

**ANNUAL FINANCIAL REPORT**  
**HAWKINS COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2015**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



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

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

***DIVISION OF LOCAL GOVERNMENT AUDIT***  
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***GREG BRUSH, CISA***  
***State Auditors***

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

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# ***Summary of Audit Findings***

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

## ***Scope***

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

## ***Results***

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

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

## ***Finding***

The following is a summary of the audit finding:

### **OFFICES OF DIRECTOR OF SCHOOLS**

- ◆ The School Federal Projects Fund had a deficit unassigned fund balance at June 30, 2015.

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# INTRODUCTORY SECTION

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# Hawkins County Officials

## June 30, 2015

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### **Officials**

Melville Bailey, County Mayor  
Lowell Bean, Road Superintendent  
Steve Starnes, Director of Schools  
Jim Shanks, Trustee  
Jeff Thacker, Assessor of Property  
Nancy Davis, County Clerk  
Randall Collier, Circuit and General Sessions Courts Clerk  
Holly Jaynes, Clerk and Master  
Judy Kirkpatrick, Register of Deeds  
Ronnie Lawson, Sheriff

### **Board of County Commissioners**

Melville Bailey, County Mayor, Chairman  
Danny Alvis  
Shane Bailey  
Jeff Barrett  
Dwight Carter  
Fred Castle  
Eugene Christian  
B.D. Cradic  
Glenda Davis  
Dawson Fields  
Greg Fletcher

Darrell Gilliam  
Michael Herrell  
Gary Hicks, Jr.  
Linda Kimbro  
Mark Linkous  
Joe McLain  
John Metz  
Charlie Newton  
Robert Palmer  
Syble Vaughan Trent  
Stacy Vaughan

### **Board of Education**

Chris Christian, Chairman  
Kathy Cradic  
Holly Helton  
Tecky Hicks

Bob Larkins  
Debbie Shedden  
Michael Williams

### **Audit Committee**

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

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# FINANCIAL SECTION

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note V. B., Hawkins County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 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 this matter.

### ***Emphasis of Matter***

We draw attention to Note I.D.9 to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position of the primary government by \$982,108, and the beginning net position of the discretely presented Hawkins County School Department by \$11,337,738. 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 this matter.

### ***Other Matters***

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to

supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the 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 87 - 93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the major debt service funds, combining and individual fund financial statements of the Hawkins County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the major debt service funds, combining and individual fund financial statements of the Hawkins County School Department (a

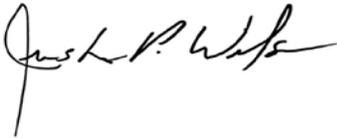
discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2016, on our consideration of Hawkins County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hawkins County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 5, 2016

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Hawkins County School Department</u>
<u>ASSETS</u>		
Cash	\$ 17,360	\$ 9,428
Equity in Pooled Cash and Investments	24,530,257	15,144,035
Accounts Receivable	129,447	117,588
Due from Other Governments	1,191,702	1,232,053
Due from Component Units	12,666	0
Property Taxes Receivable	14,188,200	11,617,205
Allowance for Uncollectible Property Taxes	(530,964)	(434,750)
Prepaid Items	53,119	4,726
Net Pension Asset - Agent Plan	389,348	737,237
Net Pension Asset - Cost-sharing Plan	0	116,571
Unamortized Discount on Debt	20,352	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,376,159	1,580,969
Construction in Progress	182,590	134,365
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	16,276,261	53,485,066
Other Capital Assets	2,963,112	2,794,535
Infrastructure	38,792,111	0
Total Assets	<u>\$ 99,591,720</u>	<u>\$ 86,539,028</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Hawkins County School Department
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 1,294,399	\$ 0
Pension Changes in Experience	0	283,005
Pension Contributions after Measurement Date	689,103	3,163,316
Total Deferred Outflows of Resources	<u>\$ 1,983,502</u>	<u>\$ 3,446,321</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 382,665	\$ 228,674
Accrued Payroll	38,162	39,517
Payroll Deductions Payable	3,706	0
Contracts Payable	0	50,302
Retainage Payable	0	5,063
Accrued Interest Payable	307,556	0
Due to Primary Government	0	12,666
Due to State of Tennessee	355	0
Due to Litigants, Heirs, and Others	80	0
Derivative - Interest Rate Swap	2,450,175	0
Other Current Liabilities	168,234	2,662,357
Noncurrent Liabilities:		
Due Within One Year	3,695,966	639,888
Due in More than One Year (net of unamortized premium on debt)	81,863,819	13,172,742
Total Liabilities	<u>\$ 88,910,718</u>	<u>\$ 16,811,209</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	<u>Component Unit</u> Hawkins County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 13,273,709	\$ 10,868,424
Pension Changes in Experience	253,393	479,803
Pension Changes in Investment Earnings	1,099,656	11,686,938
Pension Other Deferrals	<u>0</u>	<u>148,271</u>
Total Deferred Inflows of Resources	<u>\$ 14,626,758</u>	<u>\$ 23,183,436</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 40,815,577	\$ 57,994,935
Restricted for:		
General Government	253,855	0
Finance	26,768	0
Administration of Justice	581,557	0
Public Safety	318,685	0
Public Health and Welfare	39,864	0
Highways	3,230,838	0
Debt Service	14,486,118	0
Education	0	5,147,268
Capital Projects	25,530	0
Other Purposes	389,348	0
Unrestricted	<u>(62,130,394)</u>	<u>(13,151,499)</u>
Total Net Position	<u>\$ (1,962,254)</u>	<u>\$ 49,990,704</u>

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Hawkins County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 4,020,567	\$ 388,535	\$ 102,999	\$ 165,060	\$ (3,363,973)	\$ 0
Finance	1,535,797	1,216,189	0	0	(319,608)	0
Administration of Justice	1,421,910	1,235,843	50,000	0	(136,067)	0
Public Safety	7,448,006	2,063,141	309,519	321,810	(4,753,536)	0
Public Health and Welfare	2,369,176	98,618	325,726	385,372	(1,559,460)	0
Social, Cultural, and Recreational Services	463,801	6,390	17,212	0	(440,199)	0
Agriculture and Natural Resources	150,877	0	0	0	(150,877)	0
Highways	5,657,183	23,109	2,022,518	300,972	(3,310,584)	0
Education	5,107	0	0	0	(5,107)	0
Interest on Long-term Debt	3,534,843	0	0	0	(3,534,843)	0
<b>Total Primary Government</b>	<b>\$ 26,607,267</b>	<b>\$ 5,031,825</b>	<b>\$ 2,827,974</b>	<b>\$ 1,173,214</b>	<b>\$ (17,574,254)</b>	<b>\$ 0</b>
Component Unit:						
Hawkins County School Department	\$ 63,000,544	\$ 1,036,351	\$ 7,410,973	\$ 0	\$ 0	\$ (54,553,220)
<b>Total Component Units</b>	<b>\$ 63,000,544</b>	<b>\$ 1,036,351</b>	<b>\$ 7,410,973</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (54,553,220)</b>

(Continued)

Exhibit B

Hawkins County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
				Total	Hawkins County School Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 7,883,777	\$ 9,839,879
Property Taxes Levied for Highway/Public Works					1,438,247	0
Property Taxes Levied for Transportation					0	1,536,415
Property Taxes Levied for Debt Service					4,474,564	0
Local Option Sales Taxes					861,314	4,179,299
Wheel Tax					1,042,692	329,316
Litigation Tax - General					122,410	0
Litigation Tax - Jail, Workhouse, Courthouse					109,163	0
Litigation Tax - Courthouse Security					108,714	0
Business Tax					272,518	0
Mineral Severance Tax					67,634	0
Wholesale Beer Tax					100,287	0
Interstate Telecommunication Tax					3,412	4,899
Grants and Contributions Not Restricted to Specific Programs					1,623,560	38,986,967
Unrestricted Investment Income					92,565	2,116
Miscellaneous					23,709	386,755
Gain on Sale of Assets					0	22,340
Pension Income					18,407	159,540
Total General Revenues					<u>\$ 18,242,973</u>	<u>\$ 55,447,526</u>
Change in Fair Value of Derivatives - Interest Rate Swap					\$ (179,244)	\$ 0
Change in Net Position					\$ 489,475	\$ 894,306
Net Position, July 1, 2014					(1,469,621)	60,434,136
Restatement - Pension Liability (see note I.D.9.)					<u>(982,108)</u>	<u>(11,337,738)</u>
Net Position, June 30, 2015					<u>\$ (1,962,254)</u>	<u>\$ 49,990,704</u>

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	
<b>ASSETS</b>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	17,360	\$ 17,360
Equity in Pooled Cash and Investments	5,851,130	3,159,238	3,128,966	10,046,625	2,344,298	24,530,257
Accounts Receivable	55,061	1,129	1,695	4,358	65,577	127,820
Due from Other Governments	577,507	388,706	0	0	225,489	1,191,702
Due from Other Funds	46,961	5,258	21,277	0	18,341	91,837
Due from Component Units	12,666	0	0	0	0	12,666
Property Taxes Receivable	8,107,543	1,479,078	876,491	3,725,088	0	14,188,200
Allowance for Uncollectible Property Taxes	(303,408)	(55,352)	(32,801)	(139,403)	0	(530,964)
Prepaid Items	0	0	0	53,119	0	53,119
<b>Total Assets</b>	<b>\$ 14,347,460</b>	<b>\$ 4,978,057</b>	<b>\$ 3,995,628</b>	<b>\$ 13,689,787</b>	<b>\$ 2,671,065</b>	<b>\$ 39,681,997</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 156,885	\$ 116,436	\$ 0	\$ 0	\$ 109,344	\$ 382,665
Accrued Payroll	38,162	0	0	0	0	38,162
Payroll Deductions Payable	3,701	5	0	0	0	3,706
Due to Other Funds	44,876	0	0	0	45,334	90,210
Due to State of Tennessee	355	0	0	0	0	355
Due to Litigants, Heirs, and Others	0	0	0	0	80	80
Other Current Liabilities	157,542	10,692	0	0	0	168,234
<b>Total Liabilities</b>	<b>\$ 401,521</b>	<b>\$ 127,133</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 154,758</b>	<b>\$ 683,412</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Current Property Taxes	\$ 7,584,976	\$ 1,383,745	\$ 819,998	\$ 3,484,990	\$ 0	\$ 13,273,709

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>						
Deferred Delinquent Property Taxes	\$ 193,642	\$ 35,326	\$ 20,933	\$ 88,971	\$ 0	\$ 338,872
Other Deferred/Unavailable Revenue	141,822	191,017	0	0	97,259	430,098
Total Deferred Inflows of Resources	<u>\$ 7,920,440</u>	<u>\$ 1,610,088</u>	<u>\$ 840,931</u>	<u>\$ 3,573,961</u>	<u>\$ 97,259</u>	<u>\$ 14,042,679</u>
<u>FUND BALANCES</u>						
Nonspendable:						
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 53,119	\$ 0	\$ 53,119
Restricted:						
Restricted for General Government	94,179	0	0	0	0	94,179
Restricted for Finance	26,768	0	0	0	0	26,768
Restricted for Administration of Justice	581,557	0	0	0	0	581,557
Restricted for Public Safety	0	0	0	0	318,685	318,685
Restricted for Public Health and Welfare	39,864	0	0	0	0	39,864
Restricted for Other Operations	159,676	0	0	0	0	159,676
Restricted for Highways/Public Works	0	3,069,539	0	0	0	3,069,539
Restricted for Debt Service	0	0	3,125,954	10,062,707	1,441,990	14,630,651
Restricted for Capital Projects	0	0	0	0	25,530	25,530
Committed:						
Committed for General Government	32,895	0	0	0	0	32,895
Committed for Finance	27,359	0	0	0	0	27,359
Committed for Public Health and Welfare	0	0	0	0	632,843	632,843
Committed for Highways/Public Works	0	171,297	0	0	0	171,297
Committed for Debt Service	0	0	28,743	0	0	28,743
Committed for Other Purposes	6,202	0	0	0	0	6,202
Assigned:						
Assigned for General Government	3,268,477	0	0	0	0	3,268,477

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>						
Assigned (Cont.):						
Assigned for Administration of Justice	\$ 2,878	\$ 0	\$ 0	\$ 0	\$ 0	2,878
Assigned for Public Safety	566,279	0	0	0	0	566,279
Assigned for Agriculture and Natural Resources	181	0	0	0	0	181
Assigned for Other Operations	7,386	0	0	0	0	7,386
Unassigned	1,211,798	0	0	0	0	1,211,798
Total Fund Balances	<u>\$ 6,025,499</u>	<u>\$ 3,240,836</u>	<u>\$ 3,154,697</u>	<u>\$ 10,115,826</u>	<u>\$ 2,419,048</u>	<u>\$ 24,955,906</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,347,460</u>	<u>\$ 4,978,057</u>	<u>\$ 3,995,628</u>	<u>\$ 13,689,787</u>	<u>\$ 2,671,065</u>	<u>\$ 39,681,997</u>

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

Hawkins 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)		\$ 24,955,906
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,376,159	
Add: construction in progress	182,590	
Add: infrastructure net of accumulated depreciation	38,792,111	
Add: buildings and improvements net of accumulated depreciation	16,276,261	
Add: other capital assets net of accumulated depreciation	<u>2,963,112</u>	59,590,233
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (185,000)	
Less: other loans payable	(35,622,775)	
Less: capital leases payable	(182,748)	
Less: bonds payable	(44,810,000)	
Add: deferred amount on refunding	1,294,399	
Add: unamortized discount on debt	20,352	
Less: compensated absences payable	(612,747)	
Less: other deferred revenue - premium on debt	(337,515)	
Less: accrued interest on bonds, notes, other loans payable, and capital leases	(307,556)	
Less: other postemployment benefits liability	(3,809,000)	
Less: negative fair market value of interest rate swap	<u>(2,450,175)</u>	(87,002,765)
(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	\$ 689,103	
Less: deferred inflows of resources related to pensions	<u>(1,353,049)</u>	(663,946)
(4) Net pension assets of the cost-sharing plan are not current financial resources and therefore are not reported in the governmental funds.		389,348
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>768,970</u>
Net position of governmental activities (Exhibit A)		<u>\$ (1,962,254)</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 8,598,450	\$ 1,511,765	\$ 964,945	\$ 3,984,646	\$ 1,474,543	\$ 16,534,349
Licenses and Permits	2,296	0	0	0	133,925	136,221
Fines, Forfeitures, and Penalties	200,568	0	0	0	72,264	272,832
Charges for Current Services	130,561	2,243	0	0	20,133	152,937
Other Local Revenues	85,980	7,304	13,111	79,169	88,240	273,804
Fees Received from County Officials	2,346,030	0	0	0	0	2,346,030
State of Tennessee	2,710,799	2,309,516	0	0	137,687	5,158,002
Federal Government	780,934	0	6,229	361,248	370,112	1,518,523
Other Governments and Citizens Groups	275,766	0	0	899,342	993	1,176,101
<b>Total Revenues</b>	<b>\$ 15,131,384</b>	<b>\$ 3,830,828</b>	<b>\$ 984,285</b>	<b>\$ 5,324,405</b>	<b>\$ 2,297,897</b>	<b>\$ 27,568,799</b>
<u>Expenditures</u>						
Current:						
General Government	\$ 2,605,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,605,705
Finance	1,401,643	0	0	0	0	1,401,643
Administration of Justice	1,397,961	0	0	0	92,816	1,490,777
Public Safety	7,019,283	0	0	0	80,227	7,099,510
Public Health and Welfare	725,045	0	0	0	1,508,247	2,233,292
Social, Cultural, and Recreational Services	437,817	0	0	0	0	437,817
Agriculture and Natural Resources	150,215	0	0	0	0	150,215
Other Operations	888,952	0	0	0	0	888,952
Highways	58,061	3,816,373	0	0	0	3,874,434
Debt Service:						
Principal on Debt	59,968	2,701	1,062,397	2,261,791	360,000	3,746,857
Interest on Debt	3,111	140	571,300	2,797,200	143,703	3,515,454
Other Debt Service	0	0	185,454	124,541	4,900	314,895

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 893,869	\$ 893,869
Total Expenditures	\$ 14,747,761	\$ 3,819,214	\$ 1,819,151	\$ 5,183,532	\$ 3,083,762	\$ 28,653,420
Excess (Deficiency) of Revenues Over Expenditures	\$ 383,623	\$ 11,614	\$ (834,866)	\$ 140,873	\$ (785,865)	\$ (1,084,621)
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 9,460,000	\$ 0	\$ 0	\$ 9,460,000
Premiums on Debt Issued	0	0	61,911	0	0	61,911
Insurance Recovery	61,191	4,700	0	0	16,558	82,449
Transfers In	0	125,000	0	113,071	0	238,071
Transfers Out	(238,071)	0	0	0	0	(238,071)
Payments to Refunded Debt Escrow Agent	0	0	(9,354,752)	0	0	(9,354,752)
Total Other Financing Sources (Uses)	\$ (176,880)	\$ 129,700	\$ 167,159	\$ 113,071	\$ 16,558	\$ 249,608
Net Change in Fund Balances	\$ 206,743	\$ 141,314	\$ (667,707)	\$ 253,944	\$ (769,307)	\$ (835,013)
Fund Balance, July 1, 2014	5,818,756	3,099,522	3,822,404	9,861,882	3,188,355	25,790,919
Fund Balance, June 30, 2015	\$ 6,025,499	\$ 3,240,836	\$ 3,154,697	\$ 10,115,826	\$ 2,419,048	\$ 24,955,906

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

Exhibit C-4

Hawkins County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 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)		\$ (835,013)
(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	\$ 646,188	
Less: current-year depreciation expense	<u>(2,657,496)</u>	(2,011,308)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 30,043	
Less: book value of assets disposed	<u>(74,385)</u>	(44,342)
(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	\$ 768,970	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(1,110,233)</u>	(341,263)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt related items.		
Add: principal payments on bonds	\$ 1,740,000	
Add: principal payments on other loans	1,167,791	
Add: principal payments on notes	776,397	
Add: principal payments on capital leases	62,669	
Less: refunding bond proceeds	(9,460,000)	
Less: change in discount on debt	(5,107)	
Add: change in premium on debt issuances	91,287	
Add: principal amount of debt refunded	8,305,000	
Add: change in deferred amount on refunding debt	840,908	
Less: change in fair value of derivatives - interest rate swap	<u>(179,244)</u>	3,339,701
(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	\$ 36,257	
Change in other postemployment benefits liability	(298,125)	
Change in compensated absences payable	(63,942)	
Change in net pension liability/asset	1,371,456	
Change in deferred outflows related to pensions	689,103	
Change in deferred inflows related to pensions	<u>(1,353,049)</u>	381,700
Change in net position of governmental activities (Exhibit B)		<u>\$ 489,475</u>

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

Exhibit C-5

Hawkins County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 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	
<u>Revenues</u>							
Local Taxes	\$ 8,598,450	\$ 0	\$ 0	\$ 8,598,450	\$ 8,351,795	\$ 8,351,795	\$ 246,655
Licenses and Permits	2,296	0	0	2,296	2,800	2,800	(504)
Fines, Forfeitures, and Penalties	200,568	0	0	200,568	204,560	204,560	(3,992)
Charges for Current Services	130,561	0	0	130,561	133,000	133,000	(2,439)
Other Local Revenues	85,980	0	0	85,980	17,800	18,380	67,600
Fees Received from County Officials	2,346,030	0	0	2,346,030	2,060,000	2,200,542	145,488
State of Tennessee	2,710,799	0	0	2,710,799	2,268,519	2,673,952	36,847
Federal Government	780,934	0	0	780,934	1,692,560	1,767,560	(986,626)
Other Governments and Citizens Groups	275,766	0	0	275,766	282,351	300,132	(24,366)
<b>Total Revenues</b>	<b>\$ 15,131,384</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 15,131,384</b>	<b>\$ 15,013,385</b>	<b>\$ 15,652,721</b>	<b>\$ (521,337)</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 108,607	\$ 0	\$ 0	\$ 108,607	\$ 96,060	\$ 114,110	\$ 5,503
Board of Equalization	5,557	0	0	5,557	8,912	8,912	3,355
Beer Board	1,182	0	0	1,182	2,492	2,492	1,310
Budget and Finance Committee	6,611	0	0	6,611	8,362	8,362	1,751
County Mayor/Executive	433,446	(8,560)	4,227	429,113	433,335	433,335	4,222
County Attorney	36,722	0	0	36,722	40,915	37,615	893
Election Commission	349,181	(11,288)	2,000	339,893	416,511	416,511	76,618
Register of Deeds	252,392	(1,496)	360	251,256	260,377	260,377	9,121
Planning	13,603	0	0	13,603	16,775	16,775	3,172
County Buildings	692,685	(86,204)	88,933	695,414	840,988	810,988	115,574
Other General Administration	704,190	(2,200)	6,575	708,565	708,010	721,487	12,922
Preservation of Records	1,529	0	0	1,529	1,400	1,550	21
<u>Finance</u>							
Property Assessor's Office	366,066	(6,700)	0	359,366	426,628	427,203	67,837
Reappraisal Program	135,113	0	0	135,113	141,219	141,219	6,106
County Trustee's Office	253,458	(9,700)	0	243,758	265,256	268,906	25,148
County Clerk's Office	647,006	(10,925)	0	636,081	650,433	650,433	14,352

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	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>Administration of Justice</u>							
Circuit Court Clerk	\$ 603,116	\$ 0	\$ 913	\$ 604,029	\$ 626,802	\$ 624,402	\$ 20,373
Criminal Court	10,248	0	0	10,248	10,000	12,400	2,152
General Sessions Court	291,441	0	0	291,441	309,908	309,908	18,467
Drug Court	56,482	0	0	56,482	51,700	56,880	398
Chancery Court	209,608	0	1,965	211,573	98,645	239,187	27,614
Juvenile Court	155,509	0	0	155,509	158,046	161,456	5,947
Courtroom Security	71,557	0	5,075	76,632	129,098	134,852	58,220
<u>Public Safety</u>							
Sheriff's Department	3,376,225	(6,782)	248,441	3,617,884	3,747,654	3,836,692	218,808
Drug Enforcement	930	0	0	930	5,590	5,590	4,660
Administration of the Sexual Offender Registry	1,363	(200)	0	1,163	4,500	4,500	3,337
Jail	2,585,498	0	37,990	2,623,488	2,825,688	2,813,588	190,100
Juvenile Services	209,000	(8,830)	7,995	208,165	222,494	222,402	14,237
Fire Prevention and Control	237,000	0	0	237,000	237,485	237,485	485
Rescue Squad	100,000	0	0	100,000	100,000	100,000	0
Disaster Relief	0	0	0	0	11,401	3,000	3,000
Other Emergency Management	413,550	(780)	248,966	661,736	346,286	692,654	30,918
County Coroner/Medical Examiner	95,717	0	22,887	118,604	129,210	129,210	10,606
<u>Public Health and Welfare</u>							
Local Health Center	347,737	(7,834)	0	339,903	339,966	339,966	63
Ambulance/Emergency Medical Services	52,500	0	0	52,500	60,000	60,000	7,500
Other Local Health Services	303,682	0	0	303,682	443,200	450,000	146,318
Aid to Dependent Children	6,500	0	0	6,500	6,500	6,500	0
Other Public Health and Welfare	14,626	(1,512)	0	13,114	36,836	75,716	62,602
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	2,000	0	0	2,000	2,000	2,000	0
Senior Citizens Assistance	198,757	0	0	198,757	199,500	202,700	3,943
Libraries	101,000	0	0	101,000	101,000	101,000	0
Parks and Fair Boards	136,060	0	0	136,060	144,537	145,117	9,057

