

ANNUAL FINANCIAL REPORT
HAMBLLEN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



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FOR THE YEAR ENDED JUNE 30, 2019

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

HAMBLLEN COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Hamblen County, Tennessee
For the Year Ended June 30, 2019

Scope

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2019.

Results

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

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

Finding

The following are summaries of the audit findings:

OFFICE OF TRUSTEE – FORMER TRUSTEE JOHN BASKETTE

- ◆ Former county trustee did not maintain county funds in interest-bearing accounts.
- ◆ Former county trustee entered into a contract without the county commission's approval.
- ◆ Discrepancies in the operations of the Trustee's Office disclosed in Investigative Report.

INTRODUCTORY SECTION

Hamblen County Officials

June 30, 2019

Officials

Bill Brittain, County Mayor
Barry Poole, Highway Superintendent
Dr. Jeff Perry, 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
Anne Bryant-Hurst, Finance Director

Board of County Commissioners

Howard Shipley, Chairman
Jeff Akard
Chris Cutshaw
Randy DeBord
Thomas Doty
Tim Goins
Bobby Haun

Tim Horner
Joe Huntsman, Sr.
Scotty Long
Mike Minnich
Wayne NeSmith
Jim Stepp
Taylor Ward

Board of Highway Commissioners

Dr. Arthur Tom Hyde, Chairman
Charles Anderson
Dannie Bell
Gail Free

E.C. Long
Delbert Nix
Wayne Pigmon

Board of Education

Dr. Joe Gibson, Jr., Chairman
Dr. Shahin Assadnia
Carolyn Holt Clawson
Roger Greene

James Grigsby
Janice Haun
Clyde Kinder

Audit Committee

Joe Huntsman, Sr., Chairman
Jeff Akard
Chris Cutshaw
Randy DeBord

Mike Minnich
Howard Shipley

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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, 2019, 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, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and school changes in the total other postemployment benefits liability and related ratios, as listed in the table of contents, 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 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), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

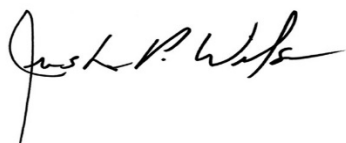
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), schedule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

The introductory section and management's corrective action plans have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hamblen County's 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

December 13, 2019

JPW/tg



**HAMBLEN COUNTY, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**

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, 2019. In addition, this discussion and analysis includes an overview of the discretely presented Hamblen County School Department, which is a component unit of Hamblen County. 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 \$18.1 million (net position). However, it should be noted that the financial statements of Hamblen County included debt totaling approximately \$13.7 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 \$49.9 million at June 30, 2019.
- The primary government's total net position increased by approximately \$7.0 million. The discretely presented Hamblen County School Department's net position increased by approximately \$8.1 million. The increase in the primary government's total net position was due to the retirement of debt and an increase in equity in pooled cash and investments at year-end. The increase of the discretely presented Hamblen County School Department's total net position was due to the increase in assets held for pension benefits and to the decrease in other postemployment benefits.

- As of the close of the fiscal year, Hamblen County's Governmental funds reported approximately \$14.2 million in total combined fund balances; this is an approximate increase of \$1.7 million from the previous period. Of this amount, approximately \$5.4 million represents funds that are available for spending (assigned and unassigned). The discretely presented Hamblen County School Department's governmental funds reported approximately \$17.7 million in total combined fund balances; this is an increase of approximately \$.8 million from the previous period.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$4.6 million or 21.8 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 \$3.8 million or 4.5 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 \$5.0 million or 22.2 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 eight 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, and 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

Statement of Net Position

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, 2019, by \$18,096,946. The Constitution for the State of Tennessee only allows 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 \$13,722,623. 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, 2019, by \$49,898,906.

By far, the largest portion of Hamblen County's and the discretely presented Hamblen County School Department's net position is their investment in capital assets, \$15,189,941 and \$54,193,955 respectively, (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 citizens; 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 \$4,095,777 and \$9,700,694 respectively, which is subject to external restrictions on how these funds may be used.

The following tables provide a summary of Hamblen County's and the discretely presented Hamblen County's School Department's net position at June 30, 2019 and a comparison to the prior year.

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

		STATEMENT OF NET POSITION	
		Hamblen County Primary Government Governmental Activities	
		2019	2018
Current and Other Assets		\$ 35,203,966	\$ 31,719,814
Capital Assets		18,857,019	19,242,642
Total Assets		<u>\$ 54,060,985</u>	<u>\$ 50,962,456</u>
Total Deferred Outflows of Resources		<u>\$ 1,932,263</u>	<u>\$ 1,895,888</u>
Long-term Liabilities Outstanding		<u>\$ 15,410,621</u>	<u>\$ 18,680,482</u>
Other Liabilities		<u>5,466,718</u>	<u>7,125,461</u>
Total Liabilities		<u>\$ 20,877,339</u>	<u>\$ 25,805,943</u>
Total Deferred Inflows of Resources		<u>\$ 17,018,963</u>	<u>\$ 15,918,606</u>
Net Position:			
Net Investment in Capital Assets		\$ 15,189,941	\$ 15,179,093
Restricted		4,095,777	2,552,548
Unrestricted		<u>(1,188,772)</u>	<u>(6,597,846)</u>
Total Net Position		<u>\$ 18,096,946</u>	<u>\$ 11,133,795</u>
		Hamblen County School Department Governmental Activities	
		2019	2018
Current and Other Assets		\$ 37,866,291	\$ 32,974,814
Capital Assets		54,193,955	54,068,200
Total Assets		<u>\$ 92,060,246</u>	<u>\$ 87,043,014</u>
Other Deferred Outflows		<u>\$ 10,216,240</u>	<u>\$ 10,072,075</u>
Long-term Liabilities Outstanding		<u>\$ 25,120,714</u>	<u>\$ 32,542,733</u>
Other Liabilities		<u>1,316,048</u>	<u>1,243,745</u>
Total Liabilities		<u>\$ 26,436,762</u>	<u>\$ 33,786,478</u>
Total Deferred Inflows of Resources		<u>\$ 25,940,818</u>	<u>\$ 21,539,079</u>
Net Position:			
Net Investment in Capital Assets		\$ 54,193,955	\$ 54,068,200
Restricted		9,700,694	5,702,252
Unrestricted		<u>(13,995,743)</u>	<u>(17,960,473)</u>
Total Net Position		<u>\$ 49,898,906</u>	<u>\$ 41,809,979</u>

Governmental Activities and Statement of Activities and Changes in Net Position

The Statement of Activities and Changes in Net Position presents information on Revenues and Expenses and distinguishes between program revenues associated with specific programs and functions and general revenues which are not limited to specific programs. This statement also presents information how net position changed during the year.

The following tables provide a summary of how Hamblen County's and the discretely presented Hamblen County's School Department's net position changed during the current fiscal year and a comparison to the prior year.

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

	Hamblen County Primary Government Governmental Activities	
	2019	2018
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,798,369	\$ 6,133,497
Operating Grants and Contributions	3,303,294	3,123,292
Capital Grants and Contributions	523,638	1,414,521
General Revenues:		
Property Taxes	16,733,734	15,668,160
Sales Taxes	947,954	950,209
Other Taxes	3,325,990	3,265,885
Grants and Contributions Not Restricted to Specific Programs	2,173,625	1,973,517
Unrestricted Investment Income	317,820	144,021
Miscellaneous	497,343	108,930
Gain on Disposal of Capital Assets	0	17,775
Total Revenues	\$ 33,621,767	\$ 32,799,807
Expenses:		
General Government	\$ 3,219,055	\$ 3,068,633
Finance	2,853,472	2,724,265
Administration of Justice	3,238,848	3,121,209
Public Safety	8,682,367	8,574,630
Public Health and Welfare	3,612,402	3,848,457
Social, Cultural, and Recreational Services	1,097,122	996,067
Agriculture and Natural Resources	238,091	210,121
Highways	2,924,460	2,924,141

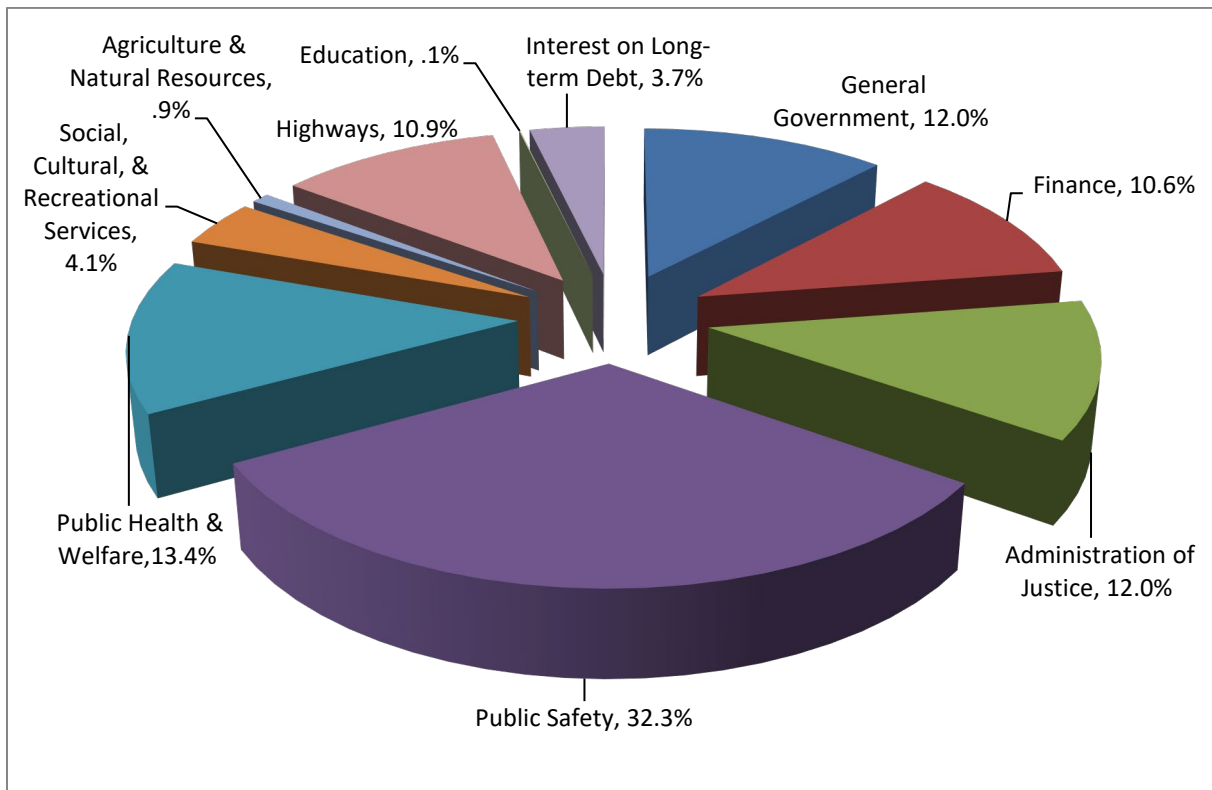
Hamblen County's and the Discretely Presented Hamblen County School Department's Changes in Net Position (Cont.)

	Hamblen County Primary Government Governmental Activities	
	2019	2018
Education	\$ 12,740	\$ 5,500
Interest	983,333	1,143,183
Total Expenses	\$ 26,861,890	\$ 26,616,206
Change in Fair Value of Derivatives - Interest Rate Swap	\$ 203,274	\$ 260,869
Increase (Decrease) in Net Position	\$ 6,963,151	\$ 6,444,470
Net Position, July 1	11,133,795	5,042,042
OPEB Restatement	0	(352,717)
Net Position, June 30	\$ 18,096,946	\$ 11,133,795
	Hamblen County School Department Governmental Activities	
	2019	2018
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,182,477	\$ 2,072,308
Operating Grants and Contributions	8,192,409	10,564,557
Capital Grants and Contributions	103,267	64,795
General Revenues:		
Property Taxes	13,798,776	13,260,497
Sales Taxes	14,503,003	13,461,159
Other Taxes	62,720	66,394
Grants and Contributions Not Restricted to Specific Programs	57,727,936	55,475,355
Unrestricted Investment Income	16,336	9,013
Gain on Investments	9,633	0
Miscellaneous	25,390	43,626
Gain on Disposal of Assets	14,082	0
Total Revenues	\$ 96,636,029	\$ 95,017,704
Expenses:		
Education	\$ 88,547,102	\$ 92,268,151
Total Expenses	\$ 88,547,102	\$ 92,268,151
Increase (Decrease) in Net Position	\$ 8,088,927	\$ 2,749,553
Net Position, July 1	41,809,979	50,494,405
OPEB Restatement	0	(11,433,979)
Net Position, June 30	\$ 49,898,906	\$ 41,809,979

Governmental Program Expense

The following illustration shows expenses from governmental activities as presented in Exhibit B before they are offset by direct program revenues. Public Safety expenses of \$8,682,367, Public Health and Welfare expenses of \$3,612,402, Administration of Justice expenses of \$3,238,848 and General Government expenses of \$3,219,055 are the largest categories of expenses of Hamblen County, which when combined total \$18,752,672 and are 69.7 percent of total expenses.

