
ANNUAL FINANCIAL REPORT HAWKINS COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



ANNUAL FINANCIAL REPORT
HAWKINS COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

BRYAN W. BURKLIN, CPA, CGFM
Audit Manager

MARK TREECE, CPA, CGFM
Auditor 4

ROBERT ANDERSON
KRISTINE GALITZA, CPA
GREG BRUSH
State Auditors

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

HAWKINS COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Hawkins County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	25
Notes to the Financial Statements		26-63
REQUIRED SUPPLEMENTARY INFORMATION:		64
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	65-68
Highway/Public Works Fund	E-2	69
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Hawkins County School Department	E-3	70
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Hawkins County School Department	E-4	71
Notes to the Required Supplementary Information		72

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		73
Nonmajor Governmental Funds:		74-75
Combining Balance Sheet	F-1	76-77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	78-79
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	F-3	80
Drug Control Fund	F-4	81
Special Debt Service Fund	F-5	82
Major Governmental Funds:		83
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Debt Service Fund	G-1	84
Education Debt Service Fund	G-2	85
Fiduciary Funds:		86
Combining Statement of Fiduciary Assets and Liabilities	H-1	87
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	88-89
Component Unit:		
Discretely Presented Hawkins County School Department:		90
Statement of Activities	I-1	91
Balance Sheet – Governmental Funds	I-2	92
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	93
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	94
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	95
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	97
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	98-100
School Federal Projects Fund	I-9	101
Central Cafeteria Fund	I-10	102
School Transportation Fund	I-11	103

	Exhibit	Page(s)
Miscellaneous Schedules:		104
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	J-1	105-106
Schedule of Long-term Debt Requirements by Year	J-2	107-108
Schedule of Transfers – Primary Government and Discretely Presented Hawkins County School Department	J-3	109
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Hawkins County School Department	J-4	110
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	111-120
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Hawkins County School Department	J-6	121-123
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	124-152
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Hawkins County School Department	J-8	153-167
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	J-9	168
 <u>SINGLE AUDIT SECTION</u>		 169
Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		170-172
Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133		173-175
Schedule of Expenditures of Federal Awards and State Grants		176-177
Schedule of Audit Findings Not Corrected		178
Schedule of Findings and Questioned Costs		179-187
Auditee Reporting Responsibilities		188

Audit Highlights
Annual Financial Report
Hawkins County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Hawkins County as of and for the year ended June 30, 2012.

Results

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

Our audit resulted in six findings and recommendations, which we have reviewed with Hawkins County management. The detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Department reported four thefts at a convenience center.
-

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

- ◆ Three used vehicles were purchased without obtaining competitive bids.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Joseph Rogers Primary School cafeteria funds were stolen, which resulted in an undetermined cash shortage.
-

OFFICE OF TRUSTEE

- ◆ The office had deficiencies in its accounting records.
-

OFFICE OF CLERK AND MASTER

- ◆ Fees and commissions totaling \$8,156 were expended without proper authorization.
-

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The assessor of property did not prorate new construction.
-

BEST PRACTICES

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

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

INTRODUCTORY SECTION

Hawkins County Officials

June 30, 2012

Officials

Melville Bailey, County Mayor
Lowell Bean, Road Superintendent
Charlotte Britton, Director of Schools
Patricia Courtney, Trustee
Jack Price, Jr., Assessor of Property
Carroll Jenkins, County Clerk
Kathy Cradic, Circuit and General Sessions Courts Clerk
Holly Jaynes, Clerk and Master
Judy Kirkpatrick, Register
Ronnie Lawson, Sheriff

Board of County Commissioners

Melville Bailey, County Mayor, Chairman
Danny Alvis
Shane Bailey
Dwight Carter
B.D. Cradic
Glenda Davis
Dustin Dean
Charlie Freeman
Darrell Gilliam
Gary Hicks, Jr.
Linda Kimbro

Virgil Mallett
Joe McLain
John Metz
Hubert Neal
Charlie Newton
Robert Palmer
Lynn Short
Jeff Thacker
Syble Vaughan Trent
Stacy Vaughan
Thomas Wheeler

Board of Education

Randall Collier, Chairman
Kurt Cornett
Glenna Fuller
Holly Helton

Debbie Shedden
Burl Smith
Michael Williams

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

October 24, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Hawkins County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hawkins County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

In our opinion, except for the effects of not including the financial statements of the Hawkins County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Hawkins County, Tennessee, as of June 30, 2012, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2012, on our consideration of Hawkins County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

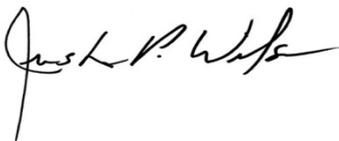
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 65 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hawkins County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Hawkins County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Hawkins County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Hawkins County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Government <u>Governmental</u> <u>Activities</u>	Component Unit <u>Hawkins</u> <u>County</u> <u>School</u> <u>Department</u>
<u>ASSETS</u>		
Cash	\$ 1,835,396	\$ 10,397
Equity in Pooled Cash and Investments	24,562,236	15,742,209
Accounts Receivable	100,064	35,726
Due from Other Governments	1,116,993	1,541,844
Due from Primary Government	0	579,875
Due from Component Unit	5,216	0
Property Taxes Receivable	14,045,585	10,153,493
Allowance for Uncollectible Property Taxes	(715,752)	(517,414)
Prepaid Items	54,382	0
Unamortized Discount on Debt	35,673	0
Deferred Charges - Debt Issuance Cost	1,198,780	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,134,808	1,584,332
Construction in Progress	5,000	1,656,531
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	17,053,078	59,607,750
Other Capital Assets	1,396,503	3,186,111
Infrastructure	39,293,693	0
Total Assets	<u>\$ 101,121,655</u>	<u>\$ 93,580,854</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 167,146	\$ 313,768
Accrued Payroll	1,033	45,257
Payroll Deductions Payable	74	0
Contracts Payable	0	551,977
Retainage Payable	0	59,653
Accrued Interest Payable	279,377	0
Due to Primary Government	0	5,216
Due to Component Unit	579,875	0
Due to State of Tennessee	9,162	0
Due to Litigants, Heirs, and Others	80	0
Derivative - Interest Rate Swap	3,586,474	0
Other Current Liabilities	0	1,330,863
Deferred Revenue - Current Property Taxes	12,812,697	9,262,244

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Hawkins County School Department</u>
<u>LIABILITIES (CONT.)</u>		
Noncurrent Liabilities:		
Due Within One Year	\$ 3,041,818	\$ 719,670
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	<u>85,633,100</u>	<u>9,540,181</u>
Total Liabilities	<u>\$ 106,110,836</u>	<u>\$ 21,828,829</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 44,340,284	\$ 0
Invested in Capital Assets	0	66,034,724
Restricted for:		
General Government	90,885	0
Finance	11,173	0
Administration of Justice	604,311	0
Public Safety	261,897	0
Highways	3,127,339	0
Debt Service	15,059,930	0
Education	1,212,300	3,810,108
Capital Projects	906,325	0
Unrestricted	<u>(70,603,625)</u>	<u>1,907,193</u>
Total Net Assets (Deficit)	<u>\$ (4,989,181)</u>	<u>\$ 71,752,025</u>

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

Exhibit B

Hawkins County, Tennessee
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		Component Unit Hawkins County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Primary Government:						
Governmental Activities:						
General Government	\$ 2,423,198	\$ 373,260	\$ 276,188	\$ 0	\$ (1,773,750)	\$ 0
Finance	1,329,887	1,135,259	0	0	(194,628)	0
Administration of Justice	1,245,936	1,229,032	0	0	(16,904)	0
Public Safety	6,084,637	1,325,544	427,218	(5,000)	(4,336,875)	0
Public Health and Welfare	2,041,047	86,201	294,186	43,344	(1,617,316)	0
Social, Cultural, and Recreational Services	411,195	6,684	46,410	(3,774)	(361,875)	0
Agriculture and Natural Resources	142,460	0	0	0	(142,460)	0
Other Operations	652,084	0	51,968	0	(600,116)	0
Highways	4,771,496	19,796	1,980,702	674,110	(2,096,888)	0
Education	2,814,371	0	0	0	(2,814,371)	0
Interest on Long-term Debt	3,805,804	0	0	0	(3,805,804)	0
Debt Service	317,219	0	0	0	(317,219)	0
Total Primary Government	\$ 26,039,334	\$ 4,175,776	\$ 3,076,672	\$ 708,680	\$ (18,078,206)	\$ 0
Component Unit:						
Hawkins County School Department	\$ 68,436,877	\$ 1,699,762	\$ 8,813,063	\$ 2,809,264	\$ 0	\$ (55,114,788)
Total Component Unit	\$ 68,436,877	\$ 1,699,762	\$ 8,813,063	\$ 2,809,264	\$ 0	\$ (55,114,788)

(Continued)

Exhibit B

Hawkins County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
				Government Total Governmental Activities	Unit Hawkins County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 7,548,397	\$ 8,016,833
Property Taxes Levied for Highway/Public Works				1,377,057	0
Property Taxes Levied for Transportation				0	1,529,574
Property Taxes Levied for Debt Service				4,285,875	0
Local Option Sales Taxes				866,394	3,939,981
Wheel Tax				1,024,935	322,869
Litigation Tax				351,469	0
Business Tax				338,913	0
Mineral Severance Tax				55,473	0
Wholesale Beer Tax				112,322	0
Interstate Telecommunication Tax				2,487	2,730
Grants and Contributions Not Restricted to Specific Programs				1,769,972	38,923,885
Unrestricted Investment Income				95,196	3,735
Miscellaneous				21,068	95,751
Gain and Sale of Property				0	14,039
Total General Revenues				\$ 17,849,558	\$ 52,849,397
Change in Fair Value of Derivatives - Interest Rate Swap				\$ (2,045,299)	\$ 0
Change in Net Assets				\$ (2,273,947)	\$ (2,265,391)
Net Assets (Deficit), July 1, 2011				(2,715,234)	74,017,416
Net Assets (Deficit), June 30, 2012				\$ (4,989,181)	\$ 71,752,025

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

Exhibit C-1

Hawkins County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Education Debt Service	Other Governmental Funds	
\$	0	0	0	0	1,835,396	\$ 1,835,396
Cash	4,993,415	2,821,602	4,009,631	9,532,930	3,204,658	24,562,236
Equity in Pooled Cash and Investments	29,590	12,707	1,310	3,056	51,690	98,353
Accounts Receivable	559,180	378,374	0	0	179,439	1,116,993
Due from Other Governments	36,979	45	7,600	0	2,485	47,109
Due from Other Funds	5,216	0	0	0	0	5,216
Due from Component Units	8,026,048	1,464,212	867,681	3,687,644	0	14,045,585
Property Taxes Receivable	(409,001)	(74,615)	(44,216)	(187,920)	0	(715,752)
Allowance for Uncollectible Property Taxes	0	0	0	54,382	0	54,382
Prepaid Items						
Total Assets	\$ 13,241,427	\$ 4,602,325	\$ 4,842,006	\$ 13,090,092	\$ 5,273,668	\$ 41,049,518

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 42,950	\$ 78,515	\$ 0	\$ 0	\$ 45,681	\$ 167,146
Accounts Payable	1,033	0	0	0	0	1,033
Accrued Payroll	74	0	0	0	0	74
Payroll Deductions Payable	10,130	0	0	0	35,268	45,398
Due to Other Funds	19,559	0	0	0	560,316	579,875
Due to Component Units	9,162	0	0	0	0	9,162
Due to State of Tennessee	0	0	0	0	80	80
Due to Litigants, Heirs, and Others	7,321,541	1,335,687	791,518	3,363,951	0	12,812,697
Deferred Revenue - Current Property Taxes	260,794	47,577	28,194	119,824	0	456,389
Deferred Revenue - Delinquent Property Taxes	160,813	168,417	0	0	102,058	431,288
Other Deferred Revenues	\$ 7,826,056	\$ 1,630,196	\$ 819,712	\$ 3,483,775	\$ 743,403	\$ 14,503,142
Total Liabilities						
Fund Balances	\$ 0	\$ 0	\$ 0	\$ 54,382	\$ 0	\$ 54,382
Nonspendable:						
Prepaid Items						

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service		Education Debt Service	Other Governmental Funds	
			General Debt Service	Debt Service			
\$	90,885	0	0	0	0	0	90,885
	11,173	0	0	0	0	0	11,173
	550,639	0	0	0	0	53,672	604,311
	10,437	0	0	0	0	251,460	261,897
	0	2,972,129	0	0	0	0	2,972,129
	0	0	4,022,294	9,551,935	1,562,678	2,118,625	15,136,907
	0	0	0	0	0	0	2,118,625
Committed:							
Committed for General Government	7,133	0	0	0	0	0	7,133
Committed for Finance	26,625	0	0	0	0	0	26,625
Committed for Public Health and Welfare	0	0	0	0	0	543,830	543,830
Committed for Other Purposes	23,265	0	0	0	0	0	23,265
Assigned:							
Assigned for General Government	1,986,690	0	0	0	0	0	1,986,690
Assigned for Finance	25,254	0	0	0	0	0	25,254
Assigned for Administration of Justice	897	0	0	0	0	0	897
Assigned for Public Safety	291,178	0	0	0	0	0	291,178
Assigned for Public Health and Welfare	4,883	0	0	0	0	0	4,883
Assigned for Social, Cultural, and Recreational Services	4,675	0	0	0	0	0	4,675
Assigned for Agriculture and Natural Resources	174	0	0	0	0	0	174
Assigned for Other Operations	12,614	0	0	0	0	0	12,614
Assigned for Capital Projects	194,982	0	0	0	0	0	194,982
Unassigned	2,173,867	0	0	0	0	0	2,173,867
Total Fund Balances	\$ 5,415,371	\$ 2,972,129	\$ 4,022,294	\$ 9,606,317	\$ 4,530,265	\$ 4,530,265	\$ 26,546,376
Total Liabilities and Fund Balances	\$ 13,241,427	\$ 4,602,325	\$ 4,842,006	\$ 13,090,092	\$ 5,273,668	\$ 5,273,668	\$ 41,049,518

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

Exhibit C-2

Hawkins County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 26,546,376
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,134,808	
Add: construction in progress	5,000	
Add: infrastructure net of accumulated depreciation	39,293,693	
Add: buildings and improvements net of accumulated depreciation	17,053,078	
Add: other capital assets net of accumulated depreciation	<u>1,396,503</u>	58,883,082
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (585,000)	
Less: other loans payable	(47,396,148)	
Less: bonds payable	(37,635,000)	
Add: deferred amount on refunding	654,617	
Add: unamortized discount on debt	35,673	
Add: deferred charges - debt issuance costs	1,198,780	
Less: compensated absences payable	(501,370)	
Less: other deferred revenue - premium on debt	(492,832)	
Less: accrued interest on bonds, notes, and other loans payable	(279,377)	
Less: other postemployment benefits liability	(2,719,185)	
Less: negative fair market value of interest rate swap	<u>(3,586,474)</u>	(91,306,316)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>887,677</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (4,989,181)</u>

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

Hawkins County, Tennessee
Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works		General Debt Service	Education Debt Service	Other Governmental Funds	
		General	Public Works				
Revenues							
Local Taxes	\$ 8,296,122	\$ 1,442,250	\$ 934,205	\$ 3,839,606	\$ 1,545,242	\$ 16,057,425	
Licenses and Permits	3,558	0	0	0	143,085	146,643	
Fines, Forfeitures, and Penalties	191,399	0	0	0	124,464	315,863	
Charges for Current Services	113,871	2,890	0	0	181,146	297,907	
Other Local Revenues	33,319	25,464	22,078	62,353	90,955	234,169	
Fees Received from County Officials	2,127,428	0	0	0	0	2,127,428	
State of Tennessee	2,235,296	2,259,557	0	0	89,261	4,584,114	
Federal Government	241,924	25,423	7,433	389,696	33,996	698,472	
Other Governments and Citizens Groups	242,623	0	0	825,057	600	1,068,280	
Total Revenues	\$ 13,485,540	\$ 3,755,584	\$ 963,716	\$ 5,116,712	\$ 2,208,749	\$ 25,530,301	
Expenditures							
Current:							
General Government	\$ 2,069,201	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,069,201	
Finance	1,321,905	0	0	0	0	1,321,905	
Administration of Justice	1,053,347	0	0	0	173,906	1,227,253	
Public Safety	5,618,303	0	0	0	59,914	5,678,217	
Public Health and Welfare	643,568	0	0	0	1,339,463	1,983,031	
Social, Cultural, and Recreational Services	410,060	0	0	0	0	410,060	
Agriculture and Natural Resources	141,849	0	0	0	0	141,849	
Other Operations	649,117	0	0	0	0	649,117	
Highways	57,174	3,131,323	0	0	0	3,188,497	
Debt Service:							
Principal on Debt	140,000	0	360,000	1,970,125	140,000	2,610,125	
Interest on Debt	4,611	0	668,412	2,955,519	98,782	3,727,324	
Other Debt Service	23	0	18,452	282,707	4,107	305,289	
Capital Projects	0	0	0	0	4,784,210	4,784,210	
Total Expenditures	\$ 12,109,158	\$ 3,131,323	\$ 1,046,864	\$ 5,208,351	\$ 6,600,382	\$ 28,096,078	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,376,382	\$ 624,261	\$ (83,148)	\$ (91,639)	\$ (4,391,633)	\$ (2,565,777)	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Governmental Funds	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,198,897	\$ 2,198,897	
Insurance Recovery	209,389	9,562	0	0	0	218,951	
Transfers In	3,254	0	0	93,094	0	96,348	
Transfers Out	(93,094)	0	0	(3,254)	0	(96,348)	
Total Other Financing Sources (Uses)	\$ 119,549	\$ 9,562	\$ 0	\$ 89,840	\$ 2,198,897	\$ 2,417,848	
Net Change in Fund Balances	\$ 1,495,931	\$ 633,823	\$ (83,148)	\$ (1,799)	\$ (2,192,736)	\$ (147,929)	
Fund Balance, July 1, 2011	3,919,440	2,338,306	4,105,442	9,608,116	6,723,001	26,694,305	
Fund Balance, June 30, 2012	\$ 5,415,371	\$ 2,972,129	\$ 4,022,294	\$ 9,606,317	\$ 4,530,265	\$ 26,546,376	

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

Exhibit C-4

Hawkins County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (147,929)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,956,785	
Less: current-year depreciation expense	<u>(2,102,843)</u>	(146,058)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized		380,000
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 887,677	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(987,292)</u>	(99,615)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt related items.		
Less: other loans proceeds	\$ (2,198,897)	
Less: change in discount on debt	(5,107)	
Less: change in deferred debt issuance costs	(66,241)	
Add: principal payments on bonds	1,260,000	
Add: principal payments on other loans	1,062,125	
Add: principal payments on notes	288,000	
Add: change in premium on debt issuances	54,311	
Less: change in deferred amount on refunding debt	(105,888)	
Less: change in fair value of derivatives - interest rate swap	<u>(2,045,299)</u>	(1,756,996)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 27,409	
Change in compensated absences payable	(61,497)	
Change in other postemployment benefits liability	<u>(469,261)</u>	(503,349)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (2,273,947)</u>

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

Exhibit D

Hawkins County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,243,632
Equity in Pooled Cash and Investments	346,630
Accounts Receivable	42
Due from Other Governments	717,047
Taxes Receivable	1,234,819
Allowance for Uncollectible Taxes	<u>(62,926)</u>
Total Assets	<u>\$ 3,479,244</u>
<u>LIABILITIES</u>	
Due to Other Funds	\$ 1,711
Due to Other Taxing Units	2,235,570
Due to Litigants, Heirs, and Others	<u>1,241,963</u>
Total Liabilities	<u>\$ 3,479,244</u>

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

HAWKINS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

Administrative Office:

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

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

B. Government-wide and Fund Financial Statements

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

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

Hawkins County issues all debt for the discretely presented Hawkins County School Department. Net debt issues of \$877,400 were contributed by the county to the School Department during the year ended June 30, 2012.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Hawkins County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Hawkins County does not have any proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

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

on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

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

Hawkins County reports the following major governmental funds:

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

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

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

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

Additionally, Hawkins County reports the following fund types:

Capital Projects Funds – These funds are used to account for the acquisition or construction of major capital facilities and other capital assets.

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

use the accrual basis of accounting to recognize receivables and payables.

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

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

School Transportation Fund – This special revenue fund is used to account for transportation operations of the School Department. Local taxes and the state Basic Education Program are the foundational revenues of this fund.

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

Capital Projects Funds – These funds are used to account for building construction and renovations of the School Department.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's

Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hawkins County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the debt service funds. Hawkins County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.72 percent of total taxes levied.

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is

the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

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

Retainage payable in the discretely presented Hawkins County School Department's nonmajor governmental funds represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

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

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

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

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	7 - 30
Vehicles and Other Capital Assets	5 - 12
Infrastructure:	
Roads	20 - 50
Bridges	40

5. Compensated Absences

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

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

Other 12-month employees are allowed to accumulate a limited amount (five days) of earned but unused vacation benefits.

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

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. Net Assets and Fund Equity

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

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

As of June 30, 2012, Hawkins County had \$71,181,148 in outstanding debt for capital purposes for the discretely presented Hawkins County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Rogersville School System and the City of Kingsport School System) based on an average daily attendance proration. This debt is a liability of Hawkins County, but the capital assets acquired are reported in the financial statements of the School Department, the City of Rogersville School System, and the City of Kingsport School System. Therefore, Hawkins County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and Board of Education are authorized bodies to make assignments. Assigned fund balance in the primary government’s General Fund includes encumbrances of \$155,680, fund balance assigned for patrol cars of \$216,021, roof construction of \$194,982, building improvements of \$175,000, employee vacation pay of \$25,000, and fund balance appropriated for use in the 2012-13 year budget totaling \$1,754,664. Assigned fund balance in the School Department’s General Purpose School Fund includes encumbrances of \$435,610, fund balance assigned for construction of \$450,000, state CTE program operations of \$10,777, equipment purchases of \$14,345, and fund balance appropriated for use in the 2012-13 budget totaling \$216,092.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Hawkins County School Department

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

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

Primary Government

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

Discretely Presented Hawkins County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Budget and Finance Committee, County Mayor, etc.). Management may make revisions within major categories, but only the County Commission may transfer

appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2012, the Hawkins County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Purpose School	Buses	\$ 384,820
School Federal Projects	Instructional equipment	62,233
Education Capital Projects	Architect fees	39,708
Other Capital Projects - QSCB	"	35,338
"	Construction project	831,539

B. Fund Deficits

The Education Capital Projects and Other Capital Projects - QSCB funds of the discretely presented School Department had negative unassigned fund balances of \$30,788 and \$29,144, respectively, as of June 30, 2012. These deficits resulted from the recognition of liabilities for contracts and retainage payables. These deficits are expected to be liquidated by debt proceeds provided by the primary government.

C. Cash Shortage and Thefts of County Property

As discussed in the Findings and Questioned Costs section of this report, an undetermined amount of funds had been stolen from a school cafeteria. A cafeteria manager pled guilty to charges of theft under \$500 in connection with the missing funds.

As reported in the Findings and Questioned Costs section of this report, thefts of property occurred at a county convenience center during July and August 2012. A former employee pled guilty to charges of burglary and theft and was ordered to pay \$60 in restitution.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control) of the following School Department funds:

Fund/Major Category	Amount Overspent
General Purpose School:	
Support Services - Vocational Education	\$ 1,216
School Federal Projects:	
Instruction - Vocational Education Program	3,015
Operation of Non-Instruction Services	172
School Transportation:	
Other Debt Service - Education	121

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2012, Hawkins County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Hawkins County and the discretely presented Hawkins County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 18,145,425

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Hawkins County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hawkins County has no

investment policy that would further limit its investment choices. As of June 30, 2012, Hawkins County's investment in the State Treasurer's Investment Pool was unrated.

