

ANNUAL FINANCIAL REPORT
BLEDSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
BLEDSOE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

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

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Auditor 4***

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JENI PALADENI, CISA
State Auditors***

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

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Summary of Audit Findings

Annual Financial Report
Bledsoe County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Bledsoe County as of and for the year ended June 30, 2015.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The General and the Community Development/Industrial Park funds required material audit adjustments for proper financial statement presentation.
- ◆ The office did not document some credit card charges.
- ◆ Some purchases were not competitively bid.

OFFICE OF ROAD SUPERINTENDENT

- ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments.
- ◆ The office had deficiencies in purchasing procedures.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- ◆ Some office employees used county equipment and county time for their personal benefit.
-

OFFICE OF SHERIFF

- ◆ The office had deficiencies in receipts, deposits, and disbursements.
-

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

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Bledsoe County Officials

June 30, 2015

Officials

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

Board of County Commissioners

Craig Mercer, Chairman	Robert Reese
Shayne Bickford	Tanya Roberson
William Cartwright	Ronald Sapp
Tim Campbell	Roger Simmons
Matthew Colvard	Perry Swafford
Junior Hankins	Aaron Yeargan
Ronnie Hudson	

Board of Education

Charlie Young, Chairman	Vincent Pendegrass
Bobby Angel	Donald Snow
Bennett Boynton	Alfred Terry
Stacy Farmer	

Audit Committee

Elizabeth Turner, Chairman
Phil Crawford
Mitzi Hankins

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bledsoe County Nursing Home, which represent 5.23 percent, 16.84 percent, and 13.43 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Bledsoe County Emergency Communications District, which represent 4.81 percent, 20.21 percent, and 2.32 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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 Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County, Tennessee, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Bledsoe County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$275,495 and the discretely presented Bledsoe County School Department net position by \$2,850,259 on the Government-

wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

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 – schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit plans on pages 96-102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Bledsoe County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 20, 2015

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Bledsoe County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government Governmental Activities	Component Units		
		Bledsoe County School Department	Bledsoe County Nursing Home	Emergency Communica- tions District
<u>ASSETS</u>				
Cash	\$ 23,222	\$ 15,094	\$ 582,047	\$ 794,962
Equity in Pooled Cash and Investments	3,126,995	4,275,803	0	0
Accounts Receivable	653,756	0	316,462	0
Allowance for Uncollectible	(389,271)	0	(92,000)	0
Due from Other Governments	534,875	206,926	0	0
Due from Component Units	11,877,137	0	0	0
Prepaid Items	0	0	17,386	866
Property Taxes Receivable	3,330,946	1,988,679	0	0
Allowance for Uncollectible Property Taxes	(261,998)	(156,421)	0	0
Net Pension Asset - Agent Plan	3,809	6,755	1,472	0
Net Pension Asset - Cost-sharing Plan	0	29,683	0	0
Other Assets	0	0	8,295	0
Capital Assets:				
Assets Not Depreciated:				
Land	101,140	375,847	0	0
Construction in Progress	0	0	0	55,930
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	6,908,488	11,259,396	229,526	67,251
Infrastructure	4,401,911	96,169	0	0
Other Capital Assets	601,815	993,414	47,702	101,093
Total Assets	<u>\$ 30,912,825</u>	<u>\$ 19,091,345</u>	<u>\$ 1,110,890</u>	<u>\$ 1,020,102</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 86,015	\$ 141,639	\$ 0	\$ 0
Pension Changes in Experience	0	72,063	0	0
Pension Other Deferrals	0	6,555	0	0
Pension Contributions After Measurement Date	211,201	877,016	68,786	0
Total Deferred Outflows of Resources	<u>\$ 297,216</u>	<u>\$ 1,097,273</u>	<u>\$ 68,786</u>	<u>\$ 0</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 162,030	\$ 18,025	\$ 89,085	\$ 0
Accrued Payroll	0	0	59,748	0
Payroll Deductions Payable	2,387	1,261	0	0
Accrued Interest Payable	72,875	0	0	0
Customer Deposits Payable	0	2,625	8,295	0
Due to Primary Government	0	11,877,137	0	0
Due to State of Tennessee	0	9	0	0
Other Current Liabilities	0	0	58,200	0
Noncurrent Liabilities:				
Due Within One Year	1,139,720	0	0	0
Due in More Than One Year (net of unamortized premiums on debt)	19,259,317	414,578	0	0
Total Liabilities	<u>\$ 20,636,329</u>	<u>\$ 12,313,635</u>	<u>\$ 215,328</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,890,842	\$ 1,725,923	\$ 0	\$ 0
Pension Changes in Experience	2,147	3,807	830	0
Pension Changes in Investment Earnings	294,491	2,967,876	113,795	0
Total Deferred Inflows of Resources	<u>\$ 3,187,480</u>	<u>\$ 4,697,606</u>	<u>\$ 114,625</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units		
		Bledsoe County School Department	Bledsoe County Nursing Home	Emergency Communica- tions District
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 3,732,592	\$ 12,866,465	\$ 277,228	\$ 224,274
Restricted for:				
General Government	87,696	0	0	0
Finance	2,784	0	0	0
Administration of Justice	45,049	0	0	0
Public Safety	114,275	0	0	0
Public Health and Welfare	458,735	0	0	0
Highways	536,271	0	0	0
Debt Service	764,928	0	0	0
Education	0	2,089,963	0	0
Other Purposes	3,809	0	0	0
Unrestricted	1,640,093	(11,779,051)	572,495	795,828
Total Net Position	<u>\$ 7,386,232</u>	<u>\$ 3,177,377</u>	<u>\$ 849,723</u>	<u>\$ 1,020,102</u>

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

Exhibit B

Bledsoe County, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Primary Government		Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Bledsoe County School Department	Bledsoe County Nursing Home	Emergency Communications District		
Primary Government:										
Governmental Activities:										
General Government	\$ 1,053,467	\$ 77,127	\$ 40,082	\$ 0	\$ (936,258)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	355,651	236,439	0	0	(119,212)	0	0	0	0	0
Administration of Justice	467,653	159,029	0	0	(308,624)	0	0	0	0	0
Public Safety	2,533,158	1,108,483	20,025	0	(1,404,650)	0	0	0	0	0
Public Health and Welfare	1,905,052	0	141,558	212,649	(1,550,845)	0	0	0	0	0
Social, Cultural, and Recreational Services	134,933	2,039	0	0	(132,894)	0	0	0	0	0
Agriculture and Natural Resources	68,094	0	0	0	(68,094)	0	0	0	0	0
Highways/Public Works	1,683,764	0	1,553,724	656,731	526,691	0	0	0	0	0
Interest on Long-term Debt	637,662	0	0	0	(637,662)	0	0	0	0	0
Education (Contributions from Component Unit)	0	0	0	310,275	310,275	0	0	0	0	0
Total Governmental Activities	\$ 8,839,434	\$ 1,583,117	\$ 1,755,389	\$ 1,179,655	\$ (4,321,273)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 8,839,434	\$ 1,583,117	\$ 1,755,389	\$ 1,179,655	\$ (4,321,273)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Bledsoe County School Department	\$ 16,652,076	\$ 141,031	\$ 2,524,770	\$ 0	\$ 0	\$ (13,986,275)	\$ 0	\$ 0	\$ 0	\$ 0
Bledsoe County Nursing Home	2,637,017	2,715,965	0	0	0	0	78,948	0	0	0
Bledsoe County Emergency Communications District	268,140	277,107	217,494	0	0	0	0	226,461	0	0
Total Component Units	\$ 19,557,233	\$ 3,134,103	\$ 2,742,264	\$ 0	\$ 0	\$ (13,986,275)	\$ 78,948	\$ 226,461	\$ 0	\$ 0

(Continued)

Bledsoe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
				Bledsoe County School Department	Bledsoe County Nursing Home	Emergency Communica- tions District
Expenses	Contributions		Total Governmental Activities			
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes	\$	2,051,881	\$	1,605,236	\$	0
Property Taxes Levied for Solid Waste		261,894		0		0
Property Taxes Levied for Debt Service		509,650		83,576		0
Local Option Sales Taxes		90,530		687,843		0
Litigation Tax - General		14,971		0		0
Business Tax		37,134		0		0
Wholesale Beer Tax		89,741		0		0
Other Local Taxes		0		2,340		0
Grants and Contributions Not Restricted to Specific Programs		103,034		12,859,998		140,000
Unrestricted Investment Income		36,432		1,621		6,252
Miscellaneous		77,808		18,466		0
Pension Income		0		24,365		0
Total General Revenues	\$	3,273,075	\$	15,283,445	\$	146,252
Change in Net Position	\$	(1,048,198)	\$	1,297,170	\$	225,200
Net Position, July 1, 2014		8,709,925		4,730,466		730,978
Restatement - See Note I.D.8.		(275,495)		(2,850,259)		0
Restatement - See Note VI.M.		0		0		(106,455)
Net Position, June 30, 2015	\$	7,386,232	\$	3,177,377	\$	849,723
						1,020,102

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

Exhibit C-1

Bledsoe County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2015

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway/ Public Works	General Debt Service	Other	Governmental Funds	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 18,426	\$ 0	\$ 0	\$ 4,796	\$ 23,222
Equity in Pooled Cash and Investments	1,763,498	65,776	279,345	719,637	298,739	298,739	3,126,995
Accounts Receivable	4,691	648,784	0	0	268	268	653,743
Allowance for Uncollectibles	0	(389,271)	0	0	0	0	(389,271)
Due from Other Governments	129,397	0	242,291	0	163,187	163,187	534,875
Due from Other Funds	4,808	13	0	0	0	0	4,821
Property Taxes Receivable	2,416,898	0	0	601,284	312,764	312,764	3,330,946
Allowance for Uncollectible Property Taxes	(190,103)	0	0	(47,294)	(24,601)	(24,601)	(261,998)
Total Assets	\$ 4,129,189	\$ 325,302	\$ 540,062	\$ 1,273,627	\$ 755,153	\$ 755,153	\$ 7,023,333
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 1,609	\$ 0	\$ 160,421	\$ 160,421	\$ 162,030
Payroll Deductions Payable	155	50	2,182	0	0	0	2,387
Due to Other Funds	0	0	0	0	4,808	4,808	4,808
Total Liabilities	\$ 155	\$ 50	\$ 3,791	\$ 0	\$ 165,229	\$ 165,229	\$ 169,225
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Current Property Taxes	\$ 2,097,563	\$ 0	\$ 0	\$ 521,839	\$ 271,440	\$ 271,440	\$ 2,890,842
Deferred Delinquent Property Taxes	122,232	0	0	30,451	15,923	15,923	168,606
Other Deferred/Unavailable Revenue	6,600	259,514	121,146	0	0	0	387,260
Total Deferred Inflows of Resources	\$ 2,226,395	\$ 259,514	\$ 121,146	\$ 552,290	\$ 287,363	\$ 287,363	\$ 3,446,708

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other	Governmental Funds	
FUND BALANCES							
Restricted:							
Restricted for General Government	\$ 43,542	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	43,542
Restricted for Finance	2,784	0	0	0	0	0	2,784
Restricted for Administration of Justice	45,049	0	0	0	0	0	45,049
Restricted for Public Safety	20,385	0	0	0	43,117	0	63,502
Restricted for Public Health and Welfare	18,781	0	0	0	0	0	18,781
Restricted for Other Operations	0	0	0	0	163,967	0	163,967
Restricted for Highways/Public Works	0	0	415,125	0	0	0	415,125
Restricted for Capital Outlay	0	0	0	0	44,154	0	44,154
Restricted for Debt Service	0	0	0	721,337	0	0	721,337
Restricted for Capital Projects	0	0	0	0	550	0	550
Restricted for Other Purposes	0	0	0	0	50,773	0	50,773
Committed:							
Committed for Public Health and Welfare	0	65,738	0	0	0	0	65,738
Committed for Social, Cultural, and Recreational Services	8,065	0	0	0	0	0	8,065
Unassigned	1,764,033	0	0	0	0	0	1,764,033
Total Fund Balances	\$ 1,902,639	\$ 65,738	\$ 415,125	\$ 721,337	\$ 302,561	\$ 0	\$ 3,407,400
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,129,189	\$ 325,302	\$ 540,062	\$ 1,273,627	\$ 755,153	\$ 0	\$ 7,023,333

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

Exhibit C-2

Bledsoe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	3,407,400
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	101,140	
Add: buildings and improvements net of accumulated depreciation		6,908,488	
Add: infrastructure net of accumulated depreciation		4,401,911	
Add: other capital assets net of accumulated depreciation		<u>601,815</u>	12,013,354
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(19,385,000)	
Less: notes payable		(295,785)	
Less: other loans payable		(328,026)	
Less: capital lease payable		(99,803)	
Less: accrued interest on bonds, notes, and other loans		(72,875)	
Less: unamortized premium on debt		(189,415)	
Less: compensated absences payable		(50,958)	
Less: other postemployment benefits liability		(50,050)	
Add: debt to be contributed by the School Department		11,877,137	
Add: deferred amount on refunding		<u>86,015</u>	(8,508,760)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	211,201	
Less: deferred inflows of resources related to pensions		<u>(296,638)</u>	(85,437)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			3,809
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>555,866</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>7,386,232</u></u>

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

Bledsoe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 2,279,528	\$ 0	\$ 0	\$ 509,273	\$ 264,909	\$ 3,053,710	
Licenses and Permits	9,753	0	0	2,382	1,239	13,374	
Fines, Forfeitures, and Penalties	45,459	0	0	0	12,177	57,636	
Charges for Current Services	28,102	879,278	0	0	4,399	911,779	
Other Local Revenues	230,495	19	8,325	36,417	17,731	292,987	
Fees Received from County Officials	385,273	0	0	0	0	385,273	
State of Tennessee	1,312,900	0	1,786,342	56,614	64,724	3,220,580	
Federal Government	5,625	0	427,167	0	399,621	832,413	
Other Governments and Citizens Groups	0	0	0	1,184,012	183,000	1,367,012	
Total Revenues	\$ 4,297,135	\$ 879,297	\$ 2,221,834	\$ 1,788,698	\$ 947,800	\$ 10,134,764	
<u>Expenditures</u>							
Current:							
General Government	\$ 936,521	\$ 0	\$ 0	\$ 0	\$ 0	\$ 936,521	
Finance	379,632	0	0	0	0	379,632	
Administration of Justice	484,563	0	0	0	2,357	486,920	
Public Safety	2,182,646	0	0	0	278,458	2,461,104	
Public Health and Welfare	294,712	905,611	0	0	370,541	1,570,864	
Social, Cultural, and Recreational Services	103,689	0	0	0	0	103,689	
Agriculture and Natural Resources	68,257	0	0	0	0	68,257	
Other Operations	70,538	0	0	0	25,422	95,960	
Highways	0	0	1,600,004	0	53,299	1,653,303	
Debt Service:							
Principal on Debt	0	0	0	1,067,912	0	1,067,912	
Interest on Debt	0	0	0	654,160	0	654,160	
Other Debt Service	0	0	0	11,408	0	11,408	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 374,199	\$ 374,199
Total Expenditures	\$ 4,520,558	\$ 905,611	\$ 1,600,004	\$ 1,733,480	\$ 1,104,276	\$ 9,863,929	\$ 9,863,929
Excess (Deficiency) of Revenues Over Expenditures	\$ (223,423)	\$ (26,314)	\$ 621,830	\$ 55,218	\$ (156,476)	\$ 270,835	\$ 270,835
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 2,185	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,185
Transfers In	0	50,000	0	34,860	55,000	139,860	139,860
Transfers Out	(105,000)	(34,860)	0	0	0	(139,860)	(139,860)
Total Other Financing Sources (Uses)	\$ (102,815)	\$ 15,140	\$ 0	\$ 34,860	\$ 55,000	\$ 2,185	\$ 2,185
Net Change in Fund Balances	\$ (326,238)	\$ (11,174)	\$ 621,830	\$ 90,078	\$ (101,476)	\$ 273,020	\$ 273,020
Fund Balance, July 1, 2014	2,228,877	76,912	(206,705)	631,259	404,037	3,134,380	3,134,380
Fund Balance, June 30, 2015	\$ 1,902,639	\$ 65,738	\$ 415,125	\$ 721,337	\$ 302,561	\$ 3,407,400	\$ 3,407,400

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

Exhibit C-4

Bledsoe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

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)		\$ 273,020
(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	\$ 287,297	
Less: current-year depreciation expense	<u>(490,456)</u>	(203,159)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: net book value of capital assets disposed		(85,393)
(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, 2015	\$ 555,866	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(2,033,541)</u>	(1,477,675)
(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 net effect of these differences in the treatment of long-term debt and related items.		
Less: contribution from the School Department for bonds, notes, and other loans	\$ (873,737)	
Less: change in deferred amount on refunding debt	(19,705)	
Add: change in premium on debt issuance	7,884	
Add: principal payments on bonds	935,000	
Add: principal payments on notes	52,313	
Add: principal payments on other loans	100,599	
Add: principal payments on capital lease	<u>26,355</u>	228,709
(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	\$ 16,498	
Change in other postemployment benefits liability	(1,444)	
Change in compensated absences payable	7,379	
Change in net pension liability/asset	279,304	
Change in deferred outflows related to pensions	211,201	
Change in deferred inflows related to pensions	<u>(296,638)</u>	216,300
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,048,198)</u>

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

Bledsoe County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 2,279,528	\$ 2,298,783	\$ 2,298,783	\$ (19,255)
Licenses and Permits	9,753	9,291	9,291	462
Fines, Forfeitures, and Penalties	45,459	40,209	40,209	5,250
Charges for Current Services	28,102	21,258	21,258	6,844
Other Local Revenues	230,495	149,147	149,147	81,348
Fees Received from County Officials	385,273	421,106	421,106	(35,833)
State of Tennessee	1,312,900	1,348,300	1,349,350	(36,450)
Federal Government	5,625	6,538	6,538	(913)
Total Revenues	\$ 4,297,135	\$ 4,294,632	\$ 4,295,682	\$ 1,453
Expenditures				
<u>General Government</u>				
County Commission	\$ 66,339	\$ 66,475	\$ 66,475	\$ 136
Board of Equalization	0	400	400	400
County Mayor/Executive	178,695	193,050	193,050	14,355
County Attorney	10,542	20,000	20,000	9,458
Election Commission	128,531	149,513	149,513	20,982
Register of Deeds	121,468	127,282	127,282	5,814
County Buildings	146,223	199,049	180,379	34,156
Other General Administration	284,723	322,624	321,824	37,101
<u>Finance</u>				
Property Assessor's Office	130,252	169,223	159,223	28,971
County Trustee's Office	122,519	139,332	139,332	16,813
County Clerk's Office	126,861	137,013	137,013	10,152
<u>Administration of Justice</u>				
Circuit Court	190,208	202,312	212,312	22,104
General Sessions Court	113,715	114,294	114,294	579
Chancery Court	138,979	157,104	157,104	18,125
Juvenile Court	41,661	52,108	52,108	10,447
<u>Public Safety</u>				
Sheriff's Department	801,504	887,697	887,697	86,193
Jail	1,297,220	1,413,871	1,413,871	116,651
Fire Prevention and Control	41,214	60,500	60,500	19,286
Rescue Squad	10,000	10,000	10,000	0
Other Emergency Management	10,588	21,488	21,488	10,900
County Coroner/Medical Examiner	22,120	28,200	28,200	6,080
<u>Public Health and Welfare</u>				
Local Health Center	64,759	56,399	66,919	2,160
Nursing Home	140,000	140,000	140,000	0
Crippled Children Services	0	971	971	971
Other Local Health Services	88,408	100,900	100,900	12,492
General Welfare Assistance	1,545	1,645	1,645	100
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	4,500	4,500	4,500	0
Libraries	82,374	85,552	85,552	3,178
Parks and Fair Boards	16,815	16,900	16,900	85
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	63,257	68,851	68,851	5,594
Soil Conservation	5,000	5,000	5,000	0

