
ANNUAL FINANCIAL REPORT HAWKINS COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



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

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

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

HAWKINS COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Hawkins County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23-24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	25
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	26-29
Highway/Public Works Fund	C-6	30
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	31
Index and Notes to the Financial Statements		32-83
REQUIRED SUPPLEMENTARY INFORMATION:		84
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Hawkins County School Department	E-1	85
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Hawkins County School Department	E-2	86
Notes to the Required Supplementary Information		87

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		88
Nonmajor Governmental Funds:		89-90
Combining Balance Sheet	F-1	91-94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	95-98
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	F-3	99
Drug Control Fund	F-4	100
Special Debt Service Fund	F-5	101
Major Governmental Funds:		102
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Debt Service Fund	G-1	103
Education Debt Service Fund	G-2	104
Fiduciary Funds:		105
Combining Statement of Fiduciary Assets and Liabilities	H-1	106
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	107-108
Component Unit:		
Discretely Presented Hawkins County School Department:		109
Statement of Activities	I-1	110
Balance Sheet – Governmental Funds	I-2	111-112
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	113
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	114-115
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	116
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	117
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	118
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	119-120
School Federal Projects Fund	I-9	121
Central Cafeteria Fund	I-10	122
School Transportation Fund	I-11	123

	Exhibit	Page(s)
Miscellaneous Schedules:		124
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds	J-1	125-127
Schedule of Long-term Debt Requirements by Year	J-2	128-129
Schedule of Transfers – Primary Government and Discretely Presented Hawkins County School Department	J-3	130
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Hawkins County School Department	J-4	131
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	132-145
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Hawkins County School Department	J-6	146-149
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	150-173
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Hawkins County School Department	J-8	174-185
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	J-9	186
 <u>SINGLE AUDIT SECTION</u>		 187
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>		188-190
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133		191-193
Schedule of Expenditures of Federal Awards and State Grants		194-195
Schedule of Audit Findings Not Corrected		196
Schedule of Findings and Questioned Costs		197-200
Best Practice		201
Auditee Reporting Responsibilities		202

Summary of Audit Findings

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

Scope

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

Results

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

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

Finding

The following is a summary of the audit finding:

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

- ◆ Bids were not solicited for the purchase of washing machines for the high schools.

INTRODUCTORY SECTION

Hawkins County Officials

June 30, 2014

Officials

Melville Bailey, County Mayor
Lowell Bean, Road Superintendent
Charlotte Britton, Director of Schools
Patricia Courtney, Trustee
Jeff Thacker, Assessor of Property
Carroll Jenkins, County Clerk
Sarah Davis, Circuit and General Sessions Courts Clerk
Holly Jaynes, Clerk and Master
Judy Kirkpatrick, Register of Deeds
Ronnie Lawson, Sheriff

Board of County Commissioners

Melville Bailey, County Mayor, Chairman
Danny Alvis
Shane Bailey
Jeff Barrett
Dwight Carter
Fred Castle
Eugene Christian
B.D. Cradic
Glenda Davis
Charlie Freeman
Darrell Gilliam

Valerie Goins
Gary Hicks, Jr.
Linda Kimbro
Joe McLain
John Metz
Hubert Neal
Charlie Newton
Robert Palmer
Syble Vaughn Trent
Stacy Vaughan
Joshua Wallace

Board of Education

Randall Collier, Chairman
Chris Christian
Kathy Cradic
Holly Helton

Bob Larkins
Debbie Shedden
Michael Williams

Audit Committee (appointed 9-1-14)

Syble Vaughan Trent
Jeff Barrett
Danny Alvis
Dawson Fields
John C. Metz
Gary Hicks, Jr.
Charlie Newton

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hawkins County Emergency Communications District and the Hawkins County Library System. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hawkins County Emergency Communications District and the Hawkins County Library System, is based solely on the reports of the other auditors. We were unable to determine Hawkins County Emergency Communications District's and the Hawkins County Library System's respective percentage of the assets,

net position, and revenues of the aggregate discretely presented component units because the Industrial Development Board of Hawkins County, a component unit requiring discrete presentation, was not available from other auditors in time for inclusion in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Change in Accounting Principle

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

Emphasis of Matter

We draw attention to Note I.D.9. of the financial statements, which describes an adjustment to the beginning balance of the discretely presented School Department's General Purpose School Fund totaling \$259,087. This adjustment was necessary to correct

an error in the recording of liabilities for termination benefits at the fund level as of June 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 85 - 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hawkins County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Hawkins County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Hawkins County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the

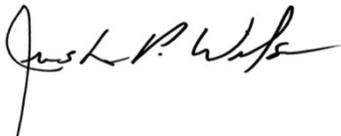
audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2015, on our consideration of Hawkins County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hawkins County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 20, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Governmental Activities	Component Units		
		Hawkins County School Department	Emergency Communications District	Hawkins County Library System
	\$ 90,325	\$ 1,532	\$ 178,064	\$ 211,901
Cash	24,776,183	12,984,246	0	0
Equity in Pooled Cash and Investments	124,836	121,654	72,178	0
Accounts Receivable	2,339,251	1,544,456	0	0
Due from Other Governments	157,036	0	0	0
Due from Component Units	14,161,627	10,075,186	0	0
Property Taxes Receivable	(592,949)	(355,180)	0	0
Allowance for Uncollectible Property Taxes	53,434	0	3,337	0
Prepaid Items	25,459	0	0	0
Unamortized Discount on Debt				
Capital Assets:				
Assets Not Depreciated:				
Land	1,235,307	1,584,332	126,314	0
Construction in Progress	394,800	280,173	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	16,711,389	55,963,371	483,277	0
Other Capital Assets	3,060,325	2,819,775	456,695	156,734
Infrastructure	40,244,062	0	0	0
Total Assets	\$ 102,781,085	\$ 85,019,545	\$ 1,319,865	\$ 368,635

ASSETS

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units			
		Hawkins County School Department	Emergency Communications District	Hawkins County Library System	
Deferred Charge on Refunding	\$ 453,490	\$ 0	\$ 0	\$ 0	\$ 0
Total Deferred Outflows of Resources	\$ 453,490	\$ 0	\$ 0	\$ 0	\$ 0
<u>LIABILITIES</u>					
Accounts Payable	\$ 723,066	\$ 296,932	\$ 4,502	\$ 7,908	\$ 0
Accrued Payroll	31,649	69,121	19,003	0	0
Payroll Deductions Payable	27	0	0	0	0
Contracts Payable	272,937	108,370	0	0	0
Retainage Payable	0	12,806	0	0	0
Accrued Interest Payable	343,812	0	0	0	0
Due to Primary Government	0	157,036	0	0	0
Due to Litigants, Heirs, and Others	80	0	0	0	0
Derivative - Interest Rate Swap	2,270,931	0	0	0	0
Other Current Liabilities	0	1,553,994	5,750	4,048	0
Noncurrent Liabilities:					
Due Within One Year	4,123,461	686,560	56,641	0	0
Due in More than One Year (net of unamortized premium on debt)	83,757,401	12,165,106	596,069	0	0
Total Liabilities	\$ 91,523,364	\$ 15,049,925	\$ 681,965	\$ 11,956	\$ 0

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units			
		Hawkins County School Department	Emergency Communications District	Hawkins County Library System	
Deferred Current Property Taxes	\$ 13,180,832	\$ 9,535,484	\$ 0	\$ 0	0
Total Deferred Inflows of Resources	<u>\$ 13,180,832</u>	<u>\$ 9,535,484</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 43,090,073	\$ 60,647,651	\$ 412,529	\$ 156,734	
Restricted for:					
General Government	93,489	0	0	0	0
Finance	22,409	0	0	0	0
Administration of Justice	662,129	0	0	0	0
Public Safety	290,443	0	0	0	0
Public Health and Welfare	36,836	0	0	0	0
Highways	3,226,370	0	0	0	0
Debt Service	15,010,340	0	0	0	0
Education	0	4,309,708	0	0	0
Capital Projects	23,559	0	0	66,977	
Other Purposes	157,239	0	0	0	0
Unrestricted	(64,082,508)	(4,523,223)	225,371	132,968	
Total Net Position	<u>\$ (1,469,621)</u>	<u>\$ 60,434,136</u>	<u>\$ 637,900</u>	<u>\$ 356,679</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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Primary				Component Units					
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Hawkins County School Department	Emergency Communications District	Hawkins County Library System		
Primary Government:										
Governmental Activities:										
General Government	\$ 3,235,914	\$ 366,131	\$ 115,016	\$ 328,687	\$ (2,426,080)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,542,639	1,185,169	0	0	(357,470)	0	0	0	0	0
Administration of Justice	1,401,407	1,240,411	27,470	0	(133,526)	0	0	0	0	0
Public Safety	7,255,552	2,051,902	197,146	770,313	(4,236,191)	0	0	0	0	0
Public Health and Welfare	1,995,324	145,833	396,454	118,398	(1,334,639)	0	0	0	0	0
Social, Cultural, and Recreational Services	433,981	6,980	30,052	0	(396,949)	0	0	0	0	0
Agriculture and Natural Resources	126,639	0	0	0	(126,639)	0	0	0	0	0
Highways	7,996,238	22,771	1,980,452	5,288,714	(704,301)	0	0	0	0	0
Education	174,089	0	0	0	(174,089)	0	0	0	0	0
Interest on Long-term Debt	3,837,610	0	0	0	(3,837,610)	0	0	0	0	0
Total Primary Government	\$ 27,999,393	\$ 5,019,197	\$ 2,746,590	\$ 6,506,112	\$ (13,727,494)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Hawkins County School Department	\$ 68,118,704	\$ 1,164,573	\$ 7,450,334	\$ 48,437	\$ 0	\$ (59,455,360)	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Communications District	864,513	354,501	657,804	0	0	0	147,792	0	0	0
Hawkins County Library System	313,205	31,420	16,759	0	0	0	0	0	0	(265,026)
Total Component Units	\$ 69,296,422	\$ 1,550,494	\$ 8,124,897	\$ 48,437	\$ 0	\$ (59,455,360)	\$ 147,792	\$ 0	\$ (265,026)	\$ 0

(Continued)

Exhibit B

Hawkins County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Hawkins County School Department	Emergency Communications District	Hawkins County Library System
		Total Governmental Activities					
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes		\$ 7,824,286	\$ 8,324,987	\$ 0	\$ 0	\$ 0	
Property Taxes Levied for Highway/Public Works		1,427,404	0	0	0	0	
Property Taxes Levied for Transportation		0	1,463,013	0	0	0	
Property Taxes Levied for Debt Service		4,440,805	0	0	0	0	
Local Option Sales Taxes		751,529	3,964,545	0	0	0	
Wheel Tax		1,030,515	324,689	0	0	0	
Litigation Tax - General		123,683	0	0	0	0	
Litigation Tax - Jail, Workhouse, Courthouse		115,193	0	0	0	0	
Litigation Tax - Courthouse Security		117,927	0	0	0	0	
Business Tax		317,189	0	0	0	0	
Mineral Severance Tax		66,641	0	0	0	0	
Wholesale Beer Tax		101,062	0	0	0	0	
Interstate Telecommunication Tax		3,596	5,018	0	0	0	
Grants and Contributions Not Restricted to Specific Programs		1,632,826	39,939,227	0	0	274,555	
Unrestricted Investment Income		79,328	2,429	25	25	3,201	
Miscellaneous		9,200	481,579	5,520	0	0	
Total General Revenues		\$ 18,041,184	\$ 54,505,487	\$ 5,545	\$ 277,756		
Change in Fair Value of Derivatives - Interest Rate Swap		\$ (109,726)	\$ 0	\$ 0	\$ 0	\$ 0	
Change in Net Position		\$ 4,203,964	\$ (4,949,873)	\$ 153,337	\$ 12,730	\$ 12,730	
Net Position, July 1, 2013		(5,673,585)	65,384,009	484,563	343,949	343,949	
Net Position, June 30, 2014		\$ (1,469,621)	\$ 60,434,136	\$ 637,900	\$ 356,679	\$ 356,679	

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, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Governmental Funds	Governmental Funds	
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,325	\$ 90,325
Equity in Pooled Cash and Investments	5,406,169	2,639,110	3,818,965	9,650,489	3,261,450	24,776,183	24,776,183
Accounts Receivable	32,099	1,121	528	1,293	88,283	123,324	123,324
Due from Other Governments	964,662	1,160,187	0	0	214,402	2,339,251	2,339,251
Due from Other Funds	37,598	815	0	0	13,929	52,342	52,342
Due from Component Units	12,742	0	0	144,294	0	157,036	157,036
Property Taxes Receivable	8,092,358	1,476,309	874,850	3,718,110	0	14,161,627	14,161,627
Allowance for Uncollectible Property Taxes	(338,828)	(61,813)	(36,630)	(155,678)	0	(592,949)	(592,949)
Prepaid Items	0	0	0	53,434	0	53,434	53,434
Total Assets	\$ 14,206,800	\$ 5,215,729	\$ 4,657,713	\$ 13,411,942	\$ 3,668,389	\$ 41,160,573	\$ 41,160,573
LIABILITIES							
Accounts Payable	\$ 130,239	\$ 529,553	\$ 0	\$ 0	\$ 63,274	\$ 723,066	\$ 723,066
Accrued Payroll	31,649	0	0	0	0	31,649	31,649
Payroll Deductions Payable	0	27	0	0	0	27	27
Contracts Payable	0	0	0	0	272,937	272,937	272,937
Due to Other Funds	14,744	0	0	0	36,086	50,830	50,830
Due to Litigants, Heirs, and Others	0	0	0	0	80	80	80
Total Liabilities	\$ 176,632	\$ 529,580	\$ 0	\$ 0	\$ 372,377	\$ 1,078,589	\$ 1,078,589
DEFERRED INFLOWS OF RESOURCES							
Deferred Current Property Taxes	\$ 7,531,904	\$ 1,374,064	\$ 814,260	\$ 3,460,604	\$ 0	\$ 13,180,832	\$ 13,180,832
Deferred Delinquent Property Taxes	194,699	35,520	21,049	89,456	0	340,724	340,724
Other Deferred/Unavailable Revenue	484,809	177,043	0	0	107,657	769,509	769,509
Total Deferred Inflows of Resources	\$ 8,211,412	\$ 1,586,627	\$ 835,309	\$ 3,550,060	\$ 107,657	\$ 14,291,065	\$ 14,291,065

(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 Govern- mental Funds	
Nonspendable:						
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 53,434	\$ 0	\$ 53,434
Restricted:						
Restricted for General Government	93,489	0	0	0	0	93,489
Restricted for Finance	22,409	0	0	0	0	22,409
Restricted for Administration of Justice	587,711	0	0	0	74,418	662,129
Restricted for Public Safety	15,671	0	0	0	274,772	290,443
Restricted for Public Health and Welfare	36,836	0	0	0	0	36,836
Restricted for Other Operations	157,239	0	0	0	0	157,239
Restricted for Highways/Public Works	0	3,069,405	0	0	0	3,069,405
Restricted for Debt Service	0	0	3,807,917	9,808,448	1,573,848	15,190,213
Restricted for Capital Projects	0	0	0	0	612,252	612,252
Committed:						
Committed for General Government	32,895	0	0	0	0	32,895
Committed for Finance	27,696	0	0	0	0	27,696
Committed for Public Safety	246,000	0	0	0	0	246,000
Committed for Public Health and Welfare	0	0	0	0	653,065	653,065
Committed for Highways/Public Works	125,000	30,117	0	0	0	155,117
Committed for Debt Service	0	0	14,487	0	0	14,487
Committed for Other Purposes	14,369	0	0	0	0	14,369
Assigned:						
Assigned for General Government	1,971,364	0	0	0	0	1,971,364
Assigned for Finance	27,325	0	0	0	0	27,325
Assigned for Public Safety	16,392	0	0	0	0	16,392
Assigned for Public Health and Welfare	9,346	0	0	0	0	9,346
Assigned for Agriculture and Natural Resources	5,191	0	0	0	0	5,191
Assigned for Other Operations	18,100	0	0	0	0	18,100
Unassigned	2,411,723	0	0	0	0	2,411,723
Total Fund Balances	\$ 5,818,756	\$ 3,099,522	\$ 3,822,404	\$ 9,861,882	\$ 3,188,355	\$ 25,790,919
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,206,800	\$ 5,215,729	\$ 4,657,713	\$ 13,411,942	\$ 3,668,389	\$ 41,160,573

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 Position
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 25,790,919
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,235,307	
Add: construction in progress	394,800	
Add: infrastructure net of accumulated depreciation	40,244,062	
Add: buildings and improvements net of accumulated depreciation	16,711,389	
Add: other capital assets net of accumulated depreciation	<u>3,060,325</u>	61,645,883
(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	\$ (961,397)	
Less: other loans payable	(45,095,566)	
Less: capital leases payable	(245,417)	
Less: bonds payable	(37,090,000)	
Add: deferred amount on refunding	453,490	
Add: unamortized discount on debt	25,459	
Less: compensated absences payable	(548,805)	
Less: other deferred revenue - premium on debt	(428,802)	
Less: accrued interest on bonds, notes, other loans payable, and capital leases	(343,812)	
Less: other postemployment benefits liability	(3,510,875)	
Less: negative fair market value of interest rate swap	<u>(2,270,931)</u>	(90,016,656)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,110,233</u>
Net position of governmental activities (Exhibit A)		<u>\$ (1,469,621)</u>

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

Exhibit C-3

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

	Major Funds				Normajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 8,580,413	\$ 1,506,157	\$ 968,243	\$ 3,968,944	\$ 1,408,272	\$ 16,432,029	
Licenses and Permits	2,803	0	0	0	127,784	130,587	
Fines, Forfeitures, and Penalties	213,758	0	0	0	58,581	272,339	
Charges for Current Services	140,028	2,520	0	0	214,459	357,007	
Other Local Revenues	55,236	20,251	13,162	65,897	137,978	292,524	
Fees Received from County Officials	2,143,526	0	0	0	0	2,143,526	
State of Tennessee	2,822,429	3,093,373	0	0	136,707	6,052,509	
Federal Government	204,356	0	6,466	361,585	47,851	620,258	
Other Governments and Citizens Groups	247,761	0	0	911,061	0	1,158,822	
Total Revenues	\$ 14,410,310	\$ 4,622,301	\$ 987,871	\$ 5,307,487	\$ 2,131,632	\$ 27,459,601	

Expenditures

Current:

General Government	\$ 2,455,629	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,455,629
Finance	1,381,555	0	0	0	0	1,381,555
Administration of Justice	1,217,330	0	0	0	180,152	1,397,482
Public Safety	7,275,550	0	0	0	77,388	7,352,938
Public Health and Welfare	758,670	0	0	0	1,409,300	2,167,970
Social, Cultural, and Recreational Services	443,535	0	0	0	0	443,535
Agriculture and Natural Resources	129,901	0	0	0	0	129,901
Other Operations	1,018,655	0	0	0	0	1,018,655
Highways	54,980	4,975,755	0	0	0	5,030,735
Debt Service:						
Principal on Debt	59,076	2,661	423,664	2,205,791	345,000	3,036,192
Interest on Debt	4,004	180	663,044	2,859,882	145,070	3,672,180
Other Debt Service	0	0	19,061	123,964	4,958	147,983

(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>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,330,737	\$ 2,330,737	\$ 2,330,737
Total Expenditures	\$ 14,798,885	\$ 4,978,596	\$ 1,105,769	\$ 5,189,637	\$ 4,492,605	\$ 30,565,492	\$ 30,565,492
Excess (Deficiency) of Revenues Over Expenditures	\$ (388,575)	\$ (356,295)	\$ (117,898)	\$ 117,850	\$ (2,360,973)	\$ (3,105,891)	\$ (3,105,891)
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Premiums on Debt Issued	0	0	0	0	43,469	43,469	43,469
Insurance Recovery	47,181	0	0	0	290,229	337,410	337,410
Transfers In	0	0	0	113,064	0	113,064	113,064
Transfers Out	(113,064)	0	0	0	0	(113,064)	(113,064)
Total Other Financing Sources (Uses)	\$ (65,883)	\$ 0	\$ 0	\$ 113,064	\$ 2,833,698	\$ 2,880,879	\$ 2,880,879
Net Change in Fund Balances	\$ (454,458)	\$ (356,295)	\$ (117,898)	\$ 230,914	\$ 472,725	\$ (225,012)	\$ (225,012)
Fund Balance, July 1, 2013	6,273,214	3,455,817	3,940,302	9,630,968	2,715,630	26,015,931	26,015,931
Fund Balance, June 30, 2014	\$ 5,818,756	\$ 3,099,522	\$ 3,822,404	\$ 9,861,882	\$ 3,188,355	\$ 25,790,919	\$ 25,790,919

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, 2014

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (225,012)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,586,910	
Less: current-year depreciation expense	<u>(2,461,437)</u>	125,473
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 4,593,290	
Less: book value of assets disposed	<u>(402,630)</u>	4,190,660
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 1,110,233	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(898,355)</u>	211,878
(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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt related items.		
Add: principal payments on bonds	\$ 1,645,000	
Add: principal payments on other loans	1,157,791	
Add: principal payments on notes	171,664	
Add: principal payments on capital leases	61,737	
Less: bond proceeds	(2,500,000)	
Less: change in discount on debt	(5,107)	
Add: change in premium on debt issuances	12,107	
Less: change in deferred amount on refunding debt	(95,499)	
Less: change in fair value of derivatives - interest rate swap	<u>(109,726)</u>	337,967
(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	\$ (69,930)	
Change in other postemployment benefits liability	(322,262)	
Change in compensated absences payable	<u>(44,810)</u>	(437,002)
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,203,964</u>

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

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 8,580,413	\$ 0	\$ 0	\$ 8,580,413	\$ 8,380,581	\$ 8,380,581	\$ 199,832
Licenses and Permits	2,803	0	0	2,803	3,700	3,700	(897)
Fines, Forfeitures, and Penalties	213,758	0	0	213,758	198,735	198,735	15,023
Charges for Current Services	140,028	0	0	140,028	137,700	137,700	2,328
Other Local Revenues	55,236	0	0	55,236	16,300	16,300	38,936
Fees Received from County Officials	2,143,526	0	0	2,143,526	1,999,000	2,008,000	135,526
State of Tennessee	2,822,429	0	0	2,822,429	1,922,664	2,453,533	368,896
Federal Government	204,356	0	0	204,356	1,481,980	1,726,980	(1,522,624)
Other Governments and Citizens Groups	247,761	0	0	247,761	199,781	267,354	(19,593)
Total Revenues	\$ 14,410,310	\$ 0	\$ 0	\$ 14,410,310	\$ 14,340,441	\$ 15,192,883	\$ (782,573)
Expenditures							
General Government							
County Commission	\$ 78,444	\$ 0	\$ 0	\$ 78,444	\$ 93,147	\$ 93,147	\$ 14,703
Board of Equalization	6,493	0	0	6,493	5,657	6,508	15
Beer Board	893	0	0	893	2,477	2,477	1,584
Budget and Finance Committee	7,083	0	0	7,083	8,362	7,511	428
County Mayor/Executive	404,138	(9,260)	8,560	403,438	402,898	412,248	8,810
County Attorney	39,986	0	0	39,986	40,148	40,148	162
Election Commission	295,400	(5,000)	11,288	301,688	357,891	360,501	58,813
Register of Deeds	252,626	(1,293)	1,496	252,829	261,057	261,057	8,228
Planning	14,726	0	0	14,726	16,775	16,775	2,049
County Buildings	793,287	(183,529)	86,204	695,962	922,863	949,125	253,163
Other General Administration	561,250	(6,282)	2,200	557,168	632,887	615,279	58,111
Preservation of Records	1,303	0	0	1,303	1,149	1,449	146
Finance							
Property Assessor's Office	366,571	0	6,700	373,271	436,157	437,977	64,706
Reappraisal Program	132,081	0	0	132,081	139,031	139,031	6,950
County Trustee's Office	245,238	(8,928)	9,700	246,010	261,834	261,834	15,824
County Clerk's Office	637,665	(10,519)	10,925	638,071	642,576	651,576	13,505