B. Derivative Instrument

At June 30, 2012, Hawkins County had the following derivative instrument outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$16M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 16,000,000	12-1-09	6-1-29	Pay 3.5325% receive 58.75% of LIBOR

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2012, classified by type, and the changes in fair value of such derivative instrument for the year then ended as reported in the 2012 financial statements are as follows:

Type	Classification	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2012</u>		6-30-12 Notional
		Amount	Amount	Classification	Amount	Amount
Governmental Activities						
Investment Derivative:						
Pay fixed interest rate swaps:						
\$16M Swap	Interest and Investment Earnings	\$ (2,045,299)		Debt	\$ (3,586,474)	\$ 16,000,000
Total		<u>\$ (2,045,299)</u>			<u>\$ (3,586,474)</u>	<u>\$ 16,000,000</u>

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

Derivative Swap Agreement Detail

\$16M Swap

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$16 million Series V-B-1 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series V-B-1 bonds have since been refunded with a portion of the proceeds of the Series VII-A-1 bonds and the interest rate swap is now associated with the Series VII-A-1 bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.5325 percent and receives a variable payment computed as 58.75 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$16 million and the associated variable-rate bond has a \$16 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-A-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2029. As of June 30, 2012, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.5325 %
Variable payment from counterparty	% of LIBOR	<u>-0.5699</u>
Net interest rate swap payments		2.9626 %
Variable-rate bond coupon payments		<u>0.5200</u>
Synthetic interest rate on bonds		<u><u>3.4826 %</u></u>

Fair value. As of June 30, 2012, the swap had a negative fair value of \$3,586,474. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2012, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP") was rated "A+" by Standard and Poor's as of June 30, 2012, with its Credit Support Provider,

Deutsche Bank, rated A2/A+/A+ by Moody’s, Standard and Poor’s, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should BMA increase to above 58.75 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 58.75 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap’s fair value.

Swap payments and associated debt. As of June 30, 2012, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2013	\$ 0	\$ 83,200	\$ 474,020	\$ 557,220
2014	0	83,200	474,020	557,220
2015	0	83,200	474,020	557,220
2016	0	83,200	474,020	557,220
2017	0	83,200	474,020	557,220
2018-2022	4,000,000	395,850	2,255,298	6,651,148
2023-2027	8,150,000	231,400	1,318,368	9,699,768
2028-2029	3,850,000	30,290	172,573	4,052,863
Total	<u>\$ 16,000,000</u>	<u>\$ 1,073,540</u>	<u>\$ 6,116,339</u>	<u>\$ 23,189,879</u>

C. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 1,134,808	\$ 0	\$ 0	\$ 1,134,808
Construction in Progress	1,046,374	5,000	1,046,374	5,000
Total Capital Assets Not Depreciated	<u>\$ 2,181,182</u>	<u>\$ 5,000</u>	<u>\$ 1,046,374</u>	<u>\$ 1,139,808</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 17,894,675	\$ 2,778,621	\$ 0	\$ 20,673,296
Infrastructure	55,027,428	380,000	0	55,407,428
Other Capital Assets	6,564,109	219,538	29,043	6,754,604
Total Capital Assets Depreciated	<u>\$ 79,486,212</u>	<u>\$ 3,378,159</u>	<u>\$ 29,043</u>	<u>\$ 82,835,328</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,144,075	\$ 476,143	\$ 0	\$ 3,620,218
Infrastructure	14,750,869	1,362,866	0	16,113,735
Other Capital Assets	5,123,310	263,834	29,043	5,358,101
Total Accumulated Depreciation	<u>\$ 23,018,254</u>	<u>\$ 2,102,843</u>	<u>\$ 29,043</u>	<u>\$ 25,092,054</u>
Total Capital Assets Depreciated, Net	<u>\$ 56,467,958</u>	<u>\$ 1,275,316</u>	<u>\$ 0</u>	<u>\$ 57,743,274</u>
Governmental Activities Capital Assets, Net	<u>\$ 58,649,140</u>	<u>\$ 1,280,316</u>	<u>\$ 1,046,374</u>	<u>\$ 58,883,082</u>

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

Governmental Activities:

General Government	\$ 124,117
Finance	7,385
Administration of Justice	10,956
Public Safety	398,681
Public Health and Welfare	115,465
Social, Cultural, and Recreational Services	9,551
Other Operations	16,590
Highway/Public Works	<u>1,420,098</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,102,843</u>

Discretely Presented Hawkins County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 1,586,582	\$ 0	\$ 2,250	\$ 1,584,332
Construction in Progress	19,634,612	1,367,494	19,345,575	1,656,531
Total Capital Assets Not Depreciated	\$ 21,221,194	\$ 1,367,494	\$ 19,347,825	\$ 3,240,863
Capital Assets Depreciated:				
Buildings and Improvements	\$ 71,388,151	\$ 21,488,056	\$ 406,195	\$ 92,470,012
Other Capital Assets	7,275,736	697,937	790,917	7,182,756
Total Capital Assets Depreciated	\$ 78,663,887	\$ 22,185,993	\$ 1,197,112	\$ 99,652,768
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 30,069,887	\$ 3,069,853	\$ 277,478	\$ 32,862,262
Other Capital Assets	4,174,928	583,423	761,706	3,996,645
Total Accumulated Depreciation	\$ 34,244,815	\$ 3,653,276	\$ 1,039,184	\$ 36,858,907
Total Capital Assets Depreciated, Net	\$ 44,419,072	\$ 18,532,717	\$ 157,928	\$ 62,793,861
Governmental Activities Capital Assets, Net	\$ 65,640,266	\$ 19,900,211	\$ 19,505,753	\$ 66,034,724

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

Governmental Activities:

Instruction	\$ 3,042,196
Support Services	548,434
Operation of Non-Instructional Services	<u>62,646</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,653,276</u>

D. Construction Commitments

The discretely presented School Department's Education Capital Projects and Other Capital Projects - QSCB funds had uncompleted construction contracts of \$39,708 and \$866,877, respectively, for various renovations and construction projects. Funding for these future expenditures is being provided by debt proceeds contributed by the primary government.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 35,268
"	Agency	1,711
Highway/Public Works	General	45
Nonmajor governmental	"	2,485
General Debt Service	"	7,600
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	296,390
Nonmajor governmental	General Purpose School	118

The balance of \$7,600 due to the General Debt Service Fund from the General Fund resulted from the issuance of an internal capital outlay note for the purchase of a vehicle for the Property Assessor's Office. The interfund receivable is expected to be received within one year.

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Component Unit:	
	School Department:	
	General Purpose School	\$ 5,216
Component Unit:		
School Department:	Primary Government:	
School Transportation	General	19,559
"	Nonmajor governmental	8,618
Nonmajor governmental	"	551,698

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Education Debt Service Fund
General Fund	\$ 0	\$ 93,094
Education Debt Service Fund	3,254	0
Total	<u>\$ 3,254</u>	<u>\$ 93,094</u>

Discretely Presented Hawkins County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental funds	\$ 15,469

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 29 years for bonds, up to seven years for notes, and up to 28 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2012, will be retired from the General, General Debt Service, Special Debt Service, or Education Debt Service funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds -				
Refunding	2 to 5 %	5-1-19	\$ 20,900,000	\$ 7,330,000
General Obligation Bonds	1 to 6.25	6-1-38	31,410,000	30,305,000
Capital Outlay Notes	variable	6-1-16	743,000	585,000
Other Loans - Public Building Authorities				
	*	6-1-36	43,895,000	41,435,000
Other Loans - Qualified School Construction Bonds				
	0 to 1.515	9-15-27	4,973,000	4,549,678
Other Loans - Energy Efficient Schools Initiative				
	0	2-1-22	1,507,550	1,411,470

(*) Interest rates for the Public Building Authority loans are presented in the following table.

General obligation bonds reflected above include \$21,170,000 of outstanding Build America Bonds, a federal program through which the county expects to receive future credits for a portion of the interest charges on the bonds.

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

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

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-12	Interest Type	Interest Rate as of 6-30-12	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
Series VII-A-1	\$ 16,150,000	\$ 16,150,000	Variable (1)	0.52 %	1.106 %
<u>Blount County Public Building Authority</u>					
Series B-15-A	27,745,000	25,285,000	Fixed	3 to 5	N/A

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

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 1,400,000	\$ 1,793,161	\$ 3,193,161
2014	1,445,000	1,760,440	3,205,440
2015	1,505,000	1,715,470	3,220,470
2016	1,565,000	1,667,815	3,232,815
2017	1,800,000	1,617,440	3,417,440
2018-2022	6,120,000	7,253,380	13,373,380
2023-2027	2,950,000	6,414,018	9,364,018
2028-2032	4,575,000	5,805,077	10,380,077
2033-2037	12,525,000	3,717,050	16,242,050
2038	3,750,000	234,375	3,984,375
Total	\$ 37,635,000	\$ 31,978,226	\$ 69,613,226

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 123,000	\$ 14,333	\$ 137,333
2014	133,000	11,319	144,319
2015	144,000	8,060	152,060
2016	185,000	4,532	189,532
Total	\$ 585,000	\$ 38,244	\$ 623,244

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2013	\$ 1,142,791	\$ 1,662,966	\$ 178,562	\$ 2,984,319
2014	1,157,791	1,641,841	178,562	2,978,194
2015	1,167,791	1,618,566	178,562	2,964,919
2016	1,152,792	1,594,941	178,562	2,926,295
2017	982,791	1,568,541	178,562	2,729,894
2018-2022	8,810,588	7,449,127	849,469	17,109,184
2023-2027	13,082,881	6,093,568	496,159	19,672,608
2028-2032	12,338,723	3,408,572	64,901	15,812,196
2033-2036	7,560,000	905,113	0	8,465,113
Total	\$ 47,396,148	\$ 25,943,235	\$ 2,303,339	\$ 75,642,722

There is \$15,136,907 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$662, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,506, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Other		
	Bonds	Notes	Loans
Balance, July 1, 2011	\$ 38,895,000	\$ 873,000	\$ 46,259,376
Additions	0	0	2,198,897
Reductions	(1,260,000)	(288,000)	(1,062,125)
Balance, June 30, 2012	\$ 37,635,000	\$ 585,000	\$ 47,396,148
Balance Due Within One Year	\$ 1,400,000	\$ 123,000	\$ 1,142,791

Governmental Activities (Cont.):

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	\$ 439,873	\$ 2,249,924
Additions	549,003	547,467
Reductions	(487,506)	(78,206)
	<hr/>	<hr/>
Balance, June 30, 2012	\$ 501,370	\$ 2,719,185
	<hr/>	<hr/>
Balance Due Within One Year	\$ 376,027	\$ 0
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 88,836,703
Less: Balance Due Within One Year	(3,041,818)
Add: Unamortized Premium on Debt	492,832
Less: Deferred Amount on Refunding	<u>(654,617)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 85,633,100</u>

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

Defeasance of Prior Debt

In a prior year, Hawkins County defeased \$7,275,000 of outstanding general obligation refunding bonds, Series 2002, by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee was empowered and required to pay all principal and interest on the defeased bonds. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. During the year, all outstanding defeased bonds were called and retired.

Discretely Presented Hawkins County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Hawkins County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Compensated Absences	Termination Benefits
Balance, July 1, 2011	\$ 1,115,785	\$ 839,975
Additions	429,188	272,698
Reductions	(419,654)	(134,842)
Balance, June 30, 2012	<u>\$ 1,125,319</u>	<u>\$ 977,831</u>
Balance Due Within One Year	<u>\$ 439,985</u>	<u>\$ 279,685</u>

	Other Postemployment Benefits
Balance, July 1, 2011	\$ 6,604,877
Additions	2,445,155
Reductions	<u>(893,330)</u>
Balance, June 30, 2012	<u>\$ 8,156,702</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 10,259,851
Less: Balance Due Within One Year	<u>(719,670)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,540,181</u>

Compensated absences, other postemployment benefits, and termination benefits will be retired from the employing funds.

During the year, the Hawkins County School Department contributed \$825,057 to the Education Debt Service Fund of the primary government to be applied toward certain debt instruments, which had been issued for the benefit of the School Department.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hawkins County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the

Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$323,500 and \$42,446, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Internal Financing

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

Internally financed debt is reflected below:

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Property Assessor Vehicle	\$ 22,980	.4 %	8-16-10	8-16-13

Description	Amount Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Amount Outstanding 6-30-12
Property Assessor Vehicle	\$ 15,200	\$ 0	\$ 7,600	\$ 7,600
Total	\$ 15,200	\$ 0	\$ 7,600	\$ 7,600

The amount outstanding at June 30, 2012, for the property assessor vehicle (\$7,600) is reflected as Due to Other Funds in the General Fund and Due from Other Funds in the General Debt Service Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

Hawkins County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Hawkins County School Department

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

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Contingent Liabilities

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

Additionally, in March 2009, the Hawkins County Commission voted to guarantee a capital outlay note that was issued by the Hawkins County Industrial Development Board. The maximum obligation authorized under the County Commission resolution was \$700,000. The proceeds from this note were utilized to construct a speculative building for industrial development. The principal balance on the note was \$681,356 as of September 12, 2012, and the note matures January 16, 2013.

C. Subsequent Events

On August 31, 2012, Kathy Cradic left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Sarah Davis, and Jack Price, Jr., left the Office of Property Assessor and was succeeded by Jeff Thacker.

D. Joint Ventures

The Hawkins County Library System (formerly the H.B. Stamps Memorial Library) is funded by joint contributions from Hawkins County and the towns of Rogersville, Church Hill, and Surgoinsville. The Hawkins County Library System is managed by a seven-member board comprising three appointees by the Hawkins County Commission, three by the respective towns, and one member-at-large is jointly appointed. Hawkins County contributed \$94,000 to the operations of the library during the year ended June 30, 2012.

The Third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Third Judicial District, Greene, Hamblen, Hancock, and Hawkins counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Hawkins County made no contributions to the DTF for the year ended June 30, 2012.

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

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

Administrative Offices:

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

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

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

E. Jointly Governed Organization

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center's manager as an ex officio member, is in charge of the daily operation of the center.

Discretely Presented Hawkins County School Department

Hawkins County School Department is a member of the Northeast Tennessee Cooperative (NETCO), which was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each of the members' school food service systems. NETCO has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice-chair, secretary, treasurer, and a member-at-large from the representative committee.

F. Retirement Commitments

Plan Description

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

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

Funding Policy

Hawkins County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 8.98 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, the county's annual pension cost of \$1,286,418 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include

(a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was eight years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$1,286,418	100%	\$0
6-30-11	1,095,087	100	0
6-30-10	1,236,688	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 94.5 percent funded. The actuarial accrued liability for benefits was \$44.69 million, and the actuarial value of assets was \$42.23 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.46 million. The covered payroll (annual payroll of active employees covered by the plan) \$13.72 million, and the ratio of the UAAL to the covered payroll was 17.92 percent.

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

SCHOOL TEACHERS

Plan Description

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

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$2,505,180, \$2,497,670, and \$1,737,408, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

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

committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments, Section 8-27-302, *TCA*, for teachers, and Section 8-27-701, *TCA*, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

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

Funding Policy

The premium requirements of the health plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year, Hawkins County contributed \$78,206 for postemployment health care. The School Department contributed \$800,064 to the postemployment health plan, \$59,613 to the Medicare Supplement Plan, and \$33,653 to the postemployment life insurance plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan	Schools - Medicare Supplement Plan	Schools - Life Insurance Plan
ARC	\$ 553,000	\$ 2,158,000	\$ 244,000	\$ 61,061
Interest on the NPO	89,997	237,259	23,039	2,922
Adjustment to the ARC	(95,530)	(251,846)	(24,455)	(4,825)
Annual OPEB cost	\$ 547,467	\$ 2,143,413	\$ 242,584	\$ 59,158
Amount of contribution	(78,206)	(800,064)	(59,613)	(33,653)
Increase/decrease in NPO	\$ 469,261	\$ 1,343,349	\$ 182,971	\$ 25,505
Net OPEB obligation, 7-1-11	2,249,924	5,931,486	575,983	97,408
Net OPEB obligation, 6-30-12	\$ 2,719,185	\$ 7,274,835	\$ 758,954	\$ 122,913

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group	\$ 614,928	16 %	\$ 1,750,927
6-30-11	"	600,160	17	2,249,924
6-30-12	"	547,467	14	2,719,185
6-30-10	Local Education Group	2,235,511	37	4,559,214
6-30-11	"	2,253,833	39	5,931,486
6-30-12	"	2,143,413	37	7,274,835
6-30-10	Schools - Medicare Supplement	185,690	22	434,974
6-30-11	"	189,034	22	575,983
6-30-12	"	242,584	25	758,954
6-30-10	Schools - Life Insurance	62,471	46	70,920
6-30-11	"	58,557	46	97,408
6-30-12	"	59,158	57	122,913

Funded Status and Funding Progress

The funded status of the plans as of the dates of the last actuarial studies was:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 3,692,000	\$ 17,353,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,692,000	\$ 17,353,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 6,554,453	\$ 35,461,421
UAAL as a % of covered payroll	56%	49%
	Schools - Medicare Supplement Plan	Schools - Life Insurance Plan
Actuarial valuation date	7-1-11	7-1-10
Actuarial accrued liability (AAL)	\$ 3,013,000	\$ 668,041
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,013,000	\$ 668,041
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	N/A	\$ 35,461,421
UAAL as a % of covered payroll	N/A	2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Education Group and Local Government Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for the fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was 6.5 percent for fiscal year 2012. The trend will decrease to 6.25 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

In the July 1, 2010, actuarial valuation of the Schools – life insurance plan, the unit credit actuarial cost method was used. The actuarial assumptions included a three percent discount rate. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

H. Termination Benefits

The discretely presented Hawkins County School Department offers a voluntary termination benefits plan to its employees. To be eligible, employees must have 30 years of credible service in the Tennessee Consolidated Retirement System and no less than ten years of service with the Hawkins County School System. Under the plan, employees who accept the benefit shall receive an annual amount equal to a minimum of ten percent of their total compensation based on the highest annual salary of their last three years of employment. Benefits shall begin in July following retirement and continue until they reach the age of 62, or for a maximum of seven years, whichever is less. In the event an employee dies during the term of the agreement, the

designated beneficiary shall continue to receive the payments for the remainder of the fiscal year of the employee's death. During the year, 62 employees participated in the program. The estimated cost of the cash payments reported in the government-wide Statement of Net Assets by function is \$977,831. The School Department determined this liability by calculating the total cash payments due over the next seven years. Of the amount reported in the government-wide Statement of Net Assets, \$279,685 is reflected as a current liability in the governmental funds.

I. Purchasing Law

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,296,122	\$ 0	\$ 0	\$ 8,296,122	\$ 8,107,312	\$ 8,107,312	\$ 188,810
Licenses and Permits	3,558	0	0	3,558	3,700	3,700	(142)
Fines, Forfeitures, and Penalties	191,399	0	0	191,399	198,370	198,370	(6,971)
Charges for Current Services	113,871	0	0	113,871	96,400	96,400	17,471
Other Local Revenues	33,319	0	0	33,319	13,200	13,200	20,119
Fees Received from County Officials	2,127,428	0	0	2,127,428	2,029,800	2,029,800	97,628
State of Tennessee	2,235,296	0	0	2,235,296	1,208,113	1,607,329	627,967
Federal Government	241,924	0	0	241,924	419,104	503,140	(261,216)
Other Governments and Citizens Groups	242,623	0	0	242,623	212,106	268,315	(25,692)
Total Revenues	\$ 13,485,540	\$ 0	\$ 0	\$ 13,485,540	\$ 12,288,105	\$ 12,827,566	\$ 657,974
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 81,823	\$ 0	\$ 0	\$ 81,823	\$ 90,910	\$ 90,910	\$ 9,087
Board of Equalization	5,581	0	0	5,581	5,657	5,657	76
Beer Board	799	0	0	799	2,454	2,454	1,655
Budget and Finance Committee	5,275	0	0	5,275	8,332	8,032	2,757
County Mayor/Executive	343,991	(3,750)	5,566	345,807	377,148	377,148	31,341
County Attorney	38,488	0	0	38,488	38,466	38,508	20
Election Commission	336,936	(976)	3,746	339,706	384,770	392,390	52,684
Register of Deeds	232,907	(1,255)	1,418	233,070	241,220	242,079	9,009
Planning	15,802	0	0	15,802	15,575	15,875	73
County Buildings	574,414	(23,156)	4,173	555,431	702,758	940,910	385,479
Other General Administration	432,327	(2,764)	17,124	446,687	543,300	535,800	89,113
Preservation of Records	858	0	0	858	675	865	7

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures		Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
				(Budgetary Basis)				
<u>Expenditures (Cont.)</u>								
<u>Finance</u>								
Property Assessor's Office	\$ 362,122	\$ (8,611)	\$ 2,390	\$ 355,901	\$ 366,045	\$ 369,960	\$ 14,059	
Reappraisal Program	127,018	0	0	127,018	131,010	129,865	2,847	
County Trustee's Office	243,945	(8,350)	8,700	244,295	248,880	248,880	4,585	
County Clerk's Office	588,820	(6,250)	14,164	596,734	617,831	618,448	21,714	
<u>Administration of Justice</u>								
Circuit Court Clerk	474,216	0	179	474,395	491,657	492,178	17,783	
Criminal Court	9,466	0	0	9,466	13,000	13,000	3,534	
General Sessions Court	257,831	0	718	258,549	281,228	283,393	24,844	
Chancery Court	87,915	0	0	87,915	96,021	96,021	8,106	
Juvenile Court	134,841	0	0	134,841	146,238	140,688	5,847	
Courtroom Security	89,078	0	0	89,078	103,950	108,543	19,465	
<u>Public Safety</u>								
Sheriff's Department	2,571,961	(11,003)	15,798	2,576,756	2,791,101	2,762,668	185,912	
Drug Enforcement	7,632	0	0	7,632	7,693	7,693	61	
Administration of the Sexual Offender Registry	2,086	0	1,122	3,208	2,000	5,500	2,292	
Jail	2,058,997	(11,995)	33,564	2,080,566	2,149,282	2,195,715	115,149	
Juvenile Services	178,622	(5,909)	9,548	182,261	174,232	187,550	5,289	
Fire Prevention and Control	215,000	0	0	215,000	219,485	219,485	4,485	
Rescue Squad	100,000	0	0	100,000	100,000	100,000	0	
Other Emergency Management	351,270	(9,819)	1,810	343,261	393,375	447,103	103,842	
County Coroner/Medical Examiner	74,557	(380)	13,314	87,491	97,901	100,760	13,269	
Other Public Safety	58,178	0	0	58,178	65,073	65,073	6,895	
<u>Public Health and Welfare</u>								
Local Health Center	298,627	(835)	4,883	302,675	325,194	325,194	22,519	

