ANNUAL FINANCIAL REPORT

HAMBLEN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016

TENNESSEE COMPTROLLER OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT

HAMBLEN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

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

HAMBLEN COUNTY, TENNESSEE
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Summary of Audit Findings

Annual Financial Report
Hamblen County, Tennessee
For the Year Ended June 30, 2016

Scope

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2016.

Results

Our report on the financial statements of Hamblen County is unmodified.

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR AND HIGHWAY SUPERINTENDENT

- Expenditures exceeded appropriations.

OFFICE OF HIGHWAY SUPERINTENDENT

- The office had deficiencies in purchasing procedures.

OFFICE OF TRUSTEE

- Certain accounts maintained by the trustee were not adequately collateralized.

OFFICE OF COUNTY CLERK

- A cash shortage of $511 existed in the office on February 6, 2016.

Introductory Section

Hamblen County Officials
June 30, 2016

Officials

Bill Brittain, County Mayor
Barry Poole, Highway Superintendent
Dr. Dale Lynch, Director of Schools
John Baskette, Trustee
John Ely, Assessor of Property
Penny Petty, County Clerk
Teresa West, Circuit and General Sessions Courts Clerk
Kathy Terry, Clerk and Master
Jim Clawson, Register of Deeds
Esco Jarnagin, Sheriff
Michelle Woods, Finance Director

Board of County Commissioners

Rick Eldridge, Chairman
Larry Carter
Hubert Davis
Randy DeBord
Stancil Ford
Tim Goins
Herbert Harville
Joe Huntsman, Sr,
Louis Jarvis
Howard Shipley
John Smyth
Johnny Walker
Dana Wampler
Taylor Ward

Board of Highway Commissioners

Charles Anderson, Chairman
Gail Free
James Hall
Dr. Arthur Tom Hyde
E.C. Long
Delbert Nix
Wayne Pigmon

Board of Education

Joe Gibson, Jr., Chairman
Shahin Assadnia
Carolyn Clawson
Roger Greene
James Grigsby
Janice Haun
Clyde Kinder

Audit Committee

Tim Goins, Chairman
Larry Carter
Rick Eldridge
Herbert Harville
Louis Jarvis
John Smyth

FINANCIAL SECTION

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

Independent Auditor's Report

Hamblen County Mayor and
Board of County Commissioners
Hamblen 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 Hamblen County, Tennessee, as of and for the year ended June 30, 2016, 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 Hamblen County, Tennessee, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, and Solid Waste/Sanitation 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., Hamblen County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-29 and 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 114-121 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 Hamblen County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

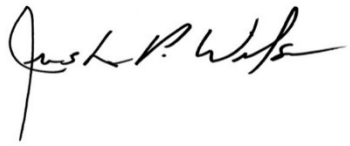
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), and miscellaneous 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, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2016**,** on our consideration of Hamblen 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 Hamblen County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 12, 2016

JPW/sb

HAMBLEN COUNTY, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

As management for Hamblen County, Tennessee, we offer readers of the financial statements of Hamblen County, Tennessee, this narrative overview and analysis of the financial activities of Hamblen County Government for the fiscal year ended June 30, 2016. In addition, this discussion and analysis includes an overview of the Discretely Presented Component Unit Hamblen County School Department. A separate set of financial statements is not issued for the Hamblen County School Department. The intent of this discussion and analysis is to look at Hamblen County's and the discretely presented Hamblen County School Department's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with the basic financial statements and notes to the financial statements to enhance their understanding of Hamblen County's financial performance, as well as, the discretely presented Hamblen County School Department's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Hamblen County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately $1.8 million (net position). However, it should be noted that the financial statements of Hamblen County included debt totaling approximately $26.9 million attributed to the Hamblen County Board of Education. The discretely presented Hamblen County School Department's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by approximately $48.3 million at June 30, 2016.

- The primary government's total net position increased by approximately $2.9 million. The discretely presented Hamblen County School Department's net position increased by approximately $2.6 million. The increase in the primary government's total net position was due to the retirement of debt, payments to the school system for construction projects and the deferred inflows and outflows related to pensions. The increase of the discretely presented Hamblen County School Department's total net position was attributed mostly to deferred inflows and outflows related to pensions.

- As of the close of the fiscal year, Hamblen County's Governmental funds reported approximately $13.5 million in total combined fund balances; this is an approximate decrease of $2.7 million from the previous period. Of this amount, approximately $5.2 million represents funds that are available for spending (assigned and unassigned). The discretely presented Hamblen County School Department's

governmental funds reported approximately $15.2 million in total combined fund balances; this is a decrease of approximately $0.7 million from the previous period.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately $2.8 million or 15.6 percent of the General Fund's annual budgetary expenditures (including other uses). The unassigned fund balance of the discretely presented Hamblen County School Department's General Purpose School Fund was approximately $4.05 million or 5.4 percent of the fund's annual budgetary expenditures (including other uses).

- The total debt (bonds and other loans) of Hamblen County, Tennessee, decreased by approximately $4.7 million or 12.8 percent during the current fiscal year due to the retirement of outstanding obligations.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Hamblen County's and the discretely presented Hamblen County School Department's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements were created to give readers a broad overview, in a manner similar to a private-sector business, of the county's and school's finances. The government-wide financial statements consist of two statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of Hamblen County's and its discretely presented component units' assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the county and its discretely presented component units is improving or deteriorating.

The Statement of Activities presents information showing how Hamblen County's and its discretely presented component units' net position changed during the current fiscal year. All changes in net position are reported on the accrual basis of accounting as soon as the underlying events giving rise to changes occur. Therefore, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods.

These government-wide financial statements of Hamblen County and the discretely presented Hamblen County School Department distinguish between major functions that are principally supported by taxes and intra-governmental revenues from functions that are intended to recover all, or a significant portion of, their costs from user fees and/or charges – business type activities. The governmental activities of Hamblen County include: general government; finance; administration of justice; public safety; public health and welfare;

social, cultural, and recreational services; agriculture and natural resources; highways; education; and interest on long-term debt. Hamblen County and the discretely presented Hamblen County School Department have no business-type activities.

The government-wide financial statements include not only Hamblen County Government itself (known as the primary government), but also a legally separate school system for which the Hamblen County Government is financially accountable.

The government-wide financial statements can be found in Exhibits A and B.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hamblen County and the discretely presented Hamblen County School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Hamblen County and the discretely presented Hamblen County School Department can be divided into three broad categories: governmental, proprietary and fiduciary funds.

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

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

Hamblen County maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Solid Waste/Sanitation, General Debt Service funds; all of which are considered major funds. Financial data from the remaining governmental funds are combined into a single, aggregated amount with detail provided in the combining and individual fund financial statements and schedules.

The discretely presented Hamblen County School Department maintains four individual governmental funds. The General Purpose School Fund and Central Cafeteria Fund are considered major funds.

Hamblen County adopts an annual budget for its General Fund, all special revenue funds (except the Constitutional Officers – Fees Fund), the General Debt Service Fund, and the Highway Capital Projects Fund. The discretely presented Hamblen County School

Department, with the approval of the county, adopts an annual budget for its General Purpose School Fund and all special revenue funds. Budgetary comparisons have been provided for these funds to demonstrate budgetary compliance.

Governmental fund financial statements can be found in the table of contents.

Proprietary Funds. Hamblen County maintains one type of proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among Hamblen County's various functions. Hamblen County uses an internal service fund to account for the county's self-insured employee health insurance program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found in Exhibits D-1 through D-3.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Hamblen County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds (economic resources measurement) except agency funds, which have no measurement focus. The basic fiduciary fund financial statements can be found in Exhibits E-1 through E-2.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located in the table of contents.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Hamblen County's and the discretely presented Hamblen County School Department's obligation to provide pension and OPEB benefits to its employees. A table of contents has been provided to locate this information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. Hamblen County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2016, by $1,847,408. The Constitution for the State of Tennessee allows only the local legislative body to issue debt. Therefore, whenever the Hamblen County Board of Education requires the issuance of debt to fund major capital projects or equipment purchases, the related debt must be issued by the Hamblen County Government. At the end of the current fiscal year, Hamblen County had outstanding debt related to the Hamblen County Board of Education of $26,936,525. The related assets for this debt are reported on the Statement of Net Position under component

units in the column "Hamblen County School Department." The discretely presented Hamblen County School Department's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2016, by $48,270,981.

Hamblen County's and the Discretely Presented Hamblen County School Department's Net Position

	Hamblen County Primary Government Governmental Activities	
	2015	2016
Current and Other Assets	$ 34,958,778	$ 30,593,858
Capital Assets	20,120,032	20,217,679
Total Assets	$ 55,078,810	$ 50,811,537
Total Deferred Outflows of Resources	$ 1,051,750	$ 1,524,500
Long-term Liabilities Outstanding	$ 37,288,573	$ 28,061,146
Other Liabilities	6,319,487	9,289,285
Total Liabilities	$ 43,608,060	$ 37,350,431
Total Deferred Inflows of Resources	$ 13,534,152	$ 13,138,198
Net Position:		
Net Investment in Capital Assets	$ 14,845,143	$ 15,339,354
Restricted	3,645,847	2,729,311
Unrestricted	(19,502,642)	(16,221,257)
Total Net Position	$ (1,011,652)	$ 1,847,408

	Hamblen County School Department Governmental Activities	
	2015	2016
Current and Other Assets	$ 32,359,845	$ 30,495,300
Capital Assets	54,183,783	54,738,033
Total Assets	$ 86,543,628	$ 85,233,333
Other Deferred Outflows	$ 4,789,391	$ 4,653,501
Long-term Liabilities Outstanding	$ 16,368,315	$ 18,307,917
Other Liabilities	1,540,175	679,013
Total Liabilities	$ 17,908,490	$ 18,986,930
Total Deferred Inflows of Resources	$ 27,727,791	$ 22,609,923
Net Position:		
Net Investment in Capital Assets	$ 54,183,783	$ 54,738,033
Restricted	6,121,857	5,087,072
Unrestricted	(14,608,902)	(11,554,124)
Total Net Position	$ 45,696,738	$ 48,270,981

By far, the largest portion of Hamblen County's and the discretely presented Hamblen County School Department's net position is $15,339,354 and $54,738,033, respectively, reflecting their investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. Hamblen County and the discretely presented Hamblen County School Department use these

capital assets to provide services to its citizenry; therefore, these assets are not available to meet any obligations. Although Hamblen County's investment in capital assets is reported net of related debt, resources needed to repay this debt must come from outside resources because the capital assets themselves cannot be liquidated to pay these liabilities.

An additional portion of Hamblen County's and the discretely presented Hamblen County School Department's net position is $2,729,311 and $5,087,072, respectively, which is subject to external restrictions on how they may be used.

Hamblen County's unrestricted net position is a negative $16,221,257. This negative balance represents all unrestricted non-capital related assets net of Hamblen County's debt of $31,779,185.

Hamblen County's and the Discretely Presented Hamblen County School Department's Changes in Net Position

	Hamblen County Primary Government Governmental Activities	
	2015	2016
Revenues:		
Program Revenues:		
Charges for Services	$ 5,868,029	$ 5,901,548
Operating Grants and Contributions	2,474,809	2,571,132
Capital Grants and Contributions	456,054	1,046,067
General Revenues:		
Property Taxes	12,313,832	12,750,870
Sales Taxes	1,166,482	799,901
Other Taxes	2,151,599	2,218,456
Grants and Contributions Not Restricted to Specific Programs	1,969,485	2,076,760
Unrestricted Investment Income	287,030	169,304
Miscellaneous	49,729	53,279
Gain on Disposal of Capital Assets	1,649	735
Total Revenues	$ 26,738,698	$ 27,588,052
Expenses:		
General Government	$ 3,232,023	$ 3,492,838
Finance	2,132,927	2,367,234
Administration of Justice	2,199,543	2,469,724
Public Safety	6,356,494	7,373,663
Public Health and Welfare	3,174,192	3,253,581
Social, Cultural, and Recreational Services	1,049,601	990,887
Agriculture and Natural Resources	175,410	182,841
Highways	3,261,600	3,491,696

Hamblen County's and the Discretely Presented Hamblen County School Department's Changes in Net Position (Cont.)

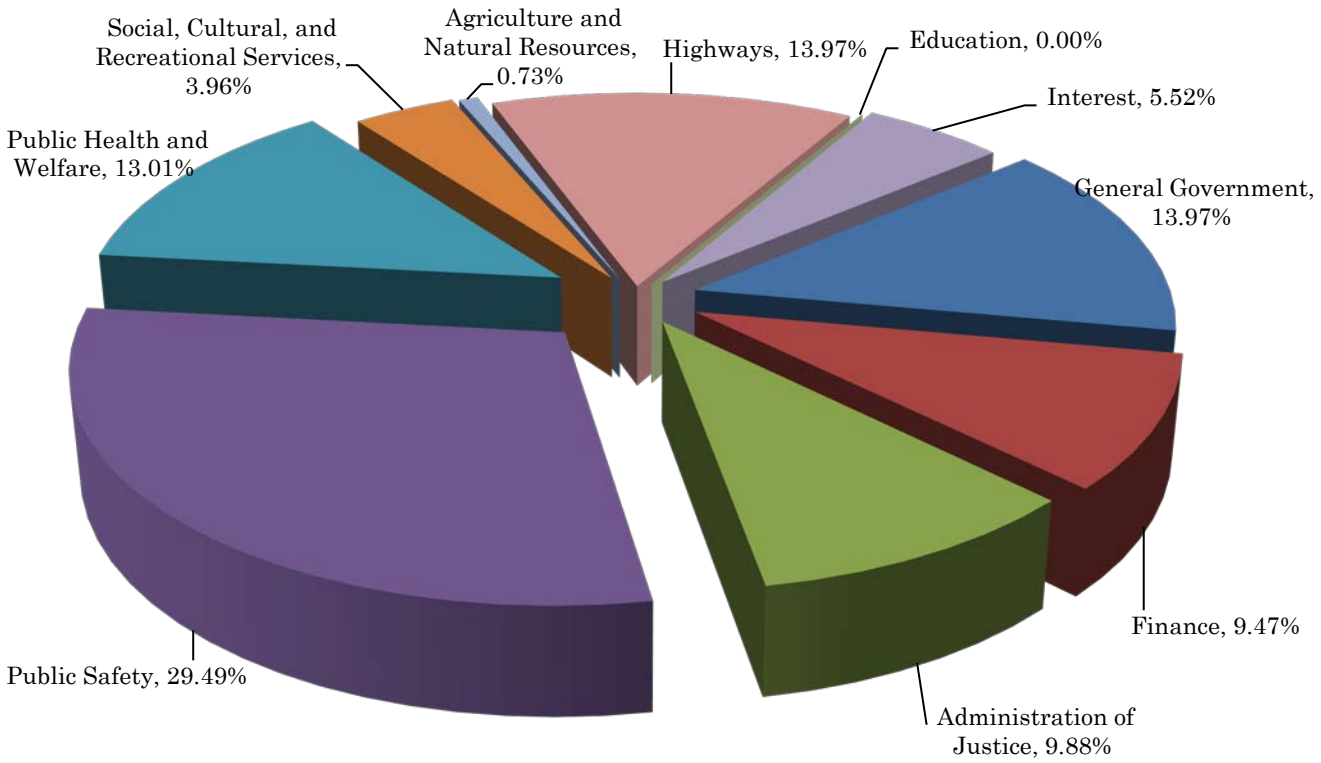
	Hamblen County Primary Government Governmental Activities	
	2015	2016
Expenses (Cont.):		
Education	$ 7,000	$ 500
Interest	1,517,493	1,379,255
Total Expenses	$ 23,106,283	$ 25,002,219
Change in Fair Value of Derivatives - Interest Rate Swap	$ 388,415	$ 273,227
Increase (Decrease) in Net Position	$ 4,020,830	$ 2,859,060
Net Position, July 1	(3,823,332)	(1,011,652)
Restatement - Pension Liability	(1,209,150)	0
Net Position, June 30	$ (1,011,652)	$ 1,847,408

	Hamblen County School Department Governmental Activities	
	2015	2016
Revenues:		
Program Revenues:		
Charges for Services	$ 1,974,606	$ 1,959,292
Operating Grants and Contributions	9,327,127	9,632,767
Capital Grants and Contributions	120,544	204,446
General Revenues:		
Property Taxes	13,236,445	13,687,184
Sales Taxes	12,005,678	12,589,055
Other Taxes	776,047	784,330
Grants and Contributions Not Restricted to Specific Programs	45,586,658	47,449,093
Unrestricted Investment Income	14,155	5,114
Pension Income	73,111	0
Miscellaneous	47,419	94,316
Total Revenues	$ 83,161,790	$ 86,405,597
Expenses:		
Education	$ 82,233,967	$ 83,831,354
Total Expenses	$ 82,233,967	$ 83,831,354
Increase (Decrease) in Net Position	$ 927,823	$ 2,574,243
Net Position, July 1	58,294,019	45,696,738
Restatement - Pension Liability	(13,525,104)	0
Net Position, June 30	$ 45,696,738	$ 48,270,981

Governmental Program Expenses

Public Safety expenses of $7,373,663, General Government expenses of $3,492,838 and Highways expenses of $3,491,696 are the largest expenses of Hamblen County, which when combined total $14,358,197 and are 57.4 percent of total expenses. For additional details, see illustrations below. Note that amounts are rounded to two decimal places in the following chart.

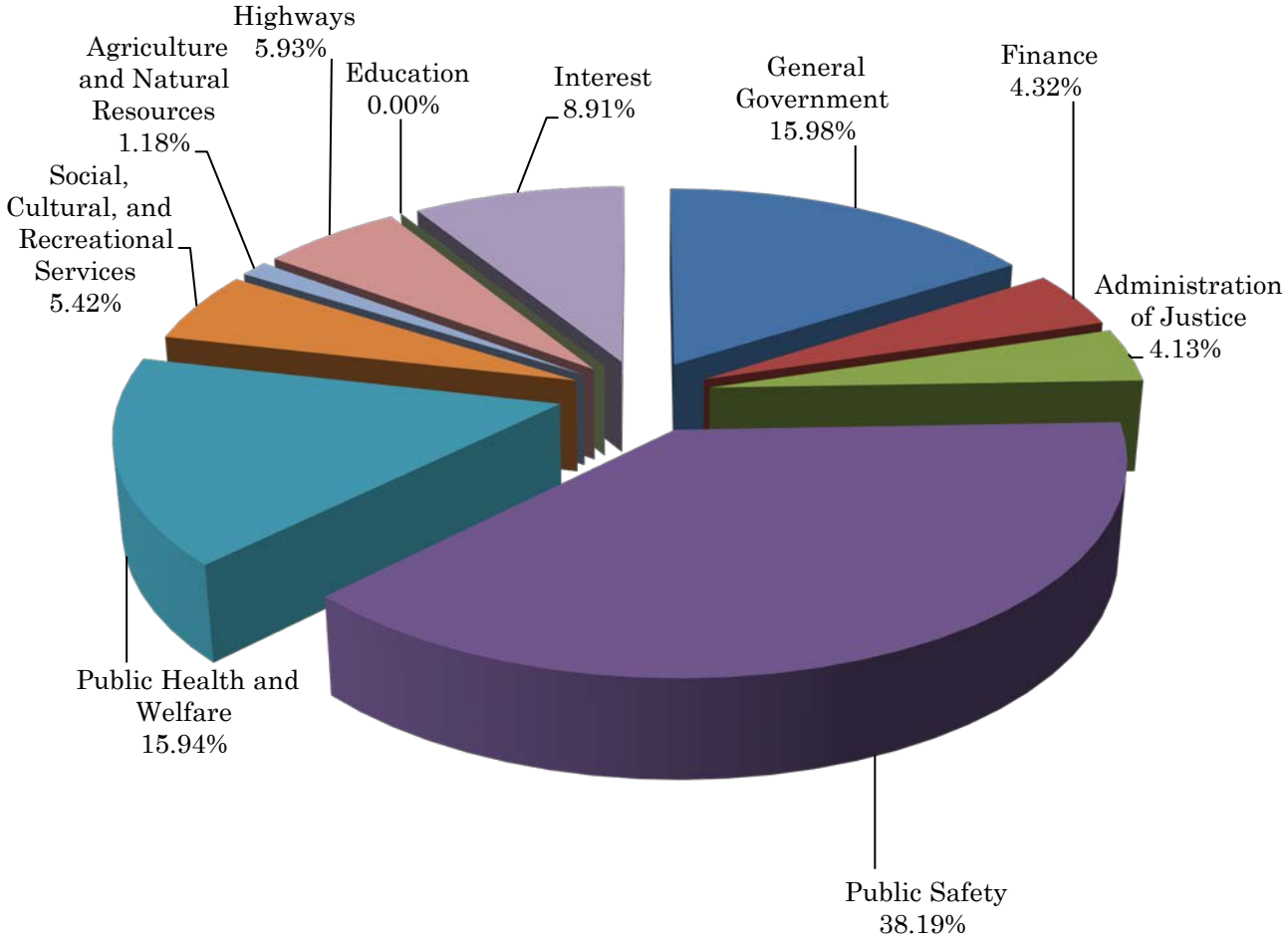
Governmental Program Expenses



Expenses by Governmental Activities

The following illustration shows the "net (expenses)" from Exhibit B as a percentage of the total. Unlike the preceding illustration, this one not only shows the percentage of total costs, it also shows the impact the program had on the local citizens' tax base, as a percentage. Net expense is all program expenses less all program revenues. Note all amounts are recorded to two decimal places in the following chart.

Expenses by Governmental Activities

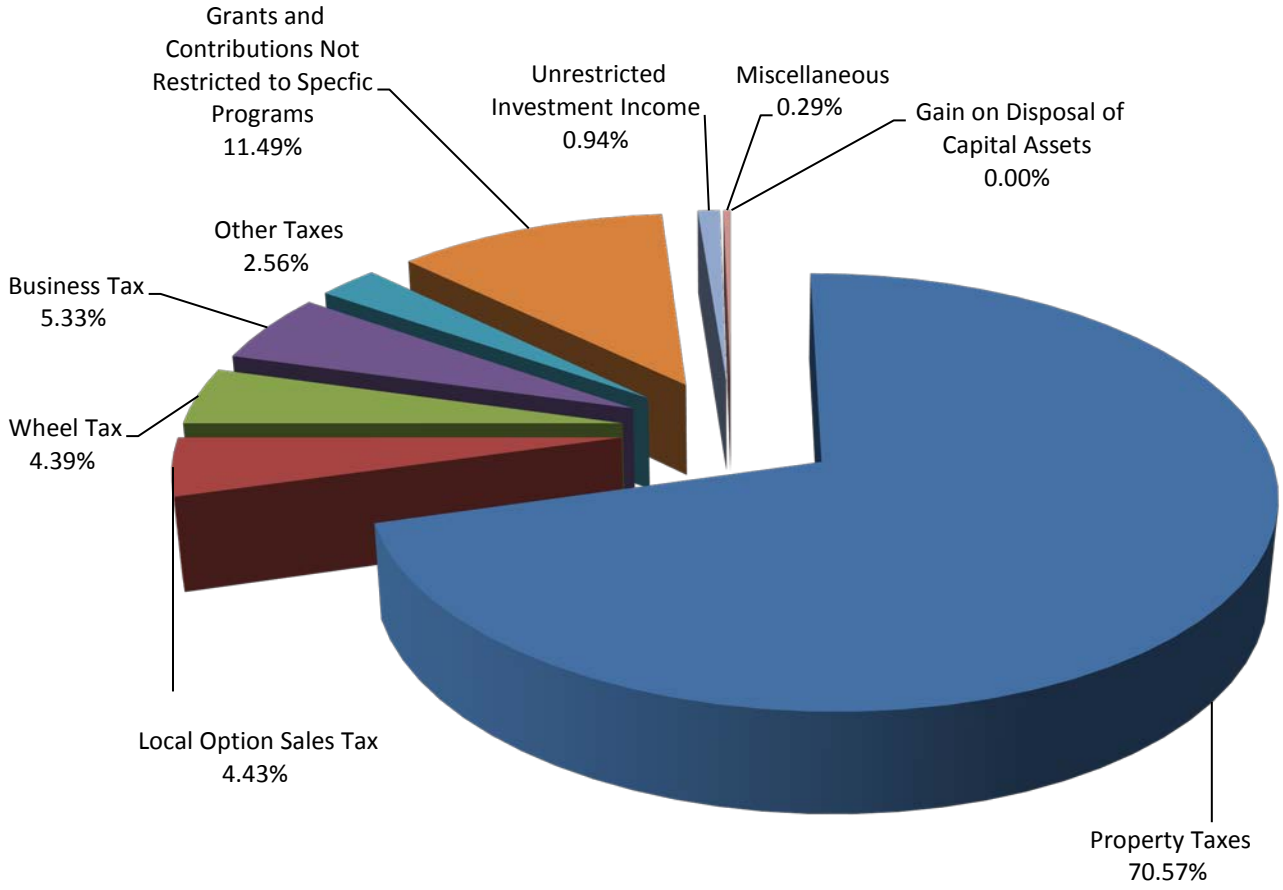


Revenues on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

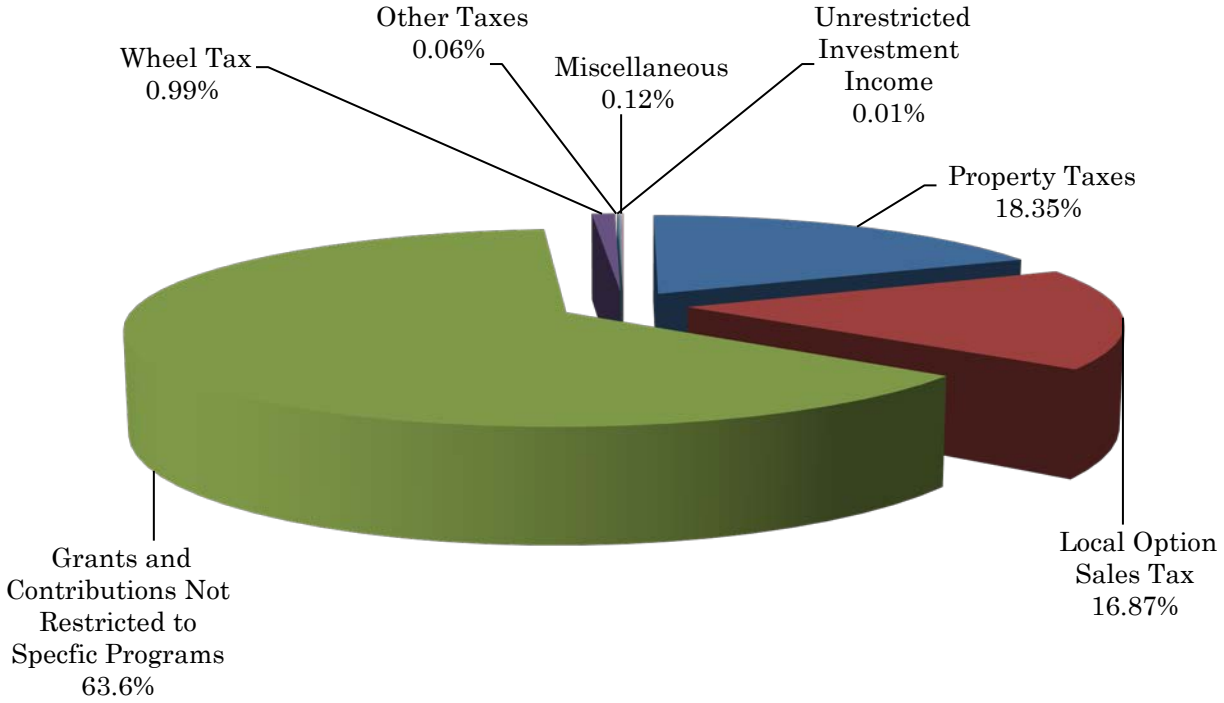
Program revenues are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

General revenues are all revenues that do not qualify as program revenues and by far are the largest revenue source. The largest single revenue sources within this major category are property taxes for the county and grants and contributions not restricted to specific programs for the discretely presented Hamblen County School Department. Note all amounts are rounded to two decimal places in the following charts.