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	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>Agriculture and Natural Resources</u>							
Agricultural Extension Service	\$ 77,670	\$ (191)	\$ 181	\$ 77,660	\$ 109,611	\$ 109,611	\$ 31,951
Forest Service	1,500	0	0	1,500	1,500	1,500	0
Soil Conservation	55,363	0	0	55,363	61,092	61,092	5,729
Flood Control	0	0	0	0	4,000	4,000	4,000
Storm Water Management	15,682	(5,000)	0	10,682	25,745	25,745	15,063
<u>Other Operations</u>							
Tourism	1,500	0	0	1,500	1,500	1,500	0
Industrial Development	311,788	(5,600)	3,486	309,674	340,438	358,459	48,785
Airport	182,359	(157,239)	142,135	167,255	1,079,574	1,139,574	972,319
Veterans' Services	80,537	0	0	80,537	83,807	83,807	3,270
Other Charges	3,700	0	0	3,700	0	3,700	0
Contributions to Other Agencies	27,500	0	0	27,500	27,500	27,500	0
Employee Benefits	60,748	0	0	60,748	156,900	146,725	85,977
Miscellaneous	220,820	(12,500)	3,900	212,220	273,238	234,563	22,343
<u>Highways</u>							
Litter and Trash Collection	58,061	0	0	58,061	65,104	68,229	10,168
<u>Principal on Debt</u>							
General Government	59,968	0	0	59,968	59,970	59,970	2
<u>Interest on Debt</u>							
General Government	3,111	0	0	3,111	7,115	7,115	4,004
<u>Other Debt Service</u>							
General Government	0	0	0	0	100	100	100
Total Expenditures	\$ 14,747,761	\$ (343,541)	\$ 826,029	\$ 15,230,249	\$ 16,962,913	\$ 17,620,670	\$ 2,390,421
Excess (Deficiency) of Revenues Over Expenditures	\$ 383,623	\$ 343,541	\$ (826,029)	\$ (98,865)	\$ (1,949,528)	\$ (1,967,949)	\$ 1,869,084
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 61,191	\$ 0	\$ 0	\$ 61,191	\$ 0	\$ 594	\$ 60,597

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers Out	\$ (238,071)	\$ 0	\$ 0	\$ (238,071)	\$ (238,104)	\$ (238,104)	\$ 33
Total Other Financing Sources	\$ (176,880)	\$ 0	\$ 0	\$ (176,880)	\$ (238,104)	\$ (237,510)	\$ 60,630
Net Change in Fund Balance	\$ 206,743	\$ 343,541	\$ (826,029)	\$ (275,745)	\$ (2,187,632)	\$ (2,205,459)	\$ 1,929,714
Fund Balance, July 1, 2014	5,818,756	(343,541)	0	5,475,215	5,472,698	5,472,698	2,517
Fund Balance, June 30, 2015	\$ 6,025,499	\$ 0	\$ (826,029)	\$ 5,199,470	\$ 3,285,066	\$ 3,267,239	\$ 1,932,231

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

Exhibit C-6

Hawkins County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 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	
<u>Revenues</u>							
Local Taxes	\$ 1,511,765	\$ 0	\$ 0	\$ 1,511,765	\$ 1,456,597	\$ 1,456,597	\$ 55,168
Charges for Current Services	2,243	0	0	2,243	2,000	2,000	243
Other Local Revenues	7,304	0	0	7,304	0	0	7,304
State of Tennessee	2,309,516	0	0	2,309,516	3,286,007	3,300,607	(991,091)
Total Revenues	\$ 3,830,828	\$ 0	\$ 0	\$ 3,830,828	\$ 4,744,604	\$ 4,759,204	\$ (928,376)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 197,829	\$ 0	\$ 0	\$ 197,829	\$ 210,595	\$ 228,595	\$ 30,766
Highway and Bridge Maintenance	2,027,398	(8,414)	0	2,018,984	3,179,800	3,161,800	1,142,816
Operation and Maintenance of Equipment	465,327	0	0	465,327	888,600	903,200	437,873
Other Charges	190,154	0	0	190,154	210,549	210,549	20,395
Employee Benefits	354,548	0	0	354,548	410,200	410,200	55,652
Capital Outlay	581,117	(4,134)	29,634	606,617	2,048,500	2,048,500	1,441,883
<u>Principal on Debt</u>							
Highways and Streets	2,701	0	0	2,701	2,725	2,725	24
<u>Interest on Debt</u>							
Highways and Streets	140	0	0	140	175	175	35
Total Expenditures	\$ 3,819,214	\$ (12,548)	\$ 29,634	\$ 3,836,300	\$ 6,951,144	\$ 6,965,744	\$ 3,129,444
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,614	\$ 12,548	\$ (29,634)	\$ (5,472)	\$ (2,206,540)	\$ (2,206,540)	\$ 2,201,068
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,700	\$ 0	\$ 0	\$ 4,700	\$ 0	\$ 0	\$ 4,700
Transfers In	125,000	0	0	125,000	125,000	125,000	0
Total Other Financing Sources	\$ 129,700	\$ 0	\$ 0	\$ 129,700	\$ 125,000	\$ 125,000	\$ 4,700
Net Change in Fund Balance	\$ 141,314	\$ 12,548	\$ (29,634)	\$ 124,228	\$ (2,081,540)	\$ (2,081,540)	\$ 2,205,768
Fund Balance, July 1, 2014	3,099,522	(12,548)	0	3,086,974	3,094,549	3,094,549	(7,575)
Fund Balance, June 30, 2015	\$ 3,240,836	\$ 0	\$ (29,634)	\$ 3,211,202	\$ 1,013,009	\$ 1,013,009	\$ 2,198,193

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,590,814
Equity in Pooled Cash and Investments	6,270
Accounts Receivable	194
Due from Other Governments	723,763
Taxes Receivable	1,201,479
Allowance for Uncollectible Taxes	<u>(44,962)</u>
Total Assets	<u>\$ 3,477,558</u>
<u>LIABILITIES</u>	
Due to Other Funds	\$ 1,627
Due to Other Taxing Units	1,886,550
Due to Litigants, Heirs, and Others	<u>1,589,381</u>
Total Liabilities	<u>\$ 3,477,558</u>

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

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## HAWKINS COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**HAWKINS COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

The Hawkins County Industrial Development Board oversees industrial development and related services in the county industrial parks. The Hawkins County Industrial Development Board nominates, and the Hawkins County

Commission confirms the board members. In a prior year, the county agreed to assume the liability for a note issued by the Industrial Development Board. Due to this financial burden relationship, the board is reported as a discretely presented component unit. In the current year, the Industrial Development Board did not have an audit performed since the majority of operational expenditures are administered by Hawkins County through the county's General Fund and included in the audit scope of the county's annual audit. The board maintains a separate checking account that is used for economic development expenses for which it receives reimbursements from the Northeast Tennessee Valley Regional Industrial Development Association and the Workforce Investment Act Youth Program. Total deposits and disbursements of \$13,147 and \$9,379, respectively, were channeled through this account during the year. In our opinion, these deposits and disbursements are not material to the component units' opinion unit.

The Hawkins County Library System operates public libraries in Hawkins County, and the County Commission appoints its governing body. The Library System is funded primarily through contributions from Hawkins County and the various cities within the county. The financial statements of the Hawkins County Library System were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

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

Administrative Offices:

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

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

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

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

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

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

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

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

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

Fund financial statements of Hawkins County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that

constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Hawkins County does not have any proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

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

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

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

Hawkins County reports the following major governmental funds:

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

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

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

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

Additionally, Hawkins County reports the following fund types:

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

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

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

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

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

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

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

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

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

**1. Deposits and Investments**

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

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

**2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.96 percent of total taxes levied.

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

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

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

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

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

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

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

**4. Capital Assets**

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

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

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

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

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

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

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

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This

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

**6. Compensated Absences**

Primary Government

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

Discretely Presented School Department

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

All certified employees who are present for all scheduled days on the school calendar except for two days of personal leave and two days of professional leave shall receive a \$300 bonus on their June 15 payroll check.

The Hawkins County Board of Education also allows all employees to be paid for any unused sick pay benefits upon retirement at a rate of \$20 to \$27 per unused day based on total days accumulated. Otherwise the granting of unused sick leave has no guaranteed payment attached.

A liability for these amounts is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirement.

7. **Long-term Obligations**

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

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

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

8. **Net Position and Fund Balance**

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

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

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

Net pension assets of \$389,348 is included in the Net Position Restricted for Other Purposes in the primary government. Net pension assets of \$853,808 is included in the Net Position Restricted for Education in the discretely presented School Department.

As of June 30, 2015, Hawkins County had \$62,122,775 in outstanding debt for capital purposes for the discretely presented Hawkins County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Rogersville School System and the City of Kingsport School System) based on an average daily attendance proration. This debt is a liability of Hawkins County, but the capital assets acquired are reported in the financial statements of the School Department, the City of Rogersville School System, and the City of Kingsport School System. Therefore, Hawkins County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by

formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission makes assignments for the general government and the Board of Education makes assignments for the School Department. Assigned fund balance in the primary government's General Fund includes encumbrances of \$678,819, employee vacation pay of \$25,000, unclaimed property refunds of \$175,048, and fund balance appropriated for use in the 2015-16 year budget totaling \$2,966,334. Assigned fund balance in the School Department's General Purpose School Fund includes encumbrances of \$616,448, fund balance assigned for text books of \$167,000, and fund balance appropriated for use in the 2015-16 budget totaling \$535,904.

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

**9. 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 Hawkins County's beginning net position has been recognized on the Statement of Activities totaling \$982,108. In addition, a restatement to decrease the discretely presented School Department's beginning net position totaling \$11,337,738 has been recognized in the Statement of Activities for liabilities of the pension agent plan \$1,859,639 and the pension cost-sharing plan \$9,478,099.

**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 Hawkins County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Hawkins 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 Hawkins 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 Hawkins County School Department**

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

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

**Primary Government**

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total

governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

#### **Discretely Presented Hawkins County School Department**

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

### **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. Budgetary Information**

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

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

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

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

At June 30, 2015, Hawkins County and the Hawkins County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Primary Government:		
General	Airport Rehabilitation	\$ 142,135
"	Radio System Upgrade	246,116
"	Police Cars	248,441
"	Roofing	68,763
School Department:		
General Purpose School	Grading	57,879
"	Wastewater Treatment Plant	519,041
School Transportation	Buses	320,836

**B. Fund Balance Deficit**

The School Federal Projects Fund (special revenue fund) of the discretely presented School Department had a deficit in unassigned fund balance of \$7,947 at June 30, 2015. This deficit unassigned fund balance was liquidated when revenues were recognized after June 30, 2015.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

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

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

**Investments**

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

**Investment Balances.** As of June 30, 2015, Hawkins County had the following investments carried at fair value. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Hawkins County and the discretely presented Hawkins County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
State Treasurer's Investment Pool	3 to 139	N/A	\$ 421

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hawkins County has no investment policy that would further limit its investment choices. As of June 30, 2015, Hawkins County's investments in the State Treasurer's Investment Pool was unrated.

**B. Derivative Instrument**

At June 30, 2015, Hawkins County had the following derivative instrument outstanding:

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

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2015, classified by type, and the changes in fair value of such a derivative instrument for the year then ended as reported in the 2015 financial statements are as follows:

Type	Changes in Fair Value Classification	Amount	Fair Value at June 30, 2015 Classification	Amount	6-30-2015 Notional Amount
<b>Governmental Activities</b>					
Investment Derivative:					
Pay fixed interest rate swaps:					
\$16M Swap	Interest and Investment Earnings	\$ (179,244)	Debt	\$ (2,450,175)	\$16,000,000
Total		<u>\$ (179,244)</u>		<u>\$ (2,450,175)</u>	<u>\$16,000,000</u>

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

**Derivative Swap Agreement Detail**

**\$16M Swap**

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate

swap agreement for all of the outstanding Local Government Improvement Bonds, Series V-B-1.

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

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 3.5325 percent and receives a variable payment computed as 58.75 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$16 million and the associated variable-rate bond has a \$16 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-A-1 Bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the “SIFMA”). The bonds and the related swap agreement mature on June 1, 2029. As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.5325 %
Variable payment from counterparty	% of LIBOR	<u>-1.0458</u>
Net interest rate swap payments		2.4867 %
Variable-rate bond coupon payments		<u>0.6899</u>
Synthetic interest rate on bonds		<u><u>3.1766 %</u></u>

**Fair value.** As of June 30, 2015, the swap had a negative fair value of \$2,450,175. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2015, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative’s fair value. The swap counterparty, Morgan Keegan Financial Products (“MKFP”) was rated “A+”

by Standard and Poor's as of June 30, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

**Swap payments and associated debt.** As of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2016	\$ 0	\$ 110,380	\$ 397,880	\$ 508,260
2017	0	110,380	397,880	508,260
2018	0	110,380	397,880	508,260
2019	0	110,380	397,880	508,260
2020	1,275,000	110,380	397,880	1,783,260
2021-2025	7,375,000	411,338	1,482,725	9,269,063
2026-2029	7,350,000	129,869	468,131	7,948,000
Total	<u>\$ 16,000,000</u>	<u>\$ 1,093,107</u>	<u>\$ 3,940,256</u>	<u>\$ 21,033,363</u>

### C. 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	\$ 1,235,307	\$ 140,852	\$ 0	\$ 1,376,159
Construction in Progress	394,800	120,583	332,793	182,590
Total Capital Assets Not Depreciated	<u>\$ 1,630,107</u>	<u>\$ 261,435</u>	<u>\$ 332,793</u>	<u>\$ 1,558,749</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 21,404,535	\$ 168,380	\$ 44,100	\$ 21,528,815
Infrastructure	58,653,155	0	0	58,653,155
Other Capital Assets	8,701,941	579,209	109,292	9,171,858
Total Capital Assets Depreciated	<u>\$ 88,759,631</u>	<u>\$ 747,589</u>	<u>\$ 153,392</u>	<u>\$ 89,353,828</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,693,146	\$ 561,656	\$ 2,248	\$ 5,252,554
Infrastructure	18,409,093	1,451,951	0	19,861,044
Other Capital Assets	5,641,616	643,889	76,759	6,208,746
Total Accumulated Depreciation	<u>\$ 28,743,855</u>	<u>\$ 2,657,496</u>	<u>\$ 79,007</u>	<u>\$ 31,322,344</u>
Total Capital Assets Depreciated, Net	<u>\$ 60,015,776</u>	<u>\$ (1,909,907)</u>	<u>\$ 74,385</u>	<u>\$ 58,031,484</u>
Governmental Activities Capital Assets, Net	<u>\$ 61,645,883</u>	<u>\$ (1,648,472)</u>	<u>\$ 407,178</u>	<u>\$ 59,590,233</u>

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

### Governmental Activities:

General Government	\$ 219,248
Finance	8,085
Administration of Justice	5,733
Public Safety	650,107
Public Health and Welfare	141,770
Social, Cultural, and Recreational Services	11,882
Highway/Public Works	<u>1,620,671</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,657,496</u>

**Discretely Presented Hawkins County School Department**

**Governmental Activities:**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 1,584,332	\$ 0	\$ 3,363	\$ 1,580,969
Construction in Progress	280,173	657,038	802,846	134,365
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 1,864,505</b>	<b>\$ 657,038</b>	<b>\$ 806,209</b>	<b>\$ 1,715,334</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 95,306,176	\$ 939,233	\$ 0	\$ 96,245,409
Other Capital Assets	7,565,156	619,398	255,835	7,928,719
<b>Total Capital Assets Depreciated</b>	<b>\$ 102,871,332</b>	<b>\$ 1,558,631</b>	<b>\$ 255,835</b>	<b>\$ 104,174,128</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 39,342,805	\$ 3,417,538	\$ 0	\$ 42,760,343
Other Capital Assets	4,745,381	636,962	248,159	5,134,184
<b>Total Accumulated Depreciation</b>	<b>\$ 44,088,186</b>	<b>\$ 4,054,500</b>	<b>\$ 248,159</b>	<b>\$ 47,894,527</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 58,783,146</b>	<b>\$ (2,495,869)</b>	<b>\$ 7,676</b>	<b>\$ 56,279,601</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 60,647,651</b>	<b>\$ (1,838,831)</b>	<b>\$ 813,885</b>	<b>\$ 57,994,935</b>

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

**Governmental Activities:**

Instruction	\$ 3,379,146
Support Services	612,767
Operation of Non-instructional Services	<u>62,587</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 4,054,500</u></b>

**D. Construction Commitments**

At June 30, 2015, the General Fund had uncompleted contracts of approximately \$210,898 for renovations and construction projects. The Highway/Public Works Fund had \$20,134 in uncompleted contracts for bridge construction. Funding for the future expenditures of the General Fund projects is expected to be provided from federal grants and available fund balance. Funding for the future expenditures of the Highway/Public Works Fund project is expected to be received from state grants.

The discretely presented School Department's General Purpose School Fund had uncompleted construction contracts of \$576,921 for grading and construction. Funding for these future expenditures is being provided by available fund balance.

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

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

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 45,334
General	Agency	1,627
Highway/Public Works	General	5,258
General Debt Service	"	21,277
Nonmajor governmental	"	18,341
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	20,602
Nonmajor governmental	General Purpose School	1,412
School Transportation	Nonmajor governmental	5

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

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

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Component Unit: School Department: General Purpose School	\$ 12,666

**Interfund Transfers:**

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

**Primary Government**

Transfer Out	Transfer In	
	Highway/ Public Works Fund	Education Debt Service Fund
General Fund	\$ 125,000	\$ 113,071

**Discretely Presented Hawkins County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Non-major Governmental funds
General Purpose School Fund	\$ 0	\$ 16,537
Nonmajor governmental funds	20,596	0
	<u>\$ 20,596</u>	<u>\$ 16,537</u>

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

**F. Capital Lease**

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

The assets acquired through the capital lease are as follows:

	Governmental Activities
Equipment	\$ 222,354
Less: Accumulated Depreciation	(38,074)
Total Book Value	<u>\$ 184,280</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	\$ 65,920
2017	65,920
2018	<u>54,933</u>
Total Minimum Lease Payments	\$ 186,773
Less: Amount Representing Interest	<u>(4,025)</u>
Present Value of Minimum Lease Payments	<u>\$ 182,748</u>

**G. Long-term Obligations**

**Primary Government**

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

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 29 years for bonds, up to seven years for notes, and up to 28 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2015, will be retired from the General Debt Service, Special Debt Service, or Education Debt Service funds.

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

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds -					
Refunding	2 to 3	%	5-1-19	\$ 7,380,000	\$ 4,370,000
General Obligation Bonds	1 to 6.25		6-1-38	43,370,000	40,440,000
Capital Outlay Notes	variable		6-1-16	743,000	185,000
Other Loans - Public Building Authorities					
	*		6-1-36	43,895,000	31,140,000
Other Loans - Qualified School Construction Bonds					
	0 to 1.515		9-15-27	4,973,000	3,618,757
Other Loans - Energy Efficient Schools Initiative					
	0		2-1-22	1,507,550	864,018
Capital Lease	1.5		4-10-18	317,354	182,748

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

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

General obligation bonds reflected above include \$20,620,000 of outstanding Build America Bonds, a federal program through which the county expects to receive future credits for a portion of the interest charges on the bonds.

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

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-15	Interest Type	Interest Rate as of 6-30-15	Other Fees on Variable Rate Debt
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Sevier County Public  
Building Authority

Series VII-A-1	\$ 16,150,000	\$ 16,150,000	Variable (1)	0.69 %	0.25 %
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Blount County Public  
Building Authority

Series B-15-A	27,745,000	14,990,000	Fixed	3 to 5	N/A
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(1) An interest rate swap agreement is associated with this loan. See Note IV.B., Derivative Instrument, for details of that swap agreement.

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,835,000	\$ 2,005,928	\$ 3,840,928
2017	2,075,000	1,950,152	4,025,152
2018	2,140,000	1,885,778	4,025,778
2019	2,200,000	1,818,327	4,018,327
2020	1,085,000	1,747,763	2,832,763
2021-2025	5,130,000	8,179,305	13,309,305
2026-2030	6,330,000	7,251,655	13,581,655
2031-2035	13,265,000	5,450,458	18,715,458
2036-2038	10,750,000	1,340,187	12,090,187
Total	\$ 44,810,000	\$ 31,629,553	\$ 76,439,553

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 185,000	\$ 4,532	\$ 189,532
Total	\$ 185,000	\$ 4,532	\$ 189,532

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 1,152,791	\$ 962,231	\$ 40,375	\$ 2,155,397
2017	982,792	935,831	40,375	1,958,998
2018	1,002,792	916,231	40,375	1,959,398
2019	947,274	895,831	40,375	1,883,480
2020	2,217,035	865,955	40,375	3,123,365
2021-2025	12,219,409	3,814,294	150,376	16,184,079
2026-2030	10,125,682	2,529,305	47,438	12,702,425
2031-2035	6,000,000	1,016,562	0	7,016,562
2036	975,000	46,312	0	1,021,312
Total	\$ 35,622,775	\$ 11,982,552	\$ 399,689	\$ 48,005,016

There is \$14,712,513 available in the debt service funds to service long-term debt. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,422, based on the 2010 federal census.

#### Changes in Long-term Obligations

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

##### Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2014	\$ 37,090,000	\$ 961,397	\$ 45,095,566
Additions	9,460,000	0	0
Reductions	(1,740,000)	(776,397)	(9,472,791)
Balance, June 30, 2015	\$ 44,810,000	\$ 185,000	\$ 35,622,775
Balance Due Within One Year	\$ 1,835,000	\$ 185,000	\$ 1,152,791

	Capital Leases	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 245,417	\$ 548,805	\$ 3,510,875
Additions	0	588,347	485,493
Reductions	(62,669)	(524,405)	(187,368)
Balance, June 30, 2015	\$ 182,748	\$ 612,747	\$ 3,809,000
Balance Due Within One Year	\$ 63,615	\$ 459,560	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 85,222,270
Less: Balance Due Within One Year	(3,695,966)
Add: Unamortized Premium on Debt	<u>337,515</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 81,863,819</u>

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

Advance Refunding

On December 19, 2014, Hawkins County advance refunded a portion of an other loans issuance with a separate general obligation bond issue. The county issued \$9,460,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt to its call date of June 1, 2018. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 21 years will be reduced by \$986,824, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$730,354 was obtained.

**Discretely Presented Hawkins County School Department**

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Compensated Absences</u>	<u>Termination Benefits</u>
Balance, July 1, 2014	\$ 1,213,311	\$ 527,666
Additions	571,645	153,202
Reductions	<u>(471,731)</u>	<u>(207,974)</u>
Balance, June 30, 2015	<u>\$ 1,313,225</u>	<u>\$ 472,894</u>
Balance Due Within One Year	<u>\$ 478,122</u>	<u>\$ 156,061</u>

	Other Postemployment Benefits	Retirement Honorarium
Balance, July 1, 2014	\$ 10,450,364	\$ 660,325
Additions	1,877,749	41,714
Reductions	(978,828)	(24,813)
Balance, June 30, 2015	<u>\$ 11,349,285</u>	<u>\$ 677,226</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 5,705</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 13,812,630
Less: Balance Due Within One Year	<u>(639,888)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 13,172,742</u>

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

During the year, the School Department contributed \$899,342 to the Education Debt Service Fund of the primary government to be applied toward certain debt instruments, which had been issued for the benefit of the School Department.

