HIV Prevention Activities - Health Department Based	93.944	GG-15-44022-00	246,249
Maternal and Child Health Services Block Grant - States and Local	93.994	GU-13-39100-00	13,100
		GG-15-42152-00	63,000
		GG-15-43214-00	256,400
			332,500

(continued)

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - continued
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Health Center Cluster:			
Health Center Program	93.224	H80CS00023-12-00	$ 1,497,466
Affordable Care Act Grants for New and Expanded Services	93.527	H80CS00023-13-00	19,878
			1,517,344
Total U.S. Department of Health and Human Services			5,693,415
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the Tennessee Emergency Management Agency			
Emergency Management Performance Grants	97.042	None	240,846
Port Security Grant Program	N/A	EMW-2011-PU-00269	20,734
Homeland Security Grant Program	97.067	3401-14853	138,587
		EMW-2014-SS-00009	39,345
			177,932
Total U.S. Department of Homeland Security			439,512
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the Tennessee Department of Transportation			
Highway and Planning Construction	20.205	STP-M-9202(106)	2,956,006
Alcohol Open Container Requirements	20.607	154AL-14-57	74,564
		154AL-15-64	81,656
			156,220
National Priority Safety Programs	20.616	37413	27,375
National Priority Safety Programs		M2CPS-15-02	70,103
			97,478
Total U.S. Department of Transportation			3,209,704
Total Expenditures of Federal Awards-Primary Government			$ 11,611,554
Total Expenditures of Federal Awards- Reporting Entity			$ 61,510,478

(continued)

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - continued
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
COMPONENT UNITS			
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Tennessee Department of Agriculture:			
Food Donation (Noncash - Food Commodities)	10.565	None	$ 1,312,818
Passed through Tennessee Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	None	3,817,166
National School Lunch Program	10.555	None	12,110,907
Fresh Fruit and Vegetable Program	10.582	None	174,696
Total U.S. Department of Agriculture			17,415,587
U.S. DEPARTMENT OF EDUCATION			
Passed through Tennessee Department of Education:			
Title I Grants to Local Educational Agencies	84.010	None	12,586,366
Title II Part A Teacher and Principal Training and Recruiting	84.367	None	2,048,123
English Language Acquisition Grants	84.365	None	296,238
Career and Technical Education- Basic Grants to States	84.048	None	687,794
Safe and Drug-Free Schools and Communities National Programs	84.184	None	419,413
Education for Homeless Children and Youth	84.196	None	47,397
Twenty-First Century Community Learning Centers	84.287	None	508,073
ARRA - Race to the Top	84.395	None	1,115,418
Teacher Incentive Fund	84.374	None	279,613
Special Education Cluster:			
Special Education- Grants to States	84.027	None	9,840,386
Special Education- Preschool Grants	84.173	None	286,348
			10,126,734
School Improvements Grants Cluster:			
School Improvement Grants	84.377	None	3,887,845
ARRA - School Improvement	84.388	None	466,168
			4,354,013
Impact Aid	84.041	None	14,155
Total U.S. Department of Education			32,483,337
Total Expenditures of Federal Awards-Component Units			49,898,924
Total Expenditures of Federal Awards- Reporting Entity			$ 61,510,478
Total Expenditures of Federal Awards- Reporting Entity			$ 61,510,478

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
STATE GRANTS			
Board of Probation and Payroll	N/A	37157	$ 313,237
Juvenile Detention Unit	N/A	GG-10-29840-00	9,000
Governor's Highway Child Safety Program	N/A	N/A	9,658
Child Welfare Research and Demonstration - Casa Program	93.608	N/A	16,500
TN Dept. of Mental Health and Substance Abuse Services-Recovery Court Program	N/A	42593	425,000
TN Dept. of Health - Safety Net Primary Care Services	N/A	GG-15-43193-00 GG-15-43198-00	18,125
TN Dept. of Health - Safety Net Dental Services	N/A	GG-15-43188-00	1,170
TN Dept. of Health - Grant in Aid	N/A	GG-14-37428-00	371,300
TN Dept. of Health - Environmental Health Programs	N/A	GU-09-26086-00	565,796
TN Dept. of Health - HUGS	N/A	GG-14-35571-00	378,400
TN Dept. of Health - Emergency Dental	N/A	GG-08-25793-00	
TN Dept. of Health - Fetal Infant Mortality Review	N/A	GG-15-42351-00	230,000
TN Dept. of Health - TENNdercare Community Outreach	N/A	GG-15-42436-00	322,404
TN Dept. of Transportation	N/A	40999	282,921
TN Dept. of Environment & Conservation - Recycling & Waste Oil	N/A	N/A	18,127
TN Dept. of Economic & Community Development	N/A	8429	516,000
TN Dept. of Education - Tennessee Arts Commission	N/A	N/A	19,931
TN Dept. of Education - Family Resource Centers	N/A	N/A	54,916
TN Dept. of Education - Coordinated School Health	N/A	N/A	182,714
TN Dept. of Education - Safe Schools	N/A	N/A	154,529
TN Dept. of Education - Pre-K Pilot and Expansion	N/A	N/A	2,675,517
TN Dept. of Education - Internet Carryover	N/A	N/A	62,283
TN Dept. of Education - ConnectTN Internet	N/A	N/A	121,865
TN Dept. of Education - Technology Upgrade Fund	N/A	N/A	1,486
Total Expenditures of State Awards			7,089,679
Total Expenditures of Federal and State Awards			$ 68,600,157

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2015

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general-purpose financial statements.