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Ambulance/Emergency Medical Services	\$ 60,000	\$ 0	\$ 0	\$ 60,000	\$ 60,000	\$ 60,000	0
Other Local Health Services	279,420	0	0	279,420	375,300	375,300	95,880
Aid to Dependent Children	5,521	0	0	5,521	6,500	6,500	979
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	2,000	0	0	2,000	2,000	2,000	0
Senior Citizens Assistance	199,649	0	2,833	202,482	205,780	210,312	7,830
Libraries	99,000	0	0	99,000	99,000	99,000	0
Parks and Fair Boards	109,411	(1,072)	1,842	110,181	132,234	132,234	22,053
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	76,775	(185)	174	76,764	85,901	85,901	9,137
Forest Service	1,500	0	0	1,500	1,500	1,500	0
Soil Conservation	52,760	0	0	52,760	54,008	54,032	1,272
Flood Control	0	0	0	0	4,000	4,000	4,000
Storm Water Management	10,814	(33)	33	10,814	14,520	14,520	3,706
<u>Other Operations</u>							
Tourism	1,500	0	0	1,500	1,500	1,500	0
Industrial Development	244,873	(8,630)	719	236,962	253,180	253,180	16,218
Airport	27,502	0	10,000	37,502	273,850	283,316	245,814
Veterans' Services	72,431	(62)	62	72,431	72,911	73,071	640
Contributions to Other Agencies	27,500	0	0	27,500	27,500	27,500	0
Employee Benefits	67,107	0	0	67,107	154,900	146,534	79,427
Miscellaneous	208,204	0	1,800	210,004	270,941	262,780	52,776
<u>Highways</u>							
Litter and Trash Collection	57,174	0	0	57,174	58,383	58,383	1,209

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Principal on Debt</u>							
General Government	\$ 140,000	\$ 0	\$ 0	\$ 140,000	\$ 140,000	\$ 140,000	\$ 0
<u>Interest on Debt</u>							
General Government	4,611	0	0	4,611	14,611	14,611	10,000
Other Debt Service							
General Government	23	0	0	23	100	100	77
Total Expenditures	\$ 12,109,158	\$ (105,035)	\$ 155,680	\$ 12,159,803	\$ 13,541,080	\$ 13,874,619	\$ 1,714,816
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 1,376,382	\$ 105,035	\$ (155,680)	\$ 1,325,737	\$ (1,252,975)	\$ (1,047,053)	\$ 2,372,790
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 209,389	\$ 0	\$ 0	\$ 209,389	\$ 2,571	\$ 212,772	\$ (3,383)
Transfers In	3,254	0	0	3,254	0	0	3,254
Transfers Out	(93,094)	0	0	(93,094)	(108,706)	(138,706)	45,612
Total Other Financing Sources (Uses)	\$ 119,549	\$ 0	\$ 0	\$ 119,549	\$ (106,135)	\$ 74,066	\$ 45,483
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2011</u>	\$ 1,495,931	\$ 105,035	\$ (155,680)	\$ 1,445,286	\$ (1,359,110)	\$ (972,987)	\$ 2,418,273
	3,919,440	(105,035)	0	3,814,405	3,091,331	3,091,331	723,074
<u>Fund Balance, June 30, 2012</u>	\$ 5,415,371	\$ 0	\$ (155,680)	\$ 5,259,691	\$ 1,732,221	\$ 2,118,344	\$ 3,141,347

Exhibit E-2

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,442,250	\$ 0	\$ 0	\$ 1,442,250	\$ 1,422,101	\$ 1,422,101	\$ 20,149
Charges for Current Services	2,890	0	0	2,890	2,700	2,700	190
Other Local Revenues	25,464	0	0	25,464	0	0	25,464
State of Tennessee	2,259,557	0	0	2,259,557	3,123,588	3,123,588	(864,031)
Federal Government	25,423	0	0	25,423	0	0	25,423
Total Revenues	\$ 3,755,584	\$ 0	\$ 0	\$ 3,755,584	\$ 4,548,389	\$ 4,548,389	\$ (792,805)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 161,094	\$ 0	\$ 0	\$ 161,094	\$ 175,507	\$ 175,507	\$ 14,413
Highway and Bridge Maintenance	1,707,582	0	0	1,707,582	2,887,000	2,887,000	1,179,418
Operation and Maintenance of Equipment	473,814	(233)	638	474,219	781,804	781,804	307,585
Other Charges	142,533	0	0	142,533	162,500	162,500	19,967
Employee Benefits	271,252	0	0	271,252	359,650	359,650	88,398
Capital Outlay	375,048	(311,190)	0	63,858	1,621,560	1,621,560	1,557,702
Total Expenditures	\$ 3,131,323	\$ (311,423)	\$ 638	\$ 2,820,538	\$ 5,988,021	\$ 5,988,021	\$ 3,167,483
Excess (Deficiency) of Revenues Over Expenditures	\$ 624,261	\$ 311,423	\$ (638)	\$ 935,046	\$ (1,439,632)	\$ (1,439,632)	\$ 2,374,678
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 9,562	\$ 0	\$ 0	\$ 9,562	\$ 0	\$ 0	\$ 9,562
Total Other Financing Sources (Uses)	\$ 9,562	\$ 0	\$ 0	\$ 9,562	\$ 0	\$ 0	\$ 9,562
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 633,823	\$ 311,423	\$ (638)	\$ 944,608	\$ (1,439,632)	\$ (1,439,632)	\$ 2,384,240
Fund Balance, July 1, 2011	2,338,306	(311,423)	0	2,026,883	2,320,960	2,320,960	(294,077)
Fund Balance, June 30, 2012	\$ 2,972,129	\$ 0	\$ (638)	\$ 2,971,491	\$ 881,328	\$ 881,328	\$ 2,090,163

Exhibit E-3

Hawkins County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Hawkins County School Department
June 30, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 42,234	\$ 44,693	\$ 2,459	94.5 %	\$ 13,722	17.92 %
7-1-09	35,557	36,121	564	98.44	12,449	4.53
7-1-07	34,512	35,172	660	98.12	11,997	5.5

Exhibit E-4

Hawkins County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Hawkins County School Department
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 4,985	\$ 4,985	0 %	\$ 6,025	82.74 %
"	7-1-10	0	4,903	4,903	0	6,215	78.89
"	7-1-11	0	3,692	3,692	0	6,554	56.33
<u>DISCRETELY PRESENTED HAWKINS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	18,817	18,817	0	34,117	55.15
"	7-1-10	0	18,937	18,937	0	35,393	53.50
"	7-1-11	0	17,353	17,353	0	35,461	48.93
Medicare Supplement	7-1-09	0	2,371	2,371	0	N/A	N/A
"	7-1-10	0	2,371	2,371	0	N/A	N/A
"	7-1-11	0	3,013	3,013	0	N/A	N/A
Life Insurance *	7-1-08	0	658	658	0	33,413	1.97
"	7-1-10	0	668	668	0	35,393	1.89

*Data only available for two actuarial studies.

HAWKINS COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

BUDGETARY INFORMATION

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Budget and Finance Committee, County Mayor, etc.). Management may make revisions within major categories, but only the Hawkins County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Fund

Debt Service Funds are used to account for and report financial resources that are restricted, committed, and assigned to expenditures for principal and interest.

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

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county and the issuance of debt on behalf of the Hawkins County School Department.

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

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for transactions related to renovations at the Hawkins County Health Department in Church Hill.

Hawkins County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Funds			Total	Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees		
\$	0	0	71,398	71,398	0
486,600	249,055	0	735,655	1,562,678	0
34,148	0	17,542	51,690	0	0
179,439	0	0	179,439	0	0
0	2,485	0	2,485	0	0
\$	700,187	251,540	88,940	1,040,667	1,562,678

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	
Accounts Payable	
Due to Other Funds	
Due to Component Units	
Due to Litigants, Heirs, and Others	
Other Deferred Revenues	
Total Liabilities	

Fund Balances

Restricted:	
Restricted for Administration of Justice	
Restricted for Public Safety	
Restricted for Debt Service	
Restricted for Capital Projects	
Committed:	
Committed for Public Health and Welfare	
Total Fund Balances	
Total Liabilities and Fund Balances	

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

	Capital Projects Funds					Total Nonmajor Funds
	General Capital Projects	Highway Capital Projects	Other Capital Projects - QSCB	Total		
\$	0	0	0	1,763,998	1,763,998	\$ 1,835,396
	165,418	740,907	0	906,325	1,812,650	3,204,658
	0	0	0	0	0	51,690
	0	0	0	0	0	179,439
	0	0	0	0	0	2,485
Total Assets	\$ 165,418	\$ 740,907	\$ 1,763,998	\$ 2,670,323	\$ 5,273,668	

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>						
Accounts Payable	\$	0	0	0	0	\$ 45,681
Due to Other Funds	0	0	0	0	0	35,268
Due to Component Units	0	0	551,698	551,698	560,316	560,316
Due to Litigants, Heirs, and Others	0	0	0	0	0	80
Other Deferred Revenues	0	0	0	0	0	102,058
Total Liabilities	\$	0	\$ 551,698	\$ 551,698	\$ 743,403	
<u>Fund Balances</u>						
Restricted:						
Restricted for Administration of Justice	\$	0	0	0	0	\$ 53,672
Restricted for Public Safety	0	0	0	0	0	251,460
Restricted for Debt Service	0	0	0	0	0	1,562,678
Restricted for Capital Projects	165,418	740,907	1,212,300	2,118,625	2,118,625	2,118,625
Committed:						
Committed for Public Health and Welfare	0	0	0	0	0	543,830
Total Fund Balances	\$ 165,418	\$ 740,907	\$ 1,212,300	\$ 2,118,625	\$ 4,530,265	
Total Liabilities and Fund Balances	\$ 165,418	\$ 740,907	\$ 1,763,998	\$ 2,670,323	\$ 5,273,668	

Exhibit F-2

Hawkins County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds				Total	Debt Service Fund	
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees			Special Debt	Service
<u>Revenues</u>							
Local Taxes	\$ 1,203,597	\$ 0	\$ 0	\$ 1,203,597	\$ 341,645	0	
Licenses and Permits	143,085	0	0	143,085	0	0	
Fines, Forfeitures, and Penalties	0	124,464	0	124,464	0	0	
Charges for Current Services	2,508	0	178,638	181,146	0	0	
Other Local Revenues	80,190	0	0	80,190	0	0	
State of Tennessee	89,261	0	0	89,261	0	0	
Federal Government	0	0	0	0	33,996	0	
Other Governments and Citizens Groups	0	600	0	600	0	0	
Total Revenues	\$ 1,518,641	\$ 125,064	\$ 178,638	\$ 1,822,343	\$ 375,641	0	
<u>Expenditures</u>							
Current:							
Administration of Justice	\$ 0	\$ 0	\$ 173,906	\$ 173,906	\$ 0	0	
Public Safety	0	59,002	912	59,914	0	0	
Public Health and Welfare	1,339,463	0	0	1,339,463	0	0	
Debt Service:							
Principal on Debt	0	0	0	0	140,000	0	
Interest on Debt	0	0	0	0	98,782	0	
Other Debt Service	0	0	0	0	4,107	0	
Capital Projects	0	0	0	0	0	0	
Total Expenditures	\$ 1,339,463	\$ 59,002	\$ 174,818	\$ 1,573,283	\$ 242,889	0	
Excess (Deficiency) of Revenues Over Expenditures	\$ 179,178	\$ 66,062	\$ 3,820	\$ 249,060	\$ 132,752	0	
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Net Change in Fund Balances	\$ 179,178	\$ 66,062	\$ 3,820	\$ 249,060	\$ 132,752	0	
Fund Balance, July 1, 2011	364,652	185,398	49,852	599,902	1,429,926	0	
Fund Balance, June 30, 2012	\$ 543,830	\$ 251,460	\$ 53,672	\$ 848,962	\$ 1,562,678	0	

(Continued)

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	General Capital Projects	Highway Capital Projects	Other Capital Projects - QSCB	Other Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,545,242
Licenses and Permits	0	0	0	0	0	143,085
Fines, Forfeitures, and Penalties	0	0	0	0	0	124,464
Charges for Current Services	0	0	0	0	0	181,146
Other Local Revenues	4,466	3,127	3,172	0	10,765	90,955
State of Tennessee	0	0	0	0	0	89,261
Federal Government	0	0	0	0	0	33,996
Other Governments and Citizens Groups	0	0	0	0	0	600
Total Revenues	\$ 4,466	\$ 3,127	\$ 3,172	\$ 0	\$ 10,765	\$ 2,208,749
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 173,906
Public Safety	0	0	0	0	0	59,914
Public Health and Welfare	0	0	0	0	0	1,339,463
Debt Service:						
Principal on Debt	0	0	0	0	0	140,000
Interest on Debt	0	0	0	0	0	98,782
Other Debt Service	0	0	0	0	0	4,107
Capital Projects	2,377,306	202,487	1,929,427	274,990	4,784,210	4,784,210
Total Expenditures	\$ 2,377,306	\$ 202,487	\$ 1,929,427	\$ 274,990	\$ 4,784,210	\$ 6,600,382
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,372,840)	\$ (199,360)	\$ (1,926,255)	\$ (274,990)	\$ (4,773,445)	\$ (4,391,633)
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 2,198,897	\$ 0	\$ 0	\$ 0	\$ 2,198,897	\$ 2,198,897
Total Other Financing Sources (Uses)	\$ 2,198,897	\$ 0	\$ 0	\$ 0	\$ 2,198,897	\$ 2,198,897
Net Change in Fund Balances	\$ (173,943)	\$ (199,360)	\$ (1,926,255)	\$ (274,990)	\$ (2,574,548)	\$ (2,192,736)
Fund Balance, July 1, 2011	339,361	940,267	3,138,555	274,990	4,693,173	6,723,001
Fund Balance, June 30, 2012	\$ 165,418	\$ 740,907	\$ 1,212,300	\$ 0	\$ 2,118,625	\$ 4,530,265

Exhibit F-3

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,203,597	\$ 0	\$ 0	\$ 1,203,597	\$ 950,000	\$ 1,000,860	\$ 202,737
Licenses and Permits	143,085	0	0	143,085	111,000	111,000	32,085
Charges for Current Services	2,508	0	0	2,508	1,800	1,800	708
Other Local Revenues	80,190	0	0	80,190	65,000	65,000	15,190
State of Tennessee	89,261	0	0	89,261	97,000	97,000	(7,739)
Total Revenues	\$ 1,518,641	\$ 0	\$ 0	\$ 1,518,641	\$ 1,224,800	\$ 1,275,660	\$ 242,981
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 21,160	\$ 0	\$ 0	\$ 21,160	\$ 27,050	\$ 27,050	\$ 5,890
Waste Pickup	279,815	(1,766)	100	278,149	369,228	363,938	85,789
Convenience Centers	336,875	0	0	336,875	330,448	379,426	42,551
Other Waste Collection	20,968	0	0	20,968	34,007	29,007	8,039
Recycling Center	119,675	(67)	5,069	124,677	78,572	139,722	15,045
Landfill Operation and Maintenance	532,196	0	0	532,196	538,147	538,147	5,951
Other Waste Disposal	28,774	(4,947)	2,826	26,653	32,000	32,000	5,347
<u>Interest on Debt</u>							
General Government	0	0	0	0	2,000	2,000	2,000
Total Expenditures	\$ 1,339,463	\$ (6,780)	\$ 7,995	\$ 1,340,678	\$ 1,411,452	\$ 1,511,290	\$ 170,612
Excess (Deficiency) of Revenues Over Expenditures	\$ 179,178	\$ 6,780	\$ (7,995)	\$ 177,963	\$ (186,652)	\$ (235,630)	\$ 413,593
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 179,178	\$ 6,780	\$ (7,995)	\$ 177,963	\$ (186,652)	\$ (235,630)	\$ 413,593
	364,652	(6,780)	0	357,872	359,692	359,692	(1,820)
Fund Balance, June 30, 2012	\$ 543,830	\$ 0	\$ (7,995)	\$ 535,835	\$ 173,040	\$ 124,062	\$ 411,773

Exhibit F-4

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 124,464	\$ 0	\$ 0	\$ 124,464	\$ 44,000	\$ 44,000	\$ 80,464
Other Governments and Citizens Groups	600	0	0	600	0	600	0
Total Revenues	\$ 125,064	\$ 0	\$ 0	\$ 125,064	\$ 44,000	\$ 44,600	\$ 80,464
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 59,002	(5,735)	390	\$ 53,657	\$ 102,300	\$ 102,900	\$ 49,243
Total Expenditures	\$ 59,002	(5,735)	390	\$ 53,657	\$ 102,300	\$ 102,900	\$ 49,243
Excess (Deficiency) of Revenues Over Expenditures	\$ 66,062	\$ 5,735	(390)	\$ 71,407	\$ (58,300)	\$ (58,300)	\$ 129,707
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 66,062	\$ 5,735	(390)	\$ 71,407	\$ (58,300)	\$ (58,300)	\$ 129,707
	185,398	(5,735)	0	179,663	180,872	180,872	(1,209)
Fund Balance, June 30, 2012	\$ 251,460	\$ 0	(390)	\$ 251,070	\$ 122,572	\$ 122,572	\$ 128,498

Exhibit F-5

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 341,645	\$ 340,000	\$ 340,000	\$ 1,645
Federal Government	33,996	33,996	33,996	0
Total Revenues	<u>\$ 375,641</u>	<u>\$ 373,996</u>	<u>\$ 373,996</u>	<u>\$ 1,645</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Highways and Streets	\$ 140,000	\$ 140,000	\$ 140,000	\$ 0
<u>Interest on Debt</u>				
Highways and Streets	98,782	98,783	98,783	1
<u>Other Debt Service</u>				
Highways and Streets	4,107	6,000	6,000	1,893
Total Expenditures	<u>\$ 242,889</u>	<u>\$ 244,783</u>	<u>\$ 244,783</u>	<u>\$ 1,894</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 132,752</u>	<u>\$ 129,213</u>	<u>\$ 129,213</u>	<u>\$ 3,539</u>
Net Change in Fund Balance	\$ 132,752	\$ 129,213	\$ 129,213	\$ 3,539
Fund Balance, July 1, 2011	1,429,926	1,429,964	1,429,964	(38)
Fund Balance, June 30, 2012	<u>\$ 1,562,678</u>	<u>\$ 1,559,177</u>	<u>\$ 1,559,177</u>	<u>\$ 3,501</u>

Major Governmental Funds

Debt Service Funds

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

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

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

Exhibit G-1

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 934,205	\$ 924,366	\$ 924,366	\$ 9,839
Other Local Revenues	22,078	28,000	28,000	(5,922)
Federal Government	7,433	7,433	7,433	0
Total Revenues	<u>\$ 963,716</u>	<u>\$ 959,799</u>	<u>\$ 959,799</u>	<u>\$ 3,917</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 360,000	\$ 360,000	\$ 360,000	\$ 0
<u>Interest on Debt</u>				
General Government	668,412	669,463	669,463	1,051
<u>Other Debt Service</u>				
General Government	18,452	21,700	21,700	3,248
Total Expenditures	<u>\$ 1,046,864</u>	<u>\$ 1,051,163</u>	<u>\$ 1,051,163</u>	<u>\$ 4,299</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (83,148)</u>	<u>\$ (91,364)</u>	<u>\$ (91,364)</u>	<u>\$ 8,216</u>
Net Change in Fund Balance	\$ (83,148)	\$ (91,364)	\$ (91,364)	\$ 8,216
Fund Balance, July 1, 2011	<u>4,105,442</u>	<u>4,101,784</u>	<u>4,101,784</u>	<u>3,658</u>
Fund Balance, June 30, 2012	<u><u>\$ 4,022,294</u></u>	<u><u>\$ 4,010,420</u></u>	<u><u>\$ 4,010,420</u></u>	<u><u>\$ 11,874</u></u>

Exhibit G-2

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,839,606	\$ 3,760,625	\$ 3,760,625	\$ 78,981
Other Local Revenues	62,353	40,000	40,000	22,353
Federal Government	389,696	389,696	389,696	0
Other Governments and Citizens Groups	825,057	890,210	890,210	(65,153)
Total Revenues	<u>\$ 5,116,712</u>	<u>\$ 5,080,531</u>	<u>\$ 5,080,531</u>	<u>\$ 36,181</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,970,125	\$ 2,024,559	\$ 2,024,559	\$ 54,434
<u>Interest on Debt</u>				
Education	2,955,519	3,140,423	3,064,168	108,649
<u>Other Debt Service</u>				
Education	282,707	228,800	301,800	19,093
Total Expenditures	<u>\$ 5,208,351</u>	<u>\$ 5,393,782</u>	<u>\$ 5,390,527</u>	<u>\$ 182,176</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (91,639)</u>	<u>\$ (313,251)</u>	<u>\$ (309,996)</u>	<u>\$ 218,357</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 93,094	\$ 108,706	\$ 108,706	\$ (15,612)
Transfers Out	(3,254)	0	(3,255)	1
Total Other Financing Sources (Uses)	<u>\$ 89,840</u>	<u>\$ 108,706</u>	<u>\$ 105,451</u>	<u>\$ (15,611)</u>
Net Change in Fund Balance	\$ (1,799)	\$ (204,545)	\$ (204,545)	\$ 202,746
Fund Balance, July 1, 2011	9,608,116	9,591,846	9,591,846	16,270
Fund Balance, June 30, 2012	<u>\$ 9,606,317</u>	<u>\$ 9,387,301</u>	<u>\$ 9,387,301</u>	<u>\$ 219,016</u>

Fiduciary Funds

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

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

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

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

Exhibit H-1

Hawkins County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	Agency Funds				Total
	Cities - Sales Tax	City School ADA - Rogersville	City School ADA - Kingsport	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,243,632	\$ 1,243,632
Equity in Pooled Cash and Investments	0	319,923	26,707	0	346,630
Accounts Receivable	0	0	0	42	42
Due from Other Governments	622,145	57,514	37,388	0	717,047
Taxes Receivable	0	748,701	486,118	0	1,234,819
Allowance for Uncollectible Taxes	0	(38,154)	(24,772)	0	(62,926)
Total Assets	<u>\$ 622,145</u>	<u>\$ 1,087,984</u>	<u>\$ 525,441</u>	<u>\$ 1,243,674</u>	<u>\$ 3,479,244</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 1,711	\$ 1,711
Due to Other Taxing Units	622,145	1,087,984	525,441	0	2,235,570
Due to Litigants, Heirs, and Others	0	0	0	1,241,963	1,241,963
Total Liabilities	<u>\$ 622,145</u>	<u>\$ 1,087,984</u>	<u>\$ 525,441</u>	<u>\$ 1,243,674</u>	<u>\$ 3,479,244</u>

Exhibit H-2

Hawkins County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,602,198	\$ 3,602,198	\$ 0
Due from Other Governments	571,117	622,145	571,117	622,145
Total Assets	\$ 571,117	\$ 4,224,343	\$ 4,173,315	\$ 622,145
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 571,117	\$ 4,224,343	\$ 4,173,315	\$ 622,145
Total Liabilities	\$ 571,117	\$ 4,224,343	\$ 4,173,315	\$ 622,145
<u>City School ADA - Rogersville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 975,620	\$ 1,075,262	\$ 1,730,959	\$ 319,923
Due from Other Governments	54,007	57,514	54,007	57,514
Taxes Receivable	732,841	748,701	732,841	748,701
Allowance for Uncollectible Taxes	(32,551)	(38,154)	(32,551)	(38,154)
Total Assets	\$ 1,729,917	\$ 1,843,323	\$ 2,485,256	\$ 1,087,984
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,729,917	\$ 1,843,323	\$ 2,485,256	\$ 1,087,984
Total Liabilities	\$ 1,729,917	\$ 1,843,323	\$ 2,485,256	\$ 1,087,984
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 855,219	\$ 700,240	\$ 1,528,752	\$ 26,707
Due from Other Governments	35,186	37,388	35,186	37,388
Taxes Receivable	478,023	486,118	478,023	486,118
Allowance for Uncollectible Taxes	(21,232)	(24,772)	(21,232)	(24,772)
Total Assets	\$ 1,347,196	\$ 1,198,974	\$ 2,020,729	\$ 525,441
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,347,196	\$ 1,198,974	\$ 2,020,729	\$ 525,441
Total Liabilities	\$ 1,347,196	\$ 1,198,974	\$ 2,020,729	\$ 525,441