(Continued)

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Other Operations</u>				
Other Economic and Community Development	\$ 35,556	\$ 79,000	\$ 79,000	\$ 43,444
Veterans' Services	22,482	29,461	29,461	6,979
Contributions to Other Agencies	12,500	5,000	15,000	2,500
Total Expenditures	<u>\$ 4,520,558</u>	<u>\$ 5,065,714</u>	<u>\$ 5,066,764</u>	<u>\$ 546,206</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (223,423)</u>	<u>\$ (771,082)</u>	<u>\$ (771,082)</u>	<u>\$ 547,659</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 2,185	\$ 0	\$ 0	\$ 2,185
Transfers In	0	75,000	75,000	(75,000)
Transfers Out	(105,000)	(55,000)	(105,000)	0
Total Other Financing Sources	<u>\$ (102,815)</u>	<u>\$ 20,000</u>	<u>\$ (30,000)</u>	<u>\$ (72,815)</u>
Net Change in Fund Balance	\$ (326,238)	\$ (751,082)	\$ (801,082)	\$ 474,844
Fund Balance, July 1, 2014	<u>2,228,877</u>	<u>2,040,956</u>	<u>2,040,956</u>	<u>187,921</u>
Fund Balance, June 30, 2015	<u>\$ 1,902,639</u>	<u>\$ 1,289,874</u>	<u>\$ 1,239,874</u>	<u>\$ 662,765</u>

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

Bledsoe County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 879,278	\$ 1,056,000	\$ 1,056,000	\$ (176,722)
Other Local Revenues	19	0	0	19
Total Revenues	<u>\$ 879,297</u>	<u>\$ 1,056,000</u>	<u>\$ 1,056,000</u>	<u>\$ (176,703)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 905,611	\$ 985,964	\$ 985,964	\$ 80,353
Total Expenditures	<u>\$ 905,611</u>	<u>\$ 985,964</u>	<u>\$ 985,964</u>	<u>\$ 80,353</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (26,314)</u>	<u>\$ 70,036</u>	<u>\$ 70,036</u>	<u>\$ (96,350)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	0	0	50,000
Transfers Out	(34,860)	(34,860)	(34,860)	0
Total Other Financing Sources	<u>\$ 15,140</u>	<u>\$ (34,860)</u>	<u>\$ (34,860)</u>	<u>\$ 50,000</u>
Net Change in Fund Balance	\$ (11,174)	\$ 35,176	\$ 35,176	\$ (46,350)
Fund Balance, July 1, 2014	76,912	23,308	23,308	53,604
Fund Balance, June 30, 2015	<u>\$ 65,738</u>	<u>\$ 58,484</u>	<u>\$ 58,484</u>	<u>\$ 7,254</u>

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

Bledsoe County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 8,325	\$ 3,000	\$ 3,000	\$ 5,325
State of Tennessee	1,786,342	1,848,742	1,848,742	(62,400)
Federal Government	427,167	300,000	300,000	127,167
Total Revenues	<u>\$ 2,221,834</u>	<u>\$ 2,151,742</u>	<u>\$ 2,151,742</u>	<u>\$ 70,092</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 150,919	\$ 161,078	\$ 161,078	\$ 10,159
Highway and Bridge Maintenance	617,597	739,600	705,300	87,703
Operation and Maintenance of Equipment	221,340	321,000	321,000	99,660
Quarry Operations	3,142	3,250	3,250	108
Other Charges	110,075	107,024	112,524	2,449
Employee Benefits	257,709	343,000	343,000	85,291
Capital Outlay	239,222	173,000	257,500	18,278
Total Expenditures	<u>\$ 1,600,004</u>	<u>\$ 1,847,952</u>	<u>\$ 1,903,652</u>	<u>\$ 303,648</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 621,830</u>	<u>\$ 303,790</u>	<u>\$ 248,090</u>	<u>\$ 373,740</u>
Net Change in Fund Balance	\$ 621,830	\$ 303,790	\$ 248,090	\$ 373,740
Fund Balance, July 1, 2014	<u>(206,705)</u>	<u>281,473</u>	<u>281,473</u>	<u>(488,178)</u>
Fund Balance, June 30, 2015	<u>\$ 415,125</u>	<u>\$ 585,263</u>	<u>\$ 529,563</u>	<u>\$ (114,438)</u>

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

Exhibit D

Bledsoe County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,034,221
Due from Other Governments	<u>32,105</u>
Total Assets	<u>\$ 1,066,326</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 32,105
Due to Litigants, Heirs, and Others	<u>1,034,221</u>
Total Liabilities	<u>\$ 1,066,326</u>

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

BLEDSON COUNTY, TENNESSEE
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BLEDSOE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Bledsoe County is a public municipal corporation governed by an elected 13-member board. As required by GAAP, these financial statements present Bledsoe County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Bledsoe County School Department operates the public school system in the county, and the voters of Bledsoe County elect its board. The School Department is fiscally dependent on the county because it may not issue debt and its budget and property tax levy are subject to the Bledsoe County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Bledsoe County Nursing Home provides nursing care to the citizens of Bledsoe County, and the Bledsoe County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the nursing home must obtain the County Commission's approval.

The Bledsoe County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Bledsoe County, and the Bledsoe County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Bledsoe County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

B. Government-wide and Fund Financial Statements

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

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

Bledsoe County issues all debt for the discretely presented Bledsoe County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

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

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

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

Fund financial statements of Bledsoe County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Bledsoe County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

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

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

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

Bledsoe County reports the following major governmental funds:

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

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

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

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

Additionally, Bledsoe County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Bledsoe County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Bledsoe County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with

maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance is based on historical collection data. The allowance for uncollectible property taxes is equal to 4.47 percent of total taxes levied.

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements.

3. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 30
Infrastructure	20 - 50

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 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 items are for pension changes in experience, changes in proportionate share of contributions, as well as employer contributions made to the pension plan after the measurement date. 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. Deferred inflows of resources represent 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 items are from the following sources: current and delinquent property taxes, pension changes in experience, and changes in investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

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

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

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the

reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. Net Position and Fund Balance

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

- a. Net 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, 2015, Bledsoe County had \$11,877,137 in outstanding debt for capital purposes for the discretely presented Bledsoe County School Department. This debt is a liability of Bledsoe County, but the capital assets acquired are reported in the financial statements of the School Department.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

8. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement to decrease Bledsoe County's and the Bledsoe County School Department's beginning net position has been recognized on the Statement of Activities totaling (\$275,495) and (\$2,850,259), respectively.

E. Pension Plans

Primary Government

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

Discretely Presented Bledsoe County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Bledsoe County School Department

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

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

Primary Government

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

Discretely Presented Bledsoe County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed

appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2015, the Bledsoe County School Department reported the following significant encumbrance:

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	Buses	\$ 184,699

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the

average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled or nonpooled investments as of June 30, 2015.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 173,140	\$ 0	\$ (72,000)	\$ 101,140
Construction in Progress	182,362	0	(182,362)	0
Total Capital Assets Not Depreciated	<u>\$ 355,502</u>	<u>\$ 0</u>	<u>\$ (254,362)</u>	<u>\$ 101,140</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,290,735	\$ 0	\$ (10,000)	\$ 8,280,735
Infrastructure	6,696,689	278,162	0	6,974,851
Other Capital Assets	2,972,006	191,497	(77,420)	3,086,083
Total Capital Assets Depreciated	<u>\$ 17,959,430</u>	<u>\$ 469,659</u>	<u>\$ (87,420)</u>	<u>\$ 18,341,669</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 1,189,791	\$ 186,836	\$ (4,380)	\$ 1,372,247
Infrastructure	2,421,780	151,160	0	2,572,940
Other Capital Assets	2,401,455	152,460	(69,647)	2,484,268
Total Accumulated Depreciation	<u>\$ 6,013,026</u>	<u>\$ 490,456</u>	<u>\$ (74,027)</u>	<u>\$ 6,429,455</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,946,404</u>	<u>\$ (20,797)</u>	<u>\$ (13,393)</u>	<u>\$ 11,912,214</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,301,906</u>	<u>\$ (20,797)</u>	<u>\$ (267,755)</u>	<u>\$ 12,013,354</u>

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

Governmental Activities:

General Government	\$ 14,956
Finance	2,940
Administration of Justice	12,413
Public Safety	204,311
Public Health and Welfare	65,619
Social, Cultural, and Recreational Services	3,972
Agriculture and Natural Resources	3,920
Highways/Public Works	<u>182,325</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 490,456</u></u>

Discretely Presented Bledsoe County School Department**Governmental Activities:**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 375,847	\$ 0	\$ 0	\$ 375,847
Construction in Progress	1,548,041	0	(1,548,041)	0
Total Capital Assets Not Depreciated	<u>\$ 1,923,888</u>	<u>\$ 0</u>	<u>\$ (1,548,041)</u>	<u>\$ 375,847</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,807,125	\$ 3,083,567	\$ 0	\$ 17,890,692
Infrastructure	162,674	0	0	162,674
Other Capital Assets	2,700,935	40,860	(12,469)	2,729,326
Total Capital Assets Depreciated	<u>\$ 17,670,734</u>	<u>\$ 3,124,427</u>	<u>\$ (12,469)</u>	<u>\$ 20,782,692</u>

Governmental Activities (Cont.):

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 6,243,052	\$ 388,244	\$ 0	\$ 6,631,296
Infrastructure	58,894	7,611	0	66,505
Other Capital Assets	1,576,558	166,939	(7,585)	1,735,912
Total Accumulated Depreciation	<u>\$ 7,878,504</u>	<u>\$ 562,794</u>	<u>\$ (7,585)</u>	<u>\$ 8,433,713</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,792,230</u>	<u>\$ 2,561,633</u>	<u>\$ (4,884)</u>	<u>\$ 12,348,979</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,716,118</u>	<u>\$ 2,561,633</u>	<u>\$ (1,552,925)</u>	<u>\$ 12,724,826</u>

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

Governmental Activities:

Instruction	\$ 10,008
Support Services	530,189
Operation of Non-instructional Services	<u>22,597</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 562,794</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 4,808
"	Ambulance Service	13

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.

The receivable in the Ambulance Service Fund totaling \$13 was in transit from the General Fund at June 30, 2015.

Due to/from Primary Government and Component Unit:

Receivable	Payable	Amount
	Component Unit:	
Primary Government	School Department	\$ 11,877,137

The Due to Primary Government consists of the balance of bonds (\$11,415,000), a note (\$253,785), and another loan (\$208,352) issued for the School Department. The School Department has agreed to contribute funds annually to retire the debt. This long-term debt obligation is reflected in the governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	Ambulance Service Fund	General Debt Service Fund	Nonmajor Governmental Fund
General Fund	\$ 50,000	\$ 0	\$ 55,000
Ambulance Service Fund	0	34,860	0
Total	\$ 50,000	\$ 34,860	\$ 55,000

Discretely Presented Bledsoe County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Education Debt Service Fund
General Purpose School Fund	\$ 0	\$ 525,000
Nonmajor governmental fund	20,035	0
Total	\$ 20,035	\$ 525,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them in accordance with budgetary authorizations.

D. Capital Lease

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

The assets acquired through the capital lease are as follows:

Asset	Governmental Activities
Machinery and Equipment	\$ 132,000
Less: Accumulated Depreciation	<u>(12,832)</u>
Total Book Value	<u>\$ 119,168</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30	Governmental Funds
2016	\$ 29,681
2017	29,681
2018	29,681
2019	19,786
Total Minimum Lease Payments	\$ 108,829
Less: Amount Representing Interest	(9,026)
 Present Value of Minimum Lease Payments	 \$ 99,803

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, 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 32 years for bonds, up to 12 years for notes, and up to seven years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2015, will be retired from the General Debt Service and Highway/Public Works funds.

General obligation bonds, capital outlay notes, other loans, and the capital lease outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bond	2 to 3.5 %	12-1-38	\$ 4,000,000	\$ 3,875,000
General Obligation Bond - Refunding	1 to 4.5	6-1-41	17,755,000	15,510,000
Capital Outlay Notes	2.93 to 4.95	12-1-21	512,269	295,785
Other Loans	0 to 3.75	3-1-19	714,200	328,026
Capital Lease	4.693	3-1-19	132,569	99,803

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 955,000	\$ 616,225	\$ 1,571,225
2017	975,000	596,771	1,571,771
2018	1,000,000	575,581	1,575,581
2019	1,015,000	553,169	1,568,169
2020	1,050,000	529,214	1,579,214
2021-2025	4,950,000	2,218,689	7,168,689
2026-2030	3,120,000	1,560,100	4,680,100
2031-2035	2,665,000	1,081,181	3,746,181
2036-2040	3,085,000	497,969	3,582,969
2041	570,000	25,650	595,650
Total	\$ 19,385,000	\$ 8,254,549	\$ 27,639,549

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 54,917	\$ 12,937	\$ 67,854
2017	56,667	10,636	67,303
2018	37,473	8,277	45,750
2019	39,370	6,380	45,750
2020	41,353	4,397	45,750
2021-2022	66,005	2,620	68,625
Total	\$ 295,785	\$ 45,247	\$ 341,032

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2016	\$ 101,712	\$ 4,572	\$ 106,284
2017	102,868	3,416	106,284
2018	98,148	2,216	100,364
2019	25,298	848	26,146
Total	\$ 328,026	\$ 11,052	\$ 339,078

There is \$721,337 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and the capital lease totaled \$1,562, based on the 2010 federal census.

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

Description of Indebtedness	Outstanding 6-30-15
<u>Bonds Payable</u>	
<u>Contributions from the Education Debt Service Fund</u>	
School Refunding Series 2011	\$ 4,765,000
School Refunding Series 2013	2,775,000
General Obligation Series 2013	3,875,000
 <u>Note Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Program	253,785
 <u>Other Loan Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Program	<u>208,352</u>
 Total	 <u><u>\$ 11,877,137</u></u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loan
Balance, July 1, 2014	\$ 20,320,000	\$ 348,098	\$ 428,625
Reductions	(935,000)	(52,313)	(100,599)
 Balance, June 30, 2015	 <u>\$ 19,385,000</u>	 <u>\$ 295,785</u>	 <u>\$ 328,026</u>
 Balance Due Within One Year	 <u><u>\$ 955,000</u></u>	 <u><u>\$ 54,917</u></u>	 <u><u>\$ 101,712</u></u>

	Capital Lease	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2014	\$ 126,158	\$ 48,606	\$ 58,337
Additions	0	4,050	119,362
Reductions	(26,355)	(2,606)	(126,741)
Balance, June 30, 2015	\$ 99,803	\$ 50,050	\$ 50,958
Balance Due Within One Year	\$ 25,543	\$ 0	\$ 2,548

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 20,209,622
Less: Balance Due Within One Year	(1,139,720)
Add: Unamortized Premium on Debt	<u>189,415</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 19,259,317</u>

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

Discretely Presented Bledsoe County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Bledsoe County School Department for the year ended June 30, 2015, was as follows:

Governmental Activities

	Other Postemployment Benefits
Balance, July 1, 2014	\$ 415,687
Additions	92,428
Reductions	<u>(93,537)</u>
Balance, June 30, 2015	<u>\$ 414,578</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 414,578
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 414,578</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Bledsoe County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2015, were \$1,050. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Bledsoe County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Bledsoe County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2015, were \$49,328 and \$14,050, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

Employee Health Insurance

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

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

Discretely Presented Bledsoe County School Department

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

Employee Health Insurance

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Contingent Liabilities

The county is involved in several pending lawsuits. However, the county attorney estimates that the potential claims against the county, not covered by insurance, resulting from such litigation should not be material to the county's financial statements.

D. Change in Administration

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

E. Joint Ventures

The Sequatchie/Bledsoe Landfill Board is responsible for a closed regional sanitary landfill, which is owned by Bledsoe County, Sequatchie County, the City of Dunlap, and the City of Pikeville. The landfill is governed by a ten-member board, including the county mayor and two members appointed by the County Commission. The remaining seven members are appointed by the other joint owners. Bledsoe County has control over budgeting and financing the joint venture only to the extent of representation by the three board members and is responsible for funding approximately 39 percent of any postclosure care costs. Bledsoe County made \$14,164 in contributions to the board during the year.

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district is composed of Bledsoe, Franklin, Grundy, Marion, Rhea, and Sequatchie counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Bledsoe County made no contributions to the DTF for the year ended June 30, 2015.

Bledsoe County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Sequatchie/Bledsoe Landfill Board and the DTF can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

Office of District Attorney General
Twelfth Judicial District Drug Task Force
375 Church Street, Suite 300
Dayton, TN 37321

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Bledsoe County, the discretely presented Bledsoe County Nursing Home, and non-certified employees of the discretely presented Bledsoe County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees, the discretely presented Bledsoe County Nursing Home, and the non-certified employees of the Bledsoe County School Department comprise 31.65 percent, 12.23 percent, and 56.12 percent, respectively, of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available for vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the

CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	116
Inactive Employees Entitled to But Not Yet Receiving Benefits	195
Active Employees	237
Total	548

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Bledsoe County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the employer contributions for Bledsoe County were \$502,642 based on a rate of 8.63 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Bledsoe County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

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

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

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

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
	%	%
U.S. Equity	6.46	33
Developed Market International Equity	6.26	17
Emerging Market International Equity	6.40	5
Private Equity and Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
 Total		 <u>100</u> %

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 14,123,122	\$ 12,771,639	\$ 1,351,483
Changes for the year:			
Service Cost	\$ 461,164	\$ 0	\$ 461,164
Interest	1,071,540	0	1,071,540
Differences Between Expected and Actual Experience	(8,480)	0	(8,480)
Contributions-Employer	0	481,040	(481,040)
Contributions-Employees	0	288,734	(288,734)
Net Investment Income	0	2,127,188	(2,127,188)
Benefit Payments, Including Refunds of Employee Contributions	(594,151)	(594,151)	0
Administrative Expense	0	(9,219)	9,219
Other Changes	0	0	0
Net Changes	\$ 930,073	\$ 2,293,592	\$ (1,363,519)
Balance, June 30, 2014	\$ 15,053,195	\$ 15,065,231	\$ (12,036)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	31.65%	\$ 4,764,336	\$ 4,768,146	\$ (3,809)
Nursing Home	12.23%	1,841,006	1,842,478	(1,472)
School Department	56.12%	8,447,853	8,454,608	(6,755)
Total		\$ 15,053,195	\$ 15,065,231	\$ (12,036)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Bledsoe County calculated using the discount rate of 7.5 percent, as

well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Bledsoe County	6.5%	7.5%	8.5%

Net Pension Liability \$ 1,947,632 \$ (12,036) \$ (1,650,459)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2015, Bledsoe County recognized pension expense of \$54,765.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 6,784
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	930,460
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	502,642	N/A
Total	\$ 502,642	\$ 937,244

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 211,201	\$ 296,638
Nursing Home	68,786	114,625
School Department	222,655	525,981
Total	<u>\$ 502,642</u>	<u>\$ 937,244</u>

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (234,311)
2017	(234,311)
2018	(234,311)
2019	(234,311)
2020	0
Thereafter	0

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

Discretely Presented Bledsoe County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Bledsoe County, the discretely presented Bledsoe County Nursing Home, and non-certified employees of the discretely presented Bledsoe County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees, the discretely presented Bledsoe County Nursing Home, and the non-certified employees of the

discretely present School Department comprise 31.65 percent, 12.23 percent, and 56.12 percent, respectively, of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change

is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$4,664, which is four percent of pensionable payroll. The employer rate, when combined with member contributions made by the Bledsoe County School Department, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Bledsoe County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ending June 30, 2015, the Bledsoe County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions subsequent to the measurement date of June 30, 2014	\$ 4,664	N/A

The Bledsoe County School Department’s employer contributions of \$4,664 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Bledsoe County Schools for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$649,697, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets. At June 30, 2015, the Bledsoe County School Department reported an asset of \$29,683 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Bledsoe County School Department's proportion of the net pension asset was based on the Bledsoe County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date the Bledsoe County School Department's proportion was .182671 percent. The proportion measured as of June 30, 2013, was .182206 percent.