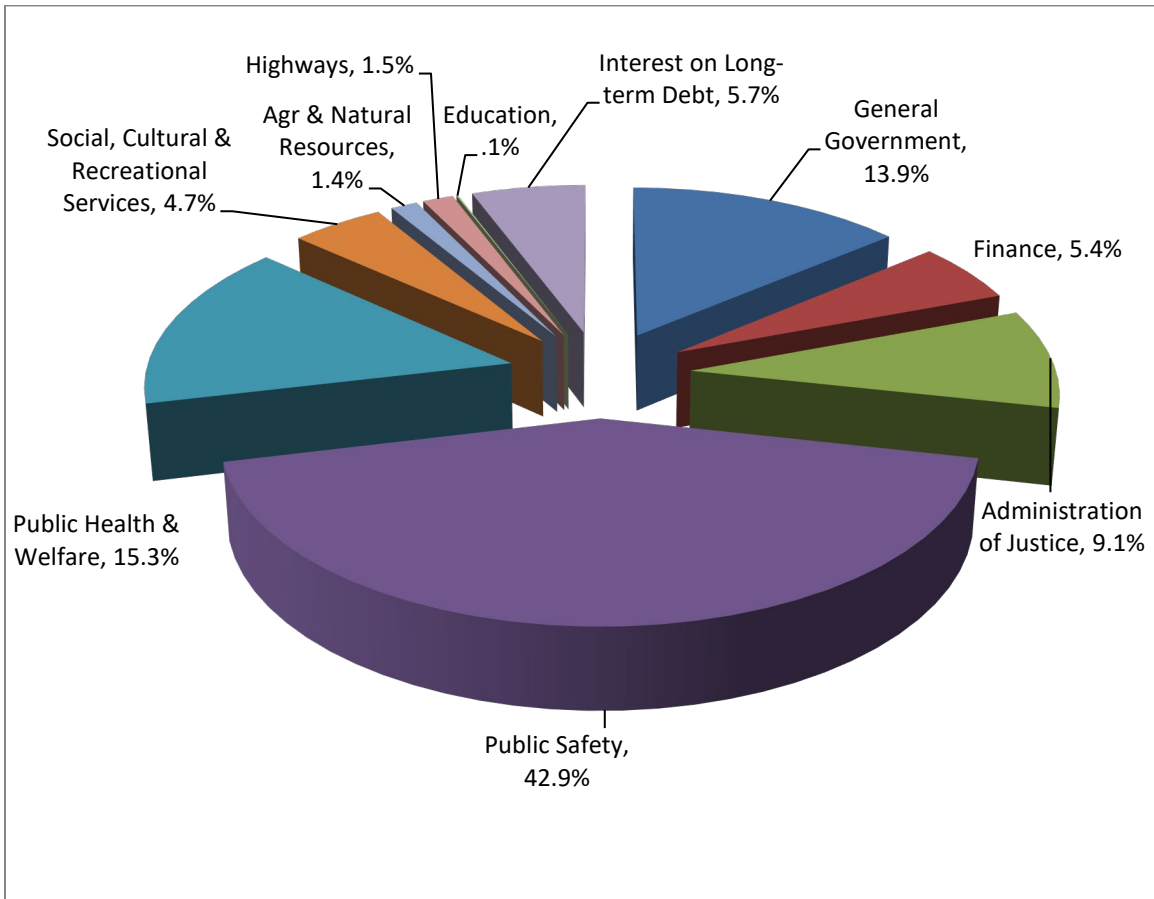
Note that amounts are rounded to one decimal place in the following chart.



Governmental Program Net Expense

The following illustration shows the “net (expense)” from Exhibit B as a percentage of total net expense. Net expense is all program expense netted against all direct program revenues. Net expense provides an indicator of the impact a program or function has on the local tax base because net expense must generally be funded from local tax sources. Public Safety net expense of \$7,397,664, Public Health and Welfare net expense of \$2,641,731, Administration of Justice net expense of \$1,564,593 and General Government net expense of \$2,388,623 are the largest categories of net expense of Hamblen County, which when combined total \$13,992,611 and are 81.2 percent of total net expense.

Note all amounts are recorded to one decimal place in the following chart.



Analysis of Revenues

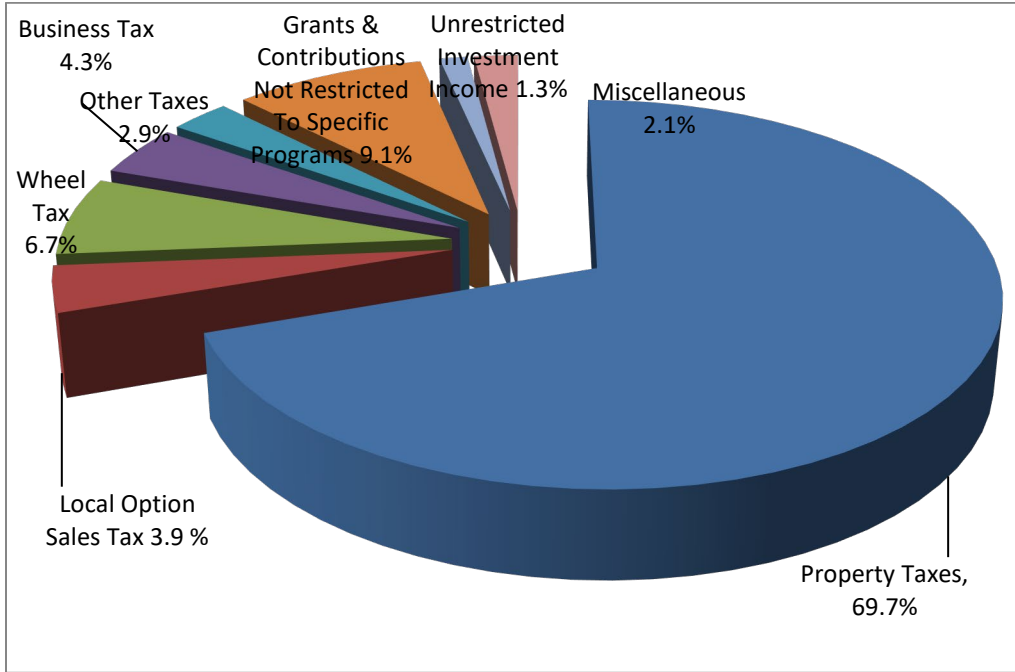
Revenues on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

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).

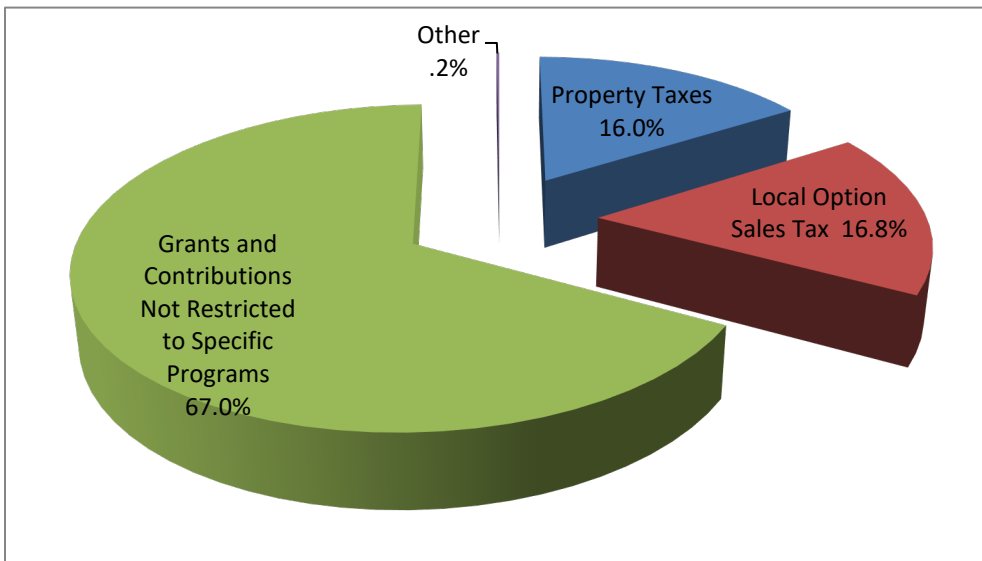
General revenues are all revenues that do not qualify as program revenues and are by far the largest revenue source. The largest single revenue sources within this major category are property taxes for the county and grants and contributions not restricted to specific programs for the discretely presented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

The following illustrations present the general revenues received by Hamblen County and by the discretely presented Hamblen County School Department by source and by percentage. Note all amounts are rounded to one decimal place in the following charts.

**Primary Government
General 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 \$89,788 and \$132,496 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 \$2,948,482 and \$4,943,771, 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 \$5,668,133 and \$826,122, 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 \$946,221 and \$7,982,854, 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 \$4,503,110 and \$3,835,976, 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 \$14,155,734, an increase of \$1,672,262. The increase in the county’s fund balances is attributed to revenues exceeding expenditures. The discretely presented Hamblen County School Department’s governmental funds reported fund balances totaling \$17,721,219, an increase of \$779,716. The increase in the discretely presented Hamblen County School Department’s governmental fund balances is attributed to revenue collections exceeding expenditures.

The General Fund is the chief operating fund of Hamblen County. At the end of the current fiscal year, unassigned fund balance was \$4,602,709, while total fund balance reached \$5,912,661. Total fund balance for the General Fund increased \$850,054. 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 21.8 percent of total General Fund expenditures (including other uses), while total fund balance represents 27.96 percent of that same amount.

The Solid Waste/Sanitation Fund’s fund balances totaled \$2,258,825 at June 30, 2019, a decrease of \$86,818 from the previous year.

The General Debt Service Fund had a total fund balance of \$3,951,454 at June 30, 2019, an increase of \$774,244.

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 \$3,835,976, while total fund balance increased to \$12,437,498. Total fund balance for the General Purpose School Fund increased \$960,262. 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 4.49 percent of total General Purpose School Fund expenditures, while total fund balance represents 14.57 percent of total General Purpose School Fund expenditures.

BUDGETARY HIGHLIGHTS

General Fund Budgetary Highlights

During the fiscal year, appropriations from the original budget were increased by a total of 4.89 percent. These differences are summarized in the following table:

	<u>Original</u>	<u>Amended</u>	<u>Increase (Decrease)</u>	
Appropriations:				
General Government	\$ 2,320,061	\$ 2,333,174	\$ 13,113	
Finance	2,445,883	2,470,926	25,043	
Administration of Justice	3,026,328	3,110,351	84,023	
Public Safety	8,044,437	8,683,672	639,235	
Public Health and Welfare	1,178,700	1,204,000	25,300	
Social, Cultural, and Recreational Services	891,447	946,800	55,353	
Agriculture and Natural Resources	242,898	242,898	0	
Other Operations	1,586,102	1,632,898	46,796	
Operation of Non-Instructional Services	6,000	6,000	0	
Capital Projects	280,188	369,681	89,493	
Total Appropriations	<u>\$ 20,022,044</u>	<u>\$ 21,000,400</u>	<u>\$ 978,356</u>	<u>4.89%</u>

The increase in Administration of Justice is attributed to an increase in part-time expenditures and overtime expenditures in the Courtroom Security Budget.

The increase in Public Safety is due to an increase in the inmate medical/dental costs and an increase in drugs and medical supplies for inmates in the Jail budget, and in adding funds for the Sheriff's budget for increased overtime.

The increase in Social, Cultural, and Recreational Services is due to an increase in electricity and water and sewer costs related to new services and higher utilization of park services as well as an increase in overtime in the Cherokee Park budget.

The increase in Other Operations is attributed an amendment to increase TIF revenue and expenditures to reflect actual collections and an increase in Trustee Commissions associated with the property tax increase.

The increase in Capital Projects is due to amendments approved to cover the cost of demolition and site preparation of homes purchased for the anticipated Jail expansion.

At the close of the fiscal year, actual expenditures were \$917,021 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 final budget's amended appropriations increased by \$1,230,300 compared to the original budget of \$88,934,075. At the close of the fiscal year, actual expenditures were \$4,004,055 less than final budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Hamblen County's investment in capital assets, net of accumulated depreciation, as of June 30, 2019, totaled \$18,857,019. This investment in capital assets includes land, buildings and improvements, other capital assets (includes vehicles and equipment), and infrastructure (includes roads, highways, and bridges).

<u>Asset</u>	<u>Historical Value</u>	<u>Accumulated Depreciation</u>	<u>Net Value 6-30-19</u>
Land	\$ 763,153	\$ 0	\$ 763,153
Construction in Progress	649,922	0	649,922
Buildings and Improvements	11,776,143	(5,821,780)	5,954,363
Infrastructure	17,063,224	(7,155,841)	9,907,383
Other Capital Assets	<u>8,457,390</u>	<u>(6,875,192)</u>	<u>1,582,198</u>
Total	<u>\$ 38,709,832</u>	<u>\$ (19,852,813)</u>	<u>\$ 18,857,019</u>

The discretely presented Hamblen County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2019, totaled \$54,193,955. This investment in capital assets includes land, buildings and improvements, and other capital assets (includes vehicles and equipment).

<u>Asset</u>	<u>Historical Value</u>	<u>Accumulated Depreciation</u>	<u>Net Value 6-30-19</u>
Land	\$ 4,352,963	\$ 0	\$ 4,352,963
Construction in Progress	770,545	0	770,545
Buildings and Improvements	143,385,403	(103,848,039)	39,537,364
Other Capital Assets	<u>23,482,003</u>	<u>(13,948,920)</u>	<u>9,533,083</u>
Total	<u>\$ 171,990,914</u>	<u>\$ (117,796,959)</u>	<u>\$ 54,193,955</u>

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 \$17,372,623. Hamblen County made debt payments totaling \$4,973,854 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 "AA-" from Standard and Poor's for general obligation debt. The county did not have any capital outlay notes outstanding at June 30, 2019. 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.

<u>Type of Debt Liability</u>	
Bonds	\$ 2,210,000
Other Loans Payable	<u>15,162,623</u>
Balance, June 30	<u>\$ 17,372,623</u>
Balance Due Within One Year	<u>\$ 2,788,854</u>

There is \$3,951,454 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$35, based on the 2010 federal census. Total debt per capital, including bonds, and unamortized premium on debt, total \$278, based on the 2010 federal census.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On July 18, 2019, Hamblen County adopted a budget for the fiscal year ending June 30, 2020.

The property tax rate for tax year 2019 was adopted on July 1, 2019. The distribution of the 2019 property tax rate is shown below:

<u>Fund</u>	<u>Inside</u>	<u>Outside</u>
General	\$ 0.68	\$ 0.68
Solid Waste/Sanitation	0.00	0.23
General Purpose School	0.88	0.88
General Debt Service	<u>0.34</u>	<u>0.34</u>
Total	<u>\$ 1.90</u>	<u>\$ 2.13</u>

The unemployment rate for the county as of June 30, 2019, was 4.6 percent. The state's average unemployment rate as of June 30, 2019, was 3.4 percent and the national average was 3.7 percent. (Source: Tennessee Department of Labor & Workforce Development).