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court Clerk	\$ 500,827	\$ (94)	0	\$ 500,733	\$ 512,373	\$ 521,373	\$ 20,640
Criminal Court	7,396	0	0	7,396	13,000	8,000	604
General Sessions Court	283,587	0	0	283,587	284,032	298,305	14,718
Drug Court	28,229	0	0	28,229	1,700	32,330	4,101
Chancery Court	94,519	0	0	94,519	99,086	104,286	9,767
Juvenile Court	151,456	0	0	151,456	155,724	155,724	4,268
Courtroom Security	151,316	(4,950)	0	146,366	149,019	171,681	25,315
<u>Public Safety</u>							
Sheriff's Department	3,779,103	(643,177)	6,782	3,142,708	3,346,314	3,406,649	263,941
Drug Enforcement	1,833	0	0	1,833	7,011	7,011	5,178
Administration of the Sexual Offender Registry	1,100	(300)	200	1,000	4,500	4,500	3,500
Jail	2,505,266	(76,163)	0	2,429,103	2,665,761	2,643,261	214,158
Juvenile Services	217,865	(7,837)	8,830	218,858	221,735	237,735	18,877
Fire Prevention and Control	241,000	0	0	241,000	241,485	241,485	485
Rescue Squad	100,000	0	0	100,000	100,000	100,000	0
Disaster Relief	746	0	0	746	4,147	8,647	7,901
Other Emergency Management	314,375	(26,217)	780	288,938	342,884	342,884	53,946
County Coroner/Medical Examiner	114,262	0	0	114,262	117,616	119,116	4,854
<u>Public Health and Welfare</u>							
Local Health Center	313,574	(5,900)	7,834	315,508	333,627	334,262	18,754
Ambulance/Emergency Medical Services	60,000	0	0	60,000	60,000	60,000	0
Other Local Health Services	374,314	0	0	374,314	448,200	443,200	68,886
Aid to Dependent Children	6,030	0	0	6,030	6,500	6,500	470
Other Public Health and Welfare	4,752	0	1,512	6,264	0	43,100	36,836
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	2,000	0	0	2,000	2,000	2,000	0
Senior Citizens Assistance	197,649	(1,534)	0	196,115	208,721	210,762	14,647
Libraries	101,000	0	0	101,000	101,000	101,000	0
Parks and Fair Boards	142,886	(36)	0	142,850	151,998	151,998	9,148

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	\$ 58,467	\$ (207)	191	\$ 58,451	\$ 84,741	\$ 84,741	\$ 26,290
Forest Service	1,500	0	0	1,500	1,500	1,500	0
Soil Conservation	59,565	0	0	59,565	59,559	63,139	3,574
Flood Control	0	0	0	0	4,000	4,000	4,000
Storm Water Management	10,369	(5,000)	5,000	10,369	30,774	30,774	20,405
<u>Other Operations</u>							
Tourism	1,500	0	0	1,500	1,500	1,500	0
Industrial Development	267,845	(559)	5,600	272,886	221,595	290,420	17,534
Airport	355,665	(170,642)	157,239	342,262	1,103,822	1,348,822	1,006,560
Veterans' Services	78,706	0	0	78,706	80,474	80,474	1,768
Contributions to Other Agencies	27,500	0	0	27,500	27,500	27,500	0
Employee Benefits	67,706	0	0	67,706	156,900	127,670	59,964
Miscellaneous	219,733	0	12,500	232,233	278,038	293,238	61,005
<u>Highways</u>							
Litter and Trash Collection	54,980	0	0	54,980	67,883	67,883	12,903
<u>Principal on Debt</u>							
General Government	59,076	0	0	59,076	59,076	59,076	0
<u>Interest on Debt</u>							
General Government	4,004	0	0	4,004	35,940	35,940	31,936
<u>Other Debt Service</u>							
General Government	0	0	0	0	100	100	100
Total Expenditures	\$ 14,798,885	\$ (1,167,427)	\$ 343,541	\$ 13,974,999	\$ 16,016,744	\$ 16,529,229	\$ 2,554,230
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (388,575)	\$ 1,167,427	\$ (343,541)	\$ 435,311	\$ (1,676,303)	\$ (1,336,346)	\$ 1,771,657
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 47,181	\$ 0	\$ 0	\$ 47,181	\$ 24,930	\$ 24,930	\$ 22,251
Transfers Out	(113,064)	0	0	(113,064)	(98,344)	(113,069)	5
Total Other Financing Sources	\$ (65,883)	\$ 0	\$ 0	\$ (65,883)	\$ (73,414)	\$ (88,139)	\$ 22,256

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (454,458) \$	1,167,427 \$	(343,541) \$	369,428 \$	(1,749,717) \$	(1,424,485) \$	1,793,913
Fund Balance, July 1, 2013	6,273,214	(1,167,427)	0	5,105,787	4,931,325	5,105,589	198
Fund Balance, June 30, 2014	\$ 5,818,756 \$	0 \$	(343,541) \$	5,475,215 \$	3,181,608 \$	3,681,104 \$	1,794,111

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

Exhibit C-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,506,157	\$ 0	\$ 0	\$ 1,506,157	\$ 1,466,208	\$ 1,466,208	\$ 39,949
Charges for Current Services	2,520	0	0	2,520	1,000	1,000	1,520
Other Local Revenues	20,251	0	0	20,251	0	0	20,251
State of Tennessee	3,093,373	0	0	3,093,373	3,533,600	3,533,600	(440,227)
Total Revenues	\$ 4,622,301	\$ 0	\$ 0	\$ 4,622,301	\$ 5,000,808	\$ 5,000,808	\$ (378,507)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 178,043	\$ (31)	\$ 0	\$ 178,012	\$ 198,758	\$ 198,758	\$ 20,746
Highway and Bridge Maintenance	1,930,704	0	8,414	1,939,118	2,936,700	2,936,700	997,582
Operation and Maintenance of Equipment	477,886	(2,529)	0	475,357	811,100	811,100	335,743
Other Charges	158,543	0	0	158,543	180,499	180,499	21,956
Employee Benefits	328,184	0	0	328,184	399,111	399,111	70,927
Capital Outlay	1,902,395	(16,537)	4,134	1,889,992	2,515,500	2,515,500	625,508
Principal on Debt							
Highways and Streets	2,661	0	0	2,661	2,675	2,675	14
Interest on Debt							
Highways and Streets	180	0	0	180	200	200	20
Total Expenditures	\$ 4,978,596	\$ (19,097)	\$ 12,548	\$ 4,972,047	\$ 7,044,543	\$ 7,044,543	\$ 2,072,496
Excess (Deficiency) of Revenues Over Expenditures	\$ (356,295)	\$ 19,097	\$ (12,548)	\$ (349,746)	\$ (2,043,735)	\$ (2,043,735)	\$ 1,693,989
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (356,295)	\$ 19,097	\$ (12,548)	\$ (349,746)	\$ (2,043,735)	\$ (2,043,735)	\$ 1,693,989
	3,455,817	(19,097)	0	3,436,720	3,817,420	3,436,720	0
Fund Balance, June 30, 2014	\$ 3,099,522	\$ 0	\$ (12,548)	\$ 3,086,974	\$ 1,773,685	\$ 1,392,985	\$ 1,693,989

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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,693,862
Equity in Pooled Cash and Investments	63,577
Accounts Receivable	607
Due from Other Governments	762,115
Taxes Receivable	1,259,941
Allowance for Uncollectible Taxes	<u>(52,754)</u>
Total Assets	<u>\$ 3,727,348</u>
<u>LIABILITIES</u>	
Due to Other Funds	\$ 1,512
Due to Other Taxing Units	2,032,879
Due to Litigants, Heirs, and Others	<u>1,692,957</u>
Total Liabilities	<u>\$ 3,727,348</u>

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

HAWKINS COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	33
B. Government-wide and Fund Financial Statements	34
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	35
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	38
2. Receivables and Payables	38
3. Prepaid Items	39
4. Capital Assets	40
5. Deferred Outflows/Inflows of Resources	40
6. Compensated Absences	41
7. Long-term Obligations	42
8. Net Position and Fund Balance	42
9. Prior-period Adjustment	44
II. Reconciliation of Government-wide and Fund Financial Statements	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	44
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	45
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	45
B. Fund Balance Deficit	46
IV. Detailed Notes on All Funds	
A. Deposits and Investments	46
B. Derivative Instrument	48
C. Capital Assets	50
D. Construction Commitments	52
E. Interfund Receivables, Payables, and Transfers	53
F. Capital Lease	54
G. Long-term Obligations	55
H. On-Behalf Payments	60
V. Other Information	
A. Risk Management	60
B. Accounting Changes	61
C. Subsequent Events	61
D. Contingent Liabilities	62
E. Change in Administration	62
F. Joint Ventures	62
G. Jointly Governed Organization	64
H. Retirement Commitments	64
I. Other Postemployment Benefits (OPEB)	67
J. Termination Benefits and Retirement Honorarium	70
K. Purchasing Laws	71
VI. Other Notes - Discretely Presented Hawkins County Emergency Communications District	71
VII. Other Notes - Discretely Presented Hawkins County Library System	77

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

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 Hawkins County Industrial Development Board oversees industrial development and related services in the county industrial parks. The Hawkins County Industrial Development Board nominates, and the Hawkins County Commission confirms the board members. In the prior year, the county agreed to assume the liability for a note issued by the Industrial Development Board. Due to this financial burden relationship, the board is

reported as a discretely presented component unit. In the current year, the Industrial Development Board was granted an exemption from the requirement of having an annual audit performed since the majority of operational expenditures are administered by Hawkins County through the county's General Fund and included in the audit scope of the county's annual audit. The board maintains a separate checking account that is used for economic development expenses for which it receives reimbursements from the Northeast Tennessee Valley Regional Industrial Development Association and the Workforce Investment Act Youth Program. Total deposits and disbursements of \$9,396 and \$8,852, respectively, were channeled through this account during the year. In our opinion, these deposits and disbursements are not material to the component units' opinion unit.

The Hawkins County Library System operates public libraries in Hawkins County, and the County Commission appoints its governing body. The Library System is funded primarily through contributions from Hawkins County and the various cities within the county.

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. Complete financial statements for the Hawkins County Emergency Communications District, Hawkins County Industrial Development Board, and Hawkins County Library System can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

Hawkins County Industrial
Development Board
107 East Main Street, Suite 221
Rogersville, TN 37857

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided

and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of 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. During the year, Hawkins County contributed \$45,018 of previously issued Qualified School Construction Bond loan proceeds to the School Department.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. Charges for current services and federal grants are the foundational revenues for this fund.

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.

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hawkins County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

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 2.1 percent of total taxes levied.

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

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

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

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

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

3. 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. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. 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. **Deferred Outflows/Inflows of Resources**

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

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

6. Compensated Absences

Primary Government

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.

Discretely Presented School Department

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.

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.

The Hawkins County Board of Education also allows all employees to be paid for any unused sick pay benefits upon retirement at a rate of \$20 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.

7. Long-term Obligations

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

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

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Hawkins County had \$64,384,566 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 position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission makes assignments for the general government and the Board of Education makes assignments for the School Department. Assigned fund balance in the primary government’s General Fund includes encumbrances of \$186,102, employee vacation pay of \$25,000, unclaimed property refunds of \$159,617, and fund balance appropriated for use in the 2014-15 year budget totaling \$1,676,999. Assigned fund balance in the School Department’s General Purpose School Fund includes encumbrances of \$369,756, fund balance assigned for career and technical education programs of \$7,272, and fund balance appropriated for use in the 2014-15 budget totaling \$1,068,641. 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.

9. Prior-period Adjustment

A prior-period adjustment of \$259,087 was made to beginning fund balance of the discretely presented School Department’s General Purpose School Fund in order to correct an error in recording liabilities for termination benefits at the fund level as of June 30, 2013.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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 Position.

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

Primary Government

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

Discretely Presented 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2014, Hawkins County and the Hawkins County School Department reported the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
General	Airport Rehabilitation	\$ 157,239
School Department:		
General Purpose School	Roofing	179,800
"	Restroom Upgrades	118,779
School Transportation	Buses	519,838

B. Fund Balance Deficit

The Other Capital Projects - QSCB Fund of the discretely presented School Department had a deficit in unassigned fund balance of \$15,998 as of June 30, 2014. This deficit in unassigned fund balance resulted from the recognition of liabilities for contracts and retainage payable. The deficit in unassigned fund balance is expected to be liquidated by contributions from the General Purpose School Fund.

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets and statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for 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, 2014, Hawkins County had the following investments carried at fair value. 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	Weighted Average Maturity (days)	Maturities	Fair Value
State Treasurer's Investment Pool	109	N/A	\$ 18,186,886
Federal Home Loan Bank	N/A	7-2-14	499,946
Total			\$ 18,686,832

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, 2014, Hawkins County's investments in the State Treasurer's Investment Pool was unrated and its investment in the Federal Home Loan Bank was rated AA+ by Standard and Poor's and Aaa by Moody's.

B. Derivative Instrument

At June 30, 2014, 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, 2014, classified by type, and the changes in fair value of such a derivative instrument for the year then ended as reported in the 2014 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2014</u>		6-30-14
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Investment Derivative:					
Pay fixed interest rate swaps:					
\$16M Swap	Interest and Investment Earnings	\$ (109,726)	Debt	\$ (2,270,931)	\$ 16,000,000
Total		<u>\$ (109,726)</u>		<u>\$ (2,270,931)</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, 2014, 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>-0.9988</u>
Net interest rate swap payments		2.5337 %
Variable-rate bond coupon payments		<u>0.6664</u>
Synthetic interest rate on bonds		<u><u>3.2001 %</u></u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$2,270,931. 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, 2014, 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, 2014, with its Credit Support Provider, Deutsche Bank, rated A3/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 would 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, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2015	\$ 0	\$ 106,624	\$ 405,400	\$	512,024
2016	0	106,624	405,400		512,024
2017	0	106,624	405,400		512,024
2018	0	106,624	405,400		512,024
2019	0	106,624	405,400		512,024
2020-2024	7,025,000	444,156	1,688,744		9,157,900
2025-2029	8,975,000	185,259	704,383		9,864,642
Total	\$ 16,000,000	\$ 1,162,535	\$ 4,420,127	\$	21,582,662

C. Capital Assets

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

Primary Government

Governmental Activities

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,134,808	\$ 101,499	\$ 1,000	\$ 1,235,307
Construction in Progress	349,412	458,987	413,599	394,800
Total Capital Assets Not Depreciated	\$ 1,484,220	\$ 560,486	\$ 414,599	\$ 1,630,107
Capital Assets Depreciated:				
Buildings and Improvements	\$ 20,745,769	\$ 658,766	\$ 0	\$ 21,404,535
Infrastructure	55,407,428	4,146,578	900,851	58,653,155
Other Capital Assets	6,956,806	2,227,969	482,834	8,701,941
Total Capital Assets Depreciated	\$ 83,110,003	\$ 7,033,313	\$ 1,383,685	\$ 88,759,631
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,147,639	\$ 545,507	\$ 0	\$ 4,693,146
Infrastructure	17,484,543	1,423,771	499,221	18,409,093
Other Capital Assets	5,632,291	492,159	482,834	5,641,616
Total Accumulated Depreciation	\$ 27,264,473	\$ 2,461,437	\$ 982,055	\$ 28,743,855
Total Capital Assets Depreciated, Net	\$ 55,845,530	\$ 4,571,876	\$ 401,630	\$ 60,015,776
Governmental Activities Capital Assets, Net	\$ 57,329,750	\$ 5,132,362	\$ 816,229	\$ 61,645,883

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

Governmental Activities:

General Government	\$ 210,644
Finance	4,877
Administration of Justice	4,143
Public Safety	588,822
Public Health and Welfare	126,969
Social, Cultural, and Recreational Services	10,027
Highway/Public Works	<u>1,515,955</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,461,437</u>

Discretely Presented Hawkins County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,584,332	\$ 0	\$ 0	\$ 1,584,332
Construction in Progress	72,969	280,173	72,969	280,173
Total Capital Assets Not Depreciated	\$ 1,657,301	\$ 280,173	\$ 72,969	\$ 1,864,505
Capital Assets Depreciated:				
Buildings and Improvements	\$ 94,875,319	\$ 430,857	\$ 0	\$ 95,306,176
Other Capital Assets	7,111,857	486,600	33,301	7,565,156
Total Capital Assets Depreciated	\$ 101,987,176	\$ 917,457	\$ 33,301	\$ 102,871,332
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 35,967,560	\$ 3,375,245	\$ 0	\$ 39,342,805
Other Capital Assets	4,292,227	484,790	31,636	4,745,381
Total Accumulated Depreciation	\$ 40,259,787	\$ 3,860,035	\$ 31,636	\$ 44,088,186
Total Capital Assets Depreciated, Net	\$ 61,727,389	\$ (2,942,578)	\$ 1,665	\$ 58,783,146
Governmental Activities Capital Assets, Net	\$ 63,384,690	\$ (2,662,405)	\$ 74,634	\$ 60,647,651

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

Governmental Activities:

Instruction	\$ 3,335,002
Support Services	468,576
Operation of Non-instructional Services	<u>56,457</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,860,035</u>

D. Construction Commitments

At June 30, 2014, the General Fund had uncompleted contracts of approximately \$157,239 for renovations and construction projects. The Highway/Public Works Fund had \$4,134 in uncompleted contracts for bridge construction. Funding for the future expenditures of the General Fund projects is expected to be provided from federal grants. Funding for the future

expenditures of the Highway/Public Works Fund project is expected to be received from state grants.

The discretely presented School Department's General Purpose School Fund had uncompleted construction contracts of \$298,579 for roofing and other renovations. Funding for these future expenditures is being provided by available fund balance.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 36,086
"	Agency	1,512
Highway/Public Works	General	815
Nonmajor governmental	"	13,929
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	194,268
Central Cafeteria	General Purpose School	319
Nonmajor governmental	"	949

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Component Unit: School Department: General Purpose School	\$ 12,742
Education Debt Service	School Transportation	144,294

Interfund Transfers:

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

Primary Government

Transfer Out	Transfer In Education Debt Service Fund
General Fund	\$ 113,064

Discretely Presented Hawkins County School Department

Transfers Out	Transfers In		
	General Purpose School Fund	School Transpor- tation Fund	Central Cafeteria Fund
General Purpose School Fund	\$ 0	\$ 1,136,242	\$ 319
Nonmajor governmental funds	64,268	0	0
	\$ 64,268	\$ 1,136,242	\$ 319

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. Capital Lease

On April 10, 2013, Hawkins County entered into a five-year lease-purchase agreement for communications equipment (\$222,354) and associated maintenance agreements (\$95,000). The terms of the agreement require total lease payments of \$317,354 plus interest of 1.5 percent. Title to the communications equipment transfers to Hawkins County at the end of the lease period. In the government-wide financial statements, the maintenance agreements were expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy. The General and Highway/Public Works funds are making the lease payments.

The assets acquired through the capital lease are as follows:

	Governmental Activities
Equipment	\$ 222,354
Less: Accumulated Depreciation	(17,036)
Total Book Value	\$ 205,318

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

Year Ending June 30	Governmental Funds
2015	\$ 65,920
2016	65,920
2017	65,920
2018	54,934
Total Minimum Lease Payments	\$ 252,694
Less: Amount Representing Interest	(7,277)
Present Value of Minimum Lease Payments	<u>\$ 245,417</u>

G. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Hawkins County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds 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, 2014, will be retired from the General Debt Service, Special Debt Service, or Education Debt Service funds.

General obligation bonds, capital outlay notes, capital leases, and other loans outstanding as of June 30, 2014 (including debt assumed from the Hawkins County Industrial Development Board), for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds - Refunding	2 to 3	%	5-1-19	\$ 7,380,000	\$ 5,380,000
General Obligation Bonds	1 to 6.25		6-1-38	33,910,000	31,710,000
Notes - Industrial Board Debt Assumed	2.491		1-16-15	687,149	632,397
Capital Outlay Notes	variable		6-1-16	743,000	329,000
Other Loans - Public Building Authorities	*		6-1-36	43,895,000	40,120,000
Other Loans - Qualified School Construction Bonds	0 to 1.515		9-15-27	4,973,000	3,929,064
Other Loans - Energy Efficient Schools Initiative	0		2-1-22	1,507,550	1,046,502
Capital Lease	1.5		4-10-18	317,354	245,417

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

In the prior year, the County Commission voted to assume payments on debt issued by the Hawkins County Industrial Development Board. The debt consisted of a bank loan with a balance of \$687,149 at the time the county assumed responsibility for payments. Proceeds of the debt were used by the board to construct an industrial speculative building. The county is to be reimbursed for debt payments it makes when the building is sold.

General obligation bonds reflected above include \$20,815,000 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.

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

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-14	Interest Type	Interest Rate as of 6-30-14	Other Fees on Variable Rate Debt
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Sevier County Public
Building Authority

Series VII-A-1	\$ 16,150,000	\$ 16,150,000	Variable (1)	0.66 %	0.25 %
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Blount County Public
Building Authority

Series B-15-A	27,745,000	23,970,000	Fixed	3 to 5	N/A
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(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, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,705,000	\$ 1,769,233	\$ 3,474,233
2016	1,765,000	1,717,578	3,482,578
2017	2,000,000	1,663,203	3,663,203
2018	2,065,000	1,600,328	3,665,328
2019	2,125,000	1,534,378	3,659,378
2020-2024	4,780,000	6,969,591	11,749,591
2025-2029	2,740,000	6,186,765	8,926,765
2030-2034	7,785,000	5,277,237	13,062,237
2035-2038	12,125,000	2,064,475	14,189,475
Total	\$ 37,090,000	\$ 28,782,788	\$ 65,872,788

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 776,397	\$ 17,282	\$ 793,679
2016	185,000	4,532	189,532
Total	\$ 961,397	\$ 21,814	\$ 983,211

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 1,167,791	\$ 1,388,146	\$ 40,375	\$ 2,596,312
2016	1,152,792	1,364,521	40,375	2,557,688
2017	982,791	1,338,121	40,375	2,361,287
2018	1,002,792	1,318,521	40,375	2,361,688
2019	947,274	1,298,121	40,375	2,285,770
2020-2024	11,791,137	6,009,156	168,126	17,968,419
2025-2029	13,650,989	4,647,127	70,063	18,368,179
2030-2034	10,555,000	2,381,850	0	12,936,850
2035-2036	3,845,000	274,313	0	4,119,313
Total	\$ 45,095,566	\$ 20,019,876	\$ 440,064	\$ 65,555,506

There is \$15,258,134 available in the debt service funds to service long-term debt. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,467, based on the 2010 federal census.

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2013	\$ 36,235,000	\$ 1,133,061	\$ 46,253,357
Additions	2,500,000	0	0
Reductions	(1,645,000)	(171,664)	(1,157,791)
Balance, June 30, 2014	\$ 37,090,000	\$ 961,397	\$ 45,095,566
Balance Due Within One Year	\$ 1,705,000	\$ 776,397	\$ 1,167,791

	Capital Leases	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 307,154	\$ 503,995	\$ 3,188,613
Additions	0	529,545	395,286
Reductions	(61,737)	(484,735)	(73,024)
Balance, June 30, 2014	\$ 245,417	\$ 548,805	\$ 3,510,875
Balance Due Within One Year	\$ 62,668	\$ 411,605	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 87,452,060
Less: Balance Due Within One Year	(4,123,461)
Add: Unamortized Premium on Debt	<u>428,802</u>
 Noncurrent Liabilities - Due in More Than One Year - Exhibit A	 <u><u>\$ 83,757,401</u></u>

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

Discretely Presented Hawkins County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Compensated Absences</u>	<u>Termination Benefits</u>
Balance, July 1, 2013	\$ 1,145,942	\$ 754,883
Additions	526,150	23,398
Reductions	<u>(458,781)</u>	<u>(250,615)</u>
 Balance, June 30, 2014	 <u>\$ 1,213,311</u>	 <u>\$ 527,666</u>
 Balance Due Within One Year	 <u>\$ 469,543</u>	 <u>\$ 207,974</u>
	<u>Other Postemployment Benefits</u>	<u>Retirement Honorarium</u>
Balance, July 1, 2013	\$ 9,672,660	\$ 654,081
Additions	1,813,984	38,646
Reductions	<u>(1,036,280)</u>	<u>(32,402)</u>
 Balance, June 30, 2014	 <u>\$ 10,450,364</u>	 <u>\$ 660,325</u>
 Balance Due Within One Year	 <u>\$ 0</u>	 <u>\$ 9,043</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 12,851,666
Less: Balance Due Within One Year	<u>(686,560)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 12,165,106</u>

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

During the year, the School Department contributed \$911,061 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.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hawkins County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$299,258 and \$48,984, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

Hawkins County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and

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

Discretely Presented Hawkins County School Department

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

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

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

C. Subsequent Events

On August 31, 2014, Patricia Courtney left the Office of Trustee and was succeeded by Jim Shanks, Carroll Jenkins left the Office of County Clerk and

was succeeded by Nancy Davis, and Sarah Davis left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Randall Collier.