Primary Government
Revenues by Source – Governmental Activities



Hamblen County School Department
Revenues by Source – Governmental Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Hamblen County and the discretely presented Hamblen County School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Hamblen County's and the discretely presented Hamblen County School Department's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Hamblen County's and the discretely presented Hamblen County School Department's financing requirements.

In 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, restricted, committed, assigned, or unassigned.

- Nonspendable Fund Balance – The nonspendable fund balance reflected in Hamblen County's and the discretely presented Hamblen County School Department's governmental funds totaling $83,954 and $125,800, respectively, 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 – The restricted fund balance reflected in Hamblen County's and the discretely presented Hamblen County School Department's governmental funds totaling $2,234,972 and $4,850,389, respectively, 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 – The committed fund balance reflected in Hamblen County's and the discretely presented Hamblen County School Department's governmental funds totaling $5,937,128 and $745,962, respectively, 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.

- Assigned Fund Balance – The assigned fund balance reflected in Hamblen County's and the discretely presented Hamblen County School Department's governmental funds totaling $2,431,366 and $5,386,347, respectively, includes amounts that are constrained by the intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission or the finance director is authorized to make assignments.

- Unassigned Fund Balance – The unassigned fund balance reflected in Hamblen County's and the discretely presented Hamblen County School Department's governmental funds totaling $2,797,737 and $4,053,645, respectively, 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. This is the residual classification for the General and General Purpose School funds.

As of the end of the current fiscal year, Hamblen County's governmental funds reported fund balances totaling $13,485,157, a decrease of $2,655,519. The decrease in the county's fund balances is attributed to the use of bond proceeds, issued in 2014, for resurfacing projects and the use of fund balance for operating expenditures. The discretely presented Hamblen County School Department's governmental funds reported fund balances totaling $15,162,143, a decrease of $698,606. The decrease in the discretely presented Hamblen County School Department's governmental fund balances is attributed to the use of funds for school construction and renovations.

The General Fund is the chief operating fund of Hamblen County. At the end of the current fiscal year, unassigned fund balance was $2,815,936, while total fund balance reached $6,127,556. Total fund balance for the General Fund decreased $1,276,183. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 15.55 percent of total General Fund expenditures, while total fund balance represents 33.83 percent of that same amount.

The Solid Waste/Sanitation Fund continues to maintain a stable fund balance. The Solid Waste/Sanitation Fund's fund balance totaled $2,880,174 at June 30, 2016, a decrease of $153,313 from the previous year.

The General Debt Service Fund had a total fund balance of $3,853,085 at June 30, 2016, a decrease of $875,992.

The General Purpose School Fund is the chief operating fund of the discretely presented Hamblen County School Department. At the end of the current fiscal year, unassigned fund balance was $4,053,645, while total fund balance increased to $9,840,674. Total fund balance for the General Purpose School Fund increased $76,721. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 5.5 percent of total General Purpose School Fund expenditures, while total fund balance represents 13.2 percent of that same amount.

BUDGETARY HIGHLIGHTS

General Fund Budgetary Highlights

During the fiscal year, appropriations from the original budget were increased. These differences are summarized in the following table:

	Original	Amended	Increase (Decrease)
Appropriations:			
General Government	$ 2,101,276	$ 2,335,125	$ 233,849
Finance	2,432,067	2,460,427	28,360
Administration of Justice	2,443,742	2,545,064	101,322
Public Safety	7,323,139	7,385,824	62,685
Public Health and Welfare	970,663	972,663	2,000
Social, Cultural, and Recreational Services	838,758	855,780	17,022
Agriculture and Natural Resources	216,672	219,967	3,295
Other Operations	1,520,552	1,589,044	68,492
Education	500	500	0
Capital Projects	420,000	1,007,271	587,271
Total Appropriations	$ 18,267,369	$ 19,371,665	$ 1,104,296

The increase in General Government is due to the legal fees associated with the sheriff's salary suit and an increase in part-time expenditures in Planning.

The increase in Finance is attributed to renovations at the new satellite office for the county clerk located at 2415 N Davy Crockett Parkway. The lease for the mall space was not renewed by the lessor and necessitated relocating.

The increase in Administration of Justice is attributed to an increase in overtime expenditures and part-time expenditures in courtroom security directly relating to an increase in transports. The increase is also due to an increase in expenditures related to the holding of juveniles and an increase in the amount needed to finalize the installation of new software for circuit court clerk.

The increase in Public Safety is due to an increase in the inmate medical/dental costs, an increase in food supplies for inmates, an increase in custodial supplies for cleaning that occurs at the jail, and an increase in county coroner expenditures related to an increase in the number of autopsies performed.

The increase in Capital Projects is attributed to the Home Grant received, architectural and planning services for phase I and phase II related to the Justice Center/Jail project, new software for chancery court, and the purchase of a used litter truck for the Sheriff's Department.

At the close of the fiscal year, actual expenditures were $1,441,203 less than budgetary estimates. This is attributed to the conservative management of elected officials and department heads.

Discretely Presented Hamblen County School Department – General Purpose Fund Budgetary Highlights

The differences in the original and the final budget's appropriations increased by $1,595,176 compared to the original budget of $76,796,296. At the close of the fiscal year, actual expenditures were $3,518,249 less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Hamblen County's investment in capital assets, net of accumulated depreciation, as of June 30, 2016, totaled $20,217,679. This investment in capital assets includes land, buildings and improvements, other capital assets (includes vehicles and equipment), and infrastructure (includes roads, highways, and bridges).

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-16
Land	$ 475,551	$ 0	$ 475,551
Construction in Progress	323,435	0	323,435
Buildings and Improvements	11,683,082	(4,804,835)	6,878,247
Other Capital Assets	7,614,532	(5,384,580)	2,229,952
Infrastructure	16,954,011	(6,643,517)	10,310,494
Total	$ 37,050,611	$ (16,832,932)	$ 20,217,679

The discretely presented Hamblen County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2016, totaled $54,738,033. This investment in capital assets includes land, buildings and improvements, and other capital assets (includes vehicles and equipment).

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-16
Land	$ 3,681,664	$ 0	$ 3,681,664
Construction in Progress	866,665	0	866,665
Builidngs and Improvements	140,114,707	(97,389,081)	42,725,626
Other Capital Assets	18,587,859	(11,123,781)	7,464,078
Total	$ 163,250,895	$ (108,512,862)	$ 54,738,033

Additional details about Hamblen County's and the discretely presented Hamblen County School Department's capital assets can be found in the notes to the financial statements Note IV.C. A table of contents has been provided with the specific page number.

Long-term Debt

At the end of the current fiscal year, Hamblen County had long-term debt obligations outstanding of $31,779,185. Hamblen County made debt payments totaling $4,653,854 during the year. All of this debt is backed by the full faith and credit of the county. Hamblen County maintains a rating of "Aa3" from Moody's and "A+" from Standard and Poor's for general obligation debt. The county did not have any capital outlay notes outstanding at June 30, 2016. Additional information on Hamblen County Government's long-term debt can be found in Exhibit K-1, Exhibit K-2, Note IV.B, and Note IV.F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On August 18, 2016, Hamblen County adopted a budget for the fiscal year ending June 30, 2017.

The distribution of the 2016 property tax rate is shown below:

Fund	Inside	Outside
General	$ 0.49	$ 0.49
Solid Waste/Sanitation	0.00	0.23
General Purpose School	0.96	0.96
General Debt Service	0.31	0.31
Total	$ 1.76	$ 1.99

The unemployment rate for the county as of June 30, 2016, was 5.3 percent. The state's average unemployment rate as of June 30, 2016, was 4.1 percent and the national average was 4.9 percent.

REQUEST FOR INFORMATION

This report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Hamblen County Government, 511 West Second North Street, Morristown, Tennessee, 37814.

Basic Financial Statements

Exhibit A

Hamblen County, Tennessee
Statement of Net Position
June 30, 2016

	Primary Government	Component Unit
	Governmental Activities	Hamblen County School Department
ASSETS		
Cash	$ 7,639	$ 0
Equity in Pooled Cash and Investments	16,087,822	13,155,651
Inventories	0	125,800
Accounts Receivable	178,834	72,061
Due from Other Governments	1,352,856	2,480,926
Due from Primary Government	0	760,012
Property Taxes Receivable	13,156,005	14,255,773
Allowance for Uncollectible Property Taxes	(428,359)	(465,806)
Prepaid Items	83,954	0
Unamortized Discount on Debt	89,380	0
Net Pension Asset - Teacher Hybrid Cost-sharing Plan	0	35,352
Net Pension Asset - Agent Plan	65,727	75,531
Capital Assets:		
Assets Not Depreciated:		
Land	475,551	3,681,664
Construction in Progress	323,435	866,665
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	6,878,247	42,725,626
Other Capital Assets	2,229,952	7,464,078
Infrastructure	10,310,494	0
Total Assets	$ 50,811,537	$ 85,233,333
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated Decrease in Fair Value of Hedging Derivitives	$ 495,374	$ 0
Deferred Charge on Refunding	249,883	0
Pension Changes in Experience	0	300,230
Pension Other Deferrals	0	275,776
Pension Contributions After Measurement Date	779,243	4,058,495
Total Deferred Outflows of Resources	$ 1,524,500	$ 4,634,501

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Hamblen County School Department
LIABILITIES		
Accounts Payable	$ 1,317,540	$ 294,625
Accrued Payroll	345,764	0
Accrued Interest Payable	93,869	0
Payroll Deductions Payable	62,436	0
Contracts Payable	0	67,647
Due to Component Unit	760,012	0
Derivative - Interest Rate Swap	2,160,810	0
Noncurrent Liabilities:		
Due Within One Year	4,548,854	316,741
Due in More Than One Year (net of unamortized premium on debt)	28,061,146	18,307,917
Total Liabilities	$ 37,350,431	$ 18,986,930
DEFERRED INFLOWS OF RESOURCES		
Deferred Current Property Taxes	$ 12,293,335	$ 13,315,832
Pension Changes in Experience	541,687	6,456,885
Net Pension Changes on Investment Earnings	303,176	2,760,834
Pension Other Deferrals	0	76,372
Total Deferred Inflows of Resources	$ 13,138,198	$ 22,609,923
NET POSITION		
Net Investment in Capital Assets	$ 15,339,354	$ 54,738,033
Restricted for:		
General Government	57,309	0
Finance	7,330	0
Administration of Justice	61,283	0
Public Safety	261,756	0
Public Health and Welfare	198,966	0
Highway/Public Works	545,279	0
Debt Service	1,453,344	0
Capital Projects	78,317	831,292
Education	0	4,255,780
Other Purposes	65,727	0
Unrestricted	(16,221,257)	(11,554,124)
Total Net Position	$ 1,847,408	$ 48,270,981

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

Exhibit B

Hamblen County, Tennessee
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit: Hamblen County School Department
Primary Government:						
Governmental Activities:						
General Government	$ 3,492,838	$ 966,802	$ 52,478	$ 0	$ (2,473,558)	$ 0
Finance	2,367,234	1,697,702	0	0	(669,532)	0
Administration of Justice	2,469,724	1,743,506	86,245	0	(639,973)	0
Public Safety	7,373,663	1,196,179	82,021	183,355	(5,912,108)	0
Public Health and Welfare	3,253,581	147,766	564,773	72,415	(2,468,627)	0
Social, Cultural, and Recreational Services	990,887	149,588	0	2,250	(839,049)	0
Agriculture and Natural Resources	182,841	0	0	0	(182,841)	0
Highways	3,491,696	5	1,785,615	788,047	(918,029)	0
Education	500	0	0	0	(500)	0
Interest on Long-term Debt	1,379,255	0	0	0	(1,379,255)	0
Total Primary Government	$ 25,002,219	$ 5,901,548	$ 2,571,132	$ 1,046,067	$ (15,483,472)	$ 0
Component Unit:						
Hamblen County School Department	$ 83,831,354	$ 1,959,292	$ 9,632,767	$ 204,446	$ 0	$ (72,034,849)
Total Component Unit	$ 83,831,354	$ 1,959,292	$ 9,632,767	$ 204,446	$ 0	$ (72,034,849)

(Continued)

Exhibit B

Hamblen County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit: Hamblen County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					$ 7,100,423	$ 13,687,184
Property Taxes Levied for Public Health and Welfare Purposes					1,229,874	0
Property Taxes Levied for Debt Purposes					4,420,573	0
Local Option Sales Taxes					799,901	12,589,055
Hotel/Motel Tax					15,496	0
Wheel Tax					792,574	735,962
Litigation Tax - General					126,511	0
Litigation Tax - Special Purpose					56,046	0
Litigation Tax - Jail/Workhouse/Courthouse					46,833	0
Litigation Tax - Courtroom Security					52,807	0
Business Tax					963,885	0
Mixed Drink Tax					0	43,118
Mineral Severance Tax					31,787	0
Wholesale Beer Tax					129,849	0
Interstate Telecommunications Tax					2,668	5,250
Grants and Contributions Not Restricted to Specific Programs					2,076,760	47,449,093
Unrestricted Investment Income					169,304	5,114
Miscellaneous					53,279	94,316
Gain on Disposal of Capital Assets					735	0
Total General Revenues					$ 18,069,305	$ 74,609,092
Change in Fair Value of Derivatives - Interest Rate Swap					$ 273,227	$ 0
Change in Net Position					$ 2,859,060	$ 2,574,243
Net Position, July 1, 2015					(1,011,652)	45,696,738
Net Position, June 30, 2016					$ 1,847,408	$ 48,270,981

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

Exhibit C-1

Hamblen County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
ASSETS					
Cash	$ 100	$ 0	$ 0	$ 7,439	$ 7,539
Equity in Pooled Cash and Investments	6,071,227	3,052,384	3,779,703	2,065,486	14,968,800
Accounts Receivable	128,343	15,101	0	25,283	168,727
Due from Other Governments	943,235	4,314	0	397,929	1,345,478
Due from Other Funds	296,935	18,488	0	0	315,423
Property Taxes Receivable	7,276,384	1,276,194	4,603,427	0	13,156,005
Allowance for Uncollectible Property Taxes	(237,756)	(40,186)	(150,417)	0	(428,359)
Prepaid Items	16,814	0	67,140	0	83,954
Total Assets	$ 14,495,282	$ 4,326,295	$ 8,299,853	$ 2,496,137	$ 29,617,567
LIABILITIES					
Accounts Payable	$ 424,564	$ 163,810	$ 0	$ 549,052	$ 1,137,426
Accrued Payroll	298,823	21,893	0	25,048	345,764
Payroll Deductions Payable	55,787	2,217	0	4,432	62,436
Due to Other Funds	261,835	20,238	0	313,730	595,803
Due to Component Units	0	0	0	760,012	760,012
Total Liabilities	$ 1,041,009	$ 208,158	$ 0	$ 1,652,274	$ 2,901,441
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	$ 6,796,622	$ 1,196,809	$ 4,299,904	$ 0	$ 12,293,335
Deferred Delinquent Property Taxes	232,138	36,840	146,864	0	415,842
Other Deferred/Unavailable Revenue	297,957	4,314	0	219,521	521,792
Total Deferred Inflows of Resources	$ 7,326,717	$ 1,237,963	$ 4,446,768	$ 219,521	$ 13,230,969

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Prepaid Items	$ 16,814	$ 0	$ 67,140	$ 0	$ 83,954
Restricted:					
Restricted for General Government	57,309	0	0	0	57,309
Restricted for Finance	7,330	0	0	0	7,330
Restricted for Administration of Justice	61,283	0	0	0	61,283
Restricted for Public Safety	7,316	0	0	165,085	172,401
Restricted for Public Health and Welfare	162,126	0	0	0	162,126
Restricted for Highways/Public Works	0	0	0	389,726	389,726
Restricted for Debt Service	0	0	1,306,480	0	1,306,480
Restricted for Capital Projects	0	0	0	78,317	78,317
Committed:					
Committed for Administration of Justice	44,565	0	0	0	44,565
Committed for Public Safety	147,641	0	0	0	147,641
Committed for Public Health and Welfare	45,627	2,880,174	0	0	2,925,801
Committed for Debt Service	0	0	2,479,465	0	2,479,465
Committed for Capital Projects	330,243	0	0	9,413	339,656
Assigned:					
Assigned for General Government	89,634	0	0	0	89,634
Assigned for Finance	87,274	0	0	0	87,274
Assigned for Administration of Justice	5,186	0	0	0	5,186
Assigned for Public Safety	239,371	0	0	0	239,371
Assigned for Public Health and Welfare	114,748	0	0	0	114,748
Assigned for Social, Cultural, and Recreational Services	2,500	0	0	0	2,500
Assigned for Agriculture and Natural Resources	6,000	0	0	0	6,000
Assigned for Other Operations	100,000	0	0	0	100,000

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
FUND BALANCES (CONT.)					
Assigned (Cont.):					
Assigned for Other Purposes	$ 1,786,653	$ 0	$ 0	$ 0	$ 1,786,653
Unassigned	2,815,936	0	0	(18,199)	2,797,737
Total Fund Balances	$ 6,127,556	$ 2,880,174	$ 3,853,085	$ 624,342	$ 13,485,157
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 14,495,282	$ 4,326,295	$ 8,299,853	$ 2,496,137	$ 29,617,567

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

Exhibit C-2

Hamblen County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

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)			$ 13,485,157
(1)	Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
	Add: land	$ 475,551	
	Add: construction in progress	323,435	
	Add: infrastructure net of accumulated depreciation	10,310,494	
	Add: buildings and improvements net of accumulated depreciation	6,878,247	
	Add: other capital assets net of accumulated depreciation	2,229,952	20,217,679
(2)	An internal service fund is used by management to charge the cost of employee insurance programs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,236,873
(3)	Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
	Less: other loans payable	$ (17,634,185)	
	Less: bonds payable	(14,145,000)	
	Less: other postemployment benefits liability	(501,115)	
	Add: deferred amount on refunding	249,883	
	Add: unamortized discount on debt	89,380	
	Less: fair value of investment-type derivative - interest rate swap	(2,160,810)	
	Add: deferred amount on interest rate swap	495,374	
	Less: accrued interest on bonds and other loans payable	(93,869)	
	Less: other deferred revenue - premium on debt	(329,700)	(34,030,042)
(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	$ 779,243	
	Less: deferred inflows of resources related to pensions	(844,863)	(65,620)
(5)	Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		65,727
(6)	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		937,634
Net position of governmental activities (Exhibit A)			$ 1,847,408

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

Exhibit C-3

Hamblen County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 9,373,445	$ 1,979,504	$ 4,517,657	$ 31,787	$ 15,902,393
Licenses and Permits	511,787	1,433	0	0	513,220
Fines, Forfeitures, and Penalties	262,611	0	35,105	85,882	383,598
Charges for Current Services	242,661	0	0	14,595	257,256
Other Local Revenues	96,568	5,042	667,270	2,875	771,755
Fees Received From County Officials	3,296,362	0	0	0	3,296,362
State of Tennessee	2,853,537	18,488	0	2,567,256	5,439,281
Federal Government	95,559	0	0	333,312	428,871
Other Governments and Citizens Groups	101,739	0	0	21,939	123,678
Total Revenues	$ 16,834,269	$ 2,004,467	$ 5,220,032	$ 3,057,646	$ 27,116,414
Expenditures					
Current:					
General Government	$ 2,182,506	$ 0	$ 0	$ 14,595	$ 2,197,101
Finance	2,182,021	0	0	0	2,182,021
Administration of Justice	2,378,276	0	0	0	2,378,276
Public Safety	7,151,178	0	0	84,241	7,235,419
Public Health and Welfare	832,580	2,157,780	0	0	2,990,360
Social, Cultural, and Recreational Services	823,646	0	0	0	823,646
Agriculture and Natural Resources	184,854	0	0	0	184,854
Other Operations	1,506,992	0	0	0	1,506,992
Highways	0	0	0	2,567,112	2,567,112
Operation of Non-instructional Services	500	0	0	0	500
Debt Service:					
Principal on Debt	0	0	4,653,854	0	4,653,854
Interest on Debt	0	0	1,342,072	0	1,342,072

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Expenditures (Cont.)					
Debt Service (Cont.)					
Other Debt Service	$ 0	$ 0	$ 100,098	$ 0	$ 100,098
Capital Projects	869,725	0	0	741,729	1,611,454
Total Expenditures	$ 18,112,278	$ 2,157,780	$ 6,096,024	$ 3,407,677	$ 29,773,759
Excess (Deficiency) of Revenues Over Expenditures	$ (1,278,009)	$ (153,313)	$ (875,992)	$ (350,031)	$ (2,657,345)
Other Financing Sources (Uses)					
Insurance Recovery	$ 1,826	$ 0	$ 0	$ 0	$ 1,826
Total Other Financing Sources (Uses)	$ 1,826	$ 0	$ 0	$ 0	$ 1,826
Net Change in Fund Balances	$ (1,276,183)	$ (153,313)	$ (875,992)	$ (350,031)	$ (2,655,519)
Fund Balance, July 1, 2015	7,403,739	3,033,487	4,729,077	974,373	16,140,676
Fund Balance, June 30, 2016	$ 6,127,556	$ 2,880,174	$ 3,853,085	$ 624,342	$ 13,485,157

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

Exhibit C-4

Hamblen 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, 2016

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)			$ (2,655,519)
(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	$ 1,062,759	
	Less: current-year depreciation expense	(1,151,519)	(88,760)
(2)	The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
	Add: assets donated and capitalized	$ 186,832	
	Less: book value of capital assets disposed	(425)	186,407
(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, 2016	$ 937,634	
	Less: deferred delinquent property taxes and other deferred June 30, 2015	(1,089,688)	(152,054)
(4)	The issuance of long-term debt (e.g., notes, other loans) 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 and related items.		
	Add: change in premium on debt issuances	$ 111,360	
	Less: change in debt discounts	(18,680)	
	Add: principal payments on other loans	3,678,854	
	Add: principal payments on bonds	975,000	
	Less: change in fair value of investment type derivatives - interest rate swap	(224,061)	
	Add: change in deferred outflows on derrivative - interest rate swap	460,353	
	Add: change in deferred inflows on derrivative - interest rate swap	36,935	
	Less: change in deferred amount on refunding debt	(38,614)	4,981,147
(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	$ 8,849	
	Change in other postemployment benefits liability	(86,641)	
	Change in net pension asset	(167,650)	
	Change in deferred outflows related to pensions	51,011	
	Change in deferred inflows related to pensions	616,910	422,479
(6)	An internal service fund is used by management to charge the cost of employee insurance to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with the governmental activities in the statement of activities.		165,360
Change in net position of governmental activities (Exhibit B)			$ 2,859,060

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

Exhibit C-5

Hamblen County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 9,373,445	$ 0	$ 0	$ 9,373,445	$ 9,315,245	$ 9,315,245	$ 58,200
Licenses and Permits	511,787	0	0	511,787	460,000	460,000	51,787
Fines, Forfeitures, and Penalties	262,611	0	0	262,611	324,500	324,500	(61,889)
Charges for Current Services	242,661	0	0	242,661	229,500	229,500	13,161
Other Local Revenues	96,568	0	0	96,568	60,000	77,687	18,881
Fees Received From County Officials	3,296,362	0	0	3,296,362	3,226,000	3,226,000	70,362
State of Tennessee	2,853,537	0	0	2,853,537	3,010,548	3,013,848	(160,311)
Federal Government	95,559	0	0	95,559	84,818	475,818	(380,259)
Other Governments and Citizens Groups	101,739	0	0	101,739	100,000	102,000	(261)
Total Revenues	$ 16,834,269	$ 0	$ 0	$ 16,834,269	$ 16,810,611	$ 17,224,598	$ (390,329)
Expenditures							
General Government							
County Commission	$ 175,578	$ 0	$ 0	$ 175,578	$ 181,877	$ 181,877	$ 6,299
Board of Equalization	2,230	0	0	2,230	4,800	4,800	2,570
County Mayor/Executive	192,906	0	0	192,906	207,308	202,308	9,402
County Attorney	277,257	0	0	277,257	31,293	286,079	8,822
Election Commission	240,985	0	0	240,985	255,185	255,185	14,200
Register of Deeds	277,023	0	0	277,023	296,517	296,517	19,494
Planning	221,817	0	0	221,817	229,638	238,038	16,221
Geographical Information Systems	33,180	0	0	33,180	50,000	40,104	6,924
Other Facilities	742,820	(384)	0	742,436	824,210	809,769	67,333
Preservation of Records	18,710	0	0	18,710	20,448	20,448	1,738
Finance							
Accounting and Budgeting	340,578	0	0	340,578	342,286	342,286	1,708
Purchasing	31,612	0	0	31,612	46,391	46,391	14,779
Property Assessor's Office	369,511	0	0	369,511	392,027	392,027	22,516
Reappraisal Program	122,632	0	0	122,632	142,825	142,825	20,193
County Trustee's Office	338,094	0	0	338,094	365,807	365,807	27,713
County Clerk's Office	565,654	0	0	565,654	703,268	700,290	134,636

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Finance (Cont.)							
Data Processing	$ 106,260	$ 0	$ 0	$ 106,260	$ 145,891	$ 145,891	$ 39,631
Other Finance	307,680	0	3,000	310,680	293,572	324,910	14,230
Administration of Justice							
Circuit Court	790,754	(1,566)	2,221	791,409	836,003	866,764	75,355
General Sessions Court	410,636	(104)	0	410,532	434,788	434,788	24,256
Drug Court	133,256	0	0	133,256	143,345	143,345	10,089
Chancery Court	334,520	0	0	334,520	350,951	350,951	16,431
Juvenile Court	282,550	0	0	282,550	300,298	310,898	28,348
Courtroom Security	426,560	0	3,100	429,660	378,357	438,318	8,658
Public Safety							
Sheriff's Department	2,683,914	0	4,537	2,688,451	2,882,795	2,864,800	176,349
Administration of the Sexual Offender Registry	2,213	0	0	2,213	3,360	3,360	1,147
Jail	3,619,772	(2,467)	25,611	3,642,916	3,628,453	3,646,713	3,797
Workhouse	85,221	0	0	85,221	75,921	85,393	172
Work Release Program	154,642	0	0	154,642	170,272	174,451	19,809
Fire Prevention and Control	200,000	0	0	200,000	200,000	200,000	0
Civil Defense	78,542	0	4,695	83,237	91,948	91,948	8,711
Other Emergency Management	185,892	0	0	185,892	169,793	186,242	350
Inspection and Regulation	6,499	0	0	6,499	8,597	8,597	2,098
County Coroner/Medical Examiner	134,483	0	0	134,483	92,000	124,320	(10,163)
Public Health and Welfare							
Local Health Center	540,436	(10,400)	22,522	552,558	665,421	667,421	114,863
Rabies and Animal Control	133,500	0	0	133,500	133,500	133,500	0
Nursing Home	2,000	0	0	2,000	2,000	2,000	0
Alcohol and Drug Programs	2,030	0	0	2,030	5,000	5,000	2,970
Crippled Children Services	6,242	0	0	6,242	6,242	6,242	0
Appropriation to State	109,592	0	0	109,592	110,500	110,500	908
Aid to Dependent Children	8,000	0	0	8,000	8,000	8,000	0
Other Local Welfare Services	30,780	0	0	30,780	40,000	40,000	9,220