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, 2019

	Primary Government Governmental Activities	Component Unit Hamblen County School Department
<u>ASSETS</u>		
Cash	\$ 6,818	\$ 0
Equity in Pooled Cash and Investments	15,935,323	15,827,431
Inventories	0	132,496
Accounts Receivable	239,745	25,738
Due from Other Governments	1,298,948	3,691,264
Property Taxes Receivable	17,310,919	13,853,053
Allowance for Uncollectible Property Taxes	(580,750)	(478,939)
Prepaid Items	179,764	0
Unamortized Discount on Debt	38,564	0
Net Pension Asset - Agent Plan	774,635	841,208
Net Pension Asset - Teacher Legacy Retirement Plan	0	3,422,212
Net Pension Asset - Teacher Retirement Plan	0	361,007
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	190,821
Capital Assets:		
Assets Not Depreciated:		
Land	763,153	4,352,963
Construction in Progress	649,922	770,545
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	5,954,363	39,537,364
Other Capital Assets	1,582,198	9,533,083
Infrastructure	9,907,383	0
Total Assets	<u>\$ 54,060,985</u>	<u>\$ 92,060,246</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 220,451	\$ 0
Deferred Charge on Refunding	153,844	0
Pension Changes in Experience	160,910	886,931
Pension Changes in Assumptions	451,316	2,528,308
Pension Changes in Proportion	0	356,602
Pension Contributions After Measurement Date	938,229	4,731,183
OPEB Changes in Assumptions	2,125	472,744
OPEB Contributions After Measurement Date	5,388	1,240,472
Total Deferred Outflows of Resources	<u>\$ 1,932,263</u>	<u>\$ 10,216,240</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Hamblen County School Department
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,012,940	\$ 378,392
Accrued Payroll	412,294	0
Accrued Interest Payable	58,739	0
Payroll Deductions Payable	71,511	0
Contracts Payable	0	476,786
Retainage Payable	0	38,640
Other Current Liabilities	0	59,966
Derivative - Interest Rate Swap	1,122,380	0
Noncurrent Liabilities:		
Due Within One Year - Debt	2,788,854	0
Due Within One Year - Other	0	362,264
Due in More Than One Year - Debt	14,616,613	0
Due in More Than One Year - Other	794,008	25,120,714
Total Liabilities	<u>\$ 20,877,339</u>	<u>\$ 26,436,762</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 16,269,315	\$ 12,981,168
Pension Changes in Experience	366,586	5,029,304
Pension Changes in Investment Earnings	137,306	914,315
Pension Changes in Proportion	0	30,549
OPEB Changes in Experience	167,829	2,768,164
OPEB Changes in Assumptions	77,927	1,062,846
OPEB Changes in Proportion	0	3,154,472
Total Deferred Inflows of Resources	<u>\$ 17,018,963</u>	<u>\$ 25,940,818</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 15,189,941	\$ 54,193,955
Restricted for:		
General Government	84,856	0
Finance	28,059	0
Administration of Justice	159,099	0
Public Safety	206,783	0
Public Health and Welfare	102,182	0
Highway/Public Works	1,980,219	0
Debt Service	759,944	0
Capital Projects	0	44,035
Education	0	4,841,411
Pensions	774,635	4,815,248
Unrestricted	<u>(1,188,772)</u>	<u>(13,995,743)</u>
Total Net Position	<u>\$ 18,096,946</u>	<u>\$ 49,898,906</u>

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, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Hamblen County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 3,219,055	\$ 815,268	\$ 15,164	\$ 0	\$ (2,388,623)	\$ 0
Finance	2,853,472	1,913,957	0	0	(939,515)	0
Administration of Justice	3,238,848	1,596,165	78,090	0	(1,564,593)	0
Public Safety	8,682,367	1,113,715	111,519	59,469	(7,397,664)	0
Public Health and Welfare	3,612,402	166,004	794,266	10,401	(2,641,731)	0
Social, Cultural, and Recreational Services	1,097,122	193,260	0	93,250	(810,612)	0
Agriculture and Natural Resources	238,091	0	6,000	0	(232,091)	0
Highways	2,924,460	0	2,298,255	360,518	(265,687)	0
Education	12,740	0	0	0	(12,740)	0
Interest on Long-term Debt	983,333	0	0	0	(983,333)	0
Total Primary Government	<u>\$ 26,861,890</u>	<u>\$ 5,798,369</u>	<u>\$ 3,303,294</u>	<u>\$ 523,638</u>	<u>\$ (17,236,589)</u>	<u>\$ 0</u>
Component Unit:						
Hamblen County School Department	\$ 88,547,102	\$ 2,182,477	\$ 8,192,409	\$ 103,267	\$ 0	\$ (78,068,949)
Total Component Unit	<u>\$ 88,547,102</u>	<u>\$ 2,182,477</u>	<u>\$ 8,192,409</u>	<u>\$ 103,267</u>	<u>\$ 0</u>	<u>\$ (78,068,949)</u>

(Continued)

Exhibit B

Hamblen County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
				Total	Hamblen County School Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 10,257,162	\$ 13,798,776	
Property Taxes Levied for Public Health and Welfare Purposes				1,251,110	0	
Property Taxes Levied for Debt Purposes				5,225,462	0	
Local Option Sales Taxes				947,954	14,503,003	
Hotel/Motel Tax				9,025	0	
Wheel Tax				1,607,790	0	
Litigation Tax - General				146,832	0	
Litigation Tax - Special Purpose				69,596	0	
Litigation Tax - Jail/Workhouse/Courthouse				137,320	0	
Litigation Tax - Courtroom Security				144,896	0	
Business Tax				1,031,717	0	
Mixed Drink Tax				11	62,720	
Mineral Severance Tax				53,756	0	
Wholesale Beer Tax				125,047	0	
Grants and Contributions Not Restricted to Specific Programs				2,173,625	57,727,936	
Unrestricted Investment Income				317,820	16,336	
Gain on Investments				0	9,633	
Miscellaneous				497,343	25,390	
Gain on Disposal of Capital Assets				0	14,082	
Total General Revenues				\$ 23,996,466	\$ 86,157,876	
Change in Fair Value of Derivatives - Interest Rate Swap				\$ 203,274	\$ 0	
Change in Net Position				\$ 6,963,151	\$ 8,088,927	
Net Position, July 1, 2018				11,133,795	41,809,979	
Net Position, June 30, 2019				\$ 18,096,946	\$ 49,898,906	

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, 2019

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 100	\$ 41	\$ 0	\$ 6,538	\$ 6,679
Equity in Pooled Cash and Investments	6,176,494	2,324,460	3,864,367	2,327,499	14,692,820
Accounts Receivable	173,371	9,714	0	39,413	222,498
Due from Other Governments	667,893	77,633	0	550,189	1,295,715
Due from Other Funds	45,951	0	0	0	45,951
Property Taxes Receivable	10,667,505	1,299,190	5,344,224	0	17,310,919
Allowance for Uncollectible Property Taxes	(355,927)	(42,865)	(181,958)	0	(580,750)
Prepaid Items	16,127	0	73,661	0	89,788
Total Assets	<u>\$ 17,391,514</u>	<u>\$ 3,668,173</u>	<u>\$ 9,100,294</u>	<u>\$ 2,923,639</u>	<u>\$ 33,083,620</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 287,959	\$ 102,529	\$ 2,500	\$ 497,551	\$ 890,539
Accrued Payroll	352,812	25,877	0	33,605	412,294
Payroll Deductions Payable	61,804	4,150	0	5,557	71,511
Due to Other Funds	192,880	20,688	0	65,727	279,295
Total Liabilities	<u>\$ 895,455</u>	<u>\$ 153,244</u>	<u>\$ 2,500</u>	<u>\$ 602,440</u>	<u>\$ 1,653,639</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 10,030,902	\$ 1,222,962	\$ 5,015,451	\$ 0	\$ 16,269,315
Deferred Delinquent Property Taxes	250,194	29,029	130,889	0	410,112
Other Deferred/Unavailable Revenue	302,302	4,113	0	288,405	594,820
Total Deferred Inflows of Resources	<u>\$ 10,583,398</u>	<u>\$ 1,256,104</u>	<u>\$ 5,146,340</u>	<u>\$ 288,405</u>	<u>\$ 17,274,247</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Solid Waste / Sanitation	General Debt Service	Funds Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 16,127	\$ 0	\$ 73,661	\$ 0	\$ 89,788
Restricted:					
Restricted for General Government	84,856	0	0	0	84,856
Restricted for Finance	28,059	0	0	0	28,059
Restricted for Administration of Justice	159,099	0	0	0	159,099
Restricted for Public Safety	12,774	0	0	194,009	206,783
Restricted for Public Health and Welfare	62,816	0	0	0	62,816
Restricted for Highways/Public Works	0	0	0	1,777,814	1,777,814
Restricted for Debt Service	0	0	629,055	0	629,055
Committed:					
Committed for Public Health and Welfare	0	2,258,825	0	0	2,258,825
Committed for Debt Service	0	0	3,248,738	0	3,248,738
Committed for Capital Projects	0	0	0	160,570	160,570
Assigned:					
Assigned for General Government	60,230	0	0	0	60,230
Assigned for Finance	17,131	0	0	0	17,131
Assigned for Administration of Justice	256	0	0	0	256
Assigned for Public Safety	47,134	0	0	0	47,134
Assigned for Public Health and Welfare	76,029	0	0	0	76,029
Assigned for Other Operations	624,190	0	0	0	624,190
Assigned for Other Purposes	121,251	0	0	0	121,251
Unassigned	4,602,709	0	0	(99,599)	4,503,110
Total Fund Balances	\$ 5,912,661	\$ 2,258,825	\$ 3,951,454	\$ 2,032,794	\$ 14,155,734
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,391,514	\$ 3,668,173	\$ 9,100,294	\$ 2,923,639	\$ 33,083,620

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, 2019

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)		\$ 14,155,734
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 763,153	
Add: construction in progress	649,922	
Add: infrastructure net of accumulated depreciation	9,907,383	
Add: buildings and improvements net of accumulated depreciation	5,954,363	
Add: other capital assets net of accumulated depreciation	<u>1,582,198</u>	18,857,019
(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.		1,464,041
(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	\$ (15,162,623)	
Less: bonds payable	(2,210,000)	
Less: OPEB liability	(794,008)	
Add: deferred amount on refunding	153,844	
Add: unamortized discount on debt	38,564	
Less: fair value of derivative - interest rate swap	(1,122,380)	
Add: deferred outflows on interest rate swap	220,451	
Less: accrued interest on bonds and other loans payable	(58,739)	
Less: unamortized premium on debt	<u>(32,844)</u>	(18,967,735)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,550,455	
Less: deferred inflows of resources related to pensions	(503,892)	
Add: deferred outflows of resources related to OPEB	7,513	
Less: deferred inflows of resources related to OPEB	<u>(245,756)</u>	808,320
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		774,635
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,004,932</u>
Net position of governmental activities (Exhibit A)		<u>\$ 18,096,946</u>

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, 2019

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 13,465,249	\$ 2,171,360	\$ 5,523,119	\$ 139,756	\$ 21,299,484
Licenses and Permits	502,494	1,852	0	0	504,346
Fines, Forfeitures, and Penalties	183,363	0	48,227	108,491	340,081
Charges for Current Services	352,246	0	0	25,299	377,545
Other Local Revenues	144,689	5,275	814,319	26,059	990,342
Fees Received From County Officials	3,494,667	0	0	0	3,494,667
State of Tennessee	2,657,252	17,959	0	3,071,938	5,747,149
Federal Government	92,754	0	0	32,393	125,147
Other Governments and Citizens Groups	102,167	0	400,094	10,811	513,072
Total Revenues	<u>\$ 20,994,881</u>	<u>\$ 2,196,446</u>	<u>\$ 6,785,759</u>	<u>\$ 3,414,747</u>	<u>\$ 33,391,833</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 2,205,311	\$ 0	\$ 0	\$ 95	\$ 2,205,406
Finance	2,285,537	0	0	0	2,285,537
Administration of Justice	2,981,272	0	0	25,154	3,006,426
Public Safety	8,500,193	0	0	147,578	8,647,771
Public Health and Welfare	1,021,510	2,361,581	0	0	3,383,091
Social, Cultural, and Recreational Services	935,369	0	0	0	935,369
Agriculture and Natural Resources	239,040	0	0	0	239,040
Other Operations	1,583,976	0	0	0	1,583,976
Highways	0	0	0	2,450,968	2,450,968
Operation of Non-Instructional Services	6,000	0	0	0	6,000
Debt Service:					
Principal on Debt	0	0	4,973,854	0	4,973,854
Interest on Debt	0	0	918,466	0	918,466

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Other Debt Service	\$ 0	\$ 0	\$ 119,195	\$ 0	\$ 119,195
Capital Projects	311,267	0	0	673,805	985,072
Total Expenditures	<u>\$ 20,069,475</u>	<u>\$ 2,361,581</u>	<u>\$ 6,011,515</u>	<u>\$ 3,297,600</u>	<u>\$ 31,740,171</u>
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	\$ 925,406	\$ (165,135)	\$ 774,244	\$ 117,147	\$ 1,651,662
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 17,648	\$ 0	\$ 0	\$ 2,952	\$ 20,600
Transfers In	0	78,317	0	93,000	171,317
Transfers Out	(93,000)	0	0	(78,317)	(171,317)
Total Other Financing Sources (Uses)	<u>\$ (75,352)</u>	<u>\$ 78,317</u>	<u>\$ 0</u>	<u>\$ 17,635</u>	<u>\$ 20,600</u>
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2018	\$ 5,062,607	\$ 2,345,643	\$ 3,177,210	\$ 1,898,012	\$ 12,483,472
Fund Balance, June 30, 2019	<u>\$ 5,912,661</u>	<u>\$ 2,258,825</u>	<u>\$ 3,951,454</u>	<u>\$ 2,032,794</u>	<u>\$ 14,155,734</u>

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, 2019

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)		\$ 1,672,262
(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	\$ 824,814	
Less: current-year depreciation expense	<u>(1,219,437)</u>	(394,623)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized		9,000
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 1,004,932	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(990,880)</u>	14,052
(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 unamortized premium on debt issuances	\$ 92,990	
Less: change in unamortized debt discounts	(16,236)	
Add: principal payments on other loans	703,854	
Add: principal payments on bonds	4,270,000	
Less: change in fair value of derivatives - interest rate swap	(34,129)	
Add: change in deferred outflows on derivative - interest rate swap	220,451	
Add: change in deferred inflows on derivative - interest rate swap	16,952	
Less: change in deferred amount on refunding debt	<u>(29,119)</u>	5,224,763
(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	\$ 6,693	
Change in OPEB liability	130,320	
Change in net pension asset/liability	1,032,332	
Change in deferred outflows related to pensions	(158,032)	
Change in deferred inflows related to pensions	(173,980)	
Change in deferred outflows related to OPEB	3,075	
Change in deferred inflows related to OPEB	<u>(162,397)</u>	678,011

(Continued)

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 (cont.)