**H. On-Behalf Payments**

**Primary Government**

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Hawkins 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 made by the state to the Medicare Supplement Plan for the year ended June 30, 2015, were \$3,700. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

**Discretely Presented Hawkins County School Department**

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

State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2015, were \$299,258 and \$55,437, 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**

Hawkins County provides commercial health insurance coverage for its employees. Prior to this year, Hawkins County had participated in a public entity risk pool for employee health and accident coverage. Settled claims did not exceed commercial insurance coverage during the year.

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

**Discretely Presented Hawkins County School Department**

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

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

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 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. Subsequent Events**

On July 6, 2015, Hawkins County entered into an Energy Efficient School Initiative loan agreement of \$230,000 for heat and air conditioning upgrades at two county high schools. No funds have been drawn on this loan agreement as of the date of this report.

**D. Contingent Liabilities**

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

**E. Change in Administration**

On August 31, 2014, Patricia Courtney left the Office of Trustee and was succeeded by Jim Shanks, Carroll Jenkins left the Office of County Clerk and was succeeded by Nancy Davis, Sarah Davis left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Randall Collier.

**F. Joint Ventures**

**Primary Government**

The Third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Third Judicial District, Greene, Hamblen, Hancock, and Hawkins counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Hawkins County contributed \$5,000 to the DTF for the year ended June 30, 2015.

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

**Discretely Presented School Department**

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Hawkins County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

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

Administrative Offices:

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

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

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

**G. Jointly Governed Organization**

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

**H. Retirement Commitments**

**1. Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Hawkins County and non-certified employees of the discretely presented Hawkins 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 comprise 34.56 percent and the non-certified employees of the discretely presented School Department comprise 65.44 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](http://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.

*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	381
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	491
Active Employees	735
 Total	 <hr/> <hr/> 1,607

*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. Hawkins County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Hawkins County were \$1,356,559 based on a rate of 8.68 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hawkins 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.

**Net Pension Liability (Asset)**

Hawkins 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 Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
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		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 Hawkins 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	\$ 48,232,057	\$ 43,986,594	\$ 4,245,463
Changes for the year:			
Service Cost	\$ 1,292,383	\$ 0	\$ 1,292,383
Interest	3,618,616	0	3,618,616
Differences Between Expected and Actual Experience	(879,835)	0	(879,835)
Contributions-Employer	0	1,403,716	(1,403,716)
Contributions-Employees	0	766,561	(766,561)
Net Investment Income	0	7,260,957	(7,260,957)
Benefit Payments, Including Refunds of Employee Contributions	(2,552,469)	(2,552,469)	0
Administrative Expense	0	(28,022)	28,022
Other Changes	0	0	0
Net Changes	\$ 1,478,695	\$ 6,850,743	\$ (5,372,048)
Balance, June 30, 2014	\$ 49,710,752	\$ 50,837,337	\$ (1,126,585)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	34.56%	\$ 17,180,036	\$ 17,569,384	\$ (389,348)
School Department	65.44%	32,530,716	33,267,953	(737,237)
Total		\$ 49,710,752	\$ 50,837,337	\$ (1,126,585)

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

as well as what the net pension liability (asset) would be if it was 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
Hawkins County	6.5%	7.5%	8.5%

Net Pension Liability    \$ 4,927,180    \$ (1,126,585)    \$ (6,187,961)

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

*Pension Income.* For the year ended June 30, 2015, Hawkins County recognized pension income of \$53,260.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, Hawkins 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	\$ 733,196
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,181,876
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	1,356,559	N/A
Total	<u>\$ 1,356,559</u>	<u>\$ 3,915,072</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 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	\$ 689,103	\$ 1,353,049
School Department	667,456	2,562,023
Total	<u>\$ 1,356,559</u>	<u>\$ 3,915,072</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to 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	\$ (942,108)
2017	(942,108)
2018	(942,108)
2019	(942,108)
2020	(146,639)
Thereafter	0

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

**Discretely Presented Hawkins County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Hawkins County and non-certified employees of the discretely presented Hawkins 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 comprise 34.56 percent and the non-certified employees of the discretely presented School Department comprise 65.44 percent of the plan based on census data.

## **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers with membership in the TCRS before July 1, 2014, of the Hawkins County School Department 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](http://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 for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$30,125, which is four 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 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 Hawkins 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 ended June 30, 2015, the Hawkins 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	\$ 30,125	N/A

The Hawkins County School Department's employer contributions of \$30,125 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 ending June 30, 2016.

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers with membership in the TCRS before July 1, 2014, of the Hawkins County School Department 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](http://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 LEAs if the required employer contributions are not remitted. Employer contributions by the Hawkins County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$2,465,735, 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 Hawkins County School Department reported an asset of \$116,571 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 Hawkins County School Department's proportion of the net pension asset was based on the Hawkins 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 Hawkins County School Department's proportion was .717381 percent. The proportion measured as of June 30, 2013, was .727893 percent.

*Pension Income.* For the year ended June 30, 2015, the Hawkins County School Department recognized a pension income of \$124,687.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the Hawkins 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	\$ 283,005	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	9,604,718
Changes in Proportion of Net Pension Liability (Asset)	0	148,271
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>2,465,735</u>	N/A
Total	<u>\$ 2,748,740</u>	<u>\$ 9,752,989</u>

The Hawkins County School Department's employer contributions of \$2,465,735 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	\$ (2,378,724)
2017	(2,378,724)
2018	(2,378,724)
2019	(2,378,724)
2020	22,456
Thereafter	22,456

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 some included adjustments 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 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 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 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 four 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 all the 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 Hawkins 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 Hawkins County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) 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    \$ 19,661,036    \$ (116,571)    \$ (16,490,285)

*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**

Teachers hired after July 1, 2014, by the discretely presented Hawkins 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 Hawkins 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 Hawkins County School Department contributed \$38,666 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

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

**Primary Government**

Plan Description

Hawkins County provides commercial health insurance benefits for pre-65 age retirees. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the County Commission.

Funding Policy

The premium requirements of plan members are established and may be amended by the County Commission. The plan is funded on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees’ premiums.

An employee who retires from Hawkins County becomes eligible for retiree health coverage upon the earlier of attaining either: (1) age 60 with five years of service and active coverage immediately preceding retirement or (2) any age with 30 years of service and active coverage from immediately preceding retirement. If the retiree is eligible for health insurance coverage, the coverage is also provided for the retiree's spouse and/or dependent children. Retirees are eligible to continue medical coverage until Medicare eligibility.

Annual OPEB Cost and Net OPEB Obligation

	Commercial Insurance Plan
ARC	\$ 540,283
Interest on the NOPEBO	140,435
Adjustment to the ARC	(195,225)
Annual OPEB cost	\$ 485,493
Amount of contribution	(187,368)
Increase/decrease in NOPEBO	\$ 298,125
Net OPEB obligation, 7-1-14	3,510,875
Net OPEB obligation, 6-30-15	\$ 3,809,000

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Government Group	\$ 551,313	15 %	\$ 3,188,613
6-30-14	"	395,286	18	3,510,875
6-30-15	Commercial Insurance	485,493	39	3,809,000

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014, was as follows:

Actuarial valuation date	7-1-14
Actuarial accrued liability (AAL)	\$ 4,006,478
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,006,478
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 8,216,934
UAAL as a % of covered payroll	48.76%

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, 2014, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of nine percent for 2014, grading down to 5.5 percent for 2018 and 4.5 percent beyond 2018. Both rates include a 2.5 percent general inflation assumption. The unfunded actuarial accrued liability is being amortized as a level amount on an open basis over a 30-year period beginning July 1, 2014.

### **Discretely Presented Hawkins County School Department**

#### Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for health care benefits. The School Department also participates in the state-administered Medicare Supplement Plan. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, and Section 8-27-701, *TCA*, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization plan for health care benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

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

Funding Policy

The premium requirements of health plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year, the School Department contributed \$852,897 to the postemployment health plan, \$97,400 to the Medicare Supplement Plan, and \$28,531 to the postemployment life insurance plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Schools - Medicare Supplement Plan	Schools - Life Insurance Plan
ARC	\$ 1,626,000	\$ 177,000	\$ 67,604
Interest on the NOPEBO	369,766	40,939	5,274
Adjustment to the ARC	(360,242)	(39,884)	(8,708)
Annual OPEB cost	\$ 1,635,524	\$ 178,055	\$ 64,170
Amount of contribution	(852,897)	(97,400)	(28,531)
Increase/decrease in NOPEBO	\$ 782,627	\$ 80,655	\$ 35,639
Net OPEB obligation, 7-1-14	9,244,182	1,023,466	182,716
Net OPEB obligation, 6-30-15	\$ 10,026,809	\$ 1,104,121	\$ 218,355

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	\$ 2,161,109	39 %	\$ 8,587,205
6-30-14	"	1,577,848	58	9,244,182
6-30-15	"	1,635,524	52	10,026,809
6-30-13	Schools - Medicare Supplement	245,134	27	937,413
6-30-14	"	171,966	50	1,023,466
6-30-15	"	178,055	55	1,104,121
6-30-13	Schools - Life Insurance	60,049	58	148,042
6-30-14	"	64,170	46	182,716
6-30-15	"	64,170	44	218,355

### Funded Status and Funding Progress

The funded status of the plans was as follows:

	Local Education Group Plan	Schools - Medicare Supplement Plan	Schools - Life Insurance Plan
Actuarial valuation date	7-1-13	7-1-13	7-1-14
Actuarial accrued liability (AAL)	\$ 12,930,000	\$ 2,408,000	\$ 760,913
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 12,930,000	\$ 2,408,000	\$ 760,913
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 35,696,551	\$ N/A	35,295,842
UAAL as a % of covered payroll	36%	N/A	2%

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

### Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Education Group, 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 fiscal year 2016 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual health care cost trend rate for the Medicare Supplement Plan was six percent for fiscal year 2015. The trend will increase to six percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial

accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

In the July 1, 2014, actuarial valuation of the schools' life insurance plan, the unit credit actuarial cost method was used. The actuarial assumptions included a three percent discount rate. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

**J. Termination Benefits and Retirement Honorarium**

The discretely presented School Department offers a voluntary termination benefits plan to its employees. To be eligible, employees must have 30 years of credible service in the Tennessee Consolidated Retirement System and no less than ten years of service with the Hawkins County School System. Under the plan, employees who accept the benefit shall receive an annual amount equal to ten percent of their total compensation based on the highest annual salary of their last three years of employment. Benefits shall begin in July following retirement and continue until they reach the age of 62, or for a maximum of seven years, whichever is less. In the event an employee dies during the term of the agreement, the designated beneficiary shall continue to receive the payments for the remainder of the fiscal year of the employee's death. During the year, 63 retirees participated in the program. The estimated cost of the cash payments reported in the government-wide Statement of Net Position is \$472,894. The School Department determined this liability by calculating the total cash payments due over the next six years. Of that amount, \$156,061 is due within one year.

In addition to the previously mentioned retirement incentive, the discretely presented School Department offers a retirement honorarium payment. To be eligible, certified employees must retire with at least ten years of service. Under the terms of the plan, employees receive \$100 for each year of service with Hawkins County up to a maximum of 20 years. As of June 30, 2015, 377 employees met the requirement of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$677,226. Of that amount, \$5,705 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$24,813 in the General Purpose School Fund.

**K. Purchasing Law**

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Hawkins 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>
<b>Total Pension Liability (Asset)</b>	
Service Cost	\$ 1,292,383
Interest	3,618,616
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(879,835)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(2,552,469)</u>
Net Change in Total Pension Liability (Asset)	\$ 1,478,695
Total Pension Liability (Asset), Beginning	<u>48,232,057</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 49,710,752</u>
 <b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 1,403,716
Contributions - Employee	766,561
Net Investment Income	7,260,957
Benefit Payments, Including Refunds of Employee Contributions	(2,552,469)
Administrative Expense	<u>(28,022)</u>
Net Change in Plan Fiduciary Net Position	\$ 6,850,743
Plan Fiduciary Net Position, Beginning	<u>43,986,594</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 50,837,337</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (1,126,585)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.27%
Covered Employee Payroll	\$ 15,274,403
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	7.38%

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

Note: data presented is 34.56% primary government and 65.44% non-certified employees of the discretely presented School Department.

Exhibit E-2

Hawkins 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	\$ 1,403,716	\$ 1,356,559
Less Contributions in Relation to the Actuarially Determined Contribution	(1,403,716)	(1,356,559)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Employee Payroll	 \$ 15,274,403	 \$ 15,630,428
 Contributions as a Percentage of Covered Employee Payroll	 9.19%	 8.68%

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

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

Exhibit E-3

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

	<u>2015</u>
Actuarially Determined Contribution	\$ 18,828
Less Contributions in Relation to the Actuarially Determined Contribution	(30,125)
Contribution Deficiency (Excess)	<u>\$ (11,297)</u>
Covered Employee Payroll	\$ 752,110
Contributions as a Percentage of Covered Employee Payroll	4.00%

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

Exhibit E-4

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 2,500,355	\$ 2,465,735
Less Contributions in Relation to the Actuarially Determined Contribution	(2,500,355)	(2,465,735)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Employee Payroll	 \$ 28,157,160	 \$ 27,276,162
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

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.717381%
School Department's Proportionate Share of the Net Pension Asset	\$ 116,571
Covered Employee Payroll	\$ 28,157,160
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.

Exhibit E-6

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-11	\$ 0	\$ 3,692	\$ 3,692	0 %	\$ 6,892	53.54 %
"	7-1-13	0	2,673	2,673	0	7,358	36.33
Commercial Insurance	7-1-14	0	4,006	4,006	0	8,217	48.76
<u>DISCRETELY PRESENTED HAWKINS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	18,937	18,937	0	35,393	53.50
"	7-1-11	0	17,353	17,353	0	35,781	48.49
"	7-1-13	0	12,930	12,930	0	35,697	36.22
Medicare Supplement	7-1-10	0	2,371	2,371	0	N/A	N/A
"	7-1-11	0	3,013	3,013	0	N/A	N/A
"	7-1-13	0	2,408	2,408	0	N/A	N/A
Life Insurance	7-1-12	0	690	690	0	35,782	1.93
"	7-1-13	0	743	743	0	35,697	2.08
"	7-1-14	0	761	761	0	35,296	2.16

**HAWKINS 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 Adjustments	2.5%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

## Debt Service Fund

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

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

# Capital Projects Funds

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

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

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for transactions related to the Community Development Block Grant program.

Exhibit F-1

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Special Debt Service	General Capital Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 17,360	\$ 17,360	\$ 0	\$ 0
Equity in Pooled Cash and Investments	550,631	319,308	0	869,939	1,441,990	32,369
Accounts Receivable	37,052	0	27,974	65,026	0	551
Due from Other Governments	185,858	0	0	185,858	0	0
Due from Other Funds	11,976	6,365	0	18,341	0	0
Total Assets	\$ 785,517	\$ 325,673	\$ 45,334	\$ 1,156,524	\$ 1,441,990	\$ 32,920
<u>LIABILITIES</u>						
Accounts Payable	\$ 55,415	\$ 6,908	\$ 0	\$ 62,323	\$ 0	\$ 7,390
Due to Other Funds	0	0	45,334	45,334	0	0
Due to Litigants, Heirs, and Others	0	80	0	80	0	0
Total Liabilities	\$ 55,415	\$ 6,988	\$ 45,334	\$ 107,737	\$ 0	\$ 7,390
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Other Deferred/Unavailable Revenue	\$ 97,259	\$ 0	\$ 0	\$ 97,259	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 97,259	\$ 0	\$ 0	\$ 97,259	\$ 0	\$ 0
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 318,685	\$ 0	\$ 318,685	\$ 0	\$ 0

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Debt Service	Capital
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Fund Special Debt Service	Projects Funds General Capital Projects
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Debt Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,441,990	\$ 0
Restricted for Capital Projects	0	0	0	0	0	25,530
Committed:						
Committed for Public Health and Welfare	632,843	0	0	632,843	0	0
Total Fund Balances	<u>\$ 632,843</u>	<u>\$ 318,685</u>	<u>\$ 0</u>	<u>\$ 951,528</u>	<u>\$ 1,441,990</u>	<u>\$ 25,530</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 785,517</u>	<u>\$ 325,673</u>	<u>\$ 45,334</u>	<u>\$ 1,156,524</u>	<u>\$ 1,441,990</u>	<u>\$ 32,920</u>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Funds (Cont.)</u>		Total
	Other	Capital	Nonmajor
	Projects	Total	Governmental
			Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 17,360
Equity in Pooled Cash and Investments	0	32,369	2,344,298
Accounts Receivable	0	551	65,577
Due from Other Governments	39,631	39,631	225,489
Due from Other Funds	0	0	18,341
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 39,631	\$ 72,551	\$ 2,671,065
<u>LIABILITIES</u>			
Accounts Payable	\$ 39,631	\$ 47,021	\$ 109,344
Due to Other Funds	0	0	45,334
Due to Litigants, Heirs, and Others	0	0	80
Total Liabilities	<hr/>	<hr/>	<hr/>
	\$ 39,631	\$ 47,021	\$ 154,758
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 97,259
Total Deferred Inflows of Resources	<hr/>	<hr/>	<hr/>
	\$ 0	\$ 0	\$ 97,259
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 318,685

(Continued)

Exhibit F-1

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

FUND BALANCES (Cont.)

Restricted (Cont.):

    Restricted for Debt Service

    Restricted for Capital Projects

Committed:

    Committed for Public Health and Welfare

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds (Cont.)</u>		Total
<u>Other</u>	<u>Capital</u>	<u>Nonmajor</u>
<u>Projects</u>	<u>Total</u>	<u>Governmental</u>
		<u>Funds</u>
\$ 0	\$ 0	\$ 1,441,990
0	25,530	25,530
0	0	632,843
<u>\$ 0</u>	<u>\$ 25,530</u>	<u>\$ 2,419,048</u>
<u>\$ 39,631</u>	<u>\$ 72,551</u>	<u>\$ 2,671,065</u>

Exhibit F-2

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

	Special Revenue Funds				Debt Service	Capital
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Fund  Special Debt Service	Projects Funds  General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 1,126,979	\$ 0	\$ 0	\$ 1,126,979	\$ 347,564	\$ 0
Licenses and Permits	133,925	0	0	133,925	0	0
Fines, Forfeitures, and Penalties	0	72,264	0	72,264	0	0
Charges for Current Services	1,658	0	18,475	20,133	0	0
Other Local Revenues	87,955	0	0	87,955	0	0
State of Tennessee	137,508	179	0	137,687	0	0
Federal Government	0	50,627	0	50,627	29,181	0
Other Governments and Citizens Groups	0	993	0	993	0	0
<b>Total Revenues</b>	<b>\$ 1,488,025</b>	<b>\$ 124,063</b>	<b>\$ 18,475</b>	<b>\$ 1,630,563</b>	<b>\$ 376,745</b>	<b>\$ 0</b>
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 92,816	\$ 92,816	\$ 0	\$ 0
Public Safety	0	80,150	77	80,227	0	0
Public Health and Welfare	1,508,247	0	0	1,508,247	0	0
Debt Service:						
Principal on Debt	0	0	0	0	360,000	0
Interest on Debt	0	0	0	0	143,703	0
Other Debt Service	0	0	0	0	4,900	0
Capital Projects	0	0	0	0	0	14,587
<b>Total Expenditures</b>	<b>\$ 1,508,247</b>	<b>\$ 80,150</b>	<b>\$ 92,893</b>	<b>\$ 1,681,290</b>	<b>\$ 508,603</b>	<b>\$ 14,587</b>

(Continued)

Exhibit F-2

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Total	Special Debt Service	General Capital Projects
Excess (Deficiency) of Revenues Over Expenditures	\$ (20,222)	\$ 43,913	\$ (74,418)	\$ (50,727)	\$ (131,858)	\$ (14,587)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,558
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,558
Net Change in Fund Balances	\$ (20,222)	\$ 43,913	\$ (74,418)	\$ (50,727)	\$ (131,858)	\$ 1,971
Fund Balance, July 1, 2014	653,065	274,772	74,418	1,002,255	1,573,848	23,559
Fund Balance, June 30, 2015	\$ 632,843	\$ 318,685	\$ 0	\$ 951,528	\$ 1,441,990	\$ 25,530

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Highway Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 1,474,543
Licenses and Permits	0	0	0	133,925
Fines, Forfeitures, and Penalties	0	0	0	72,264
Charges for Current Services	0	0	0	20,133
Other Local Revenues	285	0	285	88,240
State of Tennessee	0	0	0	137,687
Federal Government	0	290,304	290,304	370,112
Other Governments and Citizens Groups	0	0	0	993
<b>Total Revenues</b>	<b>\$ 285</b>	<b>\$ 290,304</b>	<b>\$ 290,589</b>	<b>\$ 2,297,897</b>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 92,816
Public Safety	0	0	0	80,227
Public Health and Welfare	0	0	0	1,508,247
Debt Service:				
Principal on Debt	0	0	0	360,000
Interest on Debt	0	0	0	143,703
Other Debt Service	0	0	0	4,900
Capital Projects	588,978	290,304	893,869	893,869
<b>Total Expenditures</b>	<b>\$ 588,978</b>	<b>\$ 290,304</b>	<b>\$ 893,869</b>	<b>\$ 3,083,762</b>

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Highway Capital Projects	Other Capital Projects	Total	
Excess (Deficiency) of Revenues Over Expenditures	\$ (588,693)	\$ 0	\$ (603,280)	\$ (785,865)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 16,558	\$ 16,558
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 16,558	\$ 16,558
Net Change in Fund Balances	\$ (588,693)	\$ 0	\$ (586,722)	\$ (769,307)
Fund Balance, July 1, 2014	588,693	0	612,252	3,188,355
Fund Balance, June 30, 2015	\$ 0	\$ 0	\$ 25,530	\$ 2,419,048

Exhibit F-3

Hawkins County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Solid Waste/Sanitation Fund  
 For the Year Ended June 30, 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	
<b>Revenues</b>							
Local Taxes	\$ 1,126,979	\$ 0	\$ 0	\$ 1,126,979	\$ 1,020,000	\$ 1,020,000	\$ 106,979
Licenses and Permits	133,925	0	0	133,925	120,000	120,000	13,925
Charges for Current Services	1,658	0	0	1,658	2,000	2,000	(342)
Other Local Revenues	87,955	0	0	87,955	80,000	80,000	7,955
State of Tennessee	137,508	0	0	137,508	100,000	113,700	23,808
<b>Total Revenues</b>	<b>\$ 1,488,025</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,488,025</b>	<b>\$ 1,322,000</b>	<b>\$ 1,335,700</b>	<b>\$ 152,325</b>
<b>Expenditures</b>							
<b>Public Health and Welfare</b>							
Sanitation Management	\$ 51,513	\$ 0	\$ 0	\$ 51,513	\$ 69,423	\$ 63,423	\$ 11,910
Waste Pickup	374,525	0	0	374,525	379,732	420,732	46,207
Convenience Centers	361,490	(2,186)	0	359,304	439,527	427,527	68,223
Other Waste Collection	30,665	0	0	30,665	26,141	32,141	1,476
Recycling Center	80,469	0	0	80,469	98,468	108,168	27,699
Landfill Operation and Maintenance	576,733	0	0	576,733	583,130	583,130	6,397
Other Waste Disposal	32,852	(1,870)	1,666	32,648	33,000	33,000	352
<b>Interest on Debt</b>							
General Government	0	0	0	0	1,000	1,000	1,000
<b>Total Expenditures</b>	<b>\$ 1,508,247</b>	<b>\$ (4,056)</b>	<b>\$ 1,666</b>	<b>\$ 1,505,857</b>	<b>\$ 1,630,421</b>	<b>\$ 1,669,121</b>	<b>\$ 163,264</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (20,222)</b>	<b>\$ 4,056</b>	<b>\$ (1,666)</b>	<b>\$ (17,832)</b>	<b>\$ (308,421)</b>	<b>\$ (333,421)</b>	<b>\$ 315,589</b>
<b>Net Change in Fund Balance</b>	<b>\$ (20,222)</b>	<b>\$ 4,056</b>	<b>\$ (1,666)</b>	<b>\$ (17,832)</b>	<b>\$ (308,421)</b>	<b>\$ (333,421)</b>	<b>\$ 315,589</b>
Fund Balance, July 1, 2014	653,065	(4,056)	0	649,009	647,392	647,392	1,617
<b>Fund Balance, June 30, 2015</b>	<b>\$ 632,843</b>	<b>\$ 0</b>	<b>\$ (1,666)</b>	<b>\$ 631,177</b>	<b>\$ 338,971</b>	<b>\$ 313,971</b>	<b>\$ 317,206</b>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 72,264	\$ 70,000	\$ 70,000	\$ 2,264
State of Tennessee	179	0	0	179
Federal Government	50,627	0	0	50,627
Other Governments and Citizens Groups	993	0	0	993
Total Revenues	<u>\$ 124,063</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 54,063</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 80,150	\$ 181,600	\$ 181,600	\$ 101,450
Total Expenditures	<u>\$ 80,150</u>	<u>\$ 181,600</u>	<u>\$ 181,600</u>	<u>\$ 101,450</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 43,913</u>	<u>\$ (111,600)</u>	<u>\$ (111,600)</u>	<u>\$ 155,513</u>
Net Change in Fund Balance	\$ 43,913	\$ (111,600)	\$ (111,600)	\$ 155,513
Fund Balance, July 1, 2014	<u>274,772</u>	<u>274,772</u>	<u>274,772</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 318,685</u>	<u>\$ 163,172</u>	<u>\$ 163,172</u>	<u>\$ 155,513</u>