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,248,619	\$ 10,251,088	\$ 10,256,075	\$ 1,243,632
Accounts Receivable	0	42	0	42
Total Assets	<u>\$ 1,248,619</u>	<u>\$ 10,251,130</u>	<u>\$ 10,256,075</u>	<u>\$ 1,243,674</u>
<u>Liabilities</u>				
Due to Other Funds	\$ 1,809	\$ 1,711	\$ 1,809	\$ 1,711
Due to Litigants, Heirs, and Others	1,246,810	10,249,419	10,254,266	1,241,963
Total Liabilities	<u>\$ 1,248,619</u>	<u>\$ 10,251,130</u>	<u>\$ 10,256,075</u>	<u>\$ 1,243,674</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,248,619	\$ 10,251,088	\$ 10,256,075	\$ 1,243,632
Equity in Pooled Cash and Investments	1,830,839	5,377,700	6,861,909	346,630
Due from Other Governments	660,310	717,047	660,310	717,047
Accounts Receivable	0	42	0	42
Taxes Receivable	1,210,864	1,234,819	1,210,864	1,234,819
Allowance for Uncollectible Taxes	(53,783)	(62,926)	(53,783)	(62,926)
Total Assets	<u>\$ 4,896,849</u>	<u>\$ 17,517,770</u>	<u>\$ 18,935,375</u>	<u>\$ 3,479,244</u>
<u>Liabilities</u>				
Due to Other Funds	\$ 1,809	\$ 1,711	\$ 1,809	\$ 1,711
Due to Other Taxing Units	3,648,230	7,266,640	8,679,300	2,235,570
Due to Litigants, Heirs, and Others	1,246,810	10,249,419	10,254,266	1,241,963
Total Liabilities	<u>\$ 4,896,849</u>	<u>\$ 17,517,770</u>	<u>\$ 18,935,375</u>	<u>\$ 3,479,244</u>

Hawkins County School Department

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

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

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

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

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

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

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

Exhibit I-1

Hawkins County, Tennessee
Statement of Activities
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 42,045,892	\$ 0	\$ 4,496,924	\$ 2,776,704	\$ (34,772,264)
Support Services	21,341,067	626,368	706,772	32,560	(19,975,367)
Operation of Non-Instructional Services	4,224,861	1,073,394	3,609,367	0	457,900
Other Debt Service	825,057	0	0	0	(825,057)
Total Governmental Activities	\$ 68,436,877	\$ 1,699,762	\$ 8,813,063	\$ 2,809,264	\$ (55,114,788)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 8,016,833
Property Taxes Levied for Transportation					1,529,574
Local Option Sales Taxes					3,939,981
Wheel Tax					322,869
Interstate Telecommunications Tax					2,730
Grants and Contributions Not Restricted for Specific Programs					38,923,885
Unrestricted Investment Income					3,735
Miscellaneous					95,751
Sale of Property					14,039
Total General Revenues					\$ 52,849,397
Change in Net Assets					\$ (2,265,391)
Net Assets, July 1, 2011					74,017,416
Net Assets, June 30, 2012					\$ 71,752,025

Exhibit I-2

Hawkins County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hawkins County School Department
June 30, 2012

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Funds Other Governmental Funds	
<u>ASSETS</u>				
Cash	\$ 8,390	\$ 1,163	\$ 844	\$ 10,397
Equity in Pooled Cash and Investments	12,567,570	493,602	2,681,037	15,742,209
Accounts Receivable	32,970	2,610	146	35,726
Due from Other Governments	884,015	95,450	562,379	1,541,844
Due from Other Funds	296,390	0	118	296,508
Due from Primary Government	0	28,177	551,698	579,875
Property Taxes Receivable	8,526,592	1,626,901	0	10,153,493
Allowance for Uncollectible Property Taxes	(434,508)	(82,906)	0	(517,414)
Total Assets	\$ 21,881,419	\$ 2,164,997	\$ 3,796,222	\$ 27,842,638
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 186,391	\$ 253	\$ 127,124	\$ 313,768
Accrued Payroll	29,610	447	15,200	45,257
Contracts Payable	0	0	551,977	551,977
Retainage Payable	0	0	59,653	59,653
Termination Benefits Payable - Current	279,685	0	0	279,685
Due to Other Funds	118	0	296,390	296,508
Due to Primary Government	5,216	0	0	5,216
Other Current Liabilities	1,330,863	0	0	1,330,863
Deferred Revenue - Current Property Taxes	7,778,148	1,484,096	0	9,262,244
Deferred Revenue - Delinquent Property Taxes	277,059	52,863	0	329,922
Other Deferred Revenues	327,450	0	0	327,450
Total Liabilities	\$ 10,214,540	\$ 1,537,659	\$ 1,050,344	\$ 12,802,543
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 630,151	\$ 621,284	\$ 2,505,810	\$ 3,757,245
Committed:				
Committed for Education	0	6,054	300,000	306,054
Assigned:				
Assigned for Education	676,824	0	0	676,824
Assigned for Capital Projects	450,000	0	0	450,000
Unassigned	9,909,904	0	(59,932)	9,849,972
Total Fund Balances	\$ 11,666,879	\$ 627,338	\$ 2,745,878	\$ 15,040,095
Total Liabilities and Fund Balances	\$ 21,881,419	\$ 2,164,997	\$ 3,796,222	\$ 27,842,638

Exhibit I-3

Hawkins County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Hawkins County School Department
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 15,040,095	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,584,332		
Add: construction in progress	1,656,531		
Add: building and improvements net of accumulated depreciation	59,607,750		
Add: other capital assets net of accumulated depreciation	<u>3,186,111</u>	66,034,724	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$ (1,125,319)		
Less: termination benefits - noncurrent portion	(698,145)		
Less: other postemployment benefits liability	<u>(8,156,702)</u>	(9,980,166)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>657,372</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 71,752,025</u>

Exhibit I-4

Hawkins County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2012

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Transpor -</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>tation</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 12,201,611	\$ 1,662,381	\$ 0	\$ 13,863,992
Licenses and Permits	3,477	0	0	3,477
Charges for Current Services	2,843	224,176	1,073,394	1,300,413
Other Local Revenues	189,660	529,850	23,515	743,025
State of Tennessee	37,126,212	966,856	37,062	38,130,130
Federal Government	206,182	0	9,335,526	9,541,708
Other Governments and Citizens Groups	877,400	0	1,931,864	2,809,264
Total Revenues	\$ 50,607,385	\$ 3,383,263	\$ 12,401,361	\$ 66,392,009
<u>Expenditures</u>				
Current:				
Instruction	\$ 30,665,078	\$ 0	\$ 4,875,425	\$ 35,540,503
Support Services	16,828,210	3,461,881	1,741,053	22,031,144
Operation of Non-Instructional Services	421,504	0	3,699,927	4,121,431
Capital Outlay	2,136,304	0	0	2,136,304
Debt Service:				
Other Debt Service	415,787	409,270	0	825,057
Capital Projects	0	0	2,698,814	2,698,814
Total Expenditures	\$ 50,466,883	\$ 3,871,151	\$ 13,015,219	\$ 67,353,253
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 140,502	\$ (487,888)	\$ (613,858)	\$ (961,244)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 89,034	\$ 32,217	\$ 100	\$ 121,351
Transfers In	15,469	0	0	15,469
Transfers Out	0	0	(15,469)	(15,469)
Total Other Financing Sources (Uses)	\$ 104,503	\$ 32,217	\$ (15,369)	\$ 121,351
Net Change in Fund Balances	\$ 245,005	\$ (455,671)	\$ (629,227)	\$ (839,893)
Fund Balance, July 1, 2011	11,421,874	1,083,009	3,375,105	15,879,988
Fund Balance, June 30, 2012	\$ 11,666,879	\$ 627,338	\$ 2,745,878	\$ 15,040,095

Exhibit I-5

Hawkins County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(839,893)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	4,207,912	
Less: current-year depreciation expense		<u>(3,653,276)</u>	554,636
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: book value of assets disposed			(160,177)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$	657,372	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(804,481)</u>	(147,109)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(9,534)	
Change in termination benefits payable - noncurrent portion		(111,489)	
Change in other postemployment benefits liability		<u>(1,551,825)</u>	<u>(1,672,848)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (2,265,391)</u>

Exhibit I-6

Hawkins County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hawkins County School Department
June 30, 2012

	Special Revenue Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - QSCB	Total	
\$	250 \$	594 \$	844 \$	0 \$	0 \$	0 \$	844
Equity in Pooled Cash and Investments	49,238	2,501,799	2,551,037	0	130,000	130,000	2,681,037
Accounts Receivable	0	146	146	0	0	0	146
Due from Other Governments	560,769	1,610	562,379	0	0	0	562,379
Due from Other Funds	0	118	118	0	0	0	118
Due from Primary Government	0	0	0	0	551,698	551,698	551,698
Total Assets	610,257 \$	2,504,267 \$	3,114,524 \$	0 \$	681,698 \$	681,698 \$	3,796,222

ASSETS

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

LIABILITIES AND FUND BALANCES

	Special Revenue Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - QSCB	Total	
\$	127,124 \$	0 \$	127,124 \$	0 \$	0 \$	0 \$	127,124
Accounts Payable	14,258	942	15,200	0	0	0	15,200
Accrued Payroll	0	0	0	2,473	549,504	551,977	551,977
Contracts Payable	0	0	0	28,315	31,338	59,653	59,653
Retainage Payable	166,390	0	166,390	0	130,000	130,000	296,390
Due to Other Funds	307,772 \$	942 \$	308,714 \$	30,788 \$	710,842 \$	741,630 \$	1,050,344
Total Liabilities	307,772 \$	942 \$	308,714 \$	30,788 \$	710,842 \$	741,630 \$	1,050,344
Fund Balances							
Restricted:							
Restricted for Education	2,485 \$	2,503,325 \$	2,505,810 \$	0 \$	0 \$	0 \$	2,505,810
Committed:							
Committed for Education	300,000	0	300,000	0	0	0	300,000
Unassigned	0	0	0	(30,788)	(29,144)	(59,932)	(59,932)
Total Fund Balances	302,485 \$	2,503,325 \$	2,805,810 \$	(30,788) \$	(29,144) \$	(59,932) \$	2,745,878
Total Liabilities and Fund Balances	610,257 \$	2,504,267 \$	3,114,524 \$	0 \$	681,698 \$	681,698 \$	3,796,222

Exhibit I-7

Hawkins County, Tennessee
Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2012

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - QSCB	Total	
<u>Revenues</u>							
Charges for Current Services	\$ 0	\$ 1,073,394	\$ 1,073,394	\$ 0	\$ 0	\$ 0	\$ 1,073,394
Other Local Revenues	0	23,515	23,515	0	0	0	23,515
State of Tennessee	0	37,062	37,062	0	0	0	37,062
Federal Government	6,536,241	2,799,285	9,335,526	0	0	0	9,335,526
Other Governments and Citizens Groups	0	0	0	2,437	1,929,427	1,931,864	1,931,864
Total Revenues	\$ 6,536,241	\$ 3,933,256	\$ 10,469,497	\$ 2,437	\$ 1,929,427	\$ 1,931,864	\$ 12,401,361
<u>Expenditures</u>							
Current:							
Instruction	\$ 4,875,425	\$ 0	\$ 4,875,425	\$ 0	\$ 0	\$ 0	\$ 4,875,425
Support Services	1,741,053	0	1,741,053	0	0	0	1,741,053
Operation of Non-Instructional Services	172	3,699,755	3,699,927	0	0	0	3,699,927
Capital Projects	0	0	0	759,687	1,939,127	2,698,814	2,698,814
Total Expenditures	\$ 6,616,650	\$ 3,699,755	\$ 10,316,405	\$ 759,687	\$ 1,939,127	\$ 2,698,814	\$ 13,015,219
Excess (Deficiency) of Revenues Over Expenditures	\$ (80,409)	\$ 233,501	\$ 153,092	\$ (757,250)	\$ (9,700)	\$ (766,950)	\$ (613,858)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 100	\$ 100	\$ 0	\$ 0	\$ 0	\$ 100
Transfers Out	(15,469)	0	(15,469)	0	0	0	(15,469)
Total Other Financing Sources (Uses)	\$ (15,469)	\$ 100	\$ (15,369)	\$ 0	\$ 0	\$ 0	\$ (15,369)
Net Change in Fund Balances	\$ (95,878)	\$ 233,601	\$ 137,723	\$ (757,250)	\$ (9,700)	\$ (766,950)	\$ (629,227)
Fund Balance, July 1, 2011	398,363	2,269,724	2,668,087	726,462	(19,444)	707,018	3,375,105
Fund Balance, June 30, 2012	\$ 302,485	\$ 2,503,325	\$ 2,805,810	\$ (30,788)	\$ (29,144)	\$ (59,932)	\$ 2,745,878

Exhibit I-8

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
General Purpose School Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,201,611	\$ 0	\$ 0	\$ 12,201,611	\$ 12,452,236	\$ 12,452,236	\$ (250,625)
Licenses and Permits	3,477	0	0	3,477	4,400	4,400	(923)
Charges for Current Services	2,843	0	0	2,843	10,150	10,150	(7,307)
Other Local Revenues	189,660	0	0	189,660	159,407	165,768	23,892
State of Tennessee	37,126,212	0	0	37,126,212	36,952,328	37,369,997	(243,785)
Federal Government	206,182	0	0	206,182	197,652	197,652	8,530
Other Governments and Citizens Groups	877,400	0	0	877,400	0	0	877,400
Total Revenues	\$ 50,607,385	\$ 0	\$ 0	\$ 50,607,385	\$ 49,776,173	\$ 50,200,203	\$ 407,182
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 24,814,960	(3,986)	955	\$ 24,811,929	\$ 27,464,118	\$ 26,017,821	\$ 1,205,892
Alternative Instruction Program	274,146	0	0	274,146	340,228	340,728	66,582
Special Education Program	4,196,663	0	0	4,196,663	4,616,665	4,602,070	405,407
Vocational Education Program	1,289,700	(360)	0	1,289,340	1,124,128	1,326,073	36,733
Adult Education Program	89,609	0	0	89,609	90,994	90,994	1,385
<u>Support Services</u>							
Attendance	175,589	0	0	175,589	174,156	177,049	1,460
Health Services	739,284	0	100	739,384	833,083	886,386	147,002
Other Student Support	1,705,313	0	1,296	1,706,609	1,907,463	1,912,601	205,992
Regular Instruction Program	2,147,143	0	3,867	2,151,010	2,379,852	2,361,860	210,850
Special Education Program	439,368	0	0	439,368	455,943	471,972	32,604
Vocational Education Program	43,222	0	0	43,222	43,006	42,006	(1,216)
Adult Programs	66,344	0	0	66,344	79,815	79,815	13,471

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 365,946	\$ 0	\$ 0	\$ 365,946	\$ 0	\$ 365,946	\$ 0
Board of Education	1,503,480	(25,000)	26,000	1,504,480	1,649,208	1,655,425	150,945
Director of Schools	405,598	0	0	405,598	448,504	468,569	62,971
Office of the Principal	3,316,170	0	0	3,316,170	3,356,060	3,364,184	48,014
Fiscal Services	218,506	0	8,422	226,928	220,777	234,777	7,849
Human Services/Personnel	74,927	0	0	74,927	76,285	76,285	1,358
Operation of Plant	3,672,755	(5,350)	2,500	3,669,905	4,086,316	4,111,316	441,411
Maintenance of Plant	1,132,178	(27,242)	0	1,104,936	1,092,654	1,160,772	55,836
Transportation	46,697	0	384,820	431,517	66,448	451,268	19,751
Central and Other	775,690	0	0	775,690	0	1,234,597	458,907
<u>Operation of Non-Instructional Services</u>							
Food Service	47,499	0	0	47,499	87,161	51,559	4,060
Early Childhood Education	374,005	(500)	0	373,505	404,628	404,628	31,123
<u>Capital Outlay</u>							
Regular Capital Outlay	2,136,304	(1,302,092)	7,650	841,862	897,000	1,339,532	497,670
<u>Principal on Debt</u>							
Education	0	0	0	0	436,559	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	44,503	0	0
<u>Other Debt Service</u>							
Education	415,787	0	0	415,787	0	481,062	65,275
<u>Total Expenditures</u>	<u>\$ 50,466,883</u>	<u>\$ (1,364,530)</u>	<u>\$ 435,610</u>	<u>\$ 49,537,963</u>	<u>\$ 52,375,554</u>	<u>\$ 53,709,295</u>	<u>\$ 4,171,332</u>

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 140,502	\$ 1,364,530	\$ (435,610)	\$ 1,069,422	\$ (2,599,381)	\$ (3,509,092)	\$ 4,578,514
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 89,034	\$ 0	\$ 0	\$ 89,034	\$ 0	\$ 0	\$ 89,034
Transfers In	15,469	0	0	15,469	0	0	15,469
Total Other Financing Sources (Uses)	\$ 104,503	\$ 0	\$ 0	\$ 104,503	\$ 0	\$ 0	\$ 104,503
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 245,005	\$ 1,364,530	\$ (435,610)	\$ 1,173,925	\$ (2,599,381)	\$ (3,509,092)	\$ 4,683,017
	11,421,874	(1,364,530)	0	10,057,344	11,421,874	11,421,874	(1,364,530)
Fund Balance, June 30, 2012	\$ 11,666,879	\$ 0	\$ (435,610)	\$ 11,231,269	\$ 8,822,493	\$ 7,912,782	\$ 3,318,487

Exhibit I-9

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
School Federal Projects Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 50,000	\$ (50,000)
Federal Government	6,536,241	0	0	6,536,241	6,292,917	8,456,695	(1,920,454)
Total Revenues	\$ 6,536,241	\$ 0	\$ 0	\$ 6,536,241	\$ 6,342,917	\$ 8,506,695	\$ (1,970,454)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,248,588	(757)	102,503	\$ 3,350,334	\$ 1,361,690	\$ 3,696,522	\$ 346,188
Alternative Instruction Program	0	0	0	0	50,000	0	0
Special Education Program	1,525,313	0	0	1,525,313	1,543,240	1,767,376	242,063
Vocational Education Program	101,524	(7,764)	6,203	99,963	101,719	96,948	(3,015)
<u>Support Services</u>							
Other Student Support	228,642	(3,390)	12,568	237,820	245,082	352,742	114,922
Regular Instruction Program	1,051,891	(13,200)	8,453	1,047,144	2,448,352	2,106,349	1,059,205
Special Education Program	301,683	0	0	301,683	177,829	358,067	56,384
Vocational Education Program	520	0	0	520	1,000	520	0
Transportation	158,317	(118,794)	0	39,523	414,005	95,991	56,468
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	172	0	0	172	0	0	(172)
Total Expenditures	\$ 6,616,650	\$ (143,905)	\$ 129,727	\$ 6,602,472	\$ 6,342,917	\$ 8,474,515	\$ 1,872,043
Excess (Deficiency) of Revenues Over Expenditures	\$ (80,409)	\$ 143,905	\$ (129,727)	\$ (66,231)	\$ 0	\$ 32,180	\$ (98,411)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (15,469)	\$ 0	\$ 0	\$ (15,469)	\$ 0	\$ (33,340)	\$ 17,871
Total Other Financing Sources (Uses)	\$ (15,469)	\$ 0	\$ 0	\$ (15,469)	\$ 0	\$ (33,340)	\$ 17,871
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (95,878)	\$ 143,905	\$ (129,727)	\$ (81,700)	\$ 0	\$ (1,160)	\$ (80,540)
	398,363	(143,905)	0	254,458	398,636	398,636	(144,178)
Fund Balance, June 30, 2012	\$ 302,485	\$ 0	\$ (129,727)	\$ 172,758	\$ 398,636	\$ 397,476	\$ (224,718)

Exhibit I-10

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,073,394	\$ 0	\$ 1,073,394	\$ 1,717,294	\$ 1,717,294	\$ (643,900)
Other Local Revenues	23,515	0	23,515	10,000	10,000	13,515
State of Tennessee	37,062	0	37,062	40,653	40,653	(3,591)
Federal Government	2,799,285	0	2,799,285	2,194,650	2,627,288	171,997
Total Revenues	\$ 3,933,256	\$ 0	\$ 3,933,256	\$ 3,962,597	\$ 4,395,235	\$ (461,979)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 3,699,755	(24,177)	\$ 3,675,578	\$ 3,962,597	\$ 4,395,235	\$ 719,657
Total Expenditures	\$ 3,699,755	(24,177)	\$ 3,675,578	\$ 3,962,597	\$ 4,395,235	\$ 719,657
Excess (Deficiency) of Revenues Over Expenditures	\$ 233,501	24,177	\$ 257,678	0	0	\$ 257,678
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 100	0	\$ 100	0	0	\$ 100
Total Other Financing Sources (Uses)	\$ 100	0	\$ 100	0	0	\$ 100
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 233,601	24,177	\$ 257,778	0	0	\$ 257,778
	2,269,724	(24,177)	2,245,547	2,269,724	2,269,724	(24,177)
Fund Balance, June 30, 2012	\$ 2,503,325	0	\$ 2,503,325	\$ 2,269,724	\$ 2,269,724	\$ 233,601

Exhibit I-11

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
School Transportation Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,662,381	\$ 0	\$ 1,662,381	\$ 1,676,799	\$ 1,676,799	\$ (14,418)
Charges for Current Services	224,176	0	224,176	87,741	87,741	136,435
Other Local Revenues	529,850	0	529,850	298,956	298,956	230,894
State of Tennessee	966,856	0	966,856	966,856	966,856	0
Total Revenues	\$ 3,383,263	\$ 0	\$ 3,383,263	\$ 3,030,352	\$ 3,030,352	\$ 352,911
<u>Expenditures</u>						
<u>Support Services</u>						
Board of Education	\$ 31,056	\$ 0	\$ 31,056	\$ 0	\$ 35,000	\$ 3,944
Transportation	3,430,825	(381,485)	3,049,340	3,405,210	3,742,798	693,458
<u>Other Debt Service</u>						
Education	409,270	0	409,270	409,149	409,149	(121)
Total Expenditures	\$ 3,871,151	\$ (381,485)	\$ 3,489,666	\$ 3,814,359	\$ 4,186,947	\$ 697,281
Excess (Deficiency) of Revenues Over Expenditures	\$ (487,888)	\$ 381,485	\$ (106,403)	\$ (784,007)	\$ (1,156,595)	\$ 1,050,192
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 574,000	\$ 574,000	\$ (574,000)
Insurance Recovery	32,217	0	32,217	0	0	32,217
Total Other Financing Sources (Uses)	\$ 32,217	\$ 0	\$ 32,217	\$ 574,000	\$ 574,000	\$ (541,783)
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (455,671)	\$ 381,485	\$ (74,186)	\$ (210,007)	\$ (582,595)	\$ 508,409
Fund Balance, July 1, 2011	1,083,009	(381,485)	701,524	1,083,009	1,083,009	(381,485)
Fund Balance, June 30, 2012	\$ 627,338	\$ 0	\$ 627,338	\$ 873,002	\$ 500,414	\$ 126,924