- (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.

(240,314)

Change in net position of governmental activities (Exhibit B)

\$ 6,963,151

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 13,465,249	\$ 0	\$ 0	\$ 13,465,249	\$ 12,749,733	\$ 12,793,229	\$ 672,020
Licenses and Permits	502,494	0	0	502,494	501,000	501,000	1,494
Fines, Forfeitures, and Penalties	183,363	0	0	183,363	255,050	255,050	(71,687)
Charges for Current Services	352,246	0	0	352,246	280,000	282,143	70,103
Other Local Revenues	144,689	0	0	144,689	100,000	122,911	21,778
Fees Received From County Officials	3,494,667	0	0	3,494,667	3,345,000	3,345,000	149,667
State of Tennessee	2,657,252	0	0	2,657,252	2,657,564	2,695,774	(38,522)
Federal Government	92,754	0	0	92,754	86,200	92,572	182
Other Governments and Citizens Groups	102,167	0	0	102,167	110,000	110,300	(8,133)
Total Revenues	\$ 20,994,881	\$ 0	\$ 0	\$ 20,994,881	\$ 20,084,547	\$ 20,197,979	\$ 796,902
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 181,958	\$ 0	\$ 0	\$ 181,958	\$ 194,456	\$ 195,456	\$ 13,498
Board of Equalization	1,665	0	0	1,665	4,800	4,800	3,135
County Mayor/Executive	208,709	0	0	208,709	215,071	215,071	6,362
County Attorney	16,605	0	0	16,605	31,293	31,293	14,688
Election Commission	307,281	0	0	307,281	331,686	331,686	24,405
Register of Deeds	306,059	0	0	306,059	308,638	308,638	2,579
Planning	201,753	0	0	201,753	221,696	221,697	19,944
Codes Compliance	14,444	0	0	14,444	28,500	28,500	14,056
Geographical Information Systems	83,232	0	0	83,232	88,632	90,132	6,900
Other Facilities	863,696	(1,500)	0	862,196	874,969	885,581	23,385
Preservation of Records	19,909	0	0	19,909	20,320	20,320	411
<u>Finance</u>							
Accounting and Budgeting	367,571	0	0	367,571	414,337	415,780	48,209
Purchasing	40,848	0	0	40,848	41,194	41,194	346
Property Assessor's Office	339,579	0	0	339,579	346,388	346,556	6,977
Reappraisal Program	129,415	0	0	129,415	137,838	137,670	8,255
County Trustee's Office	361,494	0	0	361,494	378,670	382,270	20,776

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Clerk's Office	\$ 631,059	\$ 0	\$ 0	\$ 631,059	\$ 687,632	\$ 707,632	\$ 76,573
Data Processing	101,243	0	0	101,243	120,531	120,531	19,288
Other Finance	314,328	0	0	314,328	319,293	319,293	4,965
<u>Administration of Justice</u>							
Circuit Court	858,296	0	0	858,296	895,627	899,104	40,808
General Sessions Court	434,136	0	0	434,136	437,567	440,567	6,431
Drug Court	127,178	0	0	127,178	131,344	131,344	4,166
Chancery Court	378,688	0	6,854	385,542	388,414	396,414	10,872
Juvenile Court	293,789	0	0	293,789	320,229	320,229	26,440
Courtroom Security	889,185	0	256	889,441	853,147	922,693	33,252
<u>Public Safety</u>							
Sheriff's Department	3,075,848	(798)	264	3,075,314	3,017,908	3,133,702	58,388
Administration of the Sexual Offender Registry	4,149	0	0	4,149	3,768	4,768	619
Jail	4,434,680	(250)	0	4,434,430	3,992,040	4,513,412	78,982
Workhouse	64,358	0	0	64,358	87,249	87,249	22,891
Work Release Program	272,009	0	0	272,009	286,308	286,902	14,893
Fire Prevention and Control	220,000	0	0	220,000	220,000	220,000	0
Civil Defense	89,419	0	0	89,419	96,153	96,628	7,209
Other Emergency Management	186,634	0	0	186,634	186,634	186,634	0
Inspection and Regulation	4,222	0	0	4,222	6,377	6,377	2,155
County Coroner/Medical Examiner	135,060	0	0	135,060	131,000	131,000	(4,060)
Other Public Safety	13,814	0	0	13,814	17,000	17,000	3,186
<u>Public Health and Welfare</u>							
Local Health Center	724,077	(18,000)	0	706,077	863,467	888,767	182,690
Rabies and Animal Control	150,000	0	0	150,000	150,000	150,000	0
Nursing Home	5,000	0	0	5,000	5,000	5,000	0
Alcohol and Drug Programs	245	0	0	245	5,000	5,000	4,755
Crippled Children Services	6,000	0	0	6,000	6,000	6,000	0
Appropriation to State	109,233	0	0	109,233	109,233	109,233	0

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Other Local Welfare Services	\$ 26,955	\$ 0	\$ 0	\$ 26,955	\$ 40,000	\$ 40,000	\$ 13,045
<u>Social, Cultural, and Recreational Services</u>							
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	278,150	0	0	278,150	278,150	278,150	0
Parks and Fair Boards	289,685	0	0	289,685	270,497	300,640	10,955
Other Social, Cultural, and Recreational	349,434	0	0	349,434	324,700	349,910	476
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	157,132	0	0	157,132	160,593	160,593	3,461
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	49,973	0	0	49,973	50,345	50,345	372
Storm Water Management	30,935	0	0	30,935	30,960	30,960	25
<u>Other Operations</u>							
Tourism	53,175	0	0	53,175	54,700	54,700	1,525
Industrial Development	614,496	0	0	614,496	591,000	614,496	0
Veterans' Services	22,965	0	0	22,965	20,316	23,616	651
Employee Benefits	617,873	0	0	617,873	654,682	654,682	36,809
Miscellaneous	275,467	0	1,360	276,827	265,404	285,404	8,577
<u>Operation of Non-Instructional Services</u>							
Community Services	6,000	0	0	6,000	6,000	6,000	0
<u>Capital Projects</u>							
General Administration Projects	32,783	0	0	32,783	73,188	32,783	0
Administration of Justice Projects	518	0	0	518	0	518	0
Public Safety Projects	268,314	0	25,718	294,032	207,000	313,330	19,298
Other General Government Projects	9,652	0	0	9,652	0	23,050	13,398
Total Expenditures	\$ 20,069,475	\$ (20,548)	\$ 34,452	\$ 20,083,379	\$ 20,022,044	\$ 21,000,400	\$ 917,021
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 925,406	\$ 20,548	\$ (34,452)	\$ 911,502	\$ 62,503	\$ (802,421)	\$ 1,713,923

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 17,648	\$ 0	\$ 0	\$ 17,648	\$ 0	\$ 17,648	\$ 0
Transfers Out	(93,000)	0	0	(93,000)	0	(93,000)	0
Total Other Financing Sources	\$ (75,352)	\$ 0	\$ 0	\$ (75,352)	\$ 0	\$ (75,352)	\$ 0
Net Change in Fund Balance	\$ 850,054	\$ 20,548	\$ (34,452)	\$ 836,150	\$ 62,503	\$ (877,773)	\$ 1,713,923
Fund Balance, July 1, 2018	5,062,607	(20,548)	0	5,042,059	5,756,429	5,756,429	(714,370)
Fund Balance, June 30, 2019	\$ 5,912,661	\$ 0	\$ (34,452)	\$ 5,878,209	\$ 5,818,932	\$ 4,878,656	\$ 999,553

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,171,360	\$ 0	\$ 0	\$ 2,171,360	\$ 2,045,295	\$ 2,045,295	\$ 126,065
Licenses and Permits	1,852	0	0	1,852	1,500	1,500	352
Other Local Revenues	5,275	0	0	5,275	0	0	5,275
State of Tennessee	17,959	0	0	17,959	19,000	19,000	(1,041)
Total Revenues	<u>\$ 2,196,446</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,196,446</u>	<u>\$ 2,065,795</u>	<u>\$ 2,065,795</u>	<u>\$ 130,651</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 2,361,581	\$ (2,050)	\$ 147,785	\$ 2,507,316	\$ 2,429,217	\$ 2,639,182	\$ 131,866
Total Expenditures	<u>\$ 2,361,581</u>	<u>\$ (2,050)</u>	<u>\$ 147,785</u>	<u>\$ 2,507,316</u>	<u>\$ 2,429,217</u>	<u>\$ 2,639,182</u>	<u>\$ 131,866</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (165,135)</u>	<u>\$ 2,050</u>	<u>\$ (147,785)</u>	<u>\$ (310,870)</u>	<u>\$ (363,422)</u>	<u>\$ (573,387)</u>	<u>\$ 262,517</u>
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 78,317	\$ 0	\$ 0	\$ 78,317	\$ 0	\$ 0	\$ 78,317
Total Other Financing Sources	<u>\$ 78,317</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 78,317</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 78,317</u>
Net Change in Fund Balance	\$ (86,818)	\$ 2,050	\$ (147,785)	\$ (232,553)	\$ (363,422)	\$ (573,387)	\$ 340,834
Fund Balance, July 1, 2018	2,345,643	(2,050)	0	2,343,593	2,289,646	2,289,646	53,947
Fund Balance, June 30, 2019	<u>\$ 2,258,825</u>	<u>\$ 0</u>	<u>\$ (147,785)</u>	<u>\$ 2,111,040</u>	<u>\$ 1,926,224</u>	<u>\$ 1,716,259</u>	<u>\$ 394,781</u>

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, 2019

Governmental
 Activities -
 Internal Service
 Fund

 Employee
 Insurance -
 General

ASSETS

Current Assets:

Cash	\$	139
Equity in Pooled Cash and Investments		1,242,503
Accounts Receivable		17,247
Due from Other Governments		3,233
Due from Other Funds		233,344
Prepaid Items		89,976
Total Assets	\$	<u>1,586,442</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$	122,401
Total Liabilities	\$	<u>122,401</u>

NET POSITION

Unrestricted	\$	<u>1,464,041</u>
Total Net Position	\$	<u><u>1,464,041</u></u>

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, 2019

	Governmental Activities - Internal Service Fund
	Employee Insurance - General
<u>Operating Revenues</u>	
Self-insurance Premiums/Contributions	\$ 2,821,766
Other Employee Benefit Charges/Contributions	137,631
Other General Service Charges	31,328
Other Charges for Services	20,407
Total Operating Revenues	<u>\$ 3,011,132</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 127,269
Dental and Vision Insurance	138,408
Consultants	35,300
Contracts with Private Agencies	382,953
Excess Risk Insurance	307,251
Medical Claims	1,274,953
Other Self-insured Claims	984,251
Surcharge	1,061
Total Operating Expenses	<u>\$ 3,251,446</u>
Operating Income	<u>\$ (240,314)</u>
Change in Net Position	\$ (240,314)
Net Position, July 1, 2018	<u>1,704,355</u>
Net Position, June 30, 2019	<u><u>\$ 1,464,041</u></u>

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, 2019

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - General <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self Insurance Premiums	\$ 2,823,501
Receipts for Other Insurance Premiums	137,631
Receipts for Patient Charges	42,424
Receipts for Stop-loss Recovery	149,756
Receipts for Prescription Rebates	158,139
Receipts for Other Charges from Services	20,407
Payments to Insurers and Consultants	(504,812)
Payments for Claims	(2,543,750)
Payments to Vendors	(368,117)
Payments for Administrative Costs	(127,269)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (212,090)</u>
Increase (Decrease) in Cash	\$ (212,090)
Cash, July 1, 2018	<u>1,454,732</u>
Cash, June 30, 2019	<u><u>\$ 1,242,642</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (240,314)
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	12,831
(Increase) Decrease in Prepaid Items	(22,792)
Increase (Decrease) in Accounts Payable	38,185
Net Cash Provided By (Used In) Operating Activities	<u>\$ (212,090)</u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 139
Equity in Pooled Cash and Investments Per Statement of Net Position	<u>1,242,503</u>
Cash, June 30, 2019	<u><u>\$ 1,242,642</u></u>

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, 2019

	Other Employee Benefit Trust Fund	Agency Funds
	<u>Employee Benefit Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 3,086,353
Equity in Pooled Cash and Investments	5,642	6,654
Accounts Receivable	0	1,853
Due from Other Governments	0	2,323,704
	<u>0</u>	<u>2,323,704</u>
Total Assets	\$ 5,642	\$ 5,418,564
	<u>5,642</u>	<u>5,418,564</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 2,330,358
Due to Litigants, Heirs, and Others	0	3,088,206
	<u>0</u>	<u>3,088,206</u>
Total Liabilities	\$ 0	\$ 5,418,564
	<u>0</u>	<u>5,418,564</u>
<u>NET POSITION</u>		
Net Position Held in Trust for Employees	\$ 5,642	
	<u>5,642</u>	
Net Position	\$ 5,642	
	<u>5,642</u>	

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, 2019

	Other Employee Benefit Trust Fund
	<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 21,950
Total Additions	<u>\$ 21,950</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 21,950
Total Deductions	<u>\$ 21,950</u>
Change in Net Position	\$ 0
Net Position, July 1, 2018	<u>5,642</u>
Net Position, June 30, 2019	<u><u>\$ 5,642</u></u>

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, 2019

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 its 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, 2019.