Pension Income. For the year ended June 30, 2015, the Bledsoe County School Department recognized a pension income of \$24,365.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Bledsoe County School Department

reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 72,063	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,445,703
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	6,555	0
	<u>649,697</u>	<u>N/A</u>
Total	<u>\$ 728,315</u>	<u>\$ 2,445,703</u>

Bledsoe County School's employer contributions of \$649,697 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (598,323)
2017	(598,323)
2018	(598,323)
2019	(598,323)
2020	13,103
Thereafter	13,103

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

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

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

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

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

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

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	0.00	1
Total		100 %

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Bledsoe County School Department’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Bledsoe County School Department’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 5,006,399 \$ (29,683) \$ (4,199,013)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

2. Deferred Compensation

Primary Government

Bledsoe County offers its Ambulance Service employees a deferred compensation plan, established pursuant to IRC Section 457. All costs of administering and funding these programs are the responsibility of plan participants. The Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 457 establishes participation, contribution, and withdrawal provisions for the plan. During the year, Bledsoe County contributed \$14,544 to the 457 pension plan on-behalf of the plan participants.

Discretely Presented Bledsoe County School Department

Teachers hired after July 1, 2014, by the discretely presented Bledsoe County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Bledsoe County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Bledsoe County School Department contributed \$5,830 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

G. Other Postemployment Benefits (OPEB)

Plan Description

Bledsoe County (except for the Highway Department) and the School Department participate in the state-administered Local Education Group Insurance Plan, Local Government Group Insurance Plan, and Medicare Supplement Plan for health care benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, Section 8-27-207, *TCA* for local governments, 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 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>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Bledsoe County retirees' contributions vary depending on the insurance options they select, ranging from \$399 to \$1,776 per month. School Department retirees' contributions vary depending on the insurance options they select, ranging from \$124 to \$1,496 per month. Bledsoe County and the School Department recognized expenditures of \$2,606 and \$93,537, respectively, for postemployment health care during the year ended June 30, 2015.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 92,000	\$ 4,000
Interest on the NOPEBO	16,627	1,944
Adjustment to the ARC	(16,199)	(1,894)
Annual OPEB cost	\$ 92,428	\$ 4,050
Amount of contribution	(93,537)	(2,606)
Increase/decrease in NOPEBO	\$ (1,109)	\$ 1,444
Net OPEB obligation, 7-1-14	415,687	48,606
Net OPEB obligation, 6-30-15	\$ 414,578	\$ 50,050

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 190,201	44.45	% \$ 430,457
6-30-14	"	88,443	116.7	415,687
6-30-15	"	92,428	101.2	414,578
6-30-13	Local Government Group	8,908	12.1	44,917
6-30-14	"	4,047	8.85	48,606
6-30-15	"	4,050	64.35	50,050

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-2013	7-1-13
Actuarial accrued liability (AAL)	\$ 917,000	\$ 20,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 917,000	\$ 20,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 6,615,867	\$ 690,050
UAAL as a % of covered payroll	13.86%	2.9%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. This rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

In addition to the other postemployment benefits described above, the Board of Education agreed by contract to pay the department's and the individual's portion of the medical and health insurance expenses for a previous director (Phil Kiper, who left employment June 30, 2012). These payments will be made through the group plan currently available or acquired for board employees in the future, beginning immediately upon the retirement or resignation of the director of schools, through and until such date that the director attains Medicare insurance coverage. During the year, expenditures totaling \$9,759 were recognized for postemployment healthcare for this previous director.

H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Bledsoe County Mayor's Office are governed by the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Superintendent

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

Office of Director of Schools

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

VI. OTHER NOTES – DISCRETELY PRESENTED BLEDSOE COUNTY NURSING HOME

A. Summary of Significant Accounting Policies

Reporting Entity

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

Use of Estimates

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

Enterprise Fund Accounting

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the nursing home considers currency on hand and demand deposits with financial institutions to be cash. The nursing home considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash in resident trust funds is not considered cash or a cash equivalent since balances therein are held by the nursing home in an agency capacity for various patients. State statutes authorize the nursing home to invest in obligations of the U.S. Treasury, bank certificates of deposit, state approved repurchase agreements and pooled investment funds, and state or local bonds, rated A or higher by a nationally recognized rating service. The nursing home had \$158,000 in cash equivalents at June 30, 2015.

Patient Accounts Receivable

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

Assets Limited as to Use

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

Capital Assets

Individual capital assets purchased for greater than \$5,000 are reported at historical cost. Donated capital items are reported at their estimated fair value

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

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

Operating Revenues and Expenses

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

Revenue from the Medicaid program accounted for approximately 94 percent of the nursing home's net patient service revenue for the year ended June 30, 2015.

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

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

Net Position

Net position of the nursing home is classified into three components. *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted Net Position* is a noncapital asset that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the nursing home. *Unrestricted Net Position* is the remaining net position that does

not meet the definition of net investment in capital assets or restricted. There were no restricted assets at June 30, 2015.

Deferred Outflows/Inflows of Resources

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

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

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

As of June 30, 2015, the nursing home had deferred outflows of \$68,786 and deferred inflows of \$114,625.

Pensions

During the year, the nursing home adopted the provisions of GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*. Under this statement, GASB has established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the nursing home's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and addition to/deductions from the nursing home's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Income Taxes

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

Risk Management

The nursing home is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled

claims have not exceeded this commercial coverage in any of the three preceding years.

B. Management Contract

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

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

The management fee expense totaled \$140,000 in 2015.

C. Deposits and Certificates of Deposit

The carrying amount of the nursing home's deposits with commercial banks was \$590,342, and the bank balance was \$614,050 at June 30, 2015.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the nursing home's deposits may not be returned to it. Of the bank balances for June 30, 2015, \$408,000 was covered by federal depository insurance, and \$206,050 was covered by collateral held in the pledging bank's trust department in the nursing home's name.

Interest Rate Risk

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

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

The nursing home maintains a single \$158,000 certificate of deposit with a local financial institution. The certificate of deposit is nonnegotiable and renews automatically at the end of each month. The stated interest rate was .2 percent at June 30, 2015.

D. Assets Limited as to Use

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

The composition of assets whose use is limited is:

	<u>6-30-15</u>
Resident Trust Fund	\$ 8,295

E. Capital Assets

Capital assets consist of the following:

	<u>Balance</u>		<u>Balance</u>
	7-1-14	Additions	6-30-15
Capital Assets Being Depreciated:			
Land Improvements	\$ 48,696	\$ 0	\$ 48,696
Building	1,213,436	0	1,213,436
Fixed Equipment	248,306	0	248,306
Major Moveable Equipment	42,698	0	42,698
Minor Moveable Equipment	74,092	0	74,092
Total Capital Assets Being Depreciated	<u>\$ 1,627,228</u>	<u>\$ 0</u>	<u>\$ 1,627,228</u>
Less Accumulated Depreciation for:			
Land Improvements	\$ 41,816	\$ 377	\$ 42,193
Building	934,845	55,568	990,413
Fixed Equipment	221,447	5,463	226,910
Major Moveable Equipment	42,698	0	42,698
Minor Moveable Equipment	44,272	3,514	47,786
Total Capital Assets Being Depreciated	<u>\$ 1,285,078</u>	<u>\$ 64,922</u>	<u>\$ 1,350,000</u>
Capital Assets, Net	<u>\$ 342,150</u>	<u>\$ (64,922)</u>	<u>\$ 277,228</u>

F. Purchased Services

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

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

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

	<u>2015</u>
Dietary Purchased Services	\$ 326,228

The amount of unpaid expense due to the hospital totaled \$58,988 at June 30, 2015. This amount is included in accounts payable on the balance sheet.

G. Compensated Absences

Nursing home employees are paid for personal annual leave (PAL) time by a prescribed formula based on length of service. Upon termination, employees of the nursing home are compensated for any PAL time earned but not taken. Compensated absence liability of \$46,950 was reported at June 30, 2015.

H. Concentration of Credit Risk

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

	<u>2015</u>
Medicaid	90 %
Patients	10

I. Commitments and Contingencies

Operating Leases

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

There are no future minimum lease payments under operating leases as of June 30, 2015, that have initial or remaining lease terms in excess of one year.

Total rental expense in 2015 for all operating leases was \$1,816.

Claims-made Insurance Policies

The nursing home is insured for professional liability under a claims-made policy with an independent insurance carrier. A claims-made policy covers claims reported to the carrier during the policy term, regardless of the date of the incident giving rise to the claim. Premiums are determined by a variety of factors related to the nursing home. The primary level of coverage is \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

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

Charity Care

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

Litigation

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

J. Net Working Capital

Net working capital at June 30, 2015, was \$618,334.

K. Contribution Income

In 2015, the nursing home received a contribution from the Bledsoe County Commission totaling \$140,000 to be used as needed during the course of operations. At June 30, 2015, all proceeds had been used.

L. Pension Plan

Plan Description

Employees of Bledsoe County Nursing Home are provided a defined benefit pension plan through the Public Employee Retirement Plan, a cost-sharing, multiple-employer pension plan administered by the Tennessee Consolidated

Retirement System (TCRS). The employees of Bledsoe County Nursing Home comprise 12.23 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The nursing home makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the nursing home's employer contributions were \$68,786. By law, employer contributions are required to be paid. The TCRS may intercept Bledsoe County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of

administration, as well as an amortized portion of any unfunded liability. The pension plan financial report is included in the report of Bledsoe County. It can be obtained by contacting the county directly.

Net Pension Liability (Asset)

The nursing home’s net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. At June 30, 2015, the nursing home reported an asset of \$1,472. The nursing home’s proportion of the net pension liability was based on the number of nursing home employees relative to the total number of employees for all of the employers in the plan at June 30, 2014. At the June 30, 2014 measurement date, the nursing home’s proportion was 12.23 percent. The proportionate share remained the same at June 30, 2015.

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

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

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

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

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

third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of three percent.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

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

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

The following table represents the nursing home's proportionate share of the net pension liability (asset):

			Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Nursing Home	12.23%	\$	1,841,006	\$ 1,842,478	\$ (1,472)

The following table represents the changes in the nursing home's net pension liability (asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 1,727,258	\$ 1,561,972	\$ 165,286
Changes for the year:			
Service Cost	\$ 56,400	\$ 0	\$ 56,400
Interest	131,050	0	131,050
Differences Between Expected and Actual Experience	(1,037)	0	(1,037)
Contributions-Employer	0	58,831	(58,831)
Contributions-Employees	0	35,312	(35,312)
Net Investment Income	0	260,155	(260,155)
Benefit Payments, Including Refunds of Employee Contributions	(72,665)	(72,665)	0
Administrative Expense	0	(1,127)	1,127
Net Changes	\$ 113,748	\$ 280,506	\$ (166,758)
Balance, June 30, 2014	\$ 1,841,006	\$ 1,842,478	\$ (1,472)

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the nursing home's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 238,195	\$ (1,472)	\$ (201,851)

Pension Expense. For the year ended June 30, 2015, the nursing home recognized pension expense of \$5,747.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the nursing home reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 830
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	113,795
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>68,786</u>	<u>0</u>
Total	<u>\$ 68,786</u>	<u>\$ 114,625</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following

Deferred outflow of resources are the actual contributions made during the 2014-2015 fiscal year, which relate to pensions for the 2015-2016 fiscal year and are not necessarily based on census data proration.

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

Year Ending June 30	Amount
2016	\$ (28,656)
2017	(28,656)
2018	(28,656)
2019	(28,657)

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

M. Prior-Period Restated

The nursing home's financial activities have been restated to record the effects of implementing GASB 68 and GASB 71 for the year ended June 30, 2014. The prior period restatement resulted in the initial establishment of a net pension asset of \$8,170 and the recording of a deferred inflow from pensions of \$114,625. The net effect of this restatement was a decrease in prior year net income of \$106,455.

N. Subsequent Events

The nursing home noted no transactions that would provide evidence about material conditions that did not exist at the balance sheet date but arose subsequently through October 26, 2015.

VII. OTHER NOTES – DISCRETELY PRESENTED BLEDSOE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The Bledsoe County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 services to the Bledsoe County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Bledsoe County. The district must file a budget with Bledsoe County each year. Any bond issued by the district is subject to approval by Bledsoe County. On January 16, 2008, the district entered into an inter-local agreement with Bledsoe County that appears to give all authority of the district, its operations and assets to the county. (See Note H)

The district uses the accrual basis of accounting and economic resource measurement focus. Revenues are recognized when earned and expenses are recognized when incurred.

Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. All capital assets over \$500 are capitalized. Depreciation begins when the capital assets are placed in service. Depreciation is summarized as follows:

	Method	Estimated Useful Life	2015 Depreciation
Building and Improvements	S/L	10-40 Years	\$ 2,395
Communication Equipment	S/L	5-10 Years	41,864

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. Non-operating revenue consists of a grant given by the State Emergency Communications Board to help the district employ dispatchers, interest and miscellaneous income.

B. Cash and Cash Investments

The *Tennessee Code Annotated (TCA)* requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The following is a schedule of bank accounts at June 30, 2015:

Checking - First National Bank	<u>\$ 794,962</u>
--------------------------------	-------------------

At June 30, 2015, the carrying amount of the district's cash deposits was \$794,962. The district's deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts over \$250,000 are covered by the government collateralization pool of which First National Bank is a member. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *TCA*, [Acts 1992, ch. 891, sct 10].

C. Risk Management

The district had bonds covering certain members of the board at June 30, 2015. The district is exposed to other areas of risk including theft, property damage and public liabilities. The district is covered under the county's policy for these

areas of risk. There have been no losses or settlements during the past three years that have exceeded coverage amounts.

D. Capital Assets

The following is a schedule of capital assets at June 30, 2015:

	Balance 7-1-14	Additions	Balance 6-30-15
Non-Depreciable Assets			
Construction in Progress	\$ 0	\$ 55,930	\$ 55,930
Total Non-Depreciable Assets	\$ 0	\$ 55,930	\$ 55,930
Depreciable Assets			
Building and Improvements	\$ 93,393	\$ 0	\$ 93,393
Communication Equipment	477,959	0	477,959
Total Depreciable Assets	\$ 571,352	\$ 0	\$ 571,352
Total Assets	\$ 571,352	\$ 55,930	\$ 627,282
	Accumulated Depreciation 7-1-14	Current Year Depreciation	Accumulated Depreciation 6-30-15
Depreciable Assets			
Building and Improvements	\$ 23,747	\$ 2,395	\$ 26,142
Communication Equipment	335,002	41,864	376,866
Total Accumulated Depreciation	\$ 358,749	\$ 44,259	\$ 403,008

E. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

F. Compensated Absences

There were no compensated absences as of June 30, 2015.

G. Calculation of Investment in Capital Assets

Net Book Value	\$ 224,274
Current and Non-current Debt	0
Investment in Capital Assets	\$ 224,274

H. Inter-local Agreements

An Inter-local Agreement was entered into January 16, 2008, between Bledsoe County and the district. This agreement gives the county through the mayor's office:

- Authority to manage all county radio communications.
- Complete authority over employees necessary for operations at the Center.
- Authority to perform maintenance of the addressing, mapping & GIS in accordance with guidelines of the TECB.
- And citizen's access to the center's conference room for board and committee meetings and rights to public records as defined by state law.

The revised agreement returns to the district:

- Any interest and title to the center and grounds as it may have possessed. The district hereby grants the county a license to use the center for purposes described herein. The county will keep the center in good condition.
- Any interest in ownership of PSAP equipment previously acquired by the county. The district hereby grants the county a license to use the PSAP equipment for the purposes described herein. The county shall be responsible to maintain all equipment.
- Any equipment not needed or no longer functional.
- The district shall annually provide to the county cost recovery payments to offset adequately staged by trained and competent personnel, to the extent that funds are available to the district and authorized by the TECB.
- The county will remain responsible for paying costs associated with the radio system, including, but not limited to, towers, repeaters, generators, and tower equipment buildings, as and when required.

I. Budgetary Process

The district is required to file a budget with the county each year. The budget is presented on the accrual basis of accounting and is an adopted non-appropriated budget approved by the Board of Directors with a line-item level of budgetary control.

J. Subsequent Events

The district has evaluated subsequent events through September 17, 2015.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Bledsoe County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 461,164
Interest	1,071,540
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(8,480)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	(594,151)
Net Change in Total Pension Liability (Asset)	<u>\$ 930,073</u>
Total Pension Liability (Asset), Beginning	<u>14,123,122</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 15,053,195</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 481,040
Contributions - Employee	288,734
Net Investment Income	2,127,188
Benefit Payments, Including Refunds of Employee Contributions	(594,151)
Administrative Expense	(9,219)
Net Change in Plan Fiduciary Net Position	<u>\$ 2,293,592</u>
Plan Fiduciary Net Position, Beginning	<u>12,771,639</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 15,065,231</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (12,036)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 100.08%
Covered Employee Payroll	\$ 5,774,661
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	0.21%

Note: ten years of data will be presented when available.

Note: data presented is 31.65% primary government, 12.23% discretely presented Bledsoe County Nursing Home, and 56.12% discretely presented non-certified employees of the School Department.

Bledsoe County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 481,040	\$ 433,856
Less Contributions in Relation to the Actuarially Determined Contribution	(481,040)	(433,856)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Employee Payroll	 \$ 5,774,661	 \$ 5,029,152
Contributions as a Percentage of Covered Employee Payroll	8.33%	8.63%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-3

Bledsoe County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Bledsoe County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 2,915
Less Contributions in Relation to the Actuarially Determined Contribution	(4,664)
Contribution Deficiency (Excess)	<u>\$ (1,749)</u>
Covered Employee Payroll	\$ 116,593
Contributions as a Percentage of Covered Employee Payroll	4%

Note: ten years of data will be presented when available.

Bledsoe County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Bledsoe County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 636,679	\$ 649,697
Less Contributions in Relation to the Actuarially Determined Contribution	(636,679)	(649,697)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Employee Payroll	 \$ 7,169,758	 \$ 7,186,910
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

Note: ten years of data will be presented when available.