MISCELLANEOUS SCHEDULES

Exhibit J-1

Hawkins County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
NOTES PAYABLE								
<u>Payable through Special Debt Service Fund</u>								
Highway/Road Construction and Repairs	\$ 750,000	4.25 to 4.4 %	7-26-01	8-1-11	\$ 75,000	\$ 0	\$ 75,000	\$ 0
Total Payable through Special Debt Service Fund					\$ 75,000	\$ 0	\$ 75,000	\$ 0
<u>Payable through Education Debt Service Fund</u>								
School Buses (1)	715,000	3 to 3.5	5-26-05	5-1-12	\$ 175,000	\$ 0	\$ 175,000	\$ 0
School Buses Capital Outlay Note, Series 2009 (1)	743,000	Variable	7-14-09	6-1-16	623,000	0	38,000	585,000
Total Payable through Education Debt Service Fund					\$ 798,000	\$ 0	\$ 213,000	\$ 585,000
Total Notes Payable					\$ 873,000	\$ 0	\$ 288,000	\$ 585,000
OTHER LOANS PAYABLE								
<u>Payable through General Fund</u>								
Patrol Cars - Series B-15-A	(2)	3 to 4.5	5-15-08	6-1-12	\$ 140,000	\$ 0	\$ 140,000	\$ 0
Total Payable through General Fund					\$ 140,000	\$ 0	\$ 140,000	\$ 0
<u>Payable through General Debt Service Fund</u>								
Refunding Series D-7-B - Series B-15-A	(2)	3 to 5	5-15-08	6-1-31	\$ 7,575,000	\$ 0	\$ 210,000	\$ 7,365,000
Refunding Series D-5-D - Series B-15-A	(2)	4.75 to 5	5-15-08	6-1-36	4,260,000	0	0	4,260,000
Justice Center and Courthouse Improvements - Series B-15-A	(2)	3 to 5	5-15-08	6-1-36	1,040,943	1,354,057	115,000	2,280,000
Total Payable through General Debt Service Fund					\$ 12,875,943	\$ 1,354,057	\$ 325,000	\$ 13,905,000
<u>Payable through Education Debt Service Fund</u>								
Series VII-A-1 - Refunding	16,150,000	(3)	8-28-08	6-1-29	\$ 16,150,000	\$ 0	\$ 0	\$ 16,150,000
Refunding Series D-7-B - Series B-15-A (1)	(2)	3 to 4.5	5-15-08	6-1-16	320,000	0	65,000	255,000
School Buses - Series B-15-A (1)	(2)	3.25 to 4.5	5-15-08	6-1-16	625,000	0	50,000	575,000
School Building Program - Series B-15-A	(2)	3.25 to 5	5-15-08	6-1-36	10,650,000	0	100,000	10,550,000
Qualified School Construction Bonds	2,640,000	1.51	12-17-09	7-1-26	2,502,723	0	164,732	2,337,991
Qualified School Construction Bonds	2,333,000	0	10-1-10	9-15-27	2,333,000	0	121,313	2,211,687
Energy Efficient Schools Initiative	740,278	0	1-11-11	10-1-18	662,710	77,568	70,504	669,774
Energy Efficient Schools Initiative	767,272	0	9-28-11	2-1-22	0	767,272	25,576	741,696
Total Payable through Education Debt Service Fund					\$ 33,243,433	\$ 844,840	\$ 597,125	\$ 33,491,148
Total Other Loans Payable					\$ 46,259,376	\$ 2,198,897	\$ 1,062,125	\$ 47,396,148

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
General Obligation School Bonds, Series 2010 BABs	\$ 265,000	1 to 4.95 %	6-22-10	5-1-25	\$ 255,000	0 \$	15,000 \$	240,000
General Obligation School Bonds, Series 2010 BABs	330,000	1 to 4.95	6-22-10	5-1-25	310,000	0	20,000	290,000
Total Payable through General Debt Service Fund					\$ 565,000	0 \$	35,000 \$	530,000
<u>Payable through Special Debt Service Fund</u>								
General Obligation School Bonds, Series 2010 BABs	2,500,000	1 to 4.95	6-22-10	5-1-25	\$ 2,500,000	0 \$	65,000 \$	2,435,000
Total Payable through Special Debt Service Fund					\$ 2,500,000	0 \$	65,000 \$	2,435,000
<u>Payable through Education Debt Service Fund</u>								
Refunding	13,520,000	3 to 5	2-26-02	5-1-12	\$ 865,000	0 \$	865,000 \$	0
General Obligation School Bonds, Series 2007	9,700,000	3.9	12-20-07	6-1-33	8,970,000	0	245,000	8,725,000
General Obligation School Bonds, Series 2009 BABs	17,700,000	5.8 to 6.25	8-28-09	6-1-38	17,700,000	0	0	17,700,000
General Obligation School Bonds, Series 2010 BABs	505,000	3.55 to 4.2	6-22-10	5-1-20	505,000	0	0	505,000
General Obligation School Bonds, Series 2011	410,000	3	4-7-11	5-1-21	410,000	0	0	410,000
General Obligation Refunding Bonds, Series 2011	7,380,000	2 to 3	4-7-11	5-1-19	7,380,000	0	50,000	7,330,000
Total Payable through Education Debt Service Fund					\$ 35,830,000	0 \$	1,160,000 \$	34,670,000
Total Bonds Payable					\$ 38,895,000	0 \$	1,260,000 \$	37,635,000

(1) Funding for repayment of these notes and loan agreements is to be provided by the School Transportation Fund.

(2) The total amount approved for the Series B-15-A loan agreement was \$27,745,000.

(3) The entire amount of the PBA Loan Series V-B-1 was swapped to a synthetic fixed rate by execution of a swap agreement in a prior year.

Also, in a prior year, the Series V-B-1 loan agreement was refunded with proceeds from the Series VII-A-1 loan agreement.

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2013	\$ 123,000	\$ 14,332	\$ 137,332
2014	133,000	11,319	144,319
2015	144,000	8,061	152,061
2016	185,000	4,532	189,532
Total	\$ 585,000	\$ 38,244	\$ 623,244

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2013	\$ 1,142,791	\$ 1,662,966	\$ 178,562	\$ 2,984,319
2014	1,157,791	1,641,841	178,562	2,978,194
2015	1,167,791	1,618,566	178,562	2,964,919
2016	1,152,792	1,594,941	178,562	2,926,295
2017	982,791	1,568,541	178,562	2,729,894
2018	1,002,792	1,548,941	178,562	2,730,295
2019	947,274	1,528,541	178,562	2,654,377
2020	2,217,035	1,507,541	178,562	3,903,138
2021	2,287,036	1,458,305	164,299	3,909,640
2022	2,356,451	1,405,799	149,484	3,911,734
2023	2,405,308	1,350,851	133,839	3,889,998
2024	2,525,307	1,293,241	117,364	3,935,912
2025	2,645,307	1,232,095	100,061	3,977,463
2026	2,766,523	1,163,069	81,928	4,011,520
2027	2,740,436	1,054,312	62,967	3,857,715
2028	2,683,723	873,581	42,899	3,600,203
2029	2,815,000	783,941	22,002	3,620,943
2030	2,305,000	701,100	0	3,006,100
2031	2,435,000	585,850	0	3,020,850
2032	2,100,000	464,100	0	2,564,100
2033	1,840,000	359,100	0	2,199,100
2034	1,875,000	271,700	0	2,146,700
2035	1,915,000	182,638	0	2,097,638
2036	1,930,000	91,675	0	2,021,675
Total	\$ 47,396,148	\$ 25,943,235	\$ 2,303,339	\$ 75,642,722

(Continued)

Exhibit J-2

Hawkins County, Tennessee

Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
2013	\$ 1,400,000	\$ 1,793,161	\$ 3,193,161
2014	1,445,000	1,760,440	3,205,440
2015	1,505,000	1,715,470	3,220,470
2016	1,565,000	1,667,815	3,232,815
2017	1,800,000	1,617,440	3,417,440
2018	1,865,000	1,558,565	3,423,565
2019	1,925,000	1,496,615	3,421,615
2020	800,000	1,431,550	2,231,550
2021	860,000	1,399,690	2,259,690
2022	670,000	1,366,960	2,036,960
2023	690,000	1,339,173	2,029,173
2024	685,000	1,310,182	1,995,182
2025	710,000	1,281,038	1,991,038
2026	430,000	1,250,197	1,680,197
2027	435,000	1,233,428	1,668,428
2028	465,000	1,216,462	1,681,462
2029	475,000	1,198,328	1,673,328
2030	1,015,000	1,179,802	2,194,802
2031	1,050,000	1,130,718	2,180,718
2032	1,570,000	1,079,767	2,649,767
2033	2,000,000	998,063	2,998,063
2034	2,150,000	888,887	3,038,887
2035	2,300,000	756,663	3,056,663
2036	2,475,000	614,062	3,089,062
2037	3,600,000	459,375	4,059,375
2038	3,750,000	234,375	3,984,375
Total	\$ 37,635,000	\$ 31,978,226	\$ 69,613,226

Exhibit J-3

Hawkins County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Education Debt Service	Transfer QSCB rebate	\$ 93,094
Education Debt Service	General	"	3,254
Total Transfers Primary Government			<u>\$ 96,348</u>
<u>DISCRETELY PRESENTED HAWKINS</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 15,469
Total Transfers Discretely Presented Hawkins County School Department			<u>\$ 15,469</u>

Exhibit J-4

Hawkins County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 83,377	\$ 50,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, TCA,	76,407	100,000	"
Director of Schools	State Board of Education and County Board of Education	90,733 (1)	50,000	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, TCA	69,461	2,067,800	"
Assessor of Property	Section 8-24-102, TCA	69,461	10,000	"
County Clerk	Section 8-24-102, TCA	69,461	50,000	RLI Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	69,461 (2)	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	69,461 (3)	75,000	"
Register	Section 8-24-102, TCA	69,461	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	80,007 (4)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$3,000 and a one-time bonus of \$560. Does not include a travel allowance totaling \$7,200.
- (2) Does not include special commissioner fees of \$1,320.
- (3) Does not include special commissioner fees of \$3,590.
- (4) Includes \$3,000 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

Exhibit J-5

Hawkins County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 7,017,824	\$ 0	\$ 0	\$ 0	\$ 1,280,276
Trustee's Collections - Prior Year	283,125	0	0	0	51,629
Trustee's Collections - Bankruptcy	866	0	0	0	159
Circuit/Clerk & Master Collections - Prior Years	213,621	0	0	0	38,958
Interest and Penalty	47,570	0	0	0	8,678
Pick-up Taxes	8,920	0	0	0	1,627
Payments in-Lieu-of Taxes - T.V.A.	1,441	0	0	0	263
Payments in-Lieu-of Taxes - Other	15,410	0	0	0	2,811
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	864,684	0	0	0
Wheel Tax	341,645	0	0	0	0
Litigation Tax - General	123,676	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Litigation Tax - Courtroom Security	114,348	0	0	0	0
Business Tax	0	338,913	0	0	0
Mineral Severance Tax	0	0	0	0	55,473
<u>Statutory Local Taxes</u>					
Bank Excise Tax	13,022	0	0	0	2,376
Wholesale Beer Tax	112,322	0	0	0	0
Interstate Telecommunications Tax	2,332	0	0	0	0
Total Local Taxes	\$ 8,296,122	\$ 1,203,597	\$ 0	\$ 0	\$ 1,442,250
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 143,085	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	1,848	0	0	0	0
Other Permits	1,710	0	0	0	0
Total Licenses and Permits	\$ 3,558	\$ 143,085	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 7,816	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	6,402	0	0	0	0
Drug Control Fines	10,504	0	7,012	0	0
Drug Court Fees	1,223	0	0	0	0
Data Entry Fee - Circuit Court	2,283	0	0	0	0
Courtroom Security Fee	207	0	0	0	0
<u>Criminal Court</u>					
Jail Fees	2,473	0	0	0	0
<u>General Sessions Court</u>					
Fines	25,442	0	0	0	0
Fines for Littering	1	0	0	0	0
Officers Costs	24,069	0	0	0	0
Game and Fish Fines	454	0	0	0	0
Drug Control Fines	12,875	0	11,989	0	0
Drug Court Fees	5,538	0	0	0	0
Jail Fees	34,289	0	0	0	0
DUI Treatment Fines	10,437	0	0	0	0
Data Entry Fee - General Sessions Court	6,610	0	0	0	0
Courtroom Security Fee	314	0	0	0	0
<u>Juvenile Court</u>					
Fines	11,673	0	0	0	0
Officers Costs	5,992	0	0	0	0
Jail Fees	92	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	694	0	0	0	0
Data Entry Fee - Chancery Court	5,267	0	0	0	0
Courtroom Security Fee	33	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	16,511	0	105,463	0	0
Other Fines, Forfeitures, and Penalties	200	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 191,399	\$ 0	\$ 124,464	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 2,508	\$ 0	\$ 0	\$ 0
Patient Charges	3,503	0	0	0	0
Work Release Charges for Board	31,826	0	0	0	0
Other General Service Charges	0	0	0	0	2,890
<u>Fees</u>					
Recreation Fees	6,684	0	0	0	0
Copy Fees	7,014	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0
Telephone Commissions	38,460	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	173,728	0
Special Commissioner Fees/Special Master Fees	0	0	0	4,910	0
Data Processing Fee - Register	15,462	0	0	0	0
Data Processing Fee - Sheriff	3,862	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,930	0	0	0	0
Data Processing Fee - County Clerk	3,080	0	0	0	0
Total Charges for Current Services	\$ 113,871	\$ 2,508	\$ 0	\$ 178,638	\$ 2,890
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commissary Sales	13,557	0	0	0	0
Sale of Gasoline	0	0	0	0	1,089
Sale of Maps	4,272	0	0	0	0
Sale of Recycled Materials	0	80,190	0	0	18,707
Miscellaneous Refunds	15,400	0	0	0	5,668
<u>Nonrecurring Items</u>					
Contributions and Gifts	90	0	0	0	0
Total Other Local Revenues	\$ 33,319	\$ 80,190	\$ 0	\$ 0	\$ 25,464

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
Clerk and Master	\$ 63,036	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees in-Lieu-of Salary</u>					
County Clerk	477,689	0	0	0	0
Circuit Court Clerk	265,528	0	0	0	0
General Sessions Court Clerk	406,704	0	0	0	0
Register	224,884	0	0	0	0
Sheriff	35,147	0	0	0	0
Trustee	654,440	0	0	0	0
Total Fees Received from County Officials	\$ 2,127,428	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Airport Maintenance Program	\$ 8,790	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	42,636	0	0	0	0
Solid Waste Grants	0	7,490	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	23,400	0	0	0	0
Health and Welfare Grants					
Other Health and Welfare Grants	256,921	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	294,110
Litter Program	43,344	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	52,064	0	0	0	0
Beer Tax	18,421	0	0	0	0
Alcoholic Beverage Tax	0	81,771	0	0	0
Prisoner Transportation	356	0	0	0	0
Contracted Prisoner Boarding	1,298,850	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,924,439
Petroleum Special Tax	0	0	0	0	41,008

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	84,154	0	0	0	0
Other State Revenues	391,196	0	0	0	0
Total State of Tennessee	\$ 2,235,296	\$ 89,261	\$ 0	\$ 0	\$ 2,259,557
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 35,600	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	74,606	0	0	0	0
Law Enforcement Grants	4,568	0	0	0	0
<u>Direct Federal Revenue</u>					
Tax Credit Bond Rebate	113,104	0	0	0	0
Other Direct Federal Revenue	14,046	0	0	0	25,423
Total Federal Government	\$ 241,924	\$ 0	\$ 0	\$ 0	\$ 25,423
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 126,042	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	51,968	0	0	0	0
<u>Citizens Groups</u>					
Donations	4,099	0	600	0	0
<u>Other</u>					
Other	60,514	0	0	0	0
Total Other Governments and Citizens Groups	\$ 242,623	\$ 0	\$ 600	\$ 0	\$ 0
Total	\$ 13,485,540	\$ 1,518,641	\$ 125,064	\$ 178,638	\$ 3,755,584

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds				Total
	General Debt Service	Special Debt Service	Education Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects - QSCB		
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 758,737	\$ 0	\$ 3,224,088	\$ 0	\$ 0	\$ 0	\$ 12,280,925	
Trustee's Collections - Prior Year	29,977	0	133,236	0	0	0	497,967	
Trustee's Collections - Bankruptcy	92	0	411	0	0	0	1,528	
Circuit/Clerk & Master Collections - Prior Years	22,726	0	99,987	0	0	0	375,292	
Interest and Penalty	5,055	0	22,310	0	0	0	83,613	
Pick-up Taxes	944	0	4,198	0	0	0	15,689	
Payments in-Lieu-of Taxes - T.V.A.	156	0	662	0	0	0	2,522	
Payments in-Lieu-of Taxes - Other	1,665	0	7,086	0	0	0	26,972	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	0	0	0	864,684	
Wheel Tax	0	341,645	341,645	0	0	0	1,024,935	
Litigation Tax - General	0	0	0	0	0	0	123,676	
Litigation Tax - Jail, Workhouse, or Courthouse	113,445	0	0	0	0	0	113,445	
Litigation Tax - Courtroom Security	0	0	0	0	0	0	114,348	
Business Tax	0	0	0	0	0	0	338,913	
Mineral Severance Tax	0	0	0	0	0	0	55,473	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	1,408	0	5,963	0	0	0	22,789	
Wholesale Beer Tax	0	0	0	0	0	0	112,322	
Interstate Telecommunications Tax	0	0	0	0	0	0	2,332	
Total Local Taxes	\$ 934,205	\$ 341,645	\$ 3,839,606	\$ 0	\$ 0	\$ 0	\$ 16,057,425	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 143,085	
<u>Permits</u>								
Beer Permits	0	0	0	0	0	0	1,848	
Other Permits	0	0	0	0	0	0	1,710	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 146,643	

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds				Total
	General Debt Service	Special Debt Service	Education Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects - QSCB		
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	7,816	
Officers Costs	0	0	0	0	0	0	6,402	
Drug Control Fines	0	0	0	0	0	0	17,516	
Drug Court Fees	0	0	0	0	0	0	1,223	
Data Entry Fee - Circuit Court	0	0	0	0	0	0	2,283	
Courtroom Security Fee	0	0	0	0	0	0	207	
<u>Criminal Court</u>								
Jail Fees	0	0	0	0	0	0	2,473	
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	25,442	
Fines for Littering	0	0	0	0	0	0	1	
Officers Costs	0	0	0	0	0	0	24,069	
Game and Fish Fines	0	0	0	0	0	0	454	
Drug Control Fines	0	0	0	0	0	0	24,864	
Drug Court Fees	0	0	0	0	0	0	5,538	
Jail Fees	0	0	0	0	0	0	34,289	
DUI Treatment Fines	0	0	0	0	0	0	10,437	
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	6,610	
Courtroom Security Fee	0	0	0	0	0	0	314	
<u>Juvenile Court</u>								
Fines	0	0	0	0	0	0	11,673	
Officers Costs	0	0	0	0	0	0	5,992	
Jail Fees	0	0	0	0	0	0	92	
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	694	
Data Entry Fee - Chancery Court	0	0	0	0	0	0	5,267	
Courtroom Security Fee	0	0	0	0	0	0	33	
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	121,974	
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	200	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 315,863	

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds				Total
	General Debt Service	Special Debt Service	Education Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects - QSCB		
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,508	
Patient Charges	0	0	0	0	0	0	3,503	
Work Release Charges for Board	0	0	0	0	0	0	31,826	
Other General Service Charges	0	0	0	0	0	0	2,890	
<u>Fees</u>								
Recreation Fees	0	0	0	0	0	0	6,684	
Copy Fees	0	0	0	0	0	0	7,014	
Greenbelt Late Application Fee	0	0	0	0	0	0	50	
Telephone Commissions	0	0	0	0	0	0	38,460	
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	173,728	
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	4,910	
Data Processing Fee - Register	0	0	0	0	0	0	15,462	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	3,862	
Data Processing Fee - County Clerk	0	0	0	0	0	0	3,930	
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,080	
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 22,078	\$ 0	\$ 62,353	\$ 4,466	\$ 3,127	\$ 3,172	95,196	
Commissary Sales	0	0	0	0	0	0	13,557	
Sale of Gasoline	0	0	0	0	0	0	1,089	
Sale of Maps	0	0	0	0	0	0	4,272	
Sale of Recycled Materials	0	0	0	0	0	0	98,897	
Miscellaneous Refunds	0	0	0	0	0	0	21,068	
<u>Nonrecurring Items</u>								
Contributions and Gifts	0	0	0	0	0	0	90	
Total Other Local Revenues	\$ 22,078	\$ 0	\$ 62,353	\$ 4,466	\$ 3,127	\$ 3,172	234,169	

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds				Total
	General Debt Service	Special Debt Service	Education Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects - QSCB		
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
Clerk and Master	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,036	
<u>Fees in-Lieu-of Salary</u>								
County Clerk	0	0	0	0	0	0	477,689	
Circuit Court Clerk	0	0	0	0	0	0	265,528	
General Sessions Court Clerk	0	0	0	0	0	0	406,704	
Register	0	0	0	0	0	0	224,884	
Sheriff	0	0	0	0	0	0	35,147	
Trustee	0	0	0	0	0	0	654,440	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,127,428	
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Airport Maintenance Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,790	
Aging Programs	0	0	0	0	0	0	42,636	
Solid Waste Grants	0	0	0	0	0	0	7,490	
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	0	0	0	0	0	0	23,400	
<u>Health and Welfare Grants</u>								
Other Health and Welfare Grants	0	0	0	0	0	0	256,921	
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	0	0	294,110	
Litter Program	0	0	0	0	0	0	43,344	
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	52,064	
Beer Tax	0	0	0	0	0	0	18,421	
Alcoholic Beverage Tax	0	0	0	0	0	0	81,771	
Prisoner Transportation	0	0	0	0	0	0	356	
Contracted Prisoner Boarding	0	0	0	0	0	0	1,298,850	
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,924,439	
Petroleum Special Tax	0	0	0	0	0	0	41,008	

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds				Other Capital Projects - QSCB	Total
	General Debt Service	Special Debt Service	Education Debt Service	General Capital Projects	Highway Capital Projects				
<u>State of Tennessee (Cont.)</u>									
<u>Other State Revenues (Cont.)</u>									
Registrar's Salary Supplement	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	15,164
Other State Grants	0	0	0	0	0	0	0	0	84,154
Other State Revenues	0	0	0	0	0	0	0	0	391,196
Total State of Tennessee	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	4,584,114
<u>Federal Government</u>									
<u>Federal Through State</u>									
Civil Defense Reimbursement	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	35,600
Homeland Security Grants	0	0	0	0	0	0	0	0	74,606
Law Enforcement Grants	0	0	0	0	0	0	0	0	4,568
<u>Direct Federal Revenue</u>									
Tax Credit Bond Rebate	7,433	33,996	389,696	0	0	0	0	0	544,229
Other Direct Federal Revenue	0	0	0	0	0	0	0	0	39,469
Total Federal Government	7,433 \$	33,996 \$	389,696 \$	0 \$	0 \$	0 \$	0 \$	0 \$	698,472
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	0 \$	0 \$	825,057 \$	0 \$	0 \$	0 \$	0 \$	0 \$	951,099
Contracted Services	0	0	0	0	0	0	0	0	51,988
<u>Citizens Groups</u>									
Donations	0	0	0	0	0	0	0	0	4,699
<u>Other</u>									
Other	0	0	0	0	0	0	0	0	60,514
Total Other Governments and Citizens Groups	0 \$	0 \$	825,057 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,068,280
Total	963,716 \$	375,641 \$	5,116,712 \$	4,466 \$	3,127 \$	0 \$	3,172 \$	0 \$	25,530,301