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Social, Cultural, and Recreational Services							
Adult Activities	$ 11,600	$ 0	$ 0	$ 11,600	$ 11,600	$ 11,600	$ 0
Senior Citizens Assistance	6,500	0	0	6,500	6,500	6,500	0
Libraries	267,250	0	0	267,250	267,250	267,250	0
Parks and Fair Boards	225,069	0	2,500	227,569	260,508	260,508	32,939
Other Social, Cultural, and Recreational	313,227	0	0	313,227	292,900	309,922	(3,305)
Agriculture and Natural Resources							
Agricultural Extension Service	138,234	0	0	138,234	138,460	141,755	3,521
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	44,792	0	0	44,792	45,212	45,212	420
Storm Water Management	828	0	6,000	6,828	32,000	32,000	25,172
Other Operations							
Tourism	73,517	0	0	73,517	70,712	81,139	7,622
Industrial Development	259,375	0	0	259,375	204,610	259,375	0
Veterans' Services	17,175	0	0	17,175	19,833	19,833	2,658
Employee Benefits	958,438	0	0	958,438	991,993	995,293	36,855
Miscellaneous	198,487	0	0	198,487	233,404	233,404	34,917
Operation of Non-instructional Services							
Community Services	500	0	0	500	500	500	0
Capital Projects							
General Administration Projects	0	(70,143)	70,143	0	0	0	0
Administration of Justice Projects	83,033	(70,672)	234	12,595	0	15,601	3,006
Public Safety Projects	786,692	(551,022)	380,379	616,049	420,000	616,670	621
Public Health and Welfare Projects	0	0	0	0	0	375,000	375,000
Total Expenditures	$ 18,112,278	$ (706,758)	$ 524,942	$ 17,930,462	$ 18,267,369	$ 19,371,665	$ 1,441,203
Excess (Deficiency) of Revenues Over Expenditures	$ (1,278,009)	$ 706,758	$ (524,942)	$ (1,096,193)	$ (1,456,758)	$ (2,147,067)	$ 1,050,874

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses)							
Insurance Recovery	$ 1,826	$ 0	$ 0	$ 1,826	$ 0	$ 0	$ 1,826
Total Other Financing Sources	$ 1,826	$ 0	$ 0	$ 1,826	$ 0	$ 0	$ 1,826
Net Change in Fund Balance	$ (1,276,183)	$ 706,758	$ (524,942)	$ (1,094,367)	$ (1,456,758)	$ (2,147,067)	$ 1,052,700
Fund Balance, July 1, 2015	7,403,739	(706,758)	0	6,696,981	7,607,756	7,607,756	(910,775)
Fund Balance, June 30, 2016	$ 6,127,556	$ 0	$ (524,942)	$ 5,602,614	$ 6,150,998	$ 5,460,689	$ 141,925

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

Exhibit C-6

Hamblen County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 1,979,504	$ 0	$ 1,979,504	$ 1,976,290	$ 1,976,290	$ 3,214
Licenses and Permits	1,433	0	1,433	1,500	1,500	(67)
Other Local Revenues	5,042	0	5,042	0	0	5,042
State of Tennessee	18,488	0	18,488	18,000	18,000	488
Total Revenues	$ 2,004,467	$ 0	$ 2,004,467	$ 1,995,790	$ 1,995,790	$ 8,677
Expenditures						
Public Health and Welfare						
Sanitation Management	$ 2,157,780	$ 1,450	$ 2,159,230	$ 2,394,354	$ 2,420,378	$ 261,148
Total Expenditures	$ 2,157,780	$ 1,450	$ 2,159,230	$ 2,394,354	$ 2,420,378	$ 261,148
Excess (Deficiency) of Revenues Over Expenditures	$ (153,313)	$ (1,450)	$ (154,763)	$ (398,564)	$ (424,588)	$ 269,825
Net Change in Fund Balance	$ (153,313)	$ (1,450)	$ (154,763)	$ (398,564)	$ (424,588)	$ 269,825
Fund Balance, July 1, 2015	3,033,487	0	3,033,487	3,106,589	3,106,589	(73,102)
Fund Balance, June 30, 2016	$ 2,880,174	$ (1,450)	$ 2,878,724	$ 2,708,025	$ 2,682,001	$ 196,723

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

Exhibit D-1

Hamblen County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2016

	Governmental Activities - Internal Service Fund
	Employee Insurance - General
ASSETS	
Current Assets:	
Cash	$ 100
Equity in Pooled Cash and Investments	1,119,022
Accounts Receivable	10,107
Due from Other Governments	7,378
Due from Other Funds	292,248
Total Assets	$ 1,428,855
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 180,114
Due to Other Funds	11,868
Total Liabilities	$ 191,982
NET POSITION	
Unrestricted	$ 1,236,873
Total Net Position	$ 1,236,873

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

Exhibit D-2

Hamblen County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund
	Employee Insurance - General
Operating Revenues	
Self-insurance Premiums/Contributions	$ 2,813,275
Other Employee Benefit Charges/Contributions	124,603
Other General Service Charges	311,481
Other Charges for Services	36,983
Total Operating Revenues	$ 3,286,342
Operating Expenses	
Handling Charges and Administrative Costs	$ 132,779
Dental and Vision Insurance	125,370
Bank Charges	471
Consultants	31,000
Contracts with Private Agencies	330,571
Excess Risk Insurance	255,394
Medical Claims	1,686,863
Other Self-insured Claims	653,997
Surcharge	18,293
Total Operating Expenses	$ 3,234,738
Operating Income	$ 51,604
Nonoperating Revenues (Expenses)	
Miscellaneous Refunds	$ 113,756
Total Nonoperating Revenues (Expenses)	$ 113,756
Change in Net Position	$ 165,360
Net Position, July 1, 2015	1,071,513
Net Position, June 30, 2016	$ 1,236,873

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

Exhibit D-3

Hamblen County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund
	Employee Insurance - General
Cash Flows from Operating Activities	
Receipts for Self Insurance Premiums	$ 2,598,376
Receipts for Other Insurance Premiums	113,955
Receipts for Patient Charges	222,594
Receipts for Stop-loss Recovery	257,258
Receipts for Other Charges from Services	21,214
Payments to Insurers and Consultants	(430,528)
Payments for Claims	(2,584,446)
Payments to Vendors	(329,839)
Payments for Administrative Costs	(132,779)
Net Cash Provided By (Used In) Operating Activities	$ (264,195)
Cash Flows from Noncapital Financing Activities	
Miscellaneous Refunds	$ 113,756
Net Cash Provided By (Used In) Noncapital Financing Activities	$ 113,756
Increase (Decrease) in Cash	$ (150,439)
Cash, July 1, 2015	1,269,561
Cash, June 30, 2016	$ 1,119,122
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ 51,604
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(3,291)
(Increase) Decrease in Due from Other Funds	(292,248)
Increase (Decrease) in Accounts Payable	(20,260)
Net Cash Provided By (Used In) Operating Activities	$ (264,195)
Reconciliation of Cash With Statement of Net Position	
Cash Per Net Position	$ 100
Equity in Pooled Cash and Investments Per Statement of Net Position	1,119,022
Cash, June 30, 2016	$ 1,119,122

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

Exhibit E-1

Hamblen County, Tennessee
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Other Employee Benefit Trust Fund Employee Benefit Trust Fund	Agency Funds
ASSETS		
Cash	$ 0	$ 1,930,905
Equity in Pooled Cash and Investments	5,905	0
Accounts Receivable	20	468
Due from Other Governments	0	1,924,618
Total Assets	$ 5,925	$ 3,855,991
LIABILITIES		
Due to Other Taxing Units	$ 0	$ 1,924,618
Due to Litigants, Heirs, and Others	0	1,931,373
Total Liabilities	$ 0	$ 3,855,991
NET POSITION		
Net Position Held in Trust for Employees	$ 5,925	
Net Position	$ 5,925	

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

Exhibit E-2

Hamblen County, Tennessee
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2016

	Other Employee Benefit Trust Fund
	Employee Benefit Trust Fund
ADDITIONS	
Plan Member Contributions	$ 17,679
Total Additions	$ 17,679
DEDUCTIONS	
Employee Benefits:	
Other Fringe Benefits	$ 17,896
Total Deductions	$ 17,896
Change in Net Position	$ (217)
Net Position, July 1, 2015	6,142
Net Position, June 30, 2016	$ 5,925

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

HAMBLEN COUNTY, TENNESSEE
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HAMBLEN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hamblen 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 Hamblen County:

A. Reporting Entity

Hamblen County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Hamblen County (the primary government) and its component units. The financial statements of the Hamblen County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect the independent auditor's opinion thereon. 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 Hamblen County School Department operates the public school system in the county, and the voters of Hamblen County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the 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 Hamblen County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hamblen County. The Hamblen County Emergency Communications District is governed by an 11-member board of directors, which is appointed by the county mayor and confirmed by the Hamblen County Commission. 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 Hamblen County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Hamblen County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Hamblen County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Hamblen County Emergency
Communications District
530 North Jackson Street
Morristown, TN 37814

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 Hamblen 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 Hamblen 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.

Hamblen County issues all debt for the discretely presented Hamblen County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2016.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service

fund is reported with the governmental activities in the government-wide financial statements, and 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 proprietary fund and 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 Hamblen 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/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Hamblen County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

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

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. Hamblen 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 General Debt Service Fund 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.

Proprietary and fiduciary funds 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Hamblen 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.

Solid Waste/Sanitation Fund – This special revenue fund is used to account for transactions involving solid waste collection. Local taxes are the foundational revenues of this fund.

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

Additionally, Hamblen County reports the following fund types:

Capital Projects Funds – These funds are used to account for financial resources to be used in the acquisition or construction of capital assets.

Internal Service Fund – The Employee Insurance - General Fund is used to account for the county's self-insured health and fully insured dental and vision programs. Premiums charged to the various county funds and employee payroll deductions are placed in this fund to pay the claims and insurance premiums of county employees.

Other Employee Benefits Trust Fund – The Employee Benefits Trust Fund is used to account for operations of the flexible benefits program for Hamblen County employees.

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

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

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

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

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of debt issued by Hamblen County and contributed to the School Department for building construction and renovations.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund, used to account for the employees' health insurance program. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's internal service fund are charges for services. Operating expenses for the internal service fund include administrative expenses and employee benefits.

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

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes demand deposits and cash on deposit with the county trustee.

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 Hamblen 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. Income from these pooled investments is assigned to the various funds based on the approved budgets. Hamblen 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 with the exception of negotiable certificates of deposits, which are reported at fair value. 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 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 1.72 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.

3. Inventories and Prepaid Items

Inventories of the discretely presented Hamblen County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in the governmental funds.

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 two 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:

Assets	Years
Buildings and Improvements	40
Other Capital Assets	3 - 15
Infrastructure	100

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. Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are the accumulated decrease in fair value of hedging derivatives, the deferred charge on refunding, pension changes in experience, pension contributions after the measurement date, and pension other deferrals.

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

inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) 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/or the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension other deferrals, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

6. Compensated Absences

Vacation leave benefits for employees of Hamblen County do not vest or accumulate and must be used within the current year or are lost. Therefore, no accrual has been recorded for vacation pay.

Vacation benefits for all 12-month employees of the discretely presented Hamblen County School Department are earned in the current year for use in the subsequent year. Therefore, accrued leave balances payable of $218,908 recorded as a liability in this report must be used in one year or are lost.

There is no liability for unpaid accumulated sick leave since Hamblen County and the School Department do not have policies to pay any amounts when employees separate from service with the government.

7. Long-term Obligations

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

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

withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, other postemployment benefits, special termination benefits, and pension liability 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 and the proprietary fund in the fund financial statements, equity is classified as net position and displayed in three components:

a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

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

As of June 30, 2016, Hamblen County had $26,936,525 in outstanding debt for capital purposes for the discretely presented Hamblen County School Department. This debt is a liability of Hamblen County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hamblen 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. However, in the School Department's Education Capital Projects Fund, the County Commission has required that committed funds provided by transfer from the General Purpose School Fund be expended before restricted funds provided through the issuance of debt. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned

amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county finance director to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund includes amounts for encumbrances ($307,213), amounts appropriated for use in the 2016-16 budget ($1,627,138), amounts for various insurance premium increases ($159,515) and various other assignments ($337,500). Assigned fund balance in the School Department's General Purpose School Fund includes amounts assigned for capital projects ($4,444,393), textbooks ($566,035), and other uses ($375,919).

Unassigned Fund Balance – the residual classification of the General and General Purposes 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.

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

Exhibit J-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 Hamblen County School Department

Exhibit J-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 (excluding the Highway Capital Projects Fund), which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2016, Hamblen County and the Hamblen County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
General	Architectural Services	$ 126,435
"	Vehicle purchases	209,248
School Department:		
Major Fund:		
General Purpose School	Capital outlay	729,888

B. Net Position Deficit/Fund Deficit

The county's Highway Capital Projects Fund had a negative unassigned fund balance of $18,199 at June 30, 2016. This negative unassigned fund balance resulted from the timing difference between incurring expenditures and receiving revenues. The County Commission allocated a portion of sales tax revenues in the 2016-2017 budget to the Highway Capital Projects Fund, which liquidated the deficit.

C. Cash Shortage

The Office of County Clerk had a cash shortage of $511 as of February 6, 2016. This shortage has been liquidated as of June 30, 2016. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the County Coroner/Medical Examiner and Other Social, Cultural and Recreational major appropriation categories (the legal level of control) of the General Fund by $10,163 and $3,305, respectively. Expenditures exceeded total appropriations in the Highway Capital Projects Fund by $21,213. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund

balance in the General Fund and by subsequent year revenues in the Highway Capital Projects Fund.

E. The County had Deposits Exposed to Custodial Credit Risk

As further discussed in the Schedule of Findings and Questioned Costs in the Single Audit Section of this report and in Note IV.A., during the fiscal year the county had bank and brokerage balances as high as $1,222,371, which were uninsured and uncollateralized. No funds were uninsured and uncollateralized at June 30, 2016. Uninsured and uncollateralized deposits are a violation of state statutes.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Hamblen County and the Hamblen 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 or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Hamblen County's deposits may not be returned to it. Hamblen County does have a formal policy that limits custodial credit risk for deposits. During the fiscal year, bank and brokerage balances of as high as $1,222,371 were uninsured and uncollateralized. No funds were uninsured and uncollateralized at June 30, 2016. This entire amount was in the pooled bank and brokerage balance. Uninsured and uncollateralized deposits are a violation of state statute.

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, 2016, Hamblen County had the following investments carried at amortized cost or fair value within the fair value hierarchy established by generally accepted accounting principles. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hamblen County and the discretely presented Hamblen County School Department since both pool their deposits and investments through the county trustee.

	Rating			
Investments	Moody	S&P	Maturity	Fair Value or Cost
Investments at Amortized Cost:				
State Treasurer's Investment Pool	NR	NR	4 to 117*	$ 883,872
Investments at Fair Value:				
Federal Home Loan Banks Discount Notes	P-1	A-1+	8-31-16	149,937
Federal Home Loan Banks Discount Notes	P-1	A-1+	9-20-16	599,622
Total				$ 1,633,431

***** Weighted average maturity (days)

The measurement of the fair value of the Federal Home Loan Banks Discount Notes was made using quoted prices in active markets for identical assets (level 1).

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. Hamblen County has a formal investment policy with the same requirements as state statutes for limiting 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. Hamblen County has an investment policy that limits its investment choices to those authorized by state statute, with safety, liquidity, and yield being priorities specified by the policy. The ratings of Hamblen County's investments are reflected in the table presented in the "Investment Balances" section of this note.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Hamblen County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Home Loan Banks Discount Notes. These investments are 45.89 percent of the county's total investments.

B. Derivative Instruments

Primary Government

At June 30, 2016, Hamblen County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
$10M Swap - A	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	$ 10,000,000	12-16-10	6-1-17	Pay 4.265% receive 70% of 3-month LIBOR
$10M Swap - B	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	5-7-13	6-1-25	Pay 4.390% receive 63.4% of 5-year LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type, and the changes in fair value using a pay fixed, receive a percentage of LIBOR pricing model (Level 2 inputs of the GAAP fair value hierarchy) of such derivative instruments for the year then ended as reported in the 2016 financial statements are as follows:

	Changes in Fair Values		Fair Value at June 30, 2016		6-30-16
Type	Classification	Amount	Classi-fication	Amount	Notional Amount
Governmental Activities					
Pay-fixed interest rate swaps:					
$10M Hybrid Swap A:					$ 340,000
Cash Flow Hedge Portion	Deferred Outflow	$ 32,024	Debt	$ (2,997)	
Non-hedge Portion	Investment Earnings	95,870	Debt	(9,841)	
Total $10M Hybrid Swap A		$ 127,894		$ (12,838)	
$10M Hybrid Swap B:					10,000,000
Cash Flow Hedge Portion	Deferred Outflow	$ (529,312)	Debt	$ (492,377)	
Non-hedge Portion	Investment Earnings	177,357	Debt	(1,655,595)	
Total $10M Hybrid Swap B		$ (351,955)		$ (2,147,972)	
Total		$ (224,061)		$ (2,160,810)	

In prior years, Hamblen County amended its variable rate debt instruments associated with these swap agreements. As a result, the county has recognized a termination of the original hedging relationships and recognized new hedging relationships between the swap agreements and the amended debt instruments. Investment earnings or losses have been recognized for the portion of the swaps' values that are not attributable to the current hedge relationship. Changes in the portion of the swaps' fair values that are attributable to the current hedging relationship are deferred since they meet effectiveness criteria of Governmental Accounting Standards Board Statement No. 53.

Derivative Swap Agreement Detail

$10M Swap – A

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 III-D-2.

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 Series III-D-2 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 III-D-2 bonds have since been refunded with a portion of the proceeds of the Series VII-C-2 bonds, and the interest rate swap is now associated with the Series VII-C-2 bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.265 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of $10 million. The interest rate swap agreement will not exceed the outstanding principal amount on the associated hedged bonds. The variable rates on the bonds have historically approximated the Securities Industry and Financial Markets Association (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2017. As of June 30, 2016, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.265%
Variable payment from counterparty		-0.452%
Net interest rate swap payments		3.813%
Variable-rate bond coupon payments		0.772%
Synthetic interest rate on bonds		4.585%

Fair value. As of June 30, 2016, the swap had a negative fair value of $12,838. 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, 2016, the county was not exposed to credit risk because the swap had a negative fair value. However, if 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 swap's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa2/BBB+/BBB+ by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the bond rate increase to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The swap 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, 2016, 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.

Fiscal Year	Variable Rate Bonds		Net Interest Rate	
Ending June 30	Principal	Interest	Swap Payment	Total
2017	$ 340,000	$ 2,627	$ 12,963	$ 355,590
Total	$ 340,000	$ 2,627	$ 12,963	$ 355,590

<u>$10M Swap - B</u>

Under its loan agreement, the Public Building Authority of Blount 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 A-2-B.

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 Series A-2-B 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 A-2-B bonds have since been refunded with a portion of the proceeds of the Series E-4-A bonds, and the interest rate swap is now associated with the Series E-4-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.39 percent and receives a variable payment computed as 63.4 percent of the five-year London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of $10 million. The interest rate swap agreement will not exceed the outstanding principal amount on the associated hedged bonds. The bonds' variable rates have historically approximated the Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2025. As of June 30, 2016, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.390%
Variable payment from counterparty		-0.621%
Net interest rate swap payments		3.769%
Variable-rate bond coupon payments		1.166%
Synthetic interest rate on bonds		4.935%

Fair value. As of June 30, 2016, the swap had a negative fair value of $2,147,972. 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, 2016, the county was not exposed to credit risk because the swap had a negative fair value. However, if 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 swap's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa2/BBB+/BBB+ by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the bond rate increase to above 63.4 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 63.4 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The swap 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, 2016, 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.

Fiscal Year	Variable Rate Bonds		Net Interest Rate	
Ending June 30	Principal	Interest	Swap Payment	Total
2017	$ 0	$ 116,605	$ 376,868	$ 493,473
2018	0	116,605	376,868	493,473
2019	0	116,605	376,868	493,473
2020	1,450,000	116,605	376,868	1,943,473
2021	1,530,000	99,698	322,222	1,951,920
2022-2025	7,020,000	210,182	679,305	7,909,487
Total	$ 10,000,000	$ 776,300	$ 2,508,999	$ 13,285,299

C. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	$ 475,551	$ 0	$ 0	$ 475,551
Construction in Progress	54,500	268,935	0	323,435
Total Capital Assets Not Depreciated	$ 530,051	$ 268,935	$ 0	$ 798,986
Capital Assets Depreciated:				
Buildings and Improvements	$ 11,359,908	$ 323,174	$ 0	$ 11,683,082
Roads and Bridges	16,954,011	0	0	16,954,011
Other Capital Assets	6,999,760	657,482	(42,710)	7,614,532
Total Capital Assets Depreciated	$ 35,313,679	$ 980,656	$ (42,710)	$ 36,251,625
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 4,475,836	$ 328,999	$ 0	$ 4,804,835
Roads and Bridges	6,473,835	169,682	0	6,643,517
Other Capital Assets	4,774,027	652,838	(42,285)	5,384,580
Total Accumulated Depreciation	$ 15,723,698	$ 1,151,519	$ (42,285)	$ 16,832,932
Total Capital Assets Depreciated, Net	$ 19,589,981	$ (170,863)	$ (425)	$ 19,418,693
Governmental Activities Capital Assets, Net	$ 20,120,032	$ 98,072	$ (425)	$ 20,217,679

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

Governmental Activities:

General Government	$ 90,109
Finance	24,640
Administration of Justice	182,218
Public Safety	232,836
Public Health and Welfare	257,332
Social, Cultural, and Recreational Services	36,126
Highways/Public Works	328,258
Total Depreciation Expense - Governmental Activities	$ 1,151,519

Discretely Presented Hamblen County School Department

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	$ 3,362,753	$ 318,911	$ 0	$ 3,681,664
Construction in Progress	4,068,143	1,767,250	(4,968,728)	866,665
Total Capital Assets Not Depreciated	$ 7,430,896	$ 2,086,161	$ (4,968,728)	$ 4,548,329
Capital Assets Depreciated:				
Buildings and Improvements	$ 135,377,534	$ 4,737,173	$ 0	$ 140,114,707
Other Capital Assets	16,755,316	1,967,190	(134,647)	18,587,859
Total Capital Assets Depreciated	$ 152,132,850	$ 6,704,363	$ (134,647)	$ 158,702,566
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 95,271,340	$ 2,117,741	$ 0	$ 97,389,081
Other Capital Assets	10,108,623	1,120,530	(105,372)	11,123,781
Total Accumulated Depreciation	$ 105,379,963	$ 3,238,271	$ (105,372)	$ 108,512,862
Total Capital Assets Depreciated, Net	$ 46,752,887	$ 3,466,092	$ (29,275)	$ 50,189,704
Governmental Activities Capital Assets, Net	$ 54,183,783	$ 5,552,253	$ (4,998,003)	$ 54,738,033

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

Governmental Activities:

Instruction	$ 26,908
Support Services	3,025,978
Operation of Non-instructional Services	185,385
Total Depreciation Expense - Governmental Activities	$ 3,238,271

D. Construction Commitments

At June 30, 2016, the General Purpose School Fund and the Education Capital Projects Fund of the discretely presented School Department had uncompleted construction contracts of approximately $314,400 and $367,210, respectively, for building improvement projects. Funding for these future expenditures has been received.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Funds	Amount
Primary Government:		
General	Nonmajor governmental	$ 285,067
"	Employee Insurance - General	11,868
Solid Waste/Sanitation Fund	General	18,488
Employee Insurance - General	General	243,347
"	Solid Waste/Sanitation Fund	20,238
"	Nonmajor governmental	28,663
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	894

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 Units:

Receivable Fund	Payable Fund	Amount
Component Unit:		
School Department:	Primary Government:	
Nonmajor governmental	Nonmajor governmental	$ 760,012

This balance represents proceeds of debt issued by the primary government, which is being contributed to the School Department.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

Discretely Presented Hamblen County School Department:

Transfers Out	Transfers In: General Purpose School Fund	Transfers In: Nonmajor Governmental Fund
Nonmajor governmental fund	$ 51,779	$ 0
General Purpose School Fund	0	200,000
Total	$ 51,779	$ 200,000

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

F. Long-term Obligations

Primary Government

General Obligation Bonds and Other Loans

Hamblen 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 debt.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to ten years for bonds and up to 17 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. Bonds and other loans included in long-term debt as of June 30, 2016, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds - Refunding	3 to 5 %	6-1-19	$ 10,860,000	$ 10,125,000
General Obligation Bonds	1.446	6-1-23	5,200,000	4,020,000
Other Loans - Qualified School Construction Bonds	1.515	7-1-26	11,280,000	7,174,185
Other Loans - Refunding	Variable	6-1-25	30,300,000	10,460,000

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

Hamblen County has entered into loan agreements with the Blount County Public Building Authority and the Sevier County Public Building Authority (PBAs). The loan agreements provide for the PBAs to make funds available for loan to Hamblen County on an as needed basis to finance various projects for the county and the discretely presented School Department. As of June 30, 2016, Hamblen County had drawn the entire amount available under the agreements. In addition to interest, the county pays various other fees (trustee, administrative, reporting, etc.) in connection with the variable rate loans.

The following table summarizes the loan agreements outstanding at June 30, 2016, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-16	Interest Type	Interest Rates as of 6-30-16	Other Fees on Variable Rate Debt
Sevier County Public Building Authority					
Refunding (Series VII-C-2)	$ 20,200,000	$ 360,000	Variable (1)	4.585 %	2.43 %
Blount County Public Building Authority					
Refunding (Series E-4-A)	10,100,000	10,100,000	Variable (1)	4.935	.25
Total		$ 10,460,000			

(1) Interest rate swap agreements are associated with these loans. See Note IV.B., Derivative Instruments, for details of these swap agreements. The interest rate shown is the synthetic rate established from the swap agreement.

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2016, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	$ 3,485,000	$ 509,330	$ 3,994,330
2018	4,180,000	381,830	4,561,830
2019	4,270,000	226,730	4,496,730
2020	615,000	36,715	651,715
2021	630,000	28,412	658,412
2022-2023	965,000	24,733	989,733
Total	$ 14,145,000	$ 1,207,750	$ 15,352,750

Year Ending June 30	Other Loans			
	Principal	Interest (*)	Other Fees	Total
2017	$ 1,063,854	$ 685,833	$ 34,088	$ 1,783,775
2018	703,854	669,327	25,352	1,398,533
2019	703,854	669,327	25,352	1,398,533
2020	2,173,854	669,327	25,352	2,868,533
2021	2,253,854	596,782	21,662	2,872,298
2022-2026	10,668,556	1,751,397	45,621	12,465,574
2027	66,359	14,241	0	80,600
Total	$ 17,634,185	$ 5,056,234	$ 177,427	$ 22,867,846

*Includes estimated swap payments. See Note IV.B. Derivative Investments.

There is $3,853,085 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and other loans, totaled $508, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

Governmental Activities:	Bonds	Other Loans	Other Postemployment Benefits
Balance, July 1, 2015	$ 15,120,000	$ 21,313,039	$ 414,474
Additions	0	0	91,785
Reductions	(975,000)	(3,678,854)	(5,144)
Balance, June 30, 2016	$ 14,145,000	$ 17,634,185	$ 501,115
Balance Due Within One Year	$ 3,485,000	$ 1,063,854	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	$ 32,280,300
Less: Balance Due Within One Year	(4,548,854)
Add: Unamortized Premium on Debt	329,700
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 28,061,146

Other postemployment benefits will be paid from the employing funds, primarily the General, Solid Waste/Sanitation, and Highway/Public Works funds.