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 amortized cost using a stable net asset value. 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. Other than the pension stabilization trust discussed in Note IV.A., no investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections 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 1.79 percent of total taxes levied.

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

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

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

Most payables are disaggregated on the face of the financial statements. Retainage payable represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the applicable governmental funds.

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. Restricted Assets

Restricted assets consists of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Hamblen County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Hamblen County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Hamblen County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

5. 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 acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	3 - 15
Infrastructure	100

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. 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, deferred charge on refunding, pension changes in experience, pension changes in assumptions, pension other deferrals, pension contributions after the measurement date, OPEB changes in assumptions, and OPEB contributions after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and/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, OPEB changes in experience, OPEB changes in assumptions, OPEB other deferrals, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

7. **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 \$236,879 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.

8. **Long-term Debt and 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 are 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, and special termination benefits are recognized to the extent that the liabilities have matured (come due for payment) each period.

9. 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, 2019, Hamblen County had \$13,722,623 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 consists of amounts appropriated for use in the 2019-20 budget (\$524,190), amounts for encumbrances (\$26,238), amounts for various insurance premium increases (\$121,251), and various other assignments (\$274,542). Assigned fund balance in the school department's General Purpose School Fund includes amounts assigned for capital projects (\$6,432,830), textbooks (\$566,035), amounts for encumbrances (\$634,570) and other uses (\$349,419).

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.

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Hamblen County. For this purpose, Hamblen County recognizes benefit payments when due and payable in accordance with benefit terms. Hamblen County's OPEB plan is not administered through a trust.

Discretely Presented Hamblen County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Hamblen County School Department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The school department's OPEB plan is not administered through a trust.

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, 2019, Hamblen County and the discretely presented Hamblen County School Department reported encumbrances in the following budgeted funds:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
General	\$ 34,452
Solid Waste/Sanitation	147,785
Nonmajor governmental	287,418
Discretely Presented School Department:	
General Purpose School	2,161,218
Central Cafeteria	20,908
Nonmajor governmental	3,813

B. Fund Deficit

The General Capital Projects fund had a deficit unassigned fund balance of \$99,599 at June 30, 2019. This deficit unassigned fund balance resulted from expenditures exceeding restricted, committed, and assigned fund balance. This deficit unassigned fund balance was liquidated when revenues were recognized after June 30, 2019.

C. Trustee Investigation

The former Hamblen County Trustee, John Baskette, was indicted by the Hamblen County Grand Jury on August 15, 2019, on 40 counts of Failure to Deposit Public Funds, two counts of Official Misconduct, one count of theft over \$60,000, and one count of a Worthless Check over \$1,000. The indictments were the results of an investigation performed by the Office of the Comptroller of the Treasury, Division of Investigations and the Tennessee Bureau of Investigations. An investigative report was issued by the Comptroller of the Treasury, Division of Investigations on August 16, 2019. The report reflected two findings. The investigative report can be found at www.comptroller.tn.gov/ia. Mr. Baskette resigned as Hamblen County Trustee effective September 13, 2019. On October 21, 2019, he plead guilty to three misdemeanors; attempted official misconduct, destruction and tampering with government records, and attempt to commit theft over \$1,000. He was sentenced to three years of supervised probation.

D. Settlement with Deutsche Bank Regarding Derivative Contracts

During April 2019, Hamblen County received \$400,094 in a settlement with Deutsche Bank regarding the bank's role in derivative contracts (interest rate swap agreements) affecting Hamblen County for the period January 1, 2005, through December 31, 2010. The settlement is the result of an investigation by attorneys general of 44 states and the District of Columbia into the manipulation of benchmark interest rates, including the London Interbank Offered Rate (LIBOR), and instruments referencing those rates as potential violations of various state and federal antitrust laws, unfair and deceptive acts and practices laws, false claims statutes, securities laws, fraud statutes, and common law. Further details of that settlement and investigation are available at <http://www.deutschebanksagliborsettlement.com/>.

E. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the County Coroner/Medical Examiner major appropriations category (the legal level of control) of the General Fund by \$4,060. Expenditures that exceed appropriations are a violation of state law. These expenditures in excess of appropriations were funded by available fund balance in the General Fund.

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.

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, 2019, Hamblen County had the following investments carried at amortized cost using a Stable Net Asset Value. 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.

Investments	Weighted Average Maturity (days)		Amortized Cost
Investments at Amortized Cost:			
State Treasurer's Investment Pool	1 to 86	\$	168,004

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. As of June 30, 2019, Hamblen County's investment in the State Treasurer's Investment Pool was unrated.

TCRS Stabilization Trust

Legal Provisions. The Hamblen County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by 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 trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Hamblen County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Hamblen County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 59,155
Developed Market International Equity	N/A	N/A	26,715
Emerging Market International Equity	N/A	N/A	7,633
U.S. Fixed Income	N/A	N/A	38,164
Real Estate	N/A	N/A	19,082
Short-term Securities	N/A	N/A	1,908
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	38,164
Total			\$ 190,821

Investment by fair value level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 59,155	\$ 59,155	0	0	0
Developed Market International Equity	26,715	26,715	0	0	0
Emerging Market International Equity	7,633	7,633	0	0	0
U.S. Fixed Income	38,164	0	38,164	0	0
Real Estate	19,082	0	0	19,082	0
Short-term Securities	1,908	0	1,908	0	0
Private Equity and Strategic Lending	38,164	0	0	0	38,164
Total	\$ 190,821	\$ 93,503	\$ 40,072	\$ 19,082	\$ 38,164

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Hamblen County School Department does not have the ability to limit trust 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. The Hamblen County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

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 School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Hamblen County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department’s investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

B. Derivative Instruments

Primary Government

At June 30, 2019, Hamblen County had the following derivative instrument outstanding:

<u>Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Original Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
\$10M Swap - B	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$10,000,000	5-7-13	6-1-25	Pay 4.39% receive 63.4% of 5-year LIBOR

The fair value balance and notional amount of derivative instruments outstanding during the year ended June 30, 2019, classified by type, and the change 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 2019 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2019		6-30-19 Notional Amount
	Classification	Amount	Classi- fication	Amount	
Governmental Activities					
Pay-fixed interest rate swap:					
\$10M Hybrid Swap B:					\$10,000,000
Cash Flow Hedge Portion	Deferred				
	Outflow	\$ (237,403)	Debt	\$ (220,451)	
Non-hedge Portion	Investment				
	Earnings	<u>203,274</u>	Debt	<u>(901,929)</u>	
Total \$10M Hybrid Swap B		<u>\$ (34,129)</u>		<u>\$ (1,122,380)</u>	

In prior years, Hamblen County amended its variable rate debt instrument associated with this swap agreement. As a result, the county has recognized a termination of the original hedging relationship and a recognized new hedging relationship between the swap agreement and the amended debt instrument. Investment earnings or losses have been recognized for the portion of the swap's value that is not attributable to the current hedge relationship. Changes in the portion of the swap's fair value that is attributable to the current hedging relationship is deferred since it meets effectiveness criteria of Governmental Accounting Standards Board Statement No. 53.

In April 2019, Hamblen County recovered \$400,094 from Deutsche Bank regarding the bank's role in derivative contracts affecting Hamblen County for the years 2005 through 2010. This recovery is further discussed in Note III.D.

Derivative Swap Agreement Detail

10M Swap (B)

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, 2019, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.390 %
Variable payment from counterparty		<u>(1.119)</u>
Net interest rate swap payments		3.271
Variable-rate bond coupon payments		<u>2.314</u>
Synthetic interest rate on bonds		<u><u>5.585 %</u></u>

Fair value. As of June 30, 2019, the swap had a negative fair value of \$1,122,380. 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, 2019, 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, Raymond James Financial Products, was rated Baa1/BBB+ by Moody's and Standard and Poor's as of June 30, 2019, with its Credit Support Provider, Deutsche Bank, rated A3/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, 2019, 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 Ending June 30	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2020	\$ 1,450,000	231,442	\$ 327,099	\$ 2,008,541
2021	1,530,000	197,883	279,670	2,007,553
2022	1,615,000	162,472	229,623	2,007,095
2023	1,705,000	125,094	176,797	2,006,891
2024	1,800,000	85,634	121,027	2,006,661
2025	1,900,000	43,974	62,149	2,006,123
Total	\$ 10,000,000	\$ 846,499	\$ 1,196,365	\$ 12,042,864

C. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 690,116	\$ 73,037	\$ 0	\$ 763,153
Construction in Progress	260,695	480,222	(90,995)	649,922
Total Capital Assets Not Depreciated	<u>\$ 950,811</u>	<u>\$ 553,259</u>	<u>\$ (90,995)</u>	<u>\$ 1,413,075</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,699,882	\$ 76,261	\$ 0	\$ 11,776,143
Roads and Bridges	17,063,224	0	0	17,063,224
Other Capital Assets	8,162,101	295,289	0	8,457,390
Total Capital Assets Depreciated	<u>\$ 36,925,207</u>	<u>\$ 371,550</u>	<u>\$ 0</u>	<u>\$ 37,296,757</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,481,217	\$ 340,563	\$ 0	\$ 5,821,780
Roads and Bridges	6,985,066	170,775	0	7,155,841
Other Capital Assets	6,167,093	708,099	0	6,875,192
Total Accumulated Depreciation	<u>\$ 18,633,376</u>	<u>\$ 1,219,437</u>	<u>\$ 0</u>	<u>\$ 19,852,813</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,291,831</u>	<u>\$ (847,887)</u>	<u>\$ 0</u>	<u>\$ 17,443,944</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,242,642</u>	<u>\$ (294,628)</u>	<u>\$ (90,995)</u>	<u>\$ 18,857,019</u>

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

Governmental Activities:

General Government	\$ 87,192
Finance	14,188
Administration of Justice	201,068
Public Safety	363,409
Public Health and Welfare	156,479
Social, Cultural, and Recreational Services	43,483
Highways/Public Works	<u>353,618</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,219,437</u>

Discretely Presented Hamblen County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 3,976,502	\$ 376,461	\$ 0	\$ 4,352,963
Construction in Progress	1,419,619	770,545	(1,419,619)	770,545
Total Capital Assets Not Depreciated	\$ 5,396,121	\$ 1,147,006	\$ (1,419,619)	\$ 5,123,508
Capital Assets Depreciated:				
Buildings and Improvements	\$ 142,705,609	\$ 679,794	\$ 0	\$ 143,385,403
Other Capital Assets	20,733,684	3,309,874	(561,555)	23,482,003
Total Capital Assets Depreciated	\$ 163,439,293	\$ 3,989,668	\$ (561,555)	\$ 166,867,406
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 101,815,748	\$ 2,032,291	\$ 0	\$ 103,848,039
Other Capital Assets	12,951,466	1,557,120	(559,666)	13,948,920
Total Accumulated Depreciation	\$ 114,767,214	\$ 3,589,411	\$ (559,666)	\$ 117,796,959
Total Capital Assets Depreciated, Net	\$ 48,672,079	\$ 400,257	\$ (1,889)	\$ 49,070,447
Governmental Activities Capital Assets, Net	\$ 54,068,200	\$ 1,547,263	\$ (1,421,508)	\$ 54,193,955

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

Governmental Activities:

Instruction	\$ 28,347
Support Services	3,344,784
Operation of Non-instructional Services	<u>216,280</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,589,411</u></u>

D. Construction Commitments

At June 30, 2019, the General Capital Projects fund had uncompleted construction contracts of approximately \$11,810 for building improvement projects. Funding for these future expenditures has been received.

At June 30, 2019, the General Purpose School Fund of the discretely presented school department had uncompleted construction contracts of approximately \$611,507 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, 2019, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 45,951
Employee Insurance - General	General	192,880
"	Solid Waste/Sanitation Fund	20,688
"	Nonmajor governmental	19,776
Discretely Presented School Department:		
General Purpose School	Central Cafeteria	364,864
"	Nonmajor governmental	95,015
Nonmajor governmental	General Purpose School	3,721

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		Purpose
	Nonmajor Governmental Funds	Solid Waste/ Sanitation Fund	
General Fund	\$ 93,000	\$ 0	Capital Outlay Expenditures
Nonmajor governmental funds	0	78,317	Close Fund
Total	<u>\$ 93,000</u>	<u>\$ 78,317</u>	

Discretely Presented Hamblen County School Department:

Transfers Out	Transfers In		Purpose
	General Purpose School Fund		
Central Cafeteria Fund	\$ 364,864		Indirect Cost
Nonmajor governmental fund	91,225		Indirect Cost

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

F. Long-term Debt

Primary Government

General Obligation Bonds and Other Loans

General Obligation Bonds – Hamblen County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to nine years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements – Hamblen County issues 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, other loans were issued to refund other debt. Other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Other loans outstanding were issued for original terms of up to 17 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	1.446 %	6-1-23	\$ 5,200,000	\$ 2,210,000
Direct Borrowing and Direct Placement:				
Other Loans - Qualified School				
Construction Bonds	1.515	7-1-26	11,280,000	5,062,623
Other Loans - Refunding	Variable	6-1-25	10,100,000	10,100,000

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 a loan agreement with the Blount County Public Building Authority (PBA). The loan agreement provides for the PBA 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. Hamblen County has drawn the entire amount available under the agreement. In addition to interest, the county pays various other fees (trustee, administrative, reporting, etc.) in connection with the variable rate loan.