On December 12, 2014, Hawkins County sold general obligation refunding bonds totaling \$9,460,000.

Subsequent to June 30, 2014, the primary government began providing commercial health insurance coverage for its employees and discontinued its participation in the Local Government Group Insurance Fund.

The Industrial Development Board debt, which the county assumed, and which is discussed in Note IV.G., matured on January 16, 2015, with approximately \$615,000 due for outstanding principal and interest. That loan is still outstanding as of the date of this report. The bank holding this debt has agreed to forbear with the county until the next scheduled County Commission meeting on February 23, 2015, at which time the Board of Commissioners is scheduled to consider a resolution to authorize the payment of the remaining balance.

D. Contingent Liabilities

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

E. Change in Administration

On June 30, 2014, Charlotte Britton left the Office of Director of Schools and was succeeded by Steve Starnes.

F. Joint Ventures

Primary Government

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, 2014.

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.

Discretely Presented School Department

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Hawkins County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide 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.

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

Administrative Offices:

Office of District Attorney General
Third Judicial District Drug Task Force
124 Austin Street, Suite 3
Greeneville, TN 37745

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

Northeast Tennessee Cooperative
100 East Maple Street
P.O. Box 1517
Johnson City, TN 37605

G. Jointly Governed Organization

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.

H. 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 to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 9.19 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, 2014, Hawkins County's annual pension cost of \$1,403,716 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-14	\$1,403,716	100%	\$0
6-30-13	1,354,112	100	0
6-30-12	1,286,418	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 93.59 percent funded. The actuarial accrued liability for benefits was \$49.44 million, and the actuarial value of assets was \$46.27 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.17 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14.46 million, and the ratio of the UAAL to the covered payroll was 21.91 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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of

Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$2,500,355, \$2,507,843, and \$2,505,180, respectively, equal to the required contributions for each year.

I. 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 health care 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 local education employees, 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 health care 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 health care 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 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 a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year, Hawkins County contributed \$73,024 for postemployment health care. The School Department contributed \$920,871 to the postemployment health plan, \$85,913 to the Medicare Supplement Plan, and \$29,496 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	\$ 392,000	\$ 1,569,000	\$ 171,000	\$ 67,604
Interest on the NOPEBO	127,545	343,488	37,497	5,274
Adjustment to the ARC	(124,259)	(334,640)	(36,531)	(8,708)
Annual OPEB cost	\$ 395,286	\$ 1,577,848	\$ 171,966	\$ 64,170
Amount of contribution	(73,024)	(920,871)	(85,913)	(29,496)
Increase/decrease in NOPEBO	\$ 322,262	\$ 656,977	\$ 86,053	\$ 34,674
Net OPEB obligation, 7-1-13	3,188,613	8,587,205	937,413	148,042
Net OPEB obligation, 6-30-14	\$ 3,510,875	\$ 9,244,182	\$ 1,023,466	\$ 182,716

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Government Group	\$ 547,467	14 %	\$ 2,719,185
6-30-13	"	551,313	15	3,188,613
6-30-14	"	395,286	18	3,510,875
6-30-12	Local Education Group	2,143,413	37	7,274,835
6-30-13	"	2,161,109	39	8,587,205
6-30-14	"	1,577,848	58	9,244,182
6-30-12	Schools - Medicare Supplement	242,584	25	758,954
6-30-13	"	245,134	27	937,413
6-30-14	"	171,966	50	1,023,466
6-30-12	Schools - Life Insurance	59,158	57	122,913
6-30-13	"	60,049	58	148,042
6-30-14	"	64,170	46	182,716

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 2,673,000	\$ 12,930,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,673,000	\$ 12,930,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 7,358,135	\$ 35,696,551
UAAL as a % of covered payroll	36%	36%

	Schools - Medicare Supplement Plan	Schools - Life Insurance Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 2,408,000	\$ 743,288
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,408,000	\$ 743,288
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	N/A	\$ 35,696,551
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, 2013, 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 health care cost trend rate of 7.5 percent for the fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual health care cost trend rate for the Medicare Supplement Plan was two percent for fiscal year 2014. The trend will increase to six percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

In the July 1, 2013, actuarial valuation of the schools' life insurance plan, the projected 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.

J. Termination Benefits and Retirement Honorarium

The discretely presented 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 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, 61 retirees participated in the program. The estimated cost of the cash payments reported in the government-wide Statement of Net Position is \$527,666. The School Department determined this liability by calculating the total cash payments due over the next six years.

In addition to the previously mentioned retirement incentive, the discretely presented School Department offers a retirement honorarium payment. To be eligible, certified employees must retire with at least ten years of service. Under the terms of the plan, employees receive \$100 for each year of service with Hawkins County up to a maximum of 20 years. As of June 30, 2014, 371 employees met the requirement of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$660,325. Of that amount, \$9,043 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$32,403 in the General Purpose School Fund.

K. 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.

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

A. Summary of Significant Accounting Policies

Creation of Hawkins County Emergency Communications District was approved in a countywide referendum in August 1990. In accordance with Chapter 867 of the *Tennessee Code Annotated (TCA)*, members of the district's Board of Directors were appointed by the Hawkins County Commission. Customer surcharges were initiated, collected, and remitted by telephone companies serving Hawkins County soon thereafter.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of Hawkins County Emergency Communications District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are reported using the economic resources measurement focus on the accrual basis of accounting. Revenue are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flow. When an expense is incurred for purposes for which both restricted and unrestricted fund balance is available, the district considers restricted funds to have been spent first.

The district uses the full accrual basis of accounting. Under this accounting basis, revenues are recognized when earned, and expenses are recorded when incurred, if measureable.

Reporting Entity

Hawkins County Emergency Communications District is a discretely presented component unit of the county government of Hawkins County, Tennessee. Per *TCA*, Section 7-86-114, the district cannot "issue its negotiable bonds, notes, and debt obligations for lease and/or lease purchases in anticipation of the collection of revenues for the purpose of constructing, acquiring, reconstructing, improving, bettering, or expanding any facility or service authorized by this chapter or any combination thereof, and to pledge to the payment of the interest and principal of such bonds, notes, or debt obligations all or any part of the revenues derived from the operation of such facility, service, or combination thereof without the approval of the legislative body of Hawkins County."

Capital Assets

Capital assets are defined by the district as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Capital assets are accounted for at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets.

<u>Assets</u>	<u>Years</u>
Buildings	40
Equipment, Furniture and Fixtures	5 - 7
Vehicles	5

Compensated Absences

The district allows employees to accumulate unlimited sick leave at the rate of eight hours per month or 12 days per year. Unused vacation days (180 hours maximum) are redeemable for cash or may be accumulated. Unused sick days will not be paid upon early termination. However, sick days may be accumulated and taken as early time off prior to an employee's normal retirement. Since the employee's accumulated rights to receive compensation are contingent upon the absences being caused by future illnesses and since such amounts cannot be reasonably estimated, a liability for unused sick days is not recorded in the financial statements.

Cash and Cash Equivalents

The district includes cash and cash equivalents in the presentation of the Statement of Cash Flows. Cash equivalents for this purpose are highly liquid investments with an original maturity of three months or less when purchased.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

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

1. Formal budgets are adopted and approved by the Board of Directors vote on an annual basis. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Board of Directors has the ability to change line items without a formal vote if the change does not increase the amount budgeted. The *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* establishes the legal budget level of control to be at the line-item level.

2. The budget amounts shown are the final authorized amounts as amended during the year.

B. Cash and Certificates of Deposit

The district is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Tennessee or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Tennessee or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “AA” or its equivalent; (5) certificates of deposit issued by state and national banks, domiciled in Tennessee, that are guaranteed or insured by the Federal Deposit Insurance Corporations or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date. Cash in all checking accounts was covered by FDIC insurance or the Tennessee Collateral Pool. There were no certificates of deposit.

C. Capital Assets and Depreciation

Property, plant, and equipment and estimated useful lives used for depreciation purposes consisted of the following at June 30, 2014:

	2013	Additions	2014	Estimated Useful Life
Capital Assets Not Being Depreciated:				
Land	\$ 126,314	\$ 0	\$ 126,314	
Capital Assets Being Depreciated:				
Building	\$ 553,601	\$ 0	\$ 553,601	40 years
Furniture and Fixtures	12,300	1,698	13,998	5 years
Vehicles	15,500	0	15,500	5 years
Office Equipment	9,721	2,488	12,209	5 years
Communications System	858,057	242,837	1,100,894	5-10 years
Total Depreciable Assets:	<u>\$ 1,449,179</u>	<u>\$ 247,023</u>	<u>\$ 1,696,202</u>	
Less Accumulated Depreciation:				
Building	\$ 56,484	\$ 13,840	\$ 70,324	
Furniture and Fixtures	3,052	2,914	5,966	
Vehicles	15,500	0	15,500	
Office Equipment	6,320	1,677	7,997	
Communications System	593,589	62,854	656,443	
Total Accumulated Depreciation:	<u>\$ 674,945</u>	<u>\$ 81,285</u>	<u>\$ 756,230</u>	
Net Capital Assets	<u>\$ 900,548</u>	<u>\$ 165,738</u>	<u>\$ 1,066,286</u>	

D. Economic Dependency

Tennessee state law mandates collection of a surcharge by telephone companies from their customers to fund established E-911 agencies. Hawkins County Emergency Communications district received approximately 21 percent of its total revenue from surcharges collected by Embarq and AT&T. Another \$327,178 or 32 percent comes from the State Emergency Communications Board from cellular telephone charges and grants. These revenues are insufficient to pay the costs of district operations. For the agency to function, it also depends on appropriations from the county, which this year totaled \$175,000 or 17 percent of total (operating and nonoperating) revenues.

E. Risk Management

Significant losses in the areas of employee health, accident, general liability, errors and omissions, and auto liability are covered through commercial insurance policies. There have been no reductions in coverage and settlement amounts have not exceeded insurance coverage for the current year or three prior years.

F. Employee's Retirement Plan

Plan Description

Employees of the district are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by 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 the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/PS.

Funding Policy

Hawkins County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 4.19 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2014, the district's annual pension cost of \$17,338 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The district's unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial evaluation 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
6-30-14	\$ 17,338	100%	\$ 0
6-30-13	14,160	100	0
6-30-12	21,946	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 95.8 percent funded. The actuarial accrued liability for benefits was \$.6 million, and the actuarial value of assets was \$.58 million, resulting in UAAL of \$.03 million. The covered payroll (annual payroll of active employees covered

by the plan) was \$.37 million, and the ratio of the UAAL to cover the payroll was 6.84 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.

G. Equipment Rental

The district rents equipment from telephone companies for use in daily operations. These rents are paid on a month-to-month basis with no minimum requirements, no terms, and no buy-out provisions.

H. Long-term Liabilities

On June 24, 2013, the district borrowed funds totaling \$320,000 from First Tennessee Bank to finance communications equipment. Note principal and interest payments are due in monthly installments of \$4,383. This note bears a 4.056 percent interest rate payable monthly for seven years through 2020. The district made principal payments of \$40,815 and interest payments of \$11,781 during the year. Balance at year-end is \$279,184, with \$42,025 being classified as current.

On June 24, 2013, the district borrowed funds of \$380,000 from First Tennessee Bank to refinance an existing building loan. Note principal and interest payments are due in monthly installments of \$2,417.58. This note bears a 4.563 percent interest rate payable monthly for 20 years through 2033. The district made principal payments of \$12,593 and interest payments of \$16,418 during the year. Balance at year-end is \$367,407, with \$12,474 being classified as current.

Changes in outstanding long-term debt for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Building Note	\$ 380,000	\$ 0	\$ 12,593	\$ 367,407	\$ 12,474
Equipment Note	320,000	0	40,814	279,184	42,025
Capital Lease - Note I.	8,204	0	2,085	6,119	2,142
Total	\$ 708,204	\$ 0	\$ 55,492	\$ 652,710	\$ 56,641

Scheduled principal and interest payments for the next five years and in the aggregate on the above notes follows:

	Principal	Interest
2015	\$ 56,641	\$ 27,104
2016	58,959	24,786
2017	61,068	22,369
2018	61,753	19,849
2019	64,381	17,222
2020-2024	136,929	60,223
2025-2029	107,953	37,101
2030-2033	105,026	10,121
Total	<u>\$ 652,710</u>	<u>\$ 218,775</u>

I. Capital Leases

The district leases a copy machine from LEAF under a capital lease. The economic substance of the lease is that the district is financing the acquisition of the assets through the lease, and accordingly, it is recorded in the district's assets and liabilities. The leased asset is included in Furniture and Fixtures.

VII. OTHER NOTES – DISCRETELY PRESENTED HAWKINS COUNTY LIBRARY SYSTEM

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hawkins County Library System services the citizens of Hawkins County and is governed by a board comprised of seven members on the local board and two members of the Nolichucky Regional Library Board. The library is a component unit of Hawkins County, Tennessee. The accounting policies of the library conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The following is a summary of the significant accounting policies.

1. Description of Library's Operations

The Hawkins County Library System was established to maintain and operate public libraries in Hawkins County, Tennessee. The library operates under the supervision and control of a board. All activities over which the library exercises oversight responsibility have been included in the reporting entity. Oversight responsibility is determined by factors such as financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters of the entity. The library has no potential component units, which would be included in the reporting entity of the Hawkins County Library System.

2. Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for each of the library's two major governmental funds.

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are reported as separate columns in the fund financial statements. The operating fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The library's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

The Statement of Net Position presents the financial condition of the governmental activities of the library at year end. The Statement of Activities presents a comparison between direct expenses and program expenses for each program or function of the library's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the library, with certain limited exceptions. The comparison of direct expenses with program revenues identified the extent to which each governmental program is self-financing or draws from the general revenues of the library.

3. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is

incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The 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 are 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

4. Budgets and Budgetary Accounting

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

The library director submits to the Board a proposed operating budget, which includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the statements of revenue, expenditures and changes in fund balances. The library director budgets for the operating fund each year and for the contingency/grant fund in the years when grants are earned or when expenditures are budgeted.

Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

The library does not maintain a formalized encumbrance accounting system.

For the year ended June 30, 2014, expenditures exceeded appropriations of the operating fund by \$34,789. It is considered a budgetary violation.

5. Cash and Cash Equivalents

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

6. Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the library as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year for furniture, equipment, and improvements. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at their estimated fair value on the date of donation. The collection of library books and materials are capitalized on an annual basis as one unit cost based on historical cost or estimated historical cost based on the average cost per book. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Furniture and Equipment	10
Collections - Library Books and Materials	10

7. Compensated Absences

It is the policy of the library not to accrue for vacation since any compensated time off for regular employees is earned on a fiscal year basis and must be taken by June 30th of each year because no carryover is allowed. However, sick pay can be accumulated up to 100 hours per employee at June 30th, which is subject to carryover. This has been accrued at June 30, 2014.

8. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned

fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The library itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the library that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

11. Use of Estimates

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

B. Cash in Banks

The library has no formal policies with respect to deposits and investments; however, it is required to follow procedure allowed by applicable state laws. At June 30, 2014, the library had complied with applicable state laws as all cash funds were held in local financial institutions in the form of demand deposits, savings accounts, or certificates of deposit. Furthermore, the state requires that all deposits with financial institutions be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. Deposits must be covered by the library's agent in the library's name, or by the Federal Reserve Bank acting as third-party agents. As of June 30, 2014, the total bank balance was covered by FDIC insurance.

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 186,708	\$ 0	\$ 0	\$ 186,708
Collections - Library Books	903,458	29,822	(46,675)	886,605
Subtotal	<u>\$ 1,090,166</u>	<u>\$ 29,822</u>	<u>\$ (46,675)</u>	<u>\$ 1,073,313</u>
Less Accumulated Depreciation:				
Furniture and Equipment	\$ 167,197	\$ 2,920	\$ 0	\$ 170,117
Collections - Library Books	766,365	26,772	(46,675)	746,462
Total Accumulated Depreciation:	<u>\$ 933,562</u>	<u>\$ 29,692</u>	<u>\$ (46,675)</u>	<u>\$ 916,579</u>
Net Capital Assets	<u>\$ 156,604</u>	<u>\$ 130</u>	<u>\$ 0</u>	<u>\$ 156,734</u>

Depreciation was charged to the library program totaling \$29,692. The library has a policy to remove a minimum of five percent of the books and audiovisuals each year.

D. Commitments and Contingencies

The library receives a substantial amount of its support from local governments. A significant reduction in the level of support, if this were to occur, may have an effect on the library's programs and activities.

E. Risk Management

The library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The library manages risk through commercial insurance policies designed to minimize exposure. There have been no significant reductions in

insurance coverage and there were no settlement amounts which exceeded insurance coverage for the current year or the three prior years.

F. Contributed Facilities

The library occupies, without charge, certain premises located in government owned buildings. The fair rental value of the premises is not reported as revenue nor has the expense been shown in the financial statements as fair market value was not determinable.

G. Grant Activity

In this fiscal year, the library was awarded a grant totaling \$4,000.

H. Appropriations from Related Governments

The library is funded by contributions from Hawkins County and the municipalities of Rogersville, Church Hill, and Surgoinsville. The library Board is managed by seven members on the local board and two members of the Nolichucky Regional Library Board. Of the seven local board members, three are appointed by the Hawkins County Commission, and the municipalities of Rogersville, Church Hill, and Surgoinsville appoint one member each while one member at large is jointly appointed.

In the current year, these governmental entities contributed the following amounts:

Hawkins County	\$	94,000
Rogersville		112,000
Church Hill		50,055
Surgoinsville		<u>18,500</u>
Total	\$	<u><u>274,555</u></u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-13	\$ 46,272	\$ 49,440	\$ 3,168	93.59 %	\$ 14,456	21.91 %
7-1-11	42,234	44,693	2,459	94.50	13,722	17.92
7-1-09	35,557	36,121	564	98.44	12,449	4.53

Exhibit E-2

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (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	7-1-10	\$ 0	\$ 4,903	\$ 4,903	0 %	\$ 6,215	78.89 %
"	7-1-11	0	3,692	3,692	0	6,892	53.54
"	7-1-13	0	2,673	2,673	0	7,358	36.33
<u>DISCRETELY PRESENTED HAWKINS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	18,937	18,937	0	35,393	53.50
"	7-1-11	0	17,353	17,353	0	35,781	48.49
"	7-1-13	0	12,930	12,930	0	35,697	36.22
Medicare Supplement	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
"	7-1-13	0	2,408	2,408	0	N/A	N/A
Life Insurance	7-1-10	0	668	668	0	35,393	1.89
"	7-1-12	0	690	690	0	35,782	1.93
"	7-1-13	0	743	743	0	35,697	2.08

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

NONE

**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 of deeds, and sheriff.

Debt Service Fund

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

Exhibit F-1

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

	Special Revenue Funds			Total	Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees			
	\$ 0	\$ 0	\$ 90,325	\$ 90,325	\$ 0	\$ 0
	580,375	249,784	0	830,159	1,573,848	268,750
	40,358	0	20,179	60,537	0	27,746
	202,581	11,821	0	214,402	0	0
	163	13,766	0	13,929	0	0
	\$ 823,477	\$ 275,371	\$ 110,504	\$ 1,209,352	\$ 1,573,848	\$ 296,496

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
 Contracts Payable
 Due to Other Funds
 Due to Litigants, Heirs, and Others
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Total	Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees				
	0 \$	0 \$	74,418 \$	74,418 \$	0 \$	0	
	0	274,772	0	274,772	0	0	
	0	0	0	0	1,573,848	0	
	0	0	0	0	0	23,559	
	653,065	0	0	653,065	0	0	
	<u>\$ 653,065</u>	<u>\$ 274,772</u>	<u>\$ 74,418</u>	<u>\$ 1,002,255</u>	<u>\$ 1,573,848</u>	<u>\$ 23,559</u>	
	<u>\$ 823,477</u>	<u>\$ 275,371</u>	<u>\$ 110,504</u>	<u>\$ 1,209,352</u>	<u>\$ 1,573,848</u>	<u>\$ 296,496</u>	

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, Deferred Inflows of Resources, and Fund Balances

(Continued)

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

<u>Capital Projects Funds</u> <u>(Cont.)</u>		<u>Total</u>
<u>Highway</u> <u>Capital</u> <u>Projects</u>	<u>Total</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>

\$	0 \$	0 \$	90,325
	588,693	857,443	3,261,450
	0	27,746	88,283
	0	0	214,402
	0	0	13,929
<hr/>			
\$	588,693 \$	885,189 \$	3,668,389
<hr/>			

ASSETS

Cash	90,325
Equity in Pooled Cash and Investments	3,261,450
Accounts Receivable	88,283
Due from Other Governments	214,402
Due from Other Funds	13,929

Total Assets

LIABILITIES

Accounts Payable	63,274
Contracts Payable	272,937
Due to Other Funds	36,086
Due to Litigants, Heirs, and Others	80
Total Liabilities	372,377

DEFERRED INFLOWS OF RESOURCES

Other Deferred/Unavailable Revenue	107,657
Total Deferred Inflows of Resources	107,657

(Continued)

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

<u>Capital Projects Funds</u> <u>(Cont.)</u>		<u>Total</u>
<u>Highway</u> <u>Capital</u> <u>Projects</u>	<u>Total</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
\$ 0 \$	0 \$	74,418
0	0	274,772
0	0	1,573,848
588,693	612,252	612,252
0	0	653,065
<u>\$ 588,693 \$</u>	<u>612,252 \$</u>	<u>3,188,355</u>
<u>\$ 588,693 \$</u>	<u>885,189 \$</u>	<u>3,668,389</u>

FUND BALANCES

Restricted:	
Restricted for Administration of Justice	74,418
Restricted for Public Safety	274,772
Restricted for Debt Service	1,573,848
Restricted for Capital Projects	612,252
Committed:	
Committed for Public Health and Welfare	653,065
Total Fund Balances	<u>3,188,355</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>3,668,389</u>

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, 2014

	Special Revenue Funds				Total	Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees				
Revenues							
Local Taxes	\$ 1,064,767	\$ 0	\$ 0	\$ 1,064,767	\$ 343,505	\$ 0	0
Licenses and Permits	127,784	0	0	127,784	0	0	0
Fines, Forfeitures, and Penalties	0	58,581	0	58,581	0	0	0
Charges for Current Services	1,832	0	212,627	214,459	0	0	0
Other Local Revenues	137,451	258	0	137,709	0	0	0
State of Tennessee	125,336	11,371	0	136,707	0	0	0
Federal Government	0	17,704	0	17,704	30,147	0	0
Total Revenues	\$ 1,457,170	\$ 87,914	\$ 212,627	\$ 1,757,711	\$ 373,652	\$ 0	0
Expenditures							
Current:							
Administration of Justice	\$ 0	\$ 0	\$ 180,152	\$ 180,152	\$ 0	\$ 0	0
Public Safety	0	77,090	298	77,388	0	0	0
Public Health and Welfare	1,409,300	0	0	1,409,300	0	0	0
Debt Service:							
Principal on Debt	0	0	0	0	345,000	0	0
Interest on Debt	0	0	0	0	145,070	0	0
Other Debt Service	0	0	0	0	4,958	0	0
Capital Projects	0	0	0	0	0	330,683	0
Total Expenditures	\$ 1,409,300	\$ 77,090	\$ 180,450	\$ 1,666,840	\$ 495,028	\$ 330,683	0
Excess (Deficiency) of Revenues Over Expenditures	\$ 47,870	\$ 10,824	\$ 32,177	\$ 90,871	\$ (121,376)	\$ (330,683)	0