Discretely Presented Hamblen County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hamblen County School Department for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Other Postemployement Benefits	Compensated Absences
Balance, July 1, 2015	$ 15,117,452	$ 210,426
Additions	3,195,678	218,908
Reductions	(1,339,678)	(210,426)
Balance, June 30, 2016	$ 16,973,452	$ 218,908
Balance Due Within One Year	$ 0	$ 218,908

	Retirement Incentive	Retirement Honorarium	Net Pension Liability - Teacher Legacy Plan*
Balance, July 1, 2015	$ 120,568	$ 919,869	$ (149,559)
Additions	44,675	138,649	12,666,333
Reductions	(57,593)	(107,969)	(12,142,675)
Balance, June 30, 2016	$ 107,650	$ 950,549	$ 374,099
Balance Due Within One Year	$ 57,593	$ 40,240	$ 0

* - At July 1, 2105, the teacher legacy retirement plan had a net pension asset balance.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	$ 18,624,658
Less: Balance Due Within One Year	(316,741)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 18,307,917

In addition to the commitments noted above, the Board of Education appropriates available school funds to be contributed to the primary

government each year to help retire school debt, which is being paid from the county's General Debt Service Fund. During the year ended June 30, 2016, the School Department contributed $500,000 to the primary government for this purpose.

Long-term liabilities of the School Department will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

G. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Hamblen County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2016, were $3,300. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Hamblen County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hamblen 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, 2016, were $406,826 and $104,513, 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

It is the policy of Hamblen County and the discretely presented Hamblen County School Department to purchase commercial insurance for the risks of losses to which they are exposed for general liability, property, casualty, and workers' compensation. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

The county elected to self-insure employee health and accident claims. The Employee Insurance – General Fund was established for risks associated with the employees' health insurance plan. The Employee Insurance – General Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of $100,000 per claimant in a single year and approximately $2,960,149 for all claims in any

plan year. Stop/loss commercial insurance has been obtained to cover claims beyond these limits. Group dental and vision insurance premiums paid to a private insurance company are also recorded in this fund as are the costs associated with a health clinic.

All full-time employees of the primary government are eligible to participate. A premium is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was $1,236,873 at June 30, 2016, and is reported as net position of the Employee Insurance – General Fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Insurance – General Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2014-2015	$ 0	$ 2,172,203	$ (1,989,492)	$ 182,711
2015-2016	182,711	$ 2,563,454	$ (2,584,446)	161,719

The discretely presented Hamblen County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (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. 72, *Fair Value Measurement and Application;* Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68,* Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local*

Governments; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, established general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Contingent Liabilities

The county is involved in pending litigation. Based on letters from attorneys, management believes that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

D. Change in Administration

On November 19, 2015, the County Commission appointed Penny Petty to fill the County Clerk vacancy created by the passing of Linda Wilder on October 31, 2015. Ms. Petty was elected to the office in August 2016.

E. 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. Hamblen County made no contributions to the DTF for the year ended June 30, 2016.

The Hamblen County-Morristown Solid Waste Disposal System is a joint venture that is operated by Hamblen County and the City of Morristown. The board of directors of the system is comprised of eight members, three appointed by the Hamblen County Commission and three appointed by the Morristown City Council. The county mayor and city mayor appoint one member each. The board has control, supervision, management, and use of the landfills. Further, any and all real estate purchases are to be titled in the name of the City of Morristown and Hamblen County, each owning an undivided one-half interest, and each having agreed to equally finance the costs of such acquisitions. The board is required to submit its annual budget to the Hamblen County Commission and the Morristown City Council for approval.

The Morristown-Hamblen Library is a joint venture between two equal participants, Hamblen County and the City of Morristown. The library was created to provide public library service to the general public. The board of directors consists of nine members; four appointed by the Hamblen County Commission, three appointed by the Morristown City Council, and two members from the regional library board. Hamblen County has indirect control of the budget through the amount of annual appropriations. The library's operating budget is adopted and controlled by its board without requiring approval of the Hamblen County Commission and the Morristown City Council.

Hamblen County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Third Judicial District Drug Task Force, Hamblen County-Morristown Solid Waste Disposal System, and Morristown-Hamblen Library 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
109 South Main Street, Suite 501
Greeneville, TN 37743

Hamblen County-Morristown Solid
Waste Disposal System
P.O. Box 2108
Morristown, TN 37816

Morristown-Hamblen Library
417 West Main Street
Morristown, TN 37814

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 Hamblen 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.

Complete financial statements for NETCO can be obtained from its administrative office at the following address:

Administrative Office:

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

F. 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 operations of the center.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Hamblen County and non-certified employees of the discretely presented Hamblen 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 comprised 46.53 percent and the non-certified employees of the discretely presented School Department comprised 53.47 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	398
Inactive Employees Entitled to But Not Yet Receiving Benefits	490
Active Employees	624
Total	1,512

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 their salary. Hamblen County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for Hamblen County was $1,572,279 based on a rate of 9.30 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hamblen County's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Hamblen County's net pension liability (asset) was measured as of June 30, 2015, 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, 2015, 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, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	6.46 %	33 %
Developed Market International Equity	6.26	17
Emerging Market International Equity	6.40	5
Private Equity and Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		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 Hamblen 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, 2014	$ 55,240,285	$ 55,854,434	$ (614,149)
Changes for the Year:			
Service Cost	$ 1,541,726	$ 0	$ 1,541,726
Interest	4,157,957	0	4,157,957
Differences Between Expected and Actual Experience	(1,125,375)	0	(1,125,375)
Contributions-Employer	0	1,572,279	(1,572,279)
Contributions-Employees	0	845,362	(845,362)
Net Investment Income	0	1,715,800	(1,715,800)
Benefit Payments, Including Refunds of Employee Contributions	(2,685,162)	(2,685,162)	0
Administrative Expense	0	(32,024)	32,024
Other Changes	0	0	0
Net Changes	$ 1,889,146	$ 1,416,255	$ 472,891
Balance, June 30, 2015	$ 57,129,431	$ 57,270,689	$ (141,258)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	46.53%	$ 26,582,324	$ 26,648,052	$ 65,727
School Department	53.47%	30,547,107	30,622,637	75,531
Total		$ 57,129,431	$ 57,270,689	$ 141,258

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Hamblen 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:

Hamblen County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 7,065,135	$ (141,258)	$ (6,138,985)

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

Pension Expense. For the year ended June 30, 2016, Hamblen County recognized pension expense of $14,138.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, Hamblen 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
Difference Between Expected and Actual Experience	$ 0	$ 1,164,167
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,969,640	2,621,210
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	1,658,221	N/A
Total	$ 3,627,861	$ 3,785,377

(1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2015," 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	$ 1,695,716	$ 1,761,336
School Department	1,932,145	2,024,041
Total	$ 3,627,861	$ 3,785,377

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
2017	$ (694,357)
2018	(694,357)
2019	(694,357)
2020	267,335
2021	0
Thereafter	0

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

Discretely Presented Hamblen County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Hamblen County and non-certified employees of the discretely presented Hamblen 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 46.53 percent and the non-certified employees of the discretely presented School Department comprise 53.47 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit 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. 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 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were $149,971, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2016, the Hamblen County School Department reported an asset of $35,352 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Hamblen County School Department's proportion of the net pension asset was based on the Hamblen County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Hamblen County School Department's proportion was .878760 percent.

Pension Expense. For the year ended June 30, 2016, the Hamblen County School Department recognized pension expense of $46,330.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Hamblen County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 0	$ 11,506
Net Diffrerence Between Projected and Actual Earnings on Pension Plan Investments	2,858	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	149,971	N/A
Total	$ 152,829	$ 11,506

The Hamblen County School Department's employer contributions of $149,971, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. 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
2017	$ (244)
2018	(244)
2019	(244)
2020	(244)
2021	(959)
Thereafter	(6,712)

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, 2015, 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 adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, 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	6.46 %	33 %
Developed Market International Equity	6.26	17
Emerging Market International Equity	6.40	5
Private Equity and Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		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 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 the Hamblen 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 the Hamblen 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%
Net Pension Liability	$ 6,269	$ (35,352)	$ (65,878)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs 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 are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Hamblen County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were $3,029,546, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2016, the Hamblen County School Department reported a liability of $374,099 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Hamblen County School Department's proportion of the net pension liability (asset) was based on the Hamblen County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Hamblen County School Department's proportion was .913250 percent. The proportion measured at June 30, 2014, was .920393 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Hamblen County School Department recognized negative pension expense of $275,953.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Hamblen 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
Difference Between Expected and Actual Experience	$ 300,230	$ 5,822,899
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,755,048	9,170,346
Changes in Proportion of Net Pension Liability (Asset)	275,776	76,372
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	3,029,546	N/A
Total	$ 10,360,600	$ 15,069,617

The Hamblen County School Department's employer contributions of $3,029,546 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, 2017. 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
2017	$ (2,432,673)
2018	(2,432,673)
2019	(2,432,673)
2020	624,109
2021	(1,064,653)
Thereafter	0

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, 2015, 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, 2015, 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	6.46	%	33	%
Developed Market International Equity	6.26		17	
Emerging Market International Equity	6.40		5	
Private Equity and Strategic Lending	4.61		8	
U.S. Fixed Income	0.98		29	
Real Estate	4.73		7	
Short-term Securities	0.00		1	
Total			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 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 the Hamblen 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 the Hamblen 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%
Net Pension Liability	$ 25,504,778	$ 374,099	$ 20,431,141

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

2. Deferred Compensation

Primary Government

Hamblen County offers its employees a deferred compensation plan established pursuant to IRC Section 457. All costs of administering and funding this program are the responsibility of plan participants. The Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 457 established participation, contribution, and withdrawal provisions for the plan.

Discretely Presented Hamblen County School Department

Teachers hired after July 1, 2014, by the discretely presented Hamblen 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 Hamblen 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 Hamblen County School Department contributed $186,861 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

H. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

Hamblen County participates in a self-insured postemployment benefits plan administered by Blue Cross Blue Shield for health insurance benefits for pre-65 retirees. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are provided as approved by the County Commission.

Hamblen County also participates in the state-administered Medicare Supplement Plan for post-65 retirees. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-701, *Tennessee Code Annotated (TCA).* 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. That plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at http://tennessee.gov/finance/article/fa-accfin-cafr.

Funding Policy

Pre-65 retirees participating in the self-insured plan must pay the entire premium for their single coverage insurance. Dependents of retirees are not eligible to participate in the plan. The plan is financed 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.

Premium requirements of Medicare Supplement Plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop a contribution policy in terms of subsidizing retired employees' premiums since the committee is not prescriptive on that issue. Hamblen County provides a partial subsidy for post-65 retirees participating in the Medicare Supplement Plan.

During the year ended June 30, 2016, Hamblen County contributed $5,144 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Group Plan	Medicare Supplement Plan
ARC	$ 12,873	$ 80,000
Interest on the NOPEBO	2,933	12,794
Adjustment to the ARC	(3,971)	(12,844)
Annual OPEB cost	$ 11,835	$ 79,950
Amount of contribution	(1,544)	(3,600)
Increase/decrease in NOPEBO	$ 10,291	$ 76,350
Net OPEB obligation, 7-1-15	73,335	341,139
Net OPEB obligation, 6-30-16	$ 83,626	$ 417,489

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Commercial	$ 23,103	36 %	$ 57,195
6-30-15	Self-Insured	24,187	33	73,335
6-30-16	"	11,835	13	83,626
6-30-14	Medicare Supplement	26,303	11	317,412
6-30-15	"	27,327	13	341,139
6-30-16	"	79,950	5	417,489

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	$ 100,494	$ 768,000
Actuarial value of plan assets	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 100,494	$ 768,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	$ 7,564,345	$ N/A
UAAL as a % of covered payroll	1%	N/A

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, 2015, actuarial valuation for the group plan, 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 health care cost trend rate of nine percent initially. The trend rate will decrease to eight percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2019. The annual health care cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2016 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. Payroll is assumed to grow at a rate of 2.5 percent.

Discretely Presented Hamblen County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan and the 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 teachers and Section 8-27-701, *TCA*, for the Medicare Supplement Plan. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at http://tennessee.gov/finance/article/fa-accfin-cafr.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides 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 ended June 30, 2016, the discretely presented Hamblen County School Department contributed $1,339,678 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	$ 2,937,000	$ 261,000
Interest on the NOPEBO	506,411	60,494
Adjustment to the ARC	(508,445)	(60,782)
Annual OPEB cost	$ 2,934,966	$ 260,712
Amount of contribution	(1,313,628)	(26,050)
Increase/decrease in NOPEBO	$ 1,621,338	$ 234,662
Net OPEB obligation, 7-1-15	13,504,288	1,613,164
Net OPEB obligation, 6-30-16	$ 15,125,626	$ 1,847,826

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	$ 2,763,890	47 %	$ 12,034,280
6-30-15	"	2,865,400	49	13,504,288
6-30-16	"	2,934,966	45	15,125,626
6-30-14	Medicare Supplement	223,247	11	1,407,627
6-30-15	"	230,450	11	1,613,164
6-30-16	"	260,712	10	1,847,826

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	$ 25,059,000	$ 3,714,000
Actuarial value of plan assets	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 25,059,000	$ 3,714,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	$ 45,762,579	$ N/A
UAAL as a % of covered payroll	55%	N/A

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, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. The annual health care cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2016 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. Payroll is assumed to grow at a rate of three percent.

I. Termination Benefits

The discretely presented Hamblen County School Department offers a voluntary termination benefits plan to its certified employees in accordance with contract provisions. To be eligible, employees must retire in the school year that they become 60 years of age or obtain 30 years of creditable service in the Tennessee Consolidated Retirement System, whichever comes first. Under the terms of the plan, employees can select between receiving $4,500 for two years or $3,500 for three years. During the 2015-16 year, 15 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is $107,650. Of that amount, $57,593 is due within one year. The governmental funds' financial statements reflect retirement incentive expenditures of $57,593 in the General Purpose School Fund.

In addition to the previously mentioned retirement incentive, the discretely presented Hamblen County School Department also offers an additional 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 Hamblen County and/or the former Morristown City School System. As of June 30, 2016, 430 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is $950,549. Of that amount, $40,240 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of $107,969 in the General Purpose School Fund.

J. Central Accounting and Budgeting

Office of Director of Finance

The Hamblen County Finance Department was established by an agreement between the county mayor and the County Commission. This agreement provides for a finance director who is responsible for maintaining records for funds administered by the county mayor and the highway superintendent.

K. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Section 5-14-201, et seq., *Tennessee Code Annotated (TCA*). This act provides for purchases exceeding $10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Highway Superintendent

Chapter 313 of the Private Acts of 1949, as amended, and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the Road Department. These statutes require all purchases exceeding $10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Hamblen County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding $10,000. However, the Board of Education has adopted a more restrictive policy that requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding $3,500.

Required Supplementary Information

Exhibit F-1

Hamblen 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

	2014	2015
Total Pension Liability (Asset)		
Service Cost	$ 1,447,547	$ 1,541,726
Interest	3,977,841	4,157,957
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(439,779)	(1,125,375)
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(2,671,318)	(2,685,162)
Net Change in Total Pension Liability (Asset)	$ 2,314,291	$ 1,889,146
Total Pension Liability (Asset), Beginning	52,925,994	55,240,285
Total Pension Liability (Asset), Ending (a)	$ 55,240,285	$ 57,129,431
Plan Fiduciary Net Position		
Contributions - Employer	$ 1,550,676	$ 1,572,279
Contributions - Employee	834,365	845,362
Net Investment Income	7,971,541	1,715,800
Benefit Payments, Including Refunds of Employee Contributions	(2,671,318)	(2,685,162)
Administrative Expense	(24,175)	(32,024)
Net Change in Plan Fiduciary Net Position	$ 7,661,089	$ 1,416,255
Plan Fiduciary Net Position, Beginning	48,193,345	55,854,434
Plan Fiduciary Net Position, Ending (b)	$ 55,854,434	$ 57,270,689
Net Pension Liability (Asset), Ending (a - b)	$ (614,149)	$ (141,258)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.11%	100.25%
Covered Payroll	$ 16,490,699	$ 16,906,305
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(3.72%)	(0.84%)

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

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

Exhibit F-2

Hamblen 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

	2014	2015	2016
Actuarially Determined Contribution	$ 1,550,676	$ 1,572,279	$ 1,658,221
Less Contributions in Relation to the Actuarially Determined Contribution	(1,550,676)	(1,572,279)	(1,658,221)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0
Covered Payroll	$ 16,490,699	$ 16,906,305	$ 17,932,011
Contributions as a Percentage of Covered Payroll	9.40%	9.30%	9.25%

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

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

Exhibit F-3

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

	2015	2016
Contractually Required Contribution	$ 45,646	$ 93,732
Less Contributions in Relation to the Contractually Required Contribution	(73,033)	(149,971)
Contribution Deficiency (Excess)	$ (27,387)	$ (56,239)
Covered Payroll	$ 1,825,848	$ 3,749,275
Contributions as a Percentage of Covered Payroll	4.00%	4.00%

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

Exhibit F-4

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

	2014	2015	2016
Contractually Required Contribution	$ 3,207,929	$ 3,090,554	$ 3,029,546
Less Contributions in Relation to the Contractually Required Contribution	(3,207,929)	(3,090,554)	(3,029,546)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0
Covered Payroll	$ 36,125,331	$ 34,187,512	$ 33,636,724
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.01%

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

Exhibit F-5

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

		2016
School Department's Proportion of the Net Pension Asset		0.878760%
School Department's Proportionate Share of the Net Pension Liability (Asset)	$	(35,352)
Covered Payroll	$	1,825,848
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		127.46%

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

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

Exhibit F-6

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

	2015	2016
School Department's Proportion of the Net Pension Asset	0.920393%	0.913250%
School Department's Proportionate Share of the Net Pension Liability (Asset)	$ (149,560)	$ 374,099
Covered Payroll	$ 36,125,331	$ 34,187,512
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

* 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 F-7

Hamblen County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Hamblen County School Department
June 30, 2016

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PRIMARY GOVERNMENT							
Commercial Plan	7-1-11	$ 0	$ 123	$ 123	0 %	$ 6,996	1.8 %
"	7-1-13	0	184	184	0	7,369	2.5
Self-Insured	7-1-15	0	100	100	0	7,564	1.3
Medicare Supplement Plan	7-1-11	0	662	662	0	N/A	N/A
"	7-1-13	0	265	265	0	N/A	N/A
"	7-1-15	0	768	768	0	N/A	N/A
DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT							
Local Education Group	7-1-11	0	26,306	26,306	0	41,684	63.1
"	7-1-13	0	23,786	23,786	0	43,930	54.1
"	7-1-15	0	25,059	25,059	0	45,763	54.8
Medicare Supplement Plan	7-1-11	0	4,482	4,482	0	N/A	N/A
"	7-1-13	0	3,436	3,436	0	N/A	N/A
"	7-1-15	0	3,714	3,714	0	N/A	N/A

HAMBLEN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 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
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

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

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.

Highway/Public Works Fund – The Highway/Public Works Fund is used to account for transactions of the county's Highway Department.

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Sanitation Projects Fund – The Sanitation Projects Fund is used to account for transactions involving additional costs of an old landfill.

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for proceeds of debt issued for the benefit of the School Department.

Exhibit G-1

Hamblen County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
ASSETS						
Cash	$ 0	$ 7,439	$ 0	$ 7,439	$ 0	$ 0
Equity in Pooled Cash and Investments	153,924	0	771,748	925,672	259,413	78,317
Accounts Receivable	150	25,133	0	25,283	0	0
Due from Other Governments	13,959	0	383,970	397,929	0	0
Total Assets	$ 168,033	$ 32,572	$ 1,155,718	$ 1,356,323	$ 259,413	$ 78,317
LIABILITIES						
Accounts Payable	$ 453	$ 0	$ 488,328	$ 488,781	$ 0	$ 0
Accrued Payroll	0	0	25,048	25,048	0	0
Payroll Deductions Payable	0	0	4,432	4,432	0	0
Due to Other Funds	2,495	32,572	28,663	63,730	250,000	0
Due to Component Units	0	0	0	0	0	0
Total Liabilities	$ 2,948	$ 32,572	$ 546,471	$ 581,991	$ 250,000	$ 0
DEFERRED INFLOWS OF RESOURCES						
Other Deferred/Unavailable Revenue	$ 0	$ 0	$ 219,521	$ 219,521	$ 0	$ 0
Total Deferred Inflows of Resources	$ 0	$ 0	$ 219,521	$ 219,521	$ 0	$ 0
FUND BALANCES						
Restricted:						
Restricted for Public Safety	$ 165,085	$ 0	$ 0	$ 165,085	$ 0	$ 0

(Continued)

Exhibit G-1

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

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitu-tional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
FUND BALANCES (CONT.)						
Restricted (Cont.):						
Restricted for Highways/Public Works	$ 0	$ 0	$ 389,726	$ 389,726	$ 0	$ 0
Restricted for Capital Projects	0	0	0	0	0	78,317
Committed:						
Committed for Capital Projects	0	0	0	0	9,413	0
Unassigned	0	0	0	0	0	0
Total Fund Balances	$ 165,085	$ 0	$ 389,726	$ 554,811	$ 9,413	$ 78,317
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 168,033	$ 32,572	$ 1,155,718	$ 1,356,323	$ 259,413	$ 78,317

(Continued)

Exhibit G-1

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

	Capital Projects Funds (Cont.)			
	Highway Capital Projects	Education Capital Projects	Total	Total Nonmajor Governmental Funds
ASSETS				
Cash	$ 0	$ 0	$ 0	$ 7,439
Equity in Pooled Cash and Investments	42,072	760,012	1,139,814	2,065,486
Accounts Receivable	0	0	0	25,283
Due from Other Governments	0	0	0	397,929
Total Assets	$ 42,072	$ 760,012	$ 1,139,814	$ 2,496,137
LIABILITIES				
Accounts Payable	$ 60,271	$ 0	$ 60,271	$ 549,052
Accrued Payroll	0	0	0	25,048
Payroll Deductions Payable	0	0	0	4,432
Due to Other Funds	0	0	250,000	313,730
Due to Component Units	0	760,012	760,012	760,012
Total Liabilities	$ 60,271	$ 760,012	$ 1,070,283	$ 1,652,274
DEFERRED INFLOWS OF RESOURCES				
Other Deferred/Unavailable Revenue	$ 0	$ 0	$ 0	$ 219,521
Total Deferred Inflows of Resources	$ 0	$ 0	$ 0	$ 219,521
FUND BALANCES				
Restricted:				
Restricted for Public Safety	$ 0	$ 0	$ 0	$ 165,085

(Continued)

Exhibit G-1

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

	Capital Projects Funds (Cont.)			
	Highway Capital Projects	Education Capital Projects	Total	Total Nonmajor Governmental Funds
FUND BALANCES (CONT.)				
Restricted (Cont.):				
Restricted for Highways/Public Works	$ 0	$ 0	$ 0	$ 389,726
Restricted for Capital Projects	0	0	78,317	78,317
Committed:				
Committed for Capital Projects	0	0	9,413	9,413
Unassigned	(18,199)	0	(18,199)	(18,199)
Total Fund Balances	$ (18,199)	$ 0	$ 69,531	$ 624,342
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 42,072	$ 760,012	$ 1,139,814	$ 2,496,137

Exhibit G-2

Hamblen County, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
Revenues						
Local Taxes	$ 0	$ 0	$ 31,787	$ 31,787	$ 0	$ 0
Fines, Forfeitures, and Penalties	85,882	0	0	85,882	0	0
Charges for Current Services	0	14,595	0	14,595	0	0
Other Local Revenues	1,903	0	972	2,875	0	0
State of Tennessee	29,523	0	2,444,912	2,474,435	92,821	0
Federal Government	7,583	0	16,825	24,408	2,250	0
Other Governments and Citizens Groups	9,439	0	0	9,439	12,500	0
Total Revenues	$ 134,330	$ 14,595	$ 2,494,496	$ 2,643,421	$ 107,571	$ 0
Expenditures						
Current:						
General Government	$ 0	$ 14,595	$ 0	$ 14,595	$ 0	$ 0
Public Safety	84,241	0	0	84,241	0	0
Highways	0	0	2,567,112	2,567,112	0	0
Capital Projects	0	0	0	0	2,250	0
Total Expenditures	$ 84,241	$ 14,595	$ 2,567,112	$ 2,665,948	$ 2,250	$ 0
Excess (Deficiency) of Revenues Over Expenditures	$ 50,089	$ 0	$ (72,616)	$ (22,527)	$ 105,321	$ 0
Net Change in Fund Balances	$ 50,089	$ 0	$ (72,616)	$ (22,527)	$ 105,321	$ 0
Fund Balance, July 1, 2015	114,996	0	462,342	577,338	(95,908)	78,317
Fund Balance, June 30, 2016	$ 165,085	$ 0	$ 389,726	$ 554,811	$ 9,413	$ 78,317

(Continued)

Exhibit G-2

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

	Capital Projects Funds (Cont.)		
	Highway Capital Projects	Total	Total Nonmajor Governmental Funds
Revenues			
Local Taxes	$ 0	$ 0	$ 31,787
Fines, Forfeitures, and Penalties	0	0	85,882
Charges for Current Services	0	0	14,595
Other Local Revenues	0	0	2,875
State of Tennessee	0	92,821	2,567,256
Federal Government	306,654	308,904	333,312
Other Governments and Citizens Groups	0	12,500	21,939
Total Revenues	$ 306,654	$ 414,225	$ 3,057,646
Expenditures			
Current:			
General Government	$ 0	$ 0	$ 14,595
Public Safety	0	0	84,241
Highways	0	0	2,567,112
Capital Projects	739,479	741,729	741,729
Total Expenditures	$ 739,479	$ 741,729	$ 3,407,677
Excess (Deficiency) of Revenues Over Expenditures	$ (432,825)	$ (327,504)	$ (350,031)
Net Change in Fund Balances	$ (432,825)	$ (327,504)	$ (350,031)
Fund Balance, July 1, 2015	414,626	397,035	974,373
Fund Balance, June 30, 2016	$ (18,199)	$ 69,531	$ 624,342

Exhibit G-3

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Fines, Forfeitures, and Penalties	$ 85,882	$ 0	$ 85,882	$ 26,000	$ 26,000	$ 59,882
Other Local Revenues	1,903	0	1,903	250	250	1,653
State of Tennessee	29,523	0	29,523	0	0	29,523
Federal Government	7,583	0	7,583	0	0	7,583
Other Governments and Citizens Groups	9,439	0	9,439	10,000	10,000	(561)
Total Revenues	$ 134,330	$ 0	$ 134,330	$ 36,250	$ 36,250	$ 98,080
Expenditures						
Public Safety						
Drug Enforcement	$ 84,241	$ (770)	$ 83,471	$ 90,806	$ 95,051	$ 11,580
Total Expenditures	$ 84,241	$ (770)	$ 83,471	$ 90,806	$ 95,051	$ 11,580
Excess (Deficiency) of Revenues Over Expenditures	$ 50,089	$ 770	$ 50,859	$ (54,556)	$ (58,801)	$ 109,660
Net Change in Fund Balance	$ 50,089	$ 770	$ 50,859	$ (54,556)	$ (58,801)	$ 109,660
Fund Balance, July 1, 2015	114,996	(770)	114,226	118,197	118,197	(3,971)
Fund Balance, June 30, 2016	$ 165,085	$ 0	$ 165,085	$ 63,641	$ 59,396	$ 105,689