Exhibit E-5

Bledsoe County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Bledsoe County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.182671%
School Department's Proportionate Share of the Net Pension Asset	\$ 29,683
Covered Employee Payroll	\$ 7,169,758
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Bledsoe County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Bledsoe County School Department
June 30, 2015

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan 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	\$ 180	\$ 180	0	\$ 586	31 %
"	7-1-11	0	119	119	0	1,100	11
"	7-1-13	0	20	20	0	690	3
<u>DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	1,325	1,325	0	5,865	23
"	7-1-11	0	1,427	1,427	0	6,089	23
"	7-1-13	0	917	917	0	6,615	14

BLEDSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	5 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**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 specified purposes other than debt service or capital projects.

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

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

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

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

Capital Projects 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.

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

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

Exhibit F-1

Bledsoe County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue Funds				Capital Projects Funds
	Solid Waste/ Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	
<u>ASSETS</u>					
Cash	\$ 0 \$	0 \$	0 \$	4,796 \$	4,796 \$
Equity in Pooled Cash and Investments	160,166	43,117	50,752	0	254,035
Accounts Receivable	235	0	21	12	268
Due from Other Governments	2,766	0	0	0	2,766
Property Taxes Receivable	312,764	0	0	0	312,764
Allowance for Uncollectible Property Taxes	(24,601)	0	0	0	(24,601)
Total Assets	\$ 451,330 \$	43,117 \$	50,773 \$	4,808 \$	550,028 \$
<u>LIABILITIES</u>					
Accounts Payable	0 \$	0 \$	0 \$	0 \$	0 \$
Due to Other Funds	0	0	0	4,808	4,808
Total Liabilities	\$ 0 \$	0 \$	0 \$	4,808 \$	4,808 \$
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	271,440 \$	0 \$	0 \$	0 \$	271,440 \$
Deferred Delinquent Property Taxes	15,923	0	0	0	15,923
Total Deferred Inflows of Resources	\$ 287,363 \$	0 \$	0 \$	0 \$	287,363 \$
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0 \$	43,117 \$	0 \$	0 \$	43,117 \$

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Total	General Capital Projects
Restricted (Cont.):						
Restricted for Other Operations	\$ 163,967	\$ 0	\$ 0	\$ 0	\$ 163,967	\$ 0
Restricted for Capital Outlay	0	0	0	0	0	44,154
Restricted for Capital Projects	0	0	0	0	0	0
Restricted for Other Purposes	0	0	50,773	0	50,773	0
Total Fund Balances	\$ 163,967	\$ 43,117	\$ 50,773	\$ 0	\$ 257,857	\$ 44,154
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 451,330	\$ 43,117	\$ 50,773	\$ 4,808	\$ 550,028	\$ 44,154

FUND BALANCES (Cont.)

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	HUD Grant Projects	Total	
\$	0 \$	0 \$	0 \$	4,796
Equity in Pooled Cash and Investments	0	550	44,704	298,739
Accounts Receivable	0	0	0	268
Due from Other Governments	160,421	0	160,421	163,187
Property Taxes Receivable	0	0	0	312,764
Allowance for Uncollectible Property Taxes	0	0	0	(24,601)
Total Assets	\$ 160,421	\$ 550	\$ 205,125	\$ 755,153

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
 Due to Other Funds
 Total Liabilities

\$	160,421 \$	0 \$	160,421 \$	160,421
\$	0	0	0	4,808
\$	160,421 \$	0 \$	160,421 \$	165,229

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Total Deferred Inflows of Resources

\$	0 \$	0 \$	0 \$	271,440
\$	0	0	0	15,923
\$	0 \$	0 \$	0 \$	287,363

FUND BALANCES

Restricted:
 Restricted for Public Safety

\$	0 \$	0 \$	0 \$	43,117
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(Continued)

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	HUD Grant Projects	Total	
\$	0 \$	0 \$	0 \$	163,967
	0	0	44,154	44,154
	0	550	550	550
	0	0	0	50,773
\$	0 \$	550 \$	44,704 \$	302,561
\$	160,421 \$	550 \$	205,125 \$	755,153

FUND BALANCES (Cont.)

Restricted (Cont.):	
Restricted for Other Operations	
Restricted for Capital Outlay	
Restricted for Capital Projects	
Restricted for Other Purposes	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

Exhibit F-2

Bledsoe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Total	
<u>Revenues</u>						
Local Taxes	\$ 264,909	\$ 0	\$ 0	\$ 0	\$ 264,909	\$ 0
Licenses and Permits	1,239	0	0	0	1,239	0
Fines, Forfeitures, and Penalties	0	12,177	0	0	12,177	0
Charges for Current Services	2,042	0	0	2,357	4,399	0
Other Local Revenues	17,569	0	162	0	17,731	0
State of Tennessee	64,724	0	0	0	64,724	0
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	183,000	0	183,000	0
Total Revenues	\$ 350,483	\$ 12,177	\$ 183,162	\$ 2,357	\$ 548,179	\$ 0
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 2,357	\$ 2,357	\$ 0
Public Safety	0	3,043	223,466	0	226,509	51,949
Public Health and Welfare	370,541	0	0	0	370,541	0
Other Operations	0	0	0	0	0	0
Highways	53,299	0	0	0	53,299	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 423,840	\$ 3,043	\$ 223,466	\$ 2,357	\$ 652,706	\$ 51,949
Excess (Deficiency) of Revenues Over Expenditures	\$ (73,357)	\$ 9,134	\$ (40,304)	\$ 0	\$ (104,527)	\$ (51,949)

(Continued)

Exhibit F-2

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

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Total	
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0 \$	0 \$	55,000 \$	0 \$	55,000 \$	0
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	55,000 \$	0 \$	55,000 \$	0
Net Change in Fund Balances	\$ (73,357) \$	9,134 \$	14,696 \$	0 \$	(49,527) \$	(51,949)
Fund Balance, July 1, 2014	237,324	33,983	36,077	0	307,384	96,103
Fund Balance, June 30, 2015	\$ 163,967 \$	43,117 \$	50,773 \$	0 \$	257,857 \$	44,154

(Continued)

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

	Capital Projects Funds (Cont.)				Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	HUD Grant Projects	Total		
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	264,909
Licenses and Permits	0	0	0	0	1,239
Fines, Forfeitures, and Penalties	0	0	0	0	12,177
Charges for Current Services	0	0	0	0	4,399
Other Local Revenues	0	0	0	0	17,731
State of Tennessee	0	0	0	0	64,724
Federal Government	399,621	0	399,621	0	399,621
Other Governments and Citizens Groups	0	0	0	0	183,000
Total Revenues	\$ 399,621	\$ 0	\$ 399,621	\$ 0	947,800
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	2,357
Public Safety	0	0	51,949	0	278,458
Public Health and Welfare	0	0	0	0	370,541
Other Operations	25,422	0	25,422	0	25,422
Highways	0	0	0	0	53,299
Capital Projects	374,199	0	374,199	0	374,199
Total Expenditures	\$ 399,621	\$ 0	\$ 451,570	\$ 374,199	1,104,276
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ (51,949)	\$ (156,476)	

(Continued)

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Community/ Development/ Industrial Park	HUD Grant Projects	Total	
Other Financing Sources (Uses)				
Transfers In	\$ 0 \$	0 \$	0 \$	55,000
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	55,000
Net Change in Fund Balances	\$ 0 \$	0 \$	(51,949) \$	(101,476)
Fund Balance, July 1, 2014	0	550	96,653	404,037
Fund Balance, June 30, 2015	\$ 0 \$	550 \$	44,704 \$	302,561

Exhibit F-3

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 264,909	\$ 269,482	\$ 269,482	\$ (4,573)
Licenses and Permits	1,239	1,050	1,050	189
Charges for Current Services	2,042	0	0	2,042
Other Local Revenues	17,569	11,700	11,700	5,869
State of Tennessee	64,724	54,700	54,700	10,024
Total Revenues	<u>\$ 350,483</u>	<u>\$ 336,932</u>	<u>\$ 336,932</u>	<u>\$ 13,551</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 356,377	\$ 402,485	\$ 402,485	\$ 46,108
Landfill Operation and Maintenance	14,164	14,200	14,200	36
<u>Highways</u>				
Litter and Trash Collection	53,299	61,562	61,562	8,263
Total Expenditures	<u>\$ 423,840</u>	<u>\$ 478,247</u>	<u>\$ 478,247</u>	<u>\$ 54,407</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (73,357)</u>	<u>\$ (141,315)</u>	<u>\$ (141,315)</u>	<u>\$ 67,958</u>
Net Change in Fund Balance	\$ (73,357)	\$ (141,315)	\$ (141,315)	\$ 67,958
Fund Balance, July 1, 2014	<u>237,324</u>	<u>220,099</u>	<u>220,099</u>	<u>17,225</u>
Fund Balance, June 30, 2015	<u>\$ 163,967</u>	<u>\$ 78,784</u>	<u>\$ 78,784</u>	<u>\$ 85,183</u>

Exhibit F-4

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 12,177	\$ 11,100	\$ 11,100	\$ 1,077
Total Revenues	\$ 12,177	\$ 11,100	\$ 11,100	\$ 1,077
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 2,951	\$ 9,000	\$ 9,000	\$ 6,049
Drug Enforcement	92	300	300	208
Total Expenditures	\$ 3,043	\$ 9,300	\$ 9,300	\$ 6,257
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,134	\$ 1,800	\$ 1,800	\$ 7,334
Net Change in Fund Balance	\$ 9,134	\$ 1,800	\$ 1,800	\$ 7,334
Fund Balance, July 1, 2014	33,983	31,575	31,575	2,408
Fund Balance, June 30, 2015	\$ 43,117	\$ 33,375	\$ 33,375	\$ 9,742

Exhibit F-5

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 162	\$ 50	\$ 50	\$ 112
Other Governments and Citizens Groups	183,000	183,000	183,000	0
Total Revenues	\$ 183,162	\$ 183,050	\$ 183,050	\$ 112
<u>Expenditures</u>				
<u>Public Safety</u>				
Other Public Safety	\$ 223,466	\$ 257,662	\$ 257,662	\$ 34,196
Total Expenditures	\$ 223,466	\$ 257,662	\$ 257,662	\$ 34,196
Excess (Deficiency) of Revenues Over Expenditures	\$ (40,304)	\$ (74,612)	\$ (74,612)	\$ 34,308
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 55,000	\$ 55,000	\$ 55,000	\$ 0
Total Other Financing Sources	\$ 55,000	\$ 55,000	\$ 55,000	\$ 0
Net Change in Fund Balance	\$ 14,696	\$ (19,612)	\$ (19,612)	\$ 34,308
Fund Balance, July 1, 2014	36,077	30,504	30,504	5,573
Fund Balance, June 30, 2015	\$ 50,773	\$ 10,892	\$ 10,892	\$ 39,881

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 509,273	\$ 488,062	\$ 488,062	\$ 21,211
Licenses and Permits	2,382	1,400	1,400	982
Other Local Revenues	36,417	32,141	32,141	4,276
State of Tennessee	56,614	50,000	50,000	6,614
Other Governments and Citizens Groups	1,184,012	0	1,184,012	0
Total Revenues	<u>\$ 1,788,698</u>	<u>\$ 571,603</u>	<u>\$ 1,755,615</u>	<u>\$ 33,083</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 194,175	\$ 199,860	\$ 194,175	\$ 0
Education	873,737	0	873,737	0
<u>Interest on Debt</u>				
General Government	343,885	350,000	355,685	11,800
Education	310,275	0	310,275	0
<u>Other Debt Service</u>				
General Government	11,408	12,300	12,300	892
Total Expenditures	<u>\$ 1,733,480</u>	<u>\$ 562,160</u>	<u>\$ 1,746,172</u>	<u>\$ 12,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 55,218</u>	<u>\$ 9,443</u>	<u>\$ 9,443</u>	<u>\$ 45,775</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 34,860	\$ 34,860	\$ 34,860	\$ 0
Total Other Financing Sources	<u>\$ 34,860</u>	<u>\$ 34,860</u>	<u>\$ 34,860</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 90,078	\$ 44,303	\$ 44,303	\$ 45,775
Fund Balance, July 1, 2014	631,259	608,284	608,284	22,975
Fund Balance, June 30, 2015	<u>\$ 721,337</u>	<u>\$ 652,587</u>	<u>\$ 652,587</u>	<u>\$ 68,750</u>

Fiduciary Funds

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

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

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

Exhibit H-1

Bledsoe County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,034,221	\$ 1,034,221
Due from Other Governments	32,105	0	32,105
Total Assets	<u>\$ 32,105</u>	<u>\$ 1,034,221</u>	<u>\$ 1,066,326</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 32,105	\$ 0	\$ 32,105
Due to Litigants, Heirs, and Others	0	1,034,221	1,034,221
Total Liabilities	<u>\$ 32,105</u>	<u>\$ 1,034,221</u>	<u>\$ 1,066,326</u>

Exhibit H-2

Bledsoe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 186,755	\$ 186,755	\$ 0
Due from Other Governments	30,449	32,105	30,449	32,105
Total Assets	\$ 30,449	\$ 218,860	\$ 217,204	\$ 32,105
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 30,449	\$ 218,860	\$ 217,204	\$ 32,105
Total Liabilities	\$ 30,449	\$ 218,860	\$ 217,204	\$ 32,105
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,428,608	\$ 2,232,581	\$ 2,626,968	\$ 1,034,221
Accounts Receivable	73	0	73	0
Total Assets	\$ 1,428,681	\$ 2,232,581	\$ 2,627,041	\$ 1,034,221
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,428,681	\$ 2,232,581	\$ 2,627,041	\$ 1,034,221
Total Liabilities	\$ 1,428,681	\$ 2,232,581	\$ 2,627,041	\$ 1,034,221
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,428,608	\$ 2,232,581	\$ 2,626,968	\$ 1,034,221
Equity in Pooled Cash and Investments	0	186,755	186,755	0
Accounts Receivable	73	0	73	0
Due from Other Governments	30,449	32,105	30,449	32,105
Total Assets	\$ 1,459,130	\$ 2,451,441	\$ 2,844,245	\$ 1,066,326
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 30,449	\$ 218,860	\$ 217,204	\$ 32,105
Due to Litigants, Heirs, and Others	1,428,681	2,232,581	2,627,041	1,034,221
Total Liabilities	\$ 1,459,130	\$ 2,451,441	\$ 2,844,245	\$ 1,066,326

Bledsoe County School Department

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

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

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

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

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

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

Exhibit I-1

Bledsoe County, Tennessee
Statement of Activities
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services		Operating Grants and Contributions
Governmental Activities:				
Instruction	\$ 8,326,847	\$ 12,846	\$ 685,358	\$ (7,628,643)
Support Services	5,696,404	0	158,313	(5,538,091)
Operation of Non-instructional Services	2,318,550	128,185	1,681,099	(509,266)
Interest on Long-term Debt	310,275	0	0	(310,275)
Total Governmental Activities	\$ 16,652,076	\$ 141,031	\$ 2,524,770	\$ (13,986,275)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,605,236
Property Taxes Levied for Debt Service				83,576
Local Option Sales Taxes				687,843
Other Local Taxes				2,340
Grants and Contributions Not Restricted to Specific Programs				12,859,998
Unrestricted Investment Earnings				1,621
Pension Income				24,365
Miscellaneous				18,466
Total General Revenues				\$ 15,283,445
Change in Net Position				\$ 1,297,170
Net Position, July 1, 2014				4,730,466
Restatement - See Note I. D. 8				(2,850,259)
Net Position, June 30, 2015				\$ 3,177,377

Exhibit I-2

Bledsoe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Bledsoe County School Department
June 30, 2015

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Debt Service	Education Capital Projects	Other	Governmental Funds	
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,094	\$ 15,094
Equity in Pooled Cash and Investments	2,453,938	466,544	807,868	547,453	4,275,803	4,275,803
Due from Other Governments	128,503	78,423	0	0	206,926	206,926
Property Taxes Receivable	1,890,265	98,414	0	0	1,988,679	1,988,679
Allowance for Uncollectible Property Taxes	(148,680)	(7,741)	0	0	(156,421)	(156,421)
Total Assets	\$ 4,324,026	\$ 635,640	\$ 807,868	\$ 562,547	\$ 6,330,081	\$ 6,330,081

ASSETS

LIABILITIES

Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 18,025	\$ 18,025
Payroll Deductions Payable	1,261	0	0	0	1,261
Due to State of Tennessee	0	0	0	9	9
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	0	0	0	2,625	2,625
Total Liabilities	\$ 1,261	\$ 0	\$ 0	\$ 20,659	\$ 21,920

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 1,640,512	\$ 85,411	\$ 0	\$ 0	\$ 1,725,923
Deferred Delinquent Property Taxes	94,973	4,962	0	0	99,935
Other Deferred/Unavailable Revenue	17,760	39,211	0	0	56,971
Total Deferred Inflows of Resources	\$ 1,753,245	\$ 129,584	\$ 0	\$ 0	\$ 1,882,829

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Debt Service	Education Capital Projects	Other	Governmental Funds	
\$	203,539	\$ 506,056	\$ 807,868	\$ 491,888	\$	2,009,351
	0	0	0	50,000		50,000
	9,596	0	0	0		9,596
	2,356,385	0	0	0		2,356,385
\$	2,569,520	\$ 506,056	\$ 807,868	\$ 541,888	\$	4,425,332
\$	4,324,026	\$ 635,640	\$ 807,868	\$ 562,547	\$	6,330,081

FUND BALANCES

Restricted:
 Restricted for Education
 Committed:
 Committed for Education
 Assigned:
 Assigned for Education
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit I-3

Bledsoe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Bledsoe County School Department
June 30, 2015

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)		\$	4,425,332
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	375,847	
Add: buildings and improvements net of accumulated depreciation		11,259,396	
Add: infrastructure net of accumulated depreciation		96,169	
Add: other capital assets net of accumulated depreciation		<u>993,414</u>	12,724,826
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for bonds	\$	(11,415,000)	
Less: contributions due on primary government debt for notes		(253,785)	
Less: contributions due on primary government debt for other loans		(208,352)	
Less: other postemployment benefits liability		(414,578)	
Add: deferred amount on refunding		<u>141,639</u>	(12,150,076)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	955,634	
Less: deferred inflows of resources related to pensions		<u>(2,971,683)</u>	(2,016,049)
(4) Net pension assets of the cost-sharing plan are not current financial resources and are therefore not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	6,755	
Add: net pension assets - cost-sharing plan		<u>29,683</u>	36,438
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>156,906</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>3,177,377</u></u>