Exhibit J-6

Hawkins County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Hawkins County School Department
 For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Education Capital Projects	Other Capital Projects - QSCB	Total
<u>Local Taxes</u>							
County Property Taxes							
Current Property Tax	\$ 7,463,213	\$ 0	\$ 0	\$ 1,424,600	\$ 0	\$ 0	\$ 8,887,813
Trustee's Collections - Prior Year	291,182	0	0	54,624	0	0	345,806
Trustee's Collections - Bankruptcy	934	0	0	175	0	0	1,109
Circuit/Clerk & Master Collections - Prior Years	228,003	0	0	42,855	0	0	270,858
Interest and Penalty	50,816	0	0	9,538	0	0	60,354
Pick-up Taxes	9,533	0	0	1,784	0	0	11,317
Payments in-Lieu-of Taxes - T.V.A.	1,753	0	0	292	0	0	2,045
Payments in-Lieu-of Taxes - Other	18,745	0	0	3,122	0	0	21,867
<u>County Local Option Taxes</u>							
Local Option Sales Tax	3,920,750	0	0	0	0	0	3,920,750
Wheel Tax	200,118	0	0	122,751	0	0	322,869
<u>Statutory Local Taxes</u>							
Bank Excise Tax	13,834	0	0	2,640	0	0	16,474
Interstate Telecommunications Tax	2,730	0	0	0	0	0	2,730
Total Local Taxes	\$ 12,201,611	\$ 0	\$ 0	\$ 1,662,381	\$ 0	\$ 0	\$ 13,863,992
<u>Licenses and Permits</u>							
Licenses							
Marriage Licenses	\$ 3,477	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,477
Total Licenses and Permits	\$ 3,477	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,477
<u>Charges for Current Services</u>							
<u>Education Charges</u>							
Lunch Payments - Children	\$ 0	\$ 0	\$ 639,278	\$ 0	\$ 0	\$ 0	\$ 639,278
Lunch Payments - Adults	0	0	104,741	0	0	0	104,741
Income from Breakfast	0	0	209,466	0	0	0	209,466
A la carte Sales	0	0	37,888	0	0	0	37,888
Transportation - Other State Systems	0	0	0	158,193	0	0	158,193
Receipts from Individual Schools	2,843	0	0	65,983	0	0	68,826
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	82,021	0	0	0	82,021
Total Charges for Current Services	\$ 2,843	\$ 0	\$ 1,073,394	\$ 224,176	\$ 0	\$ 0	\$ 1,300,413

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Education Capital Projects	Other Capital Projects - QSCB	Total
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	3,735	\$ 0	\$ 0	\$ 0	3,735
Sale of Materials and Supplies	0	0	0	479,895	0	0	479,895
Refund of Telecommunication and Internet Fees (E-Rate)	28,115	0	0	0	0	0	28,115
Retirees' Insurance Payments	0	0	1,607	0	0	0	1,607
Commodity Rebates	0	0	15,373	0	0	0	15,373
Miscellaneous Refunds	74,516	0	2,800	1,430	0	0	78,746
<u>Nonrecurring Items</u>							
Sale of Equipment	17,228	0	0	48,500	0	0	65,728
Sale of Property	21,725	0	0	0	0	0	21,725
Damages Recovered from Individuals	0	0	0	25	0	0	25
Contributions and Gifts	2,666	0	0	0	0	0	2,666
<u>Other Local Revenues</u>							
Other Local Revenues	45,410	0	0	0	0	0	45,410
Total Other Local Revenues	\$ 189,660	\$ 0	\$ 23,515	\$ 529,850	\$ 0	\$ 0	\$ 743,025
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
On-Behalf Contributions for OPEB	\$ 365,946	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 365,946
<u>State Education Funds</u>							
Basic Education Program	34,326,144	0	0	966,856	0	0	35,293,000
Early Childhood Education	377,462	0	0	0	0	0	377,462
School Food Service	0	0	37,062	0	0	0	37,062
Driver Education	6,646	0	0	0	0	0	6,646
Other State Education Funds	266,460	0	0	0	0	0	266,460
Career Ladder Program	255,232	0	0	0	0	0	255,232
Career Ladder - Extended Contract	113,700	0	0	0	0	0	113,700
Career Ladder - Extended Contract - ARRA	106,013	0	0	0	0	0	106,013
<u>Other State Revenues</u>							
State Revenue Sharing - T.V.A.	1,291,456	0	0	0	0	0	1,291,456
Other State Grants	5,470	0	0	0	0	0	5,470
Other State Revenues	11,683	0	0	0	0	0	11,683
Total State of Tennessee	\$ 37,126,212	\$ 0	\$ 37,062	\$ 966,856	\$ 0	\$ 0	\$ 38,130,130

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Education Capital Projects	Other Capital Projects - QSCB	Total
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA School Lunch Program	\$ 0 \$	0 \$	1,782,837 \$	0 \$	0 \$	0 \$	1,782,837
USDA - Commodities	0	0	432,638	0	0	0	432,638
Breakfast	0	0	571,008	0	0	0	571,008
USDA - Other	0	0	12,802	0	0	0	12,802
Adult Education State Grant Program	88,478	0	0	0	0	0	88,478
Vocational Education - Basic Grants to States	0	137,194	0	0	0	0	137,194
Title I Grants to Local Education Agencies	0	2,295,566	0	0	0	0	2,295,566
Special Education - Grants to States	0	1,819,367	0	0	0	0	1,819,367
Special Education Preschool Grants	0	10,521	0	0	0	0	10,521
English Language Acquisition Grants	0	9,632	0	0	0	0	9,632
Safe and Drug-free Schools - State Grants	0	44,139	0	0	0	0	44,139
Education for Homeless Children and Youth	0	1,935	0	0	0	0	1,935
Eisenhower Professional Development State Grants	0	493,797	0	0	0	0	493,797
Race-to-the-Top - ARRA	0	417,419	0	0	0	0	417,419
Other Federal through State	0	1,306,671	0	0	0	0	1,306,671
<u>Direct Federal Revenue</u>	117,704	0	0	0	0	0	117,704
ROTC Reimbursement	\$ 206,182	\$ 6,536,241	\$ 2,799,285	\$ 0	\$ 0	\$ 0	\$ 9,541,708
Total Federal Government							
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 877,400	\$ 0	\$ 0	\$ 0	\$ 2,437	\$ 1,929,427	\$ 2,809,264
Total Other Governments and Citizens Groups	\$ 877,400	\$ 0	\$ 0	\$ 0	\$ 2,437	\$ 1,929,427	\$ 2,809,264
Total	\$ 50,607,385	\$ 6,536,241	\$ 3,933,256	\$ 3,383,263	\$ 2,437	\$ 1,929,427	\$ 66,392,009

Exhibit J-7

Hawkins County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	23,500	
Other Per Diem and Fees		13,650	
Social Security		2,842	
State Retirement		2,294	
Medical Insurance		10,103	
Audit Services		17,050	
Printing, Stationery, and Forms		97	
Travel		12,287	
Total County Commission			\$ 81,823

Board of Equalization

Board and Committee Members Fees	\$	5,060	
Social Security		387	
Travel		134	
Total Board of Equalization			5,581

Beer Board

Board and Committee Members Fees	\$	700	
Social Security		54	
State Retirement		45	
Total Beer Board			799

Budget and Finance Committee

Board and Committee Members Fees	\$	4,650	
Social Security		356	
State Retirement		269	
Total Budget and Finance Committee			5,275

County Mayor/Executive

County Official/Administrative Officer	\$	83,377	
Accountants/Bookkeepers		141,578	
Part-time Personnel		13,453	
Bonus Payments		2,500	
In-Service Training		359	
Social Security		16,065	
State Retirement		20,425	
Life Insurance		312	
Medical Insurance		28,678	
Unemployment Compensation		516	
Communication		5,389	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Maintenance Agreements	\$	11,837	
Rentals		4,366	
Travel		4,209	
Tuition		600	
Office Supplies		6,484	
Data Processing Equipment		3,235	
Office Equipment		608	
Total County Mayor/Executive			\$ 343,991

County Attorney

County Official/Administrative Officer	\$	24,606	
Social Security		1,463	
State Retirement		2,210	
Life Insurance		36	
Medical Insurance		10,083	
Unemployment Compensation		90	
Total County Attorney			38,488

Election Commission

Supervisor/Director	\$	62,515	
Deputy(ies)		75,388	
Overtime Pay		3,049	
Bonus Payments		1,500	
Other Salaries and Wages		8,208	
Election Commission		8,580	
Election Workers		34,888	
Social Security		11,776	
State Retirement		12,792	
Life Insurance		221	
Medical Insurance		26,731	
Unemployment Compensation		389	
Communication		4,940	
Dues and Memberships		275	
Operating Lease Payments		3,090	
Legal Notices, Recording, and Court Costs		4,521	
Maintenance and Repair Services - Office Equipment		19,024	
Postal Charges		2,746	
Rentals		9,231	
Travel		7,354	
Other Contracted Services		24,965	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Office Supplies	\$	3,748	
Other Supplies and Materials		9,319	
Other Charges		196	
Data Processing Equipment		1,351	
Other Equipment		139	
Total Election Commission			\$ 336,936

Register of Deeds

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		93,231	
Part-time Personnel		2,995	
Bonus Payments		2,000	
Social Security		12,264	
State Retirement		14,789	
Life Insurance		248	
Medical Insurance		15,006	
Unemployment Compensation		380	
Communication		4,101	
Dues and Memberships		135	
Maintenance Agreements		128	
Rentals		2,358	
Other Contracted Services		13,356	
Office Supplies		1,980	
Office Equipment		475	
Total Register of Deeds			232,907

Planning

Board and Committee Members Fees	\$	3,300	
Social Security		252	
Contracts with Government Agencies		12,250	
Total Planning			15,802

County Buildings

Supervisor/Director	\$	26,549	
Custodial Personnel		84,860	
Maintenance Personnel		12,856	
Bonus Payments		3,000	
Social Security		8,508	
State Retirement		10,925	
Life Insurance		368	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Medical Insurance	\$	33,432	
Unemployment Compensation		720	
Communication		6,518	
Contracts with Government Agencies		40,882	
Janitorial Services		7,126	
Laundry Service		2,358	
Maintenance and Repair Services - Buildings		13,452	
Maintenance and Repair Services - Equipment		1,074	
Maintenance and Repair Services - Office Equipment		532	
Maintenance and Repair Services - Vehicles		552	
Pest Control		3,139	
Rentals		19,473	
Travel		46	
Other Contracted Services		17,228	
Custodial Supplies		11,494	
Gasoline		3,475	
Office Supplies		108	
Small Tools		889	
Tires and Tubes		354	
Utilities		181,887	
Other Supplies and Materials		12,592	
Other Charges		225	
Building Improvements		64,856	
Other Equipment		4,936	
Total County Buildings			\$ 574,414

Other General Administration

Dues and Memberships	\$	12,687
Evaluation and Testing		1,320
Legal Notices, Recording, and Court Costs		1,020
Maintenance Agreements		4,070
Postal Charges		38,747
Rentals		5,328
Other Contracted Services		1,440
Duplicating Supplies		5,998
Other Supplies and Materials		127
Building and Contents Insurance		773
Liability Insurance		236,872
Premiums on Corporate Surety Bonds		4,564
Workers' Compensation Insurance		117,214

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Liability Claims	\$	2,022	
Other Charges		145	
Total Other General Administration			\$ 432,327

Preservation of Records

Communication	\$	858	
Total Preservation of Records			858

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		165,759	
Bonus Payments		3,000	
Social Security		16,871	
State Retirement		21,392	
Life Insurance		359	
Medical Insurance		21,769	
Unemployment Compensation		540	
Communication		3,484	
Data Processing Services		20,102	
Dues and Memberships		235	
Legal Notices, Recording, and Court Costs		101	
Maintenance Agreements		3,500	
Maintenance and Repair Services - Vehicles		6,362	
Rentals		1,000	
Travel		1,909	
Other Contracted Services		10,265	
Gasoline		5,186	
Office Supplies		4,768	
Tires and Tubes		385	
Other Supplies and Materials		371	
Other Charges		28	
Office Equipment		5,275	
Total Property Assessor's Office			362,122

Reappraisal Program

Supervisor/Director	\$	36,646	
Deputy(ies)		52,624	
Bonus Payments		1,500	
Social Security		6,212	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

State Retirement	\$	8,151	
Life Insurance		166	
Medical Insurance		12,662	
Unemployment Compensation		270	
Data Processing Services		7,474	
Postal Charges		1,313	
Total Reappraisal Program			\$ 127,018

County Trustee's Office

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		77,561	
Temporary Personnel		26,862	
Bonus Payments		1,000	
Social Security		12,895	
State Retirement		13,292	
Life Insurance		221	
Medical Insurance		4,795	
Unemployment Compensation		518	
Communication		4,810	
Dues and Memberships		260	
Legal Notices, Recording, and Court Costs		101	
Maintenance and Repair Services - Office Equipment		13,500	
Rentals		1,603	
Travel		1,934	
Other Contracted Services		7,561	
Office Supplies		2,467	
Data Processing Equipment		3,665	
Other Capital Outlay		1,439	
Total County Trustee's Office			243,945

County Clerk's Office

County Official/Administrative Officer	\$	69,461
Deputy(ies)		307,908
Part-time Personnel		21,638
Bonus Payments		5,000
Other Per Diem and Fees		200
Social Security		27,780
State Retirement		34,355
Life Insurance		606
Medical Insurance		72,873

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Unemployment Compensation	\$	1,178	
Communication		7,676	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		69	
Maintenance and Repair Services - Office Equipment		17,473	
Rentals		2,943	
Travel		2,976	
Other Contracted Services		600	
Office Supplies		5,874	
Office Equipment		10,060	
Total County Clerk's Office			\$ 588,820

Administration of Justice

Circuit Court Clerk

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		238,608	
Part-time Personnel		15,733	
Bonus Payments		5,000	
Jury and Witness Expense		3,540	
Social Security		23,528	
State Retirement		28,114	
Life Insurance		607	
Medical Insurance		34,391	
Unemployment Compensation		1,082	
Communication		8,543	
Legal Notices, Recording, and Court Costs		192	
Maintenance Agreements		16,511	
Rentals		1,620	
Travel		1,738	
Office Supplies		18,628	
Other Supplies and Materials		3,937	
Other Charges		105	
Data Processing Equipment		300	
Office Equipment		2,578	
Total Circuit Court Clerk			474,216

Criminal Court

Jury and Witness Expense	\$	9,466	
Total Criminal Court			9,466

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	139,957	
Secretary(ies)		30,934	
Clerical Personnel		21,212	
Bonus Payments		1,000	
Social Security		13,699	
State Retirement		15,013	
Life Insurance		136	
Medical Insurance		20,514	
Unemployment Compensation		180	
Communication		1,767	
Evaluation and Testing		600	
Rentals		1,762	
Travel		1,160	
Office Supplies		331	
Other Supplies and Materials		684	
Other Charges		6,762	
Other Capital Outlay		2,120	
Total General Sessions Court			\$ 257,831

Chancery Court

Social Security	\$	10,464	
State Retirement		14,443	
Life Insurance		271	
Medical Insurance		40,962	
Unemployment Compensation		450	
Communication		3,127	
Maintenance Agreements		6,864	
Rentals		2,304	
Travel		537	
Office Supplies		6,797	
Office Equipment		1,696	
Total Chancery Court			87,915

Juvenile Court

Judge(s)	\$	53,909
Secretary(ies)		21,212
Clerical Personnel		21,212
Part-time Personnel		468
Bonus Payments		1,000
In-Service Training		280

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Social Security	\$	6,513	
State Retirement		8,683	
Life Insurance		161	
Medical Insurance		20,683	
Unemployment Compensation		185	
Dues and Memberships		170	
Other Supplies and Materials		365	
Total Juvenile Court			\$ 134,841

Courtroom Security

Deputy(ies)	\$	55,917	
Overtime Pay		67	
Bonus Payments		1,000	
Social Security		3,693	
State Retirement		5,112	
Life Insurance		136	
Medical Insurance		15,111	
Unemployment Compensation		268	
Law Enforcement Supplies		8	
Uniforms		385	
Liability Insurance		1,781	
Workers' Compensation Insurance		2,087	
Law Enforcement Equipment		125	
Other Capital Outlay		3,388	
Total Courtroom Security			89,078

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	76,407	
Deputy(ies)		740,473	
Detective(s)		265,415	
Captain(s)		49,689	
Lieutenant(s)		132,735	
Sergeant(s)		220,948	
Salary Supplements		23,400	
Secretary(ies)		39,193	
School Resource Officer		63,909	
Overtime Pay		37,095	
Bonus Payments		21,200	
In-Service Training		21,431	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Social Security	\$	119,633	
State Retirement		144,896	
Life Insurance		2,782	
Medical Insurance		204,019	
Unemployment Compensation		5,337	
Communication		19,815	
Evaluation and Testing		600	
Maintenance Agreements		5,609	
Maintenance and Repair Services - Equipment		173	
Maintenance and Repair Services - Office Equipment		3,102	
Maintenance and Repair Services - Vehicles		84,932	
Rentals		4,545	
Tow-in Services		1,375	
Travel		84	
Other Contracted Services		826	
Data Processing Supplies		956	
Gasoline		201,239	
Law Enforcement Supplies		8,925	
Office Supplies		2,378	
Tires and Tubes		15,387	
Uniforms		13,109	
Other Supplies and Materials		1,541	
Liability Insurance		1,781	
Workers' Compensation Insurance		2,341	
Other Charges		708	
Data Processing Equipment		3,170	
Law Enforcement Equipment		25,953	
Office Equipment		4,850	
Total Sheriff's Department			\$ 2,571,961

Drug Enforcement

Salary Supplements	\$	6,600	
Social Security		439	
State Retirement		593	
Total Drug Enforcement			7,632

Administration of the Sexual Offender Registry

Other Charges	\$	800	
Data Processing Equipment		364	
Office Equipment		922	
Total Administration of the Sexual Offender Registry			2,086

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Lieutenant(s)	\$	34,437	
Guards		861,748	
Cafeteria Personnel		45,004	
Overtime Pay		40,620	
Bonus Payments		17,800	
Other Salaries and Wages		14,860	
In-Service Training		3,941	
Social Security		72,069	
State Retirement		82,013	
Life Insurance		2,283	
Medical Insurance		141,297	
Unemployment Compensation		4,565	
Communication		4,968	
Evaluation and Testing		200	
Maintenance Agreements		4,326	
Maintenance and Repair Services - Buildings		3,854	
Maintenance and Repair Services - Equipment		4,697	
Maintenance and Repair Services - Office Equipment		2,040	
Medical and Dental Services		218,763	
Postal Charges		492	
Rentals		644	
Travel		277	
Other Contracted Services		2,542	
Custodial Supplies		19,089	
Data Processing Supplies		791	
Food Preparation Supplies		13,997	
Food Supplies		238,767	
Office Supplies		1,037	
Prisoners Clothing		4,388	
Uniforms		3,965	
Utilities		105,186	
Other Supplies and Materials		31,511	
Medical Claims		53,998	
Data Processing Equipment		3,924	
Food Service Equipment		4,263	
Office Equipment		1,559	
Other Equipment		13,082	
Total Jail		<u>13,082</u>	\$ 2,058,997

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Youth Service Officer(s)	\$	57,727	
Bonus Payments		1,000	
Social Security		4,056	
State Retirement		5,274	
Life Insurance		110	
Medical Insurance		9,380	
Unemployment Compensation		180	
Communication		4,720	
Contracts with Other Public Agencies		80,235	
Evaluation and Testing		4,390	
Maintenance and Repair Services - Office Equipment		966	
Rentals		2,423	
Travel		581	
Other Contracted Services		1,347	
Office Supplies		2,452	
Other Supplies and Materials		2,021	
Office Equipment		<u>1,760</u>	
Total Juvenile Services			\$ 178,622

Fire Prevention and Control

Contributions	\$	<u>215,000</u>	
Total Fire Prevention and Control			215,000

Rescue Squad

Contributions	\$	<u>100,000</u>	
Total Rescue Squad			100,000

Other Emergency Management

Supervisor/Director	\$	33,554	
Part-time Personnel		10,100	
Bonus Payments		500	
Social Security		3,185	
State Retirement		3,058	
Life Insurance		55	
Medical Insurance		4,690	
Unemployment Compensation		187	
Communication		4,722	
Contributions		195,000	
Dues and Memberships		200	
Maintenance and Repair Services - Equipment		6,934	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Maintenance and Repair Services - Vehicles	\$	1,066	
Rentals		48	
Travel		903	
Gasoline		5,412	
Office Supplies		209	
Tires and Tubes		869	
Other Supplies and Materials		1,994	
Workers' Compensation Insurance		283	
Communication Equipment		250	
Data Processing Equipment		660	
Other Equipment		45,684	
Other Capital Outlay		31,707	
Total Other Emergency Management			\$ 351,270

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	21,870	
Contracts with Government Agencies		39,328	
Travel		2,624	
Other Charges		10,735	
Total County Coroner/Medical Examiner			74,557

Other Public Safety

Supervisor/Director	\$	32,811	
Bonus Payments		500	
Social Security		2,102	
State Retirement		2,991	
Life Insurance		36	
Medical Insurance		10,487	
Unemployment Compensation		90	
Communication		1,780	
Maintenance and Repair Services - Office Equipment		467	
Maintenance and Repair Services - Vehicles		362	
Gasoline		5,796	
Office Supplies		64	
Tires and Tubes		275	
Other Supplies and Materials		208	
Other Capital Outlay		209	
Total Other Public Safety			58,178

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Salary Supplements	\$	15,079	
Bonus Payments		2,000	
Other Salaries and Wages		127,154	
Social Security		9,190	
State Retirement		11,055	
Life Insurance		221	
Medical Insurance		8,549	
Unemployment Compensation		469	
Communication		17,443	
Dues and Memberships		375	
Operating Lease Payments		4,200	
Maintenance and Repair Services - Buildings		4,518	
Maintenance and Repair Services - Equipment		711	
Pest Control		1,078	
Postal Charges		2,790	
Travel		9,546	
Other Contracted Services		49,954	
Custodial Supplies		6,276	
Drugs and Medical Supplies		737	
Office Supplies		7,108	
Other Supplies and Materials		4,998	
Workers' Compensation Insurance		650	
Other Charges		218	
Other Capital Outlay		14,308	
Total Local Health Center			\$ 298,627

Ambulance/Emergency Medical Services

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

Other Local Health Services

Bonus Payments	\$	2,000	
Other Salaries and Wages		204,966	
Social Security		13,731	
State Retirement		15,051	
Life Insurance		276	
Medical Insurance		28,346	
Unemployment Compensation		994	
Travel		6,633	
Liability Insurance		6,361	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Workers' Compensation Insurance	\$ 1,062	
Total Other Local Health Services		\$ 279,420

Aid to Dependent Children

Other Charges	\$ 5,521	
Total Aid to Dependent Children		5,521

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

Supervisor/Director	\$ 24,283	
Social Workers	16,208	
Bus Drivers	15,435	
Secretary(ies)	21,099	
Bonus Payments	1,500	
Social Security	5,610	
State Retirement	5,596	
Life Insurance	146	
Medical Insurance	12,726	
Unemployment Compensation	423	
Communication	3,858	
Contracts with Government Agencies	26,203	
Contributions	40,000	
Rentals	1,699	
Transportation - Other than Students	5,850	
Travel	3,302	
Other Contracted Services	2,578	
Custodial Supplies	689	
Gasoline	211	
Office Supplies	421	
Utilities	5,001	
Other Supplies and Materials	158	
Workers' Compensation Insurance	555	
Data Processing Equipment	698	
Other Equipment	400	
Other Capital Outlay	5,000	
Total Senior Citizens Assistance		199,649