(Continued)

Exhibit F-2

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

	Special Revenue Funds				Total	Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees				
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Premiums on Debt Issued	0	0	0	0	0	0	0
Insurance Recovery	105	0	0	105	0	0	290,124
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 105</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 105</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>290,124</u>
Net Change in Fund Balances	\$ 47,975	\$ 10,824	\$ 32,177	\$ 90,976	\$ (121,376)	\$ (40,559)	
Fund Balance, July 1, 2013	605,090	263,948	42,241	911,279	1,695,224	64,118	
Fund Balance, June 30, 2014	\$ 653,065	\$ 274,772	\$ 74,418	\$ 1,002,255	\$ 1,573,848	\$ 23,559	

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

	Capital Projects Funds (Cont.)				Total Nonmajor Governmental Funds
	Highway Capital Projects	Other Capital Projects - QSCB	Total		
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	1,408,272
Licenses and Permits	0	0	0	0	127,784
Fines, Forfeitures, and Penalties	0	0	0	0	58,581
Charges for Current Services	0	0	0	0	214,459
Other Local Revenues	260	9	269		137,978
State of Tennessee	0	0	0	0	136,707
Federal Government	0	0	0	0	47,851
Total Revenues	\$ 260	\$ 9	\$ 269	\$ 269	\$ 2,131,632
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	180,152
Public Safety	0	0	0	0	77,388
Public Health and Welfare	0	0	0	0	1,409,300
Debt Service:					
Principal on Debt	0	0	0	0	345,000
Interest on Debt	0	0	0	0	145,070
Other Debt Service	0	0	0	0	4,958
Capital Projects	1,955,036	45,018	2,330,737		2,330,737
Total Expenditures	\$ 1,955,036	\$ 45,018	\$ 2,330,737	\$ 2,330,737	\$ 4,492,605
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,954,776)	\$ (45,009)	\$ (2,330,468)	\$ (2,330,468)	\$ (2,360,973)

(Continued)

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

	Capital Projects Funds (Cont.)				Total Nonmajor Governmental Funds
	Highway Capital Projects	Other Capital Projects - QSCB	Total		
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 2,500,000	\$ 0	\$ 2,500,000	\$	2,500,000
Premiums on Debt Issued	43,469	0	43,469		43,469
Insurance Recovery	0	0	290,124		290,229
Total Other Financing Sources (Uses)	\$ 2,543,469	\$ 0	\$ 2,833,593	\$	2,833,698
Net Change in Fund Balances	\$ 588,693	\$ (45,009)	\$ 503,125	\$	472,725
Fund Balance, July 1, 2013	0	45,009	109,127		2,715,630
Fund Balance, June 30, 2014	\$ 588,693	\$ 0	\$ 612,252	\$	3,188,355

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,064,767	\$ 0	\$ 0	\$ 1,064,767	\$ 1,035,000	\$ 1,035,000	\$ 29,767
Licenses and Permits	127,784	0	0	127,784	115,000	115,000	12,784
Charges for Current Services	1,832	0	0	1,832	2,000	2,000	(168)
Other Local Revenues	137,451	0	0	137,451	75,000	78,340	59,111
State of Tennessee	125,336	0	0	125,336	101,000	122,350	2,986
<u>Total Revenues</u>	<u>\$ 1,457,170</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,457,170</u>	<u>\$ 1,328,000</u>	<u>\$ 1,352,690</u>	<u>\$ 104,480</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 38,289	\$ 0	\$ 0	\$ 38,289	\$ 66,526	\$ 69,866	\$ 31,577
Waste Pickup	326,266	0	0	326,266	360,860	366,110	39,844
Convenience Centers	328,805	(200)	2,186	330,791	419,422	412,422	81,631
Other Waste Collection	19,893	0	0	19,893	22,915	22,915	3,022
Recycling Center	107,336	0	0	107,336	92,358	124,608	17,272
Landfill Operation and Maintenance	558,581	0	0	558,581	565,780	565,780	7,199
Other Waste Disposal	30,130	0	1,870	32,000	32,000	32,000	0
Interest on Debt	0	0	0	0	1,000	1,000	1,000
General Government	\$ 1,409,300	\$ (200)	\$ 4,056	\$ 1,413,156	\$ 1,560,861	\$ 1,594,701	\$ 181,545
<u>Total Expenditures</u>							
	\$ 47,870	200	(4,056)	44,014	(232,861)	(242,011)	286,025
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>							
	\$ 47,870	200	(4,056)	44,014	(232,861)	(242,011)	286,130
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 105	\$ 0	\$ 0	\$ 105	\$ 0	\$ 0	\$ 105
Total Other Financing Sources	\$ 105	\$ 0	\$ 0	\$ 105	\$ 0	\$ 0	\$ 105
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2013</u>	\$ 47,975	200	(4,056)	44,119	(232,861)	(242,011)	286,130
	605,090	(200)	0	604,890	600,376	604,890	0
<u>Fund Balance, June 30, 2014</u>	<u>\$ 653,065</u>	<u>\$ 0</u>	<u>\$ (4,056)</u>	<u>\$ 649,009</u>	<u>\$ 367,515</u>	<u>\$ 362,879</u>	<u>\$ 286,130</u>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 58,581	\$ 69,500	\$ 69,500	\$ (10,919)
Other Local Revenues	258	0	0	258
State of Tennessee	11,371	0	0	11,371
Federal Government	17,704	0	0	17,704
Total Revenues	<u>\$ 87,914</u>	<u>\$ 69,500</u>	<u>\$ 69,500</u>	<u>\$ 18,414</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 77,090	\$ 176,300	\$ 176,300	\$ 99,210
Total Expenditures	<u>\$ 77,090</u>	<u>\$ 176,300</u>	<u>\$ 176,300</u>	<u>\$ 99,210</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,824</u>	<u>\$ (106,800)</u>	<u>\$ (106,800)</u>	<u>\$ 117,624</u>
Net Change in Fund Balance	\$ 10,824	\$ (106,800)	\$ (106,800)	\$ 117,624
Fund Balance, July 1, 2013	<u>263,948</u>	<u>263,617</u>	<u>263,948</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 274,772</u>	<u>\$ 156,817</u>	<u>\$ 157,148</u>	<u>\$ 117,624</u>

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 343,505	\$ 340,000	\$ 340,000	\$ 3,505
Federal Government	30,147	29,899	29,899	248
Total Revenues	<u>\$ 373,652</u>	<u>\$ 369,899</u>	<u>\$ 369,899</u>	<u>\$ 3,753</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Highways and Streets	\$ 345,000	\$ 345,000	\$ 345,000	\$ 0
<u>Interest on Debt</u>				
Highways and Streets	145,070	145,069	145,079	9
<u>Other Debt Service</u>				
Highways and Streets	4,958	6,000	5,990	1,032
Total Expenditures	<u>\$ 495,028</u>	<u>\$ 496,069</u>	<u>\$ 496,069</u>	<u>\$ 1,041</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (121,376)</u>	<u>\$ (126,170)</u>	<u>\$ (126,170)</u>	<u>\$ 4,794</u>
Net Change in Fund Balance	\$ (121,376)	\$ (126,170)	\$ (126,170)	\$ 4,794
Fund Balance, July 1, 2013	<u>1,695,224</u>	<u>1,695,223</u>	<u>1,695,224</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 1,573,848</u>	<u>\$ 1,569,053</u>	<u>\$ 1,569,054</u>	<u>\$ 4,794</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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 968,243	\$ 948,471	\$ 948,471	\$ 19,772
Other Local Revenues	13,162	20,000	20,000	(6,838)
Federal Government	6,466	6,414	6,414	52
Total Revenues	<u>\$ 987,871</u>	<u>\$ 974,885</u>	<u>\$ 974,885</u>	<u>\$ 12,986</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 423,664	\$ 423,700	\$ 423,700	\$ 36
<u>Interest on Debt</u>				
General Government	663,044	663,302	663,302	258
<u>Other Debt Service</u>				
General Government	19,061	23,700	23,700	4,639
Total Expenditures	<u>\$ 1,105,769</u>	<u>\$ 1,110,702</u>	<u>\$ 1,110,702</u>	<u>\$ 4,933</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (117,898)</u>	<u>\$ (135,817)</u>	<u>\$ (135,817)</u>	<u>\$ 17,919</u>
Net Change in Fund Balance	\$ (117,898)	\$ (135,817)	\$ (135,817)	\$ 17,919
Fund Balance, July 1, 2013	<u>3,940,302</u>	<u>3,940,110</u>	<u>3,940,109</u>	<u>193</u>
Fund Balance, June 30, 2014	<u>\$ 3,822,404</u>	<u>\$ 3,804,293</u>	<u>\$ 3,804,292</u>	<u>\$ 18,112</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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,968,944	\$ 3,909,026	\$ 3,909,026	\$ 59,918
Other Local Revenues	65,897	60,000	60,000	5,897
Federal Government	361,585	355,793	355,793	5,792
Other Governments and Citizens Groups	911,061	966,585	966,585	(55,524)
Total Revenues	<u>\$ 5,307,487</u>	<u>\$ 5,291,404</u>	<u>\$ 5,291,404</u>	<u>\$ 16,083</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 2,205,791	\$ 2,205,792	\$ 2,205,792	\$ 1
<u>Interest on Debt</u>				
Education	2,859,882	3,023,704	3,023,704	163,822
<u>Other Debt Service</u>				
Education	123,964	317,000	317,000	193,036
Total Expenditures	<u>\$ 5,189,637</u>	<u>\$ 5,546,496</u>	<u>\$ 5,546,496</u>	<u>\$ 356,859</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 117,850</u>	<u>\$ (255,092)</u>	<u>\$ (255,092)</u>	<u>\$ 372,942</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 113,064	\$ 98,344	\$ 98,344	\$ 14,720
Total Other Financing Sources	<u>\$ 113,064</u>	<u>\$ 98,344</u>	<u>\$ 98,344</u>	<u>\$ 14,720</u>
Net Change in Fund Balance	\$ 230,914	\$ (156,748)	\$ (156,748)	\$ 387,662
Fund Balance, July 1, 2013	<u>9,630,968</u>	<u>9,630,515</u>	<u>9,630,518</u>	<u>450</u>
Fund Balance, June 30, 2014	<u>\$ 9,861,882</u>	<u>\$ 9,473,767</u>	<u>\$ 9,473,770</u>	<u>\$ 388,112</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 of deeds, 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, 2014

	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	\$ 1,693,862	\$ 1,693,862
Equity in Pooled Cash and Investments	0	36,778	26,799	0	63,577
Accounts Receivable	0	0	0	607	607
Due from Other Governments	659,805	59,182	43,128	0	762,115
Taxes Receivable	0	728,824	531,117	0	1,259,941
Allowance for Uncollectible Taxes	0	(30,516)	(22,238)	0	(52,754)
Total Assets	<u>\$ 659,805</u>	<u>\$ 794,268</u>	<u>\$ 578,806</u>	<u>\$ 1,694,469</u>	<u>\$ 3,727,348</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 1,512	\$ 1,512
Due to Other Taxing Units	659,805	794,268	578,806	0	2,032,879
Due to Litigants, Heirs, and Others	0	0	0	1,692,957	1,692,957
Total Liabilities	<u>\$ 659,805</u>	<u>\$ 794,268</u>	<u>\$ 578,806</u>	<u>\$ 1,694,469</u>	<u>\$ 3,727,348</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,758,185	\$ 3,758,185	\$ 0
Due from Other Governments	619,030	659,805	619,030	659,805
Total Assets	\$ 619,030	\$ 4,417,990	\$ 4,377,215	\$ 659,805
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 619,030	\$ 4,417,990	\$ 4,377,215	\$ 659,805
Total Liabilities	\$ 619,030	\$ 4,417,990	\$ 4,377,215	\$ 659,805
<u>City School ADA - Rogersville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 36,403	\$ 1,060,996	\$ 1,060,621	\$ 36,778
Due from Other Governments	56,228	59,182	56,228	59,182
Taxes Receivable	732,704	728,824	732,704	728,824
Allowance for Uncollectible Taxes	(27,863)	(30,516)	(27,863)	(30,516)
Total Assets	\$ 797,472	\$ 1,818,486	\$ 1,821,690	\$ 794,268
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 797,472	\$ 1,818,486	\$ 1,821,690	\$ 794,268
Total Liabilities	\$ 797,472	\$ 1,818,486	\$ 1,821,690	\$ 794,268
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 24,959	\$ 772,077	\$ 770,237	\$ 26,799
Due from Other Governments	38,802	43,128	38,802	43,128
Taxes Receivable	506,055	531,117	506,055	531,117
Allowance for Uncollectible Taxes	(19,244)	(22,238)	(19,244)	(22,238)
Total Assets	\$ 550,572	\$ 1,324,084	\$ 1,295,850	\$ 578,806
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 550,572	\$ 1,324,084	\$ 1,295,850	\$ 578,806
Total Liabilities	\$ 550,572	\$ 1,324,084	\$ 1,295,850	\$ 578,806

(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	\$ 1,386,312	\$ 8,948,896	\$ 8,641,346	\$ 1,693,862
Accounts Receivable	66	607	66	607
Total Assets	<u>\$ 1,386,378</u>	<u>\$ 8,949,503</u>	<u>\$ 8,641,412</u>	<u>\$ 1,694,469</u>
<u>Liabilities</u>				
Due to Other Funds	\$ 1,590	\$ 1,512	\$ 1,590	\$ 1,512
Due to Litigants, Heirs, and Others	1,384,788	8,947,991	8,639,822	1,692,957
Total Liabilities	<u>\$ 1,386,378</u>	<u>\$ 8,949,503</u>	<u>\$ 8,641,412</u>	<u>\$ 1,694,469</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,386,312	\$ 8,948,896	\$ 8,641,346	\$ 1,693,862
Equity in Pooled Cash and Investments	61,362	5,591,258	5,589,043	63,577
Due from Other Governments	714,060	762,115	714,060	762,115
Accounts Receivable	66	607	66	607
Taxes Receivable	1,238,759	1,259,941	1,238,759	1,259,941
Allowance for Uncollectible Taxes	(47,107)	(52,754)	(47,107)	(52,754)
Total Assets	<u>\$ 3,353,452</u>	<u>\$ 16,510,063</u>	<u>\$ 16,136,167</u>	<u>\$ 3,727,348</u>
<u>Liabilities</u>				
Due to Other Funds	\$ 1,590	\$ 1,512	\$ 1,590	\$ 1,512
Due to Other Taxing Units	1,967,074	7,560,560	7,494,755	2,032,879
Due to Litigants, Heirs, and Others	1,384,788	8,947,991	8,639,822	1,692,957
Total Liabilities	<u>\$ 3,353,452</u>	<u>\$ 16,510,063</u>	<u>\$ 16,136,167</u>	<u>\$ 3,727,348</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, 2014

Functions/Programs	Program Revenues			Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental Activities		
Governmental Activities:							
Instruction	\$ 41,433,500	\$ 19,478	\$ 3,311,649	\$ 48,437	\$ (38,053,936)		
Support Services	22,561,291	155,538	621,404	0	(21,784,349)		
Operation of Non-instructional Services	4,123,913	989,557	3,517,281	0	382,925		
Total Governmental Activities	\$ 68,118,704	\$ 1,164,573	\$ 7,450,334	\$ 48,437	\$ (59,455,360)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 8,324,987		
Property Taxes Levied for Transportation					1,463,013		
Local Option Sales Taxes					3,964,545		
Wheel Tax					324,689		
Interstate Telecommunications Tax					5,018		
Grants and Contributions Not Restricted for Specific Programs					39,939,227		
Unrestricted Investment Income					2,429		
Miscellaneous					481,579		
Total General Revenues					\$ 54,505,487		
Change in Net Position					\$ (4,949,873)		
Net Position, July 1, 2013					65,384,009		
Net Position, June 30, 2014					\$ 60,434,136		

Exhibit I-2

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Central Cafeteria	School Transportation	Other		
				Governmental Funds	Governmental Funds	
\$	0 \$	1,532 \$	0 \$	0 \$	0 \$	1,532
Equity in Pooled Cash and Investments	8,501,506	2,522,912	1,639,644	320,184	0	12,984,246
Accounts Receivable	120,582	0	1,072	0	0	121,654
Due from Other Governments	1,102,013	4,653	0	437,790	0	1,544,456
Due from Other Funds	194,268	319	0	949	0	195,536
Property Taxes Receivable	8,458,476	0	1,616,710	0	0	10,075,186
Allowance for Uncollectible Property Taxes	(298,186)	0	(56,994)	0	0	(355,180)
Total Assets	\$ 18,078,659 \$	2,529,416 \$	3,200,432 \$	758,923 \$	0 \$	24,567,430

ASSETS

Cash	0 \$	1,532 \$	0 \$	0 \$	0 \$	1,532
Equity in Pooled Cash and Investments	8,501,506	2,522,912	1,639,644	320,184	0	12,984,246
Accounts Receivable	120,582	0	1,072	0	0	121,654
Due from Other Governments	1,102,013	4,653	0	437,790	0	1,544,456
Due from Other Funds	194,268	319	0	949	0	195,536
Property Taxes Receivable	8,458,476	0	1,616,710	0	0	10,075,186
Allowance for Uncollectible Property Taxes	(298,186)	0	(56,994)	0	0	(355,180)
Total Assets	\$ 18,078,659 \$	2,529,416 \$	3,200,432 \$	758,923 \$	0 \$	24,567,430

LIABILITIES

Accounts Payable	254,905 \$	0 \$	7,901 \$	34,126 \$	0	296,932
Accrued Payroll	60,317	0	0	8,804	0	69,121
Contracts Payable	105,897	0	0	2,473	0	108,370
Retainage Payable	12,806	0	0	0	0	12,806
Due to Other Funds	1,268	0	0	194,268	0	195,536
Due to Primary Government	12,742	0	144,294	0	0	157,036
Other Current Liabilities	1,553,994	0	0	0	0	1,553,994
Total Liabilities	\$ 2,001,929 \$	0 \$	152,195 \$	239,671 \$	0 \$	2,393,795

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	8,005,377 \$	0 \$	1,530,107 \$	0 \$	0 \$	9,535,484
Deferred Delinquent Property Taxes	136,102	0	26,014	0	0	162,116
Other Deferred/Unavailable Revenue	348,481	0	0	0	0	348,481
Total Deferred Inflows of Resources	\$ 8,489,960 \$	0 \$	1,556,121 \$	0 \$	0 \$	10,046,081

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Central Cafeteria	School Transportation	Other	Governmental Funds	
\$	245,204	2,529,416	1,473,824	35,250	\$	4,283,694
	0	0	18,292	500,000		518,292
	1,134,021	0	0	0		1,134,021
	311,648	0	0	0		311,648
	5,895,897	0	0	(15,998)		5,879,899
\$	7,586,770	2,529,416	1,492,116	519,252	\$	12,127,554
\$	18,078,659	2,529,416	3,200,432	758,923	\$	24,567,430

FUND BALANCES

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

Exhibit I-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 12,127,554	
(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		280,173	
Add: building and improvements net of accumulated depreciation		55,963,371	
Add: other capital assets net of accumulated depreciation		<u>2,819,775</u>	60,647,651
(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	\$	(1,213,311)	
Less: termination benefits payable		(527,666)	
Less: retirement honorarium payable		(660,325)	
Less: other postemployment benefits liability		<u>(10,450,364)</u>	(12,851,666)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>510,597</u>
Net position of governmental activities (Exhibit A)			<u>\$ 60,434,136</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, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Central Cafeteria	School Transportation	Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 12,510,237	\$ 0	\$ 1,721,180	\$ 0	\$ 0	\$ 14,231,417
Licenses and Permits	3,864	0	0	0	0	3,864
Charges for Current Services	24,661	945,808	138,305	0	0	1,108,774
Other Local Revenues	541,202	32,495	91,908	0	0	665,605
State of Tennessee	38,045,808	35,971	966,856	0	0	39,048,635
Federal Government	290,840	2,675,011	0	5,295,682	0	8,261,533
Other Governments and Citizens Groups	3,419	0	0	45,018	0	48,437
Total Revenues	\$ 51,420,031	\$ 3,689,285	\$ 2,918,249	\$ 5,340,700	\$ 0	\$ 63,368,265
<u>Expenditures</u>						
Current:						
Instruction	\$ 32,659,388	\$ 0	\$ 0	\$ 3,814,518	\$ 0	\$ 36,473,906
Support Services	18,019,590	0	3,213,837	1,381,660	0	22,615,087
Operation of Non-instructional Services	399,011	3,666,236	0	0	0	4,065,247
Capital Outlay	735,259	0	0	0	0	735,259
Debt Service:						
Other Debt Service	503,613	0	407,449	0	0	911,062
Capital Projects	0	0	0	51,022	0	51,022
Total Expenditures	\$ 52,316,861	\$ 3,666,236	\$ 3,621,286	\$ 5,247,200	\$ 0	\$ 64,851,583
Excess (Deficiency) of Revenues Over Expenditures	\$ (896,830)	\$ 23,049	\$ (703,037)	\$ 93,500	\$ 0	\$ (1,483,318)

(Continued)

Exhibit I-4

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Central Cafeteria	School Transportation	Other	Governmental Funds	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 66,410	\$ 0	\$ 27,608	\$ 0	\$ 0	\$ 94,018
Transfers In	64,268	319	1,136,242	0	0	1,200,829
Transfers Out	(1,136,561)	0	0	(64,268)	(64,268)	(1,200,829)
Total Other Financing Sources (Uses)	\$ (1,005,883)	\$ 319	\$ 1,163,850	\$ (64,268)	\$ (64,268)	\$ 94,018
Net Change in Fund Balances	\$ (1,902,713)	\$ 23,368	\$ 460,813	\$ 29,232	\$ (1,389,300)	
Prior-period Adjustment	259,087	0	0	0	0	259,087
Fund Balance, July 1, 2013	9,230,396	2,506,048	1,031,303	490,020	490,020	13,257,767
Fund Balance, June 30, 2014	\$ 7,586,770	\$ 2,529,416	\$ 1,492,116	\$ 519,252	\$ 519,252	\$ 12,127,554

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, 2014

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ (1,389,300)
(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	\$ 1,124,661	
Less: current-year depreciation expense	<u>(3,860,035)</u>	(2,735,374)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of assets disposed		(1,665)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 510,597	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(710,031)</u>	(199,434)
(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	\$ (67,369)	
Change in termination benefits payable	227,217	
Change in retirement honorarium payable	(6,244)	
Change in other postemployment benefits liability	<u>(777,704)</u>	<u>(624,100)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (4,949,873)</u>

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

	Special Revenue Fund		Capital Projects Funds				Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	Other Capital Projects - QSCB	Total			
	\$ 203,709	\$ 2,473	\$ 114,002	\$ 116,475	\$	\$ 320,184	
	437,790	0	0	0	0	437,790	
	949	0	0	0	0	949	
	\$ 642,448	\$ 2,473	\$ 114,002	\$ 116,475	\$	\$ 758,923	
<u>ASSETS</u>							
Equity in Pooled Cash and Investments							
Due from Other Governments							
Due from Other Funds							
Total Assets							
<u>LIABILITIES</u>							
Accounts Payable	\$ 34,126	\$ 0	\$ 0	\$ 0	\$	\$ 34,126	
Accrued Payroll	8,804	0	0	0	0	8,804	
Contracts Payable	0	2,473	0	2,473	0	2,473	
Due to Other Funds	64,268	0	130,000	130,000	194,268	194,268	
Total Liabilities	\$ 107,198	\$ 2,473	\$ 130,000	\$ 132,473	\$	\$ 239,671	
<u>FUND BALANCES</u>							
Restricted:							
Restricted for Education	\$ 35,250	\$ 0	\$ 0	\$ 0	\$	\$ 35,250	
Committed:							
Committed for Education	500,000	0	0	0	0	500,000	
Unassigned	0	0	(15,998)	(15,998)	(15,998)	(15,998)	
Total Fund Balances	\$ 535,250	\$ 0	\$ (15,998)	\$ (15,998)	\$	\$ 519,252	
Total Liabilities and Fund Balances	\$ 642,448	\$ 2,473	\$ 114,002	\$ 116,475	\$	\$ 758,923	