Exhibit I-4

Bledsoe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2015

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Debt Service	Education Capital Projects	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 1,817,274	\$ 555,414	\$ 0	\$ 0	\$ 0	\$ 2,372,688
Licenses and Permits	8,363	390	0	0	0	8,753
Charges for Current Services	0	0	0	128,185	0	128,185
Other Local Revenues	32,433	0	1,098	523	0	34,054
State of Tennessee	12,739,930	9,266	0	11,975	0	12,761,171
Federal Government	152,086	0	0	2,445,427	0	2,597,513
<u>Total Revenues</u>	<u>\$ 14,750,086</u>	<u>\$ 565,070</u>	<u>\$ 1,098</u>	<u>\$ 2,586,110</u>	<u>\$ 0</u>	<u>\$ 17,902,364</u>
<u>Expenditures</u>						
Current:						
Instruction	\$ 8,107,613	\$ 0	\$ 0	\$ 821,394	\$ 0	\$ 8,929,007
Support Services	5,042,436	0	0	289,751	0	5,332,187
Operation of Non-instructional Services	844,857	0	0	1,451,096	0	2,295,953
Capital Outlay	11,432	0	0	0	0	11,432
Debt Service:						
Principal on Debt	103,737	770,000	0	0	0	873,737
Interest on Debt	13,437	296,838	0	0	0	310,275
Other Debt Service	0	8,337	0	0	0	8,337
Capital Projects	0	0	1,602,336	0	0	1,602,336
<u>Total Expenditures</u>	<u>\$ 14,123,512</u>	<u>\$ 1,075,175</u>	<u>\$ 1,602,336</u>	<u>\$ 2,562,241</u>	<u>\$ 0</u>	<u>\$ 19,363,264</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>\$ 626,574</u>	<u>\$ (510,105)</u>	<u>\$ (1,601,238)</u>	<u>\$ 23,869</u>	<u>\$ (1,460,900)</u>	<u>\$ (1,460,900)</u>

(Continued)

Exhibit I-4

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Debt Service	Education Capital Projects	Other	Governmental Funds	
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	\$ 0	\$ 0	\$ 0	\$ 3,500	\$ 3,500	\$ 3,500
Transfers In	20,035	525,000	0	0	545,035	545,035
Transfers Out	(525,000)	0	0	(20,035)	(545,035)	(545,035)
Total Other Financing Sources (Uses)	\$ (504,965)	\$ 525,000	\$ 0	\$ (16,535)	\$ 3,500	\$ 3,500
Net Change in Fund Balances	\$ 121,609	\$ 14,895	\$ (1,601,238)	\$ 7,334	\$ (1,457,400)	\$ (1,457,400)
Fund Balance, July 1, 2014	2,447,911	491,161	2,409,106	534,554	5,882,732	5,882,732
Fund Balance, June 30, 2015	\$ 2,569,520	\$ 506,056	\$ 807,868	\$ 541,888	\$ 4,425,332	\$ 4,425,332

Exhibit I-5

Bledsoe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2015

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)		\$ (1,457,400)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,576,386	
Less: current-year depreciation expense	<u>(562,794)</u>	1,013,592
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: net book value of assets disposed		(4,884)
(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, 2015	\$ 156,906	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(134,389)</u>	22,517
(4) The contributions of long-term debt (e.g., bonds, notes, other loans) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Less: change in deferred amount on refunding	\$ (22,149)	
Add: principal contributions on bonds to primary government	770,000	
Add: principal contributions on notes to primary government	32,313	
Add: principal contributions on other loans to primary government	<u>71,424</u>	851,588
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability	\$ 1,109	
Change in net pension liability/asset	2,886,697	
Change in deferred outflows related to pensions	955,634	
Change in deferred inflows related to pensions	<u>(2,971,683)</u>	871,757
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,297,170</u>

Exhibit I-6

Bledsoe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Bledsoe County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 15,094	\$ 15,094
Equity in Pooled Cash and Investments	53,310	494,143	547,453
Total Assets	<u>\$ 53,310</u>	<u>\$ 509,237</u>	<u>\$ 562,547</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 18,025	\$ 18,025
Due to State of Tennessee	9	0	9
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	0	2,625	2,625
Total Liabilities	<u>\$ 9</u>	<u>\$ 20,650</u>	<u>\$ 20,659</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 3,301	\$ 488,587	\$ 491,888
Committed:			
Committed for Education	50,000	0	50,000
Total Fund Balances	<u>\$ 53,301</u>	<u>\$ 488,587</u>	<u>\$ 541,888</u>
Total Liabilities and Fund Balances	<u>\$ 53,310</u>	<u>\$ 509,237</u>	<u>\$ 562,547</u>

Exhibit I-7

Bledsoe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 128,185	\$ 128,185
Other Local Revenues	0	523	523
State of Tennessee	0	11,975	11,975
Federal Government	1,130,015	1,315,412	2,445,427
Total Revenues	<u>\$ 1,130,015</u>	<u>\$ 1,456,095</u>	<u>\$ 2,586,110</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 821,394	\$ 0	\$ 821,394
Support Services	289,751	0	289,751
Operation of Non-instructional Services	0	1,451,096	1,451,096
Total Expenditures	<u>\$ 1,111,145</u>	<u>\$ 1,451,096</u>	<u>\$ 2,562,241</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 18,870</u>	<u>\$ 4,999</u>	<u>\$ 23,869</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Capital Assets	\$ 3,500	\$ 0	\$ 3,500
Transfers Out	(20,035)	0	(20,035)
Total Other Financing Sources (Uses)	<u>\$ (16,535)</u>	<u>\$ 0</u>	<u>\$ (16,535)</u>
Net Change in Fund Balances	\$ 2,335	\$ 4,999	\$ 7,334
Fund Balance, July 1, 2014	<u>50,966</u>	<u>483,588</u>	<u>534,554</u>
Fund Balance, June 30, 2015	<u>\$ 53,301</u>	<u>\$ 488,587</u>	<u>\$ 541,888</u>

Exhibit I-8

Bledsoe County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Bledsoe County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 1,817,274	\$ 0	\$ 0	\$ 1,817,274	\$ 1,845,455	\$ 1,845,455	\$ (28,181)
Licenses and Permits	8,363	0	0	8,363	7,300	7,300	1,063
Other Local Revenues	32,433	0	0	32,433	37,460	37,460	(5,027)
State of Tennessee	12,739,930	0	0	12,739,930	12,745,227	12,745,227	(5,297)
Federal Government	152,086	0	0	152,086	138,439	153,397	(1,311)
Total Revenues	\$ 14,750,086	\$ 0	\$ 0	\$ 14,750,086	\$ 14,548,374	\$ 14,788,839	\$ (38,753)
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,101,132	\$ (3,646)	\$ 0	\$ 6,097,486	\$ 6,136,352	\$ 6,264,749	\$ 167,263
Alternative Instruction Program	55,128	0	0	55,128	54,263	55,821	693
Special Education Program	1,572,678	0	0	1,572,678	1,574,653	1,594,350	21,672
Vocational Education Program	378,675	0	0	378,675	358,034	383,398	4,723
<u>Support Services</u>							
Attendance	70,035	0	0	70,035	84,925	88,138	18,103
Health Services	224,009	0	0	224,009	278,458	278,457	54,448
Other Student Support	381,366	0	18,840	400,206	409,261	432,586	32,380
Regular Instruction Program	483,165	0	0	483,165	526,048	531,864	48,699
Special Education Program	151,747	0	0	151,747	151,909	153,868	2,121
Vocational Education Program	1,000	0	0	1,000	1,000	1,000	0
Other Programs	63,378	0	0	63,378	0	63,378	0
Board of Education	306,217	0	0	306,217	394,159	375,319	69,102
Director of Schools	227,492	0	0	227,492	270,756	271,739	44,247
Office of the Principal	694,825	0	0	694,825	724,012	735,036	40,211
Fiscal Services	197,704	0	0	197,704	201,771	203,054	5,350
Operation of Plant	992,456	0	0	992,456	1,101,510	1,094,010	101,554
Maintenance of Plant	287,900	(1,800)	0	286,100	294,944	307,594	21,494
Transportation	961,142	(185,114)	184,699	960,727	1,137,415	1,133,940	173,213

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 3,750	\$ 0	\$ 0	\$ 3,750	\$ 8,921	\$ 8,921	\$ 5,171
Community Services	407,046	0	0	407,046	409,265	417,607	10,561
Early Childhood Education	434,061	(9,966)	9,596	433,691	433,691	433,691	0
Capital Outlay							
Regular Capital Outlay	11,432	(8,550)	0	2,882	100,000	43,500	40,618
Principal on Debt							
Education	103,737	0	0	103,737	104,200	104,200	463
Interest on Debt							
Education	13,437	0	0	13,437	14,300	14,300	863
Total Expenditures	\$ 14,123,512	\$ (209,076)	\$ 213,135	\$ 14,127,571	\$ 14,769,847	\$ 14,990,520	\$ 862,949
Excess (Deficiency) of Revenues Over Expenditures	\$ 626,574	\$ 209,076	\$ (213,135)	\$ 622,515	\$ (221,473)	\$ (201,681)	\$ 824,196
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,000	\$ 18,000	\$ (18,000)
Transfers In	20,035	0	0	20,035	28,000	28,000	(7,965)
Transfers Out	(525,000)	0	0	(525,000)	(525,000)	(525,000)	0
Total Other Financing Sources	\$ (504,965)	\$ 0	\$ 0	\$ (504,965)	\$ (479,000)	\$ (479,000)	\$ (25,965)
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ 121,609	\$ 209,076	\$ (213,135)	\$ 117,550	\$ (700,473)	\$ (680,681)	\$ 798,231
Fund Balance, July 1, 2014	2,447,911	(209,076)	0	2,238,835	1,391,908	1,391,908	846,927
Fund Balance, June 30, 2015	\$ 2,569,520	\$ 0	\$ (213,135)	\$ 2,356,385	\$ 691,435	\$ 711,227	\$ 1,645,158

Exhibit I-9

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bledsoe County School Department
School Federal Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,130,015	\$ 1,284,526	\$ 1,286,520	\$ (156,505)
Total Revenues	\$ 1,130,015	\$ 1,284,526	\$ 1,286,520	\$ (156,505)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 446,765	\$ 452,286	\$ 452,511	\$ 5,746
Special Education Program	351,297	377,796	379,803	28,506
Vocational Education Program	23,332	21,452	23,332	0
<u>Support Services</u>				
Other Student Support	16,175	44,030	42,636	26,461
Regular Instruction Program	162,541	224,640	224,640	62,099
Special Education Program	105,908	130,750	130,750	24,842
Vocational Education Program	1,123	1,600	1,123	0
Transportation	4,004	9,000	9,000	4,996
Total Expenditures	\$ 1,111,145	\$ 1,261,554	\$ 1,263,795	\$ 152,650
Excess (Deficiency) of Revenues Over Expenditures	\$ 18,870	\$ 22,972	\$ 22,725	\$ (3,855)
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 3,500	\$ 0	\$ 0	\$ 3,500
Transfers Out	(20,035)	(22,972)	(22,725)	2,690
Total Other Financing Sources	\$ (16,535)	\$ (22,972)	\$ (22,725)	\$ 6,190
Net Change in Fund Balance	\$ 2,335	\$ 0	\$ 0	\$ 2,335
Fund Balance, July 1, 2014	50,966	0	0	50,966
Fund Balance, June 30, 2015	\$ 53,301	\$ 0	\$ 0	\$ 53,301

Exhibit I-10

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bledsoe County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 128,185	\$ 162,000	\$ 162,000	\$ (33,815)
Other Local Revenues	523	1,000	1,000	(477)
State of Tennessee	11,975	12,000	12,000	(25)
Federal Government	1,315,412	1,361,900	1,361,900	(46,488)
Total Revenues	<u>\$ 1,456,095</u>	<u>\$ 1,536,900</u>	<u>\$ 1,536,900</u>	<u>\$ (80,805)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,451,096	\$ 1,533,000	\$ 1,571,000	\$ 119,904
Total Expenditures	<u>\$ 1,451,096</u>	<u>\$ 1,533,000</u>	<u>\$ 1,571,000</u>	<u>\$ 119,904</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,999</u>	<u>\$ 3,900</u>	<u>\$ (34,100)</u>	<u>\$ 39,099</u>
Net Change in Fund Balance	\$ 4,999	\$ 3,900	\$ (34,100)	\$ 39,099
Fund Balance, July 1, 2014	<u>483,588</u>	<u>457,333</u>	<u>457,333</u>	<u>26,255</u>
Fund Balance, June 30, 2015	<u>\$ 488,587</u>	<u>\$ 461,233</u>	<u>\$ 423,233</u>	<u>\$ 65,354</u>

Exhibit I-11

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bledsoe County School Department
Education Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 555,414	\$ 511,120	\$ 511,120	\$ 44,294
Licenses and Permits	390	375	375	15
State of Tennessee	9,266	10,000	10,000	(734)
Total Revenues	<u>\$ 565,070</u>	<u>\$ 521,495</u>	<u>\$ 521,495</u>	<u>\$ 43,575</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 770,000	\$ 770,000	\$ 770,000	\$ 0
<u>Interest on Debt</u>				
Education	296,838	296,838	296,838	0
<u>Other Debt Service</u>				
Education	8,337	11,500	11,500	3,163
Total Expenditures	<u>\$ 1,075,175</u>	<u>\$ 1,078,338</u>	<u>\$ 1,078,338</u>	<u>\$ 3,163</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (510,105)</u>	<u>\$ (556,843)</u>	<u>\$ (556,843)</u>	<u>\$ 46,738</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 525,000	\$ 525,000	\$ 525,000	\$ 0
Total Other Financing Sources	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 14,895	\$ (31,843)	\$ (31,843)	\$ 46,738
Fund Balance, July 1, 2014	491,161	490,860	490,860	301
Fund Balance, June 30, 2015	<u>\$ 506,056</u>	<u>\$ 459,017</u>	<u>\$ 459,017</u>	<u>\$ 47,039</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Bledsoe County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, Capital Lease, and Other Loans
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or		
						Matured During Period	Outstanding 6-30-15	
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
General Obligation/Refunding Bond Series 2009	\$ 8,790,000	2 to 4.5 %	6-1-09	6-1-41	\$ 8,135,000	\$ 165,000	\$ 7,970,000	
Total Payable through General Debt Service Fund					\$ 8,135,000	\$ 165,000	\$ 7,970,000	
<u>Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund</u>								
School Refunding Series 2011	5,850,000	1 to 3.5	7-15-11	10-1-26	\$ 5,100,000	\$ 335,000	\$ 4,765,000	
School Refunding Series 2013	3,115,000	2 to 3.5	4-10-13	12-1-38	3,085,000	310,000	2,775,000	
General Obligation Series 2013	4,000,000	2 to 3.5	4-10-13	12-1-38	4,000,000	125,000	3,875,000	
Total Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund					\$ 12,185,000	\$ 770,000	\$ 11,415,000	
Total Bonds Payable					\$ 20,320,000	\$ 935,000	\$ 19,385,000	
NOTES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Truck and Tractors	100,000	2.93	3-2-12	3-1-17	\$ 62,000	\$ 20,000	\$ 42,000	
Total Payable through Highway/Public Works Fund					\$ 62,000	\$ 20,000	\$ 42,000	
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
Energy Program	412,269	4.95	12-2-09	12-1-21	\$ 286,098	\$ 32,313	\$ 253,785	
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 286,098	\$ 32,313	\$ 253,785	
Total Notes Payable					\$ 348,098	\$ 52,313	\$ 295,785	
CAPITAL LEASE PAYABLE								
<u>Payable through Ambulance Service Fund</u>								
Defibrillators	132,569	4.693	2-13-14	3-1-19	\$ 126,158	\$ 26,355	\$ 99,803	
Total Capital Lease Payable					\$ 126,158	\$ 26,355	\$ 99,803	

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or	
						Matured During Period	Outstanding 6-30-15
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Ambulances	\$ 214,200	3.75 %	2-6-12	3-1-19	\$ 148,849	\$ 29,175	\$ 119,674
Total Payable through General Debt Service Fund					\$ 148,849	\$ 29,175	\$ 119,674
<u>Contributions Due by the School Department from the General Purpose School Fund</u>							
to the General Debt Service Fund							
Energy Program	500,000	0	5-31-11	5-31-18	\$ 279,776	\$ 71,424	\$ 208,352
Total Contributions Due by the School Department from the General Purpose School Fund					\$ 279,776	\$ 71,424	\$ 208,352
to the General Debt Service Fund							
Total Other Loans Payable					\$ 428,625	\$ 100,599	\$ 328,026

Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 955,000	\$ 616,225	\$ 1,571,225
2017	975,000	596,771	1,571,771
2018	1,000,000	575,581	1,575,581
2019	1,015,000	553,169	1,568,169
2020	1,050,000	529,214	1,579,214
2021	1,090,000	502,396	1,592,396
2022	1,100,000	473,190	1,573,190
2023	1,150,000	442,095	1,592,095
2024	785,000	413,471	1,198,471
2025	825,000	387,537	1,212,537
2026	850,000	359,650	1,209,650
2027	915,000	329,438	1,244,438
2028	435,000	306,150	741,150
2029	450,000	290,750	740,750
2030	470,000	274,112	744,112
2031	490,000	256,125	746,125
2032	510,000	237,350	747,350
2033	530,000	217,369	747,369
2034	555,000	196,350	751,350
2035	580,000	173,987	753,987
2036	605,000	150,725	755,725
2037	630,000	126,169	756,169
2038	665,000	100,225	765,225
2039	690,000	72,925	762,925
2040	495,000	47,925	542,925
2041	570,000	25,650	595,650
Total	\$ 19,385,000	\$ 8,254,549	\$ 27,639,549

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 54,917	\$ 12,937	\$ 67,854
2017	56,667	10,636	67,303
2018	37,473	8,277	45,750
2019	39,370	6,380	45,750
2020	41,353	4,397	45,750
2021	43,458	2,292	45,750
2022	22,547	328	22,875
Total	\$ 295,785	\$ 45,247	\$ 341,032

(Continued)

Exhibit J-2

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

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2016	\$ 25,543	\$ 4,138	\$ 29,681
2017	26,767	2,914	29,681
2018	28,051	1,630	29,681
2019	19,442	344	19,786
Total	\$ 99,803	\$ 9,026	\$ 108,829

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2016	\$ 101,712	\$ 4,572	\$ 106,284
2017	102,868	3,416	106,284
2018	98,148	2,216	100,364
2019	25,298	848	26,146
Total	\$ 328,026	\$ 11,052	\$ 339,078

Exhibit J-3

Bledsoe County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Other Special Revenue	Operations	\$ 55,000
"	Ambulance Service	"	50,000
Ambulance Service	General Debt Service	Debt payments	34,860
Total Transfers Primary Government			<u>\$ 139,860</u>
<u>DISCRETELY PRESENTED BLEDSOE</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 20,035
General Purpose School	Education Debt Service	Debt retirement	<u>525,000</u>
Total Transfers Discretely Presented Bledsoe County School Department			<u>\$ 545,035</u>

Bledsoe County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Bobby Collier (July 1, 2014 through August 31, 2014)	Section 8-24-102, TCA	\$ 12,762	\$ 25,000	NGM Insurance
Gregg Ridley (September 1, 2014 through June 30, 2015)	Section 8-24-102, TCA	60,976	100,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, TCA	70,228	100,000	"
Director of Schools	State Board of Education and County Board of Education	90,071 (1)	(2)	
Trustee	Section 8-24-102, TCA	63,843	688,574	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	63,843	50,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	63,843	50,000	RLI Insurance Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	63,843	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	63,843 (3)	75,000	"
Register of Deeds	Section 8-24-102, TCA	63,843	50,000	"
Sheriff	Section 8-24-102, TCA	70,228 (4)	100,000	"
Employee Dishonesty Bond Coverage:				
General County Government			150,000	Local Government Property and Casualty Fund
Highway Department			150,000	"
School Employees			150,000	Tennessee Risk Management Trust

(1) Includes a chief executive officer training supplement of \$1,000. Does not include a travel allowance of \$5,000.
(2) The director of schools is covered under the employee dishonesty blanket bond.
(3) Does not include special commissioner fees of \$2,300.
(4) Does not include a law enforcement training supplement of \$1,200.