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Contributions	\$	99,000	
Total Libraries			\$ 99,000

Parks and Fair Boards

Custodial Personnel	\$	15,039	
Maintenance Personnel		17,308	
Temporary Personnel		13,628	
Bonus Payments		1,000	
Social Security		3,587	
State Retirement		2,994	
Life Insurance		110	
Medical Insurance		4,970	
Unemployment Compensation		335	
Communication		1,373	
Engineering Services		1,025	
Maintenance and Repair Services - Buildings		1,550	
Maintenance and Repair Services - Equipment		420	
Maintenance and Repair Services - Office Equipment		876	
Maintenance and Repair Services - Vehicles		1,090	
Rentals		2,343	
Other Contracted Services		300	
Crushed Stone		1,589	
Custodial Supplies		2,161	
Electricity		5,464	
Gasoline		7,213	
Office Supplies		92	
Propane Gas		802	
Small Tools		121	
Water and Sewer		460	
Other Supplies and Materials		4,517	
Office Equipment		15	
Other Equipment		9,975	
Other Capital Outlay		9,054	
Total Parks and Fair Boards			109,411

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	9,855	
Salary Supplements		52,866	
Social Security		754	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Unemployment Compensation	\$	99	
Communication		4,324	
Rentals		1,812	
Travel		1,832	
Workers' Compensation Insurance		33	
Other Charges		2,200	
Other Equipment		3,000	
Total Agriculture Extension Service			\$ 76,775

Forest Service

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

Soil Conservation

Clerical Personnel	\$	27,524	
Part-time Personnel		6,086	
Bonus Payments		500	
Social Security		2,188	
State Retirement		2,517	
Life Insurance		55	
Medical Insurance		10,239	
Unemployment Compensation		151	
Contracts with Other Public Agencies		3,500	
Total Soil Conservation			52,760

Storm Water Management

Part-time Personnel	\$	6,000	
Social Security		459	
Unemployment Compensation		60	
Travel		630	
Permits		3,460	
Workers' Compensation Insurance		205	
Total Storm Water Management			10,814

Other Operations

Tourism

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Supervisor/Director	\$	53,091	
Secretary(ies)		26,312	
Part-time Personnel		12,255	
Bonus Payments		500	
Other Salaries and Wages		40,417	
Social Security		9,949	
State Retirement		10,736	
Life Insurance		164	
Medical Insurance		17,352	
Unemployment Compensation		372	
Accounting Services		2,750	
Advertising		1,000	
Communication		4,624	
Contributions		32,000	
Dues and Memberships		375	
Engineering Services		2,241	
Maintenance and Repair Services - Buildings		3,320	
Maintenance and Repair Services - Equipment		454	
Maintenance and Repair Services - Vehicles		3,842	
Rentals		1,019	
Travel		12	
Other Contracted Services		1,171	
Electricity		13,521	
Gasoline		3,332	
Office Supplies		495	
Tires and Tubes		38	
Other Supplies and Materials		233	
Workers' Compensation Insurance		555	
Other Charges		51	
Office Equipment		2,692	
Total Industrial Development			\$ 244,873

Airport

Maintenance and Repair Services - Equipment	\$	6,155	
Permits		435	
Other Contracted Services		1,920	
Gasoline		340	
Other Capital Outlay		18,652	
Total Airport			27,502

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	28,242	
Secretary(ies)		22,099	
Bonus Payments		500	
Social Security		3,573	
State Retirement		4,566	
Life Insurance		110	
Medical Insurance		4,970	
Unemployment Compensation		180	
Communication		2,190	
Dues and Memberships		85	
Maintenance and Repair Services - Office Equipment		100	
Rentals		745	
Travel		4,171	
Office Supplies		777	
Office Equipment		123	
Total Veterans' Services			\$ 72,431

Contributions to Other Agencies

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

Employee Benefits

Medical Insurance	\$	67,107	
Total Employee Benefits			67,107

Miscellaneous

Contracts with Other Public Agencies	\$	5,341	
Contributions		22,000	
Operating Lease Payments		1,000	
Legal Services		15,115	
Other Contracted Services		1,800	
Other Supplies and Materials		302	
Trustee's Commission		162,646	
Total Miscellaneous			208,204

Highways

Litter and Trash Collection

Overtime Pay	\$	309	
Bonus Payments		500	
Other Salaries and Wages		27,057	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Social Security	\$	2,114	
State Retirement		2,502	
Life Insurance		55	
Unemployment Compensation		90	
Contracts with Other Public Agencies		8,000	
Legal Notices, Recording, and Court Costs		173	
Travel		49	
Other Supplies and Materials		13,463	
Workers' Compensation Insurance		<u>2,862</u>	
Total Litter and Trash Collection			\$ 57,174

Principal on Debt

General Government

Principal on Other Loans	\$	<u>140,000</u>	
Total General Government			140,000

Interest on Debt

General Government

Interest on Notes	\$	61	
Interest on Other Loans		<u>4,550</u>	
Total General Government			4,611

Other Debt Service

General Government

Other Debt Issuance Charges	\$	<u>23</u>	
Total General Government			<u>23</u>

Total General Fund \$ 12,109,158

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	6,000	
Other Fringe Benefits		917	
Communication		178	
Evaluation and Testing		110	
Uniforms		120	
Trustee's Commission		13,630	
Workers' Compensation Insurance		<u>205</u>	
Total Sanitation Management			\$ 21,160

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup

Truck Drivers	\$	86,378	
Part-time Personnel		3,384	
Overtime Pay		7,286	
Bonus Payments		2,000	
Other Fringe Benefits		19,733	
Communication		288	
Maintenance and Repair Services - Vehicles		11,481	
Gasoline		107,261	
Lubricants		4,146	
Tires and Tubes		10,373	
Uniforms		398	
Vehicle Parts		12,597	
Other Supplies and Materials		3,066	
Workers' Compensation Insurance		10,577	
Other Capital Outlay		847	
Total Waste Pickup			\$ 279,815

Convenience Centers

Laborers	\$	180,465	
Overtime Pay		5,101	
Bonus Payments		4,000	
Other Fringe Benefits		45,148	
Communication		4,975	
Operating Lease Payments		4,300	
Maintenance and Repair Services - Equipment		1,383	
Rentals		5,705	
Crushed Stone		1,032	
Uniforms		210	
Utilities		6,121	
Other Supplies and Materials		2,983	
Workers' Compensation Insurance		21,698	
Solid Waste Equipment		51,378	
Other Construction		96	
Other Capital Outlay		2,280	
Total Convenience Centers			336,875

Other Waste Collection

Overtime Pay	\$	178	
Other Salaries and Wages		15,715	
Other Fringe Benefits		3,226	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Other Waste Collection (Cont.)

Communication	\$	55	
Uniforms		120	
Workers' Compensation Insurance		1,674	
Total Other Waste Collection			\$ 20,968

Recycling Center

Laborers	\$	15,449	
Overtime Pay		425	
Bonus Payments		500	
Other Salaries and Wages		18,629	
Other Fringe Benefits		16,449	
Communication		1,058	
Maintenance and Repair Services - Buildings		498	
Maintenance and Repair Services - Equipment		293	
Maintenance and Repair Services - Office Equipment		63	
Maintenance and Repair Services - Vehicles		2,534	
Gasoline		600	
Tires and Tubes		263	
Uniforms		192	
Utilities		5,736	
Other Supplies and Materials		1,253	
Workers' Compensation Insurance		3,698	
Office Equipment		1,175	
Solid Waste Equipment		50,860	
Total Recycling Center			119,675

Landfill Operation and Maintenance

Contracts for Landfill Facilities	\$	497,447	
Surcharge		34,749	
Total Landfill Operation and Maintenance			532,196

Other Waste Disposal

Disposal Fees	\$	28,774	
Total Other Waste Disposal			28,774

Total Solid Waste/Sanitation Fund \$ 1,339,463

(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Overtime Pay	\$	16,922	
In-Service Training		800	
Other Fringe Benefits		3,393	
Communication		2,880	
Confidential Drug Enforcement Payments		10,000	
Maintenance and Repair Services - Vehicles		3,783	
Tow-in Services		140	
Veterinary Services		404	
Other Contracted Services		440	
Animal Food and Supplies		413	
Electricity		636	
Office Supplies		1,813	
Uniforms		220	
Other Supplies and Materials		1,802	
Trustee's Commission		1,233	
Other Charges		75	
Data Processing Equipment		102	
Law Enforcement Equipment		13,946	
Total Drug Enforcement			\$ 59,002

Total Drug Control Fund \$ 59,002

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Special Commissioner Fees/Special Master Fees	\$	1,320	
Total Circuit Court			\$ 1,320

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	3,590	
Constitutional Officers' Operating Expenses		168,996	
Total Chancery Court			172,586

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	912	
Total Sheriff's Department			912

Total Constitutional Officers - Fees Fund 174,818

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	76,407	
Secretary(ies)		48,934	
Overtime Pay		63	
Communication		4,792	
Dues and Memberships		3,373	
Laundry Service		1,571	
Legal Notices, Recording, and Court Costs		246	
Maintenance Agreements		4,339	
Maintenance and Repair Services - Equipment		95	
Maintenance and Repair Services - Vehicles		56	
Pest Control		80	
Printing, Stationery, and Forms		585	
Rentals		2,132	
Travel		1,301	
Other Contracted Services		1,573	
Custodial Supplies		371	
Drugs and Medical Supplies		57	
Electricity		9,883	
Natural Gas		1,312	
Office Supplies		1,383	
Water and Sewer		517	
Other Charges		294	
Office Equipment		1,730	
Total Administration			\$ 161,094

Highway and Bridge Maintenance

Foremen	\$	32,760
Equipment Operators		220,033
Truck Drivers		160,295
Laborers		153,543
Temporary Personnel		123,442
Overtime Pay		9,187
Laundry Service		12,238
Rentals		12,221
Other Contracted Services		395,147
Asphalt - Hot Mix		67,956
Asphalt - Liquid		233,393
Concrete		204
Crushed Stone		201,926
Pipe - Metal		61,417

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Road Signs	\$	13,800	
Salt		4,061	
Other Supplies and Materials		5,959	
Total Highway and Bridge Maintenance			\$ 1,707,582

Operation and Maintenance of Equipment

Foremen	\$	33,384	
Mechanic(s)		91,887	
Overtime Pay		319	
Laundry Service		3,451	
Maintenance and Repair Services - Buildings		501	
Maintenance and Repair Services - Equipment		5,603	
Maintenance and Repair Services - Vehicles		5,680	
Rentals		1,367	
Tow-in Services		400	
Diesel Fuel		116,031	
Equipment and Machinery Parts		79,233	
Garage Supplies		906	
Gasoline		87,896	
Lubricants		15,868	
Small Tools		270	
Tires and Tubes		25,652	
Other Supplies and Materials		5,096	
Other Charges		70	
Other Equipment		200	
Total Operation and Maintenance of Equipment			473,814

Other Charges

Evaluation and Testing	\$	1,470	
Trustee's Commission		47,615	
Workers' Compensation Insurance		92,787	
Other Charges		661	
Total Other Charges			142,533

Employee Benefits

Social Security	\$	69,226	
State Retirement		73,505	
Life Insurance		1,867	
Medical Insurance		114,695	
Unemployment Compensation		11,959	
Total Employee Benefits			271,252

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Communication Equipment	\$	7,699	
Highway Equipment		15,706	
Motor Vehicles		39,711	
State Aid Projects		307,371	
Other Capital Outlay		4,561	
Total Capital Outlay			\$ 375,048

Total Highway/Public Works Fund \$ 3,131,323

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	35,000	
Principal on Other Loans		325,000	
Total General Government			\$ 360,000

Interest on Debt

General Government

Interest on Bonds	\$	21,236	
Interest on Other Loans		647,176	
Total General Government			668,412

Other Debt Service

General Government

Fiscal Agent Charges	\$	804	
Trustee's Commission		17,223	
Other Debt Service		425	
Total General Government			18,452

Total General Debt Service Fund 1,046,864

Special Debt Service Fund

Principal on Debt

Highways and Streets

Principal on Bonds	\$	65,000	
Principal on Notes		75,000	
Total Highways and Streets			\$ 140,000

(Continued)

Exhibit J-7

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

Special Debt Service Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Bonds	\$ 97,132	
Interest on Notes	1,650	
Total Highways and Streets	<u> </u>	\$ 98,782

Other Debt Service

Highways and Streets

Fiscal Agent Charges	\$ 614	
Trustee's Commission	3,418	
Other Debt Service	75	
Total Highways and Streets	<u> </u>	<u>4,107</u>

Total Special Debt Service Fund \$ 242,889

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,160,000	
Principal on Notes	213,000	
Principal on Other Loans	597,125	
Total Education	<u> </u>	\$ 1,970,125

Interest on Debt

Education

Interest on Bonds	\$ 1,740,626	
Interest on Notes	21,388	
Interest on Other Loans	1,193,505	
Total Education	<u> </u>	2,955,519

Other Debt Service

Education

Fiscal Agent Charges	\$ 11,250	
Trustee's Commission	72,537	
Other Debt Service	198,920	
Total Education	<u> </u>	<u>282,707</u>

Total Education Debt Service Fund 5,208,351

(Continued)

Exhibit J-7

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

General Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$	36,505	
Other Contracted Services		2,324	
Other Supplies and Materials		2,108	
Building Construction		1,414,288	
Other Capital Outlay		42,244	
Total General Administration Projects			\$ 1,497,469

Education Capital Projects

Contributions	\$	879,837	
Total Education Capital Projects			<u>879,837</u>

Total General Capital Projects Fund \$ 2,377,306

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Other Contracted Services	\$	152,151	
Asphalt - Hot Mix		1,348	
Crushed Stone		43,873	
Pipe - Metal		5,115	
Total Highway and Street Capital Projects			\$ <u>202,487</u>

Total Highway Capital Projects Fund 202,487

Other Capital Projects - QSCB Fund

Capital Projects

Education Capital Projects

Contributions	\$	1,929,427	
Total Education Capital Projects			\$ <u>1,929,427</u>

Total Other Capital Projects # 1 Fund 1,929,427

Other Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Architects	\$	2,182	
Other Contracted Services		8,275	
Other Supplies and Materials		410	
Refunds		49,337	
Building Construction		203,465	

(Continued)

Exhibit J-7

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

<u>Other Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Public Health and Welfare Projects (Cont.)</u>		
Communication Equipment	\$	1,975
Furniture and Fixtures		1,201
Health Equipment		3,694
Other Equipment		3,894
Other Capital Outlay		<u>557</u>
Total Public Health and Welfare Projects		<u>\$ 274,990</u>
Total Other Capital Projects Fund		<u>\$ 274,990</u>
Total Governmental Funds - Primary Government		<u><u>\$ 28,096,078</u></u>

Exhibit J-8

Hawkins County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 16,552,442	
Career Ladder Program	135,500	
Career Ladder Extended Contracts	50,151	
Homebound Teachers	120,788	
Educational Assistants	836,975	
Other Salaries and Wages	11,749	
Certified Substitute Teachers	36,635	
Non-certified Substitute Teachers	208,937	
Social Security	1,026,026	
State Retirement	1,546,843	
Life Insurance	71,748	
Medical Insurance	2,748,520	
Employer Medicare	243,808	
Other Contracted Services	9,324	
Instructional Supplies and Materials	185,815	
Textbooks	599,632	
Fee Waivers	130,770	
Other Charges	168,256	
Regular Instruction Equipment	131,041	
Total Regular Instruction Program		\$ 24,814,960

Alternative Instruction Program

Teachers	\$ 170,167	
Career Ladder Program	1,000	
Educational Assistants	23,406	
Certified Substitute Teachers	4,318	
Non-certified Substitute Teachers	2,722	
Social Security	11,767	
State Retirement	17,314	
Life Insurance	864	
Medical Insurance	33,472	
Employer Medicare	2,752	
Instructional Supplies and Materials	3,568	
Textbooks	1,000	
Other Charges	87	
Other Equipment	1,709	
Total Alternative Instruction Program		274,146

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	2,202,111	
Career Ladder Program		20,992	
Career Ladder Extended Contracts		6,594	
Homebound Teachers		126,814	
Educational Assistants		490,397	
Speech Pathologist		119,184	
Other Salaries and Wages		104,559	
Certified Substitute Teachers		4,978	
Non-certified Substitute Teachers		57,206	
Social Security		174,355	
State Retirement		262,295	
Life Insurance		14,858	
Medical Insurance		561,534	
Employer Medicare		42,557	
Other Contracted Services		8,229	
Total Special Education Program			\$ 4,196,663

Vocational Education Program

Teachers	\$	942,011	
Career Ladder Program		5,000	
Certified Substitute Teachers		2,392	
Non-certified Substitute Teachers		13,970	
Social Security		56,059	
State Retirement		85,595	
Life Insurance		3,577	
Medical Insurance		152,024	
Employer Medicare		13,111	
Instructional Supplies and Materials		14,821	
T&I Construction Materials		240	
Other Supplies and Materials		900	
Total Vocational Education Program			1,289,700

Adult Education Program

Teachers	\$	66,295
Social Security		3,276
State Retirement		4,906
Life Insurance		144
Medical Insurance		4,368
Employer Medicare		939

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Instructional Supplies and Materials	\$ 9,681	
Total Adult Education Program		\$ 89,609

Support Services

Attendance

Supervisor/Director	\$ 72,859	
Career Ladder Program	1,000	
Other Salaries and Wages	58,315	
Social Security	7,847	
State Retirement	11,921	
Life Insurance	432	
Medical Insurance	11,119	
Employer Medicare	1,835	
Travel	8,255	
Other Supplies and Materials	2,006	
Total Attendance		175,589

Health Services

Medical Personnel	\$ 300,619	
Other Salaries and Wages	125,597	
Social Security	24,087	
State Retirement	36,600	
Life Insurance	2,110	
Medical Insurance	95,442	
Employer Medicare	5,633	
Travel	10,948	
Other Contracted Services	935	
Drugs and Medical Supplies	19,312	
Other Supplies and Materials	49,230	
In Service/Staff Development	600	
Other Charges	43,749	
Health Equipment	24,422	
Total Health Services		739,284

Other Student Support

Career Ladder Program	\$ 6,000	
Guidance Personnel	1,046,379	
Career Ladder Extended Contracts	10,852	
Secretary(ies)	60,907	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Salaries and Wages	\$	70,843	
Social Security		70,043	
State Retirement		107,370	
Life Insurance		4,169	
Medical Insurance		158,292	
Employer Medicare		16,381	
Evaluation and Testing		9,694	
Other Contracted Services		87,121	
Other Supplies and Materials		38,748	
Other Charges		18,514	
Total Other Student Support			\$ 1,705,313

Regular Instruction Program

Supervisor/Director	\$	289,233	
Career Ladder Program		18,000	
Career Ladder Extended Contracts		10,048	
Librarians		772,892	
Educational Assistants		37,977	
Other Salaries and Wages		218,414	
Social Security		79,104	
State Retirement		120,933	
Life Insurance		4,328	
Medical Insurance		193,559	
Employer Medicare		18,500	
Travel		37,982	
Other Contracted Services		24,405	
Library Books/Media		48,740	
In Service/Staff Development		21,577	
Other Charges		111,031	
Other Equipment		140,420	
Total Regular Instruction Program			2,147,143

Special Education Program

Supervisor/Director	\$	134,173
Career Ladder Program		5,000
Psychological Personnel		105,760
Assessment Personnel		42,562
Secretary(ies)		31,888
Other Salaries and Wages		18,227

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Social Security	\$	20,116	
State Retirement		30,518	
Life Insurance		920	
Medical Insurance		29,317	
Employer Medicare		4,704	
Maintenance and Repair Services - Equipment		1,281	
Travel		9,947	
Other Contracted Services		1,346	
Other Supplies and Materials		181	
Other Charges		3,428	
Total Special Education Program			\$ 439,368

Vocational Education Program

Supervisor/Director	\$	32,091	
Social Security		1,881	
State Retirement		2,904	
Life Insurance		72	
Medical Insurance		5,650	
Employer Medicare		440	
Travel		184	
Total Vocational Education Program			43,222

Adult Programs

Supervisor/Director	\$	50,474	
Social Security		3,013	
State Retirement		4,568	
Life Insurance		141	
Medical Insurance		4,364	
Employer Medicare		705	
Travel		1,122	
In Service/Staff Development		1,957	
Total Adult Programs			66,344

Other Programs

On-Behalf Payments to OPEB	\$	365,946	
Total Other Programs			365,946

Board of Education

Secretary to Board	\$	200	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Other Salaries and Wages	\$	8,100	
Social Security		513	
State Retirement		691	
Life Insurance		35,258	
Medical Insurance		356,374	
Unemployment Compensation		74,498	
Employer Medicare		120	
Audit Services		26,175	
Dues and Memberships		13,226	
Legal Services		7,749	
Travel		15,596	
Liability Insurance		430,227	
Trustee's Commission		237,694	
Workers' Compensation Insurance		296,751	
Other Charges		308	
Total Board of Education			\$ 1,503,480

Director of Schools

County Official/Administrative Officer	\$	87,173	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		2,000	
Secretary(ies)		115,077	
Other Salaries and Wages		16,384	
Social Security		13,048	
State Retirement		19,167	
Life Insurance		847	
Medical Insurance		28,064	
Employer Medicare		3,052	
Communication		39,627	
Dues and Memberships		10,000	
Postal Charges		8,531	
Travel		8,388	
Other Contracted Services		27,108	
Office Supplies		7,171	
Other Charges		16,777	
Administration Equipment		2,184	
Total Director of Schools			405,598

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	1,068,891	
Career Ladder Program		17,500	
Career Ladder Extended Contracts		11,427	
Assistant Principals		602,304	
Secretary(ies)		461,769	
Other Salaries and Wages		263,268	
Social Security		137,739	
State Retirement		216,060	
Life Insurance		10,815	
Medical Insurance		466,423	
Employer Medicare		32,213	
Other Contracted Services		22,291	
Other Charges		5,470	
Total Office of the Principal			\$ 3,316,170

Fiscal Services

Supervisor/Director	\$	35,485	
Accountants/Bookkeepers		111,223	
Social Security		8,168	
State Retirement		12,305	
Life Insurance		713	
Medical Insurance		34,798	
Employer Medicare		1,910	
Other Contracted Services		11,036	
Office Supplies		2,868	
Total Fiscal Services			218,506

Human Services/Personnel

Supervisor/Director	\$	35,459	
Secretary(ies)		24,943	
Social Security		3,641	
State Retirement		5,449	
Life Insurance		215	
Medical Insurance		4,368	
Employer Medicare		852	
Total Human Services/Personnel			74,927

Operation of Plant

Custodial Personnel	\$	1,065,001	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Social Security	\$	61,293	
State Retirement		83,119	
Life Insurance		7,357	
Medical Insurance		249,422	
Employer Medicare		14,414	
Other Contracted Services		175,902	
Custodial Supplies		78,970	
Electricity		1,459,879	
Fuel Oil		24,196	
Natural Gas		222,714	
Water and Sewer		192,257	
Other Supplies and Materials		4,987	
Other Charges		33,244	
Total Operation of Plant			\$ 3,672,755

Maintenance of Plant

Supervisor/Director	\$	47,550	
Secretary(ies)		22,923	
Custodial Personnel		3,185	
Maintenance Personnel		545,184	
Social Security		36,179	
State Retirement		52,616	
Life Insurance		2,801	
Medical Insurance		101,362	
Employer Medicare		8,461	
Maintenance and Repair Services - Equipment		5,744	
Other Contracted Services		103,972	
Other Supplies and Materials		77,259	
Other Charges		48,161	
Maintenance Equipment		76,781	
Total Maintenance of Plant			1,132,178

Transportation

Clerical Personnel	\$	12,719	
Other Salaries and Wages		26,010	
Social Security		2,221	
State Retirement		3,478	
Life Insurance		50	
Employer Medicare		519	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Contracts with Parents	\$ 1,700	
Total Transportation		\$ 46,697

Central and Other

Other Salaries and Wages	\$ 671,382	
Social Security	38,594	
State Retirement	56,671	
Employer Medicare	9,043	
Total Central and Other		775,690

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 39,813	
Social Security	2,270	
State Retirement	2,275	
Life Insurance	144	
Employer Medicare	531	
Travel	2,466	
Total Food Service		47,499

Early Childhood Education

Supervisor/Director	\$ 54,096	
Teachers	149,119	
Clerical Personnel	19,398	
Educational Assistants	42,855	
Social Security	15,048	
State Retirement	23,484	
Life Insurance	1,354	
Medical Insurance	61,936	
Employer Medicare	3,519	
Travel	1,323	
Other Contracted Services	390	
Other Supplies and Materials	1,367	
Other Equipment	116	
Total Early Childhood Education		374,005

Capital Outlay

Regular Capital Outlay

Architects	\$ 24,921	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay (Cont.)