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, 2014

	Special Revenue Fund	Capital Projects Fund	
	School Federal Projects	Other Capital Projects - QSCB	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Federal Government	\$ 5,295,682	\$ 0	\$ 5,295,682
Other Governments and Citizens Groups	0	45,018	45,018
Total Revenues	<u>\$ 5,295,682</u>	<u>\$ 45,018</u>	<u>\$ 5,340,700</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,814,518	\$ 0	\$ 3,814,518
Support Services	1,381,660	0	1,381,660
Capital Projects	0	51,022	51,022
Total Expenditures	<u>\$ 5,196,178</u>	<u>\$ 51,022</u>	<u>\$ 5,247,200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 99,504</u>	<u>\$ (6,004)</u>	<u>\$ 93,500</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (64,268)	\$ 0	\$ (64,268)
Total Other Financing Sources (Uses)	<u>\$ (64,268)</u>	<u>\$ 0</u>	<u>\$ (64,268)</u>
Net Change in Fund Balances	\$ 35,236	\$ (6,004)	\$ 29,232
Fund Balance, July 1, 2013	500,014	(9,994)	490,020
Fund Balance, June 30, 2014	<u>\$ 535,250</u>	<u>\$ (15,998)</u>	<u>\$ 519,252</u>

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,510,237	\$ 0	\$ 0	\$ 12,510,237	\$ 12,544,453	\$ 12,544,453	\$ (34,216)
Licenses and Permits	3,864	0	0	3,864	4,500	4,500	(636)
Charges for Current Services	24,661	0	0	24,661	5,000	5,000	19,661
Other Local Revenues	541,202	0	0	541,202	190,400	624,522	(83,320)
State of Tennessee	38,045,808	0	0	38,045,808	38,137,898	38,496,376	(450,568)
Federal Government	290,840	0	0	290,840	271,482	341,002	(50,162)
Other Governments and Citizens Groups	3,419	0	0	3,419	0	3,419	0
Total Revenues	\$ 51,420,031	\$ 0	\$ 0	\$ 51,420,031	\$ 51,153,733	\$ 52,019,272	\$ (599,241)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 26,652,726	\$ 0	\$ 0	\$ 26,652,726	\$ 26,826,303	\$ 27,404,059	\$ 751,333
Alternative Instruction Program	212,757	0	0	212,757	329,455	225,765	13,008
Special Education Program	4,362,606	0	0	4,362,606	4,670,499	4,670,499	307,893
Vocational Education Program	1,334,330	0	0	1,334,330	1,391,039	1,405,418	71,088
Adult Education Program	96,969	0	0	96,969	80,169	132,939	35,970
<u>Support Services</u>							
Attendance	189,094	0	0	189,094	191,032	191,032	1,938
Health Services	795,773	(11,032)	0	784,741	805,380	804,252	19,511
Other Student Support	2,321,285	0	0	2,321,285	2,278,188	2,377,722	56,437
Regular Instruction Program	1,607,038	0	0	1,607,038	1,702,103	1,700,069	93,031
Special Education Program	431,468	0	0	431,468	466,648	472,698	41,230
Vocational Education Program	868	0	0	868	50,423	2,100	1,232
Adult Programs	61,932	0	0	61,932	88,634	67,656	5,724
Other Programs	348,242	0	0	348,242	0	348,242	0
Board of Education	1,682,044	(29,000)	38,350	1,691,394	1,719,800	1,742,920	51,526
Director of Schools	379,454	0	10	379,464	389,992	392,553	13,089
Office of the Principal	3,521,622	0	0	3,521,622	3,521,964	3,562,455	40,833
Fiscal Services	254,955	0	0	254,955	276,933	263,111	8,156
Human Services/Personnel	88,663	0	0	88,663	95,952	95,952	7,289

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 4,061,488	\$ 0	\$ 0	\$ 4,061,488	\$ 3,793,115	\$ 4,278,339	\$ 216,851
Maintenance of Plant	1,219,034	0	0	1,219,034	1,330,377	1,369,253	150,219
Transportation	40,194	0	0	40,194	49,554	49,554	9,360
Central and Other	1,016,436	0	19,748	1,036,184	1,109,363	1,116,757	80,573
<u>Operation of Non-instructional Services</u>							
Early Childhood Education	399,011	0	0	399,011	417,539	417,539	18,528
<u>Capital Outlay</u>							
Regular Capital Outlay	735,259	(41,224)	311,648	1,005,683	530,000	1,096,780	91,097
<u>Other Debt Service</u>							
Education	503,613	0	0	503,613	550,000	550,000	46,387
Total Expenditures	\$ 52,316,861	\$ (81,256)	\$ 369,756	\$ 52,605,361	\$ 52,664,462	\$ 54,737,664	\$ 2,132,303
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (896,830)	\$ 81,256	\$ (369,756)	\$ (1,185,330)	\$ (1,510,729)	\$ (2,718,392)	\$ 1,533,062
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 66,410	\$ 0	\$ 0	\$ 66,410	\$ 0	\$ 65,008	\$ 1,402
Transfers In	64,268	0	0	64,268	75,000	75,000	(10,732)
Transfers Out	(1,136,561)	0	0	(1,136,561)	(1,136,242)	(1,136,561)	0
Total Other Financing Sources	\$ (1,005,883)	\$ 0	\$ 0	\$ (1,005,883)	\$ (1,061,242)	\$ (996,553)	\$ (9,330)
Net Change in Fund Balance	\$ (1,902,713)	\$ 81,256	\$ (369,756)	\$ (2,191,213)	\$ (2,571,971)	\$ (3,714,945)	\$ 1,523,732
Prior-period Adjustment	259,087	0	0	259,087	0	0	259,087
Fund Balance, July 1, 2013	9,230,396	(81,256)	0	9,149,140	9,960,270	9,960,270	(811,130)
Fund Balance, June 30, 2014	\$ 7,586,770	\$ 0	\$ (369,756)	\$ 7,217,014	\$ 7,388,299	\$ 6,245,325	\$ 971,689

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, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 5,295,682	\$ 0	\$ 5,295,682	\$ 4,676,859	\$ 6,260,875	\$ (965,193)
Total Revenues	\$ 5,295,682	\$ 0	\$ 5,295,682	\$ 4,676,859	\$ 6,260,875	\$ (965,193)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,318,183	\$ 34,102	\$ 2,352,285	\$ 1,642,846	\$ 2,477,878	\$ 125,593
Special Education Program	1,414,874	0	1,414,874	1,388,509	1,674,681	259,807
Vocational Education Program	81,461	0	81,461	84,725	81,461	0
<u>Support Services</u>						
Health Services	64,067	0	64,067	68,894	69,294	5,227
Other Student Support	572,660	0	572,660	316,114	821,978	249,318
Regular Instruction Program	520,187	0	520,187	849,885	686,825	166,638
Special Education Program	214,510	0	214,510	214,086	333,606	119,096
Vocational Education Program	3,500	0	3,500	3,500	3,500	0
Transportation	6,736	0	6,736	33,300	36,300	29,564
<u>Capital Outlay</u>						
Regular Capital Outlay	0	0	0	75,000	0	0
Total Expenditures	\$ 5,196,178	\$ 34,102	\$ 5,230,280	\$ 4,676,859	\$ 6,185,523	\$ 955,243
Excess (Deficiency) of Revenues Over Expenditures	\$ 99,504	\$ (34,102)	\$ 65,402	\$ 0	\$ 75,352	\$ (9,950)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (64,268)	\$ 0	\$ (64,268)	\$ 0	\$ (75,352)	\$ 11,084
Total Other Financing Sources	\$ (64,268)	\$ 0	\$ (64,268)	\$ 0	\$ (75,352)	\$ 11,084
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 35,236	\$ (34,102)	\$ 1,134	\$ 0	\$ 0	\$ 1,134
	500,014	0	500,014	450,111	450,111	49,903
Fund Balance, June 30, 2014	\$ 535,250	\$ (34,102)	\$ 501,148	\$ 450,111	\$ 450,111	\$ 51,037

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 945,808	\$ 1,375,822	\$ 1,375,822	\$ (430,014)
Other Local Revenues	32,495	2,000	2,000	30,495
State of Tennessee	35,971	37,600	37,600	(1,629)
Federal Government	2,675,011	2,710,083	2,710,083	(35,072)
Total Revenues	<u>\$ 3,689,285</u>	<u>\$ 4,125,505</u>	<u>\$ 4,125,505</u>	<u>\$ (436,220)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 3,666,236	\$ 4,250,505	\$ 4,250,505	\$ 584,269
Total Expenditures	<u>\$ 3,666,236</u>	<u>\$ 4,250,505</u>	<u>\$ 4,250,505</u>	<u>\$ 584,269</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 23,049</u>	<u>\$ (125,000)</u>	<u>\$ (125,000)</u>	<u>\$ 148,049</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 319	\$ 0	\$ 0	\$ 319
Total Other Financing Sources	<u>\$ 319</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 319</u>
Net Change in Fund Balance	\$ 23,368	\$ (125,000)	\$ (125,000)	\$ 148,368
Fund Balance, July 1, 2013	<u>2,506,048</u>	<u>1,968,331</u>	<u>1,968,331</u>	<u>537,717</u>
Fund Balance, June 30, 2014	<u>\$ 2,529,416</u>	<u>\$ 1,843,331</u>	<u>\$ 1,843,331</u>	<u>\$ 686,085</u>

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,721,180	\$ 0	\$ 0	\$ 1,721,180	\$ 1,690,513	\$ 1,690,513	\$ 30,667
Charges for Current Services	138,305	0	0	138,305	125,150	125,150	13,155
Other Local Revenues	91,908	0	0	91,908	414,500	414,500	(322,592)
State of Tennessee	966,856	0	0	966,856	966,856	966,856	0
Total Revenues	\$ 2,918,249	\$ 0	\$ 0	\$ 2,918,249	\$ 3,197,019	\$ 3,197,019	(278,770)
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 32,362	\$ 0	\$ 0	\$ 32,362	\$ 35,000	\$ 35,000	\$ 2,638
Transportation	3,181,475	(402,925)	519,838	3,298,388	3,888,261	3,982,355	683,967
<u>Other Debt Service</u>							
Education	407,449	0	0	407,449	410,000	410,000	2,551
Total Expenditures	\$ 3,621,286	\$ (402,925)	\$ 519,838	\$ 3,738,199	\$ 4,333,261	\$ 4,427,355	\$ 689,156
Excess (Deficiency) of Revenues Over Expenditures	\$ (703,037)	\$ 402,925	\$ (519,838)	\$ (819,950)	\$ (1,136,242)	\$ (1,230,336)	\$ 410,386
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 27,608	\$ 0	\$ 0	\$ 27,608	\$ 0	\$ 27,608	\$ 0
Transfers In	1,136,242	0	0	1,136,242	1,136,242	1,136,242	0
Total Other Financing Sources	\$ 1,163,850	\$ 0	\$ 0	\$ 1,163,850	\$ 1,136,242	\$ 1,163,850	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 460,813	\$ 402,925	\$ (519,838)	\$ 343,900	\$ 0	\$ (66,486)	\$ 410,386
Fund Balance, July 1, 2013	1,031,303	(402,925)	0	628,378	483,353	483,353	145,025
Fund Balance, June 30, 2014	\$ 1,492,116	\$ 0	\$ (519,838)	\$ 972,278	\$ 483,353	\$ 416,867	\$ 555,411

MISCELLANEOUS SCHEDULES

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Industrial Development Board Spec Building (1)	\$ 687,149	2.491 %	2-26-13	1-16-15	\$ 671,061	\$ 0	\$ 38,664	\$ 632,397
Total Payable through General Debt Service Fund					\$ 671,061	\$ 0	\$ 38,664	\$ 632,397
<u>Payable through Education Debt Service Fund</u>								
School Buses Capital Outlay Note, Series 2009 (2)	743,000	Variable	7-14-09	6-1-16	\$ 462,000	\$ 0	\$ 133,000	\$ 329,000
Total Payable through Education Debt Service Fund					\$ 462,000	\$ 0	\$ 133,000	\$ 329,000
Total Notes Payable					\$ 1,133,061	\$ 0	\$ 171,664	\$ 961,397
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Refunding Series D-7-B - Series B-15-A	(3)	3 to 5	5-15-08	6-1-31	\$ 7,135,000	\$ 0	\$ 230,000	\$ 6,905,000
Refunding Series D-5-D - Series B-15-A	(3)	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	(3)	3 to 5	5-15-08	6-1-36	2,175,000	0	120,000	2,055,000
Total Payable through General Debt Service Fund					\$ 13,570,000	\$ 0	\$ 350,000	\$ 13,220,000
<u>Payable through Education Debt Service Fund</u>								
Series VII-A-1 - Refunding	16,150,000	(4)	8-28-08	6-1-29	\$ 16,150,000	\$ 0	\$ 0	\$ 16,150,000
Refunding Series D-7-B - Series B-15-A (2)	(3)	3 to 4.5	5-15-08	6-1-16	190,000	0	65,000	125,000
School Buses - Series B-15-A (2)	(3)	3.25 to 4.5	5-15-08	6-1-16	425,000	0	150,000	275,000
School Building Program - Series B-15-A	(3)	3.25 to 5	5-15-08	6-1-36	10,450,000	0	100,000	10,350,000
Qualified School Construction Bonds	2,640,000	1.51	12-17-09	7-1-26	2,173,260	0	164,731	2,008,529
Qualified School Construction Bonds	2,333,000	0	10-1-10	9-15-27	2,066,111	0	145,576	1,920,535
Energy Efficient Schools Initiative	740,278	0	1-11-11	10-1-18	564,018	0	105,756	458,262
Energy Efficient Schools Initiative	767,272	0	9-28-11	2-1-22	664,968	0	76,728	588,240
Total Payable through Education Debt Service Fund					\$ 32,683,357	\$ 0	\$ 807,791	\$ 31,875,566
Total Other Loans Payable					\$ 46,253,357	\$ 0	\$ 1,157,791	\$ 45,095,566

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
CAPITAL LEASES PAYABLE								
Payable through General Fund								
Communications Equipment	\$ 303,676	1.5 %	4-10-13	4-10-18	\$ 293,916	\$ 0	\$ 59,076	\$ 234,840
Total Payable through General Fund					\$ 293,916	\$ 0	\$ 59,076	\$ 234,840
Payable through Highway/Public Works Fund								
Communications Equipment	13,678	1.5	4-10-13	4-10-18	\$ 13,238	\$ 0	\$ 2,661	\$ 10,577
Total Payable through Highway/Public Works Fund					\$ 13,238	\$ 0	\$ 2,661	\$ 10,577
Total Capital Leases Payable					\$ 307,154	\$ 0	\$ 61,737	\$ 245,417
BONDS PAYABLE								
Payable through General Debt Service Fund								
General Obligation Bonds, Series 2010 BABs	265,000	1 to 4.95	6-22-10	5-1-25	\$ 225,000	\$ 0	\$ 15,000	\$ 210,000
General Obligation Bonds, Series 2010 BABs	330,000	1 to 4.95	6-22-10	5-1-25	\$ 270,000	\$ 0	\$ 20,000	\$ 250,000
Total Payable through General Debt Service Fund					\$ 495,000	\$ 0	\$ 35,000	\$ 460,000
Payable through Special Debt Service Fund								
General Obligation Bonds, Series 2010 BABs	2,500,000	1 to 4.95	6-22-10	5-1-25	\$ 2,295,000	\$ 0	\$ 145,000	\$ 2,150,000
General Obligation Highway Bonds, Series 2013	2,500,000	2 to 3.25	7-10-13	6-1-25	\$ 0	\$ 2,500,000	\$ 200,000	\$ 2,300,000
Total Payable through Special Debt Service Fund					\$ 2,295,000	\$ 2,500,000	\$ 345,000	\$ 4,450,000

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-14
BONDS PAYABLE (Cont.)								
Payable through Education Debt Service Fund								
General Obligation School Bonds, Series 2007	\$ 9,700,000	3.9	% 12-20-07	6-1-33	\$ 8,465,000	\$ 0	\$ 280,000	\$ 8,185,000
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 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	6,365,000	0	985,000	5,380,000
Total Payable through Education Debt Service Fund					<u>\$ 33,445,000</u>	<u>\$ 0</u>	<u>\$ 1,265,000</u>	<u>\$ 32,180,000</u>
Total Bonds Payable					<u>\$ 36,235,000</u>	<u>\$ 2,500,000</u>	<u>\$ 1,645,000</u>	<u>\$ 37,090,000</u>

- (1) This note was issued by the Industrial Development Board with Hawkins County as the guarantor. In the prior year, the county as guarantor agreed to assume the note debt and pay its requirements.
- (2) Funding for repayment of these notes and loan agreements is to be provided by the School Transportation Fund.
- (3) The total amount approved for the Series B-15-A loan agreement was \$27,745,000.
- (4) 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	
2015	\$ 776,397	\$ 17,282	\$ 793,679
2016	185,000	4,532	189,532
Total	\$ 961,397	\$ 21,814	\$ 983,211

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2015	\$ 1,167,791	\$ 1,388,146	\$ 40,375	\$ 2,596,312
2016	1,152,792	1,364,521	40,375	2,557,688
2017	982,791	1,338,121	40,375	2,361,287
2018	1,002,792	1,318,521	40,375	2,361,688
2019	947,274	1,298,121	40,375	2,285,770
2020	2,217,035	1,268,565	40,375	3,525,975
2021	2,287,036	1,237,402	37,150	3,561,588
2022	2,356,451	1,203,518	33,800	3,593,769
2023	2,405,308	1,168,260	30,263	3,603,831
2024	2,525,307	1,131,411	26,538	3,683,256
2025	2,645,307	1,092,097	22,625	3,760,029
2026	2,766,523	1,045,972	18,525	3,831,020
2027	2,740,436	961,021	14,238	3,715,695
2028	2,683,723	805,687	9,700	3,499,110
2029	2,815,000	742,350	4,975	3,562,325
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	\$ 45,095,566	\$ 20,019,876	\$ 440,064	\$ 65,555,506

(Continued)

Exhibit J-2

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

Year Ending June 30	Capital Leases		Total
	Principal	Interest	
2015	\$ 62,668	\$ 3,252	\$ 65,920
2016	63,615	2,305	65,920
2017	64,576	1,344	65,920
2018	54,558	376	54,934
Total	\$ 245,417	\$ 7,277	\$ 252,694

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 1,705,000	\$ 1,769,233	\$ 3,474,233
2016	1,765,000	1,717,578	3,482,578
2017	2,000,000	1,663,203	3,663,203
2018	2,065,000	1,600,328	3,665,328
2019	2,125,000	1,534,378	3,659,378
2020	1,005,000	1,465,312	2,470,312
2021	1,070,000	1,429,096	2,499,096
2022	885,000	1,391,641	2,276,641
2023	910,000	1,359,016	2,269,016
2024	910,000	1,324,526	2,234,526
2025	935,000	1,288,350	2,223,350
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	\$ 37,090,000	\$ 28,782,788	\$ 65,872,788

Exhibit J-3

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

<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	\$ 113,064
Total Transfers Primary Government			<u>\$ 113,064</u>
<u>DISCRETELY PRESENTED HAWKINS</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Transportation	Fund Operations	\$ 733,317
"	"	Fund Bus Purchases	402,925
"	Central Cafeteria	Reimburse Expenses	319
School Federal Projects	General Purpose School	Indirect Costs	<u>64,268</u>
Total Transfers Discretely Presented Hawkins County School Department			<u>\$ 1,200,829</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 88,418	\$ 50,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, TCA	81,212	100,000	"
Director of Schools	State Board of Education and County Board of Education	92,553 (1)	50,000	"
Trustee	Section 8-24-102, TCA	73,825	2,067,800	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, TCA	73,825	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	73,825	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	73,825	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	73,825 (2)	75,000	"
Register of Deeds	Section 8-24-102, TCA	73,825	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	84,808 (3)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$3,000. Does not include a travel allowance totaling \$7,200 and sick leave incentive of \$300.
- (2) Does not include special commissioner fees of \$12,346.
- (3) 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, 2014

	Special Revenue Funds					Debt Service 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	\$ 7,329,680	\$ 0	\$ 0	\$ 0	\$ 1,337,171	\$ 792,403
Trustee's Collections - Prior Year	215,562	0	0	0	39,325	23,303
Trustee's Collections - Bankruptcy	7,304	0	0	0	1,333	789
Circuit/Clerk and Master Collections - Prior Years	242,767	0	0	0	44,288	26,245
Interest and Penalty	46,023	0	0	0	8,397	4,975
Pickup Taxes	19,756	0	0	0	3,604	2,136
Payments in-Lieu-of Taxes - T.V.A.	1,441	0	0	0	263	156
Payments in-Lieu-of Taxes - Other	15,894	0	0	0	2,899	1,718
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	747,578	0	0	0	0
Wheel Tax	343,505	0	0	0	0	0
Litigation Tax - General	123,683	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	115,193
Litigation Tax - Courthouse Security	117,927	0	0	0	0	0
Business Tax	0	317,189	0	0	0	0
Mineral Severance Tax	0	0	0	0	66,641	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	12,257	0	0	0	2,236	1,325
Wholesale Beer Tax	101,062	0	0	0	0	0
Interstate Telecommunications Tax	3,552	0	0	0	0	0
Total Local Taxes	\$ 8,580,413	\$ 1,064,767	\$ 0	\$ 0	\$ 1,506,157	\$ 968,243
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 127,784	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	1,568 \$	0 \$	0 \$	0 \$	0 \$	0
Other Permits	1,235	0	0	0	0	0
Total Licenses and Permits	2,803 \$	127,784 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	6,917 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	9,392	0	0	0	0	0
Drug Control Fines	13,082	0	6,554	0	0	0
Drug Court Fees	1,219	0	0	0	0	0
Data Entry Fee - Circuit Court	5,176	0	0	0	0	0
Courtroom Security Fee	392	0	0	0	0	0
<u>Criminal Court</u>						
Jail Fees	2,912	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	28,047	0	0	0	0	0
Officers Costs	23,907	0	0	0	0	0
Game and Fish Fines	172	0	0	0	0	0
Drug Control Fines	11,891	0	12,356	0	0	0
Drug Court Fees	4,761	0	0	0	0	0
Jail Fees	40,389	0	0	0	0	0
DUI Treatment Fines	6,189	0	0	0	0	0
Data Entry Fee - General Sessions Court	12,942	0	0	0	0	0
Courtroom Security Fee	603	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 10,055	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	5,171	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	835	0	0	0	0	0
Data Entry Fee - Chancery Court	9,092	0	0	0	0	0
Courtroom Security Fee	44	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	7,982	0	39,671	0	0	0
Other Fines, Forfeitures, and Penalties	12,588	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 213,758	\$ 0	\$ 58,581	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Waste Tire Disposal	\$ 0	\$ 1,832	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	6,550	0	0	0	0	0
Work Release Charges for Board	22,442	0	0	0	0	0
Other General Service Charges	0	0	0	0	2,520	0
<u>Fees</u>						
Recreation Fees	6,980	0	0	0	0	0
Copy Fees	6,597	0	0	0	0	0
Telephone Commissions	69,046	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	200,281	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	12,346	0	0
Data Processing Fee - Register	16,452	0	0	0	0	0
Data Processing Fee - Sheriff	3,395	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Sexual Offender Registration Fee - Sheriff	\$ 4,345	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - County Clerk	4,221	0	0	0	0	0
Total Charges for Current Services	\$ 140,028	\$ 1,832	\$ 0	\$ 212,627	\$ 2,520	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,162
Lease/Rentals	75	0	0	0	0	0
Sale of Materials and Supplies	35	0	0	0	0	0
Commissary Sales	17,600	0	0	0	0	0
Sale of Gasoline	0	0	0	0	7,438	0
Sale of Maps	286	0	0	0	0	0
Sale of Recycled Materials	0	87,960	258	0	4,347	0
Miscellaneous Refunds	15,197	12,751	0	0	8,466	0
<u>Nonrecurring Items</u>						
Sale of Equipment	12,650	36,740	0	0	0	0
Sale of Property	9,200	0	0	0	0	0
Contributions and Gifts	145	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	48	0	0	0	0	0
Total Other Local Revenues	\$ 55,236	\$ 137,451	\$ 258	\$ 0	\$ 20,251	\$ 13,162
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
Clerk and Master	\$ 63,176	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of-Salary</u>						
County Clerk	\$ 471,841	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	292,979	0	0	0	0	0
General Sessions Court Clerk	399,290	0	0	0	0	0
Register	190,801	0	0	0	0	0
Sheriff	47,594	0	0	0	0	0
Trustee	677,845	0	0	0	0	0
Total Fees Received from County Officials	\$ 2,143,526	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Airport Maintenance Program	\$ 7,144	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	30,052	0	0	0	0	0
Solid Waste Grants	0	37,178	0	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	29,400	0	0	0	0	0
Health and Welfare Grants						
Other Health and Welfare Grants	374,948	0	0	0	0	0
Public Works Grants						
Bridge Program	0	0	0	0	783,057	0
State Aid Program	0	0	0	0	326,990	0
Litter Program	49,036	0	0	0	0	0
Other State Revenues						
Income Tax	57,569	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Vehicle Certificate of Title Fees	3,953	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service 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>						
Alcoholic Beverage Tax	\$ 0	\$ 88,158	\$ 0	\$ 0	\$ 0	\$ 0
Board of Jurors	348	0	0	0	0	0
Prisoner Transportation	826	0	0	0	0	0
Contracted Prisoner Boarding	1,742,774	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,942,318	0
Petroleum Special Tax	0	0	0	0	41,008	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	52,657	0	0	0	0	0
Other State Revenues	440,752	0	11,371	0	0	0
Total State of Tennessee	\$ 2,822,429	\$ 125,336	\$ 11,371	\$ 0	\$ 3,093,373	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 37,100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	47,744	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	104,112	0	0	0	0	6,466
Other Direct Federal Revenue	15,400	0	17,704	0	0	0
Total Federal Government	\$ 204,356	\$ 0	\$ 17,704	\$ 0	\$ 0	\$ 6,466
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 165,160	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	75,101	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
Other Governments and Citizens Groups (Cont.)						
Citizens Groups						
Donations	\$ 7,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 247,761	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 14,410,310	\$ 1,457,170	\$ 87,914	\$ 212,627	\$ 4,622,301	\$ 987,871