Exhibit G-4

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 31,787	$ 0	$ 0	$ 31,787	$ 55,000	$ 55,000	$ (23,213)
Other Local Revenues	972	0	0	972	5,000	5,000	(4,028)
State of Tennessee	2,444,912	0	0	2,444,912	2,370,000	2,370,000	74,912
Federal Government	16,825	0	0	16,825	0	0	16,825
Total Revenues	$ 2,494,496	$ 0	$ 0	$ 2,494,496	$ 2,430,000	$ 2,430,000	$ 64,496
Expenditures							
Highways							
Administration	$ 374,622	$ 0	$ 0	$ 374,622	$ 393,640	$ 393,640	$ 19,018
Highway and Bridge Maintenance	1,129,571	(100)	1,100	1,130,571	1,154,155	1,204,155	73,584
Operation and Maintenance of Equipment	256,001	(1,300)	0	254,701	369,049	364,449	109,748
Employee Benefits	37,159	0	0	37,159	50,540	50,540	13,381
Capital Outlay	769,759	0	68,682	838,441	840,000	844,600	6,159
Total Expenditures	$ 2,567,112	$ (1,400)	$ 69,782	$ 2,635,494	$ 2,807,384	$ 2,857,384	$ 221,890
Excess (Deficiency) of Revenues Over Expenditures	$ (72,616)	$ 1,400	$ (69,782)	$ (140,998)	$ (377,384)	$ (427,384)	$ 286,386
Net Change in Fund Balance	$ (72,616)	$ 1,400	$ (69,782)	$ (140,998)	$ (377,384)	$ (427,384)	$ 286,386
Fund Balance, July 1, 2015	462,342	(1,400)	0	460,942	494,968	494,968	(34,026)
Fund Balance, June 30, 2016	$ 389,726	$ 0	$ (69,782)	$ 319,944	$ 117,584	$ 67,584	$ 252,360

Exhibit G-5

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Federal Government	$ 306,654	$ 0	$ 306,654	$ 315,252	$ 315,252	$ (8,598)
Total Revenues	$ 306,654	$ 0	$ 306,654	$ 315,252	$ 315,252	$ (8,598)
Expenditures						
Capital Projects						
Highway and Street Capital Projects	$ 739,479	$ (27,395)	$ 712,084	$ 690,871	$ 690,871	$ (21,213)
Total Expenditures	$ 739,479	$ (27,395)	$ 712,084	$ 690,871	$ 690,871	$ (21,213)
Excess (Deficiency) of Revenues Over Expenditures	$ (432,825)	$ 27,395	$ (405,430)	$ (375,619)	$ (375,619)	$ (29,811)
Net Change in Fund Balance	$ (432,825)	$ 27,395	$ (405,430)	$ (375,619)	$ (375,619)	$ (29,811)
Fund Balance, July 1, 2015	414,626	(27,395)	387,231	537,517	537,517	(150,286)
Fund Balance, June 30, 2016	$ (18,199)	$ 0	$ (18,199)	$ 161,898	$ 161,898	$ (180,097)

Major Governmental Funds

Debt Service Fund

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

Exhibit H

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 4,517,657	$ 4,730,909	$ 4,730,909	$ (213,252)
Fines, Forfeitures, and Penalties	35,105	47,500	47,500	(12,395)
Other Local Revenues	667,270	725,000	725,000	(57,730)
Total Revenues	$ 5,220,032	$ 5,503,409	$ 5,503,409	$ (283,377)
Expenditures				
Principal on Debt				
General Government	$ 406,800	$ 406,800	$ 406,800	$ 0
Highways and Streets	290,000	308,924	290,000	0
Education	3,957,054	3,938,130	3,957,054	0
Interest on Debt				
General Government	149,754	156,616	156,616	6,862
Highways and Streets	41,726	41,344	41,726	0
Education	1,150,592	1,174,612	1,174,230	23,638
Other Debt Service				
General Government	87,513	90,000	88,695	1,182
Education	12,585	11,280	12,585	0
Total Expenditures	$ 6,096,024	$ 6,127,706	$ 6,127,706	$ 31,682
Excess (Deficiency) of Revenues Over Expenditures	$ (875,992)	$ (624,297)	$ (624,297)	$ (251,695)
Net Change in Fund Balance	$ (875,992)	$ (624,297)	$ (624,297)	$ (251,695)
Fund Balance, July 1, 2015	4,729,077	4,563,731	4,563,731	165,346
Fund Balance, June 30, 2016	$ 3,853,085	$ 3,939,434	$ 3,939,434	$ (86,349)

Fiduciary Funds

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

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

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 I-1

Hamblen County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016

	Agency Funds		
	Cities - Sales Tax	Constitutional Officers - Agency	Total
ASSETS			
Cash	$ 0	$ 1,930,905	$ 1,930,905
Accounts Receivable	0	468	468
Due from Other Governments	1,924,618	0	1,924,618
Total Assets	$ 1,924,618	$ 1,931,373	$ 3,855,991
LIABILITIES			
Due to Other Taxing Units	$ 1,924,618	$ 0	$ 1,924,618
Due to Litigants, Heirs, and Others	0	1,931,373	1,931,373
Total Liabilities	$ 1,924,618	$ 1,931,373	$ 3,855,991

Exhibit I-2

Hamblen County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 11,789,023	$ 11,789,023	$ 0
Due from Other Governments	1,941,461	1,924,618	1,941,461	1,924,618
Total Assets	$ 1,941,461	$ 13,713,641	$ 13,730,484	$ 1,924,618
Liabilities				
Due to Other Taxing Units	$ 1,941,461	$ 13,713,641	$ 13,730,484	$ 1,924,618
Total Liabilities	$ 1,941,461	$ 13,713,641	$ 13,730,484	$ 1,924,618
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 1,650,997	$ 11,593,926	$ 11,314,018	$ 1,930,905
Accounts Receivable	494	0	26	468
Total Assets	$ 1,651,491	$ 11,593,926	$ 11,314,044	$ 1,931,373
Liabilities				
Due to Litigants, Heirs, and Others	$ 1,651,491	$ 11,593,926	$ 11,314,044	$ 1,931,373
Total Liabilities	$ 1,651,491	$ 11,593,926	$ 11,314,044	$ 1,931,373
Totals - All Agency Funds				
Assets				
Cash	$ 1,650,997	$ 11,593,926	$ 11,314,018	$ 1,930,905
Equity in Pooled Cash and Investments	0	11,789,023	11,789,023	0
Accounts Receivable	494	0	26	468
Due from Other Governments	1,941,461	1,924,618	1,941,461	1,924,618
Total Assets	$ 3,592,952	$ 25,307,567	$ 25,044,528	$ 3,855,991
Liabilities				
Due to Other Taxing Units	$ 1,941,461	$ 13,713,641	$ 13,730,484	$ 1,924,618
Due to Litigants, Heirs, and Others	1,651,491	11,593,926	11,314,044	1,931,373
Total Liabilities	$ 3,592,952	$ 25,307,567	$ 25,044,528	$ 3,855,991

Hamblen County School Department

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

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

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

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

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

Exhibit J-1

Hamblen County, Tennessee
Statement of Activities
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities:					
Instruction	$ 50,863,984	$ 372,227	$ 4,206,986	$ 0	$ (46,284,771)
Support Services	26,503,695	416,964	706,303	204,446	(25,175,982)
Operation of Non-instructional Services	6,463,675	1,170,101	4,719,478	0	(574,096)
Total Governmental Activities	$ 83,831,354	$ 1,959,292	$ 9,632,767	$ 204,446	$ (72,034,849)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					$ 13,687,184
Local Option Sales Taxes					12,589,055
Wheel Tax					735,962
Mixed Drink Tax					43,118
Interstate Telecommunications Tax					5,250
Grants and Contributions Not Restricted to Specific Programs					47,449,093
Unrestricted Investment Income					5,114
Miscellaneous					94,316
Total General Revenues					$ 74,609,092
Change in Net Position					$ 2,574,243
Net Position, July 1, 2015					45,696,738
Net Position, June 30, 2016					$ 48,270,981

Exhibit J-2

Hamblen County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2016

	Major Funds		Nonmajor Funds	
	General Purpose School	Central Cafeteria	Other Govern-mental Funds	Total Governmental Funds
ASSETS				
Equity in Pooled Cash and Investments	$ 8,870,486	$ 3,857,901	$ 427,264	$ 13,155,651
Inventories	0	125,800	0	125,800
Accounts Receivable	9,418	62,643	0	72,061
Due from Other Governments	2,324,611	0	156,315	2,480,926
Due from Other Funds	894	0	0	894
Due from Primary Government	0	0	760,012	760,012
Property Taxes Receivable	14,255,773	0	0	14,255,773
Allowance for Uncollectible Property Taxes	(465,806)	0	0	(465,806)
Total Assets	$ 24,995,376	$ 4,046,344	$ 1,343,591	$ 30,385,311
LIABILITIES				
Accounts Payable	$ 289,649	$ 3,900	$ 1,076	$ 294,625
Contracts Payable	67,647	0	0	67,647
Due to Other Funds	0	0	894	894
Total Liabilities	$ 357,296	$ 3,900	$ 1,970	$ 363,166
DEFERRED INFLOWS OF RESOURCES				
Deferred Current Property Taxes	$ 13,315,832	$ 0	$ 0	$ 13,315,832
Deferred Delinquent Property Taxes	454,804	0	0	454,804
Other Deferred/Unavailable Revenue	1,026,770	62,596	0	1,089,366
Total Deferred Inflows of Resources	$ 14,797,406	$ 62,596	$ 0	$ 14,860,002

(Continued)

Exhibit J-2

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

	Major Funds		Nonmajor Funds	
	General Purpose School	Central Cafeteria	Other Govern-mental Funds	Total Governmental Funds
FUND BALANCES				
Nonspendable:				
Inventory	$ 0	$ 125,800	$ 0	$ 125,800
Restricted:				
Restricted for Education	154,720	3,854,048	10,329	4,019,097
Restricted for Capital Projects	0	0	831,292	831,292
Committed:				
Committed for Education	245,962	0	500,000	745,962
Assigned:				
Assigned for Education	941,954	0	0	941,954
Assigned for Capital Projects	4,444,393	0	0	4,444,393
Unassigned	4,053,645	0	0	4,053,645
Total Fund Balances	$ 9,840,674	$ 3,979,848	$ 1,341,621	$ 15,162,143
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 24,995,376	$ 4,046,344	$ 1,343,591	$ 30,385,311

Exhibit J-3

Hamblen County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Hamblen County School Department
June 30, 2016

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

	Total fund balances - balance sheet- governmental funds (Exhibit J-2)		$ 15,162,143
(1)	Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
	Add: land	$ 3,681,664	
	Add: construction in progress	866,665	
	Add: buildings and improvements net of accumulated depreciation	42,725,626	
	Add: other capital assets net of accumulated depreciation	7,464,078	54,738,033
(2)	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,544,170
(3)	Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.		
	Less: other postemployment benefits liability	$ (16,973,452)	
	Less: compensated absences payable	(218,908)	
	Less: retirement incentive	(107,650)	
	Less: retirement honorarium	(950,549)	
	Less: net pension liability - Teacher Legacy Cost-sharing Plan	(374,099)	(18,624,658)
(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	$ 4,634,501	
	Less: deferred inflows of resources related to pensions	(9,294,091)	(4,659,590)
(5)	Net pensions assets of the agent plan and the teacher retirement-plan are not current financial resources and therefore are not reported in the governmental funds		
	Add: agent plan	35,352	
	Add: teacher retirement plan	75,531	110,883
	Net position of governmental activities (Exhibit A)		$ 48,270,981

Exhibit J-4

Hamblen County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2016

	Major Funds		Nonmajor Funds	
	General Purpose School	Central Cafeteria	Other Govern-mental Funds	Total Governmental Funds
Revenues				
Local Taxes	$ 27,010,960	$ 0	$ 0	$ 27,010,960
Charges for Current Services	759,737	1,188,692	0	1,948,429
Other Local Revenues	164,574	5,114	0	169,688
State of Tennessee	46,434,522	55,813	0	46,490,335
Federal Government	219,319	4,564,939	5,742,506	10,526,764
Total Revenues	$ 74,589,112	$ 5,814,558	$ 5,742,506	$ 86,146,176
Expenditures				
Current:				
Instruction	$ 47,634,723	$ 0	$ 4,722,268	$ 52,356,991
Support Services	22,939,195	65,555	972,691	23,977,441
Operation of Non-instructional Services	1,038,120	5,450,555	0	6,488,675
Capital Outlay	2,252,132	0	0	2,252,132
Debt Service:				
Other Debt Service	500,000	0	0	500,000
Capital Projects	0	0	1,269,543	1,269,543
Total Expenditures	$ 74,364,170	$ 5,516,110	$ 6,964,502	$ 86,844,782
Excess (Deficiency) of Revenues Over Expenditures	$ 224,942	$ 298,448	$ (1,221,996)	$ (698,606)
Other Financing Sources (Uses)				
Transfers In	$ 51,779	$ 0	$ 200,000	$ 251,779
Transfers Out	(200,000)	0	(51,779)	(251,779)
Total Other Financing Sources (Uses)	$ (148,221)	$ 0	$ 148,221	$ 0
Net Change in Fund Balances	$ 76,721	$ 298,448	$ (1,073,775)	$ (698,606)
Fund Balance, July 1, 2015	9,763,953	3,681,400	2,415,396	15,860,749
Fund Balance, June 30, 2016	$ 9,840,674	$ 3,979,848	$ 1,341,621	$ 15,162,143

Exhibit J-5

Hamblen County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds (Exhibit J-4)			$ (698,606)
(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	$	3,697,996	
Less: current-year depreciation expense		(3,238,271)	459,725
(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 capital assets disposed	$	(29,275)	
Add: assets donated and capitalized		123,800	94,525
(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, 2016	$	1,544,170	
Less: deferred delinquent property taxes and other deferred June 30, 2015		(1,408,549)	135,621
(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	$	(8,482)	
Change in other postemployment benefits liability		(1,856,000)	
Change in retirement incentive		12,918	
Change in retirement honorarium		(30,680)	
Change in net pension asset - agent plan		(305,241)	
Change in net pension asset - teacher retirement plan		35,352	
Change in net pension liability - teacher legacy retirement plan		(523,658)	
Change in deferred outflows related to pensions		(154,890)	
Change in deferred inflows related to pensions		5,413,659	2,582,978
Change in net position of governmental activities (Exhibit B)			$ 2,574,243

Exhibit J-6

Hamblen County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2016

	Special Revenue Fund	Capital Projects Fund	
	School Federal Projects	Education Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 355,984	$ 71,280	$ 427,264
Due from Other Governments	156,315	0	156,315
Due from Primary Government	0	760,012	760,012
Total Assets	$ 512,299	$ 831,292	$ 1,343,591
LIABILITIES			
Accounts Payable	$ 1,076	$ 0	$ 1,076
Due to Other Funds	894	0	894
Total Liabilities	$ 1,970	$ 0	$ 1,970
FUND BALANCES			
Restricted:			
Restricted for Education	$ 10,329	$ 0	$ 10,329
Restricted for Capital Projects	0	831,292	831,292
Committed:			
Committed for Education	500,000	0	500,000
Total Fund Balances	$ 510,329	$ 831,292	$ 1,341,621
Total Liabilities and Fund Balances	$ 512,299	$ 831,292	$ 1,343,591

Exhibit J-7

Hamblen County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2016

	Special Revenue Fund	Capital Projects Fund	
	School Federal Projects	Education Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Federal Government	$ 5,742,506	$ 0	$ 5,742,506
Total Revenues	$ 5,742,506	$ 0	$ 5,742,506
Expenditures			
Current:			
Instruction	$ 4,722,268	$ 0	$ 4,722,268
Support Services	972,691	0	972,691
Capital Projects	0	1,269,543	1,269,543
Total Expenditures	$ 5,694,959	$ 1,269,543	$ 6,964,502
Excess (Deficiency) of Revenues Over Expenditures	$ 47,547	$ (1,269,543)	$ (1,221,996)
Other Financing Sources (Uses)			
Transfers In	$ 200,000	$ 0	$ 200,000
Transfers Out	(51,779)	0	(51,779)
Total Other Financing Sources (Uses)	$ 148,221	$ 0	$ 148,221
Net Change in Fund Balances	$ 195,768	$ (1,269,543)	$ (1,073,775)
Fund Balance, July 1, 2015	314,561	2,100,835	2,415,396
Fund Balance, June 30, 2016	$ 510,329	$ 831,292	$ 1,341,621

Exhibit J-8

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hamblen County School Department
General Purpose School Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 27,010,960	$ 0	$ 0	$ 27,010,960	$ 26,267,727	$ 26,267,727	$ 743,233
Charges for Current Services	759,737	0	0	759,737	504,480	504,480	255,257
Other Local Revenues	164,574	0	0	164,574	20,600	118,105	46,469
State of Tennessee	46,434,522	0	0	46,434,522	45,955,435	46,504,540	(70,018)
Federal Government	219,319	0	0	219,319	49,341	223,113	(3,794)
Total Revenues	$ 74,589,112	$ 0	$ 0	$ 74,589,112	$ 72,797,583	$ 73,617,965	$ 971,147
Expenditures							
Instruction							
Regular Instruction Program	$ 38,917,858	$ (19,905)	$ 140,342	$ 39,038,295	$ 39,633,713	$ 40,315,606	$ 1,277,311
Special Education Program	5,347,819	(314)	1,706	5,349,211	5,647,182	5,665,182	315,971
Vocational Education Program	3,173,472	(2,467)	6,251	3,177,256	3,233,067	3,245,067	67,811
Student Body Education Program	136,351	0	950	137,301	184,302	184,302	47,001
Other	59,223	0	0	59,223	59,223	59,223	0
Support Services							
Attendance	2,635	0	0	2,635	5,850	5,850	3,215
Health Services	673,755	0	91	673,846	671,745	677,944	4,098
Other Student Support	1,319,297	(319)	311	1,319,289	1,377,696	1,377,696	58,407
Regular Instruction Program	652,989	(343)	19,958	672,604	677,514	737,704	65,100
Special Education Program	895,088	(150)	100	895,038	788,555	944,327	49,289
Vocational Education Program	205,101	0	0	205,101	215,414	218,414	13,313
Other Programs	511,339	0	0	511,339	0	511,339	0
Board of Education	1,055,752	(125)	149	1,055,776	1,151,072	1,151,072	95,296
Director of Schools	597,576	(1,931)	3,190	598,835	639,412	639,412	40,577
Office of the Principal	4,280,731	0	7	4,280,738	4,354,357	4,359,051	78,313
Fiscal Services	403,309	0	5,467	408,776	421,398	421,398	12,622
Operation of Plant	5,601,262	(400)	925	5,601,787	6,248,693	6,248,693	646,906
Maintenance of Plant	1,471,008	(2,341)	3,193	1,471,860	1,522,419	1,522,419	50,559
Transportation	2,849,399	(2,030)	10,705	2,858,074	3,214,006	3,214,006	355,932

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Central and Other	$ 2,419,954	$ (26,704)	$ 81,547	$ 2,474,797	$ 2,382,770	$ 2,524,859	$ 50,062
Operation of Non-instructional Services							
Community Services	236,487	(113)	1,639	238,013	315,648	315,648	77,635
Early Childhood Education	801,633	(674)	1,378	802,337	810,734	810,734	8,397
Capital Outlay							
Regular Capital Outlay	2,252,132	(440,928)	729,888	2,541,092	2,741,526	2,741,526	200,434
Interest on Debt							
Education	0	0	0	0	500,000	0	0
Other Debt Service							
Education	500,000	0	0	500,000	0	500,000	0
Total Expenditures	$ 74,364,170	$ (498,744)	$ 1,007,797	$ 74,873,223	$ 76,796,296	$ 78,391,472	$ 3,518,249
Excess (Deficiency) of Revenues Over Expenditures	$ 224,942	$ 498,744	$ (1,007,797)	$ (284,111)	$ (3,998,713)	$ (4,773,507)	$ 4,489,396
Other Financing Sources (Uses)							
Insurance Recovery	$ 0	$ 0	$ 0	$ 0	$ 10,000	$ 10,000	$ (10,000)
Transfers In	51,779	0	0	51,779	42,000	42,000	9,779
Transfers Out	(200,000)	0	0	(200,000)	(28,244)	(228,244)	28,244
Total Other Financing Sources	$ (148,221)	$ 0	$ 0	$ (148,221)	$ 23,756	$ (176,244)	$ 28,023
Net Change in Fund Balance	$ 76,721	$ 498,744	$ (1,007,797)	$ (432,332)	$ (3,974,957)	$ (4,949,751)	$ 4,517,419
Fund Balance, July 1, 2015	9,763,953	(498,744)	0	9,265,209	7,058,486	7,058,486	2,206,723
Fund Balance, June 30, 2016	$ 9,840,674	$ 0	$ (1,007,797)	$ 8,832,877	$ 3,083,529	$ 2,108,735	$ 6,724,142

Exhibit J-9

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hamblen County School Department
School Federal Projects Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Federal Government	$ 5,742,506	$ 0	$ 0	$ 5,742,506	$ 5,728,523	$ 6,182,754	$ (440,248)
Total Revenues	$ 5,742,506	$ 0	$ 0	$ 5,742,506	$ 5,728,523	$ 6,182,754	$ (440,248)
Expenditures							
Instruction							
Regular Instruction Program	$ 2,280,888	$ (774)	$ 0	$ 2,280,114	$ 2,193,957	$ 2,385,706	$ 105,592
Special Education Program	2,333,191	0	200	2,333,391	2,287,563	2,439,475	106,084
Vocational Education Program	108,189	0	7,766	115,955	111,244	121,905	5,950
Support Services							
Other Student Support	196,494	(3,587)	2,362	195,269	183,521	208,087	12,818
Regular Instruction Program	759,646	(3,287)	0	756,359	902,737	962,951	206,592
Special Education Program	9,198	0	0	9,198	0	9,198	0
Vocational Education Program	3,255	0	0	3,255	4,500	3,255	0
Transportation	4,098	0	0	4,098	0	4,098	0
Total Expenditures	$ 5,694,959	$ (7,648)	$ 10,328	$ 5,697,639	$ 5,683,522	$ 6,134,675	$ 437,036
Excess (Deficiency) of Revenues Over Expenditures	$ 47,547	$ 7,648	$ (10,328)	$ 44,867	$ 45,001	$ 48,079	$ (3,212)
Other Financing Sources (Uses)							
Transfers In	$ 200,000	$ 0	$ 0	$ 200,000	$ 0	$ 0	$ 200,000
Transfers Out	(51,779)	0	0	(51,779)	(51,914)	(54,992)	3,213
Total Other Financing Sources	$ 148,221	$ 0	$ 0	$ 148,221	$ (51,914)	$ (54,992)	$ 203,213
Net Change in Fund Balance	$ 195,768	$ 7,648	$ (10,328)	$ 193,088	$ (6,913)	$ (6,913)	$ 200,001
Fund Balance, July 1, 2015	314,561	(7,648)	0	306,913	6,913	6,913	300,000
Fund Balance, June 30, 2016	$ 510,329	$ 0	$ (10,328)	$ 500,001	$ 0	$ 0	$ 500,001

Exhibit J-10

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hamblen County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Charges for Current Services	$ 1,188,692	$ 0	$ 0	$ 1,188,692	$ 1,085,589	$ 1,085,589	$ 103,103
Other Local Revenues	5,114	0	0	5,114	7,000	7,000	(1,886)
State of Tennessee	55,813	0	0	55,813	56,000	56,000	(187)
Federal Government	4,564,939	0	0	4,564,939	4,535,494	4,543,144	21,795
Total Revenues	$ 5,814,558	$ 0	$ 0	$ 5,814,558	$ 5,684,083	$ 5,691,733	$ 122,825
Expenditures							
Support Services							
Board of Education	$ 65,555	$ 0	$ 0	$ 65,555	$ 69,000	$ 69,000	$ 3,445
Operation of Non-instructional Services							
Food Service	5,450,555	(46,827)	24,835	5,428,563	6,373,616	6,381,266	952,703
Total Expenditures	$ 5,516,110	$ (46,827)	$ 24,835	$ 5,494,118	$ 6,442,616	$ 6,450,266	$ 956,148
Excess (Deficiency) of Revenues Over Expenditures	$ 298,448	$ 46,827	$ (24,835)	$ 320,440	$ (758,533)	$ (758,533)	$ 1,078,973
Net Change in Fund Balance	$ 298,448	$ 46,827	$ (24,835)	$ 320,440	$ (758,533)	$ (758,533)	$ 1,078,973
Fund Balance, July 1, 2015	3,681,400	(46,827)	0	3,634,573	2,420,978	2,420,978	1,213,595
Fund Balance, June 30, 2016	$ 3,979,848	$ 0	$ (24,835)	$ 3,955,013	$ 1,662,445	$ 1,662,445	$ 2,292,568

Miscellaneous Schedules

Exhibit K-1

Hamblen County, Tennessee
Schedule of Changes in Long-term Other Loans and Bonds
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Paid and/or Matured During Period	Outstanding 6-30-16
OTHER LOANS PAYABLE							
Payable through General Debt Service Fund							
Local Government Public Improvement Bonds, Series E-4-A - Refunding	$ 10,100,000	Variable (1)	8-13-08	6-1-25	$ 10,100,000	$ 0	$ 10,100,000
Local Government Public Improvement Bonds, Series VII-C-2 - Refunding	20,200,000	Variable (1)	11-24-08	6-1-17	3,335,000	2,975,000	360,000
Qualified School Construction Bonds	11,280,000	1.515 %	12-17-09	7-1-26	7,878,039	703,854	7,174,185
Total Payable through General Debt Service Fund					$ 21,313,039	$ 3,678,854	$ 17,634,185
Total Other Loans Payable					$ 21,313,039	$ 3,678,854	$ 17,634,185
BONDS PAYABLE							
Payable through General Debt Service Fund							
General Obligation Refunding Bonds, Series 2009	10,860,000	3 to 5	9-23-09	6-1-19	$ 10,235,000	$ 110,000	$ 10,125,000
General Obligation Bonds, Series 2010	2,375,000	2	8-11-10	6-1-16	270,000	270,000	0
General Obligation Bonds, Series 2014	5,200,000	1.446	3-28-14	6-1-23	4,615,000	595,000	4,020,000
Total Payable through General Debt Service Fund					$ 15,120,000	$ 975,000	$ 14,145,000
Total Bonds Payable					$ 15,120,000	$ 975,000	$ 14,145,000

(1) These issues were swapped to a synthetic fixed rate by execution of swap agreements in prior years.