Exhibit F-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 347,564	\$ 340,000	\$ 340,000	\$ 7,564
Federal Government	29,181	30,381	30,381	(1,200)
Total Revenues	<u>\$ 376,745</u>	<u>\$ 370,381</u>	<u>\$ 370,381</u>	<u>\$ 6,364</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Highways and Streets	\$ 360,000	\$ 360,000	\$ 360,000	\$ 0
<u>Interest on Debt</u>				
Highways and Streets	143,703	143,703	143,703	0
<u>Other Debt Service</u>				
Highways and Streets	4,900	6,400	6,400	1,500
Total Expenditures	<u>\$ 508,603</u>	<u>\$ 510,103</u>	<u>\$ 510,103</u>	<u>\$ 1,500</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (131,858)</u>	<u>\$ (139,722)</u>	<u>\$ (139,722)</u>	<u>\$ 7,864</u>
Net Change in Fund Balance	\$ (131,858)	\$ (139,722)	\$ (139,722)	\$ 7,864
Fund Balance, July 1, 2014	1,573,848	1,573,849	1,573,849	(1)
Fund Balance, June 30, 2015	<u>\$ 1,441,990</u>	<u>\$ 1,434,127</u>	<u>\$ 1,434,127</u>	<u>\$ 7,863</u>

# Major Governmental Funds

## Debt Service Funds

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

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

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

Exhibit G-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 964,945	\$ 942,749	\$ 942,749	\$ 22,196
Other Local Revenues	13,111	14,000	14,000	(889)
Federal Government	6,229	6,514	6,514	(285)
<b>Total Revenues</b>	<b>\$ 984,285</b>	<b>\$ 963,263</b>	<b>\$ 963,263</b>	<b>\$ 21,022</b>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,062,397	\$ 433,664	\$ 1,062,397	\$ 0
<u>Interest on Debt</u>				
General Government	571,300	650,181	614,681	43,381
<u>Other Debt Service</u>				
General Government	185,454	23,700	191,360	5,906
<b>Total Expenditures</b>	<b>\$ 1,819,151</b>	<b>\$ 1,107,545</b>	<b>\$ 1,868,438</b>	<b>\$ 49,287</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (834,866)	\$ (144,282)	\$ (905,175)	\$ 70,309
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 9,460,000	\$ 0	\$ 9,460,000	\$ 0
Premiums on Debt Issued	61,911	0	61,911	0
Payments to Refunded Debt Escrow Agent	(9,354,752)	0	(9,354,752)	0
<b>Total Other Financing Sources</b>	<b>\$ 167,159</b>	<b>\$ 0</b>	<b>\$ 167,159</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ (667,707)	\$ (144,282)	\$ (738,016)	\$ 70,309
Fund Balance, July 1, 2014	3,822,404	3,822,404	3,822,404	0
<b>Fund Balance, June 30, 2015</b>	<b>\$ 3,154,697</b>	<b>\$ 3,678,122</b>	<b>\$ 3,084,388</b>	<b>\$ 70,309</b>

## Exhibit G-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,984,646	\$ 3,865,076	\$ 3,865,076	\$ 119,570
Other Local Revenues	79,169	55,000	55,000	24,169
Federal Government	361,248	361,633	361,633	(385)
Other Governments and Citizens Groups	899,342	914,853	914,853	(15,511)
Total Revenues	<u>\$ 5,324,405</u>	<u>\$ 5,196,562</u>	<u>\$ 5,196,562</u>	<u>\$ 127,843</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 2,261,791	\$ 2,261,792	\$ 2,261,792	\$ 1
<u>Interest on Debt</u>				
Education	2,797,200	2,927,702	2,927,702	130,502
<u>Other Debt Service</u>				
Education	124,541	169,000	169,000	44,459
Total Expenditures	<u>\$ 5,183,532</u>	<u>\$ 5,358,494</u>	<u>\$ 5,358,494</u>	<u>\$ 174,962</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 140,873</u>	<u>\$ (161,932)</u>	<u>\$ (161,932)</u>	<u>\$ 302,805</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 113,071	\$ 113,104	\$ 113,104	\$ (33)
Total Other Financing Sources	<u>\$ 113,071</u>	<u>\$ 113,104</u>	<u>\$ 113,104</u>	<u>\$ (33)</u>
Net Change in Fund Balance	\$ 253,944	\$ (48,828)	\$ (48,828)	\$ 302,772
Fund Balance, July 1, 2014	<u>9,861,882</u>	<u>9,856,248</u>	<u>9,856,248</u>	<u>5,634</u>
Fund Balance, June 30, 2015	<u>\$ 10,115,826</u>	<u>\$ 9,807,420</u>	<u>\$ 9,807,420</u>	<u>\$ 308,406</u>

# Fiduciary Funds

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

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

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

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

Exhibit H-1

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

	Agency Funds				Total
	Cities - Sales Tax	City School ADA - Rogersville	City School ADA - Kingsport	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,590,814	\$ 1,590,814
Equity in Pooled Cash and Investments	0	3,613	2,657	0	6,270
Accounts Receivable	0	0	0	194	194
Due from Other Governments	673,240	26,028	24,495	0	723,763
Taxes Receivable	0	692,346	509,133	0	1,201,479
Allowance for Uncollectible Taxes	0	(25,909)	(19,053)	0	(44,962)
Total Assets	<u>\$ 673,240</u>	<u>\$ 696,078</u>	<u>\$ 517,232</u>	<u>\$ 1,591,008</u>	<u>\$ 3,477,558</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 1,627	\$ 1,627
Due to Other Taxing Units	673,240	696,078	517,232	0	1,886,550
Due to Litigants, Heirs, and Others	0	0	0	1,589,381	1,589,381
Total Liabilities	<u>\$ 673,240</u>	<u>\$ 696,078</u>	<u>\$ 517,232</u>	<u>\$ 1,591,008</u>	<u>\$ 3,477,558</u>

## Exhibit H-2

Hawkins 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	\$ 3,934,596	\$ 3,934,596	\$ 0
Due from Other Governments	659,805	673,240	659,805	673,240
<b>Total Assets</b>	<b>\$ 659,805</b>	<b>\$ 4,607,836</b>	<b>\$ 4,594,401</b>	<b>\$ 673,240</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 659,805	\$ 4,607,836	\$ 4,594,401	\$ 673,240
<b>Total Liabilities</b>	<b>\$ 659,805</b>	<b>\$ 4,607,836</b>	<b>\$ 4,594,401</b>	<b>\$ 673,240</b>
<u>City School ADA - Rogersville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 36,778	\$ 1,039,666	\$ 1,072,831	\$ 3,613
Due from Other Governments	59,182	26,028	59,182	26,028
Taxes Receivable	728,824	692,346	728,824	692,346
Allowance for Uncollectible Taxes	(30,516)	(25,909)	(30,516)	(25,909)
<b>Total Assets</b>	<b>\$ 794,268</b>	<b>\$ 1,732,131</b>	<b>\$ 1,830,321</b>	<b>\$ 696,078</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 794,268	\$ 1,732,131	\$ 1,830,321	\$ 696,078
<b>Total Liabilities</b>	<b>\$ 794,268</b>	<b>\$ 1,732,131</b>	<b>\$ 1,830,321</b>	<b>\$ 696,078</b>
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 26,799	\$ 764,531	\$ 788,673	\$ 2,657
Due from Other Governments	43,128	24,495	43,128	24,495
Taxes Receivable	531,117	509,133	531,117	509,133
Allowance for Uncollectible Taxes	(22,238)	(19,053)	(22,238)	(19,053)
<b>Total Assets</b>	<b>\$ 578,806</b>	<b>\$ 1,279,106</b>	<b>\$ 1,340,680</b>	<b>\$ 517,232</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 578,806	\$ 1,279,106	\$ 1,340,680	\$ 517,232
<b>Total Liabilities</b>	<b>\$ 578,806</b>	<b>\$ 1,279,106</b>	<b>\$ 1,340,680</b>	<b>\$ 517,232</b>

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,693,862	\$ 9,350,586	\$ 9,453,634	\$ 1,590,814
Accounts Receivable	607	194	607	194
<b>Total Assets</b>	<b>\$ 1,694,469</b>	<b>\$ 9,350,780</b>	<b>\$ 9,454,241</b>	<b>\$ 1,591,008</b>
<u>Liabilities</u>				
Due to Other Funds	\$ 1,512	\$ 1,627	\$ 1,512	\$ 1,627
Due to Litigants, Heirs, and Others	1,692,957	9,349,153	9,452,729	1,589,381
<b>Total Liabilities</b>	<b>\$ 1,694,469</b>	<b>\$ 9,350,780</b>	<b>\$ 9,454,241</b>	<b>\$ 1,591,008</b>
 <u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,693,862	\$ 9,350,586	\$ 9,453,634	\$ 1,590,814
Equity in Pooled Cash and Investments	63,577	5,738,793	5,796,100	6,270
Accounts Receivable	607	194	607	194
Due from Other Governments	762,115	723,763	762,115	723,763
Taxes Receivable	1,259,941	1,201,479	1,259,941	1,201,479
Allowance for Uncollectible Taxes	(52,754)	(44,962)	(52,754)	(44,962)
<b>Total Assets</b>	<b>\$ 3,727,348</b>	<b>\$ 16,969,853</b>	<b>\$ 17,219,643</b>	<b>\$ 3,477,558</b>
<u>Liabilities</u>				
Due to Other Funds	\$ 1,512	\$ 1,627	\$ 1,512	\$ 1,627
Due to Other Taxing Units	2,032,879	7,619,073	7,765,402	1,886,550
Due to Litigants, Heirs, and Others	1,692,957	9,349,153	9,452,729	1,589,381
<b>Total Liabilities</b>	<b>\$ 3,727,348</b>	<b>\$ 16,969,853</b>	<b>\$ 17,219,643</b>	<b>\$ 3,477,558</b>

# Hawkins County School Department

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

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

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

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

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

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

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

Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 38,326,273	\$ 0	\$ 3,266,024	\$ (35,060,249)
Support Services	20,736,009	98,624	656,197	(19,981,188)
Operation of Non-instructional Services	3,938,262	937,727	3,488,752	488,217
<b>Total Governmental Activities</b>	<b>\$ 63,000,544</b>	<b>\$ 1,036,351</b>	<b>\$ 7,410,973</b>	<b>\$ (54,553,220)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 9,839,879
Property Taxes Levied for Transportation				1,536,415
Local Option Sales Taxes				4,179,299
Wheel Tax				329,316
Interstate Telecommunications Tax				4,899
Grants and Contributions Not Restricted for Specific Programs				38,986,967
Unrestricted Investment Income				2,116
Miscellaneous				386,755
Gain on Sale of Assets				22,340
Pension Income				159,540
<b>Total General Revenues</b>				<b>\$ 55,447,526</b>
Change in Net Position				\$ 894,306
Net Position, July 1, 2014				60,434,136
Restatement - Pension Liability (see note I.D.9.)				(11,337,738)
<b>Net Position, June 30, 2015</b>				<b>\$ 49,990,704</b>

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Transpor -</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>tation</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 1,310	\$ 0	\$ 8,118	\$ 9,428
Equity in Pooled Cash and Investments	11,036,527	1,396,582	2,710,926	15,144,035
Accounts Receivable	110,650	1,025	5,913	117,588
Due from Other Governments	840,970	0	391,083	1,232,053
Due from Other Funds	20,602	5	1,412	22,019
Property Taxes Receivable	8,330,363	3,286,842	0	11,617,205
Allowance for Uncollectible Property Taxes	(311,746)	(123,004)	0	(434,750)
Prepaid Items	0	0	4,726	4,726
Total Assets	<u>\$ 20,028,676</u>	<u>\$ 4,561,450</u>	<u>\$ 3,122,178</u>	<u>\$ 27,712,304</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 222,240	\$ 4,875	\$ 1,559	\$ 228,674
Accrued Payroll	19,322	3,591	16,604	39,517
Contracts Payable	47,829	0	2,473	50,302
Retainage Payable	5,063	0	0	5,063
Due to Other Funds	1,412	0	20,607	22,019
Due to Primary Government	12,666	0	0	12,666
Other Current Liabilities	2,662,357	0	0	2,662,357
Total Liabilities	<u>\$ 2,970,889</u>	<u>\$ 8,466</u>	<u>\$ 41,243</u>	<u>\$ 3,020,598</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 7,793,434	\$ 3,074,990	\$ 0	\$ 10,868,424
Deferred Delinquent Property Taxes	198,964	78,503	0	277,467

(Continued)

Exhibit I-2

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

	Major Funds		Nonmajor Funds	Total
	General Purpose School	School Transpor - tation	Other Govern- mental Funds	Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>				
Other Deferred/Unavailable Revenue	\$ 392,846	\$ 0	\$ 9,177	\$ 402,023
Total Deferred Inflows of Resources	\$ 8,385,244	\$ 3,153,493	\$ 9,177	\$ 11,547,914
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid Items	\$ 0	\$ 0	\$ 4,726	\$ 4,726
Restricted:				
Restricted for Education	266,605	1,368,646	2,574,979	4,210,230
Committed:				
Committed for Education	0	30,845	500,000	530,845
Assigned:				
Assigned for Education	742,431	0	0	742,431
Assigned for Capital Projects	576,921	0	0	576,921
Unassigned	7,086,586	0	(7,947)	7,078,639
Total Fund Balances	\$ 8,672,543	\$ 1,399,491	\$ 3,071,758	\$ 13,143,792
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,028,676	\$ 4,561,450	\$ 3,122,178	\$ 27,712,304

Exhibit I-3

Hawkins County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Hawkins County School Department  
June 30, 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)		\$ 13,143,792
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,580,969	
Add: construction in progress	134,365	
Add: building and improvements net of accumulated depreciation	53,485,066	
Add: other capital assets net of accumulated depreciation	<u>2,794,535</u>	57,994,935
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (1,313,225)	
Less: termination benefits payable	(472,894)	
Less: retirement honorarium payable	(677,226)	
Less: other postemployment benefits liability	<u>(11,349,285)</u>	(13,812,630)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		679,490
(4) 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	\$ 3,446,321	
Less: deferred inflows of resources related to pensions	<u>(12,315,012)</u>	(8,868,691)
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: agent plan net pension assets	\$ 737,237	
Add: cost-sharing plan net pension assets	<u>116,571</u>	853,808
Net position of governmental activities (Exhibit A)		<u>\$ 49,990,704</u>

Exhibit I-4

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Other Governmental Funds	
<b>Revenues</b>				
Local Taxes	\$ 12,545,147	\$ 3,277,480	\$ 0	\$ 15,822,627
Licenses and Permits	3,501	0	0	3,501
Charges for Current Services	47,368	50,037	893,977	991,382
Other Local Revenues	487,230	48,143	3,805	539,178
State of Tennessee	38,894,670	0	37,480	38,932,150
Federal Government	311,811	0	6,976,808	7,288,619
<b>Total Revenues</b>	<b>\$ 52,289,727</b>	<b>\$ 3,375,660</b>	<b>\$ 7,912,070</b>	<b>\$ 63,577,457</b>
<b>Expenditures</b>				
Current:				
Instruction	\$ 31,962,450	\$ 0	\$ 3,159,436	\$ 35,121,886
Support Services	17,423,727	3,071,956	1,088,428	21,584,111
Operation of Non-instructional Services	382,230	0	3,642,588	4,024,818
Capital Outlay	954,648	0	0	954,648
Debt Service:				
Other Debt Service	491,688	407,654	0	899,342
<b>Total Expenditures</b>	<b>\$ 51,214,743</b>	<b>\$ 3,479,610</b>	<b>\$ 7,890,452</b>	<b>\$ 62,584,805</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,074,984	\$ (103,950)	\$ 21,618	\$ 992,652
<b>Other Financing Sources (Uses)</b>				
Insurance Recovery	\$ 6,730	\$ 11,325	\$ 5,531	\$ 23,586
Transfers In	20,596	0	16,537	37,133
Transfers Out	(16,537)	0	(20,596)	(37,133)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 10,789</b>	<b>\$ 11,325</b>	<b>\$ 1,472</b>	<b>\$ 23,586</b>
Net Change in Fund Balances	\$ 1,085,773	\$ (92,625)	\$ 23,090	\$ 1,016,238
Fund Balance, July 1, 2014	7,586,770	1,492,116	3,048,668	12,127,554
Fund Balance, June 30, 2015	\$ 8,672,543	\$ 1,399,491	\$ 3,071,758	\$ 13,143,792

Exhibit I-5

Hawkins County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Hawkins County School Department  
For the Year Ended June 30, 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)		\$	1,016,238
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,412,823	
Less: current-year depreciation expense		<u>(4,054,500)</u>	(2,641,677)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of assets disposed			(11,040)
(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	\$	679,490	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(510,597)</u>	168,893
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(99,914)	
Change in termination benefits payable		54,772	
Change in retirement honorarium payable		(16,901)	
Change in other postemployment benefits liability		(898,921)	
Change in net pension liability/asset		12,191,547	
Change in deferred outflows related to pensions		3,446,321	
Change in deferred inflows related to pensions		<u>(12,315,012)</u>	<u>2,361,892</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 894,306</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Cash	\$ 8,020	\$ 98	\$ 8,118	\$ 0	\$ 8,118
Equity in Pooled Cash and Investments	344,504	2,363,949	2,708,453	2,473	2,710,926
Accounts Receivable	382	5,531	5,913	0	5,913
Due from Other Governments	186,181	204,902	391,083	0	391,083
Due from Other Funds	873	539	1,412	0	1,412
Prepaid Items	4,726	0	4,726	0	4,726
Total Assets	\$ 544,686	\$ 2,575,019	\$ 3,119,705	\$ 2,473	\$ 3,122,178
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,544	\$ 15	\$ 1,559	\$ 0	\$ 1,559
Accrued Payroll	16,579	25	16,604	0	16,604
Contracts Payable	0	0	0	2,473	2,473
Due to Other Funds	20,607	0	20,607	0	20,607
Total Liabilities	\$ 38,730	\$ 40	\$ 38,770	\$ 2,473	\$ 41,243
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 9,177	\$ 0	\$ 9,177	\$ 0	\$ 9,177
Total Deferred Inflows of Resources	\$ 9,177	\$ 0	\$ 9,177	\$ 0	\$ 9,177

(Continued)

Exhibit I-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 4,726	\$ 0	\$ 4,726	\$ 0	\$ 4,726
Restricted:					
Restricted for Education	0	2,574,979	2,574,979	0	2,574,979
Committed:					
Committed for Education	500,000	0	500,000	0	500,000
Unassigned	(7,947)	0	(7,947)	0	(7,947)
Total Fund Balances	<u>\$ 496,779</u>	<u>\$ 2,574,979</u>	<u>\$ 3,071,758</u>	<u>\$ 0</u>	<u>\$ 3,071,758</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 544,686</u>	<u>\$ 2,575,019</u>	<u>\$ 3,119,705</u>	<u>\$ 2,473</u>	<u>\$ 3,122,178</u>

Exhibit I-7

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

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Other Capital Projects - QSCB	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 893,977	\$ 893,977	\$ 0	\$ 893,977
Other Local Revenues	0	3,805	3,805	0	3,805
State of Tennessee	0	37,480	37,480	0	37,480
Federal Government	4,280,842	2,695,966	6,976,808	0	6,976,808
Total Revenues	\$ 4,280,842	\$ 3,631,228	\$ 7,912,070	\$ 0	\$ 7,912,070
<u>Expenditures</u>					
Current:					
Instruction	\$ 3,159,436	\$ 0	\$ 3,159,436	\$ 0	\$ 3,159,436
Support Services	1,088,428	0	1,088,428	0	1,088,428
Operation of Non-instructional Services	50,853	3,591,735	3,642,588	0	3,642,588
Total Expenditures	\$ 4,298,717	\$ 3,591,735	\$ 7,890,452	\$ 0	\$ 7,890,452
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,875)	\$ 39,493	\$ 21,618	\$ 0	\$ 21,618
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 5,531	\$ 5,531	\$ 0	\$ 5,531
Transfers In	0	539	539	15,998	16,537
Transfers Out	(20,596)	0	(20,596)	0	(20,596)
Total Other Financing Sources (Uses)	\$ (20,596)	\$ 6,070	\$ (14,526)	\$ 15,998	\$ 1,472
Net Change in Fund Balances	\$ (38,471)	\$ 45,563	\$ 7,092	\$ 15,998	\$ 23,090
Fund Balance, July 1, 2014	535,250	2,529,416	3,064,666	(15,998)	3,048,668
Fund Balance, June 30, 2015	\$ 496,779	\$ 2,574,979	\$ 3,071,758	\$ 0	\$ 3,071,758