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

	Debt Service Funds (Cont.)		Capital Projects Funds			Total
	Special Debt Service	Education Debt Service	Highway Capital Projects	Other Capital Projects - QSCB		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	3,367,687	\$ 0	0	\$ 0	12,826,941
Trustee's Collections - Prior Year	0	99,041	0	0	0	377,231
Trustee's Collections - Bankruptcy	0	3,358	0	0	0	12,784
Circuit/Clerk and Master Collections - Prior Years	0	111,541	0	0	0	424,841
Interest and Penalty	0	21,139	0	0	0	80,534
Pickup Taxes	0	9,077	0	0	0	34,573
Payments in-Lieu-of Taxes - T.V.A.	0	662	0	0	0	2,522
Payments in-Lieu-of Taxes - Other	0	7,302	0	0	0	27,813
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	747,578
Wheel Tax	343,505	343,505	0	0	0	1,030,515
Litigation Tax - General	0	0	0	0	0	123,683
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	115,193
Litigation Tax - Courthouse Security	0	0	0	0	0	117,927
Business Tax	0	0	0	0	0	317,189
Mineral Severance Tax	0	0	0	0	0	66,641
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	5,632	0	0	0	21,450
Wholesale Beer Tax	0	0	0	0	0	101,062
Interstate Telecommunications Tax	0	0	0	0	0	3,552
Total Local Taxes	\$ 343,505	\$ 3,968,944	\$ 0	\$ 0	\$ 0	\$ 16,432,029
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	0	\$ 0	0	\$ 0	127,784

(Continued)

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

	Debt Service Funds (Cont.)		Capital Projects Funds			Total
	Special Debt Service	Education Debt Service	Highway Capital Projects	Other Capital Projects - QSCB		
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	0 \$	0 \$	0 \$	0 \$	0 \$	1,568
Other Permits	0	0	0	0	0	1,235
Total Licenses and Permits	0 \$	0 \$	0 \$	0 \$	0 \$	130,587
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	0 \$	0 \$	0 \$	0 \$	0 \$	6,917
Officers Costs	0	0	0	0	0	9,392
Drug Control Fines	0	0	0	0	0	19,636
Drug Court Fees	0	0	0	0	0	1,219
Data Entry Fee - Circuit Court	0	0	0	0	0	5,176
Courtroom Security Fee	0	0	0	0	0	392
<u>Criminal Court</u>						
Jail Fees	0	0	0	0	0	2,912
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	28,047
Officers Costs	0	0	0	0	0	23,907
Game and Fish Fines	0	0	0	0	0	172
Drug Control Fines	0	0	0	0	0	24,247
Drug Court Fees	0	0	0	0	0	4,761
Jail Fees	0	0	0	0	0	40,389
DUI Treatment Fines	0	0	0	0	0	6,189
Data Entry Fee - General Sessions Court	0	0	0	0	0	12,942
Courtroom Security Fee	0	0	0	0	0	603

(Continued)

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

	Debt Service Funds (Cont.)			Capital Projects Funds			Total
	Special Debt Service	Education Debt Service	Highway Capital Projects	Other Capital Projects - QSCB			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Juvenile Court</u>							
Fines	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	10,055
Officers Costs	0	0	0	0	0	0	5,171
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	835
Data Entry Fee - Chancery Court	0	0	0	0	0	0	9,092
Courtroom Security Fee	0	0	0	0	0	0	44
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	47,653
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	12,588
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	272,339
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Surcharge - Waste Tire Disposal	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,832
Patient Charges	0	0	0	0	0	0	6,550
Work Release Charges for Board	0	0	0	0	0	0	22,442
Other General Service Charges	0	0	0	0	0	0	2,520
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	0	6,980
Copy Fees	0	0	0	0	0	0	6,597
Telephone Commissions	0	0	0	0	0	0	69,046
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	200,281
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	12,346
Data Processing Fee - Register	0	0	0	0	0	0	16,452
Data Processing Fee - Sheriff	0	0	0	0	0	0	3,395

(Continued)

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

	Debt Service Funds (Cont.)		Capital Projects Funds			Total
	Special Debt Service	Education Debt Service	Highway Capital Projects	Other Capital Projects - QSCB		
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Sexual Offender Registration Fee - Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,345
Data Processing Fee - County Clerk	0	0	0	0	0	4,221
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 357,007
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0	65,897	260	9	9	79,328
Lease/Rentals	0	0	0	0	0	75
Sale of Materials and Supplies	0	0	0	0	0	35
Commissary Sales	0	0	0	0	0	17,600
Sale of Gasoline	0	0	0	0	0	7,438
Sale of Maps	0	0	0	0	0	286
Sale of Recycled Materials	0	0	0	0	0	92,565
Miscellaneous Refunds	0	0	0	0	0	36,414
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	49,390
Sale of Property	0	0	0	0	0	9,200
Contributions and Gifts	0	0	0	0	0	145
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	48
Total Other Local Revenues	\$ 0	\$ 65,897	\$ 260	\$ 9	\$ 9	\$ 292,524
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
Clerk and Master	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,176

(Continued)

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

	Debt Service Funds (Cont.)		Capital Projects Funds			Total
	Special Debt Service	Education Debt Service	Highway Capital Projects	Other Capital Projects - QSCB		
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of-Salary</u>						
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	471,841
Circuit Court Clerk	0	0	0	0	0	292,979
General Sessions Court Clerk	0	0	0	0	0	399,290
Register	0	0	0	0	0	190,801
Sheriff	0	0	0	0	0	47,594
Trustee	0	0	0	0	0	677,845
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	2,143,526
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Airport Maintenance Program	0 \$	0 \$	0 \$	0 \$	0 \$	7,144
Aging Programs	0	0	0	0	0	30,052
Solid Waste Grants	0	0	0	0	0	37,178
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	29,400
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	0	0	0	0	0	374,948
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	783,057
State Aid Program	0	0	0	0	0	326,990
Litter Program	0	0	0	0	0	49,036
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	57,569
Beer Tax	0	0	0	0	0	17,806
Vehicle Certificate of Title Fees	0	0	0	0	0	3,953

(Continued)

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

	Debt Service Funds (Cont.)		Capital Projects Funds			Total
	Special Debt Service	Education Debt Service	Highway Capital Projects	Other Capital Projects - QSCB		
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 0	0	0	0	0	88,158
Board of Jurors	0	0	0	0	0	348
Prisoner Transportation	0	0	0	0	0	826
Contracted Prisoner Boarding	0	0	0	0	0	1,742,774
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,942,318
Petroleum Special Tax	0	0	0	0	0	41,008
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	52,657
Other State Revenues	0	0	0	0	0	452,123
Total State of Tennessee	\$ 0	0	0	0	0	\$ 6,052,509
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 0	0	0	0	0	37,100
Homeland Security Grants	0	0	0	0	0	47,744
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	30,147	361,585	0	0	0	502,310
Other Direct Federal Revenue	0	0	0	0	0	33,104
Total Federal Government	\$ 30,147	\$ 361,585	\$ 0	\$ 0	\$ 0	\$ 620,258
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	911,061	0	0	0	1,076,221
Contracted Services	0	0	0	0	0	75,101

(Continued)

Exhibit J-5

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

	Debt Service Funds (Cont.)			Capital Projects Funds			Total
	Special Debt Service	Education Debt Service	Highway Capital Projects	Other Capital Projects - QSCB			
Other Governments and Citizens Groups (Cont.)							
Citizens Groups							
Donations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,500
Total Other Governments and Citizens Groups	\$ 0	\$ 911,061	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,158,822
Total	\$ 373,652	\$ 5,307,487	\$ 260	\$ 9	\$ 27,459,601		

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, 2014

	Special Revenue Funds				Capital Projects Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Other Capital Projects - QSCB		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 7,726,680	\$ 0	\$ 0	\$ 1,483,926	\$ 0	\$ 0	\$ 9,210,606
Trustee's Collections - Prior Year	265,421	0	0	43,648	0	0	309,069
Trustee's Collections - Bankruptcy	7,759	0	0	1,480	0	0	9,239
Circuit/Clerk and Master Collections - Prior Years	257,440	0	0	49,209	0	0	306,649
Interest and Penalty	48,811	0	0	9,329	0	0	58,140
Pickup Taxes	20,961	0	0	4,005	0	0	24,966
Payments in-Lieu-of Taxes - T.V.A.	1,753	0	0	292	0	0	2,045
Payments in-Lieu-of Taxes - Other	19,330	0	0	3,222	0	0	22,552
<u>County Local Option Taxes</u>							
Local Option Sales Tax	3,942,960	0	0	0	0	0	3,942,960
Wheel Tax	201,105	0	0	123,584	0	0	324,689
<u>Statutory Local Taxes</u>							
Bank Excise Tax	12,999	0	0	2,485	0	0	15,484
Interstate Telecommunications Tax	5,018	0	0	0	0	0	5,018
Total Local Taxes	\$ 12,510,237	\$ 0	\$ 0	\$ 1,721,180	\$ 0	\$ 0	\$ 14,231,417

<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 3,864	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,864
Total Licenses and Permits	\$ 3,864	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,864

<u>Charges for Current Services</u>							
<u>Education Charges</u>							
Lunch Payments - Children	\$ 0	\$ 0	\$ 606,590	\$ 0	\$ 0	\$ 0	\$ 606,590

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Capital Projects Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Other Capital Projects - QSCB		
<u>Charges for Current Services (Cont.)</u>							
<u>Education Charges (Cont.)</u>							
Lunch Payments - Adults	\$ 0 \$	0 \$	95,454 \$	0 \$	0 \$	0 \$	95,454
Income from Breakfast	0	0	145,215	0	0	0	145,215
A la carte Sales	0	0	35,561	0	0	0	35,561
Transportation - Other State Systems	0	0	0	85,675	0	0	85,675
Receipts from Individual Schools	24,661	0	0	52,630	0	0	77,291
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	62,988	0	0	0	62,988
<u>Total Charges for Current Services</u>	<u>\$ 24,661 \$</u>	<u>0 \$</u>	<u>945,808 \$</u>	<u>138,305 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>1,108,774</u>
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0 \$	0 \$	2,429 \$	0 \$	0 \$	0 \$	2,429
Lease/Rentals	43,749	0	0	0	0	0	43,749
Sale of Gasoline	0	0	0	81,964	0	0	81,964
E-Rate Funding	19,455	0	0	0	0	0	19,455
Retirees' Insurance Payments	887	0	0	0	0	0	887
Commodity Rebates	0	0	29,322	0	0	0	29,322
Miscellaneous Refunds	440,752	0	744	9,874	0	0	451,370
<u>Nonrecurring Items</u>							
Sale of Equipment	19,478	0	0	0	0	0	19,478
Damages Recovered from Individuals	888	0	0	70	0	0	958
Contributions and Gifts	15,763	0	0	0	0	0	15,763
<u>Other Local Revenues</u>							
Other Local Revenues	230	0	0	0	0	0	230
<u>Total Other Local Revenues</u>	<u>\$ 541,202 \$</u>	<u>0 \$</u>	<u>32,495 \$</u>	<u>91,908 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>665,605</u>

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Capital Projects Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Other Capital Projects - QSCB		
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
On-behalf Contributions for OPEB	\$ 348,242	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	348,242
<u>State Education Funds</u>							
Basic Education Program	34,997,143	0	0	966,856	0	0	35,963,999
Early Childhood Education	398,869	0	0	0	0	0	398,869
School Food Service	0	0	35,971	0	0	0	35,971
Energy Efficient School Initiative	29,576	0	0	0	0	0	29,576
Driver Education	3,445	0	0	0	0	0	3,445
Other State Education Funds	774,606	0	0	0	0	0	774,606
Career Ladder Program	185,399	0	0	0	0	0	185,399
Career Ladder - Extended Contract	56,845	0	0	0	0	0	56,845
<u>Other State Revenues</u>							
State Revenue Sharing - T.V.A.	1,247,268	0	0	0	0	0	1,247,268
Other State Grants	4,415	0	0	0	0	0	4,415
Total State of Tennessee	\$ 38,045,808	\$ 0	\$ 35,971	\$ 966,856	\$ 0	\$ 0	\$ 39,048,635
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA School Lunch Program	0	0	1,818,805	0	0	0	1,818,805
USDA - Commodities	0	0	260,083	0	0	0	260,083
Breakfast	0	0	555,348	0	0	0	555,348
USDA - Other	0	0	40,775	0	0	0	40,775
Adult Education State Grant Program	117,537	0	0	0	0	0	117,537
Vocational Education - Basic Grants to States	0	121,879	0	0	0	0	121,879
Title I Grants to Local Education Agencies	0	2,684,015	0	0	0	0	2,684,015

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Capital Projects Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Other Capital Projects - QSCB		
<u>Federal Government (Cont.)</u>							
<u>Federal Through State (Cont.)</u>							
Special Education - Grants to States	\$ 0	\$ 1,681,524	\$ 0	\$ 0	\$ 0	\$ 1,681,524	
Special Education Preschool Grants	0	19,383	0	0	0	19,383	
English Language Acquisition Grants	0	1,660	0	0	0	1,660	
Safe and Drug-free Schools - State Grants	0	46,434	0	0	0	46,434	
Education for Homeless Children and Youth	0	15,411	0	0	0	15,411	
Eisenhower Professional Development State Grants	0	273,095	0	0	0	273,095	
Race-to-the-Top - ARRA	0	452,281	0	0	0	452,281	
Other Federal through State	51,970	0	0	0	0	51,970	
<u>Direct Federal Revenue</u>	121,333	0	0	0	0	121,333	
ROTIC Reimbursement	290,840	5,295,682	2,675,011	0	0	8,261,533	
Total Federal Government	\$ 290,840	\$ 5,295,682	\$ 2,675,011	\$ 0	\$ 0	\$ 8,261,533	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 3,419	\$ 0	\$ 0	\$ 0	\$ 45,018	\$ 48,437	
Total Other Governments and Citizens Groups	\$ 3,419	\$ 0	\$ 0	\$ 0	\$ 45,018	\$ 48,437	
Total	\$ 51,420,031	\$ 5,295,682	\$ 3,689,285	\$ 2,918,249	\$ 45,018	\$ 63,368,265	

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	26,000	
Other Per Diem and Fees		12,100	
Social Security		2,915	
State Retirement		2,436	
Medical Insurance		5,213	
Audit Services		17,050	
Printing, Stationery, and Forms		65	
Travel		12,665	
Total County Commission			\$ 78,444

Board of Equalization

Board and Committee Members Fees	\$	5,740	
Social Security		439	
Travel		314	
Total Board of Equalization			6,493

Beer Board

Board and Committee Members Fees	\$	800	
Social Security		61	
State Retirement		32	
Total Beer Board			893

Budget and Finance Committee

Board and Committee Members Fees	\$	6,200	
Social Security		474	
State Retirement		409	
Total Budget and Finance Committee			7,083

County Mayor/Executive

County Official/Administrative Officer	\$	88,418	
Accountants/Bookkeepers		166,562	
Part-time Personnel		12,266	
In-service Training		366	
Social Security		16,925	
State Retirement		22,974	
Life Insurance		328	
Medical Insurance		54,915	
Unemployment Compensation		711	
Communication		4,713	
Maintenance Agreements		14,737	
Rentals		4,828	
Travel		2,478	
Office Supplies		7,260	
Data Processing Equipment		6,370	
Office Equipment		287	
Total County Mayor/Executive			404,138

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	25,098	
Social Security		1,463	
State Retirement		2,306	
Life Insurance		32	
Medical Insurance		10,997	
Unemployment Compensation		90	
Total County Attorney			\$ 39,986

Election Commission

Supervisor/Director	\$	66,443	
Deputy(ies)		47,577	
Part-time Personnel		11,181	
Overtime Pay		3,423	
Other Salaries and Wages		5,320	
Election Commission		7,260	
Election Workers		36,740	
Social Security		10,316	
State Retirement		10,714	
Life Insurance		150	
Medical Insurance		17,743	
Unemployment Compensation		380	
Communication		2,321	
Dues and Memberships		250	
Operating Lease Payments		2,936	
Legal Notices, Recording, and Court Costs		4,850	
Maintenance and Repair Services - Office Equipment		9,572	
Postal Charges		242	
Rentals		10,881	
Travel		10,573	
Tuition		500	
Other Contracted Services		18,791	
Office Supplies		2,675	
Other Supplies and Materials		7,554	
Other Charges		274	
Data Processing Equipment		4,946	
Other Equipment		1,788	
Total Election Commission			295,400

Register of Deeds

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		99,228	
Part-time Personnel		4,779	
Social Security		12,530	
State Retirement		15,904	
Life Insurance		225	
Medical Insurance		25,063	
Unemployment Compensation		408	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Communication	\$	2,198	
Dues and Memberships		135	
Maintenance Agreements		99	
Rentals		2,375	
Other Contracted Services		14,317	
Office Supplies		1,350	
Office Equipment		190	
Total Register of Deeds			\$ 252,626

Planning

Board and Committee Members Fees	\$	2,300	
Social Security		176	
Contracts with Government Agencies		12,250	
Total Planning			14,726

County Buildings

Supervisor/Director	\$	28,087	
Custodial Personnel		61,099	
Maintenance Personnel		25,633	
Social Security		7,578	
State Retirement		10,293	
Life Insurance		283	
Medical Insurance		44,377	
Unemployment Compensation		498	
Architects		3,490	
Communication		14,864	
Contracts with Government Agencies		17,153	
Contributions		9,505	
Janitorial Services		8,697	
Laundry Service		2,177	
Maintenance and Repair Services - Buildings		20,655	
Maintenance and Repair Services - Equipment		852	
Maintenance and Repair Services - Office Equipment		536	
Maintenance and Repair Services - Vehicles		862	
Pest Control		3,968	
Rentals		20,073	
Permits		315	
Other Contracted Services		52,161	
Custodial Supplies		8,409	
Gasoline		1,861	
Office Supplies		280	
Tires and Tubes		559	
Utilities		211,114	
Other Supplies and Materials		9,525	
Other Charges		480	
Building Improvements		223,401	
Office Equipment		500	
Other Equipment		4,002	
Total County Buildings			793,287

(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

Bank Charges	\$	135	
Dues and Memberships		13,142	
Evaluation and Testing		2,844	
Legal Notices, Recording, and Court Costs		1,440	
Maintenance Agreements		316	
Postal Charges		45,639	
Rentals		5,631	
Other Contracted Services		1,150	
Duplicating Supplies		6,156	
Other Supplies and Materials		1,096	
Building and Contents Insurance		3,254	
Liability Insurance		294,948	
Premiums on Corporate Surety Bonds		4,819	
Workers' Compensation Insurance		168,963	
Liability Claims		7,500	
Other Charges		145	
Other Capital Outlay		4,072	
Total Other General Administration			\$ 561,250

Preservation of Records

Communication	\$	1,303	
Total Preservation of Records			1,303

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		160,812	
Other Salaries and Wages		4,173	
Social Security		16,780	
State Retirement		21,563	
Life Insurance		314	
Medical Insurance		25,771	
Unemployment Compensation		499	
Communication		2,246	
Data Processing Services		20,212	
Dues and Memberships		235	
Legal Notices, Recording, and Court Costs		104	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Office Equipment		765	
Maintenance and Repair Services - Vehicles		241	
Rentals		1,642	
Towing Services		75	
Travel		1,622	
Other Contracted Services		6,160	
Gasoline		4,029	
Office Supplies		3,673	
Other Supplies and Materials		95	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Charges	\$	180	
Motor Vehicles		17,500	
Office Equipment		1,055	
Total Property Assessor's Office			\$ 366,571

Reappraisal Program

Supervisor/Director	\$	38,520	
Deputy(ies)		55,601	
Social Security		6,421	
State Retirement		8,650	
Life Insurance		150	
Medical Insurance		13,811	
Unemployment Compensation		270	
Data Processing Services		7,559	
Postal Charges		1,099	
Total Reappraisal Program			132,081

County Trustee's Office

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		69,223	
Temporary Personnel		26,700	
Part-time Personnel		2,894	
Social Security		12,362	
State Retirement		12,398	
Life Insurance		182	
Medical Insurance		5,115	
Unemployment Compensation		674	
Communication		2,663	
Dues and Memberships		160	
Legal Notices, Recording, and Court Costs		148	
Maintenance and Repair Services - Office Equipment		15,847	
Rentals		1,603	
Travel		3,169	
Other Contracted Services		7,865	
Office Supplies		4,001	
Data Processing Equipment		3,750	
Other Capital Outlay		2,659	
Total County Trustee's Office			245,238

County Clerk's Office

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		330,950	
Part-time Personnel		22,932	
Other Per Diem and Fees		200	
Social Security		29,294	
State Retirement		37,138	
Life Insurance		582	

(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.)