Exhibit J-5

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2015

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,838,508	\$ 237,913	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	115,368	14,927	0	0	0
Circuit/Clerk and Master Collections - Prior Years	49,849	6,451	0	0	0
Interest and Penalty	20,125	2,603	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	7,263	940	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	2,121	274	0	0	0
Payments in-Lieu-of Taxes - Other	1,651	214	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	90,530	0	0	0	0
Litigation Tax - General	14,971	0	0	0	0
Business Tax	37,134	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	12,267	1,587	0	0	0
Wholesale Beer Tax	89,741	0	0	0	0
Total Local Taxes	\$ 2,279,528	\$ 264,909	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 28	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	9,575	1,239	0	0	0
<u>Permits</u>					
Other Permits	150	0	0	0	0
Total Licenses and Permits	\$ 9,753	\$ 1,239	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 7,501	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,889	0	0	0	0	0
Drug Control Fines	0	0	0	1,900	0	0
Drug Court Fees	474	0	0	0	0	0
Jail Fees	601	0	0	0	0	0
DUI Treatment Fines	185	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	3,978	0	0	0	0	0
Officers Costs	10,815	0	0	0	0	0
Drug Control Fines	0	0	0	7,276	0	0
Drug Court Fees	2,797	0	0	0	0	0
Jail Fees	2,658	0	0	0	0	0
DUI Treatment Fines	1,624	0	0	0	0	0
Data Entry Fee - General Sessions Court	2,431	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	10	0	0	0	0	0
Officers Costs	212	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	1,964	0	0	0	0	0
Courtroom Security Fee	8	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	8,312	0	0	3,001	0	0
Total Fines, Forfeitures, and Penalties	\$ 45,459	\$ 0	\$ 0	\$ 12,177	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Waste Tire Disposal	\$ 0	\$ 2,042	\$ 0	\$ 0	\$ 0
Patient Charges	0	0	879,278	0	0
Work Release Charges for Board Fees	360	0	0	0	0
Copy Fees	180	0	0	0	0
Library Fees	1,089	0	0	0	0
Telephone Commissions	18,249	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	4,146	0	0	0	0
Data Processing Fee - Sheriff	28	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,050	0	0	0	0
Total Charges for Current Services	\$ 28,102	\$ 2,042	\$ 879,278	\$ 0	\$ 0

<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 15	\$ 0	\$ 0
Lease/Rentals	140,000	0	0	0	0
Commissary Sales	4,316	0	0	0	0
Sale of Recycled Materials	0	8,792	0	0	0
E-Rate Funding	1,400	0	0	0	0
Miscellaneous Refunds	68,267	0	4	0	162
<u>Nonrecurring Items</u>					
Sale of Equipment	3,159	8,777	0	0	0
Sale of Property	12,554	0	0	0	0
Contributions and Gifts	770	0	0	0	0

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>	29 \$	0 \$	0 \$	0 \$	0
Total Other Local Revenues	\$ 230,495	\$ 17,569	\$ 19	\$ 0	\$ 162
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 89,886	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	27,279	0	0	0	0
General Sessions Court Clerk	41,031	0	0	0	0
Clerk and Master	41,496	0	0	0	0
Juvenile Court Clerk	543	0	0	0	0
Register	37,918	0	0	0	0
Sheriff	6,290	0	0	0	0
Trustee	140,830	0	0	0	0
Total Fees Received from County Officials	\$ 385,273	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 1,050	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	14,400	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	87,820	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	0	35,276	0	0	0

(Continued)

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

	<u>Special Revenue Funds</u>				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Income Tax	\$ 97	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle Certificate of Title Fees	5,723	0	0	0	0
Alcoholic Beverage Tax	38,104	0	0	0	0
State Revenue Sharing - T.V.A.	227,565	29,448	0	0	0
Contracted Prisoner Boarding	877,568	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	24,918	0	0	0	0
Other State Revenues	20,491	0	0	0	0
Total State of Tennessee	<u>\$ 1,312,900</u>	<u>\$ 64,724</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	5,625	0	0	0	0
Other Federal through State	0	0	0	0	0
Total Federal Government	<u>\$ 5,625</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 183,000
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 183,000</u>
Total	<u>\$ 4,297,135</u>	<u>\$ 350,483</u>	<u>\$ 879,297</u>	<u>\$ 12,177</u>	<u>\$ 183,162</u>

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Fund		Total
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Capital Projects Fund			
					Development/ Industrial Park	Capital Projects Fund		
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 0	\$ 0	\$ 457,389	\$ 0	\$ 0	\$ 2,533,810		
Trustee's Collections - Prior Year	0	0	28,679	0	0	158,974		
Circuit/Clerk and Master Collections - Prior Years	0	0	12,401	0	0	68,701		
Interest and Penalty	0	0	5,006	0	0	27,734		
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,807	0	0	10,010		
Payments in-Lieu-of Taxes - Local Utilities	0	0	528	0	0	2,923		
Payments in-Lieu-of Taxes - Other	0	0	411	0	0	2,276		
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	0	0	90,530		
Litigation Tax - General	0	0	0	0	0	14,971		
Business Tax	0	0	0	0	0	37,134		
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	3,052	0	0	16,906		
Wholesale Beer Tax	0	0	0	0	0	89,741		
Total Local Taxes	\$ 0	\$ 0	\$ 509,273	\$ 0	\$ 0	\$ 3,053,710		
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	28		
Cable TV Franchise	0	0	2,382	0	0	13,196		
<u>Permits</u>								
Other Permits	0	0	0	0	0	150		
Total Licenses and Permits	\$ 0	\$ 0	\$ 2,382	\$ 0	\$ 0	\$ 13,374		

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Projects Fund		Total
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Community Development/ Industrial Park				
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	7,501
Officers Costs	0	0	0	0	0	0	0	1,889
Drug Control Fines	0	0	0	0	0	0	0	1,900
Drug Court Fees	0	0	0	0	0	0	0	474
Jail Fees	0	0	0	0	0	0	0	601
DUI Treatment Fines	0	0	0	0	0	0	0	185
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	0	3,978
Officers Costs	0	0	0	0	0	0	0	10,815
Drug Control Fines	0	0	0	0	0	0	0	7,276
Drug Court Fees	0	0	0	0	0	0	0	2,797
Jail Fees	0	0	0	0	0	0	0	2,658
DUI Treatment Fines	0	0	0	0	0	0	0	1,624
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	2,431
<u>Juvenile Court</u>								
Fines	0	0	0	0	0	0	0	10
Officers Costs	0	0	0	0	0	0	0	212
<u>Chancery Court</u>								
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	1,964
Courtroom Security Fee	0	0	0	0	0	0	0	8
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	11,313
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	57,636

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Fund	Total
	Constititu- tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park			
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Surcharge - Waste Tire Disposal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,042	
Patient Charges	0	0	0	0	0	879,278	
Work Release Charges for Board Fees	0	0	0	0	0	360	
Copy Fees	0	0	0	0	0	180	
Library Fees	0	0	0	0	0	1,089	
Telephone Commissions	0	0	0	0	0	18,249	
Constitutional Officers' Fees and Commissions	57	0	0	0	0	57	
Special Commissioner Fees/Special Master Fees	2,300	0	0	0	0	2,300	
Data Processing Fee - Register	0	0	0	0	0	4,146	
Data Processing Fee - Sheriff	0	0	0	0	0	28	
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	4,050	
Total Charges for Current Services	\$ 2,357	\$ 0	\$ 0	\$ 0	\$ 0	\$ 911,779	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 36,417	\$ 0	\$ 0	\$ 36,432	
Lease/Rentals	0	0	0	0	0	140,000	
Commissary Sales	0	0	0	0	0	4,316	
Sale of Recycled Materials	0	0	0	0	0	8,792	
E-Rate Funding	0	0	0	0	0	1,400	
Miscellaneous Refunds	0	8,325	0	0	0	76,758	

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)		Debt Service Fund		Capital Projects Fund		Total
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park			
<u>Other Local Revenues (Cont.)</u>							
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	11,936
Sale of Property	0	0	0	0	0	0	12,554
Contributions and Gifts	0	0	0	0	0	0	770
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0	0	29
Total Other Local Revenues	0	8,325	36,417	0	0	0	292,987
	\$	\$	\$	\$	\$	\$	\$
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	0	0	0	0	0	0	89,886
Circuit Court Clerk	0	0	0	0	0	0	27,279
General Sessions Court Clerk	0	0	0	0	0	0	41,031
Clerk and Master	0	0	0	0	0	0	41,496
Juvenile Court Clerk	0	0	0	0	0	0	543
Register	0	0	0	0	0	0	37,918
Sheriff	0	0	0	0	0	0	6,290
Trustee	0	0	0	0	0	0	140,830
Total Fees Received from County Officials	0	0	0	0	0	0	385,273
	\$	\$	\$	\$	\$	\$	\$

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund			Capital Projects Fund			Total
	Constituti- onal Officers - Fees	Highway/ Public Works	General Debt Service	Community Development/ Industrial Park						
<u>State of Tennessee</u>										
<u>General Government Grants</u>										
On-behalf Contributions for OPEB	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,050
<u>Public Safety Grants</u>										
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	0	14,400
<u>Health and Welfare Grants</u>										
Health Department Programs	0	0	0	0	0	0	0	0	0	87,820
<u>Public Works Grants</u>										
Bridge Program	0	42,314	0	0	0	0	0	0	0	42,314
State Aid Program	0	187,250	0	0	0	0	0	0	0	187,250
Litter Program	0	0	0	0	0	0	0	0	0	35,276
<u>Other State Revenues</u>										
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	97
Vehicle Certificate of Title Fees	0	0	0	0	0	0	0	0	0	5,723
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	0	38,104
State Revenue Sharing - T.V.A.	0	0	56,614	0	0	0	0	0	0	313,627
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	0	877,568
Gasoline and Motor Fuel Tax	0	1,547,487	0	0	0	0	0	0	0	1,547,487
Petroleum Special Tax	0	9,291	0	0	0	0	0	0	0	9,291
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	0	0	0	0	24,918
Other State Revenues	0	0	0	0	0	0	0	0	0	20,491
Total State of Tennessee	\$ 0	\$ 1,786,342	\$ 56,614	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,220,580

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Fund		Total
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Community Development/ Industrial Park				
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 0	\$ 0	\$ 0	\$ 399,621	\$ 0	\$ 0	\$ 399,621	\$ 399,621
Homeland Security Grants	0	0	0	0	0	0	0	5,625
Other Federal through State	0	427,167	0	0	0	0	0	427,167
Total Federal Government	\$ 0	\$ 427,167	\$ 0	\$ 399,621	\$ 0	\$ 0	\$ 399,621	\$ 832,413
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 0	\$ 0	\$ 1,184,012	\$ 0	\$ 0	\$ 0	\$ 1,184,012	\$ 1,367,012
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 1,184,012	\$ 0	\$ 0	\$ 0	\$ 1,184,012	\$ 1,367,012
Total	\$ 2,357	\$ 2,221,834	\$ 1,788,698	\$ 399,621	\$ 0	\$ 0	\$ 10,134,764	\$ 10,134,764

Exhibit J-6

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Bledsoe County School Department
 For the Year Ended June 30, 2015

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Education Debt Service		Education Capital Projects	
					Fund	Projects		
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,437,902	\$ 0	\$ 0	\$ 74,863	\$ 0	\$ 0	\$ 0	1,512,765
Trustee's Collections - Prior Year	90,235	0	0	4,700	0	0	0	94,935
Circuit/Clerk and Master Collections - Prior Years	38,987	0	0	2,030	0	0	0	41,017
Interest and Penalty	15,750	0	0	820	0	0	0	16,570
Payments in-Lieu-of Taxes - T.V.A.	5,680	0	0	296	0	0	0	5,976
Payments in-Lieu-of Taxes - Local Utilities	1,659	0	0	86	0	0	0	1,745
Payments in-Lieu-of Taxes - Other	1,291	0	0	67	0	0	0	1,358
<u>County Local Option Taxes</u>								
Local Option Sales Tax	213,696	0	0	472,052	0	0	0	685,748
Mixed Drink Tax	140	0	0	0	0	0	0	140
Other County Local Option Taxes	29	0	0	0	0	0	0	29
<u>Statutory Local Taxes</u>								
Bank Excise Tax	9,594	0	0	500	0	0	0	10,094
Interstate Telecommunications Tax	2,311	0	0	0	0	0	0	2,311
Total Local Taxes	\$ 1,817,274	\$ 0	\$ 0	\$ 555,414	\$ 0	\$ 0	\$ 0	2,372,688
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 874	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	874
Cable TV Franchise	7,489	0	0	390	0	0	0	7,879
Total Licenses and Permits	\$ 8,363	\$ 0	\$ 0	\$ 390	\$ 0	\$ 0	\$ 0	8,753

(Continued)

Exhibit J-6

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

	Special Revenue Funds			Debt Service	Capital
	General Purpose School	School Federal Projects	Central Cafeteria	Fund	Projects Fund
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 2,193	\$ 0	\$ 2,193
Lunch Payments - Adults	0	0	37,569	0	37,569
A la carte Sales	0	0	88,423	0	88,423
Total Charges for Current Services	\$ 0	\$ 0	\$ 128,185	\$ 0	\$ 128,185
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 523	\$ 0	\$ 1,098
E-Rate Funding	12,846	0	0	0	12,846
Miscellaneous Refunds	3,809	0	0	0	3,809
<u>Nonrecurring Items</u>					
Sale of Equipment	6,077	0	0	0	6,077
Damages Recovered from Individuals	613	0	0	0	613
Contributions and Gifts	9,000	0	0	0	9,000
<u>Other Local Revenues</u>					
Other Local Revenues	88	0	0	0	88
Total Other Local Revenues	\$ 32,433	\$ 0	\$ 523	\$ 0	\$ 1,098
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 63,378	\$ 0	\$ 0	\$ 0	\$ 63,378
<u>State Education Funds</u>					
Basic Education Program	11,516,000	0	0	0	11,516,000
Early Childhood Education	433,691	0	0	0	433,691

(Continued)

Exhibit J-6

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

	Special Revenue Funds			Debt Service		Capital	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Education Capital Projects	Fund	Projects Fund
<u>State of Tennessee (Cont.)</u>							
<u>State Education Funds (Cont.)</u>							
School Food Service	\$ 0	\$ 0	11,975	\$ 0	\$ 0	\$ 0	11,975
Other State Education Funds	259,738	0	0	0	0	0	259,738
Career Ladder Program	57,616	0	0	0	0	0	57,616
Career Ladder - Extended Contract	13,870	0	0	0	0	0	13,870
<u>Other State Revenues</u>							
State Revenue Sharing - T.V.A.	177,979	0	0	9,266	0	0	187,245
Other State Grants	217,658	0	0	0	0	0	217,658
Total State of Tennessee	\$ 12,739,930	\$ 0	11,975	\$ 9,266	\$ 0	\$ 0	12,761,171
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA School Lunch Program	\$ 0	\$ 0	729,374	\$ 0	\$ 0	\$ 0	729,374
USDA - Commodities	0	0	69,652	0	0	0	69,652
Breakfast	0	0	346,125	0	0	0	346,125
USDA - Other	0	0	100,732	0	0	0	100,732
Vocational Education - Basic Grants to States	27,986	33,452	0	0	0	0	61,438
Title I Grants to Local Education Agencies	0	552,161	0	0	0	0	552,161
Special Education - Grants to States	0	441,388	0	0	0	0	441,388
Special Education Preschool Grants	0	27,449	0	0	0	0	27,449
Rural Education	0	30,387	0	0	0	0	30,387
Eisenhower Professional Development State Grants	0	45,178	0	0	0	0	45,178
Other Federal through State	124,100	0	69,529	0	0	0	193,629
Total Federal Government	\$ 152,086	\$ 1,130,015	1,315,412	\$ 0	\$ 0	\$ 0	2,597,513
Total	\$ 14,750,086	\$ 1,130,015	1,456,095	\$ 565,070	\$ 1,098	\$ 0	17,902,364

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	47,345	
Social Security		2,517	
Medical Insurance		8,059	
Employer Medicare		589	
Audit Services		3,863	
Dues and Memberships		1,650	
Legal Notices, Recording, and Court Costs		1,116	
Postal Charges		1,200	
Total County Commission			\$ 66,339

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Assistant(s)		28,764	
Secretary(ies)		26,193	
Social Security		7,875	
Pensions		11,063	
Life Insurance		95	
Medical Insurance		4,386	
Employer Medicare		1,842	
Communication		5,023	
Data Processing Services		8,380	
Dues and Memberships		1,805	
Maintenance Agreements		1,230	
Postal Charges		1,200	
Rentals		86	
Travel		3,777	
Office Supplies		2,511	
Other Supplies and Materials		28	
Premiums on Corporate Surety Bonds		699	
Total County Mayor/Executive			178,695

County Attorney

Legal Services	\$	9,120	
Legal Notices, Recording, and Court Costs		1,422	
Total County Attorney			10,542

Election Commission

County Official/Administrative Officer	\$	54,267	
Secretary(ies)		3,960	
Election Commission		4,350	
Election Workers		21,259	
Social Security		3,610	
Pensions		4,683	
Life Insurance		32	
Employer Medicare		844	
Communication		800	
Legal Notices, Recording, and Court Costs		3,336	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Maintenance Agreements	\$	1,102	
Postal Charges		1,370	
Rentals		50	
Travel		3,105	
Other Contracted Services		508	
Data Processing Supplies		14,931	
Office Supplies		2,624	
Other Charges		7,700	
Total Election Commission			\$ 128,531

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Clerical Personnel		25,220	
Social Security		4,935	
Pensions		7,686	
Life Insurance		53	
Medical Insurance		5,896	
Employer Medicare		1,154	
Communication		1,154	
Data Processing Services		4,053	
Dues and Memberships		507	
Maintenance Agreements		1,080	
Postal Charges		50	
Rentals		50	
Travel		526	
Office Supplies		4,912	
Premiums on Corporate Surety Bonds		349	
Total Register of Deeds			121,468

County Buildings

Custodial Personnel	\$	21,859	
Maintenance Personnel		3,646	
Social Security		1,510	
Pensions		1,886	
Life Insurance		32	
Medical Insurance		2,193	
Employer Medicare		353	
Communication		2,778	
Maintenance and Repair Services - Buildings		65,445	
Other Contracted Services		4,758	
Custodial Supplies		3,509	
Electricity		30,827	
Water and Sewer		6,857	
Other Supplies and Materials		570	
Total County Buildings			146,223

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Guards	\$	5,082	
Other Salaries and Wages		1,301	
Social Security		81	
Unemployment Compensation		6,161	
Employer Medicare		19	
On-behalf Payments to OPEB		1,050	
Contracts with Public Carriers		43,500	
Other Contracted Services		9,385	
Office Supplies		781	
Other Supplies and Materials		7,959	
Building and Contents Insurance		76,033	
Refunds		67	
Trustee's Commission		45,865	
Workers' Compensation Insurance		62,794	
Other Charges		24,645	
Total Other General Administration			\$ 284,723