Exhibit I-8

Hawkins County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Hawkins County School Department  
General Purpose School Fund  
For the Year Ended June 30, 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	
<u>Revenues</u>							
Local Taxes	\$ 12,545,147	\$ 0	\$ 0	\$ 12,545,147	\$ 12,246,394	\$ 12,246,394	\$ 298,753
Licenses and Permits	3,501	0	0	3,501	4,500	4,500	(999)
Charges for Current Services	47,368	0	0	47,368	5,000	44,250	3,118
Other Local Revenues	487,230	0	0	487,230	490,392	508,939	(21,709)
State of Tennessee	38,894,670	0	0	38,894,670	38,735,106	39,109,532	(214,862)
Federal Government	311,811	0	0	311,811	248,540	361,271	(49,460)
<b>Total Revenues</b>	<b>\$ 52,289,727</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 52,289,727</b>	<b>\$ 51,729,932</b>	<b>\$ 52,274,886</b>	<b>\$ 14,841</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 25,879,290	\$ 0	\$ 387	\$ 25,879,677	\$ 27,133,301	\$ 27,064,445	\$ 1,184,768
Alternative Instruction Program	268,698	0	0	268,698	303,317	296,842	28,144
Special Education Program	4,328,037	0	0	4,328,037	4,536,750	4,536,750	208,713
Vocational Education Program	1,374,609	0	0	1,374,609	1,523,252	1,480,274	105,665
Adult Education Program	111,816	0	0	111,816	109,857	133,742	21,926
<u>Support Services</u>							
Attendance	202,761	0	0	202,761	219,460	224,795	22,034
Health Services	789,361	0	260	789,621	798,126	802,573	12,952
Other Student Support	2,317,114	0	0	2,317,114	2,320,165	2,487,245	170,131
Regular Instruction Program	1,388,914	0	45	1,388,959	1,450,075	1,505,408	116,449
Special Education Program	454,689	0	0	454,689	471,372	471,372	16,683
Vocational Education Program	477	0	0	477	2,000	2,000	1,523
Adult Programs	66,239	0	0	66,239	68,344	68,344	2,105
Other Programs	354,695	0	0	354,695	0	354,695	0
Board of Education	1,791,048	(38,350)	30,200	1,782,898	1,780,832	1,839,652	56,754
Director of Schools	389,495	(10)	0	389,485	408,452	411,452	21,967
Office of the Principal	3,492,905	0	0	3,492,905	3,554,844	3,560,764	67,859
Fiscal Services	266,778	0	0	266,778	288,025	285,634	18,856
Human Services/Personnel	99,039	0	0	99,039	103,747	103,597	4,558
Operation of Plant	3,989,217	0	0	3,989,217	4,197,394	4,189,854	200,637

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	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>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 1,177,395	\$ 0	\$ 3,299	\$ 1,180,694	\$ 1,322,010	\$ 1,306,205	\$ 125,511
Transportation	7,486	0	0	7,486	10,000	10,000	2,514
Central and Other	636,114	(19,748)	0	616,366	646,557	707,739	91,373
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	382,230	0	100	382,330	405,701	405,902	23,572
<u>Capital Outlay</u>							
Regular Capital Outlay	954,648	(311,648)	582,157	1,225,157	591,700	1,278,742	53,585
<u>Other Debt Service</u>							
Education	491,688	0	0	491,688	537,294	537,294	45,606
Total Expenditures	\$ 51,214,743	\$ (369,756)	\$ 616,448	\$ 51,461,435	\$ 52,782,575	\$ 54,065,320	\$ 2,603,885
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 1,074,984	\$ 369,756	\$ (616,448)	\$ 828,292	\$ (1,052,643)	\$ (1,790,434)	\$ 2,618,726
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 6,730	\$ 0	\$ 0	\$ 6,730	\$ 0	\$ 705	\$ 6,025
Transfers In	20,596	0	0	20,596	0	0	20,596
Transfers Out	(16,537)	0	0	(16,537)	(15,999)	(16,537)	0
Total Other Financing Sources	\$ 10,789	\$ 0	\$ 0	\$ 10,789	\$ (15,999)	\$ (15,832)	\$ 26,621
Net Change in Fund Balance							
Fund Balance, July 1, 2014	\$ 1,085,773	\$ 369,756	\$ (616,448)	\$ 839,081	\$ (1,068,642)	\$ (1,806,266)	\$ 2,645,347
	7,586,770	(369,756)	0	7,217,014	7,262,158	7,262,158	(45,144)
Fund Balance, June 30, 2015	\$ 8,672,543	\$ 0	\$ (616,448)	\$ 8,056,095	\$ 6,193,516	\$ 5,455,892	\$ 2,600,203

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 4,280,842	\$ 0	\$ 4,280,842	\$ 4,541,748	\$ 5,697,302	\$ (1,416,460)
Total Revenues	\$ 4,280,842	\$ 0	\$ 4,280,842	\$ 4,541,748	\$ 5,697,302	\$ (1,416,460)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,579,962	\$ (34,102)	\$ 1,545,860	\$ 1,552,580	\$ 2,076,503	\$ 530,643
Special Education Program	1,495,376	0	1,495,376	1,490,774	1,747,820	252,444
Vocational Education Program	84,098	0	84,098	84,098	84,098	0
<u>Support Services</u>						
Health Services	65,547	0	65,547	64,776	67,852	2,305
Other Student Support	469,158	0	469,158	577,248	613,422	144,264
Regular Instruction Program	310,097	0	310,097	470,217	626,167	316,070
Special Education Program	148,593	0	148,593	191,276	264,122	115,529
Vocational Education Program	4,513	0	4,513	4,513	4,513	0
Transportation	90,520	0	90,520	31,266	115,716	25,196
<u>Operation of Non-Instructional Services</u>						
Community Services	50,853	0	50,853	75,000	75,000	24,147
Total Expenditures	\$ 4,298,717	\$ (34,102)	\$ 4,264,615	\$ 4,541,748	\$ 5,675,213	\$ 1,410,598
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,875)	\$ 34,102	\$ 16,227	\$ 0	\$ 22,089	\$ (5,862)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (20,596)	\$ 0	\$ (20,596)	\$ 0	\$ (22,089)	\$ 1,493
Total Other Financing Sources	\$ (20,596)	\$ 0	\$ (20,596)	\$ 0	\$ (22,089)	\$ 1,493
Net Change in Fund Balance	\$ (38,471)	\$ 34,102	\$ (4,369)	\$ 0	\$ 0	\$ (4,369)
Fund Balance, July 1, 2014	535,250	(34,102)	501,148	501,149	501,149	(1)
Fund Balance, June 30, 2015	\$ 496,779	\$ 0	\$ 496,779	\$ 501,149	\$ 501,149	\$ (4,370)

Exhibit 1-10

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 893,977	\$ 0	\$ 893,977	\$ 1,090,000	\$ 1,090,000	\$ (196,023)
Other Local Revenues	3,805	0	3,805	2,000	2,000	1,805
State of Tennessee	37,480	0	37,480	35,300	35,300	2,180
Federal Government	2,695,966	0	2,695,966	2,705,000	2,918,629	(222,663)
<b>Total Revenues</b>	<b>\$ 3,631,228</b>	<b>\$ 0</b>	<b>\$ 3,631,228</b>	<b>\$ 3,832,300</b>	<b>\$ 4,045,929</b>	<b>\$ (414,701)</b>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 3,591,735	\$ 42,981	\$ 3,634,716	\$ 3,832,300	\$ 4,135,929	\$ 501,213
<b>Total Expenditures</b>	<b>\$ 3,591,735</b>	<b>\$ 42,981</b>	<b>\$ 3,634,716</b>	<b>\$ 3,832,300</b>	<b>\$ 4,135,929</b>	<b>\$ 501,213</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 39,493	\$ (42,981)	\$ (3,488)	\$ 0	\$ (90,000)	\$ 86,512
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 5,531	\$ 0	\$ 5,531	\$ 0	\$ 0	\$ 5,531
Transfers In	539	0	539	0	0	539
<b>Total Other Financing Sources</b>	<b>\$ 6,070</b>	<b>\$ 0</b>	<b>\$ 6,070</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,070</b>
Net Change in Fund Balance	\$ 45,563	\$ (42,981)	\$ 2,582	\$ 0	\$ (90,000)	\$ 92,582
Fund Balance, July 1, 2014	2,529,416	0	2,529,416	2,529,334	2,529,334	82
<b>Fund Balance, June 30, 2015</b>	<b>\$ 2,574,979</b>	<b>\$ (42,981)</b>	<b>\$ 2,531,998</b>	<b>\$ 2,529,334</b>	<b>\$ 2,439,334</b>	<b>\$ 92,664</b>

Exhibit I-11

Hawkins County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Hawkins County School Department  
School Transportation Fund  
For the Year Ended June 30, 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	
<u>Revenues</u>							
Local Taxes	\$ 3,277,480	\$ 0	\$ 0	\$ 3,277,480	\$ 3,131,631	\$ 3,131,631	\$ 145,849
Charges for Current Services	50,037	0	0	50,037	124,350	149,350	(99,313)
Other Local Revenues	48,143	0	0	48,143	10,000	10,000	38,143
<b>Total Revenues</b>	<b>\$ 3,375,660</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,375,660</b>	<b>\$ 3,265,981</b>	<b>\$ 3,290,981</b>	<b>\$ 84,679</b>
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 62,257	\$ 0	\$ 0	\$ 62,257	\$ 35,000	\$ 75,000	\$ 12,743
Transportation	3,009,699	(519,838)	320,836	2,810,697	3,308,052	3,303,692	492,995
<u>Other Debt Service</u>							
Education	407,654	0	0	407,654	407,559	407,655	1
<b>Total Expenditures</b>	<b>\$ 3,479,610</b>	<b>\$ (519,838)</b>	<b>\$ 320,836</b>	<b>\$ 3,280,608</b>	<b>\$ 3,750,611</b>	<b>\$ 3,786,347</b>	<b>\$ 505,739</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (103,950)	\$ 519,838	\$ (320,836)	\$ 95,052	\$ (484,630)	\$ (495,366)	\$ 590,418
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,325	\$ 0	\$ 0	\$ 11,325	\$ 0	\$ 10,736	\$ 589
<b>Total Other Financing Sources</b>	<b>\$ 11,325</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,325</b>	<b>\$ 0</b>	<b>\$ 10,736</b>	<b>\$ 589</b>
Net Change in Fund Balance	\$ (92,625)	\$ 519,838	\$ (320,836)	\$ 106,377	\$ (484,630)	\$ (484,630)	\$ 591,007
Fund Balance, July 1, 2014	1,492,116	(519,838)	0	972,278	1,123,655	1,123,655	(151,377)
<b>Fund Balance, June 30, 2015</b>	<b>\$ 1,399,491</b>	<b>\$ 0</b>	<b>\$ (320,836)</b>	<b>\$ 1,078,655</b>	<b>\$ 639,025</b>	<b>\$ 639,025</b>	<b>\$ 439,630</b>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-15
<b>NOTES PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Industrial Development Board Spec Building (1)	\$ 687,149	2.491 %	2-26-13	1-16-15	\$ 632,397	\$ 0	\$ 632,397	\$ 0	\$ 0
Total Payable through General Debt Service Fund					\$ 632,397	\$ 0	\$ 632,397	\$ 0	\$ 0
<u>Payable through Education Debt Service Fund</u>									
School Buses Capital Outlay Note, Series 2009 (2)	743,000	Variable	7-14-09	6-1-16	\$ 329,000	\$ 0	\$ 144,000	\$ 0	\$ 185,000
Total Payable through Education Debt Service Fund					\$ 329,000	\$ 0	\$ 144,000	\$ 0	\$ 185,000
Total Notes Payable					\$ 961,397	\$ 0	\$ 776,397	\$ 0	\$ 185,000
<b>OTHER LOANS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Refunding Series D-7-B - Series B-15-A	(3)	3 to 5	5-15-08	6-1-31	\$ 6,905,000	\$ 0	\$ 250,000	\$ 2,845,000	\$ 3,810,000
Refunding Series D-5-D - Series B-15-A	(3)	4.75 to 5	5-15-08	6-1-36	4,260,000	0	0	4,260,000	0
Justice Center and Courthouse Improvements - Series B-15-A	(3)	3 to 5	5-15-08	6-1-36	2,055,000	0	110,000	1,200,000	745,000
Total Payable through General Debt Service Fund					\$ 13,220,000	\$ 0	\$ 360,000	\$ 8,305,000	\$ 4,555,000
<u>Payable through Education Debt Service Fund</u>									
Series VII-A-1 - Refunding	16,150,000	(4)	8-28-08	6-1-29	\$ 16,150,000	\$ 0	\$ 0	\$ 0	\$ 16,150,000
Refunding Series D-7-B - Series B-15-A (2)	(3)	3 to 4.5	5-15-08	6-1-16	125,000	0	65,000	0	60,000
School Buses - Series B-15-A (2)	(3)	3.25 to 4.5	5-15-08	6-1-16	275,000	0	150,000	0	125,000
School Building Program - Series B-15-A	(3)	3.25 to 5	5-15-08	6-1-36	10,350,000	0	100,000	0	10,250,000
Qualified School Construction Bonds	2,640,000	1.51	12-17-09	7-1-26	2,008,529	0	164,732	0	1,843,797
Qualified School Construction Bonds	2,333,000	0	10-1-10	9-15-27	1,920,535	0	145,575	0	1,774,960
Energy Efficient Schools Initiative	740,278	0	1-11-11	10-1-18	458,262	0	105,756	0	352,506
Energy Efficient Schools Initiative	767,272	0	9-28-11	2-1-22	588,240	0	76,728	0	511,512
Total Payable through Education Debt Service Fund					\$ 31,875,566	\$ 0	\$ 807,791	\$ 0	\$ 31,067,775
Total Other Loans Payable					\$ 45,095,566	\$ 0	\$ 1,167,791	\$ 8,305,000	\$ 35,622,775

(Continued)

Exhibit J-1

Hawkins County, Tennessee

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or		Debt Refunded	Outstanding 6-30-15
							Matured During Period			
<b><u>CAPITAL LEASES PAYABLE</u></b>										
<b><u>Payable through General Fund</u></b>										
Communications Equipment	\$ 303,676	1.5 %	4-10-13	4-10-18	\$ 234,840	\$ 0	\$ 59,968	\$ 0	\$ 0	\$ 174,872
Total Payable through General Fund					\$ 234,840	\$ 0	\$ 59,968	\$ 0	\$ 0	\$ 174,872
<b><u>Payable through Highway/Public Works Fund</u></b>										
Communications Equipment	13,678	1.5	4-10-13	4-10-18	\$ 10,577	\$ 0	\$ 2,701	\$ 0	\$ 0	\$ 7,876
Total Payable through Highway/Public Works Fund					\$ 10,577	\$ 0	\$ 2,701	\$ 0	\$ 0	\$ 7,876
Total Capital Leases Payable					\$ 245,417	\$ 0	\$ 62,669	\$ 0	\$ 0	\$ 182,748
<b><u>BONDS PAYABLE</u></b>										
<b><u>Payable through General Debt Service Fund</u></b>										
General Obligation Bonds, Series 2010 BABs	265,000	1 to 4.95	6-22-10	5-1-25	\$ 210,000	\$ 0	\$ 15,000	\$ 0	\$ 0	\$ 195,000
General Obligation Bonds, Series 2010 BABs	330,000	1 to 4.95	6-22-10	5-1-25	250,000	0	20,000	0	0	230,000
General Obligation Bonds, Series 2014	9,460,000	2 to 3.5	12-19-14	6-1-36	0	9,460,000	35,000	0	0	9,425,000
Total Payable through General Debt Service Fund					\$ 460,000	\$ 9,460,000	\$ 70,000	\$ 0	\$ 0	\$ 9,850,000
<b><u>Payable through Special Debt Service Fund</u></b>										
General Obligation Bonds, Series 2010 BABs	2,500,000	1 to 4.95	6-22-10	5-1-25	\$ 2,150,000	\$ 0	\$ 160,000	\$ 0	\$ 0	\$ 1,990,000
General Obligation Highway Bonds, Series 2013	2,500,000	2 to 3.25	7-10-13	6-1-25	2,300,000	0	200,000	0	0	2,100,000
Total Payable through Special Debt Service Fund					\$ 4,450,000	\$ 0	\$ 360,000	\$ 0	\$ 0	\$ 4,090,000

(Continued)

Exhibit J-1

Hawkins County, Tennessee

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or		Debt Refunded	Outstanding 6-30-15
							Matured During Period			
<u>BONDS PAYABLE (Cont.)</u>										
<u>Payable through Education Debt Service Fund</u>										
General Obligation School Bonds, Series 2007	\$ 9,700,000	3.9	% 12-20-07	6-1-33	\$ 8,185,000	\$ 0	\$ 300,000	\$ 0	\$ 0	\$ 7,885,000
General Obligation School Bonds, Series 2009 BABs	17,700,000	5.8 to 6.25	8-28-09	6-1-38	17,700,000	0	0	0	0	17,700,000
General Obligation Bonds, Series 2010 BABs	505,000	3.55 to 4.2	6-22-10	5-1-20	505,000	0	0	0	0	505,000
General Obligation School Bonds, Series 2011	410,000	3	4-7-11	5-1-21	410,000	0	0	0	0	410,000
General Obligation Refunding Bonds, Series 2011	7,380,000	2 to 3	4-7-11	5-1-19	5,380,000	0	1,010,000	0	0	4,370,000
Total Payable through Education Debt Service Fund					<u>\$ 32,180,000</u>	<u>\$ 0</u>	<u>\$ 1,310,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,870,000</u>
Total Bonds Payable					<u>\$ 37,090,000</u>	<u>\$ 9,460,000</u>	<u>\$ 1,740,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,810,000</u>

- (1) This note was issued by the Industrial Development Board with Hawkins County as the guarantor. In a prior year, the county, as guarantor, agreed to assume the note debt and pay its requirements.
- (2) Funding for repayment of these notes and loan agreements is to be provided by the School Transportation Fund.
- (3) The total amount approved for the Series B-15-A loan agreement was \$27,745,000.
- (4) The entire amount of the PBA Loan Series V-B-1 was swapped to a synthetic fixed rate by execution of a swap agreement in a prior-year. Also, in a prior-year, the Series V-B-1 loan agreement was refunded with proceeds from the Series VII-A-1 loan agreement.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 185,000	\$ 4,532	\$ 189,532
Total	\$ 185,000	\$ 4,532	\$ 189,532

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 1,152,791	\$ 962,231	\$ 40,375	\$ 2,155,397
2017	982,792	935,831	40,375	1,958,998
2018	1,002,792	916,231	40,375	1,959,398
2019	947,274	895,831	40,375	1,883,480
2020	2,217,035	865,955	40,375	3,123,365
2021	2,287,036	834,461	37,150	3,158,647
2022	2,356,451	800,226	33,800	3,190,477
2023	2,405,308	764,600	30,263	3,200,171
2024	2,525,307	727,364	26,538	3,279,209
2025	2,645,307	687,643	22,625	3,355,575
2026	2,191,523	641,094	18,525	2,851,142
2027	2,140,436	584,444	14,238	2,739,118
2028	2,053,723	458,642	9,700	2,522,065
2029	2,140,000	426,312	4,975	2,571,287
2030	1,600,000	418,813	0	2,018,813
2031	1,700,000	338,812	0	2,038,812
2032	1,300,000	253,813	0	1,553,813
2033	1,000,000	188,812	0	1,188,812
2034	1,000,000	141,313	0	1,141,313
2035	1,000,000	93,812	0	1,093,812
2036	975,000	46,312	0	1,021,312
Total	\$ 35,622,775	\$ 11,982,552	\$ 399,689	\$ 48,005,016

(Continued)

Exhibit J-2

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

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2016	\$ 63,615	\$ 2,305	\$ 65,920
2017	64,576	1,344	65,920
2018	54,557	376	54,933
Total	\$ 182,748	\$ 4,025	\$ 186,773

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,835,000	\$ 2,005,928	\$ 3,840,928
2017	2,075,000	1,950,152	4,025,152
2018	2,140,000	1,885,778	4,025,778
2019	2,200,000	1,818,327	4,018,327
2020	1,085,000	1,747,763	2,832,763
2021	1,150,000	1,709,947	2,859,947
2022	965,000	1,670,891	2,635,891
2023	995,000	1,636,666	2,631,666
2024	995,000	1,600,051	2,595,051
2025	1,025,000	1,561,750	2,586,750
2026	1,095,000	1,521,348	2,616,348
2027	1,110,000	1,487,952	2,597,952
2028	1,160,000	1,452,425	2,612,425
2029	1,205,000	1,415,178	2,620,178
2030	1,760,000	1,374,752	3,134,752
2031	1,815,000	1,303,318	3,118,318
2032	2,390,000	1,227,122	3,617,122
2033	2,845,000	1,118,358	3,963,358
2034	3,020,000	981,297	4,001,297
2035	3,195,000	820,363	4,015,363
2036	3,400,000	646,437	4,046,437
2037	3,600,000	459,375	4,059,375
2038	3,750,000	234,375	3,984,375
Total	\$ 44,810,000	\$ 31,629,553	\$ 76,439,553

Exhibit J-3

Hawkins County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Hawkins 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	Highway/Public Works	Transfer TVA impact funds	\$ 125,000
"	Education Debt Service	Transfer QSCB rebate	<u>113,071</u>
Total Transfers Primary Government			<u>\$ 238,071</u>
<u>DISCRETELY PRESENTED HAWKINS COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Reimburse expenses	\$ 539
"	Other Capital Projects - QSCB	Liquidate fund deficit	15,998
School Federal Projects	General Purpose School	Indirect costs	<u>20,596</u>
Total Transfers Discretely Presented Hawkins County School Department			<u>\$ 37,133</u>

Exhibit J-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 91,292	\$ 100,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	83,945	100,000	"
Director of Schools	State Board of Education and County Board of Education	100,000 (1)	100,000	"
<b>Trustee</b>				
Patricia Courtney (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	12,719	2,067,800	Ohio Casualty Insurance Company
Jim Shanks (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	63,594	1,999,247	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	76,313	50,000	"
<b>County Clerk</b>				
Carroll Jenkins (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	12,719	50,000	"
Nancy Davis (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	63,594	100,000	"
<b>Circuit and General Sessions Courts Clerk</b>				
Sarah Davis (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	12,719	50,000	"
Randall Collier (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	63,594	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	76,313 (2)	75,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	76,313	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	87,545 (3)	100,000	"
<b>Employee Blanket Bonds</b>				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

(1) Includes chief executive officer training supplements of \$3,000, a travel allowance totaling \$7,200, sick leave incentive of \$300, and grant stipend of \$500.

(2) Does not include special commissioner fees of \$18,475.