The following table summarizes the loan agreement outstanding at June 30, 2019, including the interest rate and other loan fees:

The following table summarizes the loan agreement outstanding at June 30, 2019, including the interest rate and other loan fees:

Description	Amount of Loan Agreement	Outstanding Principal 6-30-19	Interest Type	Rates as of 6-30-19	Fees on Variable Rate Debt
<u>Blount County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series E-4-A)	\$ 10,100,000	\$ 10,100,000	Variable (1)	5.585 %	.25 %

(1) An interest rate swap agreement is associated with this loan. See Note IV.B., Derivative Instruments, for details of this swap agreement. 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, 2019, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 2,210,000	\$ 89,860	\$ 2,299,860

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest (*)	Other Fees	Total
2020	\$ 2,173,854	\$ 734,977	\$ 25,351	\$ 2,934,182
2021	2,253,854	652,878	21,661	2,928,393
2022	2,333,854	566,310	17,771	2,917,935
2023	2,423,854	475,274	13,680	2,912,808
2024	2,518,854	379,212	9,362	2,907,428
2025-2027	3,458,353	462,978	4,807	3,926,138
Total	\$ 15,162,623	\$ 3,271,629	\$ 92,632	\$ 18,526,884

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

There is \$3,951,454 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$35, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and unamortized premium on debt, totaled \$278, based on the 2010 federal census.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2019, was as follows:

Governmental Activities:	Bonds	Other Loans - Direct Placement
	<u> </u>	<u> </u>
Balance, July 1, 2018	\$ 6,480,000	\$ 15,866,477
Additions	0	0
Reductions	<u>(4,270,000)</u>	<u>(703,854)</u>
Balance, June 30, 2019	<u>\$ 2,210,000</u>	<u>\$ 15,162,623</u>
Balance Due Within One Year	<u>\$ 615,000</u>	<u>\$ 2,173,854</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities-Debt, June 30, 2019	\$ 17,372,623
Less: Balance Due Within One Year-Debt	(2,788,854)
Add: Unamortized Premium on Debt	<u>32,844</u>
Noncurrent Liabilities - Due in More Than One Year - Debt- Exhibit A	<u>\$ 14,616,613</u>

G. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

	Other Postemployment Benefits	Net Pension Liability Agent Plan
Balance, July 1, 2018	\$ 924,328	\$ 257,697
Additions	81,610	0
Reductions	(211,930)	(257,697)
Balance, June 30, 2019	<u>\$ 794,008</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities for Presented on Exhibit A:

Total Noncurrent Other Liabilities, June 30, 2019	\$ 794,008
Less: Balance Due Within One Year-Other	0
Noncurrent Liabilities - Due in	
More Than One Year - Other- Exhibit A	<u>\$ 794,008</u>

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, 2019, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences	Retirement Incentive
Balance, July 1, 2018	\$ 31,360,903	\$ 256,301	\$ 165,242
Additions	3,152,320	236,879	56,516
Reductions	(10,327,906)	(256,301)	(81,276)
Balance, June 30, 2019	<u>\$ 24,185,317</u>	<u>\$ 236,879</u>	<u>\$ 140,482</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 236,879</u>	<u>\$ 76,432</u>

	Retirement Honorarium	Net Pension Liability - Agent Plan
Balance, July 1, 2018	\$ 912,441	\$ 279,404
Additions	61,172	0
Reductions	(53,313)	(279,404)
Balance, June 30, 2019	<u>\$ 920,300</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 48,953</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 25,482,978
Less: Balance Due Within One Year - Other	<u>(362,264)</u>
Noncurrent Liabilities - Due in More Than One Year - Other- Exhibit A	<u>\$ 25,120,714</u>

In addition to the obligations 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, 2019, 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.

H. On-Behalf Payments

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 Education Group Insurance Plan and the Medicare Supplement Plan Local for the year ended June 30, 2019, were \$367,028 and \$145,360, 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 \$3,540,586 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 \$1,464,041 at June 30, 2019, 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
2017-2018	\$ 105,449	2,351,465	(2,379,181)	\$ 77,733
2018-2019	\$ 77,733	2,259,204	(2,235,855)	101,082

Current year claims and estimates are presented net of stop-loss recoveries of \$149,756 and contracted prescription drug rebates of \$158,139.

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. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Hamblen County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets

pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

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. 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, 2019.

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

E. 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 and to further the economy and growth of the region served by the authority by developing, marketing, and promoting facilities for warehousing, distribution, light manufacturing, and agribusiness purposes. 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.

F. 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 comprise 47.94 percent, the non-certified employees of the discretely presented school department comprise 52.06 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	428
Inactive Employees Entitled to But Not Yet Receiving Benefits	595
Active Employees	664
Total	1,687

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of

salary. 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, 2019, the employer contribution for Hamblen County was \$1,918,441 based on a rate of 9.06 percent of covered payroll for general employees and 12.56 percent for public safety officers. 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 actuarially determined contributions (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, 2018, 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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real

rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	5.69	31
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
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 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 (Asset) (a)-(b)
Balance, July 1, 2017	\$ 65,400,147	\$ 64,868,046	\$ 532,101
Changes for the Year:			
Service Cost	\$ 1,809,951	\$ 0	\$ 1,809,951
Interest	4,762,478	0	4,762,478
Differences Between Expected and Actual Experience	(569,584)	0	(569,584)
Changes in Assumptions	0	0	0
Contributions-Employer	0	1,852,370	(1,852,370)
Contributions-Employees	0	987,598	(987,598)
Net Investment Income	0	5,373,466	(5,373,466)
Benefit Payments, Including Refunds of Employee Contributions	(3,041,500)	(3,041,500)	0
Administrative Expense	0	(62,645)	62,645
Other Changes	0	0	0
Net Changes	<u>\$ 2,961,345</u>	<u>\$ 5,109,289</u>	<u>\$ (2,147,944)</u>
Balance, June 30, 2018	<u>\$ 68,361,492</u>	<u>\$ 69,977,335</u>	<u>\$ (1,615,843)</u>

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	47.94%	\$ 32,772,499	\$ 33,547,134	\$ (774,635)
School Department	52.06%	<u>35,588,993</u>	<u>36,430,201</u>	<u>(841,208)</u>
Total		<u>\$ 68,361,492</u>	<u>\$ 69,977,335</u>	<u>\$ (1,615,843)</u>

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 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 7,072,932	\$ (1,615,843)	\$ (8,849,189)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, Hamblen County recognized pension expense of \$499,990.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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	\$ 335,649	\$ 764,676
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	286,413
Changes in Assumptions	941,418	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	1,918,441	N/A
Total	<u>\$ 3,195,508</u>	<u>\$ 1,051,089</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” 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	\$ 1,550,455	\$ 503,892
School Department	1,645,053	547,197
Total	<u>\$ 3,195,508</u>	<u>\$ 1,051,089</u>

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

Year Ending June 30	Amount
2020	\$ 507,564
2021	240,229
2022	(271,875)
2023	(249,939)
2024	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 47.94 percent and the non-certified employees of the discretely presented school department comprise 52.06 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 publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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, 2019, to the Teacher Retirement Plan were \$173,612, which is 1.94 percent of covered payroll. In addition, employer contributions of \$181,188, were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, 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, 2019, the school department reported a liability (asset) of (\$361,007) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the 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, 2018, the school department's proportion was .795997 percent. The proportion as of June 30, 2017, was .815121 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$123,970.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the 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	\$ 20,446	\$ 14,379
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	20,392
Changes in Assumptions	17,031	0
Changes in Proportion of Net Pension Liability (Asset)	8,529	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	173,612	N/A
Total	<u>\$ 219,618</u>	<u>\$ 34,771</u>

The school department's employer contributions of \$173,612, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. 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
2020	\$ (1,958)
2021	(2,605)
2022	(5,512)
2023	(183)
2024	2,534
Thereafter	18,959

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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income Real Estate	5.79	20
	2.01	20
	4.32	10
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 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability \$ 55,812 \$ (361,007) \$ (668,104)

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 publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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, 2019, to the Teacher Legacy Pension Plan were \$3,577,359, which is 10.44 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, 2019, the school department reported a liability (asset) of (\$3,422,212) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the 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, 2018, the school department's proportion was .972519 percent. The proportion measured at June 30, 2017, was .966078 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$879,612).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the 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	\$ 691,746	\$ 4,616,835
Changes in Assumptions	2,021,175	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	744,816
Changes in Proportion of Net Pension Liability (Asset)	348,073	30,549
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	<u>3,577,359</u>	N/A
Total	<u>\$ 6,638,353</u>	<u>\$ 5,392,200</u>

The school department's employer contributions of \$3,577,359 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, 2020. 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
2020	\$ 805,482
2021	(992,878)
2022	(1,831,813)
2023	(311,997)
2024	0
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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	5.69 %	31 %
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
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 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability \$ 26,380,569 \$ (3,422,212) \$ (28,079,861)

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 school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state’s 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher’s salary into their deferred compensation plan. In addition, teachers are required to contribute a minimum of two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the school department contributed \$438,930 and teachers contributed \$276,998 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

Hamblen County and the discretely presented Hamblen County School Department provide OPEB benefits to their retirees under various plans, these include OPEB provided through a self-insured plan for the primary government and through state administered public entity risk pools for both the primary government and the discretely presented school department. For reporting purposes the plans are all considered single employer defined

benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). All of the plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through Self-Insured Health Plan (Primary Government)

Plan Description. Hamblen County participates in a self-insured postemployment benefits plan administered by BlueCross BlueShield for its retirees. Benefits are established and amended by the county commission. Eligible employees must be age 60 or have 30 years of service. Emergency personnel are eligible at age 55 or with 25 years of service. Eligible retirees may remain on the county health plan until attainment of age 65 when they become eligible for Medicare. Dependent coverage is not provided.

Benefits Provided. The plan provides healthcare benefits to eligible retirees. The benefit terms provide for retirees to pay 100 percent of their medical insurance premium.

Employees Covered by Benefit Terms

At July 1, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	2
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	254
Total	256

Total OPEB Liability

The plan’s total OPEB liability of \$132,654 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to the measurement date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.50%
Payroll Growth Rate	2.50%
Discount Rate	3.50%
Healthcare Cost Trend Rates	8% for 2019 decreasing to 5% by 2021
Retirees share of Health Premiums	100%

The discount rate was based on the Bond Buyer's 20 Bond Index as of June 30, 2019.

Mortality rates were based on RP-2000 combined male and female fully generational projected table with projection scale AA.

The actuarial assumptions used in the valuation were based on plan data and costs presented by the county with concurrence by the actuary.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2018	\$ 124,542
Changes for the Year:	
Service Cost	\$ 7,909
Interest	4,976
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	0
Changes in Assumption and Other Inputs	3,022
Benefit Payments	(7,795)
Net Changes	<u>\$ 8,112</u>
Balance June 30, 2019	<u>\$ 132,654</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$13,100. At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	2,125	974
Net Difference Between Projected and Actual Investments	0	0
Benefit Payment Subsequent to the Measurement Date	0	0
Total	<u>\$ 2,125</u>	<u>\$ 974</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2020	\$ 215
2021	605
2022	331
2023	0
2024	0
Thereafter	0

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of Hamblen County calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 141,100	\$ 132,654	\$ 124,559

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (7% decreasing to 4%)	Current Trend Rate (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Total OPEB Liability	\$ 118,683	\$ 132,654	\$ 149,234

OPEB Provided through State Administered Public Entity Risk Pools

Post-65 retirees of Hamblen County primary government may join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. The school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. Employees of the school department may then join the Tennessee Plan - Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare.

The county and school department’s total OPEB liability for each plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2018, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	LEP - Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over a 32-year period to an ultimate trend of rate of 3.53 percent with .32% added to approximate the effect of the excise tax TNMs- The premium subsidies provided to retirees are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.62 percent, based on the daily rate of Fidelity's 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year. The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 percent to 6.75 percent.

Closed Tennessee Plan – Medicare (Primary Government)

Plan description. Employees of Hamblen County who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan-Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local governments, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and local education agencies. However, the amounts reflected in this note disclosure pertain only to the Hamblen County Primary Government. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System (TCRS) may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. Hamblen County provides a direct monthly subsidy of between \$25 and \$37.50 for eligible retirees depending on years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	8
Inactive Employees Entitled to But Not Yet Receiving Benefits	17
Active Employees	510
Total	<u>535</u>

In accordance with TCA 8-27-209, the state insurance committees established by TCA Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2019, the county paid \$5,388 for OPEB benefits as they came due.