NOTE B. SUBRECIPIENTS

Program Title	Federal CFDA Number	Amount Provided To Subrecipient
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	$ 70,612
Social Services Block Grant	93.667	298,454
Homeland Security Grant Program	97.067	142,918

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT 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 *GOVERNMENT AUDITING STANDARDS*

County Commission
of Hamilton County, Tennessee
Chattanooga, Tennessee

We have audited 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamilton County Tennessee (the "County") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 31, 2015. Our report includes a reference to other auditors who audited the financial statements of the Hamilton County "911" Emergency Communications District as described in our report on the 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. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Compliance and Other Matters

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

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

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 31, 2015

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT 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

County Commissioner
of Hamilton County, Tennessee
Chattanooga, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Hamilton County Tennessee's (the "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 its major federal programs for the year ended June 30, 2015. The 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 the 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 the 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 the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Hamilton County, Tennessee 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, 2015.

Report on Internal Control Over Compliance

Management of Hamilton County Tennessee 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 the 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 the 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, as defined above. 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.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 31, 2015

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	___ yes __X__ no
Significant deficiency(ies) identified?	___ yes __X__ none reported
Noncompliance material to financial statements noted?	___ yes __X__ no

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	___ yes __X__ no
Significant deficiency(ies) identified?	___ yes __X__ none reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular?	___ yes __X__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
20.205	Highway Planning and Construction Cluster
84.027, 84.173	Special Education Cluster
84.367	Title II Part A

Dollar threshold used to distinguish between Type A and Type B programs:	$1,845,314
Auditee qualified as low-risk auditee?	___ yes __X__ no

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS

None

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

2014 - 001. Restatement of Fund Classifications-

Criteria: Internal controls should be in place to ensure that financial statements properly present all financial activity of the County.

Condition: Internal controls were not sufficient to detect certain misstatements in the County's financial statements for the fiscal year ended June 30, 2013.

Status: Resolved

2014 - 002. Restatement for Allowance on Advance to Component Unit -

Criteria: Internal controls should be in place to ensure that financial statements properly present all financial activity of the County.

Condition: Internal controls were not sufficient to detect certain misstatements in the County's financial statements for the fiscal year ended June 30, 2013.

Status: Resolved

2014 - 003. Restatement for Equity Investment in Joint Venture -

Criteria: Internal controls should be in place to ensure that financial statements properly present all financial activity of the County.

Condition: Internal controls were not sufficient to detect certain misstatements in the County's financial statements for the fiscal year ended June 30, 2013.

Status: Resolved

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS (Continued)

2014 - 004. Restatement for Component Unit Property Tax Revenue -

Criteria: Internal controls should be in place to ensure that financial statements properly present all financial activity of the County.

Condition: Internal controls were not sufficient to detect certain misstatements in the County's financial statements for the fiscal year ended June 30, 2013.

Status: Resolved

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AMERICA
WORLD CHAMPS

COVER PHOTO – *The Tennessee River viewed through the Water Cannons at the foot of The Passage, 21st Century Waterfront.*

INSIDE FRONT COVER – *Lumberjacks log roll at Riverbend 2015.*

PAGE 3 – *Enterprise South Nature Park*

PAGE 4 – *Hamilton County Courthouse, February 2015*

PAGE 6 – *Visitors flock to see the USS LST-325, the only functioning LST (landing ship tank) left in the world, docked at the 21st Century Waterfront, September 2014.*

PAGE 9 – *The main lobby of East Brainerd Elementary School, August 2015*

PAGE 11 – *Part of the three-mile segment connecting the Riverwalk's current boundary at Ross's Landing to South Broad Street's and St. Elmo*

PAGE 13 – *The Water Cannons at the foot of The Passage, 21st Century Waterfront, with the Walnut Street Bridge and the North Shore in the background*

PAGE 15 – *Final Ride at Mountain Bike Camp at Enterprise South Nature Park*

PAGE 16 – *Norfolk Southern Engine honors veterans.*

PAGES 18 AND 19 – *Head of the Hooch competition, November 2014*

PAGE 20 – *Ironman Chattanooga 70.3*

PAGE v – *Sculpture on display at the Main Terrain Urban Art Fitness Park*

PAGES vii – *Playtime at the Hamilton County Fair, 2014*

PAGE viii – *Construction of Middle Valley Elementary School, December 2015. The school will combine Ganns/Middle Valley and Falling Water elementaries.*

PAGE x – *David Berling, member of the Paralyzed Veterans Racing Team, during the road race portion of the US Paracycling National Championships; cyclists tackle "The Hill" during the US ProCycling National Championship Road Race.*

PAGE xi – *Annie Sellick performs on the Tennessee Valley Federal Credit Union Stage at Riverbend, 2015.*

PAGE xvii – *New Volunteer Fire Department facilities under construction in Sale Creek*

PAGE xix – *The Howard School's ROTC marches in the Armed Forced Day Parade, 2015.*

PAGE xx – *Chattanoogans plunged down a 1,000-foot water slide set up on 5th Street for Chattanooga's first-ever Slide the City event, June 2015.*

INSIDE BACK – *US Women's National Soccer Team plays Costa Rica at Finley Stadium on its World Cup Victory Tour.*

Special thanks to Shelia Cannon in the Hamilton County Finance Division for her photo contributions to the 2015 CAFR.

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