(3) Includes \$3,000 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

Exhibit J-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,388,639	\$ 0	\$ 0	\$ 0	\$ 1,347,921	\$ 798,770
Trustee's Collections - Prior Year	204,123	0	0	0	37,239	22,068
Trustee's Collections - Bankruptcy	4,298	0	0	0	784	464
Circuit/Clerk and Master Collections - Prior Years	233,765	0	0	0	42,646	25,272
Interest and Penalty	43,435	0	0	0	7,922	4,694
Pickup Taxes	10,574	0	0	0	1,929	1,143
Payments in-Lieu-of Taxes - T.V.A.	1,371	0	0	0	250	148
Payments in-Lieu-of Taxes - Other	19,221	0	0	0	3,507	2,078
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	854,461	0	0	0	0
Wheel Tax	347,564	0	0	0	0	0
Litigation Tax - General	122,410	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	109,163
Litigation Tax - Courthouse Security	108,714	0	0	0	0	0
Business Tax	0	272,518	0	0	0	0
Mineral Severance Tax	0	0	0	0	67,634	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	10,594	0	0	0	1,933	1,145
Wholesale Beer Tax	100,287	0	0	0	0	0
Interstate Telecommunications Tax	3,455	0	0	0	0	0
Total Local Taxes	\$ 8,598,450	\$ 1,126,979	\$ 0	\$ 0	\$ 1,511,765	\$ 964,945
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 133,925	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 2,011	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	285	0	0	0	0	0
Total Licenses and Permits	\$ 2,296	\$ 133,925	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 13,378	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	10,505	0	0	0	0	0
Drug Control Fines	11,969	0	10,992	0	0	0
Drug Court Fees	821	0	0	0	0	0
Data Entry Fee - Circuit Court	4,032	0	0	0	0	0
Courtroom Security Fee	129	0	0	0	0	0
<u>Criminal Court</u>						
Jail Fees	1,685	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	26,484	0	0	0	0	0
Fines for Littering	14	0	0	0	0	0
Officers Costs	31,272	0	0	0	0	0
Game and Fish Fines	337	0	0	0	0	0
Drug Control Fines	10,080	0	8,954	0	0	0
Drug Court Fees	3,830	0	0	0	0	0
Jail Fees	38,626	0	0	0	0	0
DUI Treatment Fines	6,429	0	0	0	0	0
Data Entry Fee - General Sessions Court	13,020	0	0	0	0	0
Courtroom Security Fee	909	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 7,690	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	7,782	0	0	0	0	0
Data Entry Fee - Juvenile Court	669	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	598	0	0	0	0	0
Data Entry Fee - Chancery Court	8,340	0	0	0	0	0
Courtroom Security Fee	19	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	1,000	0	52,318	0	0	0
Other Fines, Forfeitures, and Penalties	950	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 200,568</b>	<b>\$ 0</b>	<b>\$ 72,264</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Waste Tire Disposal	\$ 0	\$ 1,658	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	9,005	0	0	0	0	0
Work Release Charges for Board	19,379	0	0	0	0	0
Other General Service Charges	0	0	0	0	2,243	0
<u>Fees</u>						
Recreation Fees	6,390	0	0	0	0	0
Copy Fees	7,725	0	0	0	0	0
Greenbelt Late Application Fee	300	0	0	0	0	0
Telephone Commissions	57,736	0	0	0	0	0
Vending Machine Collections	122	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	18,475	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Register	\$ 15,964	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - Sheriff	4,203	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	6,155	0	0	0	0	0
Data Processing Fee - County Clerk	3,582	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 130,561</b>	<b>\$ 1,658</b>	<b>\$ 0</b>	<b>\$ 18,475</b>	<b>\$ 2,243</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,111
Lease/Rentals	4,900	0	0	0	0	0
Sale of Materials and Supplies	342	0	0	0	0	0
Commissary Sales	16,146	0	0	0	0	0
Sale of Gasoline	13,715	0	0	0	0	0
Sale of Maps	238	0	0	0	0	0
Sale of Recycled Materials	0	74,909	0	0	1,874	0
Miscellaneous Refunds	11,175	13,046	0	0	5,277	0
<u>Nonrecurring Items</u>						
Sale of Property	23,434	0	0	0	0	0
Damages Recovered from Individuals	0	0	0	0	153	0
Contributions and Gifts	580	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	15,450	0	0	0	0	0
<b>Total Other Local Revenues</b>	<b>\$ 85,980</b>	<b>\$ 87,955</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,304</b>	<b>\$ 13,111</b>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 476,246	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	291,106	0	0	0	0	0
General Sessions Court Clerk	403,770	0	0	0	0	0
Clerk and Master	249,660	0	0	0	0	0
Register	188,245	0	0	0	0	0
Sheriff	35,040	0	0	0	0	0
Trustee	701,963	0	0	0	0	0
Total Fees Received from County Officials	\$ 2,346,030	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Airport Maintenance Program	\$ 6,411	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	17,212	0	0	0	0	0
Solid Waste Grants	0	45,022	0	0	0	0
On-behalf Contributions for OPEB	3,700	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	35,400	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	281,393	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	300,972	0
Litter Program	56,188	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	56,756	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Vehicle Certificate of Title Fees	\$ 5,084	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Alcoholic Beverage Tax	0	92,486	0	0	0	0
Emergency Hospital - Prisoners	65,618	0	0	0	0	0
Board of Jurors	150	0	0	0	0	0
Prisoner Transportation	789	0	0	0	0	0
Contracted Prisoner Boarding	1,765,107	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,967,536	0
Petroleum Special Tax	0	0	0	0	41,008	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	53,125	0	0	0	0	0
Other State Revenues	330,647	0	179	0	0	0
<b>Total State of Tennessee</b>	<b>\$ 2,710,799</b>	<b>\$ 137,508</b>	<b>\$ 179</b>	<b>\$ 0</b>	<b>\$ 2,309,516</b>	<b>\$ 0</b>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	41,000	0	0	0	0	0
Law Enforcement Grants	15,000	0	0	0	0	0
Other Federal through State	606,830	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	104,904	0	0	0	0	6,229
Other Direct Federal Revenue	13,200	0	50,627	0	0	0
<b>Total Federal Government</b>	<b>\$ 780,934</b>	<b>\$ 0</b>	<b>\$ 50,627</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,229</b>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 179,671	\$ 0	\$ 993	\$ 0	\$ 0	\$ 0
Contracted Services	85,909	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	5,500	0	0	0	0	0
<u>Other</u>						
Other	4,686	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 275,766</u>	<u>\$ 0</u>	<u>\$ 993</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 15,131,384</u>	<u>\$ 1,488,025</u>	<u>\$ 124,063</u>	<u>\$ 18,475</u>	<u>\$ 3,830,828</u>	<u>\$ 984,285</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds (Cont.)</u>		<u>Capital Projects Funds</u>		Total
	Special Debt Service	Education Debt Service	Highway Capital Projects	Other Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 3,394,777	\$ 0	\$ 0	\$ 12,930,107
Trustee's Collections - Prior Year	0	93,785	0	0	357,215
Trustee's Collections - Bankruptcy	0	1,976	0	0	7,522
Circuit/Clerk and Master Collections - Prior Years	0	107,405	0	0	409,088
Interest and Penalty	0	19,953	0	0	76,004
Pickup Taxes	0	4,858	0	0	18,504
Payments in-Lieu-of Taxes - T.V.A.	0	630	0	0	2,399
Payments in-Lieu-of Taxes - Other	0	8,831	0	0	33,637
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	854,461
Wheel Tax	347,564	347,564	0	0	1,042,692
Litigation Tax - General	0	0	0	0	122,410
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	109,163
Litigation Tax - Courthouse Security	0	0	0	0	108,714
Business Tax	0	0	0	0	272,518
Mineral Severance Tax	0	0	0	0	67,634
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	4,867	0	0	18,539
Wholesale Beer Tax	0	0	0	0	100,287
Interstate Telecommunications Tax	0	0	0	0	3,455
<b>Total Local Taxes</b>	<b>\$ 347,564</b>	<b>\$ 3,984,646</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 16,534,349</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 133,925

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds (Cont.)</u>		<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Special Debt Service</u>	<u>Education Debt Service</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	2,011
Other Permits	0	0	0	0	285
<b>Total Licenses and Permits</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>136,221</b>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	13,378
Officers Costs	0	0	0	0	10,505
Drug Control Fines	0	0	0	0	22,961
Drug Court Fees	0	0	0	0	821
Data Entry Fee - Circuit Court	0	0	0	0	4,032
Courtroom Security Fee	0	0	0	0	129
<u>Criminal Court</u>					
Jail Fees	0	0	0	0	1,685
<u>General Sessions Court</u>					
Fines	0	0	0	0	26,484
Fines for Littering	0	0	0	0	14
Officers Costs	0	0	0	0	31,272
Game and Fish Fines	0	0	0	0	337
Drug Control Fines	0	0	0	0	19,034
Drug Court Fees	0	0	0	0	3,830
Jail Fees	0	0	0	0	38,626
DUI Treatment Fines	0	0	0	0	6,429
Data Entry Fee - General Sessions Court	0	0	0	0	13,020
Courtroom Security Fee	0	0	0	0	909

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds (Cont.)</u>		<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Special Debt Service</u>	<u>Education Debt Service</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	7,690
Officers Costs	0	0	0	0	7,782
Data Entry Fee - Juvenile Court	0	0	0	0	669
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	598
Data Entry Fee - Chancery Court	0	0	0	0	8,340
Courtroom Security Fee	0	0	0	0	19
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	53,318
Other Fines, Forfeitures, and Penalties	0	0	0	0	950
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>272,832</b>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Waste Tire Disposal	\$ 0	\$ 0	\$ 0	\$ 0	1,658
Patient Charges	0	0	0	0	9,005
Work Release Charges for Board	0	0	0	0	19,379
Other General Service Charges	0	0	0	0	2,243
<u>Fees</u>					
Recreation Fees	0	0	0	0	6,390
Copy Fees	0	0	0	0	7,725
Greenbelt Late Application Fee	0	0	0	0	300
Telephone Commissions	0	0	0	0	57,736
Vending Machine Collections	0	0	0	0	122
Special Commissioner Fees/Special Master Fees	0	0	0	0	18,475

(Continued)

Exhibit J-5

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

	Debt Service Funds (Cont.)		Capital Projects Funds		Total
	Special Debt Service	Education Debt Service	Highway Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Data Processing Fee - Register	\$ 0	\$ 0	\$ 0	\$ 0	15,964
Data Processing Fee - Sheriff	0	0	0	0	4,203
Sexual Offender Registration Fee - Sheriff	0	0	0	0	6,155
Data Processing Fee - County Clerk	0	0	0	0	3,582
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	152,937
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 79,169	\$ 285	\$ 0	92,565
Lease/Rentals	0	0	0	0	4,900
Sale of Materials and Supplies	0	0	0	0	342
Commissary Sales	0	0	0	0	16,146
Sale of Gasoline	0	0	0	0	13,715
Sale of Maps	0	0	0	0	238
Sale of Recycled Materials	0	0	0	0	76,783
Miscellaneous Refunds	0	0	0	0	29,498
<u>Nonrecurring Items</u>					
Sale of Property	0	0	0	0	23,434
Damages Recovered from Individuals	0	0	0	0	153
Contributions and Gifts	0	0	0	0	580
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	15,450
Total Other Local Revenues	\$ 0	\$ 79,169	\$ 285	\$ 0	273,804

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds (Cont.)</u>		<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Special Debt Service</u>	<u>Education Debt Service</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	476,246
Circuit Court Clerk	0	0	0	0	291,106
General Sessions Court Clerk	0	0	0	0	403,770
Clerk and Master	0	0	0	0	249,660
Register	0	0	0	0	188,245
Sheriff	0	0	0	0	35,040
Trustee	0	0	0	0	701,963
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	2,346,030
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Airport Maintenance Program	\$ 0	\$ 0	\$ 0	\$ 0	6,411
Aging Programs	0	0	0	0	17,212
Solid Waste Grants	0	0	0	0	45,022
On-behalf Contributions for OPEB	0	0	0	0	3,700
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	35,400
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	0	0	0	0	281,393
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	300,972
Litter Program	0	0	0	0	56,188
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	56,756
Beer Tax	0	0	0	0	18,055

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds (Cont.)</u>		<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Special Debt Service</u>	<u>Education Debt Service</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Vehicle Certificate of Title Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,084
Alcoholic Beverage Tax	0	0	0	0	92,486
Emergency Hospital - Prisoners	0	0	0	0	65,618
Board of Jurors	0	0	0	0	150
Prisoner Transportation	0	0	0	0	789
Contracted Prisoner Boarding	0	0	0	0	1,765,107
Gasoline and Motor Fuel Tax	0	0	0	0	1,967,536
Petroleum Special Tax	0	0	0	0	41,008
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	53,125
Other State Revenues	0	0	0	0	330,826
<b>Total State of Tennessee</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,158,002</b>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 290,304	\$ 290,304
Civil Defense Reimbursement	0	0	0	0	41,000
Law Enforcement Grants	0	0	0	0	15,000
Other Federal through State	0	0	0	0	606,830
<u>Direct Federal Revenue</u>					
Tax Credit Bond Rebate	29,181	361,248	0	0	501,562
Other Direct Federal Revenue	0	0	0	0	63,827
<b>Total Federal Government</b>	<b>\$ 29,181</b>	<b>\$ 361,248</b>	<b>\$ 0</b>	<b>\$ 290,304</b>	<b>\$ 1,518,523</b>

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds (Cont.)</u>		<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Special Debt Service</u>	<u>Education Debt Service</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 899,342	\$ 0	\$ 0	\$ 1,080,006
Contracted Services	0	0	0	0	85,909
<u>Citizens Groups</u>					
Donations	0	0	0	0	5,500
<u>Other</u>					
Other	0	0	0	0	4,686
Total Other Governments and Citizens Groups	\$ 0	\$ 899,342	\$ 0	\$ 0	\$ 1,176,101
Total	\$ 376,745	\$ 5,324,405	\$ 285	\$ 290,304	\$ 27,568,799

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transportation	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 7,591,766	\$ 0	\$ 0	\$ 2,995,369	\$ 10,587,135
Trustee's Collections - Prior Year	226,775	0	0	43,239	270,014
Trustee's Collections - Bankruptcy	4,565	0	0	877	5,442
Circuit/Clerk and Master Collections - Prior Years	241,197	0	0	86,261	327,458
Interest and Penalty	45,785	0	0	10,978	56,763
Pickup Taxes	11,076	0	0	3,055	14,131
Payments in-Lieu-of Taxes - T.V.A.	1,612	0	0	556	2,168
Payments in-Lieu-of Taxes - Other	22,616	0	0	7,702	30,318
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,179,803	0	0	0	4,179,803
Wheel Tax	204,168	0	0	125,148	329,316
<u>Statutory Local Taxes</u>					
Bank Excise Tax	10,885	0	0	4,295	15,180
Interstate Telecommunications Tax	4,899	0	0	0	4,899
Total Local Taxes	\$ 12,545,147	\$ 0	\$ 0	\$ 3,277,480	\$ 15,822,627
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,501	\$ 0	\$ 0	\$ 0	\$ 3,501
Total Licenses and Permits	\$ 3,501	\$ 0	\$ 0	\$ 0	\$ 3,501
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 575,122	\$ 0	\$ 575,122

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transpor - tation	
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 88,497	\$ 0	\$ 88,497
Income from Breakfast	0	0	119,386	0	119,386
A la carte Sales	0	0	35,934	0	35,934
Receipts from Individual Schools	47,368	0	0	50,037	97,405
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	75,038	0	75,038
Total Charges for Current Services	\$ 47,368	\$ 0	\$ 893,977	\$ 50,037	\$ 991,382
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,116	\$ 0	\$ 2,116
Lease/Rentals	43,750	0	0	0	43,750
Sale of Gasoline	0	0	0	274	274
Retirees' Insurance Payments	56	0	0	0	56
Commodity Rebates	0	0	300	0	300
Miscellaneous Refunds	342,336	0	375	17,168	359,879
<u>Nonrecurring Items</u>					
Sale of Equipment	14,100	0	1,014	30,686	45,800
Sale of Property	14,100	0	0	0	14,100
Damages Recovered from Individuals	930	0	0	15	945
Contributions and Gifts	71,795	0	0	0	71,795
<u>Other Local Revenues</u>					
Other Local Revenues	163	0	0	0	163
Total Other Local Revenues	\$ 487,230	\$ 0	\$ 3,805	\$ 48,143	\$ 539,178

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transportation	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 354,695	\$ 0	\$ 0	\$ 0	\$ 354,695
<u>State Education Funds</u>					
Basic Education Program	35,988,000	0	0	0	35,988,000
Early Childhood Education	370,999	0	0	0	370,999
School Food Service	0	0	37,480	0	37,480
Other State Education Funds	293,979	0	0	0	293,979
Career Ladder Program	169,257	0	0	0	169,257
Career Ladder - Extended Contract	56,845	0	0	0	56,845
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	1,301,342	0	0	0	1,301,342
Other State Grants	5,920	0	0	0	5,920
Other State Revenues	353,633	0	0	0	353,633
Total State of Tennessee	\$ 38,894,670	\$ 0	\$ 37,480	\$ 0	\$ 38,932,150
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,860,329	\$ 0	\$ 1,860,329
USDA - Commodities	0	0	213,629	0	213,629
Breakfast	0	0	589,417	0	589,417
USDA - Other	0	0	22,591	0	22,591
Adult Education State Grant Program	94,707	0	0	0	94,707
Vocational Education - Basic Grants to States	0	126,611	0	0	126,611
Title I Grants to Local Education Agencies	0	1,646,458	0	0	1,646,458
Special Education - Grants to States	0	1,767,776	0	0	1,767,776

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transpor - tation	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Special Education Preschool Grants	\$ 0	\$ 30,424	\$ 0	\$ 0	\$ 30,424
English Language Acquisition Grants	0	1,848	0	0	1,848
Safe and Drug-free Schools - State Grants	0	50,970	0	0	50,970
Education for Homeless Children and Youth	0	2,579	0	0	2,579
Eisenhower Professional Development State Grants	0	232,453	0	0	232,453
Race to the Top - ARRA	0	284,162	0	0	284,162
Other Federal through State	94,817	137,561	10,000	0	242,378
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	122,287	0	0	0	122,287
Total Federal Government	\$ 311,811	\$ 4,280,842	\$ 2,695,966	\$ 0	\$ 7,288,619
Total	\$ 52,289,727	\$ 4,280,842	\$ 3,631,228	\$ 3,375,660	\$ 63,577,457

Exhibit J-7

Hawkins 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	\$	26,500	
Other Per Diem and Fees		20,550	
Social Security		3,443	
Pensions		2,326	
Medical Insurance		9,700	
Audit Services		17,050	
Travel		28,938	
Tuition		100	
Total County Commission			\$ 108,607

Board of Equalization

Board and Committee Members Fees	\$	5,070	
Social Security		388	
Travel		99	
Total Board of Equalization			5,557

Beer Board

Board and Committee Members Fees	\$	1,050	
Social Security		80	
Pensions		52	
Total Beer Board			1,182

Budget and Finance Committee

Board and Committee Members Fees	\$	5,900	
Social Security		451	
Pensions		260	
Total Budget and Finance Committee			6,611

County Mayor/Executive

County Official/Administrative Officer	\$	91,292	
Accountants/Bookkeepers		181,923	
Part-time Personnel		11,217	
Social Security		18,571	
Pensions		23,715	
Life Insurance		332	
Medical Insurance		56,907	
Unemployment Compensation		502	
Communication		4,600	
Maintenance Agreements		16,114	
Rentals		4,751	
Travel		3,871	
Office Supplies		6,646	
In Service/Staff Development		975	
Data Processing Equipment		12,030	
Total County Mayor/Executive			433,446

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	25,725	
Social Security		1,707	
Pensions		2,233	
Life Insurance		32	
Medical Insurance		6,953	
Unemployment Compensation		72	
Total County Attorney			\$ 36,722

Election Commission

Supervisor/Director	\$	68,682	
Deputy(ies)		49,453	
Part-time Personnel		13,297	
Overtime Pay		5,733	
Other Salaries and Wages		9,246	
Election Commission		7,221	
Election Workers		73,094	
Social Security		11,671	
Pensions		10,734	
Life Insurance		150	
Medical Insurance		21,204	
Unemployment Compensation		320	
Communication		1,438	
Dues and Memberships		250	
Operating Lease Payments		2,221	
Legal Notices, Recording, and Court Costs		7,205	
Maintenance and Repair Services - Office Equipment		11,904	
Postal Charges		1,480	
Rentals		7,157	
Travel		8,636	
Other Contracted Services		27,051	
Office Supplies		3,422	
Other Supplies and Materials		3,665	
In Service/Staff Development		2,800	
Other Charges		181	
Data Processing Equipment		966	
Total Election Commission			349,181

Register of Deeds

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		101,359	
Part-time Personnel		4,772	
Social Security		13,017	
Pensions		15,422	
Life Insurance		225	
Medical Insurance		20,687	
Unemployment Compensation		326	
Communication		1,474	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Dues and Memberships	\$	135	
Maintenance Agreements		217	
Rentals		815	
Other Contracted Services		15,164	
Office Supplies		1,736	
Office Equipment		730	
Total Register of Deeds			\$ 252,392

Planning

Board and Committee Members Fees	\$	1,254	
Social Security		99	
Contracts with Government Agencies		12,250	
Total Planning			13,603

County Buildings

Supervisor/Director	\$	28,789	
Custodial Personnel		55,444	
Maintenance Personnel		20,186	
Social Security		6,666	
Pensions		8,434	
Life Insurance		245	
Medical Insurance		40,066	
Unemployment Compensation		361	
Architects		4,486	
Communication		27,988	
Contracts with Government Agencies		15,053	
Janitorial Services		7,696	
Laundry Service		1,851	
Maintenance and Repair Services - Buildings		43,912	
Maintenance and Repair Services - Equipment		2,968	
Maintenance and Repair Services - Office Equipment		536	
Maintenance and Repair Services - Vehicles		581	
Pest Control		5,447	
Rentals		20,073	
Travel		207	
Permits		265	
Other Contracted Services		47,189	
Custodial Supplies		10,085	
Gasoline		2,055	
Office Supplies		64	
Small Tools		818	
Utilities		218,910	
Other Supplies and Materials		10,959	
Other Charges		230	
Building Improvements		107,576	
Office Equipment		2,076	
Other Equipment		1,469	
Total County Buildings			692,685

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Bank Charges	\$	180	
Dues and Memberships		13,142	
Evaluation and Testing		1,116	
Legal Notices, Recording, and Court Costs		3,557	
Postal Charges		50,934	
Rentals		6,334	
Other Contracted Services		1,440	
Duplicating Supplies		6,497	
Building and Contents Insurance		4,932	
Liability Insurance		333,025	
Premiums on Corporate Surety Bonds		7,333	
Workers' Compensation Insurance		261,053	
Liability Claims		13,299	
Other Charges		125	
Other Capital Outlay		1,223	
Total Other General Administration			\$ 704,190

Preservation of Records

Communication	\$	1,529	
Total Preservation of Records			1,529

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		157,934	
Part-time Personnel		2,464	
Social Security		16,698	
Pensions		19,544	
Life Insurance		312	
Medical Insurance		32,885	
Unemployment Compensation		466	
Communication		5,748	
Data Processing Services		20,177	
Dues and Memberships		415	
Evaluation and Testing		107	
Legal Notices, Recording, and Court Costs		301	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Vehicles		1,470	
Rentals		1,626	
Travel		2,046	
Other Contracted Services		10,250	
Gasoline		3,903	
Office Supplies		3,361	
Tires and Tubes		592	
Other Charges		18	
Office Equipment		6,436	
Total Property Assessor's Office			366,066

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Supervisor/Director	\$	38,990	
Deputy(ies)		56,991	
Social Security		6,677	
Pensions		8,331	
Life Insurance		150	
Medical Insurance		13,889	
Unemployment Compensation		216	
Data Processing Services		7,503	
Postal Charges		1,173	
Travel		493	
Office Supplies		700	
Total Reappraisal Program			\$ 135,113

County Trustee's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		74,933	
Temporary Personnel		23,776	
Social Security		12,620	
Pensions		12,442	
Life Insurance		197	
Medical Insurance		10,972	
Unemployment Compensation		444	
Communication		2,076	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		148	
Maintenance and Repair Services - Office Equipment		17,642	
Rentals		1,202	
Travel		2,950	
Tuition		300	
Other Contracted Services		7,021	
Office Supplies		4,831	
Data Processing Equipment		2,574	
Other Capital Outlay		2,867	
Total County Trustee's Office			253,458

County Clerk's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		345,320	
Part-time Personnel		9,801	
Other Per Diem and Fees		200	
Social Security		30,138	
Pensions		35,272	
Life Insurance		625	
Medical Insurance		70,341	
Unemployment Compensation		1,065	
Communication		8,090	
Dues and Memberships		150	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Legal Notices, Recording, and Court Costs	\$	111	
Maintenance and Repair Services - Office Equipment		22,814	
Rentals		2,622	
Travel		3,610	
Tuition		300	
Other Contracted Services		10,960	
Office Supplies		8,400	
Other Supplies and Materials		4,307	
Office Equipment		16,567	
Total County Clerk's Office			\$ 647,006

Administration of Justice

Circuit Court Clerk

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		276,882	
Part-time Personnel		17,000	
Jury and Witness Expense		2,545	
Social Security		26,453	
Pensions		30,658	
Life Insurance		599	
Medical Insurance		49,913	
Unemployment Compensation		923	
Communication		3,101	
Dues and Memberships		120	
Legal Notices, Recording, and Court Costs		182	
Maintenance Agreements		12,570	
Rentals		1,916	
Travel		1,517	
Tuition		300	
Office Supplies		13,769	
Other Supplies and Materials		563	
Data Processing Equipment		82,075	
Office Equipment		5,717	
Total Circuit Court Clerk			603,116