Medical Insurance	\$	74,957	
Unemployment Compensation		1,270	
Communication		8,820	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		401	
Maintenance and Repair Services - Office Equipment		20,553	
Rentals		3,024	
Travel		2,393	
Other Contracted Services		2,600	
Office Supplies		5,811	
Office Equipment		22,765	
Total County Clerk's Office	\$		637,665

Administration of Justice

Circuit Court Clerk

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		258,930	
Part-time Personnel		17,502	
Jury and Witness Expense		2,100	
Social Security		25,326	
State Retirement		30,278	
Life Insurance		587	
Medical Insurance		37,848	
Unemployment Compensation		1,259	
Communication		5,821	
Dues and Memberships		120	
Legal Notices, Recording, and Court Costs		214	
Maintenance Agreements		15,039	
Rentals		1,620	
Travel		1,407	
Office Supplies		11,462	
Other Supplies and Materials		1,673	
Data Processing Equipment		11,529	
Office Equipment		4,287	
Total Circuit Court Clerk			500,827

Criminal Court

Jury and Witness Expense	\$	7,396	
Total Criminal Court			7,396

General Sessions Court

Judge(s)	\$	156,292	
Secretary(ies)		25,105	
Clerical Personnel		25,765	
Part-time Personnel		4,758	
Social Security		12,742	
State Retirement		19,038	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Life Insurance	\$	150	
Medical Insurance		32,676	
Unemployment Compensation		228	
Communication		1,424	
Maintenance and Repair Services - Office Equipment		185	
Rentals		1,260	
Travel		1,242	
Office Supplies		773	
Other Supplies and Materials		120	
Data Processing Equipment		1,188	
Other Equipment		641	
Total General Sessions Court			\$ 283,587

Drug Court

Other Salaries and Wages	\$	9,209	
Social Security		621	
State Retirement		846	
Life Insurance		17	
Medical Insurance		1,814	
Unemployment Compensation		90	
Communication		251	
Travel		3,868	
Other Contracted Services		3,728	
Other Supplies and Materials		3,451	
Workers' Compensation Insurance		34	
Other Charges		4,300	
Total Drug Court			28,229

Chancery Court

Social Security	\$	11,139	
State Retirement		15,372	
Life Insurance		232	
Medical Insurance		34,647	
Unemployment Compensation		450	
Communication		1,982	
Dues and Memberships		120	
Maintenance Agreements		9,161	
Rentals		4,364	
Travel		794	
Other Contracted Services		4,786	
Office Supplies		5,953	
Data Processing Equipment		4,884	
Office Equipment		635	
Total Chancery Court			94,519

Juvenile Court

Judge(s)	\$	62,517	
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(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.)

Secretary(ies)	\$	23,051	
Clerical Personnel		23,051	
Part-time Personnel		426	
In-service Training		231	
Social Security		7,173	
State Retirement		9,982	
Life Insurance		150	
Medical Insurance		24,236	
Unemployment Compensation		184	
Dues and Memberships		80	
Travel		51	
Other Supplies and Materials		324	
Total Juvenile Court			\$ 151,456

Courtroom Security

Deputy(ies)	\$	72,195	
Overtime Pay		745	
In-service Training		77	
Social Security		4,571	
State Retirement		6,251	
Life Insurance		149	
Medical Insurance		22,982	
Unemployment Compensation		358	
Law Enforcement Supplies		407	
Uniforms		718	
Liability Insurance		2,862	
Workers' Compensation Insurance		3,525	
Law Enforcement Equipment		350	
Other Equipment		36,126	
Total Courtroom Security			151,316

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	81,208	
Deputy(ies)		886,784	
Detective(s)		411,024	
Captain(s)		51,219	
Lieutenant(s)		163,340	
Sergeant(s)		216,176	
Salary Supplements		32,400	
Secretary(ies)		50,825	
Part-time Personnel		7,499	
School Resource Officer		99,714	
Overtime Pay		64,449	
Other Salaries and Wages		21,385	
In-service Training		13,187	
Social Security		147,202	

(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.)

State Retirement	\$	184,466	
Life Insurance		2,994	
Medical Insurance		303,816	
Unemployment Compensation		5,814	
Communication		19,859	
Contributions		2,701	
Dues and Memberships		380	
Evaluation and Testing		250	
Maintenance Agreements		4,358	
Maintenance and Repair Services - Equipment		1,030	
Maintenance and Repair Services - Office Equipment		3,237	
Maintenance and Repair Services - Vehicles		66,464	
Rentals		3,526	
Towing Services		920	
Travel		863	
Other Contracted Services		3,349	
Data Processing Supplies		484	
Gasoline		191,257	
Law Enforcement Supplies		7,392	
Office Supplies		3,155	
Tires and Tubes		22,330	
Uniforms		19,178	
Other Supplies and Materials		936	
Liability Insurance		3,578	
Workers' Compensation Insurance		4,642	
In Service/Staff Development		140	
Other Charges		1,366	
Data Processing Equipment		6,803	
Law Enforcement Equipment		23,766	
Motor Vehicles		639,069	
Office Equipment		4,568	
Total Sheriff's Department			\$ 3,779,103

Drug Enforcement

Salary Supplements	\$	1,600	
Social Security		104	
State Retirement		129	
Total Drug Enforcement			1,833

Administration of the Sexual Offender Registry

Other Charges	\$	950	
Data Processing Equipment		150	
Total Administration of the Sexual Offender Registry			1,100

Jail

Lieutenant(s)	\$	33,118	
Guards		917,898	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Cafeteria Personnel	\$	53,278	
Part-time Personnel		18,068	
Overtime Pay		51,327	
Other Salaries and Wages		21,862	
In-service Training		1,651	
Social Security		76,994	
State Retirement		84,860	
Life Insurance		2,078	
Medical Insurance		167,204	
Unemployment Compensation		5,041	
Communication		5,571	
Evaluation and Testing		2,625	
Maintenance Agreements		4,977	
Maintenance and Repair Services - Buildings		9,935	
Maintenance and Repair Services - Equipment		6,633	
Maintenance and Repair Services - Office Equipment		5,285	
Medical and Dental Services		279,038	
Rentals		2,507	
Travel		287	
Other Contracted Services		9,780	
Custodial Supplies		28,087	
Data Processing Supplies		1,134	
Food Preparation Supplies		17,636	
Food Supplies		310,979	
Office Supplies		2,297	
Prisoners Clothing		5,128	
Uniforms		12,838	
Utilities		116,304	
Other Supplies and Materials		34,313	
Medical Claims		131,474	
Building Improvements		56,758	
Data Processing Equipment		6,420	
Food Service Equipment		5,751	
Office Equipment		3,620	
Other Equipment		12,510	
Total Jail			\$ 2,505,266

Juvenile Services

Youth Service Officer(s)	\$	60,896
Social Security		4,200
State Retirement		5,596
Life Insurance		100
Medical Insurance		10,230
Unemployment Compensation		180
Communication		3,830
Contracts with Other Public Agencies		101,229
Evaluation and Testing		1,600

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Maintenance and Repair Services - Office Equipment	\$	5,150	
Rentals		2,831	
Travel		592	
Office Supplies		3,010	
Other Supplies and Materials		1,922	
Data Processing Equipment		15,715	
Office Equipment		784	
Total Juvenile Services			\$ 217,865

Fire Prevention and Control

In-service Training	\$	4,000	
Contributions		237,000	
Total Fire Prevention and Control			241,000

Rescue Squad

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

Disaster Relief

Other Supplies and Materials	\$	746	
Total Disaster Relief			746

Other Emergency Management

Supervisor/Director	\$	35,365	
Part-time Personnel		9,256	
Social Security		3,203	
State Retirement		3,250	
Life Insurance		50	
Medical Insurance		5,115	
Unemployment Compensation		176	
Communication		7,531	
Contributions		195,000	
Dues and Memberships		100	
Maintenance and Repair Services - Equipment		7,364	
Maintenance and Repair Services - Vehicles		813	
Rentals		567	
Travel		674	
Gasoline		7,399	
Office Supplies		452	
Tires and Tubes		233	
Uniforms		315	
Other Supplies and Materials		1,842	
Workers' Compensation Insurance		356	
Communication Equipment		15,911	
Other Equipment		19,403	
Total Other Emergency Management			314,375

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	25,425	
Contracts with Government Agencies		77,116	
Other Charges		11,721	
Total County Coroner/Medical Examiner			\$ 114,262

Public Health and Welfare

Local Health Center

Salary Supplements	\$	15,703	
Other Salaries and Wages		131,028	
Social Security		9,438	
State Retirement		10,868	
Life Insurance		191	
Medical Insurance		10,192	
Unemployment Compensation		468	
Communication		20,726	
Dues and Memberships		375	
Operating Lease Payments		4,200	
Maintenance and Repair Services - Equipment		1,564	
Pest Control		1,078	
Postal Charges		7,314	
Travel		9,008	
Other Contracted Services		54,916	
Custodial Supplies		6,965	
Drugs and Medical Supplies		1,523	
Office Supplies		8,427	
Other Supplies and Materials		3,901	
Workers' Compensation Insurance		769	
Other Charges		1,155	
Other Capital Outlay		13,765	
Total Local Health Center			313,574

Ambulance/Emergency Medical Services

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

Other Local Health Services

Other Salaries and Wages	\$	294,026	
Social Security		21,488	
State Retirement		23,239	
Life Insurance		250	
Medical Insurance		14,942	
Unemployment Compensation		921	
Travel		8,821	
Liability Insurance		8,901	
Workers' Compensation Insurance		1,726	
Total Other Local Health Services			374,314

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Aid to Dependent Children

Other Charges	\$ 6,030	
Total Aid to Dependent Children		\$ 6,030

Other Public Health and Welfare

Other Supplies and Materials	\$ 4,752	
Total Other Public Health and Welfare		4,752

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

Supervisor/Director	\$ 25,687	
Social Workers	9,361	
Bus Drivers	16,890	
Secretary(ies)	18,566	
Other Salaries and Wages	2,390	
Social Security	5,203	
State Retirement	5,614	
Life Insurance	125	
Medical Insurance	16,185	
Unemployment Compensation	375	
Communication	4,318	
Contracts with Government Agencies	27,869	
Contributions	42,000	
Maintenance and Repair Services - Vehicles	241	
Rentals	912	
Transportation - Other than Students	9,600	
Travel	1,689	
Other Contracted Services	2,500	
Custodial Supplies	699	
Gasoline	759	
Office Supplies	550	
Utilities	5,020	
Other Supplies and Materials	208	
Workers' Compensation Insurance	307	
Other Charges	411	
Other Equipment	170	
Total Senior Citizens Assistance		197,649

Libraries

Contributions	\$ 101,000	
Total Libraries		101,000

Parks and Fair Boards

Custodial Personnel	\$ 24,112	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Maintenance Personnel	\$	18,482	
Temporary Personnel		10,191	
Part-time Personnel		6,888	
Social Security		4,559	
State Retirement		3,914	
Life Insurance		100	
Medical Insurance		5,466	
Unemployment Compensation		337	
Communication		1,358	
Maintenance and Repair Services - Equipment		1,113	
Maintenance and Repair Services - Office Equipment		334	
Maintenance and Repair Services - Vehicles		628	
Rentals		2,836	
Crushed Stone		2,545	
Custodial Supplies		2,189	
Electricity		6,862	
Gasoline		6,617	
Office Supplies		176	
Propane Gas		628	
Small Tools		241	
Tires and Tubes		666	
Water and Sewer		523	
Other Supplies and Materials		4,019	
Other Charges		18	
Building Improvements		8,006	
Maintenance Equipment		8,995	
Motor Vehicles		9,400	
Office Equipment		150	
Other Equipment		974	
Other Construction		1,970	
Other Capital Outlay		8,589	
Total Parks and Fair Boards			\$ 142,886

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	9,306	
Salary Supplements		38,822	
Social Security		712	
Unemployment Compensation		92	
Communication		3,817	
Rentals		1,793	
Travel		1,690	
Workers' Compensation Insurance		35	
Other Charges		2,200	
Total Agricultural Extension Service			58,467

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Forest Service

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

Soil Conservation

Clerical Personnel	\$ 27,260	
Part-time Personnel	6,328	
Other Salaries and Wages	3,579	
Social Security	2,571	
State Retirement	2,450	
Life Insurance	46	
Medical Insurance	4,678	
Unemployment Compensation	153	
Contracts with Other Public Agencies	3,500	
Contributions	9,000	
Total Soil Conservation		59,565

Storm Water Management

Part-time Personnel	\$ 6,000	
Social Security	459	
Unemployment Compensation	60	
Travel	193	
Permits	3,460	
Workers' Compensation Insurance	197	
Total Storm Water Management		10,369

Other Operations

Tourism

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

Industrial Development

Supervisor/Director	\$ 54,153	
Secretary(ies)	24,508	
Part-time Personnel	12,100	
Other Salaries and Wages	61,707	
Social Security	10,965	
State Retirement	10,392	
Life Insurance	128	
Medical Insurance	30,172	
Unemployment Compensation	725	
Accounting Services	3,700	
Advertising	102	
Communication	2,984	
Contributions	32,000	
Dues and Memberships	135	
Engineering Services	79	
Maintenance and Repair Services - Buildings	23	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Maintenance and Repair Services - Equipment	\$	3,075	
Maintenance and Repair Services - Vehicles		766	
Rentals		1,036	
Travel		561	
Electricity		12,423	
Gasoline		2,937	
Office Supplies		1,532	
Tires and Tubes		365	
Other Supplies and Materials		300	
Workers' Compensation Insurance		626	
Other Charges		51	
Office Equipment		300	
Total Industrial Development			\$ 267,845

Airport

Maintenance and Repair Services - Equipment	\$	5,572	
Permits		435	
Other Contracted Services		2,064	
Gasoline		9,947	
Other Supplies and Materials		96	
Airport Improvement		30,464	
Other Capital Outlay		307,087	
Total Airport			355,665

Veterans' Services

Supervisor/Director	\$	30,600	
Secretary(ies)		26,100	
Social Security		3,981	
State Retirement		5,211	
Life Insurance		100	
Medical Insurance		5,466	
Unemployment Compensation		180	
Communication		728	
Dues and Memberships		85	
Maintenance and Repair Services - Office Equipment		294	
Rentals		583	
Travel		4,131	
Other Contracted Services		399	
Office Supplies		848	
Total Veterans' Services			78,706

Contributions to Other Agencies

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

Employee Benefits

Medical Insurance	\$	67,706	
Total Employee Benefits			67,706

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Consultants	\$	6,303	
Contracts with Other Public Agencies		7,438	
Contributions		27,000	
Operating Lease Payments		1,000	
Legal Services		4,901	
Trustee's Commission		173,091	
Total Miscellaneous			\$ 219,733

Highways

Litter and Trash Collection

Overtime Pay	\$	112	
Other Salaries and Wages		28,267	
Social Security		2,165	
State Retirement		2,608	
Life Insurance		50	
Unemployment Compensation		90	
Communication		42	
Contracts with Other Public Agencies		8,000	
Maintenance and Repair Services - Vehicles		225	
Travel		100	
Gasoline		2,634	
Office Supplies		177	
Tires and Tubes		608	
Other Supplies and Materials		6,573	
Workers' Compensation Insurance		3,329	
Total Litter and Trash Collection			54,980

Principal on Debt

General Government

Principal on Capital Leases	\$	59,076	
Total General Government			59,076

Interest on Debt

General Government

Interest on Capital Leases	\$	4,004	
Total General Government			4,004

Total General Fund \$ 14,798,885

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	16,856	
Other Fringe Benefits		1,955	
Communication		519	
Dues and Memberships		100	
Travel		694	

(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.)

Sanitation Management (Cont.)

Other Contracted Services	\$	3,340	
Uniforms		100	
Trustee's Commission		13,030	
Workers' Compensation Insurance		984	
Liability Claims		711	
Total Sanitation Management			\$ 38,289

Waste Pickup

Truck Drivers	\$	102,679	
Overtime Pay		8,687	
Other Fringe Benefits		27,803	
Communication		359	
Maintenance and Repair Services - Vehicles		20,708	
Towing Services		300	
Gasoline		96,355	
Lubricants		4,882	
Tires and Tubes		15,550	
Uniforms		378	
Vehicle Parts		30,823	
Other Supplies and Materials		5,715	
Workers' Compensation Insurance		11,965	
Other Charges		62	
Total Waste Pickup			326,266

Convenience Centers

Laborers	\$	190,308	
Overtime Pay		2,902	
Other Fringe Benefits		61,991	
Communication		5,436	
Operating Lease Payments		4,300	
Maintenance and Repair Services - Equipment		19,364	
Rentals		6,988	
Crushed Stone		2,292	
Uniforms		876	
Utilities		7,776	
Other Supplies and Materials		2,936	
Workers' Compensation Insurance		23,460	
Other Equipment		176	
Total Convenience Centers			328,805

Other Waste Collection

Overtime Pay	\$	23	
Other Salaries and Wages		15,533	
Other Fringe Benefits		2,366	
Workers' Compensation Insurance		1,971	
Total Other Waste Collection			19,893

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center

Laborers	\$	16,686	
Overtime Pay		245	
Other Salaries and Wages		19,197	
Other Fringe Benefits		17,271	
Communication		779	
Maintenance and Repair Services - Buildings		917	
Maintenance and Repair Services - Equipment		532	
Maintenance and Repair Services - Office Equipment		499	
Maintenance and Repair Services - Vehicles		4,610	
Crushed Stone		111	
Gasoline		2,500	
Office Supplies		217	
Tires and Tubes		846	
Uniforms		200	
Utilities		5,490	
Other Supplies and Materials		1,340	
Workers' Compensation Insurance		4,258	
Other Charges		321	
Solid Waste Equipment		31,072	
Other Equipment		245	
Total Recycling Center			\$ 107,336

Landfill Operation and Maintenance

Contracts for Landfill Facilities	\$	525,779	
Surcharge		32,802	
Total Landfill Operation and Maintenance			558,581

Other Waste Disposal

Disposal Fees	\$	30,130	
Total Other Waste Disposal			30,130

Total Solid Waste/Sanitation Fund \$ 1,409,300

Drug Control Fund

Public Safety

Drug Enforcement

Overtime Pay	\$	19,831	
In-service Training		51	
Other Fringe Benefits		4,233	
Communication		3,773	
Confidential Drug Enforcement Payments		8,000	
Maintenance Agreements		124	
Maintenance and Repair Services - Vehicles		6,295	
Towing Services		560	
Veterinary Services		953	
Other Contracted Services		4,866	
Animal Food and Supplies		531	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Electricity	\$	841	
Office Supplies		1,256	
Uniforms		1,500	
Other Supplies and Materials		3,950	
Trustee's Commission		561	
Other Charges		155	
Data Processing Equipment		1,462	
Law Enforcement Equipment		2,058	
Motor Vehicles		10,795	
Office Equipment		5,295	
Total Drug Enforcement			\$ 77,090

Total Drug Control Fund \$ 77,090

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	12,346	
Constitutional Officers' Operating Expenses		167,806	
Total Chancery Court			\$ 180,152

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	298	
Total Sheriff's Department			298

Total Constitutional Officers - Fees Fund 180,450

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	81,212	
Secretary(ies)		52,664	
Overtime Pay		480	
Communication		3,584	
Dues and Memberships		3,523	
Laundry Service		1,982	
Legal Notices, Recording, and Court Costs		210	
Maintenance Agreements		4,485	
Pest Control		160	
Printing, Stationery, and Forms		339	
Rentals		2,188	
Travel		850	
Other Contracted Services		1,350	
Custodial Supplies		439	
Drugs and Medical Supplies		57	
Electricity		10,492	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Natural Gas	\$	3,188	
Office Supplies		2,462	
Water and Sewer		569	
Other Charges		157	
Building Improvements		5,466	
Office Equipment		2,186	
Total Administration			\$ 178,043

Highway and Bridge Maintenance

Foremen	\$	35,458	
Equipment Operators		202,950	
Truck Drivers		196,333	
Laborers		252,175	
Temporary Personnel		52,049	
Overtime Pay		19,448	
Laundry Service		13,431	
Rentals		12,797	
Other Contracted Services		465,164	
Asphalt - Hot Mix		34,385	
Asphalt - Liquid		349,453	
Concrete		874	
Crushed Stone		212,516	
Pipe - Metal		58,770	
Road Signs		11,752	
Salt		4,075	
Other Supplies and Materials		6,564	
Other Charges		990	
Other Equipment		1,520	
Total Highway and Bridge Maintenance			1,930,704

Operation and Maintenance of Equipment

Foremen	\$	34,408	
Mechanic(s)		107,772	
Overtime Pay		1,149	
Laundry Service		3,606	
Maintenance and Repair Services - Buildings		2,220	
Maintenance and Repair Services - Equipment		4,062	
Maintenance and Repair Services - Vehicles		5,088	
Rentals		1,599	
Towing Services		300	
Diesel Fuel		115,012	
Equipment and Machinery Parts		79,116	
Garage Supplies		1,047	
Gasoline		78,606	
Lubricants		10,685	
Tires and Tubes		27,566	
Other Supplies and Materials		4,744	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Other Charges	\$	375	
Other Equipment		531	
Total Operation and Maintenance of Equipment			\$ 477,886

Other Charges

Bank Charges	\$	135	
Evaluation and Testing		1,400	
Trustee's Commission		48,846	
Workers' Compensation Insurance		105,162	
Liability Claims		3,000	
Total Other Charges			158,543

Employee Benefits

Social Security	\$	73,036	
State Retirement		89,655	
Life Insurance		1,845	
Medical Insurance		150,975	
Unemployment Compensation		12,673	
Total Employee Benefits			328,184

Capital Outlay

Engineering Services	\$	13,603	
Bridge Construction		1,021,646	
Building Improvements		2,600	
Communication Equipment		4,303	
Highway Equipment		224,385	
Land		119,499	
Motor Vehicles		38,500	
State Aid Projects		477,859	
Total Capital Outlay			1,902,395

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	2,661	
Total Highways and Streets			2,661

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	180	
Total Highways and Streets			180

Total Highway/Public Works Fund \$ 4,978,596

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	35,000	
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(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

General Government (Cont.)