Changes in the Total OPEB Liability

Balance July 1, 2017	\$ 799,786
Changes for the Year:	
Service Cost	36,027
Interest	29,676
Changes in Benefit Terms	0
Difference between Expected and Actual Experience	(193,258)
Changes in Assumptions and Other Inputs	(6,439)
Benefit Payments	(4,438)
Net Changes	<u>\$ (138,432)</u>
Balance June 30, 2018	<u>\$ 661,354</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$29,085. At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 167,829
Changes of Assumptions/Inputs	0	76,953
Net Difference Between Projected and Benefits paid after the measurement date of June 30, 2108	<u>5,388</u>	<u>0</u>
Total	<u>\$ 5,388</u>	<u>\$ 244,782</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2020	\$ (36,618)
2021	(36,618)
2022	(36,618)
2023	(36,618)
2024	(36,618)
Thereafter	(61,692)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	\$ 775,760	\$ 661,354	\$ 567,612

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Hamblen County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Hamblen County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The school department provides a direct subsidy ranging from \$445 to \$652 per month toward the cost of insurance for noncertified retirees based on coverage selected. The school department provides a direct subsidy ranging from \$445 to \$652 per month toward the cost of insurance for certified retirees based on years of service and insurance coverage selected. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible certified retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

School
Department

Inactive Employees or Beneficiaries Currently Receiving Benefits	126
Active Members Eligible for Future Benefits	865
Active Members Not Eligible for Future Benefits	<u>74</u>
Total	<u><u>1,065</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$1,237,757 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Hamblen County School Department</u>	<u>State of TN</u>	<u>Total OPEB Liability</u>
	77.1351%	22.8649%	
Balance July 1, 2017	\$ 27,444,098	\$ 7,393,385	\$ 34,837,483
Changes for the Year:			
Service Cost	\$ 1,580,656	\$ 468,549	\$ 2,049,205
Interest	989,170	293,216	1,282,386
Changes in Benefit Terms	(1,893,239)	(561,206)	(2,454,445)
Difference between Expected and Actuarial Experience	(3,030,550)	(898,336)	(3,928,886)
Changes in Proportion Changes in Assumption and Other Inputs	(572,171)	572,171	0
Benefit Payments	525,862	155,879	681,741
Net Changes	<u>(1,333,854)</u>	<u>(395,390)</u>	<u>(1,729,244)</u>
	\$ (3,734,126)	\$ (365,117)	\$ (4,099,243)
Balance June 30, 2018	<u>\$ 23,709,972</u>	<u>\$ 7,028,268</u>	<u>\$ 30,738,240</u>

The Hamblen County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Hamblen County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$148,213 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Hamblen County School Department's proportionate share of the collective OPEB liability was 77.1351 percent and the State of Tennessee's share was 22.8649 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$385,092, which includes expenses funded by nonemployer contributing entities. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 2,724,434
Changes of Assumptions/Inputs	472,744	987,071
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	0	535,443
Benefits Paid After the Measurement Date of June 30, 2018	<u>1,237,757</u>	<u>0</u>
Total	<u>\$ 1,710,501</u>	<u>\$ 4,246,948</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>School</u> <u>Department</u>
2020	\$ (439,708)
2021	(439,708)
2022	(439,708)
2023	(439,708)
2024	(439,708)
Thereafter	(1,575,664)

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1%	Current	1%
	Decrease	Discount	Increase
	2.62%	Rate	4.62%
		3.62%	

Proportionate Share of the Collective Total OPEB Liability	\$ 25,408,502	\$ 23,709,972	\$ 22,095,199
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1%	Curent	1%
	Decrease	Rates	Increase
	5.75 to 2.85%	6.75 to 3.85%	7.75 to 4.85%

Proportionate Share of the Collective Total OPEB Liability	\$ 21,126,859	\$ 23,709,972	\$ 26,759,109
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Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Hamblen County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The school department's total OPEB liability for the TNM Plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers, noncertified employees, and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with *TCA* 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Hamblen County School Department provided a direct monthly subsidy for retired certified employees of \$50 for retirees with 30 or more years of service, \$37.50 for retirees with 20-29 years of service, and \$25 for eligible retirees with less than 20 years of service. The state, as a governmental nonemployer contributing entity contributes to the premiums of certain eligible retirees (teachers) of local education agencies based on years of service. The State of Tennessee provided a direct subsidy of \$50 for eligible retirees (teachers) with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$20 for eligible retirees with less than 20 years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Retirees and Beneficiaries	263
Inactive, Nonretired Members	139
Active Employees	947
Total	<u><u>1,349</u></u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2019, the school department paid \$2,715 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Hamblen County School Department 14.0131%</u>	<u>State of TN 85.9869%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 3,916,805	\$ 3,402,753	\$ 7,319,558
Changes for the Year:			
Service Cost	\$ 20,123	\$ 123,480	\$ 143,603
Interest	36,522	224,106	260,628
Changes in Benefit Terms	(513,001)	(3,147,868)	(3,660,869)
Difference between Expected and Actuarial Experience	(50,457)	(309,616)	(360,073)
Changes in Proportion	(2,891,108)	2,891,108	0
Changes in Assumption and Other Inputs	(3,696)	(22,678)	(26,374)
Benefit Payments	(39,843)	(244,480)	(284,323)
Net Changes	<u>\$ (3,441,460)</u>	<u>\$ (485,948)</u>	<u>\$ (3,927,408)</u>
Balance June 30, 2018	<u>\$ 475,345</u>	<u>\$ 2,916,805</u>	<u>\$ 3,392,150</u>

The Hamblen County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired teachers participating in the TNM. The Hamblen County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department is required by GASB Statement No. 75 to recognize revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department employees. The amount of subsidy is equal to the nonemployer share of collective OPEB expenses. During the year, collective OPEB expenses for Hamblen County School employees was negative. Consequently, Hamblen County School Department has recorded the negative collective OPEB expense (\$3,385,461) and recorded negative operating grants and contributions revenue (\$2,508,126) for the nonemployer share of collective OPEB expense.

During the year, the Hamblen County School Department's proportionate share of the collective OPEB liability for the TNM plan was 14.0131 percent and the State of Tennessee's share was 85.9869 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized negative OPEB expense of \$3,385,461, which includes expenses funded by nonemployer contributing entities.

At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ 0	\$ 43,730
Changes of Assumptions/Inputs	0	75,775
Changes in Proportions	0	2,619,029
Benefits Paid After the Measurement Date of June 30, 2018	<u>2,715</u>	<u>0</u>
Total	<u>\$ 2,715</u>	<u>\$ 2,738,534</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2020	\$ (420,980)
2021	(420,980)
2022	(420,980)
2023	(420,980)
2024	(420,980)
Thereafter	(633,634)

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
	2.62%	3.62%	4.62%
<hr/>			
Proportionate Share of the Collective Total OPEB Liability	\$ 555,010	\$ 475,345	\$ 409,584

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

H. 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 2018-19 year, 20 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$140,482. Of that amount, \$76,432 is due within one year. The governmental funds' financial statements reflect retirement incentive expenditures of \$81,276 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, 2019, 439 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$920,300. Of that amount, \$48,953 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$53,313 in the General Purpose School Fund.

I. 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.

J. 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 \$5,000.

K. Subsequent Events

As further discussed in Note III.C., Trustee John Baskette resigned September 13, 2019, and on October 21, 2019, plead guilty to charges involving operation of the Office of Hamblen County Trustee. The county commission appointed Scotty Long as county trustee effective September 23, 2019.

On September 18, 2019, Hamblen County issued a \$1,500,000 interfund loan from the General Debt Service Fund to the General Capital Projects Fund for a jail construction project.

On October 24, 2019, the Hamblen County Commission approved an initial resolution expressing its intent to issue \$85 million in general obligation bonds for jail construction and school construction. In November 2019, the county commission authorized the issuance of \$20 million of those bonds. The school department will receive \$12 million for school construction and renovations and \$8 million will be used for jail construction. The county expects to issue the bonds in January 2020.

**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	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 1,447,547	\$ 1,541,726	\$ 1,579,621	\$ 1,680,721	\$ 1,809,951
Interest	3,977,841	4,157,957	4,300,049	4,518,128	4,762,478
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(439,779)	(1,125,375)	(209,832)	559,415	(569,584)
Changes in Assumptions	0	0	0	1,569,030	0
Benefit Payments, Including Refunds of Employee Contributions	(2,671,318)	(2,685,162)	(2,750,139)	(2,976,277)	(3,041,500)
Net Change in Total Pension Liability	\$ 2,314,291	\$ 1,889,146	\$ 2,919,699	\$ 5,351,017	\$ 2,961,345
Total Pension Liability, Beginning	52,925,994	55,240,285	57,129,431	60,049,130	65,400,147
Total Pension Liability, Ending (a)	\$ 55,240,285	\$ 57,129,431	\$ 60,049,130	\$ 65,400,147	\$ 68,361,492
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,550,676	\$ 1,572,279	1,662,880	1,774,445	1,852,370
Contributions - Employee	834,365	845,362	894,033	957,457	987,598
Net Investment Income	7,971,541	1,715,800	1,516,080	6,618,126	5,373,466
Benefit Payments, Including Refunds of Employee Contributions	(2,671,318)	(2,685,162)	(2,750,139)	(2,976,277)	(3,041,500)
Administrative Expense	(24,175)	(32,024)	(48,287)	(55,833)	(62,645)
Other	0	0	4,872	0	0
Net Change in Plan Fiduciary Net Position	\$ 7,661,089	\$ 1,416,255	\$ 1,279,439	\$ 6,317,918	\$ 5,109,289
Plan Fiduciary Net Position, Beginning	48,193,345	55,854,434	57,270,689	58,550,128	64,868,046
Plan Fiduciary Net Position, Ending (b)	\$ 55,854,434	\$ 57,270,689	\$ 58,550,128	\$ 64,868,046	\$ 69,977,335
Net Pension Liability (Asset), Ending (a - b)	\$ (614,149)	\$ (141,258)	\$ 1,499,002	\$ 532,101	\$ (1,615,843)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.11%	100.25%	97.50%	99.19%	102.36%
Covered Payroll	\$ 16,490,699	\$ 16,906,305	17,876,001	18,974,846	19,751,857
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(3.72%)	(0.84%)	8.39%	2.80%	(8.18%)

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of 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	2017	2018	2019
Actuarially Determined Contribution	\$ 1,550,676	\$ 1,572,279	\$ 1,662,880	\$ 1,774,445	\$ 1,852,370	\$ 1,918,441
Less Contributions in Relation to the Actuarially Determined Contribution	(1,550,676)	(1,572,279)	(1,662,880)	(1,774,445)	(1,852,370)	(1,918,441)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 16,490,699	\$ 16,906,305	\$ 17,876,001	\$ 18,974,846	\$ 19,751,857	\$ 20,450,916
Contributions as a Percentage of Covered Payroll	9.40%	9.30%	9.30%	9.35%	9.38%	9.38%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of 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	2017	2018	2019*
Contractually Required Contribution	\$ 73,033	\$ 149,797	\$ 213,998	\$ 278,242	\$ 173,612
Less Contributions in Relation to the Contractually Required Contribution	(73,033)	(149,797)	(213,998)	(278,242)	(173,612)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 1,825,848	\$ 3,744,929	\$ 5,261,300	\$ 6,956,052	\$ 8,964,672
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.05%	4.00%	1.94%

* - In FY 2019 the School Department placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed \$181,188 into the Pension Stabilization Reserve Trust.

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	2017	2018	2019
Contractually Required Contribution	\$ 3,207,929	\$ 3,090,554	\$ 3,043,681	\$ 3,087,195	\$ 3,092,144	\$ 3,577,359
Less Contributions in Relation to the Contractually Required Contribution	(3,207,929)	(3,090,554)	(3,043,681)	(3,087,195)	(3,092,144)	(3,577,359)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 36,125,331	\$ 34,187,512	\$ 33,669,025	\$ 34,221,953	\$ 34,054,462	\$ 34,254,909
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.02%	9.08%	10.44%

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

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Asset	0.860622%	0.851112%	0.815121%	0.795997%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (35,352)	\$ (88,603)	\$ (215,056)	\$ (361,007)
Covered Payroll	\$ 1,825,848	\$ 3,744,929	\$ 5,278,396	\$ 6,956,052
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.07)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

Exhibit F-6

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.920393%	0.913250%	0.932712%	0.966078%	0.972519%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (149,560)	\$ 374,099	\$ 5,828,936	\$ (316,085)	\$ (3,422,212)
Covered Payroll	\$ 36,125,331	\$ 34,187,512	\$ 33,669,025	\$ 34,221,953	\$ 34,054,462
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.92)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

Exhibit F-7

Hamblen County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Hamblen County Plan
For the Fiscal Year Ended June 30

	2018	2019
Total OPEB Liability		
Service Cost	\$ 8,012	\$ 7,909
Interest	4,480	4,976
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	0
Changes in Assumptions or Other Inputs	(2,338)	3,022
Benefit Payments	(5,409)	(7,795)
Net Change in Total OPEB Liability	\$ 4,745	\$ 8,112
Total OPEB Liability, Beginning	119,797	124,542
Total OPEB Liability, Ending	<u>\$ 124,542</u>	<u>\$ 132,654</u>
Covered Employee Payroll	\$ 8,098,137	\$ 8,300,590
Net OPEB Liability as a Percentage of Covered Employee Payroll	1.54%	1.60%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.58%
2018	3.87%
2019	3.50%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-8

Hamblen County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plan - Medicare
For the Fiscal Year Ended June 30

	2017	2018
Total OPEB Liability		
Service Cost	\$ 42,176	\$ 36,027
Interest	25,339	29,676
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(193,258)
Changes in Assumptions or Other Inputs	(92,045)	(6,439)
Benefit Payments	(2,550)	(4,438)
Net Change in Total OPEB Liability	\$ (27,080)	\$ (138,432)
Total OPEB Liability, Beginning	826,866	799,786
Total OPEB Liability, Ending	<u>\$ 799,786</u>	<u>\$ 661,354</u>
Covered Employee Payroll	\$ N/A	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates in each period:

2017	2.92%
2018	3.56%
2019	3.62%

(b) The assumed initial trend rate applicable to the 2018 plan year was revised from 5.4 percent to 6.75 percent.

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-9

Hamblen County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Hamblen County School Department
For the Fiscal Year Ended June 30

	2017	2018
Total OPEB Liability		
Service Cost	\$ 2,191,512	\$ 2,049,205
Interest	1,056,172	1,282,386
Changes in Benefit Terms	0	(2,454,445)
Differences Between Actual and Expected Experience	0	(3,928,886)
Changes in Assumptions or Other Inputs	(1,607,785)	681,741
Benefit Payments	(1,562,359)	(1,729,244)
Net Change in Total OPEB Liability	\$ 77,540	\$ (4,099,243)
Total OPEB Liability, Beginning	34,759,943	34,837,483
 Total OPEB Liability, Ending	 \$ 34,837,483	 \$ 30,738,240
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 7,393,385	 \$ 7,028,268
Employer Proportionate Share of the Total OPEB Liability	27,444,098	23,709,972
 Covered Employee Payroll	 \$ 47,750,736	 \$ 50,462,098
Net OPEB Liability as a Percentage of Covered Employee Payroll	57.47%	46.99%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions:

(a) The following are the discount rates used in each period:

2017	2.92%
2018	3.56%
2019	3.62%

(b) The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 percent to 6.75 percent.

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Hamblen County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plan - Medicare
Discretely Presented Hamblen County School Department
For the Fiscal Year Ended June 30.