Criminal Court

Jury and Witness Expense	\$	10,248	
Total Criminal Court			10,248

General Sessions Court

Judge(s)	\$	158,636	
Secretary(ies)		25,733	
Clerical Personnel		26,409	
Part-time Personnel		494	
Social Security		12,848	
Pensions		18,295	
Life Insurance		150	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Medical Insurance	\$	41,153	
Unemployment Compensation		148	
Communication		1,524	
Maintenance and Repair Services - Office Equipment		150	
Rentals		1,260	
Travel		1,992	
Office Supplies		953	
Other Supplies and Materials		130	
Data Processing Equipment		1,566	
Total General Sessions Court			\$ 291,441

Drug Court

Other Salaries and Wages	\$	28,309	
Social Security		1,868	
Pensions		2,457	
Life Insurance		50	
Medical Insurance		8,739	
Unemployment Compensation		72	
Communication		194	
Travel		3,690	
Other Contracted Services		5,698	
Other Supplies and Materials		2,348	
Workers' Compensation Insurance		124	
Other Charges		2,933	
Total Drug Court			56,482

Chancery Court

County Official/Administrative Officer	\$	50,876	
Deputy(ies)		66,112	
Social Security		12,081	
Pensions		15,232	
Life Insurance		232	
Medical Insurance		32,789	
Unemployment Compensation		360	
Communication		869	
Dues and Memberships		220	
Legal Notices, Recording, and Court Costs		4,650	
Maintenance Agreements		11,988	
Rentals		3,954	
Travel		244	
Tuition		100	
Other Contracted Services		4,722	
Office Supplies		5,074	
Data Processing Equipment		105	
Total Chancery Court			209,608

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Judge(s)	\$	63,454	
Secretary(ies)		26,479	
Clerical Personnel		22,643	
Part-time Personnel		350	
Social Security		7,660	
Pensions		9,772	
Life Insurance		150	
Medical Insurance		23,774	
Unemployment Compensation		147	
Dues and Memberships		40	
Travel		211	
Other Supplies and Materials		346	
In Service/Staff Development		483	
Total Juvenile Court			\$ 155,509

Courtroom Security

Deputy(ies)	\$	37,948	
Overtime Pay		1,225	
Other Salaries and Wages		1,678	
Social Security		2,704	
Pensions		3,400	
Life Insurance		111	
Medical Insurance		13,874	
Unemployment Compensation		84	
Liability Insurance		2,949	
Workers' Compensation Insurance		2,512	
Law Enforcement Equipment		472	
Other Equipment		4,600	
Total Courtroom Security			71,557

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	83,945	
Deputy(ies)		962,685	
Detective(s)		423,312	
Captain(s)		52,498	
Lieutenant(s)		170,107	
Sergeant(s)		236,655	
Salary Supplements		38,400	
Secretary(ies)		67,993	
Part-time Personnel		4,830	
School Resource Officer		114,790	
Overtime Pay		99,900	
Other Salaries and Wages		12,526	
Social Security		159,598	
Pensions		189,773	
Life Insurance		3,141	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Medical Insurance	\$	362,152	
Unemployment Compensation		4,698	
Communication		16,210	
Contributions		2,701	
Dues and Memberships		174	
Evaluation and Testing		250	
Maintenance Agreements		5,249	
Maintenance and Repair Services - Office Equipment		5,688	
Maintenance and Repair Services - Vehicles		80,004	
Rentals		3,621	
Towing Services		1,574	
Travel		618	
Other Contracted Services		223	
Data Processing Supplies		479	
Gasoline		152,937	
Law Enforcement Supplies		17,992	
Office Supplies		1,749	
Tires and Tubes		13,221	
Uniforms		16,238	
Other Supplies and Materials		618	
Liability Insurance		3,932	
Workers' Compensation Insurance		7,131	
In Service/Staff Development		16,272	
Other Charges		190	
Data Processing Equipment		4,669	
Law Enforcement Equipment		34,504	
Office Equipment		2,978	
Total Sheriff's Department			\$ 3,376,225

Drug Enforcement

Salary Supplements	\$	800	
Social Security		61	
Pensions		69	
Total Drug Enforcement			930

Administration of the Sexual Offender Registry

Office Supplies	\$	163	
Other Charges		1,200	
Total Administration of the Sexual Offender Registry			1,363

Jail

Lieutenant(s)	\$	35,214	
Guards		1,024,615	
Cafeteria Personnel		53,337	
Part-time Personnel		24,989	
Overtime Pay		35,974	
Other Salaries and Wages		9,228	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Social Security	\$	83,297	
Pensions		95,076	
Life Insurance		2,178	
Medical Insurance		186,889	
Unemployment Compensation		3,906	
Communication		5,173	
Evaluation and Testing		2,100	
Maintenance Agreements		2,484	
Maintenance and Repair Services - Buildings		11,949	
Maintenance and Repair Services - Equipment		13,314	
Maintenance and Repair Services - Office Equipment		7,928	
Maintenance and Repair Services - Vehicles		1,520	
Medical and Dental Services		284,171	
Postal Charges		972	
Rentals		2,507	
Travel		87	
Other Contracted Services		9,015	
Custodial Supplies		23,775	
Data Processing Supplies		405	
Food Preparation Supplies		12,848	
Food Supplies		314,854	
Office Supplies		2,731	
Prisoners Clothing		5,917	
Small Tools		3,908	
Uniforms		12,218	
Utilities		128,680	
Other Supplies and Materials		33,519	
Medical Claims		130,275	
In Service/Staff Development		6,191	
Other Charges		473	
Building Improvements		3,836	
Data Processing Equipment		4,765	
Food Service Equipment		1,541	
Office Equipment		2,898	
Other Equipment		741	
Total Jail			\$ 2,585,498

Juvenile Services

Supervisor/Director	\$	35,797
Youth Service Officer(s)		30,827
Social Security		4,715
Pensions		5,783
Life Insurance		100
Medical Insurance		10,548
Unemployment Compensation		144
Communication		3,973
Contracts with Other Public Agencies		101,438

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Evaluation and Testing	\$	780	
Maintenance and Repair Services - Office Equipment		4,565	
Rentals		2,706	
Travel		199	
Office Supplies		2,942	
Other Supplies and Materials		1,957	
Office Equipment		2,526	
Total Juvenile Services			\$ 209,000

Fire Prevention and Control

Contributions	\$	237,000	
Total Fire Prevention and Control			237,000

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$	39,376	
Part-time Personnel		7,776	
Social Security		3,433	
Pensions		3,418	
Life Insurance		50	
Medical Insurance		5,095	
Unemployment Compensation		134	
Communication		5,346	
Contributions		195,000	
Dues and Memberships		55	
Operating Lease Payments		1,500	
Maintenance and Repair Services - Equipment		6,280	
Maintenance and Repair Services - Vehicles		1,111	
Printing, Stationery, and Forms		480	
Rentals		1,018	
Travel		589	
Other Contracted Services		8,995	
Gasoline		3,826	
Office Supplies		384	
Tires and Tubes		765	
Uniforms		466	
Other Supplies and Materials		1,253	
Workers' Compensation Insurance		401	
Communication Equipment		107,744	
Other Equipment		4,489	
Other Capital Outlay		14,566	
Total Other Emergency Management			413,550

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	23,475	
Contracts with Government Agencies		65,052	
Other Charges		7,190	
Total County Coroner/Medical Examiner			\$ 95,717

Public Health and Welfare

Local Health Center

Salary Supplements	\$	15,703	
Other Salaries and Wages		135,772	
Social Security		9,158	
Pensions		10,304	
Life Insurance		200	
Medical Insurance		33,170	
Unemployment Compensation		436	
Communication		22,712	
Dues and Memberships		375	
Operating Lease Payments		4,200	
Maintenance and Repair Services - Equipment		1,693	
Pest Control		1,078	
Postal Charges		8,502	
Travel		7,512	
Other Contracted Services		59,773	
Custodial Supplies		5,188	
Drugs and Medical Supplies		2,683	
Office Supplies		7,989	
Other Supplies and Materials		4,979	
Workers' Compensation Insurance		1,018	
Other Charges		1,365	
Other Capital Outlay		13,927	
Total Local Health Center			347,737

Ambulance/Emergency Medical Services

Contributions	\$	52,500	
Total Ambulance/Emergency Medical Services			52,500

Other Local Health Services

Other Salaries and Wages	\$	242,008	
Social Security		17,982	
Pensions		18,428	
Life Insurance		245	
Medical Insurance		14,901	
Unemployment Compensation		661	
Travel		7,070	
Liability Insurance		572	
Workers' Compensation Insurance		1,815	
Total Other Local Health Services			303,682

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Aid to Dependent Children

Other Charges	\$ 6,500	
Total Aid to Dependent Children		\$ 6,500

Other Public Health and Welfare

Advertising	\$ 1,080	
Other Contracted Services	942	
Other Supplies and Materials	12,604	
Total Other Public Health and Welfare		14,626

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

Supervisor/Director	\$ 27,068	
Bus Drivers	17,312	
Secretary(ies)	21,397	
Social Security	4,444	
Pensions	5,710	
Life Insurance	125	
Medical Insurance	21,613	
Unemployment Compensation	218	
Communication	5,715	
Contracts with Government Agencies	26,536	
Contributions	47,000	
Maintenance and Repair Services - Vehicles	3,622	
Rentals	1,208	
Transportation - Other than Students	5,040	
Travel	694	
Other Contracted Services	2,500	
Custodial Supplies	1,375	
Gasoline	398	
Office Supplies	550	
Utilities	5,839	
Other Charges	277	
Other Equipment	116	
Total Senior Citizens Assistance		198,757

Libraries

Contributions	\$ 101,000	
Total Libraries		101,000

Parks and Fair Boards

Custodial Personnel	\$ 24,715	
Maintenance Personnel	18,944	
Temporary Personnel	10,915	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Part-time Personnel	\$	8,059	
Social Security		4,696	
Pensions		3,790	
Life Insurance		100	
Medical Insurance		5,212	
Unemployment Compensation		281	
Advertising		2,500	
Communication		1,241	
Maintenance and Repair Services - Buildings		355	
Maintenance and Repair Services - Equipment		3,293	
Maintenance and Repair Services - Office Equipment		126	
Maintenance and Repair Services - Vehicles		1,836	
Rentals		7,195	
Crushed Stone		4,572	
Custodial Supplies		3,042	
Electricity		7,370	
Gasoline		5,426	
Office Supplies		448	
Propane Gas		1,010	
Small Tools		349	
Tires and Tubes		556	
Water and Sewer		952	
Other Supplies and Materials		6,360	
Office Equipment		54	
Other Equipment		1,176	
Other Construction		426	
Other Capital Outlay		11,061	
Total Parks and Fair Boards			\$ 136,060

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	10,799	
Salary Supplements		54,003	
Social Security		826	
Unemployment Compensation		81	
Communication		2,275	
Rentals		1,891	
Travel		2,348	
Workers' Compensation Insurance		47	
Other Charges		2,400	
Other Equipment		3,000	
Total Agricultural Extension Service			77,670

Forest Service

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Clerical Personnel	\$	19,192	
Part-time Personnel		13,600	
Social Security		1,662	
Pensions		1,391	
Life Insurance		29	
Medical Insurance		6,312	
Unemployment Compensation		177	
Contracts with Other Public Agencies		4,000	
Contributions		9,000	
Total Soil Conservation			\$ 55,363

Storm Water Management

Part-time Personnel	\$	6,150	
Social Security		470	
Unemployment Compensation		49	
Dues and Memberships		300	
Permits		3,460	
Other Contracted Services		5,000	
Workers' Compensation Insurance		253	
Total Storm Water Management			15,682

Other Operations

Tourism

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

Industrial Development

Supervisor/Director	\$	22,772	
Secretary(ies)		25,714	
Part-time Personnel		13,863	
Other Salaries and Wages		72,174	
Social Security		9,774	
Pensions		6,876	
Life Insurance		111	
Medical Insurance		19,741	
Unemployment Compensation		527	
Accounting Services		4,850	
Advertising		306	
Communication		1,154	
Contributions		32,000	
Dues and Memberships		100	
Engineering Services		7,900	
Maintenance and Repair Services - Buildings		301	
Maintenance and Repair Services - Equipment		3,478	
Maintenance and Repair Services - Vehicles		254	
Rentals		1,037	
Travel		1,304	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Other Contracted Services	\$	25,150	
Electricity		11,718	
Gasoline		2,891	
Office Supplies		1,618	
Tires and Tubes		606	
Other Supplies and Materials		383	
Workers' Compensation Insurance		886	
Maintenance Equipment		44,210	
Office Equipment		90	
Total Industrial Development			\$ 311,788

Airport

Communication	\$	1,869	
Maintenance and Repair Services - Equipment		5,866	
Permits		477	
Other Contracted Services		3,789	
Gasoline		8,930	
Other Supplies and Materials		1,218	
Airport Improvement		12,151	
Other Capital Outlay		148,059	
Total Airport			182,359

Veterans' Services

Supervisor/Director	\$	31,365	
Secretary(ies)		26,753	
Social Security		4,144	
Pensions		5,045	
Life Insurance		100	
Medical Insurance		4,613	
Unemployment Compensation		144	
Communication		495	
Dues and Memberships		85	
Maintenance and Repair Services - Office Equipment		200	
Rentals		533	
Travel		3,893	
Other Contracted Services		399	
Office Supplies		771	
Data Processing Equipment		1,997	
Total Veterans' Services			80,537

Other Charges

On-behalf Payments to OPEB	\$	3,700	
Total Other Charges			3,700

Contributions to Other Agencies

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Medical Insurance	\$ 60,748	
Total Employee Benefits		\$ 60,748

Miscellaneous

Consultants	\$ 10,241	
Contracts with Other Public Agencies	7,438	
Contributions	27,000	
Operating Lease Payments	1,000	
Legal Services	4,465	
Other Supplies and Materials	124	
Trustee's Commission	170,252	
Other Charges	300	
Total Miscellaneous		220,820

Highways

Litter and Trash Collection

Overtime Pay	\$ 194	
Other Salaries and Wages	29,431	
Social Security	2,171	
Pensions	2,571	
Life Insurance	50	
Medical Insurance	2,922	
Unemployment Compensation	72	
Communication	35	
Contracts with Other Public Agencies	8,000	
Maintenance and Repair Services - Vehicles	1,847	
Travel	97	
Gasoline	3,089	
Other Supplies and Materials	6,362	
Workers' Compensation Insurance	1,220	
Total Litter and Trash Collection		58,061

Principal on Debt

General Government

Principal on Capital Leases	\$ 59,968	
Total General Government		59,968

Interest on Debt

General Government

Interest on Capital Leases	\$ 3,111	
Total General Government		3,111

Total General Fund		\$ 14,747,761
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(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	27,436	
Other Fringe Benefits		4,552	
Communication		600	
Dues and Memberships		100	
Maintenance and Repair Services - Vehicles		755	
Travel		2,788	
Gasoline		493	
Tires and Tubes		99	
Uniforms		99	
Trustee's Commission		13,438	
Workers' Compensation Insurance		1,153	
Total Sanitation Management			\$ 51,513

Waste Pickup

Truck Drivers	\$	105,849	
Overtime Pay		11,891	
Other Fringe Benefits		28,001	
Communication		341	
Maintenance and Repair Services - Vehicles		71,431	
Towing Services		1,000	
Gasoline		68,878	
Lubricants		3,660	
Tires and Tubes		22,932	
Uniforms		378	
Vehicle Parts		39,576	
Other Supplies and Materials		4,866	
Workers' Compensation Insurance		15,722	
Total Waste Pickup			374,525

Convenience Centers

Laborers	\$	188,344	
Overtime Pay		3,610	
Other Fringe Benefits		53,006	
Communication		5,482	
Operating Lease Payments		3,100	
Maintenance and Repair Services - Equipment		54,349	
Rentals		11,533	
Crushed Stone		716	
Uniforms		790	
Utilities		8,154	
Other Supplies and Materials		1,951	
Workers' Compensation Insurance		30,455	
Total Convenience Centers			361,490

Other Waste Collection

Overtime Pay	\$	178	
Other Salaries and Wages		18,524	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Other Waste Collection (Cont.)

Other Fringe Benefits	\$	9,440	
Uniforms		100	
Workers' Compensation Insurance		2,423	
Total Other Waste Collection			\$ 30,665

Recycling Center

Laborers	\$	12,856	
Overtime Pay		279	
Other Salaries and Wages		19,636	
Other Fringe Benefits		11,751	
Communication		831	
Maintenance and Repair Services - Buildings		10,797	
Maintenance and Repair Services - Equipment		3,008	
Maintenance and Repair Services - Office Equipment		535	
Maintenance and Repair Services - Vehicles		2,264	
Travel		45	
Gasoline		3,280	
Tires and Tubes		555	
Uniforms		199	
Utilities		5,078	
Other Supplies and Materials		2,729	
Workers' Compensation Insurance		5,399	
Other Charges		140	
Data Processing Equipment		1,087	
Total Recycling Center			80,469

Landfill Operation and Maintenance

Contracts for Landfill Facilities	\$	543,130	
Surcharge		33,603	
Total Landfill Operation and Maintenance			576,733

Other Waste Disposal

Disposal Fees	\$	32,852	
Total Other Waste Disposal			32,852

Total Solid Waste/Sanitation Fund \$ 1,508,247

Drug Control Fund

Public Safety

Drug Enforcement

Overtime Pay	\$	19,611	
In-service Training		257	
Other Fringe Benefits		4,523	
Communication		4,124	
Confidential Drug Enforcement Payments		12,000	
Maintenance Agreements		542	
Maintenance and Repair Services - Vehicles		2,918	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Towing Services	\$	195	
Veterinary Services		997	
Other Contracted Services		3,914	
Animal Food and Supplies		923	
Electricity		847	
Office Supplies		502	
Uniforms		2,233	
Other Supplies and Materials		4,328	
Trustee's Commission		655	
Other Charges		969	
Data Processing Equipment		991	
Law Enforcement Equipment		18,141	
Office Equipment		1,480	
Total Drug Enforcement			\$ 80,150

Total Drug Control Fund \$ 80,150

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	18,475	
Constitutional Officers' Operating Expenses		74,341	
Total Chancery Court			\$ 92,816

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	77	
Total Sheriff's Department			77

Total Constitutional Officers - Fees Fund 92,893

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	83,945	
Secretary(ies)		47,070	
Overtime Pay		1,250	
Communication		1,620	
Dues and Memberships		3,523	
Laundry Service		2,544	
Legal Notices, Recording, and Court Costs		203	
Maintenance Agreements		3,822	
Pest Control		160	
Printing, Stationery, and Forms		345	
Rentals		1,906	
Travel		1,961	
Other Contracted Services		2,503	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Custodial Supplies	\$	281	
Drugs and Medical Supplies		8	
Electricity		11,251	
Natural Gas		2,738	
Office Supplies		2,726	
Water and Sewer		544	
Other Charges		85	
Building Improvements		24,436	
Office Equipment		4,908	
Total Administration			\$ 197,829

Highway and Bridge Maintenance

Foremen	\$	34,688	
Equipment Operators		191,091	
Truck Drivers		218,272	
Laborers		270,258	
Temporary Personnel		90,301	
Overtime Pay		44,196	
Laundry Service		14,716	
Rentals		18,505	
Other Contracted Services		412,936	
Asphalt - Hot Mix		112,082	
Asphalt - Liquid		359,129	
Concrete		2,615	
Crushed Stone		191,333	
Pipe - Metal		45,053	
Road Signs		10,124	
Salt		5,754	
Wood Products		83	
Other Supplies and Materials		5,420	
Other Charges		346	
Other Equipment		496	
Total Highway and Bridge Maintenance			2,027,398

Operation and Maintenance of Equipment

Foremen	\$	34,944	
Mechanic(s)		112,900	
Overtime Pay		2,865	
Laundry Service		3,230	
Maintenance and Repair Services - Buildings		1,385	
Maintenance and Repair Services - Equipment		13,285	
Maintenance and Repair Services - Vehicles		8,512	
Rentals		1,803	
Towing Services		1,305	
Diesel Fuel		123,436	
Equipment and Machinery Parts		69,770	
Garage Supplies		1,719	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Gasoline	\$	56,897	
Lubricants		7,491	
Small Tools		169	
Tires and Tubes		17,754	
Other Supplies and Materials		6,627	
Other Charges		400	
Other Equipment		835	
Total Operation and Maintenance of Equipment			\$ 465,327

Other Charges

Bank Charges	\$	180	
Evaluation and Testing		1,340	
Trustee's Commission		49,189	
Workers' Compensation Insurance		136,749	
Liability Claims		2,696	
Total Other Charges			190,154

Employee Benefits

Social Security	\$	80,493	
Pensions		90,690	
Life Insurance		1,837	
Medical Insurance		169,013	
Unemployment Compensation		12,515	
Total Employee Benefits			354,548

Capital Outlay

Bridge Construction	\$	4,585	
Communication Equipment		3,312	
Highway Equipment		16,438	
Motor Vehicles		172,899	
State Aid Projects		383,390	
Other Capital Outlay		493	
Total Capital Outlay			581,117

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	2,701	
Total Highways and Streets			2,701

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	140	
Total Highways and Streets			140

Total Highway/Public Works Fund \$ 3,819,214

(Continued)

Exhibit J-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 70,000	
Principal on Notes	632,397	
Principal on Other Loans	360,000	
Total General Government	\$ 1,062,397	

Interest on Debt

General Government

Interest on Bonds	\$ 149,270	
Interest on Notes	10,735	
Interest on Other Loans	411,295	
Total General Government	571,300	

Other Debt Service

General Government

Fiscal Agent Charges	\$ 857	
Trustee's Commission	17,437	
Underwriter's Discount	66,944	
Other Debt Issuance Charges	100,216	
Total General Government	185,454	

Total General Debt Service Fund \$ 1,819,151

Special Debt Service Fund

Principal on Debt

Highways and Streets

Principal on Bonds	\$ 360,000	
Total Highways and Streets	\$ 360,000	

Interest on Debt

Highways and Streets

Interest on Bonds	\$ 143,703	
Total Highways and Streets	143,703	

Other Debt Service

Highways and Streets

Fiscal Agent Charges	\$ 1,473	
Trustee's Commission	3,427	
Total Highways and Streets	4,900	

Total Special Debt Service Fund 508,603

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,310,000	
Principal on Notes	144,000	
Principal on Other Loans	807,791	
Total Education	\$ 2,261,791	

(Continued)

Exhibit J-7

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

Education Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Bonds	\$ 1,606,332	
Interest on Notes	8,033	
Interest on Other Loans	<u>1,182,835</u>	
Total Education		\$ 2,797,200

Other Debt Service

Education

Fiscal Agent Charges	\$ 7,734	
Trustee's Commission	75,057	
Other Debt Service	<u>41,750</u>	
Total Education		<u>124,541</u>

Total Education Debt Service Fund \$ 5,183,532

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Other Contracted Services	\$ 895	
Other Supplies and Materials	387	
Communication Equipment	382	
Other Capital Outlay	<u>12,923</u>	
Total Public Health and Welfare Projects		<u>\$ 14,587</u>

Total General Capital Projects Fund 14,587

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Highway Equipment	\$ 588,978	
Total Highway and Street Capital Projects		<u>\$ 588,978</u>