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		20,084	
Clerical Personnel		10,454	
In-service Training		277	
Social Security		5,838	
Pensions		7,482	
Life Insurance		84	
Employer Medicare		1,365	
Communication		1,283	
Contracts with Government Agencies		5,756	
Data Processing Services		1,815	
Dues and Memberships		1,350	
Maintenance Agreements		937	
Postal Charges		599	
Rentals		50	
Travel		3,460	
Other Contracted Services		4,446	
Office Supplies		922	
Other Supplies and Materials		207	
Total Property Assessor's Office			130,252

County Trustee's Office

County Official/Administrative Officer	\$	63,843
Deputy(ies)		16,600
Social Security		4,988
Pensions		6,942
Life Insurance		32
Employer Medicare		1,166

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Communication	\$	1,440	
Data Processing Services		15,191	
Dues and Memberships		617	
Legal Notices, Recording, and Court Costs		288	
Maintenance Agreements		462	
Postal Charges		580	
Printing, Stationery, and Forms		361	
Rentals		50	
Travel		134	
Data Processing Supplies		1,108	
Office Supplies		1,344	
Premiums on Corporate Surety Bonds		7,373	
Total County Trustee's Office	\$		122,519

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		32,009	
Social Security		5,863	
Pensions		8,272	
Life Insurance		53	
Employer Medicare		1,371	
Communication		1,497	
Dues and Memberships		507	
Maintenance Agreements		464	
Postal Charges		3,032	
Rentals		50	
Data Processing Supplies		8,080	
Office Supplies		1,471	
Premiums on Corporate Surety Bonds		349	
Total County Clerk's Office			126,861

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843
Deputy(ies)		28,267
Accountants/Bookkeepers		23,216
Clerical Personnel		20,533
Jury and Witness Expense		8,969
Social Security		8,353
Pensions		11,725
Life Insurance		127
Medical Insurance		2,193
Employer Medicare		1,953
Communication		3,954
Data Processing Services		8,850
Dues and Memberships		407
Maintenance Agreements		1,028

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Postal Charges	\$	1,300	
Rentals		50	
Office Supplies		5,091	
Premiums on Corporate Surety Bonds		349	
Total Circuit Court			\$ 190,208

General Sessions Court

Judge(s)	\$	97,794	
Social Security		6,063	
Pensions		8,440	
Employer Medicare		1,418	
Total General Sessions Court			113,715

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		32,009	
Secretary(ies)		11,646	
Social Security		6,389	
Pensions		8,272	
Life Insurance		81	
Medical Insurance		3,789	
Employer Medicare		1,494	
Communication		1,795	
Data Processing Services		1,344	
Dues and Memberships		507	
Maintenance Agreements		1,088	
Postal Charges		2,944	
Travel		258	
Data Processing Supplies		226	
Office Supplies		2,385	
Premiums on Corporate Surety Bonds		909	
Total Chancery Court			138,979

Juvenile Court

Social Workers	\$	27,936	
Social Security		1,712	
Pensions		2,411	
Life Insurance		32	
Employer Medicare		400	
Communication		692	
Maintenance Agreements		552	
Travel		1,196	
Office Supplies		595	
Other Supplies and Materials		3,462	
Other Charges		2,673	
Total Juvenile Court			41,661

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		291,933	
Youth Service Officer(s)		110,151	
Salary Supplements		14,400	
Overtime Pay		52,407	
In-service Training		6,866	
Social Security		32,843	
Pensions		42,124	
Life Insurance		286	
Medical Insurance		12,062	
Employer Medicare		7,681	
Communication		1,170	
Dues and Memberships		1,500	
Maintenance Agreements		666	
Maintenance and Repair Services - Vehicles		26,206	
Medical and Dental Services		2,932	
Rentals		50	
Towing Services		2,580	
Travel		1,989	
Gasoline		47,493	
Office Supplies		2,055	
Uniforms		5,649	
Other Supplies and Materials		1,260	
Premiums on Corporate Surety Bonds		998	
Law Enforcement Equipment		8,075	
Motor Vehicles		57,900	
Total Sheriff's Department			\$ 801,504

Jail

Supervisor/Director	\$	36,359
Guards		534,932
Cafeteria Personnel		28,977
Maintenance Personnel		9,976
Part-time Personnel		57,064
Overtime Pay		37,742
In-service Training		2,163
Social Security		43,155
Pensions		34,055
Life Insurance		239
Medical Insurance		26,499
Employer Medicare		10,093
Communication		10,121
Medical and Dental Services		125,610
Postal Charges		1,700
Travel		188
Other Contracted Services		30,133
Custodial Supplies		10,012

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Drugs and Medical Supplies	\$	11,190	
Electricity		61,321	
Equipment and Machinery Parts		22,345	
Food Supplies		126,877	
Natural Gas		20,541	
Office Supplies		4,044	
Prisoners Clothing		2,528	
Uniforms		2,137	
Water and Sewer		21,157	
Other Supplies and Materials		26,062	
Total Jail			\$ 1,297,220

Fire Prevention and Control

Contributions	\$	17,741	
Other Supplies and Materials		22,973	
Other Charges		500	
Total Fire Prevention and Control			41,214

Rescue Squad

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

Other Emergency Management

Communication	\$	1,519	
Dues and Memberships		55	
Maintenance and Repair Services - Equipment		1,882	
Maintenance and Repair Services - Vehicles		1,739	
Diesel Fuel		1,363	
Office Supplies		3,141	
Other Supplies and Materials		889	
Total Other Emergency Management			10,588

County Coroner/Medical Examiner

Medical and Dental Services	\$	19,620	
Travel		2,500	
Total County Coroner/Medical Examiner			22,120

Public Health and Welfare

Local Health Center

Secretary(ies)	\$	5,600	
Social Security		388	
Employer Medicare		91	
Communication		4,189	
Dues and Memberships		256	
Maintenance and Repair Services - Buildings		9,197	
Other Contracted Services		30,293	
Electricity		12,660	
Utilities		2,085	
Total Local Health Center			64,759

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Nursing Home

Transfers to Other Funds	\$ 140,000	
Total Nursing Home		\$ 140,000

Other Local Health Services

Medical Personnel	\$ 63,635	
Clerical Personnel	13,586	
Other Salaries and Wages	2,709	
Social Security	4,915	
Employer Medicare	1,149	
Travel	2,118	
Other Supplies and Materials	296	
Total Other Local Health Services		88,408

General Welfare Assistance

Contributions	\$ 1,545	
Total General Welfare Assistance		1,545

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Assistant(s)	\$ 16,800	
Librarians	32,508	
Social Security	2,705	
Pensions	4,255	
Life Insurance	48	
Medical Insurance	7,540	
Employer Medicare	633	
Communication	1,996	
Dues and Memberships	20	
Maintenance and Repair Services - Buildings	183	
Postal Charges	250	
Travel	878	
Other Contracted Services	4,047	
Data Processing Supplies	1,476	
Electricity	2,219	
Library Books/Media	3,283	
Water and Sewer	2,344	
Other Supplies and Materials	1,189	
Total Libraries		82,374

Parks and Fair Boards

Contributions	\$ 3,500	
Maintenance and Repair Services - Buildings	4,500	
Electricity	3,515	
Other Supplies and Materials	5,300	
Total Parks and Fair Boards		16,815

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	40,487	
Social Security		1,801	
Pensions		6,083	
Employer Medicare		1,064	
Communication		3,132	
Dues and Memberships		275	
Rentals		715	
Transportation - Other than Students		4,800	
Other Supplies and Materials		4,900	
Total Agricultural Extension Service			\$ 63,257

Soil Conservation

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

Other Operations

Other Economic and Community Development

Contracts with Other Public Agencies	\$	35,556	
Total Other Economic and Community Development			35,556

Veterans' Services

Assistant(s)	\$	5,458	
Supervisor/Director		5,758	
Social Security		695	
Employer Medicare		163	
Communication		2,319	
Dues and Memberships		50	
Maintenance Agreements		508	
Maintenance and Repair Services - Buildings		768	
Postal Charges		99	
Travel		705	
Other Contracted Services		419	
Custodial Supplies		49	
Data Processing Supplies		149	
Electricity		1,623	
Office Supplies		767	
Water and Sewer		2,952	
Total Veterans' Services			22,482

Contributions to Other Agencies

Contributions	\$	12,500	
Total Contributions to Other Agencies			12,500

Total General Fund \$ 4,520,558

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$	28,536	
Other Salaries and Wages		61,671	
Social Security		3,821	
Pensions		3,258	
Life Insurance		60	
Medical Insurance		548	
Employer Medicare		894	
Communication		1,458	
Maintenance and Repair Services - Buildings		728	
Other Contracted Services		65,538	
Diesel Fuel		24,885	
Electricity		4,004	
Equipment and Machinery Parts		6,787	
Water and Sewer		344	
Other Supplies and Materials		861	
Building and Contents Insurance		5,000	
Refunds		8	
Trustee's Commission		5,544	
Vehicle and Equipment Insurance		2,500	
Workers' Compensation Insurance		4,675	
Motor Vehicles		134,997	
Solid Waste Equipment		260	
Total Convenience Centers			\$ 356,377

Landfill Operation and Maintenance

Contracts for Landfill Facilities	\$	14,164	
Total Landfill Operation and Maintenance			14,164

Highways

Litter and Trash Collection

Education Media Personnel	\$	5,706	
Clerical Personnel		4,700	
Other Salaries and Wages		30,222	
Social Security		2,110	
Pensions		1,810	
Life Insurance		41	
Medical Insurance		2,702	
Employer Medicare		494	
Other Supplies and Materials		5,514	
Total Litter and Trash Collection			53,299

Total Solid Waste/Sanitation Fund \$ 423,840

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	54,540	
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(Continued)

Exhibit J-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Medical Personnel	\$	254,931	
Clerical Personnel		42,016	
Part-time Personnel		70,263	
Overtime Pay		78,773	
In-service Training		4,368	
Social Security		37,283	
Pensions		14,544	
Life Insurance		175	
Medical Insurance		88,210	
Unemployment Compensation		550	
Communication		6,294	
Consultants		60,361	
Dues and Memberships		280	
Licenses		1,500	
Maintenance and Repair Services - Buildings		438	
Maintenance and Repair Services - Equipment		3,985	
Maintenance and Repair Services - Vehicles		33,743	
Postal Charges		342	
Travel		3,126	
Other Contracted Services		1,341	
Data Processing Supplies		1,028	
Drugs and Medical Supplies		25,588	
Electricity		6,236	
Gasoline		29,681	
Office Supplies		1,721	
Uniforms		6,551	
Water and Sewer		1,027	
Other Supplies and Materials		1,460	
Refunds		758	
Vehicle and Equipment Insurance		8,000	
Workers' Compensation Insurance		30,000	
Fines, Assessments, and Penalties		742	
Other Charges		150	
Principal on Capital Leases		26,355	
Interest on Capital Leases		5,800	
Communication Equipment		3,451	
Total Ambulance/Emergency Medical Services			\$ 905,611

Total Ambulance Service Fund \$ 905,611

Drug Control Fund

Public Safety

Sheriff's Department

Travel	\$	1,586	
Other Supplies and Materials		1,365	
Total Sheriff's Department			\$ 2,951

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement

Trustee's Commission	\$	92	
Total Drug Enforcement			\$ 92

Total Drug Control Fund \$ 3,043

Other Special Revenue Fund

Public Safety

Other Public Safety

Supervisor/Director	\$	34,191	
Dispatchers/Radio Operators		106,141	
Overtime Pay		12,366	
In-service Training		805	
Social Security		11,182	
Pensions		11,978	
Life Insurance		118	
Medical Insurance		8,476	
Communication		6,018	
Dues and Memberships		244	
Travel		1,771	
Other Contracted Services		6,116	
Electricity		6,545	
Gasoline		196	
Office Supplies		3,331	
Water and Sewer		1,225	
Building and Contents Insurance		5,000	
Workers' Compensation Insurance		6,000	
Other Charges		1,763	
Total Other Public Safety			\$ 223,466

Total Other Special Revenue Fund 223,466

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	57	
Total Circuit Court			\$ 57

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	2,300	
Total Chancery Court			2,300

Total Constitutional Officers - Fees Fund 2,357

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,228	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Data Processing Personnel	\$	26,566	
Secretary(ies)		15,926	
Communication		6,264	
Data Processing Services		5,180	
Dues and Memberships		2,814	
Maintenance and Repair Services - Office Equipment		85	
Postal Charges		348	
Travel		2,762	
Other Contracted Services		1,006	
Data Processing Supplies		188	
Electricity		5,836	
Office Supplies		862	
Propane Gas		4,523	
Uniforms		1,142	
Water and Sewer		3,420	
Other Supplies and Materials		569	
Other Charges		3,200	
Total Administration			\$ 150,919

Highway and Bridge Maintenance

Foremen	\$	46,172	
Mechanic(s)		397	
Equipment Operators		138,040	
Truck Drivers		57,162	
Laborers		91,644	
Overtime Pay		7,271	
Freight Expenses		258	
Other Contracted Services		4,090	
Asphalt		37,387	
Concrete		66	
Crushed Stone		214,445	
Ice		1,146	
Other Road Materials		333	
Pipe - Metal		14,926	
Propane Gas		922	
Road Signs		2,467	
Wood Products		168	
Other Supplies and Materials		153	
Other Charges		550	
Total Highway and Bridge Maintenance			617,597

Operation and Maintenance of Equipment

Mechanic(s)	\$	16,303
Nightwatchmen		36,009
Freight Expenses		1,944
Maintenance and Repair Services - Equipment		7,746
Maintenance and Repair Services - Vehicles		774

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Diesel Fuel	\$	58,264	
Equipment and Machinery Parts		50,913	
Garage Supplies		4,931	
Gasoline		21,971	
Lubricants		8,433	
Small Tools		923	
Tires and Tubes		10,981	
Other Supplies and Materials		2,044	
Other Charges		104	
Total Operation and Maintenance of Equipment			\$ 221,340

Quarry Operations

Other Charges	\$	3,142	
Total Quarry Operations			3,142

Other Charges

Licenses	\$	699	
Other Contracted Services		2,294	
Building and Contents Insurance		475	
Liability Insurance		7,425	
Trustee's Commission		15,598	
Vehicle and Equipment Insurance		10,449	
Workers' Compensation Insurance		51,504	
Principal on Notes		20,000	
Interest on Notes		1,631	
Total Other Charges			110,075

Employee Benefits

Social Security	\$	38,326	
Pensions		34,860	
Employee and Dependent Insurance		181,044	
Unemployment Compensation		3,479	
Total Employee Benefits			257,709

Capital Outlay

Office Equipment	\$	825	
State Aid Projects		238,397	
Total Capital Outlay			239,222

Total Highway/Public Works Fund \$ 1,600,004

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	165,000	
Principal on Other Loans		29,175	
Total General Government			\$ 194,175

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$	770,000	
Principal on Notes		32,313	
Principal on Other Loans		71,424	
Total Education			\$ 873,737

Interest on Debt

General Government

Interest on Bonds	\$	338,200	
Interest on Other Loans		5,685	
Total General Government			343,885

Education

Interest on Bonds	\$	296,838	
Interest on Notes		13,437	
Total Education			310,275

Other Debt Service

General Government

Fiscal Agent Charges	\$	736	
Refunds		17	
Trustee's Commission		10,655	
Total General Government			11,408

Total General Debt Service Fund \$ 1,733,480

General Capital Projects Fund

Public Safety

Jail

Building Improvements	\$	51,949	
Total Jail			\$ 51,949

Total General Capital Projects Fund 51,949

Community Development/Industrial Park Fund

Other Operations

Other Economic and Community Development

Other Charges	\$	25,422	
Total Other Economic and Community Development			\$ 25,422

Capital Projects

Public Utility Projects

Engineering Services	\$	41,650	
Other Contracted Services		332,303	
Other Charges		246	
Total Public Utility Projects			374,199

Total Community Development/Industrial Park Fund 399,621

Total Governmental Funds - Primary Government \$ 9,863,929

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,128,257	
Career Ladder Program		31,800	
Career Ladder Extended Contracts		11,886	
Homebound Teachers		7,962	
Educational Assistants		268,022	
Certified Substitute Teachers		29,401	
Non-certified Substitute Teachers		70,470	
Social Security		263,560	
Pensions		398,738	
Life Insurance		410	
Medical Insurance		555,978	
Employer Medicare		62,304	
Maintenance and Repair Services - Equipment		3,947	
Instructional Supplies and Materials		63,893	
Textbooks		132,834	
Regular Instruction Equipment		71,670	
Total Regular Instruction Program			\$ 6,101,132

Alternative Instruction Program

Teachers	\$	42,507	
Career Ladder Program		1,000	
Social Security		2,577	
Pensions		3,933	
Medical Insurance		4,508	
Employer Medicare		603	
Total Alternative Instruction Program			55,128

Special Education Program

Teachers	\$	803,621	
Career Ladder Program		5,000	
Homebound Teachers		6,912	
Educational Assistants		255,623	
Speech Pathologist		104,427	
Other Salaries and Wages		7,290	
Social Security		67,647	
Pensions		101,264	
Medical Insurance		167,342	
Employer Medicare		16,010	
Maintenance and Repair Services - Equipment		2,090	
Other Contracted Services		9,393	
Instructional Supplies and Materials		14,691	
Other Supplies and Materials		2,605	
Special Education Equipment		8,763	
Total Special Education Program			1,572,678

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	282,690	
Career Ladder Program		3,000	
Non-certified Substitute Teachers		3,190	
Social Security		17,190	
Pensions		25,788	
Medical Insurance		31,423	
Employer Medicare		4,020	
Maintenance and Repair Services - Equipment		770	
Other Contracted Services		1,705	
Instructional Supplies and Materials		8,899	
Total Vocational Education Program	\$		378,675

Support Services

Attendance

Supervisor/Director	\$	27,871	
Social Security		1,638	
Pensions		2,520	
Medical Insurance		3,613	
Employer Medicare		383	
Data Processing Services		19,089	
Travel		6,287	
Other Supplies and Materials		6,319	
In Service/Staff Development		575	
Attendance Equipment		1,740	
Total Attendance			70,035

Health Services

Medical Personnel	\$	108,515	
Other Salaries and Wages		49,304	
Social Security		9,408	
Pensions		10,813	
Medical Insurance		12,386	
Employer Medicare		2,200	
Postal Charges		200	
Travel		3,251	
Other Supplies and Materials		27,821	
In Service/Staff Development		6	
Other Charges		105	
Total Health Services			224,009

Other Student Support

Guidance Personnel	\$	143,446	
Psychological Personnel		50,894	
Other Salaries and Wages		21,488	
Social Security		11,036	
Pensions		17,762	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Medical Insurance	\$	27,563	
Employer Medicare		2,838	
Evaluation and Testing		9,556	
Other Contracted Services		70,521	
Other Supplies and Materials		10,894	
In Service/Staff Development		2,542	
Other Charges		3,254	
Other Capital Outlay		9,572	
Total Other Student Support			\$ 381,366