Exhibit K-2

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

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	$ 1,063,854	$ 685,833	$ 34,088	$ 1,783,775
2018	703,854	669,327	25,352	1,398,533
2019	703,854	669,327	25,352	1,398,533
2020	2,173,854	669,327	25,352	2,868,533
2021	2,253,854	596,782	21,662	2,872,298
2022	2,333,854	520,290	17,772	2,871,916
2023	2,423,854	439,850	13,680	2,877,384
2024	2,518,854	354,968	9,363	2,883,185
2025	2,618,854	265,397	4,806	2,889,057
2026	773,140	170,892	0	944,032
2027	66,359	14,241	0	80,600
Total	$ 17,634,185	$ 5,056,234	$ 177,427	$ 22,867,846

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	$ 3,485,000	$ 509,330	$ 3,994,330
2018	4,180,000	381,830	4,561,830
2019	4,270,000	226,730	4,496,730
2020	615,000	36,715	651,715
2021	630,000	28,412	658,412
2022	645,000	18,333	663,333
2023	320,000	6,400	326,400
Total	$ 14,145,000	$ 1,207,750	$ 15,352,750

Exhibit K-3

Hamblen County, Tennessee
Schedule of Transfers
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2016

From Fund	To Fund	Purpose	Amount
School Federal Projects	General Purpose School	Indirect costs	$ 51,779
General Purpose School	School Federal Projects	Cash flow	200,000
Total Transfers Discretely Presented Hamblen County School Department			$ 251,779

Exhibit K-4

Hamblen County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2016

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Mayor	Section 8-24-102, *TCA*	$ 91,017		$ 100,000	The Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, *TCA*	83,944		100,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	136,286	(1)	50,000	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, *TCA*	76,313		2,464,079	The Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, *TCA*	78,345	(2)	50,000	RLI Insurance Company
Finance Director	County Commission	73,396	(3)	100,000	The Cincinnati Insurance Company
County Clerk					
Linda Wilder (7-1-15 through 10-31-15)	Section 8-24-102, *TCA*	25,438		100,000	"
Penny Petty (11-19-15 through 6-30-16)	Section 8-24-102, *TCA*	46,863		100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, *TCA*	76,313		100,000	"
Clerk and Master	Section 8-24-102, *TCA,* and Chancery Court Judge	76,313	(4)	100,000	Ohio Casualty Insurance Company
Register of Deeds	Section 8-24-102, *TCA*	76,313		100,000	The Cincinnati Insurance Company
Sheriff	Section 8-24-102, *TCA,* and County Commission	87,283	(5)	100,000	"
Employee Blanket Bonds					
Public Employee Dishonesty - County Departments				500,000	Travelers Property Casualty Company
Public Employee Dishonesty - School Department				250,000	Catlin Indemnity Company

(1) Includes a chief executive officer training supplement of $1,000 and a travel allowance of $12,000.
Does not include a 403(b) contribution of $7,200 and life insurance premiums of $384.
(2) Includes a travel related supplement of $2,032.
(3) Includes payments for compensatory time of $19,008.
(4) Does not include special commissioner fees of $12,608.
(5) Includes $2,739 for serving as workhouse superintendent and $600 for a law enforcement training supplement.

Exhibit K-5

Hamblen County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2016

		Special Revenue Funds				Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service
Local Taxes						
County Property Taxes						
Current Property Tax	$ 6,485,953	$ 1,154,224	$ 0	$ 0	$ 0	$ 4,157,946
Discount on Property Taxes	198,731	0	0	0	0	0
Trustee's Collections - Prior Year	202,095	37,952	0	0	0	127,407
Trustee's Collections - Bankruptcy	774	253	0	0	0	486
Circuit Clerk/Clerk and Master Collections - Prior Years	102,354	17,872	0	0	0	64,528
Interest and Penalty	76,618	14,059	0	0	0	48,319
Payments in-Lieu-of Taxes - T.V.A.	629	295	0	0	0	398
Payments in-Lieu-of Taxes - Local Utilities	99,079	0	0	0	0	62,683
Payments in-Lieu-of Taxes - Other	5,550	0	0	0	0	3,511
County Local Option Taxes						
Local Option Sales Tax	191,539	625,000	0	0	0	0
Hotel/Motel Tax	15,496	0	0	0	0	0
Wheel Tax	792,574	0	0	0	0	0
Litigation Tax - General	126,511	0	0	0	0	0
Litigation Tax - Special Purpose	56,046	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	46,833
Litigation Tax - Courthouse Security	52,807	0	0	0	0	0
Business Tax	963,885	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	31,787	0
Statutory Local Taxes						
Bank Excise Tax	0	0	0	0	0	5,546
Wholesale Beer Tax	0	129,849	0	0	0	0
Interstate Telecommunications Tax	2,804	0	0	0	0	0
Total Local Taxes	$ 9,373,445	$ 1,979,504	$ 0	$ 0	$ 31,787	$ 4,517,657

(Continued)

Exhibit K-5

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

		Special Revenue Funds				Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service
Licenses and Permits						
Licenses						
Marriage Licenses	$ 5,776	$ 0	$ 0	$ 0	$ 0	$ 0
Cable TV Franchise	388,312	0	0	0	0	0
Permits						
Beer Permits	0	1,433	0	0	0	0
Building Permits	117,699	0	0	0	0	0
Total Licenses and Permits	$ 511,787	$ 1,433	$ 0	$ 0	$ 0	$ 0
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 2,015	$ 0	$ 0	$ 0	$ 0	$ 0
Officers Costs	17,495	0	0	0	0	0
Drug Control Fines	6,423	0	12,987	0	0	0
Drug Court Fees	1,371	0	0	0	0	0
Jail Fees	2,743	0	0	0	0	1,069
DUI Treatment Fines	644	0	0	0	0	0
Data Entry Fee - Circuit Court	4,940	0	0	0	0	0
General Sessions Court						
Fines	36,926	0	0	0	0	0
Fines for Littering	62	0	0	0	0	0
Officers Costs	54,883	0	0	0	0	0
Game and Fish Fines	74	0	0	0	0	0
Drug Control Fines	4,918	0	6,115	0	0	0
Drug Court Fees	5,298	0	0	0	0	0
Jail Fees	58,761	0	0	0	0	34,036
Interpreter Fee	404	0	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service
Fines, Forfeitures, and Penalties (Cont.)						
General Sessions Court (Cont.)						
DUI Treatment Fines	$ 8,513	$ 0	$ 0	$ 0	$ 0	$ 0
Data Entry Fee - General Sessions Court	25,418	0	0	0	0	0
Courtroom Security Fee	3,323	0	0	0	0	0
Juvenile Court						
Fines	6,537	0	0	0	0	0
Officers Costs	10,347	0	0	0	0	0
Data Entry Fee - Juvenile Court	3,690	0	0	0	0	0
Chancery Court						
Data Entry Fee - Chancery Court	6,644	0	0	0	0	0
Other Courts - In-county						
Drug Court Fees	880	0	0	0	0	0
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	66,780	0	0	0
Other Fines, Forfeitures, and Penalties	302	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	$ 262,611	$ 0	$ 85,882	$ 0	$ 0	$ 35,105
Charges for Current Services						
General Service Charges						
Patient Charges	$ 4,302	$ 0	$ 0	$ 0	$ 0	$ 0
Work Release Charges for Board	8,551	0	0	0	0	0
Fees						
Recreation Fees	97,844	0	0	0	0	0
Copy Fees	9,388	0	0	0	0	0
Telephone Commissions	44,225	0	0	0	0	0
Vending Machine Collections	182	0	0	0	0	0

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds				Debt Service Fund
		Solid Waste / Sanitation	Drug Control	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service
Charges for Current Services (Cont.)						
Fees (Cont.)						
Tourism Fees	$ 27,382	$ 0	$ 0	$ 0	$ 0	$ 0
Constitutional Officers' Fees and Commissions	0	0	0	1,987	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	12,608	0	0
Data Processing Fee - Register	18,886	0	0	0	0	0
Probation Fees	2,202	0	0	0	0	0
Data Processing Fee - Sheriff	11,386	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,200	0	0	0	0	0
Data Processing Fee - County Clerk	7,701	0	0	0	0	0
Education Charges						
Community Service Fees - Adults	6,412	0	0	0	0	0
Total Charges for Current Services	$ 242,661	$ 0	$ 0	$ 14,595	$ 0	$ 0
Other Local Revenues						
Recurring Items						
Investment Income	$ 1,807	$ 0	$ 227	$ 0	$ 0	$ 167,270
Lease/Rentals	31,406	0	0	0	0	0
Sale of Materials and Supplies	0	3,677	0	0	5	0
Commissary Sales	14,280	0	0	0	0	0
Miscellaneous Refunds	43,076	526	0	0	528	0
Expenditure Credits	4,369	839	0	0	25	0
Nonrecurring Items						
Sale of Equipment	1,160	0	0	0	303	0
Damages Recovered from Individuals	0	0	1,676	0	111	0
Other Local Revenues						
Other Local Revenues	470	0	0	0	0	500,000
Total Other Local Revenues	$ 96,568	$ 5,042	$ 1,903	$ 0	$ 972	$ 667,270

(Continued)

Exhibit K-5

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

		Special Revenue Funds				Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service
Fees Received From County Officials						
Fees In-Lieu-of Salary						
County Clerk	$ 746,237	$ 0	$ 0	$ 0	$ 0	$ 0
Circuit Court Clerk	358,356	0	0	0	0	0
General Sessions Court Clerk	641,645	0	0	0	0	0
Clerk and Master	268,656	0	0	0	0	0
Juvenile Court Clerk	74,698	0	0	0	0	0
Register	245,876	0	0	0	0	0
Sheriff	22,953	0	0	0	0	0
Trustee	937,941	0	0	0	0	0
Total Fees Received From County Officials	$ 3,296,362	$ 0	$ 0	$ 0	$ 0	$ 0
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 13,500	$ 0	$ 0	$ 0	$ 0	$ 0
Solid Waste Grants	71,174	0	0	0	0	0
On-behalf Contributions for OPEB	3,300	0	0	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	19,799	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	487,232	0	0	0	0	0
Public Works Grants						
State Aid Program	0	0	0	0	481,393	0
Litter Program	38,849	0	0	0	0	0
Other State Revenues						
Income Tax	224,139	0	0	0	0	0
Beer Tax	0	18,488	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service
State of Tennessee (Cont.)						
Other State Revenues (Cont.)						
Vehicle Certificate of Title Fees	$ 11,510	$ 0	$ 0	$ 0	$ 0	$ 0
Alcoholic Beverage Tax	85,659	0	0	0	0	0
State Revenue Sharing - T.V.A.	716,902	0	0	0	200,000	0
Contracted Prisoner Boarding	1,018,869	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,716,906	0
Petroleum Special Tax	0	0	0	0	45,128	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	70,000	0	29,523	0	1,485	0
Other State Revenues	77,440	0	0	0	0	0
Total State of Tennessee	$ 2,853,537	$ 18,488	$ 29,523	$ 0	$ 2,444,912	$ 0
Federal Government						
Federal Through State						
Civil Defense Reimbursement	$ 29,200	$ 0	$ 0	$ 0	$ 0	$ 0
Disaster Relief	0	0	0	0	16,825	0
Homeland Security Grants	16,000	0	0	0	0	0
Other Federal through State	7,245	0	0	0	0	0
Direct Federal Revenue						
Asset Forfeiture Funds	0	0	7,583	0	0	0
Other Direct Federal Revenue	43,114	0	0	0	0	0
Total Federal Government	$ 95,559	$ 0	$ 7,583	$ 0	$ 16,825	$ 0
Other Governments and Citizens Groups						
Other Governments						
Contributions	$ 0	$ 0	$ 9,439	$ 0	$ 0	$ 0
Contracted Services	96,002	0	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service
Other Governments and Citizens Groups (Cont.)						
Citizens Groups						
Donations	$ 5,737	$ 0	$ 0	$ 0	$ 0	$ 0
Total Other Governments and Citizens Groups	$ 101,739	$ 0	$ 9,439	$ 0	$ 0	$ 0
Total	$ 16,834,269	$ 2,004,467	$ 134,330	$ 14,595	$ 2,494,496	$ 5,220,032

(Continued)

Exhibit K-5

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

	Capital Projects Funds		
	General Capital Projects	Highway Capital Projects	Total
Local Taxes			
County Property Taxes			
Current Property Tax	$ 0	$ 0	$ 11,798,123
Discount on Property Taxes	0	0	198,731
Trustee's Collections - Prior Year	0	0	367,454
Trustee's Collections - Bankruptcy	0	0	1,513
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	184,754
Interest and Penalty	0	0	138,996
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,322
Payments in-Lieu-of Taxes - Local Utilities	0	0	161,762
Payments in-Lieu-of Taxes - Other	0	0	9,061
County Local Option Taxes			
Local Option Sales Tax	0	0	816,539
Hotel/Motel Tax	0	0	15,496
Wheel Tax	0	0	792,574
Litigation Tax - General	0	0	126,511
Litigation Tax - Special Purpose	0	0	56,046
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	46,833
Litigation Tax - Courthouse Security	0	0	52,807
Business Tax	0	0	963,885
Mineral Severance Tax	0	0	31,787
Statutory Local Taxes			
Bank Excise Tax	0	0	5,546
Wholesale Beer Tax	0	0	129,849
Interstate Telecommunications Tax	0	0	2,804
Total Local Taxes	$ 0	$ 0	$ 15,902,393

(Continued)

Exhibit K-5

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

	Capital Projects Funds		
	General Capital Projects	Highway Capital Projects	Total
Licenses and Permits			
Licenses			
Marriage Licenses	$ 0	$ 0	$ 5,776
Cable TV Franchise	0	0	388,312
Permits			
Beer Permits	0	0	1,433
Building Permits	0	0	117,699
Total Licenses and Permits	$ 0	$ 0	$ 513,220
Fines, Forfeitures, and Penalties			
Circuit Court			
Fines	$ 0	$ 0	$ 2,015
Officers Costs	0	0	17,495
Drug Control Fines	0	0	19,410
Drug Court Fees	0	0	1,371
Jail Fees	0	0	3,812
DUI Treatment Fines	0	0	644
Data Entry Fee - Circuit Court	0	0	4,940
General Sessions Court			
Fines	0	0	36,926
Fines for Littering	0	0	62
Officers Costs	0	0	54,883
Game and Fish Fines	0	0	74
Drug Control Fines	0	0	11,033
Drug Court Fees	0	0	5,298
Jail Fees	0	0	92,797
Interpreter Fee	0	0	404

(Continued)

Exhibit K-5

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

	Capital Projects Funds		
	General Capital Projects	Highway Capital Projects	Total
Fines, Forfeitures, and Penalties (Cont.)			
General Sessions Court (Cont.)			
DUI Treatment Fines	$ 0	$ 0	$ 8,513
Data Entry Fee - General Sessions Court	0	0	25,418
Courtroom Security Fee	0	0	3,323
Juvenile Court			
Fines	0	0	6,537
Officers Costs	0	0	10,347
Data Entry Fee - Juvenile Court	0	0	3,690
Chancery Court			
Data Entry Fee - Chancery Court	0	0	6,644
Other Courts - In-county			
Drug Court Fees	0	0	880
Other Fines, Forfeitures, and Penalties			
Proceeds from Confiscated Property	0	0	66,780
Other Fines, Forfeitures, and Penalties	0	0	302
Total Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 383,598
Charges for Current Services			
General Service Charges			
Patient Charges	$ 0	$ 0	$ 4,302
Work Release Charges for Board	0	0	8,551
Fees			
Recreation Fees	0	0	97,844
Copy Fees	0	0	9,388
Telephone Commissions	0	0	44,225
Vending Machine Collections	0	0	182

(Continued)

Exhibit K-5

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

	Capital Projects Funds		
	General Capital Projects	Highway Capital Projects	Total
Charges for Current Services (Cont.)			
Fees (Cont.)			
Tourism Fees	$ 0	$ 0	$ 27,382
Constitutional Officers' Fees and Commissions	0	0	1,987
Special Commissioner Fees/Special Master Fees	0	0	12,608
Data Processing Fee - Register	0	0	18,886
Probation Fees	0	0	2,202
Data Processing Fee - Sheriff	0	0	11,386
Sexual Offender Registration Fee - Sheriff	0	0	4,200
Data Processing Fee - County Clerk	0	0	7,701
Education Charges			
Community Service Fees - Adults	0	0	6,412
Total Charges for Current Services	$ 0	$ 0	$ 257,256
Other Local Revenues			
Recurring Items			
Investment Income	$ 0	$ 0	$ 169,304
Lease/Rentals	0	0	31,406
Sale of Materials and Supplies	0	0	3,682
Commissary Sales	0	0	14,280
Miscellaneous Refunds	0	0	44,130
Expenditure Credits	0	0	5,233
Nonrecurring Items			
Sale of Equipment	0	0	1,463
Damages Recovered from Individuals	0	0	1,787
Other Local Revenues			
Other Local Revenues	0	0	500,470
Total Other Local Revenues	$ 0	$ 0	$ 771,755

(Continued)

Exhibit K-5

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

	Capital Projects Funds		
	General Capital Projects	Highway Capital Projects	Total
Fees Received From County Officials			
Fees In-Lieu-of Salary			
County Clerk	$ 0	$ 0	$ 746,237
Circuit Court Clerk	0	0	358,356
General Sessions Court Clerk	0	0	641,645
Clerk and Master	0	0	268,656
Juvenile Court Clerk	0	0	74,698
Register	0	0	245,876
Sheriff	0	0	22,953
Trustee	0	0	937,941
Total Fees Received From County Officials	$ 0	$ 0	$ 3,296,362
State of Tennessee			
General Government Grants			
Juvenile Services Program	$ 0	$ 0	$ 13,500
Solid Waste Grants	0	0	71,174
On-behalf Contributions for OPEB	0	0	3,300
Public Safety Grants			
Law Enforcement Training Programs	0	0	19,799
Health and Welfare Grants			
Health Department Programs	0	0	487,232
Public Works Grants			
State Aid Program	0	0	481,393
Litter Program	0	0	38,849
Other State Revenues			
Income Tax	0	0	224,139
Beer Tax	0	0	18,488

(Continued)

Exhibit K-5

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

	Capital Projects Funds		
	General Capital Projects	Highway Capital Projects	Total
State of Tennessee (Cont.)			
Other State Revenues (Cont.)			
Vehicle Certificate of Title Fees	$ 0	$ 0	$ 11,510
Alcoholic Beverage Tax	0	0	85,659
State Revenue Sharing - T.V.A.	0	0	916,902
Contracted Prisoner Boarding	0	0	1,018,869
Gasoline and Motor Fuel Tax	0	0	1,716,906
Petroleum Special Tax	0	0	45,128
Registrar's Salary Supplement	0	0	15,164
Other State Grants	92,821	0	193,829
Other State Revenues	0	0	77,440
Total State of Tennessee	$ 92,821	$ 0	$ 5,439,281
Federal Government			
Federal Through State			
Civil Defense Reimbursement	$ 0	$ 0	$ 29,200
Disaster Relief	0	0	16,825
Homeland Security Grants	0	0	16,000
Other Federal through State	2,250	306,654	316,149
Direct Federal Revenue			
Asset Forfeiture Funds	0	0	7,583
Other Direct Federal Revenue	0	0	43,114
Total Federal Government	$ 2,250	$ 306,654	$ 428,871
Other Governments and Citizens Groups			
Other Governments			
Contributions	$ 0	$ 0	$ 9,439
Contracted Services	0	0	96,002

(Continued)

Exhibit K-5

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

	Capital Projects Funds		
	General Capital Projects	Highway Capital Projects	Total
Other Governments and Citizens Groups (Cont.)			
Citizens Groups			
Donations	$ 12,500	$ 0	$ 18,237
Total Other Governments and Citizens Groups	$ 12,500	$ 0	$ 123,678
Total	$ 107,571	$ 306,654	$ 27,116,414

Exhibit K-6

Hamblen County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2016

		Special Revenue Funds		
	General Purpose School	School Federal Projects	Central Cafeteria	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 12,707,159	$ 0	$ 0	$ 12,707,159
Trustee's Collections - Prior Year	389,661	0	0	389,661
Trustee's Collections - Bankruptcy	1,519	0	0	1,519
Circuit Clerk/Clerk and Master Collections - Prior Years	166,863	0	0	166,863
Interest and Penalty	145,739	0	0	145,739
Payments in-Lieu-of Taxes - T.V.A.	1,233	0	0	1,233
Payments in-Lieu-of Taxes - Local Utilities	194,114	0	0	194,114
Payments in-Lieu-of Taxes - Other	10,874	0	0	10,874
County Local Option Taxes				
Local Option Sales Tax	12,587,285	0	0	12,587,285
Wheel Tax	735,962	0	0	735,962
Mixed Drink Tax	43,118	0	0	43,118
Statutory Local Taxes				
Bank Excise Tax	22,183	0	0	22,183
Interstate Telecommunications Tax	5,250	0	0	5,250
Total Local Taxes	$ 27,010,960	$ 0	$ 0	$ 27,010,960
Charges for Current Services				
Education Charges				
Tuition - Regular Day Students	$ 123,365	$ 0	$ 0	$ 123,365
Tuition - Other	248,862	0	0	248,862
Lunch Payments - Children	0	0	919,227	919,227
Lunch Payments - Adults	0	0	100,402	100,402
A la Carte Sales	0	0	139,609	139,609

(Continued)

Exhibit K-6

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

		Special Revenue Funds		
	General Purpose School	School Federal Projects	Central Cafeteria	Total
Charges for Current Services (Cont.)				
Education Charges (Cont.)				
Receipts from Individual Schools	$ 197,351	$ 0	$ 0	$ 197,351
Other Charges for Services	190,159	0	29,454	219,613
Total Charges for Current Services	$ 759,737	$ 0	$ 1,188,692	$ 1,948,429
Other Local Revenues				
Recurring Items				
Investment Income	$ 0	$ 0	$ 5,114	$ 5,114
Lease/Rentals	10,863	0	0	10,863
Sale of Materials and Supplies	2,546	0	0	2,546
E-Rate Funding	38,799	0	0	38,799
Miscellaneous Refunds	25,490	0	0	25,490
Nonrecurring Items				
Sale of Equipment	2,685	0	0	2,685
Damages Recovered from Individuals	2,445	0	0	2,445
Contributions and Gifts	80,646	0	0	80,646
Other Local Revenues				
Other Local Revenues	1,100	0	0	1,100
Total Other Local Revenues	$ 164,574	$ 0	$ 5,114	$ 169,688
State of Tennessee				
General Government Grants				
On-behalf Contributions for OPEB	$ 511,339	$ 0	$ 0	$ 511,339
State Education Funds				
Basic Education Program	44,777,000	0	0	44,777,000

(Continued)

Exhibit K-6

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

		Special Revenue Funds		
	General Purpose School	School Federal Projects	Central Cafeteria	Total
State of Tennessee (Cont.)				
State Education Funds (Cont.)				
Early Childhood Education	$ 627,050	$ 0	$ 0	$ 627,050
School Food Service	0	0	55,813	55,813
Other State Education Funds	44,509	0	0	44,509
Career Ladder Program	224,315	0	0	224,315
Other State Revenues				
Other State Grants	250,309	0	0	250,309
Total State of Tennessee	$ 46,434,522	$ 0	$ 55,813	$ 46,490,335
Federal Government				
Federal Through State				
USDA School Lunch Program	$ 0	$ 0	$ 3,137,861	$ 3,137,861
USDA - Commodities	0	0	296,113	296,113
Breakfast	0	0	1,111,946	1,111,946
USDA - Other	0	0	11,369	11,369
Vocational Education - Basic Grants to States	0	156,223	0	156,223
Other Vocational	45,547	0	0	45,547
Title I Grants to Local Education Agencies	0	2,607,332	0	2,607,332
Special Education - Grants to States	173,772	2,228,616	0	2,402,388
Special Education Preschool Grants	0	107,060	0	107,060
English Language Acquisition Grants	0	134,510	0	134,510
Education for Homeless Children and Youth	0	60,914	0	60,914
Eisenhower Professional Development State Grants	0	447,851	0	447,851
Other Federal through State	0	0	7,650	7,650
Total Federal Government	$ 219,319	$ 5,742,506	$ 4,564,939	$ 10,526,764
Total	$ 74,589,112	$ 5,742,506	$ 5,814,558	$ 86,146,176

Exhibit K-7

Hamblen County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General Fund				
General Government				
County Commission				
Board and Committee Members Fees	$	70,403		
Pensions		3,741		
Life Insurance		213		
Medical Insurance		70,437		
Employer Medicare		824		
Audit Services		18,763		
Contracts with Private Agencies		625		
Dues and Memberships		1,800		
Pauper Burials		500		
Other Contracted Services		5,500		
Office Supplies		721		
Other Charges		2,051		
Total County Commission			$	175,578
Board of Equalization				
Board and Committee Members Fees	$	2,230		
Total Board of Equalization				2,230
County Mayor/Executive				
County Official/Administrative Officer	$	91,017		
Assistant(s)		30,468		
Social Security		7,120		
Pensions		10,983		
Life Insurance		31		
Medical Insurance		20,464		
Employer Medicare		1,665		
Communication		2,626		
Dues and Memberships		3,184		
Postal Charges		4,017		
Printing, Stationery, and Forms		1,365		
Rentals		5,423		
Travel		3,242		
Office Supplies		3,003		
Other Charges		8,298		
Total County Mayor/Executive				192,906
County Attorney				
Other Salaries and Wages	$	1,200		
Social Security		74		
Employer Medicare		18		
Legal Services		275,965		
Total County Attorney				277,257
Election Commission				
County Official/Administrative Officer	$	68,376		
Deputy(ies)		53,408		
Election Commission		11,000		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
General Government (Cont.)				
Election Commission (Cont.)				
Election Workers	$	18,908		
Social Security		7,974		
Pensions		11,058		
Life Insurance		46		
Medical Insurance		21,994		
Employer Medicare		1,865		
Communication		247		
Contracts with Private Agencies		8,450		
Dues and Memberships		250		
Legal Notices, Recording, and Court Costs		7,885		
Maintenance Agreements		12,900		
Postal Charges		3,848		
Printing, Stationery, and Forms		1,274		
Rentals		1,530		
Travel		6,611		
Office Supplies		3,361		
Total Election Commission			$	240,985
Register of Deeds				
County Official/Administrative Officer	$	76,313		
Deputy(ies)		89,576		
Part-time Personnel		25,945		
Social Security		11,573		
Pensions		15,005		
Life Insurance		61		
Medical Insurance		29,450		
Employer Medicare		2,707		
Communication		19		
Dues and Memberships		744		
Postal Charges		298		
Travel		50		
Office Supplies		8,646		
Data Processing Equipment		16,636		
Total Register of Deeds				277,023
Planning				
County Official/Administrative Officer	$	41,377		
Deputy(ies)		32,160		
Secretary(ies)		30,900		
Part-time Personnel		20,000		
Board and Committee Members Fees		16,200		
Social Security		8,307		
Pensions		9,498		
Life Insurance		46		
Medical Insurance		32,335		
Employer Medicare		1,943		
Communication		788		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
General Government (Cont.)				
Planning (Cont.)				
Contracts with Government Agencies	$	3,460		
Contracts with Private Agencies		13,475		
Dues and Memberships		155		
Legal Services		452		
Legal Notices, Recording, and Court Costs		421		
Maintenance and Repair Services - Vehicles		121		
Postal Charges		671		
Printing, Stationery, and Forms		25		
Rentals		1,530		
Travel		1,547		
Gasoline		1,034		
Office Supplies		1,872		
Refunds		460		
In Service/Staff Development		2,475		
Data Processing Equipment		565		
Total Planning			$	221,817
Geographical Information Systems				
Contracts with Government Agencies	$	32,450		
Other Contracted Services		730		
Total Geographical Information Systems				33,180
Other Facilities				
Supervisor/Director	$	33,859		
Custodial Personnel		60,881		
Maintenance Personnel		66,910		
Part-time Personnel		20,257		
Overtime Pay		8,453		
Social Security		10,875		
Pensions		14,406		
Life Insurance		85		
Medical Insurance		58,282		
Employer Medicare		2,543		
Communication		23,871		
Maintenance Agreements		43,791		
Maintenance and Repair Services - Buildings		79,786		
Maintenance and Repair Services - Equipment		1,060		
Maintenance and Repair Services - Vehicles		2,536		
Pest Control		3,592		
Other Contracted Services		846		
Custodial Supplies		21,113		
Electricity		262,201		
Gasoline		2,703		
Natural Gas		19,503		
Uniforms		3,706		
Maintenance Equipment		1,561		
Total Other Facilities				742,820