Total Highway Capital Projects Fund 588,978

Other Capital Projects Fund

Capital Projects

Public Utility Projects

Contracts with Government Agencies	\$ 11,500	
Other Construction	<u>278,804</u>	
Total Public Utility Projects		<u>\$ 290,304</u>

Total Other Capital Projects Fund 290,304

Total Governmental Funds - Primary Government \$ 28,653,420

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 17,818,289	
Career Ladder Program	89,645	
Career Ladder Extended Contracts	16,642	
Homebound Teachers	81,677	
Educational Assistants	813,745	
Other Salaries and Wages	8,326	
Certified Substitute Teachers	46,010	
Non-certified Substitute Teachers	164,604	
Social Security	1,090,143	
Pensions	1,669,756	
Life Insurance	68,264	
Medical Insurance	3,069,570	
Employer Medicare	258,677	
Other Contracted Services	5,295	
Instructional Supplies and Materials	217,064	
Textbooks	241,423	
Other Supplies and Materials	1,251	
Fee Waivers	123,068	
Regular Instruction Equipment	95,841	
Total Regular Instruction Program		\$ 25,879,290

Alternative Instruction Program

Teachers	\$ 162,564	
Career Ladder Program	1,000	
Educational Assistants	23,525	
Certified Substitute Teachers	130	
Non-certified Substitute Teachers	1,678	
Social Security	10,639	
Pensions	16,828	
Life Insurance	861	
Medical Insurance	45,889	
Employer Medicare	2,488	
Instructional Supplies and Materials	981	
Textbooks	1,997	
Other Charges	118	
Total Alternative Instruction Program		268,698

Special Education Program

Teachers	\$ 2,324,736
Career Ladder Program	14,465
Career Ladder Extended Contracts	732
Homebound Teachers	87,373
Educational Assistants	475,746
Speech Pathologist	74,248
Other Salaries and Wages	109,871
Certified Substitute Teachers	3,478

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Non-certified Substitute Teachers	\$	32,295	
Social Security		175,147	
Pensions		273,090	
Life Insurance		14,767	
Medical Insurance		695,951	
Employer Medicare		41,365	
Other Contracted Services		4,773	
Total Special Education Program			\$ 4,328,037

Vocational Education Program

Teachers	\$	1,011,929	
Career Ladder Program		2,000	
Certified Substitute Teachers		2,178	
Non-certified Substitute Teachers		9,185	
Social Security		59,489	
Pensions		91,606	
Life Insurance		3,631	
Medical Insurance		164,095	
Employer Medicare		13,913	
Instructional Supplies and Materials		13,284	
Other Supplies and Materials		3,299	
Total Vocational Education Program			1,374,609

Adult Education Program

Teachers	\$	83,676	
Social Security		4,238	
Pensions		4,966	
Life Insurance		144	
Medical Insurance		5,114	
Employer Medicare		869	
Instructional Supplies and Materials		8,282	
Other Equipment		4,527	
Total Adult Education Program			111,816

Support Services

Attendance

Supervisor/Director	\$	65,670	
Other Salaries and Wages		61,329	
Social Security		7,518	
Pensions		11,260	
Life Insurance		432	
Medical Insurance		9,944	
Employer Medicare		1,758	
Travel		8,730	
Other Contracted Services		34,768	
Other Supplies and Materials		1,352	
Total Attendance			202,761

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	350,975	
Other Salaries and Wages		117,261	
Social Security		25,581	
Pensions		41,169	
Life Insurance		2,160	
Medical Insurance		143,431	
Employer Medicare		5,983	
Communication		1,463	
Maintenance and Repair Services - Equipment		1,159	
Travel		7,383	
Other Contracted Services		4,260	
Drugs and Medical Supplies		16,586	
Other Supplies and Materials		22,629	
In Service/Staff Development		689	
Other Charges		33,635	
Health Equipment		14,997	
Total Health Services			\$ 789,361

Other Student Support

Career Ladder Program	\$	4,830	
Guidance Personnel		1,052,763	
Career Ladder Extended Contracts		10,878	
Secretary(ies)		62,414	
Other Salaries and Wages		361,625	
Social Security		86,794	
Pensions		131,304	
Life Insurance		4,879	
Medical Insurance		222,821	
Employer Medicare		20,322	
Contracts with Government Agencies		40,102	
Evaluation and Testing		56,084	
Travel		6,893	
Other Contracted Services		209,000	
Other Supplies and Materials		14,521	
Other Charges		11,567	
Other Equipment		20,317	
Total Other Student Support			2,317,114

Regular Instruction Program

Supervisor/Director	\$	315,494	
Career Ladder Program		10,000	
Career Ladder Extended Contracts		5,559	
Librarians		602,368	
Educational Assistants		31,913	
Other Salaries and Wages		6,000	
Social Security		56,941	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Pensions	\$	87,912	
Life Insurance		2,979	
Medical Insurance		152,613	
Employer Medicare		13,317	
Travel		24,722	
Other Contracted Services		12,600	
Library Books/Media		44,800	
Other Supplies and Materials		7,646	
In Service/Staff Development		13,906	
Other Charges		144	
Total Regular Instruction Program			\$ 1,388,914

Special Education Program

Supervisor/Director	\$	139,900	
Career Ladder Program		4,910	
Psychological Personnel		108,432	
Assessment Personnel		43,646	
Secretary(ies)		34,624	
Other Salaries and Wages		18,501	
Social Security		20,719	
Pensions		31,450	
Life Insurance		918	
Medical Insurance		41,331	
Employer Medicare		4,846	
Other Contracted Services		5,362	
Other Supplies and Materials		50	
Total Special Education Program			454,689

Vocational Education Program

Travel	\$	477	
Total Vocational Education Program			477

Adult Programs

Supervisor/Director	\$	50,889	
Social Security		3,155	
Pensions		4,417	
Life Insurance		144	
Employer Medicare		738	
Travel		677	
In Service/Staff Development		6,219	
Total Adult Programs			66,239

Other Programs

On-behalf Payments to OPEB	\$	354,695	
Total Other Programs			354,695

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Secretary to Board	\$	1,950	
Other Salaries and Wages		12,250	
Social Security		830	
Pensions		864	
Life Insurance		29,240	
Medical Insurance		403,795	
Unemployment Compensation		69,384	
Employer Medicare		204	
Audit Services		29,350	
Dues and Memberships		15,963	
Legal Services		36,486	
Travel		11,972	
Other Contracted Services		17,078	
Other Supplies and Materials		16	
Liability Insurance		509,576	
Trustee's Commission		238,645	
Workers' Compensation Insurance		411,985	
Other Charges		1,460	
Total Board of Education			\$ 1,791,048

Director of Schools

County Official/Administrative Officer	\$	89,500	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		1,000	
Secretary(ies)		117,405	
Other Salaries and Wages		17,240	
Social Security		13,035	
Pensions		18,555	
Life Insurance		859	
Medical Insurance		39,632	
Employer Medicare		3,049	
Communication		44,394	
Postal Charges		6,000	
Travel		8,000	
Other Contracted Services		18,655	
Office Supplies		2,392	
Other Supplies and Materials		2,698	
Other Charges		5,081	
Total Director of Schools			389,495

Office of the Principal

Principals	\$	1,104,026	
Career Ladder Program		14,985	
Career Ladder Extended Contracts		11,093	
Assistant Principals		654,050	
Secretary(ies)		482,006	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Other Salaries and Wages	\$	262,503	
Social Security		143,453	
Pensions		225,779	
Life Insurance		10,529	
Medical Insurance		545,033	
Employer Medicare		33,528	
Other Charges		5,920	
Total Office of the Principal			\$ 3,492,905

Fiscal Services

Supervisor/Director	\$	57,606	
Accountants/Bookkeepers		116,346	
Social Security		10,345	
Pensions		15,099	
Life Insurance		720	
Medical Insurance		16,186	
Employer Medicare		2,419	
Travel		2,492	
Other Contracted Services		35,438	
Office Supplies		2,357	
In Service/Staff Development		1,274	
Other Charges		410	
Administration Equipment		6,086	
Total Fiscal Services			266,778

Human Services/Personnel

Supervisor/Director	\$	36,676	
Secretary(ies)		25,440	
Social Security		3,745	
Pensions		5,524	
Life Insurance		215	
Medical Insurance		5,406	
Employer Medicare		876	
Advertising		473	
Other Contracted Services		20,684	
Total Human Services/Personnel			99,039

Operation of Plant

Custodial Personnel	\$	1,089,916	
Other Salaries and Wages		64,552	
Social Security		65,057	
Pensions		93,030	
Life Insurance		7,877	
Medical Insurance		242,907	
Employer Medicare		15,415	
Travel		546	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Contracted Services	\$	673,000	
Custodial Supplies		99,516	
Electricity		1,246,643	
Natural Gas		228,669	
Water and Sewer		157,476	
Other Supplies and Materials		3,100	
In Service/Staff Development		1,033	
Other Charges		480	
Total Operation of Plant			\$ 3,989,217

Maintenance of Plant

Supervisor/Director	\$	49,504	
Secretary(ies)		23,965	
Maintenance Personnel		568,685	
Social Security		37,266	
Pensions		54,634	
Life Insurance		2,794	
Medical Insurance		115,859	
Employer Medicare		8,715	
Other Contracted Services		217,401	
Other Supplies and Materials		67,802	
In Service/Staff Development		200	
Administration Equipment		13,157	
Maintenance Equipment		17,413	
Total Maintenance of Plant			1,177,395

Transportation

Contracts with Parents	\$	7,486	
Total Transportation			7,486

Central and Other

Supervisor/Director	\$	33,150	
Other Salaries and Wages		180,608	
Social Security		12,639	
Pensions		18,854	
Life Insurance		717	
Medical Insurance		26,888	
Employer Medicare		2,956	
Travel		4,082	
Other Contracted Services		138,218	
Office Supplies		298	
Other Supplies and Materials		1,666	
Other Charges		3,244	
Other Equipment		212,794	
Total Central and Other			636,114

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	55,914	
Teachers		151,511	
Clerical Personnel		18,896	
Educational Assistants		32,519	
Social Security		14,071	
Pensions		22,614	
Life Insurance		1,297	
Medical Insurance		77,633	
Employer Medicare		3,291	
Travel		688	
Other Contracted Services		900	
Instructional Supplies and Materials		460	
Other Supplies and Materials		1,225	
Other Equipment		1,211	
Total Early Childhood Education			\$ 382,230

Capital Outlay

Regular Capital Outlay

Architects	\$	56,306	
Other Contracted Services		1,250	
Building Construction		59,545	
Building Improvements		773,408	
Site Development		41,718	
Other Capital Outlay		22,421	
Total Regular Capital Outlay			954,648

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	491,688	
Total Education			491,688

Total General Purpose School Fund \$ 51,214,743

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	213,033	
Educational Assistants		317,236	
Other Salaries and Wages		112,255	
Certified Substitute Teachers		585	
Non-certified Substitute Teachers		2,284	
Social Security		33,847	
Pensions		53,428	
Life Insurance		4,570	
Medical Insurance		189,190	
Employer Medicare		8,308	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Contracts with Other School Systems	\$	55,535	
Maintenance and Repair Services - Equipment		846	
Other Contracted Services		24,546	
Instructional Supplies and Materials		257,585	
Other Supplies and Materials		58,675	
Other Charges		2,057	
Regular Instruction Equipment		245,982	
Total Regular Instruction Program			\$ 1,579,962

Special Education Program

Teachers	\$	419,236	
Educational Assistants		508,617	
Speech Pathologist		79,183	
Social Security		53,478	
Pensions		85,093	
Life Insurance		7,369	
Medical Insurance		274,017	
Employer Medicare		13,105	
Other Contracted Services		24,479	
Instructional Supplies and Materials		9,912	
Special Education Equipment		20,887	
Total Special Education Program			1,495,376

Vocational Education Program

Instructional Supplies and Materials	\$	39,098	
Vocational Instruction Equipment		45,000	
Total Vocational Education Program			84,098

Support Services

Health Services

Other Salaries and Wages	\$	46,632	
Social Security		2,466	
Pensions		4,216	
Life Insurance		144	
Medical Insurance		10,212	
Employer Medicare		577	
Health Equipment		1,300	
Total Health Services			65,547

Other Student Support

Other Salaries and Wages	\$	264,280	
Social Security		14,766	
Pensions		23,282	
Life Insurance		634	
Medical Insurance		48,253	
Employer Medicare		3,548	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Travel	\$	38,826	
Other Contracted Services		18,418	
Other Supplies and Materials		4,355	
In Service/Staff Development		24,250	
Other Charges		28,546	
Total Other Student Support			\$ 469,158

Regular Instruction Program

Supervisor/Director	\$	69,174	
Secretary(ies)		18,992	
Clerical Personnel		4,000	
Other Salaries and Wages		62,510	
Social Security		9,291	
Pensions		13,900	
Life Insurance		398	
Medical Insurance		11,636	
Employer Medicare		2,173	
Consultants		7,349	
Travel		35,473	
Other Contracted Services		1,234	
Library Books/Media		8,252	
Other Supplies and Materials		8,654	
In Service/Staff Development		50,776	
Other Charges		664	
Other Equipment		5,621	
Total Regular Instruction Program			310,097

Special Education Program

Assessment Personnel	\$	51,988	
Social Security		3,223	
Pensions		4,700	
Life Insurance		144	
Employer Medicare		754	
Maintenance and Repair Services - Equipment		823	
Travel		29,907	
Other Contracted Services		5,795	
Other Supplies and Materials		17,707	
In Service/Staff Development		24,865	
Other Charges		3,221	
Other Equipment		5,466	
Total Special Education Program			148,593

Vocational Education Program

Travel	\$	1,000	
Other Charges		3,513	
Total Vocational Education Program			4,513

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Other Salaries and Wages	\$	23,485	
Social Security		1,321	
Pensions		2,043	
Employer Medicare		309	
Transportation Equipment		63,362	
Total Transportation			\$ 90,520

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	3,718	
Teachers		12,514	
Educational Assistants		10,980	
Part-time Personnel		4,293	
Social Security		1,923	
Pensions		2,435	
Employer Medicare		450	
Other Contracted Services		949	
Food Supplies		1,750	
Instructional Supplies and Materials		3,212	
Other Supplies and Materials		1,498	
In Service/Staff Development		715	
Other Charges		6,416	
Total Community Services			\$ 50,853

Total School Federal Projects Fund \$ 4,298,717

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	50,807
Accountants/Bookkeepers		21,337
Clerical Personnel		47,248
Cafeteria Personnel		985,322
Other Salaries and Wages		93,598
Social Security		65,761
Pensions		93,274
Life Insurance		12,910
Medical Insurance		351,355
Employer Medicare		15,380
Communication		12,170
Maintenance and Repair Services - Equipment		47,643
Travel		4,197
Other Contracted Services		191,197
Food Preparation Supplies		130,883
Food Supplies		1,174,931
Office Supplies		6,815

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Uniforms	\$	4,602	
USDA - Commodities		213,629	
In Service/Staff Development		2,894	
Other Charges		44	
Food Service Equipment		65,738	
Total Food Service			\$ 3,591,735

Total Central Cafeteria Fund \$ 3,591,735

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	62,257	
Total Board of Education			\$ 62,257

Transportation

Supervisor/Director	\$	52,500	
Mechanic(s)		226,182	
Bus Drivers		916,584	
Clerical Personnel		62,349	
Other Salaries and Wages		87,546	
Social Security		74,719	
Pensions		101,299	
Life Insurance		11,262	
Medical Insurance		313,947	
Employer Medicare		17,897	
Communication		5,882	
Maintenance and Repair Services - Vehicles		27,303	
Medical and Dental Services		9,584	
Travel		905	
Other Contracted Services		14,971	
Gasoline		345,372	
Lubricants		10,643	
Tires and Tubes		49,812	
Vehicle Parts		132,805	
Other Supplies and Materials		4,177	
In Service/Staff Development		200	
Other Charges		23,922	
Transportation Equipment		519,838	
Total Transportation			3,009,699

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	407,654	
Total Education			407,654

Total School Transportation Fund 3,479,610

Total Governmental Funds - Hawkins County School Department \$ 62,584,805

Exhibit J-9

Hawkins County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund	City School ADA - Rogersville Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 628,723	\$ 462,369	\$ 1,091,092
Trustee's Collections - Prior Years	0	22,719	15,010	37,729
Trustee's Collections - Bankruptcy	0	394	268	662
Circuit/Clerk and Master Collections - Prior Year	0	20,364	14,972	35,336
Interest and Penalty	0	3,805	2,798	6,603
Pick-up Taxes	0	934	668	1,602
Local Option Sales Tax	3,934,596	344,185	254,802	4,533,583
Wheel Tax	0	16,940	12,466	29,406
Bank Excise Tax	0	905	665	1,570
Interstate Telecommunications Tax	0	393	289	682
Marriage Licenses	0	290	214	504
Other Local Revenues	0	14	10	24
Total Cash Receipts	<u>\$ 3,934,596</u>	<u>\$ 1,039,666</u>	<u>\$ 764,531</u>	<u>\$ 5,738,793</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 3,895,250	\$ 1,054,242	\$ 775,003	\$ 5,724,495
Trustee's Commissions	39,346	18,589	13,670	71,605
Total Cash Disbursements	<u>\$ 3,934,596</u>	<u>\$ 1,072,831</u>	<u>\$ 788,673</u>	<u>\$ 5,796,100</u>
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (33,165)	\$ (24,142)	\$ (57,307)
Cash Balance, July 1, 2014	0	36,778	26,799	63,577
Cash Balance, June 30, 2015	<u>\$ 0</u>	<u>\$ 3,613</u>	<u>\$ 2,657</u>	<u>\$ 6,270</u>

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## SINGLE AUDIT SECTION

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

**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Hawkins County's basic financial statements, and have issued our report thereon dated February 5, 2016.

**Internal Control Over Financial Reporting**

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

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

corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2015-001.

### **Compliance and Other Matters**

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

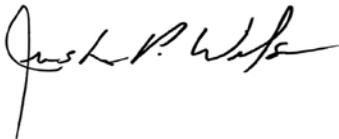
### **Hawkins County's Response to Finding**

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

### **Purpose of this Report**

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 5, 2016

JPW/yu



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

*Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hawkins County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

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

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

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

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

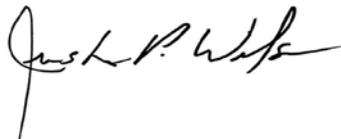
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Hawkins County's basic financial statements. We issued our report thereon dated February 5, 2016, 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

February 5, 2016

JPW/yu

Hawkins 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:			
Direct Programs:			
Child Nutrition Direct Certification Performance Awards	10.589	N/A	\$ 10,000
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	589,417
National School Lunch Program	10.555	N/A	1,882,920 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	213,629 (3)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-15-415963-00	<u>43,160 (4)</u>
Total U.S. Department of Agriculture			<u>\$ 2,739,126</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 290,304
Total U.S. Department of Housing and Urban Development			<u>\$ 290,304</u>
U.S. Department of Justice:			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	\$ 15,000
Equitable Sharing Program	16.922	(2)	50,627
Total U.S. Department of Justice			<u>\$ 65,627</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-11-120-00	\$ 165,060
Alcohol Open Container Requirements	20.607	Z-11-GH5148	94,557
Total U.S. Department of Transportation			<u>\$ 259,617</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 119,441
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,680,303
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,769,611
Special Education - Preschool Grants	84.173	N/A	30,424
Career and Technical Education - Basic Grants to States	84.048	N/A	126,611
Safe and Drug-free Schools and Communities - National Programs	84.184	N/A	94,817
Education for Homeless Children and Youth	84.196	N/A	2,579
Twenty-first Century Community Learning Centers	84.287	N/A	50,853
English Language Acquisition Grants	84.365	N/A	1,848
Mathematics and Science Partnerships	84.366	N/A	140,468
Improving Teacher Quality State Grants	84.367	N/A	232,453
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	<u>284,162</u>
Total U.S. Department of Education			<u>\$ 4,533,570</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 2,969
Total U.S. Election Assistance Commission			<u>\$ 2,969</u>
U.S. Department of Health and Human Services:			
Passed-through Tennessee Department of Health:			
Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	GG-15-41593-00	\$ 727 (4)
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-15-41593-00	2,830 (4)
Family Planning Services	93.217	GG-15-41593-00	4,013 (4)
National State Based Tobacco Control Programs	93.305	GG-15-41593-00	2,143 (4)
Medical Assistance Program	93.778	GG-15-41593-00	80,054 (4)
HIV Prevention Activities - Health Department Based	93.940	GG-15-41593-00	1,023 (4)
Maternal and Child Health Services Block Grant to the States	93.994	GG-15-41593-00	9,730 (4)
Total U.S. Department of Health and Human Services			<u>\$ 100,520</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 41,000
Total U.S. Department of Homeland Security			<u>\$ 41,000</u>
Total Expenditures of Federal Awards			<u>\$ 8,032,733</u>
<u>State Grants</u>			
Airport Maintenance Program - State Department of Transportation	N/A	AERM-15-153-00	\$ 6,411
Aging Program - First Tennessee Development District	N/A	(2)	17,212
Health Department Program - State Department of Health	N/A	GG-15-41593-00	137,713
State Aid Program - State Department of Transportation	N/A	(2)	300,972
Litter Program - State Department of Transportation	N/A	(2)	56,188
Drug Court Discretionary Grant Program - State Department of Mental Health	N/A	(2)	50,000
Help America Vote Act - Tennessee Secretary of State	N/A	(2)	156
Early Childhood Education - State Department of Education	N/A	(2)	370,999
Connect TN - State Department of Education	N/A	(2)	20,571
ACT/Explore - State Department of Education	N/A	(2)	10,840
Art Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(2)	5,920
Adult Basic Education - State Department of Education	N/A	(2)	31,569
Coordinated School Health - State Department of Education	N/A	(2)	166,158
Family Resource Center - State Department of Education	N/A	(2)	17,722
Safe Schools Act of 1998 - State Department of Education	N/A	(2)	47,119
Total State Grants			<u>\$ 1,239,550</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$2,096,549.
- (4) Total federal for GG-15-41593-00 is \$143,680.

Hawkins 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. There were no uncorrected findings from the Annual Financial Report for Hawkins County, Tennessee, for the year ended June 30, 2014.

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**HAWKINS COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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

1. Our report on the financial statements of Hawkins County is unmodified.
2. The audit of the financial statements of Hawkins County disclosed one significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Hawkins County.
4. The audit 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 Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) and State Fiscal Stabilization Funds – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hawkins County qualified as a low-risk auditee.

## **PART II, A FINDING RELATED TO THE FINANCIAL STATEMENTS**

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

### **OFFICE OF DIRECTOR OF SCHOOLS**

#### **FINDING 2015-001**

#### **THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT UNASSIGNED FUND BALANCE AT JUNE 30, 2015**

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

The School Federal Projects Fund had a deficit unassigned fund balance of \$7,947 at June 30, 2015. This deficit resulted from the recognition of \$9,177 in liabilities where the corresponding reimbursements from the grantor were not received within the department's 60-day availability period and were deferred. Sound business practices dictate that that requests for reimbursements be made on a current basis to ensure that funds are available to meet current obligations. This deficit in unassigned fund balance was liquidated with the receipt of grant funds subsequent to June 30, 2015.

#### **RECOMMENDATION**

Requests for reimbursements from grant funds should be made on a timely basis.

#### **MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS**

We are currently requesting reimbursements for federal grant funds on a monthly basis. In the future, we will make the request earlier to ensure that the funds will be received within the 60-day availability period.

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

There were no findings and questioned costs for federal programs.

## **BEST PRACTICE**

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

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

### **HAWKINS COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING**

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

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

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

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