Regular Capital Outlay (Cont.)

Building Improvements	\$ 1,969,771	
Other Capital Outlay	141,612	
Total Regular Capital Outlay		\$ 2,136,304

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 415,787	
Total Education		415,787

Total General Purpose School Fund \$ 50,466,883

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,281,807	
Educational Assistants	305,202	
Other Salaries and Wages	50,037	
Certified Substitute Teachers	110	
Non-certified Substitute Teachers	4,844	
Social Security	104,401	
State Retirement	156,097	
Life Insurance	4,709	
Medical Insurance	155,768	
Employer Medicare	24,416	
Travel	1,063	
Other Contracted Services	66,500	
Instructional Supplies and Materials	204,816	
Other Supplies and Materials	64,704	
Other Charges	25	
Regular Instruction Equipment	824,089	
Total Regular Instruction Program		\$ 3,248,588

Special Education Program

Teachers	\$ 338,340
Educational Assistants	520,576
Speech Pathologist	18,180
Other Salaries and Wages	46,795
Social Security	52,336
State Retirement	81,740

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	7,579	
Medical Insurance		246,302	
Employer Medicare		12,240	
Evaluation and Testing		4,223	
Maintenance and Repair Services - Equipment		660	
Other Contracted Services		16,488	
Instructional Supplies and Materials		51,025	
Special Education Equipment		128,829	
Total Special Education Program			\$ 1,525,313

Vocational Education Program

Instructional Supplies and Materials	\$	63,926	
Other Supplies and Materials		314	
Vocational Instruction Equipment		37,284	
Total Vocational Education Program			101,524

Support Services

Other Student Support

Other Salaries and Wages	\$	102,581	
Social Security		6,098	
State Retirement		9,241	
Life Insurance		201	
Medical Insurance		11,119	
Employer Medicare		1,426	
Evaluation and Testing		3,508	
Travel		40,063	
Other Contracted Services		1,616	
Other Supplies and Materials		9,476	
In Service/Staff Development		524	
Other Charges		42,789	
Total Other Student Support			228,642

Regular Instruction Program

Supervisor/Director	\$	66,765	
Instructional Computer Personnel		1,349	
Secretary(ies)		18,437	
Other Salaries and Wages		364,701	
Social Security		26,778	
State Retirement		41,070	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Life Insurance	\$	1,208	
Medical Insurance		46,716	
Employer Medicare		6,263	
Consultants		9,203	
Travel		59,149	
Other Contracted Services		36,768	
Library Books/Media		20,336	
Other Supplies and Materials		42,146	
In Service/Staff Development		265,651	
Other Charges		33,020	
Other Equipment		12,331	
Total Regular Instruction Program			\$ 1,051,891

Special Education Program

Assessment Personnel	\$	49,040	
Secretary(ies)		327	
Social Security		3,050	
State Retirement		4,467	
Life Insurance		141	
Medical Insurance		27	
Employer Medicare		713	
Travel		32,726	
Other Contracted Services		19,922	
Other Supplies and Materials		39,182	
In Service/Staff Development		60,723	
Other Charges		10,331	
Other Equipment		81,034	
Total Special Education Program			301,683

Vocational Education Program

Travel	\$	520	
Total Vocational Education Program			520

Transportation

Bus Drivers	\$	14,088	
Other Salaries and Wages		7,650	
Social Security		1,288	
State Retirement		1,982	
Employer Medicare		301	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Contracts with Parents	\$	7,039	
Diesel Fuel		7,175	
Transportation Equipment		118,794	
Total Transportation			\$ 158,317

Operation of Non-Instructional Services

Early Childhood Education

Other Supplies and Materials	\$	172	
Total Early Childhood Education			172

Total School Federal Projects Fund \$ 6,616,650

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	19,982	
Clerical Personnel		46,987	
Cafeteria Personnel		1,100,092	
Social Security		66,432	
State Retirement		86,307	
Life Insurance		11,776	
Medical Insurance		267,529	
Employer Medicare		15,537	
Communication		10,825	
Maintenance and Repair Services - Equipment		50,200	
Travel		1,352	
Other Contracted Services		249,239	
Food Preparation Supplies		126,443	
Food Supplies		1,156,127	
Office Supplies		13,297	
Uniforms		4,516	
USDA - Commodities		432,638	
Other Supplies and Materials		1,186	
In Service/Staff Development		85	
Other Charges		513	
Food Service Equipment		38,692	
Total Food Service			\$ 3,699,755

Total Central Cafeteria Fund 3,699,755

(Continued)

Exhibit J-8

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

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$ 31,056	
Total Board of Education		\$ 31,056

Transportation

Supervisor/Director	\$ 46,260	
Mechanic(s)	217,664	
Bus Drivers	938,931	
Clerical Personnel	47,185	
Social Security	69,477	
State Retirement	99,747	
Life Insurance	11,412	
Medical Insurance	305,356	
Employer Medicare	16,721	
Communication	6,555	
Contracts with Parents	5,152	
Medical and Dental Services	2,246	
Travel	381	
Other Contracted Services	14,904	
Gasoline	1,019,523	
Lubricants	9,635	
Tires and Tubes	44,214	
Vehicle Parts	168,788	
Other Supplies and Materials	5,708	
Other Charges	19,481	
Transportation Equipment	381,485	
Total Transportation		3,430,825

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 409,270	
Total Education		409,270

Total School Transportation Fund		\$ 3,871,151
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Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 13,079	
Building Construction	736,723	

(Continued)

Exhibit J-8

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

<u>Education Capital Projects Fund (Cont.)</u>			
<u>Capital Projects (Cont.)</u>			
<u>Education Capital Projects (Cont.)</u>			
Other Capital Outlay	\$	9,885	
Total Education Capital Projects			\$ 759,687
Total Education Capital Projects Fund			\$ 759,687
<u>Other Capital Projects - QSCB Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Architects	\$	91,472	
Building Improvements		1,847,655	
Total Education Capital Projects			\$ 1,939,127
Total Other Capital Projects - QSCB Fund			1,939,127
Total Governmental Funds - Hawkins County School Department			\$ 67,353,253

Exhibit J-9

Hawkins County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2012

	Cities - Sales Tax Fund	City School ADA - Rogersville Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 651,115	\$ 423,265	\$ 1,074,380
Trustee's Collections - Prior Years	0	30,126	19,754	49,880
Trustee's Collections - Bankruptcy	0	78	56	134
Circuit/Clerk and Master Collections - Prior Year	0	20,004	13,010	33,014
Interest and Penalty	0	4,461	2,899	7,360
Pick-up Taxes	0	836	544	1,380
Local Option Sales Tax	3,602,198	342,458	222,620	4,167,276
Wheel Tax	0	17,565	11,418	28,983
Bank Excise Tax	0	1,214	789	2,003
Interstate Telecommunications Tax	0	203	132	335
Marriage Licenses	0	302	196	498
Investment Income	0	2,899	2,955	5,854
Other Local Revenues	0	4,001	2,602	6,603
Total Cash Receipts	\$ 3,602,198	\$ 1,075,262	\$ 700,240	\$ 5,377,700
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 3,566,176	\$ 1,711,950	\$ 1,516,395	\$ 6,794,521
Trustee's Commissions	36,022	19,009	12,357	67,388
Total Cash Disbursements	\$ 3,602,198	\$ 1,730,959	\$ 1,528,752	\$ 6,861,909
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ (655,697)	\$ (828,512)	\$ (1,484,209)
Cash Balance, July 1, 2011	0	975,620	855,219	1,830,839
Cash Balance, June 30, 2012	\$ 0	\$ 319,923	\$ 26,707	\$ 346,630

SINGLE AUDIT SECTION



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

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

October 24, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Hawkins County's basic financial statements and have issued our report thereon dated October 24, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Hawkins County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Hawkins County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Hawkins County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness

of Hawkins County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hawkins County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 12.04.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hawkins County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.01, 12.02, 12.03, 12.05, and 12.06.

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

Hawkins County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Hawkins County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, County Commission, Board of Education, others within Hawkins County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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

REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

October 24, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Hawkins County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (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, 2012. Hawkins County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hawkins County's management. Our responsibility is to express an opinion on Hawkins County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with

the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hawkins County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hawkins County's compliance with those requirements.

In our opinion, Hawkins County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Hawkins County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hawkins County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hawkins County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 24, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Hawkins County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole.

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Hawkins County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Hawkins County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, County Commission, Board of Education, others within Hawkins County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Hawkins County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 571,008
National School Lunch Program	10.555	N/A	1,783,867 (5)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	432,638 (5)
Fresh Fruit and Vegetable Program	10.582	N/A	11,772
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-11-329400-00	<u>225,653</u>
Total U.S. Department of Agriculture			<u>\$ 3,024,938</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 2,333
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	Z11GH5148	<u>4,568</u>
Total U.S. Department of Transportation			<u>\$ 6,901</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,271,786
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	43,103
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,776,522
Special Education - Grants to States, Recovery Act	84.391	N/A	174,635
Special Education - Preschool Grants	84.173	N/A	10,521
Career and Technical Education - Basic Grants to States	84.048	N/A	144,957
Safe and Drug-free Schools and Communities - State Grants	84.186	N/A	44,136
Even Start - State Educational Agencies	84.213	N/A	172
Education Technology Cluster:			
Education Technology State Grants	84.318	N/A	13,551
Education Technology State Grants, Recovery Act	84.386	N/A	22,660
English Language Acquisition Grants	84.365	N/A	9,097
Improving Teacher Quality State Grants	84.367	N/A	470,385
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	1,935
State Fiscal Stabilization Fund (SFSF) - Governmental Services, Recovery Act	84.397	N/A	106,013
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	414,063
Education Jobs Fund	84.410	N/A	1,234,597
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(3)	<u>88,479</u>
Total U.S. Department of Education			<u>\$ 6,826,612</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	30510-00112-33	\$ 7,620
Total U.S. Election Assistance Commission			<u>\$ 7,620</u>
U.S. Department of Health and Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	7574	\$ 35,600
Homeland Security Grant Program	97.067	2547 & 5829	68,941
Total U.S. Department of Health and Homeland Security			<u>\$ 104,541</u>
Total Expenditures of Federal Awards			<u>\$ 9,970,612</u>
<u>State Grants</u>		<u>Contract Number</u>	
Airport Maintenance Program - State Department of Transportation	N/A	AERO-M12-253	\$ 8,790
Aging Program - First Tennessee Development District	N/A	(3)	42,636
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-212939-02	17,035
Health Department Program - State Department of Health	N/A	(3)	256,921
Litter Program - State Department of Transportation	N/A	37-500-4079-04	43,344
Tennessee Recreation Initiative Program - State Department of Environment and Conservation	N/A	Z-07-031379-00	3,774
Early Childhood Education - State Department of Education	N/A	(3)	377,462
Connect TN - State Department of Education	N/A	(3)	26,163
Art Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(3)	5,470
Adult Basic Education - State Department of Education	N/A	(4)	29,493
Coordinated School Health - State Department of Education	N/A	(3)	105,000
Family Resource Center - State Department of Education	N/A	(3)	29,612
Safe Schools Act of 1998 - State Department of Education	N/A	(3)	39,781
Statewide Student Management System - State Department of Education	N/A	(3)	<u>18,807</u>
Total State Grants			<u>\$ 1,004,288</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) AERO-11120-00: \$624; AERO-11-119-00: \$1,709.
- (3) Information not available.
- (4) LWAEFLAF11ABE12; LWAEFLAF11SDV12.
- (5) Total for CFDA #10.555 is \$2,216,505.

Hawkins County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There are no findings from the Annual Financial Report for Hawkins County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

HAWKINS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Hawkins County disclosed a deficiency in internal control. This deficiency was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Hawkins County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants (CFDA Nos. 84.027, 84.391, and 84.173); Improving Teacher Quality State Grants (CFDA No. 84.367); State Fiscal Stabilization Funds – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hawkins County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor, director of schools, trustee, and clerk and master provided written responses, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 12.01 **THE SOLID WASTE DEPARTMENT REPORTED FOUR THEFTS AT A CONVENIENCE CENTER (Noncompliance Under *Government Audit Standards*)**

The county mayor submitted two fraud reporting forms to the state Comptroller's Office in August 2012 related to four thefts that occurred at the Highway 113 convenience center in July and August 2012. These thefts were reported to the Hawkins County Sheriff's Department, and incident reports were completed. Approximately \$600 worth of scrap metal, including chairs, lawn and garden equipment, and batteries, plus a surveillance camera were removed from the convenience center. In one instance, an employee resigned and was not charged. In the other three instances, a former employee was charged with three counts of burglary and one count of theft under \$500. The former employee pled guilty to the burglary and theft charges on September 26, 2012, and was ordered to pay \$60 in restitution.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

FINDING 12.02 **THREE USED VEHICLES WERE PURCHASED WITHOUT OBTAINING COMPETITIVE BIDS (Noncompliance Under *Government Auditing Standards*)**

The School Maintenance Department purchased three used vehicles for \$9,999.99 each without obtaining formal bids. Three separate purchase orders were issued for these vehicles in August 2011, and three separate checks were written for payments in September 2011, to the same dealership, apparently in an attempt to circumvent the county's purchasing requirements. It should be noted that based on a review of subsequent minutes, the Board of Education approved the purchase of two additional vehicles in July 2012 and August 2012 from the same dealership for \$9,998 and \$9,990. Purchasing procedures for all departments of Hawkins County, including the discretely presented Hawkins County School Department, are governed by provisions of Chapter 256, Private Acts of 1957, as amended. These acts provide for the county mayor to make all purchases and for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. Because the purchases were for used vehicles, Section 12-3-1003, *Tennessee Code Annotated*, permits the purchase of used equipment without competitive bidding if certain documentation is obtained and conditions met. However, the required

documentation was not obtained. As a result, the best and lowest price may not have been obtained for the purchase of these used vehicles.

RECOMMENDATION

All purchases should be made in compliance with provisions of Chapter 256, Private Acts of 1957, as amended, and applicable state statutes. Competitive bids should be solicited for all purchases exceeding \$10,000.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We will implement a policy to ensure compliance with the statutes related to the purchase of used vehicles.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The Board of Education recognizes and accepts the finding concerning the School Maintenance Department in purchasing three used vehicles for \$9,999.99 each. After reviewing the finding, we have obtained the proper documentation for the used vehicles as provided by Section 12-3-1003, *Tennessee Code Annotated (TCA)*. Future purchases will be made in compliance with the provisions of Chapter 256, Private Acts as of 1957, as amended, along with Section 12-3-1003, *TCA*, for used equipment.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 12.03

JOSEPH ROGERS PRIMARY SCHOOL CAFETERIA FUNDS WERE STOLEN, WHICH RESULTED IN AN UNDETERMINED CASH SHORTAGE

(Noncompliance Under *Government Auditing Standards*)

On March 8, 2012, the school nutrition director informed auditors of suspected irregularities by the cafeteria manager. Several parents had expressed concerns about their child's meal patterns because, in some instances, student accounts reflected no activity. Parents can subscribe to an online payment and monitoring program that allows parents to electronically deposit funds into their child's account and to monitor their child's eating and spending practices. On March 7, 2012, the cafeteria manager admitted taking cafeteria funds and was placed on leave without pay status pending an investigation. On June 6, 2012, the cafeteria manager's employment was terminated. On October 3, 2012, the cafeteria manager pled guilty to theft under \$500, received one year of probation, and was fined \$100. We could not determine the amount of the cash shortage due to the deficiencies noted below.

Our investigation revealed that the following deficiencies contributed to the theft:

- A. There were no prenumbered receipts, collection logs, or other documentation available to account for the total amount of cash that was actually received by the cafeteria. The receipt book used in the cafeteria to account for

collections was missing. Classroom teachers were not required to prepare a collection log or other collection record documenting cafeteria collections made and remitted to the bookkeeper. Additionally, the school bookkeeper failed to count cafeteria collections from teachers and issue receipts at the time the collections were remitted. Teachers would deliver cafeteria collections to the school bookkeeper or the cafeteria manager.

- B. There were meal count variances between production reports and computer meal count records. A review of the cafeteria's computerized records indicated there were fewer meals served than what was recorded on the production reports manually generated by the cafeteria manager. The computerized meal count report is generated based on the number of meals entered into the register. In addition, we reviewed several production reports that appeared to be duplicates of prior reports.
- C. The cafeteria manager used an old "milk recipe" from the 2010-2011 school year. A milk recipe is used to record the amount of the different types of milk that is planned and served each day on the production report and is an average based on milk consumption from the first three weeks of a new school year.

RECOMMENDATION

Official prenumbered receipts should be issued for all collections. Receipts, collection logs, and other records should be on file and available for audit inspection. Collection procedures should be improved, and collections should be reconciled with the various records. Officials should take immediate steps to improve internal control procedures over meal counts, production reports, milk planning procedures, and the overall general operations of the school cafeteria.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

A new cafeteria manager was hired at Joseph Rogers Primary School for the 2012-2013 school year. Collection procedures will be improved between classroom teachers and the cafeteria.

OFFICE OF TRUSTEE

FINDING 12.04 **THE OFFICE HAD DEFICIENCIES IN ITS ACCOUNTING RECORDS**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

We noted the following deficiencies in the accounting records. These deficiencies resulted from a lack of management oversight related to incorrect journal entries being made during the audit period and the errors not being detected and corrected.

- A. On July 14, 2011, an employee of the Trustee's Office incorrectly posted a journal entry, which overstated the cash balance in the School Department's General Purpose School Fund by \$555,212. Consequently, this journal entry caused the School Department to incorrectly assume that they had \$555,212 more than they actually had. This error remained undetected and uncorrected until brought to the trustee's attention by representatives of the Comptroller's Office. Also, it should be noted that the debit side of this entry was not reflected on all of the reports generated by the trustee's computer system. This computer error resulted in the monthly "Trustee's Office Fund Report" being out of balance for the year by the amount of the adjustment (\$555,212).

- B. On September 17, 2011, a journal entry was posted to the accounting records by the trustee's computer vendor to correct an error related to the proration of property tax revenues. However, this journal entry resulted in a portion of the property tax revenues (\$43,892) being prorated incorrectly to the various funds of Hawkins County. This error remained undetected and uncorrected until brought to the trustee's attention by representatives of the Comptroller's Office.

We provided management with adjustments to correct the deficiencies, and management accepted these adjustments.

RECOMMENDATION

Management should review all journal entries and the various monthly reports to ensure the accuracy of the accounting records prior to providing the information to various levels of government.

MANAGEMENT'S RESPONSE – TRUSTEE

An employee of the Trustee's Office incorrectly posted a journal entry into our accounting system. She thought she had correctly posted the journal entry and neither she nor I discovered this until brought to our attention by the representative of the Comptroller's Office. The correction has been made.

Our computer software company had to make some adjustments to our system that the Trustee Office was unable to do. These adjustments were due to customers who had paid on the wrong parcel or wrong tax year. We were not able to make the adjustments because the entry had been done on previous work days, and we are not allowed to make those type of changes. The corrections were prorated to the wrong funds, and this remained undetected. These corrections have been made.

I accept the recommendations by audit and will review all journal entries and the monthly reports to ensure the accuracy of the accounting records prior to providing the information to various levels of government.

OFFICE OF CLERK AND MASTER

FINDING 12.05 **FEES AND COMMISSIONS TOTALING \$8,156 WERE EXPENDED WITHOUT PROPER AUTHORIZATION (Noncompliance Under *Government Auditing Standards*)**

The Clerk and Master's Office operates under Section 8-22-104(a)(2), *Tennessee Code Annotated (TCA)*. This statute provides for all fees and commissions earned in excess of three months salaries for the official and employees to be paid to the county trustee quarterly. Also, Section 8-22-107, *TCA*, requires that all necessary books, stationery, office equipment, stamps and supplies of all kinds used in the conduct of the various offices shall be furnished and paid for by the county. During the year, the clerk expensed \$8,156 directly from the fee and commission account to various vendors for office equipment and other office related expenses. It should be noted that the majority of these disbursements (\$7,668) are related to the purchase of office equipment and other costs associated with the relocation of the Clerk and Master's Office. By paying the vendor invoices directly from the fee and commission account, the clerk circumvented the county's budgeting and purchasing processes. These disbursements should have been made by the county's General Fund through the budgetary and purchasing systems to ensure disbursements were appropriated and authorized as required by state statutes. Management stated that they were unaware of these requirements.

RECOMMENDATION

Excess fees and commissions should be properly remitted to the county trustee, and operating expenses of the office should be appropriated and paid through the county's General Fund as required by state statutes.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

This is in response to Finding 12.05 as it relates to expenditures from the fee and commission account for office furniture associated with the relocation of our office into the renovated courthouse. During the discussion with the courthouse renovation project manager, it was determined there were insufficient funds in the furniture portion of the budget for these items. Since time was of the essence in ordering the items and having them in place by the time the office moved, and since I thought these items could be purchased from fees to conduct office business, the furniture was purchased without using the budgetary and purchasing systems through the county's General Fund. Even with these expenditures, excess fees totaling \$63,036 were turned over to the county. Certainly, the finding is duly noted, and the budgetary and purchasing processes will be used for all future purchases.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 12.06 **THE ASSESSOR OF PROPERTY DID NOT PRORATE NEW CONSTRUCTION**

(Noncompliance Under *Government Auditing Standards*)

The assessor did not pick up and prorate new construction or improvements. Section 67-5-603, *Tennessee Code Annotated*, provides that for the year in which an improvement or building is completed, the assessment, or increase in assessment, shall be prorated for the portion of the year following the date of its completion. This deficiency can be attributed to a lack of management oversight resulting in new construction not being properly assessed and the potential loss of county tax revenue.

RECOMMENDATION

The assessor should pick up and prorate new construction and improvements as required by statute.

BEST PRACTICES

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

ITEM 1. **HAWKINS COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING**

Hawkins County operates under provisions of Chapter 256, Private Acts of 1957, as amended. This act provides for the county mayor to make purchases for all departments of Hawkins County, including the discretely presented Hawkins County School Department.

Hawkins County does not have a central system of accounting and budgeting. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting and budgeting processes. The absence of a central system of accounting and budgeting has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting and budgeting covering all county departments.

ITEM 2.

HAWKINS COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

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

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

There were no findings and questioned costs for federal programs.

**HAWKINS COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012**

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