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
General Government (Cont.)				
Preservation of Records				
Supervisor/Director	$	12,285		
Social Security		762		
Employer Medicare		178		
Postal Charges		11		
Rentals		1,669		
Office Supplies		3,805		
Total Preservation of Records			$	18,710
Finance				
Accounting and Budgeting				
County Official/Administrative Officer	$	54,388		
Accountants/Bookkeepers		142,276		
Overtime Pay		27,322		
Social Security		12,850		
Pensions		20,255		
Life Insurance		75		
Medical Insurance		62,214		
Employer Medicare		3,005		
Dues and Memberships		895		
Printing, Stationery, and Forms		1,533		
Travel		2,150		
Office Supplies		6,901		
In Service/Staff Development		1,335		
Fines, Assessments, and Penalties		5,379		
Total Accounting and Budgeting				340,578
Purchasing				
Purchasing Personnel	$	21,135		
Social Security		1,196		
Pensions		1,911		
Life Insurance		13		
Medical Insurance		5,209		
Employer Medicare		280		
Advertising		998		
Printing, Stationery, and Forms		670		
Office Supplies		200		
Total Purchasing				31,612
Property Assessor's Office				
County Official/Administrative Officer	$	78,345		
Deputy(ies)		134,436		
Data Processing Personnel		38,525		
Social Security		14,713		
Pensions		22,752		
Life Insurance		92		
Medical Insurance		54,469		
Employer Medicare		3,441		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Finance (Cont.)				
Property Assessor's Office (Cont.)				
Communication	$	30		
Contracts with Government Agencies		16,108		
Dues and Memberships		1,300		
Maintenance and Repair Services - Vehicles		246		
Postal Charges		1,724		
Printing, Stationery, and Forms		338		
Data Processing Supplies		177		
Gasoline		1,581		
Office Supplies		961		
Premiums on Corporate Surety Bonds		105		
Data Processing Equipment		168		
Total Property Assessor's Office			$	369,511
Reappraisal Program				
Deputy(ies)	$	30,638		
Social Security		1,735		
Pensions		2,792		
Life Insurance		15		
Medical Insurance		10,697		
Employer Medicare		406		
Contracts with Government Agencies		5,763		
Contracts with Private Agencies		67,155		
Postal Charges		1,258		
Rentals		1,086		
Other Contracted Services		420		
Office Supplies		126		
Other Supplies and Materials		149		
Office Equipment		392		
Total Reappraisal Program				122,632
County Trustee's Office				
County Official/Administrative Officer	$	76,313		
Deputy(ies)		109,718		
Part-time Personnel		19,425		
Overtime Pay		11,239		
Social Security		12,839		
Pensions		17,836		
Life Insurance		75		
Medical Insurance		43,296		
Employer Medicare		3,003		
Communication		3		
Dues and Memberships		594		
Maintenance Agreements		15,056		
Postal Charges		9,403		
Printing, Stationery, and Forms		12,541		
Rentals		1,669		
Travel		2,504		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Finance (Cont.)				
County Trustee's Office (Cont.)				
Office Supplies	$	676		
In Service/Staff Development		300		
Office Equipment		1,604		
Total County Trustee's Office			$	338,094
County Clerk's Office				
County Official/Administrative Officer	$	72,301		
Deputy(ies)		274,420		
Part-time Personnel		12,228		
Social Security		20,993		
Pensions		31,387		
Life Insurance		164		
Medical Insurance		85,985		
Employer Medicare		4,910		
Communication		1,050		
Dues and Memberships		1,384		
Maintenance Agreements		20,691		
Maintenance and Repair Services - Office Equipment		350		
Postal Charges		20,902		
Printing, Stationery, and Forms		1,185		
Rentals		1,859		
Travel		1,246		
Office Supplies		6,927		
Data Processing Equipment		2,951		
Office Equipment		4,721		
Total County Clerk's Office				565,654
Data Processing				
Supervisor/Director	$	36,160		
Other Salaries and Wages		149		
Social Security		1,962		
Pensions		3,283		
Life Insurance		14		
Medical Insurance		15,148		
Employer Medicare		459		
Communication		600		
Contracts with Private Agencies		6,927		
Data Processing Services		5,380		
Maintenance Agreements		7,904		
Travel		43		
Data Processing Supplies		1,978		
In Service/Staff Development		1,974		
Data Processing Equipment		24,279		
Total Data Processing				106,260
Other Finance				
Deputy(ies)	$	163,313		

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Finance (Cont.)		
Other Finance (Cont.)		
Maintenance Personnel	$ 1,141	
Social Security	9,309	
Pensions	14,765	
Life Insurance	92	
Medical Insurance	55,333	
Employer Medicare	2,177	
Communication	3,340	
Operating Lease Payments	27,973	
Maintenance and Repair Services - Buildings	17,436	
Rentals	741	
Office Supplies	2,248	
Data Processing Equipment	9,398	
Office Equipment	414	
Total Other Finance		$ 307,680
Administration of Justice		
Circuit Court		
County Official/Administrative Officer	$ 76,313	
Deputy(ies)	364,640	
Part-time Personnel	47,606	
Other Salaries and Wages	24,720	
Jury and Witness Expense	10,117	
Social Security	30,694	
Pensions	39,945	
Life Insurance	210	
Medical Insurance	103,544	
Employer Medicare	7,179	
Communication	1,393	
Dues and Memberships	844	
Legal Notices, Recording, and Court Costs	367	
Maintenance Agreements	4,079	
Postal Charges	4,803	
Printing, Stationery, and Forms	7,955	
Rentals	6,923	
Other Contracted Services	3,864	
Office Supplies	13,453	
Data Processing Equipment	39,173	
Office Equipment	2,932	
Total Circuit Court		790,754
General Sessions Court		
Judge(s)	$ 322,341	
Other Salaries and Wages	3,704	
Social Security	15,080	
Pensions	29,478	
Life Insurance	31	
Medical Insurance	21,356	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Administration of Justice (Cont.)				
General Sessions Court (Cont.)				
Employer Medicare	$	4,657		
Communication		276		
Dues and Memberships		2,444		
Travel		3,911		
Other Contracted Services		1,847		
Office Supplies		5,431		
In Service/Staff Development		80		
Total General Sessions Court			$	410,636
Drug Court				
Supervisor/Director	$	32,297		
Deputy(ies)		23,220		
Part-time Personnel		27,214		
Social Security		4,866		
Pensions		5,020		
Life Insurance		32		
Medical Insurance		14,646		
Employer Medicare		1,138		
Communication		2,966		
Dues and Memberships		655		
Evaluation and Testing		8,085		
Maintenance Agreements		2,750		
Maintenance and Repair Services - Vehicles		427		
Rentals		1,669		
Travel		4,104		
Drug Treatment		490		
Gasoline		221		
Office Supplies		2,456		
Other Supplies and Materials		1,000		
Total Drug Court				133,256
Chancery Court				
County Official/Administrative Officer	$	76,313		
Deputy(ies)		120,787		
Part-time Personnel		17,642		
Social Security		12,391		
Pensions		17,856		
Life Insurance		76		
Medical Insurance		55,279		
Employer Medicare		2,898		
Communication		292		
Dues and Memberships		984		
Maintenance Agreements		9,360		
Postal Charges		7,340		
Printing, Stationery, and Forms		810		
Rentals		2,256		
Travel		1,334		

(Continued)

Exhibit K-7

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

General Fund (Cont.)			
Administration of Justice (Cont.)			
Chancery Court (Cont.)			
Office Supplies	$ 7,486		
Premiums on Corporate Surety Bonds	228		
In Service/Staff Development	1,188		
Total Chancery Court		$	334,520
Juvenile Court			
Assistant(s)	$ 35,599		
Supervisor/Director	46,908		
Probation Officer(s)	35,713		
Educational Assistants	32,178		
Attendants	28,560		
Social Security	10,606		
Pensions	13,623		
Life Insurance	61		
Medical Insurance	32,020		
Employer Medicare	2,480		
Communication	519		
Contracts with Government Agencies	28,350		
Evaluation and Testing	3,469		
Maintenance and Repair Services - Vehicles	134		
Postal Charges	255		
Rentals	1,669		
Travel	1,779		
Other Contracted Services	2,860		
Food Supplies	793		
Gasoline	220		
Office Supplies	3,981		
In Service/Staff Development	773		
Total Juvenile Court			282,550
Courtroom Security			
Guards	$ 117,009		
Part-time Personnel	208,600		
Overtime Pay	17,949		
Social Security	21,248		
Pensions	13,864		
Life Insurance	61		
Medical Insurance	24,111		
Employer Medicare	4,969		
Evaluation and Testing	1,125		
Travel	2,950		
Uniforms	5,170		
In Service/Staff Development	2,722		
Law Enforcement Equipment	6,782		
Total Courtroom Security			426,560

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Safety				
Sheriff's Department				
County Official/Administrative Officer	$	86,683		
Supervisor/Director		53,062		
Deputy(ies)		517,859		
Captain(s)		49,463		
Lieutenant(s)		243,666		
Sergeant(s)		372,092		
Salary Supplements		21,000		
Clerical Personnel		131,856		
Overtime Pay		125,973		
Social Security		93,488		
Pensions		173,980		
Life Insurance		620		
Medical Insurance		394,828		
Employer Medicare		21,864		
Advertising		658		
Communication		37,769		
Dues and Memberships		2,840		
Evaluation and Testing		918		
Maintenance and Repair Services - Equipment		315		
Maintenance and Repair Services - Vehicles		63,569		
Postal Charges		4,902		
Printing, Stationery, and Forms		2,755		
Rentals		3,768		
Towing Services		3,564		
Travel		33,094		
Other Contracted Services		3,071		
Gasoline		83,503		
Law Enforcement Supplies		8,952		
Lubricants		6,674		
Office Supplies		11,123		
Tires and Tubes		18,220		
Uniforms		3,951		
Other Supplies and Materials		9,571		
In Service/Staff Development		20,072		
Other Charges		5,836		
Law Enforcement Equipment		72,355		
Total Sheriff's Department			$	2,683,914
Administration of the Sexual Offender Registry				
Contracts with Government Agencies	$	1,500		
Maintenance Agreements		359		
Office Supplies		354		
Total Administration of the Sexual Offender Registry				2,213
Jail				
Captain(s)	$	40,113		
Lieutenant(s)		36,533		

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Jail (Cont.)		
Sergeant(s)	$ 127,887	
Guards	1,118,110	
Cafeteria Personnel	65,425	
Part-time Personnel	2,196	
Overtime Pay	70,587	
Other Salaries and Wages	2,189	
Social Security	85,958	
Pensions	130,931	
Life Insurance	765	
Medical Insurance	413,411	
Employer Medicare	20,103	
Evaluation and Testing	2,625	
Maintenance Agreements	19,120	
Maintenance and Repair Services - Buildings	54,606	
Maintenance and Repair Services - Equipment	18,086	
Medical and Dental Services	858,604	
Rentals	2,212	
Travel	5,829	
Custodial Supplies	54,587	
Drugs and Medical Supplies	44,522	
Food Supplies	387,055	
Office Supplies	6,566	
Prisoners Clothing	9,938	
In Service/Staff Development	2,178	
Other Charges	9,177	
Food Service Equipment	7,453	
Law Enforcement Equipment	13,229	
Other Equipment	9,777	
Total Jail		$ 3,619,772
Workhouse		
Guards	$ 53,154	
Social Security	2,896	
Pensions	4,752	
Life Insurance	31	
Medical Insurance	23,711	
Employer Medicare	677	
Total Workhouse		85,221
Work Release Program		
Supervisor/Director	$ 39,042	
Laborers	33,103	
Secretary(ies)	29,226	
Other Salaries and Wages	1,029	
Social Security	5,922	
Pensions	9,335	
Life Insurance	52	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Safety (Cont.)				
Work Release Program (Cont.)				
Medical Insurance	$	31,287		
Employer Medicare		1,385		
Communication		885		
Maintenance and Repair Services - Vehicles		536		
Postal Charges		16		
Printing, Stationery, and Forms		414		
Gasoline		1,680		
Office Supplies		480		
Testing		250		
Total Work Release Program			$	154,642
Fire Prevention and Control				
Contributions	$	200,000		
Total Fire Prevention and Control				200,000
Civil Defense				
Supervisor/Director	$	37,420		
Part-time Personnel		15,319		
Social Security		3,267		
Pensions		3,383		
Life Insurance		15		
Medical Insurance		5,973		
Employer Medicare		764		
Communication		600		
Maintenance and Repair Services - Vehicles		2,234		
Postal Charges		85		
Travel		507		
Gasoline		3,428		
Office Supplies		1,001		
Uniforms		127		
Liability Insurance		300		
Other Charges		2,161		
Communication Equipment		1,958		
Total Civil Defense				78,542
Other Emergency Management				
Contributions	$	169,793		
Other Equipment		16,099		
Total Other Emergency Management				185,892
Inspection and Regulation				
Board and Committee Members Fees	$	3,600		
Social Security		223		
Employer Medicare		52		
Evaluation and Testing		2,624		
Total Inspection and Regulation				6,499

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
County Coroner/Medical Examiner		
Contracts with Private Agencies	$ 123,925	
Other Contracted Services	9,000	
Office Supplies	1,558	
Total County Coroner/Medical Examiner		$ 134,483
Public Health and Welfare		
Local Health Center		
Clerical Personnel	$ 305,382	
Social Security	17,087	
Pensions	24,308	
Life Insurance	153	
Medical Insurance	95,698	
Employer Medicare	3,996	
Contracts with Government Agencies	65,098	
Contracts with Other Public Agencies	763	
Travel	3,598	
Other Contracted Services	23,642	
Other Supplies and Materials	711	
Total Local Health Center		540,436
Rabies and Animal Control		
Contributions	$ 133,500	
Total Rabies and Animal Control		133,500
Nursing Home		
Contributions	$ 2,000	
Total Nursing Home		2,000
Alcohol and Drug Programs		
Contributions	$ 2,030	
Total Alcohol and Drug Programs		2,030
Crippled Children Services		
Contributions	$ 6,242	
Total Crippled Children Services		6,242
Appropriation to State		
Contributions	$ 109,592	
Total Appropriation to State		109,592
Aid to Dependent Children		
Contributions	$ 8,000	
Total Aid to Dependent Children		8,000
Other Local Welfare Services		
Contributions	$ 30,780	
Total Other Local Welfare Services		30,780

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Social, Cultural, and Recreational Services		
Adult Activities		
Contributions	$ 11,600	
Total Adult Activities		$ 11,600
Senior Citizens Assistance		
Contributions	$ 6,500	
Total Senior Citizens Assistance		6,500
Libraries		
Contributions	$ 267,250	
Total Libraries		267,250
Parks and Fair Boards		
Supervisor/Director	$ 39,860	
Maintenance Personnel	29,404	
Overtime Pay	25,712	
Social Security	5,865	
Pensions	8,607	
Life Insurance	31	
Medical Insurance	11,807	
Employer Medicare	1,372	
Communication	2,008	
Maintenance and Repair Services - Equipment	3,536	
Maintenance and Repair Services - Vehicles	1,187	
Other Contracted Services	2,450	
Custodial Supplies	6,253	
Diesel Fuel	1,809	
Electricity	34,809	
Gasoline	3,520	
Office Supplies	266	
Uniforms	659	
Water and Sewer	17,459	
Other Supplies and Materials	2,414	
Liability Insurance	10,590	
Workers' Compensation Insurance	4,611	
Other Charges	6,980	
Office Equipment	200	
Other Construction	3,660	
Total Parks and Fair Boards		225,069
Other Social, Cultural, and Recreational		
Contracts with Government Agencies	$ 78,727	
Contributions	234,500	
Total Other Social, Cultural, and Recreational		313,227
Agriculture and Natural Resources		
Agricultural Extension Service		
Salary Supplements	$ 127,025	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Agriculture and Natural Resources (Cont.)				
Agricultural Extension Service (Cont.)				
Communication	$	54		
Travel		821		
Office Supplies		10,334		
Total Agricultural Extension Service			$	138,234
Forest Service				
Contributions	$	1,000		
Total Forest Service				1,000
Soil Conservation				
Secretary(ies)	$	26,067		
Social Security		1,376		
Pensions		2,366		
Life Insurance		15		
Medical Insurance		14,646		
Employer Medicare		322		
Total Soil Conservation				44,792
Storm Water Management				
Instructional Supplies and Materials	$	828		
Total Storm Water Management				828
Other Operations				
Tourism				
Supervisor/Director	$	139		
Other Salaries and Wages		5,000		
Social Security		9		
Pensions		13		
Medical Insurance		619		
Employer Medicare		2		
Advertising		771		
Communication		125		
Contributions		22,500		
Rentals		18		
Travel		1,137		
Other Contracted Services		42,683		
Other Supplies and Materials		501		
Total Tourism				73,517
Industrial Development				
Contributions	$	62,000		
Contracts for Development Costs		197,375		
Total Industrial Development				259,375
Veterans' Services				
County Official/Administrative Officer	$	14,925		
Social Security		925		

(Continued)

Exhibit K-7

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

General Fund (Cont.)			
Other Operations (Cont.)			
Veterans' Services (Cont.)			
Employer Medicare	$ 216		
Communication	38		
Maintenance Agreements	399		
Postal Charges	15		
Printing, Stationery, and Forms	55		
Office Supplies	602		
Total Veterans' Services		$ 17,175	
Employee Benefits			
Handling Charges and Administrative Costs	$ 930		
Dental Insurance	113		
Unemployment Compensation	3,836		
On-behalf Payments to OPEB	3,300		
Other Fringe Benefits	2,850		
Contracts with Private Agencies	211,529		
Liability Insurance	515,544		
Workers' Compensation Insurance	148,911		
Liability Claims	55,393		
Surcharge	16,032		
Total Employee Benefits		958,438	
Miscellaneous			
Contracts with Other Public Agencies	$ 15,404		
Other Contracted Services	2,891		
Trustee's Commission	180,192		
Total Miscellaneous		198,487	
Operation of Non-instructional Services			
Community Services			
Contributions	$ 500		
Total Community Services		500	
Capital Projects			
Administration of Justice Projects			
Data Processing Equipment	$ 83,033		
Total Administration of Justice Projects		83,033	
Public Safety Projects			
Architects	$ 100,935		
Building Improvements	281,174		
Data Processing Equipment	210,000		
Motor Vehicles	194,583		
Total Public Safety Projects		786,692	
Total General Fund			$ 18,112,278

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund			
Public Health and Welfare			
Sanitation Management			
Mechanic(s)	$ 53,444		
Equipment Operators - Heavy	79,404		
Truck Drivers	224,769		
Laborers	164,248		
Overtime Pay	12,980		
Social Security	31,460		
Pensions	44,576		
Life Insurance	282		
Medical Insurance	168,828		
Employer Medicare	6,994		
Advertising	5,381		
Contracts with Private Agencies	67,411		
Maintenance and Repair Services - Equipment	107,527		
Towing Services	925		
Disposal Fees	766,778		
Diesel Fuel	87,065		
Gasoline	2,781		
Lubricants	11,190		
Office Supplies	448		
Small Tools	4,705		
Tires and Tubes	33,077		
Uniforms	6,371		
Other Supplies and Materials	14,081		
Liability Insurance	55,460		
Trustee's Commission	32,447		
Workers' Compensation Insurance	62,977		
Heating and Air Conditioning Equipment	11,407		
Motor Vehicles	89,196		
Solid Waste Equipment	11,568		
Total Sanitation Management		$ 2,157,780	
Total Solid Waste/Sanitation Fund			$ 2,157,780
Drug Control Fund			
Public Safety			
Drug Enforcement			
Salary Supplements	$ 4,938		
Social Security	306		
Pensions	619		
Employer Medicare	72		
Confidential Drug Enforcement Payments	30,000		
Dues and Memberships	1,250		
Rentals	12,000		
Travel	2,640		
Veterinary Services	1,024		
Other Contracted Services	517		
Animal Food and Supplies	512		

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)			
Public Safety (Cont.)			
Drug Enforcement (Cont.)			
Electricity	$ 7,522		
Law Enforcement Supplies	1,732		
Trustee's Commission	815		
Law Enforcement Equipment	11,452		
Motor Vehicles	8,842		
Total Drug Enforcement		$ 84,241	
Total Drug Control Fund			$ 84,241
Constitutional Officers - Fees Fund			
General Government			
Other General Administration			
Constitutional Officers' Operating Expenses	$ 14,595		
Total Other General Administration		$ 14,595	
Total Constitutional Officers - Fees Fund			14,595
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 83,944		
Assistant(s)	35,489		
Accountants/Bookkeepers	36,714		
Board and Committee Members Fees	18,325		
Social Security	10,072		
Pensions	10,887		
Life Insurance	46		
Medical Insurance	23,497		
Employer Medicare	2,356		
Communication	4,337		
Data Processing Services	1,598		
Dues and Memberships	2,971		
Legal Services	5,375		
Postal Charges	330		
Electricity	11,966		
Office Supplies	1,452		
Propane Gas	5,423		
Water and Sewer	957		
Liability Insurance	54,235		
Premiums on Corporate Surety Bonds	210		
Trustee's Commission	19,887		
Vehicle and Equipment Insurance	28,040		
Other Charges	16,511		
Total Administration		$ 374,622	
Highway and Bridge Maintenance			
Foremen	$ 44,925		

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Highway and Bridge Maintenance (Cont.)		
Equipment Operators	$ 153,583	
Truck Drivers	165,493	
Laborers	104,723	
Overtime Pay	25,790	
Social Security	27,302	
Pensions	42,593	
Life Insurance	239	
Medical Insurance	155,384	
Employer Medicare	6,385	
Contracts with Private Agencies	56,544	
Rentals	7,126	
Asphalt - Cold Mix	2,598	
Asphalt - Hot Mix	123,234	
Concrete	3,042	
Crushed Stone	70,162	
General Construction Materials	3,477	
Other Road Materials	4,407	
Pipe - Metal	7,034	
Road Signs	9,028	
Salt	89,983	
Uniforms	5,664	
Fencing	20,855	
Total Highway and Bridge Maintenance		$ 1,129,571
Operation and Maintenance of Equipment		
Mechanic(s)	$ 72,577	
Overtime Pay	5,511	
Social Security	3,939	
Pensions	6,772	
Life Insurance	41	
Medical Insurance	33,458	
Employer Medicare	921	
Diesel Fuel	27,989	
Equipment Parts - Heavy	55,400	
Garage Supplies	1,052	
Gasoline	15,585	
Lubricants	8,855	
Small Tools	2,485	
Tires and Tubes	17,637	
Other Supplies and Materials	3,779	
Total Operation and Maintenance of Equipment		256,001
Employee Benefits		
Unemployment Compensation	$ 1,736	
Other Fringe Benefits	488	
Workers' Compensation Insurance	32,880	
Liability Claims	2,055	
Total Employee Benefits		37,159

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Capital Outlay			
Bridge Construction	$ 128,817		
Building Improvements	3,187		
Furniture and Fixtures	188		
Highway Equipment	93,718		
Office Equipment	1,648		
State Aid Projects	542,201		
Total Capital Outlay		$ 769,759	
Total Highway/Public Works Fund			$ 2,567,112
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 2,200		
Principal on Other Loans	404,600		
Total General Government		$ 406,800	
Highways and Streets			
Principal on Bonds	$ 290,000		
Total Highways and Streets		290,000	
Education			
Principal on Bonds	$ 682,800		
Principal on Other Loans	3,274,254		
Total Education		3,957,054	
Interest on Debt			
General Government			
Interest on Bonds	$ 8,898		
Interest on Other Loans	140,856		
Total General Government		149,754	
Highways and Streets			
Interest on Bonds	$ 41,726		
Total Highways and Streets		41,726	
Education			
Interest on Bonds	$ 479,306		
Interest on Other Loans	671,286		
Total Education		1,150,592	
Other Debt Service			
General Government			
Trustee's Commission	$ 87,513		
Total General Government		87,513	

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)			
Other Debt Service (Cont.)			
Education			
Other Debt Service	$ 12,585		
Total Education		$ 12,585	
Total General Debt Service Fund			$ 6,096,024
General Capital Projects Fund			
Capital Projects			
Public Health and Welfare Projects			
Other Construction	$ 2,250		
Total Public Health and Welfare Projects		$ 2,250	
Total General Capital Projects Fund			2,250
Highway Capital Projects Fund			
Capital Projects			
Highway and Street Capital Projects			
Engineering Services	$ 12,091		
Highway Construction	727,388		
Total Highway and Street Capital Projects		$ 739,479	
Total Highway Capital Projects Fund			739,479
Total Governmental Funds - Primary Government			$ 29,773,759

Exhibit K-8

Hamblen County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2016

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 25,308,046	
Career Ladder Program	138,230	
Career Ladder Extended Contracts	41,157	
Salary Supplements	480,713	
Educational Assistants	1,111,952	
Certified Substitute Teachers	136,725	
Non-certified Substitute Teachers	296,595	
Social Security	1,605,120	
Pensions	2,417,529	
Life Insurance	31,013	
Medical Insurance	4,849,386	
Unemployment Compensation	21,545	
Employer Medicare	384,476	
Other Fringe Benefits	611,698	
Other Contracted Services	102,004	
Instructional Supplies and Materials	369,617	
Textbooks	228,534	
Other Supplies and Materials	41,553	
Other Charges	100,296	
Regular Instruction Equipment	641,669	
Total Regular Instruction Program		$ 38,917,858
Special Education Program		
Teachers	$ 2,903,348	
Career Ladder Program	12,032	
Educational Assistants	508,559	
Speech Pathologist	418,402	
Certified Substitute Teachers	4,305	
Non-certified Substitute Teachers	19,802	
Social Security	232,336	
Pensions	347,125	
Life Insurance	4,931	
Medical Insurance	725,094	
Unemployment Compensation	3,478	
Employer Medicare	54,223	
Instructional Supplies and Materials	53,731	
Other Charges	13,314	
Special Education Equipment	47,139	
Total Special Education Program		5,347,819
Vocational Education Program		
Teachers	$ 2,280,896	
Career Ladder Program	13,000	
Certified Substitute Teachers	10,270	
Non-certified Substitute Teachers	20,810	
Social Security	136,916	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)				
Instruction (Cont.)				
Vocational Education Program (Cont.)				
Pensions	$	202,819		
Life Insurance		2,350		
Medical Insurance		377,669		
Unemployment Compensation		1,668		
Employer Medicare		32,361		
Instructional Supplies and Materials		55,529		
Other Supplies and Materials		17,011		
Other Charges		11,745		
Vocational Instruction Equipment		10,428		
Total Vocational Education Program			$	3,173,472
Student Body Education Program				
Other Contracted Services	$	25,216		
Other Supplies and Materials		88,986		
Other Charges		22,149		
Total Student Body Education Program				136,351
Other				
Other Charges	$	59,223		
Total Other				59,223
Support Services				
Attendance				
Travel	$	2,635		
Total Attendance				2,635
Health Services				
Medical Personnel	$	429,814		
Other Salaries and Wages		4,569		
Social Security		25,251		
Pensions		38,832		
Life Insurance		780		
Medical Insurance		143,281		
Unemployment Compensation		568		
Employer Medicare		5,905		
Travel		9,219		
Drugs and Medical Supplies		5,501		
Other Supplies and Materials		9,773		
In Service/Staff Development		262		
Total Health Services				673,755
Other Student Support				
Career Ladder Program	$	3,500		
Guidance Personnel		973,222		
Other Salaries and Wages		8,550		
Social Security		54,047		