Principal on Notes	\$ 38,664	
Principal on Other Loans	350,000	
Total General Government	\$ 423,664	

Interest on Debt

General Government

Interest on Bonds	\$ 20,072	
Interest on Notes	16,256	
Interest on Other Loans	626,716	
Total General Government	663,044	

Other Debt Service

General Government

Fiscal Agent Charges	\$ 834	
Trustee's Commission	17,802	
Other Debt Service	425	
Total General Government	19,061	

Total General Debt Service Fund \$ 1,105,769

Special Debt Service Fund

Principal on Debt

Highways and Streets

Principal on Bonds	\$ 345,000	
Total Highways and Streets	\$ 345,000	

Interest on Debt

Highways and Streets

Interest on Bonds	\$ 145,070	
Total Highways and Streets	145,070	

Other Debt Service

Highways and Streets

Fiscal Agent Charges	\$ 1,459	
Trustee's Commission	3,424	
Other Debt Service	75	
Total Highways and Streets	4,958	

Total Special Debt Service Fund 495,028

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,265,000	
Principal on Notes	133,000	
Principal on Other Loans	807,791	
Total Education	\$ 2,205,791	

(Continued)

Exhibit J-7

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

Education Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Bonds	\$ 1,646,803	
Interest on Notes	11,294	
Interest on Other Loans	<u>1,201,785</u>	
Total Education		\$ 2,859,882

Other Debt Service

Education

Fiscal Agent Charges	\$ 7,665	
Trustee's Commission	75,179	
Other Debt Service	<u>41,120</u>	
Total Education		<u>123,964</u>

Total Education Debt Service Fund \$ 5,189,637

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Other Capital Outlay	\$ 330,683	
Total Public Health and Welfare Projects		<u>\$ 330,683</u>

Total General Capital Projects Fund 330,683

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Other Contracted Services	\$ 1,452,036	
Underwriter's Discount	26,812	
Other Debt Issuance Charges	39,950	
Highway Equipment	<u>436,238</u>	
Total Highway and Street Capital Projects		<u>\$ 1,955,036</u>

Total Highway Capital Projects Fund 1,955,036

Other Capital Projects - QSCB Fund

Capital Projects

Education Capital Projects

Contributions	\$ 45,018	
Total Education Capital Projects		<u>\$ 45,018</u>

Total Other Capital Projects - QSCB Fund 45,018

Total Governmental Funds - Primary Government \$ 30,565,492

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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 18,112,884	
Career Ladder Program	98,672	
Career Ladder Extended Contracts	36,100	
Homebound Teachers	77,166	
Educational Assistants	834,633	
Other Salaries and Wages	10,002	
Certified Substitute Teachers	61,302	
Non-certified Substitute Teachers	183,982	
Social Security	1,111,852	
State Retirement	1,655,138	
Life Insurance	71,164	
Medical Insurance	3,132,154	
Employer Medicare	264,288	
Other Contracted Services	7,654	
Instructional Supplies and Materials	293,423	
Textbooks	488,996	
Other Supplies and Materials	1,353	
Fee Waivers	127,208	
Other Charges	18,697	
Regular Instruction Equipment	66,058	
Total Regular Instruction Program		\$ 26,652,726

Alternative Instruction Program

Teachers	\$ 126,636	
Career Ladder Program	1,000	
Educational Assistants	22,478	
Certified Substitute Teachers	1,625	
Non-certified Substitute Teachers	1,155	
Social Security	8,638	
State Retirement	13,394	
Life Insurance	708	
Medical Insurance	32,730	
Employer Medicare	2,020	
Instructional Supplies and Materials	1,975	
Other Charges	398	
Total Alternative Instruction Program		212,757

Special Education Program

Teachers	\$ 2,303,423
Career Ladder Program	15,465
Career Ladder Extended Contracts	2,341
Homebound Teachers	119,250
Educational Assistants	501,930
Speech Pathologist	101,439
Other Salaries and Wages	110,111
Certified Substitute Teachers	8,425

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Non-certified Substitute Teachers	\$	44,857	
Social Security		177,614	
State Retirement		269,736	
Life Insurance		15,017	
Medical Insurance		642,576	
Employer Medicare		42,948	
Evaluation and Testing		2,370	
Tuition		104	
Other Contracted Services		5,000	
Total Special Education Program			\$ 4,362,606

Vocational Education Program

Teachers	\$	981,719	
Career Ladder Program		3,985	
Certified Substitute Teachers		2,308	
Non-certified Substitute Teachers		12,145	
Social Security		58,105	
State Retirement		87,138	
Life Insurance		3,491	
Medical Insurance		155,672	
Employer Medicare		13,590	
Instructional Supplies and Materials		8,180	
Other Supplies and Materials		6,210	
Vocational Instruction Equipment		1,787	
Total Vocational Education Program			1,334,330

Adult Education Program

Teachers	\$	64,684	
Social Security		3,075	
State Retirement		3,495	
Life Insurance		144	
Medical Insurance		5,009	
Employer Medicare		1,227	
Instructional Supplies and Materials		16,112	
Other Equipment		3,223	
Total Adult Education Program			96,969

Support Services

Attendance

Supervisor/Director	\$	65,480	
Other Salaries and Wages		57,445	
Social Security		7,304	
State Retirement		11,090	
Life Insurance		419	
Medical Insurance		10,050	
Employer Medicare		1,708	

(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.)

Attendance (Cont.)

Travel	\$	9,008	
Other Contracted Services		25,000	
Other Supplies and Materials		1,590	
Total Attendance			\$ 189,094

Health Services

Medical Personnel	\$	347,105	
Other Salaries and Wages		128,972	
Social Security		26,134	
State Retirement		40,205	
Life Insurance		2,160	
Medical Insurance		131,908	
Employer Medicare		6,112	
Maintenance and Repair Services - Equipment		410	
Travel		8,399	
Other Contracted Services		6,103	
Drugs and Medical Supplies		17,343	
Other Supplies and Materials		25,943	
In Service/Staff Development		1,081	
Other Charges		39,254	
Health Equipment		14,644	
Total Health Services			795,773

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		1,086,888	
Career Ladder Extended Contracts		11,647	
Secretary(ies)		62,456	
Other Salaries and Wages		401,001	
Social Security		91,813	
State Retirement		135,594	
Life Insurance		5,091	
Medical Insurance		207,248	
Employer Medicare		21,472	
Communication		2,526	
Contracts with Government Agencies		29,934	
Evaluation and Testing		9,528	
Other Contracted Services		183,514	
Other Supplies and Materials		30,204	
Other Charges		17,569	
Other Equipment		19,800	
Total Other Student Support			2,321,285

Regular Instruction Program

Supervisor/Director	\$	249,481	
Career Ladder Program		13,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Career Ladder Extended Contracts	\$	5,821	
Librarians		786,398	
Educational Assistants		31,383	
Other Salaries and Wages		45,464	
Social Security		65,838	
State Retirement		100,468	
Life Insurance		3,479	
Medical Insurance		182,600	
Employer Medicare		15,398	
Travel		20,792	
Other Contracted Services		12,600	
Library Books/Media		43,908	
Other Supplies and Materials		3,850	
In Service/Staff Development		25,892	
Other Charges		666	
Total Regular Instruction Program			\$ 1,607,038

Special Education Program

Supervisor/Director	\$	139,901	
Career Ladder Program		4,930	
Psychological Personnel		82,039	
Assessment Personnel		43,646	
Secretary(ies)		33,777	
Other Salaries and Wages		18,493	
Social Security		19,090	
State Retirement		28,818	
Life Insurance		918	
Medical Insurance		37,947	
Employer Medicare		4,465	
Maintenance and Repair Services - Equipment		603	
Travel		9,904	
Other Contracted Services		5,362	
Other Supplies and Materials		1,575	
Total Special Education Program			431,468

Vocational Education Program

Travel	\$	868	
Total Vocational Education Program			868

Adult Programs

Supervisor/Director	\$	49,423	
Social Security		3,064	
State Retirement		3,089	
Life Insurance		144	
Employer Medicare		717	
Travel		722	
In Service/Staff Development		4,773	
Total Adult Programs			61,932

(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 Programs

On-behalf Payments to OPEB	\$ 348,242	
Total Other Programs		\$ 348,242

Board of Education

Secretary to Board	\$ 2,150	
Other Salaries and Wages	17,350	
Social Security	1,198	
State Retirement	1,512	
Life Insurance	30,198	
Medical Insurance	391,510	
Unemployment Compensation	72,911	
Employer Medicare	280	
Audit Services	28,275	
Dues and Memberships	15,467	
Legal Services	13,986	
Travel	14,930	
Other Supplies and Materials	228	
Liability Insurance	488,325	
Trustee's Commission	242,595	
Workers' Compensation Insurance	359,939	
Other Charges	1,190	
Total Board of Education		1,682,044

Director of Schools

County Official/Administrative Officer	\$ 89,553	
Career Ladder Program	2,000	
Career Ladder Extended Contracts	1,000	
Secretary(ies)	116,476	
Other Salaries and Wages	15,960	
Social Security	13,128	
State Retirement	19,548	
Life Insurance	864	
Medical Insurance	35,035	
Employer Medicare	3,070	
Communication	41,089	
Dues and Memberships	750	
Postal Charges	5,000	
Travel	7,958	
Other Contracted Services	18,789	
Office Supplies	3,427	
Other Supplies and Materials	1,808	
Other Charges	3,999	
Total Director of Schools		379,454

Office of the Principal

Principals	\$ 1,118,640	
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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.)

Office of the Principal (Cont.)

Career Ladder Program	\$	16,000	
Career Ladder Extended Contracts		8,412	
Assistant Principals		638,697	
Secretary(ies)		477,689	
Other Salaries and Wages		278,043	
Social Security		143,437	
State Retirement		227,443	
Life Insurance		10,912	
Medical Insurance		564,367	
Employer Medicare		33,567	
Other Charges		4,415	
Total Office of the Principal			\$ 3,521,622

Fiscal Services

Supervisor/Director	\$	50,581	
Accountants/Bookkeepers		118,721	
Social Security		10,039	
State Retirement		14,091	
Life Insurance		756	
Medical Insurance		16,107	
Employer Medicare		2,348	
Travel		1,402	
Other Contracted Services		37,218	
Office Supplies		1,907	
In Service/Staff Development		1,785	
Total Fiscal Services			254,955

Human Services/Personnel

Supervisor/Director	\$	36,676	
Secretary(ies)		25,440	
Social Security		3,755	
State Retirement		5,595	
Life Insurance		215	
Medical Insurance		4,900	
Employer Medicare		878	
Other Contracted Services		11,204	
Total Human Services/Personnel			88,663

Operation of Plant

Custodial Personnel	\$	1,074,934	
Other Salaries and Wages		91,152	
Social Security		66,110	
State Retirement		96,372	
Life Insurance		7,716	
Medical Insurance		231,316	
Employer Medicare		15,619	

(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.)

Travel	\$	5,090	
Other Contracted Services		706,454	
Custodial Supplies		96,261	
Electricity		1,248,373	
Natural Gas		250,659	
Water and Sewer		163,813	
Other Supplies and Materials		4,133	
In Service/Staff Development		3,190	
Other Charges		296	
Total Operation of Plant			\$ 4,061,488

Maintenance of Plant

Supervisor/Director	\$	51,950	
Secretary(ies)		24,112	
Maintenance Personnel		567,084	
Social Security		36,898	
State Retirement		57,968	
Life Insurance		2,866	
Medical Insurance		130,134	
Employer Medicare		8,629	
Maintenance and Repair Services - Equipment		1,141	
Travel		1,234	
Other Contracted Services		217,319	
Other Supplies and Materials		87,091	
In Service/Staff Development		1,588	
Other Charges		6,098	
Maintenance Equipment		24,922	
Total Maintenance of Plant			1,219,034

Transportation

Other Salaries and Wages	\$	28,550	
Social Security		1,609	
State Retirement		2,460	
Employer Medicare		376	
Contracts with Parents		7,199	
Total Transportation			40,194

Central and Other

Supervisor/Director	\$	33,051	
Other Salaries and Wages		180,985	
Social Security		12,484	
State Retirement		19,412	
Life Insurance		717	
Medical Insurance		31,231	
Employer Medicare		2,920	
Travel		7,815	

(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.)

Central and Other (Cont.)

Other Contracted Services	\$	145,912	
Office Supplies		1,625	
Other Supplies and Materials		730	
Other Charges		1,376	
Other Equipment		578,178	
Total Central and Other			\$ 1,016,436

Operation of Non-instructional Services

Early Childhood Education

Supervisor/Director	\$	57,698	
Teachers		155,345	
Clerical Personnel		18,449	
Educational Assistants		44,567	
Social Security		15,325	
State Retirement		24,655	
Life Insurance		1,418	
Medical Insurance		71,468	
Employer Medicare		3,584	
Travel		1,228	
Instructional Supplies and Materials		2,246	
Other Supplies and Materials		1,514	
Other Equipment		1,514	
Total Early Childhood Education			399,011

Capital Outlay

Regular Capital Outlay

Architects	\$	24,985	
Building Improvements		658,490	
Other Capital Outlay		51,784	
Total Regular Capital Outlay			735,259

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	503,613	
Total Education			503,613

Total General Purpose School Fund \$ 52,316,861

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	211,401	
Educational Assistants		312,820	
Other Salaries and Wages		80,414	
Certified Substitute Teachers		292	
Non-certified Substitute Teachers		1,944	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	33,630	
State Retirement		53,139	
Life Insurance		4,536	
Medical Insurance		164,173	
Employer Medicare		7,865	
Maintenance and Repair Services - Equipment		5,381	
Other Contracted Services		96,600	
Instructional Supplies and Materials		372,844	
Other Supplies and Materials		98,352	
Regular Instruction Equipment		874,792	
Total Regular Instruction Program			\$ 2,318,183

Special Education Program

Teachers	\$	324,218	
Educational Assistants		514,284	
Speech Pathologist		36,102	
Social Security		47,673	
State Retirement		77,679	
Life Insurance		7,219	
Medical Insurance		277,667	
Employer Medicare		11,149	
Maintenance and Repair Services - Equipment		270	
Other Contracted Services		19,449	
Instructional Supplies and Materials		79,242	
Special Education Equipment		19,922	
Total Special Education Program			1,414,874

Vocational Education Program

Instructional Supplies and Materials	\$	45,415	
Vocational Instruction Equipment		36,046	
Total Vocational Education Program			81,461

Support Services

Health Services

Other Salaries and Wages	\$	47,020	
Social Security		2,493	
State Retirement		4,169	
Life Insurance		144	
Medical Insurance		7,964	
Employer Medicare		583	
Health Equipment		1,694	
Total Health Services			64,067

Other Student Support

Other Salaries and Wages	\$	331,862	
Social Security		19,249	

(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.)

Other Student Support (Cont.)

State Retirement	\$	29,514	
Life Insurance		871	
Medical Insurance		50,953	
Employer Medicare		4,495	
Evaluation and Testing		41	
Travel		41,637	
Other Contracted Services		35,346	
Other Supplies and Materials		12,812	
In Service/Staff Development		2,214	
Other Charges		43,666	
Total Other Student Support	\$		572,660

Regular Instruction Program

Supervisor/Director	\$	69,174	
Instructional Computer Personnel		40,416	
Secretary(ies)		21,158	
Other Salaries and Wages		103,631	
Social Security		13,769	
State Retirement		20,906	
Life Insurance		576	
Medical Insurance		19,430	
Employer Medicare		3,220	
Consultants		11,119	
Travel		38,661	
Other Contracted Services		555	
Library Books/Media		23,927	
Other Supplies and Materials		10,375	
In Service/Staff Development		134,564	
Other Charges		1,305	
Other Equipment		7,401	
Total Regular Instruction Program			520,187

Special Education Program

Assessment Personnel	\$	51,470	
Social Security		3,191	
State Retirement		4,571	
Life Insurance		144	
Employer Medicare		746	
Maintenance and Repair Services - Equipment		838	
Travel		28,370	
Other Contracted Services		32,616	
Other Supplies and Materials		19,430	
In Service/Staff Development		46,352	
Other Charges		5,364	
Other Equipment		21,418	
Total Special Education Program			214,510

(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.)

Vocational Education Program

Travel	\$	970	
Other Supplies and Materials		2,530	
Total Vocational Education Program			\$ 3,500

Transportation

Contracts with Parents	\$	6,736	
Total Transportation			6,736

Total School Federal Projects Fund \$ 5,196,178

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	51,080	
Accountants/Bookkeepers		20,822	
Clerical Personnel		47,360	
Cafeteria Personnel		983,951	
Other Salaries and Wages		115,671	
Social Security		67,585	
State Retirement		100,173	
Life Insurance		12,845	
Medical Insurance		335,205	
Employer Medicare		15,806	
Communication		12,687	
Maintenance and Repair Services - Equipment		42,658	
Travel		4,168	
Other Contracted Services		220,717	
Food Preparation Supplies		137,766	
Food Supplies		1,211,667	
Office Supplies		7,995	
Uniforms		4,644	
USDA - Commodities		260,083	
In Service/Staff Development		1,965	
Food Service Equipment		11,388	
Total Food Service			\$ 3,666,236

Total Central Cafeteria Fund 3,666,236

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	32,362	
Total Board of Education			\$ 32,362

Transportation

Supervisor/Director	\$	51,669	
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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.)

<u>School Transportation Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Transportation (Cont.)</u>		
Mechanic(s)	\$ 237,204	
Bus Drivers	898,812	
Clerical Personnel	60,926	
Other Salaries and Wages	106,741	
Social Security	75,683	
State Retirement	106,678	
Life Insurance	11,321	
Medical Insurance	309,194	
Employer Medicare	18,059	
Communication	6,867	
Maintenance and Repair Services - Vehicles	28,926	
Medical and Dental Services	4,715	
Travel	492	
Other Contracted Services	14,959	
Gasoline	547,265	
Lubricants	9,801	
Tires and Tubes	55,655	
Vehicle Parts	199,068	
Other Supplies and Materials	5,205	
In Service/Staff Development	1,121	
Other Charges	28,189	
Transportation Equipment	<u>402,925</u>	
Total Transportation		\$ 3,181,475
<u>Other Debt Service</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	\$ <u>407,449</u>	
Total Education		<u>407,449</u>
Total School Transportation Fund		\$ 3,621,286
<u>Other Capital Projects - QSCB Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$ 1,854	
Building Improvements	<u>49,168</u>	
Total Education Capital Projects		\$ <u>51,022</u>
Total Other Capital Projects - QSCB Fund		<u>51,022</u>
Total Governmental Funds - Hawkins County School Department		<u>\$ 64,851,583</u>

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, 2014

	Cities - Sales Tax Fund	City School ADA - Rogersville Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 657,712	\$ 479,290	\$ 1,137,002
Trustee's Collections - Prior Years	0	22,541	16,426	38,967
Trustee's Collections - Bankruptcy	0	668	458	1,126
Circuit/Clerk and Master Collections - Prior Year	0	21,849	15,970	37,819
Interest and Penalty	0	4,145	3,021	7,166
Pick-up Taxes	0	1,786	1,281	3,067
Local Option Sales Tax	3,758,185	333,356	241,778	4,333,319
Wheel Tax	0	17,064	12,486	29,550
Bank Excise Tax	0	1,104	804	1,908
Interstate Telecommunications Tax	0	423	307	730
Marriage Licenses	0	328	240	568
Other Local Revenues	0	20	16	36
Total Cash Receipts	\$ 3,758,185	\$ 1,060,996	\$ 772,077	\$ 5,591,258
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 3,720,603	\$ 1,041,315	\$ 756,169	\$ 5,518,087
Trustee's Commissions	37,582	19,306	14,068	70,956
Total Cash Disbursements	\$ 3,758,185	\$ 1,060,621	\$ 770,237	\$ 5,589,043
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ 375	\$ 1,840	\$ 2,215
Cash Balance, July 1, 2013	0	36,403	24,959	61,362
Cash Balance, June 30, 2014	\$ 0	\$ 36,778	\$ 26,799	\$ 63,577

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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Hawkins County's basic financial statements, and have issued our report thereon dated February 20, 2015. Our report includes a reference to other auditors who audited the financial statements of the Hawkins County Emergency Communications District and the Hawkins County Library System, as described in our report on Hawkins County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hawkins County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

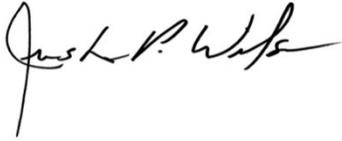
Hawkins County's Responses to the Finding

Hawkins County's responses to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Hawkins County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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 end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 20, 2015

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Hawkins County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hawkins County's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hawkins County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Hawkins County's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Hawkins County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hawkins County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

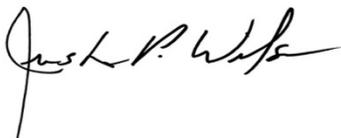
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Hawkins County's basic financial statements. We issued our report thereon dated February 20, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 20, 2015

JPW/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 555,348
National School Lunch Program	10.555	N/A	1,859,580 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	260,083 (3)
Total U.S. Department of Agriculture			\$ 2,675,011
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	N/A	\$ 377,994
Total U.S. Department of Defense			\$ 377,994
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(4)	\$ 303,418
Alcohol Open Container Requirements	20.607	Z-11-GH5148	14,788
Total U.S. Department of Transportation			\$ 318,206
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 117,537
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	2,649,905
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,680,385
Special Education - Preschool Grants	84.173	N/A	19,383
Career and Technical Education - Basic Grants to States	84.048	N/A	121,879
Safe and Drug-free Schools and Communities - National Programs	84.184	N/A	51,970
Education for Homeless Children and Youth	84.196	N/A	15,411
Twenty-first Century Community Learning Centers	84.287	N/A	46,434
English Language Acquisition Grants	84.365	N/A	1,660
Improving Teacher Quality State Grants	84.367	N/A	273,109
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	452,281
Total U.S. Department of Education			\$ 5,429,954
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 9,880
Total U.S. Election Assistance Commission			\$ 9,880
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 37,100
Homeland Security Grant Program	97.067	(2)	47,744
Total U.S. Department of Homeland Security			\$ 84,844
Total Expenditures of Federal Awards			\$ 8,895,889

(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	Contract Number	Expenditures
<u>State Grants</u>			
Airport Maintenance Program - State Department of Transportation	N/A	AERO-M13-320-00	\$ 7,144
Aging Program - First Tennessee Development District	N/A	(2)	30,052
Waste Tire Grant - State Department of Environment and Conservation	N/A	30046	37,178
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	21,350
Health Department Program - State Department of Health	N/A	(5)	374,313
State Aid Program - State Department of Transportation	N/A	(2)	326,990
Litter Program - State Department of Transportation	N/A	(2)	49,036
Help America Vote Act - Tennessee Secretary of State	N/A	(2)	520
Early Childhood Education - State Department of Education	N/A	(2)	398,869
Connect TN - State Department of Education	N/A	(2)	21,061
Art Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(2)	4,415
Adult Basic Education - State Department of Education	N/A	(2)	39,179
Coordinated School Health - State Department of Education	N/A	(2)	43,842
Family Resource Center - State Department of Education	N/A	(2)	29,612
Safe Schools Act of 1998 - State Department of Education	N/A	(2)	38,931
Statewide Student Management System - State Department of Education	N/A	(2)	18,696
Driver's Education - State Department of Education	N/A	(2)	<u>3,445</u>
Total State Grants			<u>\$ 1,444,633</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$2,119,663.
- (4) AERO-11-120-00: \$274,917; AERO-11-119-00: \$28,501.
- (5) GG-13-38505: \$296,118; GG-14-37376: \$78,195.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There were no uncorrected findings from the Annual Financial Report for Hawkins County, Tennessee, for the year ended June 30, 2013.

HAWKINS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Hawkins County is unmodified.
2. The audit of the financial statements of Hawkins County disclosed no significant deficiencies in internal control.
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 unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Section 1033 Excess Property Program (CFDA No. 12.UNKNOWN), Airport Improvement Program (CFDA No. 20.106), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and State Fiscal Stabilization Funds – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) 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

A finding and recommendation, as a result of our examination, are presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response. The county mayor and director of schools provided written responses on the finding below, which are paraphrased in this report.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

FINDING 2014-001 **BIDS WERE NOT SOLICITED FOR THE PURCHASE OF WASHING MACHINES FOR THE HIGH SCHOOLS** (Noncompliance Under *Government Auditing Standards*)

Purchasing procedures for all departments of Hawkins County and the discretely presented Hawkins County School Department are governed by provisions of Chapter 256, Private Acts of 1957, as amended. This act provides for the county mayor to make all purchases, and purchases in excess of \$10,000 to be made after public advertisement and solicitation of competitive bids. As part of our audit procedures to obtain reasonable assurance that bid procedures were properly followed as required by governing laws, we selected five purchases that were just below or above the county's \$10,000 bid limit. Our examination revealed that the School Department purchased two commercial washing machines totaling \$19,710. This purchase was based on quotes, but competitive bids required by their private act were not solicited. It should be noted that due to problems with these machines, the director of schools contacted the manufacturer and had the machines replaced for an additional cost of \$15,481 plus installation. In addition, competitive bids were not solicited for this second purchase. Therefore, the School Department spent a total of \$35,191 for these washing machines without soliciting competitive bids.

It should be noted that the problems with the original machines were related to the installation by the vendor and therefore were not warranted by the manufacturer. The decision was made to secure similar replacement machines directly from the same manufacturer so that salvageable parts from the original machines would be available.

RECOMMENDATION

All purchases should be made in compliance with provisions of Chapter 256, Private Acts of 1957, as amended.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We will be revising our policy to ensure compliance with the statutes related to purchases requiring the solicitation of bids.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Hawkins County Board of Education takes its responsibility to comply with the purchasing regulations in Chapter 256 of the Private Acts of 1957 very seriously. In the future, all purchases of identical items that aggregately total \$10,000 will be made after public advertisement and solicitation of competitive bids.

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

There were no findings and questioned costs for federal programs.

BEST PRACTICE

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

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

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. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting and budgeting is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Hawkins County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting and budgeting covering all county departments.

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

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