Regular Instruction Program

Supervisor/Director	\$	83,567	
Career Ladder Program		5,000	
Librarians		145,184	
Instructional Computer Personnel		64,119	
Other Salaries and Wages		66,731	
Social Security		21,227	
Pensions		31,917	
Medical Insurance		33,345	
Employer Medicare		5,097	
Maintenance and Repair Services - Equipment		957	
Travel		13,492	
Library Books/Media		7,256	
Other Supplies and Materials		1,537	
In Service/Staff Development		3,736	
Total Regular Instruction Program			483,165

Special Education Program

Supervisor/Director	\$	73,417	
Career Ladder Program		1,000	
Secretary(ies)		30,458	
Social Security		6,289	
Pensions		9,356	
Medical Insurance		10,420	
Employer Medicare		1,471	
Communication		4,132	
Postal Charges		500	
Travel		8,419	
Other Supplies and Materials		4,213	
In Service/Staff Development		2,072	
Total Special Education Program			151,747

Vocational Education Program

Travel	\$	1,000	
Total Vocational Education Program			1,000

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-behalf Payments to OPEB	\$ 63,378	
Total Other Programs		\$ 63,378

Board of Education

Board and Committee Members Fees	\$ 24,300	
Social Security	1,507	
Medical Insurance	7,842	
Unemployment Compensation	18,821	
Employer Medicare	352	
Audit Services	5,500	
Dues and Memberships	7,016	
Legal Services	9,565	
Travel	5,668	
Other Contracted Services	2,000	
Office Supplies	205	
Other Supplies and Materials	206	
Liability Insurance	92,135	
Trustee's Commission	54,759	
Workers' Compensation Insurance	71,101	
In Service/Staff Development	76	
Other Charges	5,164	
Total Board of Education		306,217

Director of Schools

County Official/Administrative Officer	\$ 89,071	
Career Ladder Program	1,000	
Social Security	5,819	
Pensions	8,594	
Medical Insurance	22,079	
Employer Medicare	1,361	
Other Fringe Benefits	1,149	
Communication	76,266	
Dues and Memberships	1,852	
Maintenance and Repair Services - Equipment	159	
Postal Charges	1,334	
Travel	9,888	
Office Supplies	117	
In Service/Staff Development	545	
Other Charges	6,501	
Administration Equipment	1,757	
Total Director of Schools		227,492

Office of the Principal

Principals	\$ 369,442
Career Ladder Program	3,000
Assistant Principals	59,665

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Secretary(ies)	\$	120,559	
Social Security		32,593	
Pensions		49,467	
Medical Insurance		43,190	
Employer Medicare		7,623	
Communication		2,402	
Other Charges		4,038	
Administration Equipment		2,846	
Total Office of the Principal			\$ 694,825

Fiscal Services

Supervisor/Director	\$	57,974	
Accountants/Bookkeepers		76,746	
Other Salaries and Wages		1,000	
Social Security		7,540	
Pensions		11,950	
Medical Insurance		22,736	
Employer Medicare		1,763	
Data Processing Services		10,890	
Travel		1,909	
Office Supplies		1,732	
In Service/Staff Development		475	
Administration Equipment		2,989	
Total Fiscal Services			197,704

Operation of Plant

Custodial Personnel	\$	294,539	
Social Security		17,194	
Pensions		24,020	
Medical Insurance		50,010	
Employer Medicare		4,021	
Rentals		14,900	
Other Contracted Services		53,440	
Custodial Supplies		84,203	
Electricity		350,664	
Natural Gas		51,233	
Water and Sewer		34,658	
Other Supplies and Materials		1,774	
Plant Operation Equipment		11,800	
Total Operation of Plant			992,456

Maintenance of Plant

Supervisor/Director	\$	25,657	
Maintenance Personnel		78,605	
Social Security		5,856	
Pensions		9,103	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Medical Insurance	\$	15,698	
Employer Medicare		1,370	
Maintenance and Repair Services - Buildings		81,510	
Maintenance and Repair Services - Equipment		12,853	
Travel		342	
Other Contracted Services		13,188	
Other Supplies and Materials		14,702	
Maintenance Equipment		29,016	
Total Maintenance of Plant			\$ 287,900

Transportation

Mechanic(s)	\$	56,760	
Bus Drivers		342,399	
Other Salaries and Wages		25,030	
Social Security		24,131	
Pensions		32,849	
Medical Insurance		17,583	
Employer Medicare		6,056	
Maintenance and Repair Services - Vehicles		29,179	
Medical and Dental Services		3,715	
Travel		2,669	
Other Contracted Services		5,828	
Diesel Fuel		118,398	
Gasoline		4,317	
Lubricants		5,264	
Tires and Tubes		16,097	
Vehicle Parts		41,445	
Other Supplies and Materials		11,015	
Other Charges		291	
Transportation Equipment		218,116	
Total Transportation			961,142

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$	3,483	
Social Security		216	
Employer Medicare		51	
Total Food Service			3,750

Community Services

Clerical Personnel	\$	29,915	
Other Salaries and Wages		254,529	
Social Security		14,720	
Pensions		22,089	
Medical Insurance		10,878	
Employer Medicare		3,470	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Communication	\$	2,858	
Postal Charges		300	
Travel		19,932	
Other Supplies and Materials		45,458	
Other Charges		301	
Other Equipment		2,596	
Total Community Services			\$ 407,046

Early Childhood Education

Supervisor/Director	\$	14,000	
Teachers		171,485	
Bus Drivers		547	
Educational Assistants		83,054	
Other Salaries and Wages		44,309	
Non-certified Substitute Teachers		858	
Social Security		18,690	
Pensions		25,523	
Medical Insurance		15,291	
Employer Medicare		4,502	
Communication		3,678	
Travel		2,076	
Instructional Supplies and Materials		31,969	
In Service/Staff Development		2,709	
Other Capital Outlay		15,370	
Total Early Childhood Education			434,061

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	11,432	
Total Regular Capital Outlay			11,432

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	103,737	
Total Education			103,737

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	13,437	
Total Education			13,437

Total General Purpose School Fund \$ 14,123,512

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	220,955	
Educational Assistants		70,904	
Non-certified Substitute Teachers		1,815	
Social Security		16,576	
Pensions		25,905	
Medical Insurance		57,546	
Employer Medicare		3,877	
Instructional Supplies and Materials		22,017	
Regular Instruction Equipment		27,170	
Total Regular Instruction Program			\$ 446,765

Special Education Program

Educational Assistants	\$	277,080	
Non-certified Substitute Teachers		13,124	
Social Security		17,153	
Pensions		22,909	
Medical Insurance		9,012	
Employer Medicare		4,080	
Instructional Supplies and Materials		4,748	
Special Education Equipment		3,191	
Total Special Education Program			351,297

Vocational Education Program

Instructional Supplies and Materials	\$	818	
Vocational Instruction Equipment		22,514	
Total Vocational Education Program			23,332

Support Services

Other Student Support

Evaluation and Testing	\$	999	
Travel		8,612	
Other Supplies and Materials		6,178	
Other Charges		386	
Total Other Student Support			16,175

Regular Instruction Program

Supervisor/Director	\$	58,022	
Clerical Personnel		14,975	
In-service Training		15,556	
Social Security		4,592	
Pensions		7,819	
Medical Insurance		18,476	
Employer Medicare		1,074	
Consultants		7,270	
Travel		25,553	
Other Supplies and Materials		2,631	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$	2,731	
Other Equipment		3,842	
Total Regular Instruction Program			\$ 162,541

Special Education Program

Psychological Personnel	\$	46,195	
Social Security		2,728	
Pensions		4,176	
Medical Insurance		6,959	
Employer Medicare		638	
Travel		2,204	
Other Contracted Services		35,471	
In Service/Staff Development		7,537	
Total Special Education Program			105,908

Vocational Education Program

Travel	\$	1,123	
Total Vocational Education Program			1,123

Transportation

Contracts with Parents	\$	4,004	
Total Transportation			4,004

Total School Federal Projects Fund \$ 1,111,145

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	36,440	
Cafeteria Personnel		392,944	
Other Salaries and Wages		25,078	
Social Security		26,484	
Pensions		35,898	
Medical Insurance		69,704	
Unemployment Compensation		1,827	
Employer Medicare		6,187	
Communication		2,367	
Maintenance and Repair Services - Equipment		16,350	
Travel		7,932	
Other Contracted Services		12,156	
Food Preparation Supplies		71,283	
Food Supplies		635,092	
Office Supplies		4,086	
Uniforms		1,237	
USDA - Commodities		69,652	
In Service/Staff Development		9,013	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Charges	\$ 824	
Food Service Equipment	26,542	
Total Food Service	<u>26,542</u>	\$ 1,451,096

Total Central Cafeteria Fund \$ 1,451,096

Education Debt Service Fund

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$ 770,000	
Total Education		\$ 770,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$ 296,838	
Total Education		296,838

Other Debt Service

Education

Fiscal Agent Charges	\$ 1,888	
Trustee's Commission	6,449	
Total Education	<u>8,337</u>	

Total Education Debt Service Fund 1,075,175

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 25,925	
Other Contracted Services	409	
Building Construction	1,511,692	
Furniture and Fixtures	56,109	
Other Equipment	8,201	
Total Education Capital Projects	<u>1,602,336</u>	\$ 1,602,336

Total Education Capital Projects Fund 1,602,336

Total Governmental Funds - Bledsoe County School Department \$ 19,363,264

Exhibit J-9

Bledsoe County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 186,755</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 184,887
Trustee's Commission	1,868
Total Cash Disbursements	<u>\$ 186,755</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<u>0</u>
Cash Balance, June 30, 2015	<u><u>\$ 0</u></u>

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

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

To the County Mayor and Board of County Commissioners:

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

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2015-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2015-002, 2015-004, 2015-005, and 2015-008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bledsoe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2015-003, 2015-006, and 2015-007.

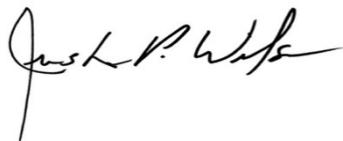
Bledsoe County's Responses to Findings

Bledsoe County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Bledsoe 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bledsoe County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 20, 2015

JPW/kp



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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Bledsoe County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bledsoe County's major federal programs for the year ended June 30, 2015. Bledsoe County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bledsoe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bledsoe County's compliance.

Opinion on Each Major Federal Program

In our opinion, Bledsoe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Bledsoe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bledsoe County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bledsoe County's internal control over compliance.

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

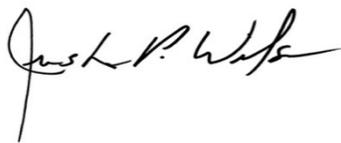
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Bledsoe County's basic financial statements. We issued our report thereon dated October 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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

October 20, 2015

JPW/kp

Bledsoe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 69,652 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	346,125
National School Lunch Program	10.555	N/A	780,956 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	49,150
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	2,615
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	66,914
Total U.S. Department of Agriculture			<u>\$ 1,315,412</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(2)	<u>\$ 399,621</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 399,621</u>
U.S. Department of Education:			
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	\$ 27,986
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	552,161
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	440,546
Special Education - Preschool Grants	84.173	N/A	29,456
Career and Technical Education - Basic Grants to States	84.048	N/A	33,452
Twenty-first Century Community Learning Centers	84.287	N/A	124,100
Rural Education	84.358	N/A	30,387
Improving Teacher Quality State Grants	84.367	N/A	45,178
Total U.S. Department of Education			<u>\$ 1,283,266</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 52,643
Homeland Security Grant Program	97.067	N/A	5,625
Total U.S. Department of Homeland Security			<u>\$ 58,268</u>
Total Expenditures of Federal Awards			<u>\$ 3,056,567</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 35,276
Three Star Grant Program - State Department of Economic and Community Development	N/A	(2)	24,918
Local Health Services Grant - State Department of Health	N/A	(2)	87,820
Internet Connectivity - State Department of Education	N/A	(2)	5,309
Lottery for Education After School Programs - State Department of Education	N/A	(2)	200,000
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	433,691
Coordinated School Health - State Department of Education	N/A	(2)	80,000
Safe Schools - State Department of Education	N/A	(2)	13,520
Family Resource Grants - State Department of Education	N/A	(2)	29,612
Student Ticket Subsidy - State Arts Commission	N/A	(2)	<u>4,138</u>
 Total State Grants			 <u>\$ 914,284</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 \$850,608.

Bledsoe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Bledsoe County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

OFFICE OF ROAD SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-007	174	General ledger payroll deduction accounts were not reconciled with payroll reports and payments
2014-009(A)	175	The office had deficiencies in purchasing procedures

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-011	176	Some collections were not deposited within three days

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-012	176	Duties were not segregated adequately

BLEDSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Bledsoe County is unmodified.
2. The audit of the financial statements of Bledsoe County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Bledsoe County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559) and the Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Bledsoe County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2015-001

THE GENERAL AND THE COMMUNITY DEVELOPMENT/INDUSTRIAL PARK FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

At June 30, 2015, certain general ledger account balances in the General and the Community Development/Industrial Park funds were not materially correct, and audit adjustments totaling \$290,058 and \$320,842, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Bledsoe County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management erroneously posting receivables backwards in the General Fund and not posting receivables and payables in the Community Development/Industrial Park Fund. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Bledsoe County should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 2015-002

THE OFFICE DID NOT DOCUMENT SOME CREDIT CARD CHARGES

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

Officials could not provide us with documentation to support 36 credit card charges totaling \$15,149. Most of these credit card transactions appear to be travel related expenses for hotels and restaurants, as well as some purchases for various supplies. Sound business practices require the documentation of all expenditures. These deficiencies are the result of

management's failure to implement adequate internal control procedures over credit card transactions.

RECOMMENDATION

Management should require documentation for all credit card charges.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur – The Bledsoe County Board of Commissioners has adopted a credit card policy to address future credit card transactions.

FINDING 2015-003

SOME PURCHASES WERE NOT COMPETITIVELY BID (Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 29 disbursements totaling \$165,209 from a population of 5,835 vendor checks totaling \$7,154,632. Our examination revealed the following deficiencies, which were the result of a lack of management oversight:

- A. The county purchased a fingerprint machine for the Sheriff's Department at a cost of \$21,367; however, competitive bids were not solicited for this purchase. Purchasing procedures for the office are governed by the provisions of the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code Annotated*. This statute requires competitive bids on all purchases exceeding \$10,000.
- B. In-lieu-of soliciting bids, the county used the bids solicited by the School Department for food items to be used at the jail. However, some food items purchased by the Sheriff's Department were not on the School Department's bid list.

The failure to solicit competitive bids could result in the county paying more than the most competitive price.

RECOMMENDATION

Bids should be solicited for all purchases exceeding \$10,000 as required by statute. Items requiring bids that are needed by the Sheriff's Department, which are not on the piggybacked bid lists from other departments, should be competitively bid.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with this finding – I would like to clarify the timeline in which the purchase order was signed and approved. Purchase order 101-000006496 was approved for \$21,367.00 for a fingerprint machine at the Bledsoe County Detention Center. This purchase order was approved and signed on August 15, 2014. The 2014 county mayor's election was held on

August 7, 2014. I did not assume the duties of the office of Bledsoe County Mayor until September 2, 2014. Therefore, I did not approve this purchase, nor sign the purchase order.

OFFICE OF ROAD SUPERINTENDENT

FINDING 2015-004 **GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS WERE NOT RECONCILED WITH PAYROLL REPORTS AND PAYMENTS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the Highway/Public Works Fund. Sound business practices dictate that these reconciliations be performed monthly. The failure to regularly reconcile payroll deduction accounts allowed errors to remain undiscovered and uncorrected. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 2015-005 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 28 disbursements totaling \$108,461 from a population of 418 vendor checks totaling \$1,248,320. Our examination revealed the following deficiencies, which were the result of a lack of management oversight:

- A. In three of 13 applicable instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.

- B. Invoices were paid without documentation that goods had been received and/or services had been rendered in five of 28 applicable purchases. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. The office should maintain documentation that goods have been received or services have been rendered before invoices are paid.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2015-006 **SOME OFFICE EMPLOYEES USED COUNTY EQUIPMENT AND COUNTY TIME FOR THEIR PERSONAL BENEFIT**
(Noncompliance Under *Government Auditing Standards*)

Two current and one former deputy clerk used county equipment and resources to gather information for several private companies engaged in the business of performing background checks on individuals. At least a portion of this work was performed in the clerk’s office during business hours, and the deputy clerks personally received payments for these services from the companies. The companies generally faxed or e-mailed requests to the clerk’s office where deputy clerks collected the requests, gathered the information, and faxed or e-mailed a report back to the requesting companies. The companies remitted payments for this service to the residence of the appropriate deputy clerk.

We identified and contacted four companies who supplied us with lists of checks that they had written to the deputy clerks for their services. These lists reflected payments made between September 2012 and June 2015. The table below lists the companies, time periods, and the amounts that each company paid directly to the deputy clerks:

<u>Company Name</u>	<u>Time Period</u>	<u>Total Paid</u>
Criminal Research and Investigations	8-26-14 through 5-29-15	\$ 3,557.50
SJV Associates	2-10-15 through 5-5-15	20.00
Wholesale Screening Solutions	9-9-14 through 6-1-15	1,394.00
The Discovery Group	9-1-13 through 5-30-15	<u>2,130.40</u>
Total Payments		<u>\$ 7,101.90</u>
Breakdown by Employee:		
Deputy Clerk #1		\$ 2,952.50
Deputy Clerk #2 (no longer employed)		2,019.00
Deputy Clerk #3		<u>2,130.40</u>
Total Payments		<u>\$ 7,101.90</u>

On June 1, 2015, we interviewed Circuit Court Clerk Michael Walker on the office's procedures for handling background checks. Mr. Walker stated that everyone in the office handles background checks, and he was aware that two of his current deputy clerks worked for some companies after hours doing background checks. We shared with him that we had documentation that some of the work was done during business hours, and he stated that he would stop the deputy clerks from doing these background checks immediately.

The practice of employees using county time, equipment, and resources for their personal benefit has resulted in a significant loss of revenue for the county. This deficiency exists due to a lack of management oversight. This deficiency has been reviewed with the district attorney general.

RECOMMENDATION

Procedures should be implemented to ensure that requests for background checks are processed by office personnel during office hours as part of the employees' regular duties. Company payments for these services should be receipted and deposited into office accounts.

OFFICE OF SHERIFF

FINDING 2015-007

THE OFFICE HAD DEFICIENCIES IN RECEIPTS, DEPOSITS, AND DISBURSEMENTS

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were properly receipted, deposited, and disbursed, we judgmentally selected 32 general receipts issued in the months of July 2014 through February 2015, and all 34 Sexual Offender Registry receipts issued during the year to reconcile receipts with deposits. We noted the following deficiencies:

- A. The office did not deposit funds to the bank account within three days of collection in ten of the 34 Sexual Offender Registry receipts and in several receipts for fines as required by Section 5-8-207, *Tennessee Code Annotated (TCA)*. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.
- B. The office did not disburse the collections for fines by prenumbered check. Instead, the cash for the fines was taken directly to the Circuit Court Clerk's Office. Section 5-8-207(3)(b), *TCA*, requires all disbursements to be made by official prenumbered check.

RECOMMENDATION

All funds should be deposited within three days of collection, and all disbursements should be made by prenumbered check as required by state statutes.

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

FINDING 2015-008

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the officials and employees at the Ambulance Service, Library, and in the Offices of County Mayor; Road Superintendent; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Effective internal controls should be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal programs.

BEST PRACTICE

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

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

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

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

BLEDSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015

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