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Other Student Support (Cont.)				
Pensions	$	82,222		
Life Insurance		876		
Medical Insurance		149,530		
Unemployment Compensation		781		
Employer Medicare		13,561		
Evaluation and Testing		33,008		
Total Other Student Support			$	1,319,297
Regular Instruction Program				
Supervisor/Director	$	35,710		
Career Ladder Program		1,000		
Secretary(ies)		153,253		
Other Salaries and Wages		100,007		
In-service Training		46,529		
Social Security		18,308		
Pensions		17,948		
Life Insurance		290		
Medical Insurance		40,033		
Unemployment Compensation		220		
Employer Medicare		4,282		
Travel		22,653		
Other Contracted Services		105,900		
Library Books/Media		25,231		
Other Supplies and Materials		20,021		
Other Charges		57,539		
Other Equipment		4,065		
Total Regular Instruction Program				652,989
Special Education Program				
Supervisor/Director	$	64,978		
Career Ladder Program		1,000		
Secretary(ies)		65,490		
Clerical Personnel		23,630		
Social Security		10,750		
Pensions		15,323		
Life Insurance		153		
Medical Insurance		28,829		
Unemployment Compensation		135		
Employer Medicare		2,514		
Maintenance and Repair Services - Equipment		377		
Travel		13,306		
Other Contracted Services		628,284		
Other Supplies and Materials		4,427		
In Service/Staff Development		11,828		
Other Charges		14,091		
Other Equipment		9,973		
Total Special Education Program				895,088

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Vocational Education Program				
Supervisor/Director	$	74,299		
Career Ladder Program		1,000		
Secretary(ies)		33,146		
Other Salaries and Wages		40,062		
Social Security		8,839		
Pensions		13,409		
Life Insurance		126		
Medical Insurance		27,381		
Unemployment Compensation		106		
Employer Medicare		2,067		
Travel		4,666		
Total Vocational Education Program			$	205,101
Other Programs				
On-behalf Payments to OPEB	$	511,339		
Total Other Programs				511,339
Board of Education				
Board and Committee Members Fees	$	37,200		
Social Security		2,182		
Pensions		2,495		
Life Insurance		297		
Employer Medicare		510		
Audit Services		25,725		
Dues and Memberships		16,894		
Legal Services		8,066		
Travel		29,206		
Liability Insurance		193,983		
Premiums on Corporate Surety Bonds		182		
Trustee's Commission		499,218		
Workers' Compensation Insurance		228,343		
Other Charges		11,451		
Total Board of Education				1,055,752
Director of Schools				
County Official/Administrative Officer	$	123,286		
Assistant(s)		196,792		
Career Ladder Program		2,500		
Secretary(ies)		92,597		
Social Security		25,356		
Pensions		45,772		
Life Insurance		641		
Medical Insurance		33,411		
Unemployment Compensation		177		
Employer Medicare		6,122		
Communication		7,568		

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Director of Schools (Cont.)		
Postal Charges	$ 13,010	
Travel	20,456	
Other Contracted Services	7,628	
Office Supplies	11,397	
Other Charges	10,863	
Total Director of Schools		$ 597,576
Office of the Principal		
Principals	$ 1,406,058	
Career Ladder Program	23,100	
Assistant Principals	1,032,147	
Secretary(ies)	697,740	
Social Security	186,681	
Pensions	282,764	
Life Insurance	3,157	
Medical Insurance	486,292	
Unemployment Compensation	2,236	
Employer Medicare	44,113	
Communication	112,249	
Other Charges	4,194	
Total Office of the Principal		4,280,731
Fiscal Services		
Supervisor/Director	$ 81,792	
Accountants/Bookkeepers	147,192	
Social Security	12,761	
Pensions	19,226	
Life Insurance	209	
Medical Insurance	29,490	
Unemployment Compensation	177	
Employer Medicare	3,221	
Maintenance and Repair Services - Equipment	4,898	
Travel	6,715	
Other Contracted Services	12,059	
Data Processing Supplies	5,844	
Office Supplies	4,316	
Administration Equipment	75,409	
Total Fiscal Services		403,309
Operation of Plant		
Custodial Personnel	$ 1,785,800	
Other Salaries and Wages	34,010	
Social Security	107,922	
Pensions	153,293	
Life Insurance	2,683	
Medical Insurance	411,840	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Operation of Plant (Cont.)		
Unemployment Compensation	$ 2,165	
Employer Medicare	25,546	
Other Contracted Services	318,571	
Custodial Supplies	178,232	
Electricity	1,981,123	
Natural Gas	196,123	
Water and Sewer	367,320	
Other Supplies and Materials	16,279	
Other Charges	1,310	
Plant Operation Equipment	19,045	
Total Operation of Plant		$ 5,601,262
Maintenance of Plant		
Supervisor/Director	$ 55,650	
Maintenance Personnel	626,117	
Social Security	40,836	
Pensions	61,632	
Life Insurance	911	
Medical Insurance	132,380	
Unemployment Compensation	639	
Employer Medicare	9,550	
Maintenance and Repair Services - Buildings	330,959	
Maintenance and Repair Services - Equipment	82,668	
Equipment and Machinery Parts	90,511	
Uniforms	7,660	
Other Charges	992	
Maintenance Equipment	30,503	
Total Maintenance of Plant		1,471,008
Transportation		
Supervisor/Director	$ 46,709	
Mechanic(s)	193,451	
Bus Drivers	940,925	
Clerical Personnel	35,729	
Social Security	68,324	
Pensions	106,488	
Life Insurance	2,827	
Medical Insurance	437,550	
Unemployment Compensation	2,165	
Employer Medicare	16,186	
Contracts with Parents	3,108	
Maintenance and Repair Services - Vehicles	25,806	
Medical and Dental Services	7,787	
Travel	1,114	
Diesel Fuel	179,018	
Garage Supplies	3,711	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Transportation (Cont.)		
Gasoline	$ 51,396	
Lubricants	21,426	
Tires and Tubes	60,710	
Uniforms	2,333	
Vehicle Parts	203,883	
Other Supplies and Materials	7,659	
Vehicle and Equipment Insurance	74,545	
Other Charges	113,138	
Transportation Equipment	243,411	
Total Transportation		$ 2,849,399
Central and Other		
Supervisor/Director	$ 77,840	
Computer Programmer(s)	47,259	
Secretary(ies)	32,664	
Other Salaries and Wages	471,201	
Social Security	34,467	
Pensions	53,612	
Life Insurance	680	
Medical Insurance	102,148	
Unemployment Compensation	532	
Employer Medicare	8,582	
Communication	47,000	
Consultants	6,050	
Travel	8,304	
Other Contracted Services	133,301	
Office Supplies	9,742	
Uniforms	8,825	
In Service/Staff Development	2,000	
Data Processing Equipment	1,375,747	
Total Central and Other		2,419,954
Operation of Non-instructional Services		
Community Services		
Supervisor/Director	$ 37,273	
Other Salaries and Wages	146,455	
Social Security	11,334	
Pensions	3,375	
Life Insurance	52	
Medical Insurance	9,664	
Unemployment Compensation	923	
Employer Medicare	2,651	
Travel	652	
Other Contracted Services	1,178	
Other Charges	22,930	
Total Community Services		236,487

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)			
Operation of Non-instructional Services (Cont.)			
Early Childhood Education			
Teachers	$ 381,473		
Educational Assistants	240,025		
Certified Substitute Teachers	1,250		
Non-certified Substitute Teachers	8,730		
Social Security	36,867		
Pensions	36,350		
Life Insurance	476		
Medical Insurance	75,895		
Unemployment Compensation	887		
Employer Medicare	8,840		
Instructional Supplies and Materials	5,826		
In Service/Staff Development	2,422		
Other Charges	2,592		
Total Early Childhood Education		$ 801,633	
Capital Outlay			
Regular Capital Outlay			
Building Improvements	$ 2,252,132		
Total Regular Capital Outlay		2,252,132	
Other Debt Service			
Education			
Other Debt Service	$ 500,000		
Total Education		500,000	
Total General Purpose School Fund			$ 74,364,170
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 1,118,698		
Educational Assistants	303,482		
Certified Substitute Teachers	4,075		
Non-certified Substitute Teachers	7,895		
Social Security	78,519		
Pensions	113,160		
Life Insurance	1,592		
Medical Insurance	254,733		
Unemployment Compensation	1,440		
Employer Medicare	20,751		
Other Fringe Benefits	9,000		
Instructional Supplies and Materials	367,543		
Total Regular Instruction Program		$ 2,280,888	
Special Education Program			
Teachers	$ 108,164		

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Educational Assistants	$ 1,449,483	
Certified Substitute Teachers	1,550	
Non-certified Substitute Teachers	31,768	
Social Security	92,924	
Pensions	128,772	
Life Insurance	3,392	
Medical Insurance	485,189	
Unemployment Compensation	2,449	
Employer Medicare	21,923	
Instructional Supplies and Materials	205	
Special Education Equipment	7,372	
Total Special Education Program		$ 2,333,191
Vocational Education Program		
Instructional Supplies and Materials	$ 11,112	
Other Supplies and Materials	500	
Vocational Instruction Equipment	96,577	
Total Vocational Education Program		108,189
Support Services		
Other Student Support		
Guidance Personnel	$ 77,721	
Other Salaries and Wages	17,400	
Social Security	5,687	
Pensions	8,214	
Life Insurance	100	
Medical Insurance	16,446	
Unemployment Compensation	121	
Employer Medicare	1,330	
Other Fringe Benefits	600	
Travel	20,131	
Other Supplies and Materials	31,434	
In Service/Staff Development	17,310	
Total Other Student Support		196,494
Regular Instruction Program		
Supervisor/Director	$ 58,397	
Other Salaries and Wages	434,276	
Certified Substitute Teachers	4,220	
In-service Training	24,200	
Non-certified Substitute Teachers	8,690	
Social Security	30,911	
Pensions	46,716	
Life Insurance	445	
Medical Insurance	65,719	
Unemployment Compensation	213	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Regular Instruction Program (Cont.)			
Employer Medicare	$ 7,229		
Other Fringe Benefits	676		
Travel	4,326		
Other Supplies and Materials	11,591		
In Service/Staff Development	62,037		
Total Regular Instruction Program		$ 759,646	
Special Education Program			
Other Supplies and Materials	$ 4,232		
In Service/Staff Development	4,966		
Total Special Education Program		9,198	
Vocational Education Program			
Travel	$ 3,255		
Total Vocational Education Program		3,255	
Transportation			
Other Charges	$ 4,098		
Total Transportation		4,098	
Total School Federal Projects Fund			$ 5,694,959
Central Cafeteria Fund			
Support Services			
Board of Education			
Audit Services	$ 3,555		
Workers' Compensation Insurance	62,000		
Total Board of Education		$ 65,555	
Operation of Non-instructional Services			
Food Service			
Supervisor/Director	$ 52,276		
Accountants/Bookkeepers	35,729		
Clerical Personnel	32,264		
Cafeteria Personnel	1,596,683		
Other Salaries and Wages	69,533		
In-service Training	34,939		
Social Security	109,442		
Pensions	81,684		
Life Insurance	2,525		
Medical Insurance	355,542		
Unemployment Compensation	4,863		
Employer Medicare	25,680		
Maintenance and Repair Services - Equipment	34,735		
Travel	5,041		
Other Contracted Services	307,046		

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)			
Operation of Non-instructional Services (Cont.)			
Food Service (Cont.)			
Food Supplies	$ 2,070,207		
Office Supplies	3,954		
USDA - Commodities	296,113		
Other Supplies and Materials	152,189		
In Service/Staff Development	1,800		
Other Charges	36,580		
Food Service Equipment	141,730		
Total Food Service		$ 5,450,555	
Total Central Cafeteria Fund			$ 5,516,110
Education Capital Projects Fund			
Capital Projects			
Education Capital Projects			
Building Improvements	$ 1,269,543		
Total Education Capital Projects		$ 1,269,543	
Total Education Capital Projects Fund			1,269,543
Total Governmental Funds - Hamblen County School Department			$ 86,844,782

Exhibit K-9

Hamblen County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balance - City Agency Fund
For the Year Ended June 30, 2016

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 11,789,023
Total Cash Receipts	$ 11,789,023
Cash Disbursements	
Remittance of Revenues Collected	$ 11,671,133
Trustee's Commission	117,890
Total Cash Disbursements	$ 11,789,023
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2015	0
Cash Balance, June 30, 2016	$ 0

SINGLE AUDIT SECTION

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

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

Hamblen County Mayor and
Board of County Commissioners
Hamblen 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 Hamblen County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements, and have issued our report thereon dated October 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hamblen 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 Hamblen County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hamblen 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: 2016-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamblen County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2016-001, 2016-003, and 2016-004.

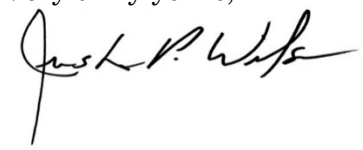
Hamblen County's Responses to Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 12, 2016

JPW/sb

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Hamblen 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 Hamblen County's major federal programs for the year ended June 30, 2016. Hamblen 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 Hamblen 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Hamblen 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 Hamblen County's compliance.

Opinion on Each Major Federal Program

In our opinion, Hamblen 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, 2016.

Report on Internal Control Over Compliance

Management of Hamblen 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 Hamblen 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 the Uniform Guidance, 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 Hamblen 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.

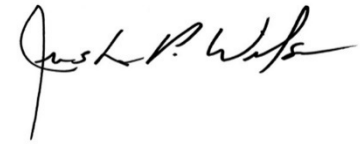
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 Hamblen County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements. We issued our report thereon dated October 12, 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 12, 2016

JPW/sb

Hamblen County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2016

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	$ 1,111,946
National School Lunch Program	10.555	N/A	3,137,861 (4)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	296,113 (4)
Healthy, Hunger-free Kids Act of 2010 Childhood Hunger Research and Demonstration Projects	10.592	N/A	7,650
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-16-45174-00	72,485
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(3)	11,369
Total U.S. Department of Agriculture			$ 4,637,424
U.S. Department of Military:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	$ 290,834 (5)
Total U.S. Department of Military			$ 290,834
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
HOME Investment Partnerships Program	14.239	31620-00299	$ 2,250
Total U.S. Department of Housing and Urban Development			$ 2,250
U.S. Department of Justice:			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	N/A	$ 8,428
Equitable Sharing Program	16.922	N/A	7,583
Passed-through Tennessee Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	45949	7,245
Total U.S. Department of Justice			$ 23,256
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(3)	$ 306,654
Total U.S. Department of Transportation			$ 306,654
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	$ 2,611,618
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,409,301
Special Education - Preschool Grants	84.173	N/A	106,860
Career and Technical Education - Basic Grants to States	84.048	N/A	149,397
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	45,547
Education for Homeless Children and Youth	84.196	N/A	60,914
English Language Acquisition Grants	84.365	N/A	134,832
Improving Teacher Quality State Grants	84.367	N/A	447,587
Total U.S. Department of Education			$ 5,966,056

(Continued)

Hamblen County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Family Planning Services	93.217	GG-16-45174-00	$ 19,680
HIV Prevention Activities - Health Department Based	93.940	GG-16-45174-00	2,825
Medical Assistance Program	93.778	GG-16-45174-00	38,776
Maternal and Child Health Services Block Grant to the States	93.994	GG-16-45174-00	21,205
Total U.S. Department of Health and Human Services			$ 82,486
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	46227-18989	$ 16,825
Emergency Management Performance Grants	97.042	(3)	29,200
Homeland Security Grant Program	97.067	44094-17246	16,000
Total U.S. Department of Homeland Security			$ 62,025
Total Expenditures of Federal Awards			$ 11,370,985

State Grants		Contract Number	
Health Department Programs - State Department of Health	N/A	GG-16-45174-00	$ 332,261
Juvenile Justice - State Commission on Children and Youth	N/A	39532	13,500
Disaster Assistance - Tennessee Emergency Management Agency	N/A	46227-18989	1,485
Litter Program - State Department of Transportation	N/A	(3)	38,849
RES Grant - Local Park and Recreation Fund - State Department of Environment and Conservation	N/A	(3)	92,821
Solid Waste Grant - State Department of Environment and Conservation	N/A	(3)	71,174
Drug Court Recovery - State Office of Criminal Justice Programs	N/A	(3)	70,000
Coordinated School Health - State Department of Education	N/A	(3)	99,851
ACT Explore - State Department of Education	N/A	(3)	17,438
Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(3)	3,983
Family Resource Center - State Department of Education	N/A	(3)	59,223
Safe Schools Act of 1998 - State Department of Education	N/A	(3)	50,289
Early Childhood Education - State Department of Education	N/A	(3)	627,050
Total State Grants			$ 1,477,924

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) Hamblen County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
(3) Information not available.
(4) Total for CFDA No. 10.555 is $3,433,974.
(5) During the year ended June 30, 2016, Hamblen County received excess military equipment from the U.S. Department of Military valued at $290,834.

Hamblen County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Hamblen County, Tennessee, for the year ended June 30, 2016.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	212	2015-001	Accounting Records were not Maintained on a Current Basis in the Office of County Mayor	N/A	Corrected
2015	213	2015-002	Tennessee Consolidated Retirement System Payments were not Remitted Timely Resulting in the Assessment of Penalties in the Office of County Mayor	N/A	Corrected
2015	213	2015-003	A County Road List was not Submitted to the County Commission for Approval in Compliance with State Statute in the Office of Highway Superintendent	N/A	Corrected
2015	214	2015-004	Certain Accounts Maintained by the Trustee were not Adequately Collaterialized	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Award Findings

There were no prior-year federal award findings to report.

HAMBLEN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Hamblen County is unmodified.

2. Internal Control Over Financial Reporting:

   * Material weakness identified? **NO**

   * Significant deficiency identified? **YES**

3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:

   * Material weakness identified? **NO**

   * Significant deficiency identified? **NONE REPORTED**

5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**

7. Identification of Major Federal Programs:

   * CFDA Numbers: 10.553 and 10.555 — Nutrition Cluster: School Breakfast Program, and National School Lunch Program

8. Dollar threshold used to distinguish between Type A and Type B Programs: **$750,000**

9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit of the financial statements of Hamblen County, Tennessee, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. The county mayor, highway superintendent, trustee, and county clerk provided corrective action plans, which are paraphrased in the Management's Corrective Action Plan section of this report.

OFFICES OF COUNTY MAYOR AND HIGHWAY SUPERINTENDENT

FINDING 2016-001 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded total appropriations approved by the County Commission in the Highway Capital Projects Fund by $21,213. These expenditures in excess of appropriations resulted in a negative unassigned fund balance of $18,199 as of June 30, 2016.

Expenditures exceeded appropriations approved by the County Commission in the County Coroner/Medical Examiner and the Other Social, Cultural, and Recreational major categories (the legal level of control) of the General Fund by $10,163 and $3,305, respectively.

Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." These deficiencies exist because management failed to stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Hamblen County concurs with the finding. The finance department fully understands the importance of insuring that expenditures do not exceed appropriations and will follow the corrective action plan.

MANAGEMENT'S RESPONSE – HIGHWAY SUPERINTENDENT

These appropriations were for the resurfacing of various county roads. At the rate of $130,000 per mile, resurfacing was done 0.16 miles too far. Calculations will be done more precisely in the future. We concur with this finding.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2016-002 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed at the Highway Department, we selected a sample of 20 disbursements totaling $243,197 from a population of 906 vendor checks totaling approximately $4,182,037. Our examination revealed the following deficiencies, which are the result of lack of management oversight:

A. Our sample revealed that in nine of 20 instances, the purchase order amounts were significantly amended after the date of the purchase and/or the purchase order was issued after the date the work was performed. The practice of amending or issuing a purchase order after the purchase has been made defeats the purpose of the purchase order and makes the purchase order an approval for payment rather than an approval of the purchase.

B. In one of 20 items sampled, a purchase order had not been issued. Purchase orders are necessary to control who has purchasing authority for the county and to document purchase commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.

These deficiencies contributed to the negative unassigned fund balance and expenditures exceeding appropriations in Highway Capital Projects Fund noted in Finding 2016-001.

RECOMMENDATION

Purchase orders should reflect accurate estimates of the total amounts to be purchased to quantify purchasing commitments. The office should issue purchase orders for all applicable purchases before purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments.

MANAGEMENT'S RESPONSE – HIGHWAY SUPERINTENDENT

A. In those instances, whereby the purchase order amounts were significantly amended, the vendor and nature of service or materials purchased were exactly the same. The line item appropriations were sufficient for the amended purchase order amounts. Ten (10) of the twelve (12) months of the fiscal year included the establishment of a monthly purchase order for asphalt to patch country roads. A monthly purchase order was not established for February and March of 2016 due to an oversight. We concur with this finding.

B. A bridge was constructed on a county road subject to the direction, inspection, and oversight of a professional engineering firm. Once the bridge was accepted/approved by the engineering firm and recommended to the county, as an acceptable purchase,

a "check request" was initiated instead of a purchase order. We concur with this finding.

OFFICE OF TRUSTEE

FINDING 2016-003 **CERTAIN ACCOUNTS MAINTAINED BY THE TRUSTEE WERE NOT ADEQUATELY COLLATERALIZED**
(Noncompliance Under *Government Auditing Standards*)

The trustee maintains various accounts with brokers and financial institutions. Various state statutes govern the investment of idle funds maintained by local governments. We noted instances where idle county funds invested by the trustee were not adequately secured. Two brokerage accounts maintained by the trustee using the same federal tax identification number had cash balances transferred into interest bearing deposit accounts at one or more banks. These deposit accounts were insured solely by FDIC insurance. However, at the end of 11 months during the year ended June 30, 2016, funds were transferred from these two brokerage accounts into some of the same banks and, consequently, the FDIC insurance limits were exceeded in those months. The FDIC insurance limit was exceeded by $1,222,371 at August 31, 2015, and $37,683 at December 31, 2015; however, the insurance limit was not exceeded as of June 30, 2016. The trustee and the broker handling both accounts were made aware of these deficiencies and have indicated they will take steps to rectify the problems. This deficiency is the result of a lack of management oversight, and the trustee's failure to correct the finding noted in the prior-year audit report. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

The trustee should monitor all accounts to ensure idle county funds are adequately secured in compliance with state statutes.

MANAGEMENT'S RESPONSE – TRUSTEE

We concur with this finding in the Hamblen County Trustee's Office. We have made the corrective action necessary to prevent this occurrence in the future. The actions put into place will be discussed in the corrective action plan.

OFFICE OF COUNTY CLERK

FINDING 2016-004 **A CASH SHORTAGE OF $511 EXISTED IN THE OFFICE ON FEBRUARY 6, 2016**
(Noncompliance Under *Government Auditing Standards*)

The County Clerk's Office collects property taxes at a satellite office under an agreement with the county trustee, and these collections are remitted to the county trustee daily. On February 10, 2016, the county clerk filed a Fraud Reporting Form with the Comptroller of the Treasury indicating that the actual property tax collections for February 6, 2016, were $511 less than the property tax collections noted in a computer generated report. The county clerk immediately investigated the discrepancy on February 6 and reviewed all of the documentation again on February 8. This shortage appeared to be related to various transactions involving one particular taxpayer who paid cash on multiple parcels in several different denominations.

On March 18 and March 25, auditors from the Division of Local Government Audit and the Division of Financial and Compliance Investigations visited the office. The auditor and investigator were unable to determine whether collections on February 6 were miscounted, taken back by the customer, or taken by one of the employees.

To reimburse the county, the county clerk liquidated the cash shortage from her personal funds. This deficiency is the result of inadequate controls over the property tax collection process.

RECOMMENDATION

The county clerk should ensure adequate controls over the property tax collection process are in place.

MANAGEMENT'S RESPONSE – COUNTY CLERK

We concur with the finding of inadequate controls over property tax collections. Steps were taken immediately to investigate the discrepancy and adequate controls were put into place to correct the situation from occurring again.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

Hamblen County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

Corrective Action - Financial Statement Findings

OFFICES OF COUNTY MAYOR AND HIGHWAY SUPERINTENDENT

FINDING 2016-001 **EXPENDITURES EXCEEDED APPROPRIATIONS**

Response and Corrective Action Plan Prepared by:	Bill Brittain, County Mayor, Barry Poole, Highway Superintendent, Hamblen County, Tennessee
Person Responsible for Implementing the Corrective Action:	Michelle Woods, Finance Director
Anticipated Completion Date of Corrective Action:	July 1, 2016
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

County Mayor:
No purchase order request or check request will be approved if doing so will cause a line item to be overspent until a budget amendment is prepared, approved, and posted to the general ledger. A monthly review of all accounts will be performed to ensure that the above process is being followed and no line items are overspent. If the need for a budget amendment arises, this shall be done in a timely manner.

Highway Superintendent:
Heightened awareness of the daily fund balance by the administrative team will be observed to control the amount of the expenditures. The administrative team includes the Hamblen County Highway Superintendent, the Special Projects Manager, and the Administrative Assistant to the Superintendent.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2016-002 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

Response and Corrective Action Plan Prepared by:	Barry Poole, Highway Superintendent, Hamblen County, Tennessee
Person Responsible for Implementing the Corrective Action:	Sharon Elkins, Administrative Assistant to the Superintendent
Anticipated Completion Date of Corrective Action:	July 1, 2016
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

A. Either a new purchase order will be established for the amended amounts to the purchase orders or the purchase orders will be revised to cover the amended amounts. In those cases, whereby the purchase order was issued after the purchase, new purchase orders will be issued before the purchase is made in the future.

B. In the future, a purchase order will be issued for the professional engineering firm as well as the awarded contractor for the project. The issuance will occur after the engineering firm is awarded the design responsibility and after the awarded contractor is established.

OFFICE OF TRUSTEE

FINDING 2016-003 **CERTAIN ACCOUNTS MAINTAINED BY THE TRUSTEE WERE NOT ADEQUATELY COLLATERALIZED**

Response and Corrective Action Plan Prepared by:	John Baskette, Trustee, Hamblen County, Tennessee
Persons Responsible for Implementing the Corrective Action:	John Baskette, Trustee, Kendall Lawson and Jill Margelowsky
Anticipated Completion Date of Corrective Action:	September 26, 2016
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	See corrective action plan for explanation.

Planned Corrective Action:

The Hamblen County Trustee's Office maintains bond funds through an account at Raymond James for both Highway and School Capital Projects. John Baskette and Kendall Lawson oversee the investment of the idle funds. Jill Margelowsky prepares the monthly reports. By implementing this segregation of duties we hope to eliminate the opportunity for Raymond James to invest idle funds in the same institutions during the same period. I have also spoken with our financial advisor at Raymond James and explained in detail how these funds need to be invested. We are working diligently to ensure we maintain the best practices in this office to be in compliance with State Statutes. These errors have since been corrected and discussed with the financial institution and employees to maintain compliance.

OFFICE OF COUNTY CLERK

FINDING 2016-004 **A CASH SHORTAGE OF $511 EXISTED IN THE OFFICE ON FEBRUARY 6, 2016**

Response and Corrective Action Plan Prepared by:	Penny Petty, County Clerk, Hamblen County, Tennessee
Person Responsible for Implementing the Corrective Action:	same
Anticipated Completion Date of Corrective Action:	Immediately
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

I have told each clerk that if they are involved in taking large amounts of cash from a customer who is very talkative, to ask for assistance from a second clerk to carry on the conversation with the customer and to move to another calculator to count the money and make a tape of the count. If still not sure the amount is correct, ask the second deputy clerk to count the money and to run a tape also.

Corrective Action - Federal Award Findings

There were no current-year federal award findings to report.

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 Hamblen County.

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

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