	2017	2018
Total OPEB Liability		
Service Cost	\$ 175,194	\$ 143,603
Interest	230,692	260,628
Changes in Benefit Terms	0	(3,660,869)
Differences Between Actual and Expected Experience	0	(360,073)
Changes in Assumptions or Other Inputs	(672,478)	(26,374)
Benefit Payments	(278,100)	(284,323)
Net Change in Total OPEB Liability	\$ (544,692)	\$ (3,927,408)
Total OPEB Liability, Beginning	7,864,250	7,319,558
Total OPEB Liability, Ending	\$ 7,319,558	\$ 3,392,150
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 3,402,753	\$ 2,916,805
Employer Proportionate Share of the Total OPEB Liability	3,916,805	475,345
Covered Employee Payroll	\$ N/A	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%
2019	3.62%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

HAMBLÉN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, averaging 4%
Investment Rate of Return	7.25%, 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	2.25%

Changes in assumptions. In 2017, the following assumptions were changed; decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

**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.

Exhibit G-1

Hamblen County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds				Capital Projects Funds
	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 0	\$ 6,538	\$ 0	\$ 6,538	\$ 0
Equity in Pooled Cash and Investments	189,979	0	1,843,919	2,033,898	133,031
Accounts Receivable	0	39,413	0	39,413	0
Due from Other Governments	10,311	0	501,626	511,937	38,252
Total Assets	\$ 200,290	\$ 45,951	\$ 2,345,545	\$ 2,591,786	\$ 171,283
<u>LIABILITIES</u>					
Accounts Payable	\$ 6,281	\$ 0	\$ 220,388	\$ 226,669	\$ 270,882
Accrued Payroll	0	0	33,605	33,605	0
Payroll Deductions Payable	0	0	5,557	5,557	0
Due to Other Funds	0	45,951	19,776	65,727	0
Total Liabilities	\$ 6,281	\$ 45,951	\$ 279,326	\$ 331,558	\$ 270,882
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 288,405	\$ 288,405	\$ 0
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 288,405	\$ 288,405	\$ 0
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 194,009	\$ 0	\$ 0	\$ 194,009	\$ 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
<u>FUND BALANCES (Cont.)</u>					
Restricted (Cont.):					
Restricted for Highways/Public Works	\$ 0	\$ 0	\$ 1,777,814	\$ 1,777,814	\$ 0
Committed:					
Committed for Capital Projects	0	0	0	0	0
Unassigned	0	0	0	0	(99,599)
Total Fund Balances	<u>\$ 194,009</u>	<u>\$ 0</u>	<u>\$ 1,777,814</u>	<u>\$ 1,971,823</u>	<u>\$ (99,599)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 200,290</u>	<u>\$ 45,951</u>	<u>\$ 2,345,545</u>	<u>\$ 2,591,786</u>	<u>\$ 171,283</u>

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds</u> (Cont.)		Total
	<u>Highway</u> <u>Capital</u> <u>Projects</u>	<u>Total</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 6,538
Equity in Pooled Cash and Investments	160,570	293,601	2,327,499
Accounts Receivable	0	0	39,413
Due from Other Governments	0	38,252	550,189
Total Assets	<u>\$ 160,570</u>	<u>\$ 331,853</u>	<u>\$ 2,923,639</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 270,882	\$ 497,551
Accrued Payroll	0	0	33,605
Payroll Deductions Payable	0	0	5,557
Due to Other Funds	0	0	65,727
Total Liabilities	<u>\$ 0</u>	<u>\$ 270,882</u>	<u>\$ 602,440</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 288,405
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 288,405</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 194,009

(Continued)

Exhibit G-1

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

FUND BALANCES (Cont.)

Restricted (Cont.):

 Restricted for Highways/Public Works

Committed:

 Committed for Capital Projects

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Capital Projects Funds (Cont.)		Total Nonmajor Governmental Funds
Highway Capital Projects	Total	
\$ 0	\$ 0	\$ 1,777,814
160,570	160,570	160,570
0	(99,599)	(99,599)
<u>\$ 160,570</u>	<u>\$ 60,971</u>	<u>\$ 2,032,794</u>
<u>\$ 160,570</u>	<u>\$ 331,853</u>	<u>\$ 2,923,639</u>

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, 2019

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 139,756	\$ 139,756	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	108,491	0	0	108,491	0	0
Charges for Current Services	0	25,299	0	25,299	0	0
Other Local Revenues	1,454	0	3,589	5,043	0	0
State of Tennessee	0	0	2,842,688	2,842,688	93,250	0
Federal Government	2,829	0	0	2,829	29,564	0
Other Governments and Citizens Groups	10,311	0	500	10,811	0	0
Total Revenues	\$ 123,085	\$ 25,299	\$ 2,986,533	\$ 3,134,917	\$ 122,814	\$ 0
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 95	\$ 0	\$ 95	\$ 0	\$ 0
Administration of Justice	0	25,154	0	25,154	0	0
Public Safety	147,528	50	0	147,578	0	0
Highways	0	0	2,450,968	2,450,968	0	0
Capital Projects	0	0	0	0	523,030	0
Total Expenditures	\$ 147,528	\$ 25,299	\$ 2,450,968	\$ 2,623,795	\$ 523,030	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (24,443)	\$ 0	\$ 535,565	\$ 511,122	\$ (400,216)	\$ 0
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 2,952	\$ 2,952	\$ 0	\$ 0
Transfers In	0	0	0	0	93,000	0

(Continued)

Exhibit G-2

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

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (78,317)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 2,952	\$ 2,952	\$ 93,000	\$ (78,317)
Net Change in Fund Balances	\$ (24,443)	\$ 0	\$ 538,517	\$ 514,074	\$ (307,216)	\$ (78,317)
Fund Balance, July 1, 2018	218,452	0	1,239,297	1,457,749	207,617	78,317
Fund Balance, June 30, 2019	\$ 194,009	\$ 0	\$ 1,777,814	\$ 1,971,823	\$ (99,599)	\$ 0

(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.)		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 0	\$ 139,756
Fines, Forfeitures, and Penalties	0	0	108,491
Charges for Current Services	0	0	25,299
Other Local Revenues	21,016	21,016	26,059
State of Tennessee	136,000	229,250	3,071,938
Federal Government	0	29,564	32,393
Other Governments and Citizens Groups	0	0	10,811
Total Revenues	<u>\$ 157,016</u>	<u>\$ 279,830</u>	<u>\$ 3,414,747</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 0	\$ 95
Administration of Justice	0	0	25,154
Public Safety	0	0	147,578
Highways	0	0	2,450,968
Capital Projects	150,775	673,805	673,805
Total Expenditures	<u>\$ 150,775</u>	<u>\$ 673,805</u>	<u>\$ 3,297,600</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,241</u>	<u>\$ (393,975)</u>	<u>\$ 117,147</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 0	\$ 2,952
Transfers In	0	93,000	93,000

(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.)		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
<u>Other Financing Sources (Uses) (Cont.)</u>			
Transfers Out	\$ 0	\$ (78,317)	\$ (78,317)
Total Other Financing Sources (Uses)	\$ 0	\$ 14,683	\$ 17,635
Net Change in Fund Balances	\$ 6,241	\$ (379,292)	\$ 134,782
Fund Balance, July 1, 2018	154,329	440,263	1,898,012
Fund Balance, June 30, 2019	\$ 160,570	\$ 60,971	\$ 2,032,794

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 108,491	\$ 0	\$ 108,491	\$ 29,000	\$ 29,000	\$ 79,491
Other Local Revenues	1,454	0	1,454	250	250	1,204
Federal Government	2,829	0	2,829	0	0	2,829
Other Governments and Citizens Groups	10,311	0	10,311	10,000	10,000	311
Total Revenues	<u>\$ 123,085</u>	<u>\$ 0</u>	<u>\$ 123,085</u>	<u>\$ 39,250</u>	<u>\$ 39,250</u>	<u>\$ 83,835</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 147,528	\$ (6,930)	\$ 140,598	\$ 160,511	\$ 174,886	\$ 34,288
Total Expenditures	<u>\$ 147,528</u>	<u>\$ (6,930)</u>	<u>\$ 140,598</u>	<u>\$ 160,511</u>	<u>\$ 174,886</u>	<u>\$ 34,288</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (24,443)</u>	<u>\$ 6,930</u>	<u>\$ (17,513)</u>	<u>\$ (121,261)</u>	<u>\$ (135,636)</u>	<u>\$ 118,123</u>
Net Change in Fund Balance	\$ (24,443)	\$ 6,930	\$ (17,513)	\$ (121,261)	\$ (135,636)	\$ 118,123
Fund Balance, July 1, 2018	<u>218,452</u>	<u>(6,930)</u>	<u>211,522</u>	<u>192,915</u>	<u>192,915</u>	<u>18,607</u>
Fund Balance, June 30, 2019	<u>\$ 194,009</u>	<u>\$ 0</u>	<u>\$ 194,009</u>	<u>\$ 71,654</u>	<u>\$ 57,279</u>	<u>\$ 136,730</u>

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 139,756	\$ 0	\$ 0	\$ 139,756	\$ 131,700	\$ 131,700	\$ 8,056
Other Local Revenues	3,589	0	0	3,589	5,000	5,000	(1,411)
State of Tennessee	2,842,688	0	0	2,842,688	3,058,396	3,058,396	(215,708)
Other Governments and Citizens Groups	500	0	0	500	0	0	500
Total Revenues	\$ 2,986,533	\$ 0	\$ 0	\$ 2,986,533	\$ 3,195,096	\$ 3,195,096	\$ (208,563)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 404,755	\$ 0	\$ 2,892	\$ 407,647	\$ 438,800	\$ 438,800	\$ 31,153
Highway and Bridge Maintenance	1,103,261	(27,427)	32,494	1,108,328	1,229,809	1,267,035	158,707
Operation and Maintenance of Equipment	308,260	(1,100)	14,455	321,615	342,465	342,465	20,850
Employee Benefits	21,629	0	0	21,629	28,725	28,725	7,096
Capital Outlay	613,063	(2,000)	237,577	848,640	1,284,000	1,288,903	440,263
Total Expenditures	\$ 2,450,968	\$ (30,527)	\$ 287,418	\$ 2,707,859	\$ 3,323,799	\$ 3,365,928	\$ 658,069
Excess (Deficiency) of Revenues Over Expenditures	\$ 535,565	\$ 30,527	\$ (287,418)	\$ 278,674	\$ (128,703)	\$ (170,832)	\$ 449,506
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,952	\$ 0	\$ 0	\$ 2,952	\$ 0	\$ 0	\$ 2,952
Total Other Financing Sources	\$ 2,952	\$ 0	\$ 0	\$ 2,952	\$ 0	\$ 0	\$ 2,952
Net Change in Fund Balance	\$ 538,517	\$ 30,527	\$ (287,418)	\$ 281,626	\$ (128,703)	\$ (170,832)	\$ 452,458
Fund Balance, July 1, 2018	1,239,297	(30,527)	0	1,208,770	1,229,559	1,229,559	(20,789)
Fund Balance, June 30, 2019	\$ 1,777,814	\$ 0	\$ (287,418)	\$ 1,490,396	\$ 1,100,856	\$ 1,058,727	\$ 431,669

Exhibit G-5

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 136,000	\$ 0	\$ 0
Other Local Revenues	21,016	0	21,016	0
State of Tennessee	136,000	0	136,000	0
Total Revenues	<u>\$ 157,016</u>	<u>\$ 136,000</u>	<u>\$ 157,016</u>	<u>\$ 0</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
Highway and Street Capital Projects	\$ 150,775	\$ 137,400	\$ 158,416	\$ 7,641
Total Expenditures	<u>\$ 150,775</u>	<u>\$ 137,400</u>	<u>\$ 158,416</u>	<u>\$ 7,641</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,241</u>	<u>\$ (1,400)</u>	<u>\$ (1,400)</u>	<u>\$ 7,641</u>
Net Change in Fund Balance	\$ 6,241	\$ (1,400)	\$ (1,400)	\$ 7,641
Fund Balance, July 1, 2018	154,329	154,329	154,329	0
Fund Balance, June 30, 2019	<u>\$ 160,570</u>	<u>\$ 152,929</u>	<u>\$ 152,929</u>	<u>\$ 7,641</u>

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,523,119	\$ 5,141,667	\$ 5,141,667	\$ 381,452
Fines, Forfeitures, and Penalties	48,227	42,000	42,000	6,227
Other Local Revenues	814,319	600,000	600,000	214,319
Other Governments and Citizens Groups	400,094	0	0	400,094
Total Revenues	<u>\$ 6,785,759</u>	<u>\$ 5,783,667</u>	<u>\$ 5,783,667</u>	<u>\$ 1,002,092</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 73,200	\$ 73,500	\$ 73,500	\$ 300
Highways and Streets	316,712	317,000	317,000	288
Education	4,583,942	4,583,500	4,584,100	158
<u>Interest on Debt</u>				
General Government	132,621	128,800	132,800	179
Highways and Streets	22,705	22,800	22,800	95
Education	763,140	751,500	763,500	360
<u>Other Debt Service</u>				
General Government	104,003	107,000	105,000	997
Education	15,192	13,500	18,500	3,308
Total Expenditures	<u>\$ 6,011,515</u>	<u>\$ 5,997,600</u>	<u>\$ 6,017,200</u>	<u>\$ 5,685</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 774,244</u>	<u>\$ (213,933)</u>	<u>\$ (233,533)</u>	<u>\$ 1,007,777</u>
Net Change in Fund Balance	\$ 774,244	\$ (213,933)	\$ (233,533)	\$ 1,007,777
Fund Balance, July 1, 2018	3,177,210	3,105,547	3,105,547	71,663
Fund Balance, June 30, 2019	<u>\$ 3,951,454</u>	<u>\$ 2,891,614</u>	<u>\$ 2,872,014</u>	<u>\$ 1,079,440</u>

Fiduciary Funds

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

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

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, 2019

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,086,353	\$ 3,086,353
Equity in Pooled Cash and Investments	6,654	0	6,654
Accounts Receivable	0	1,853	1,853
Due from Other Governments	2,323,704	0	2,323,704
Total Assets	<u>\$ 2,330,358</u>	<u>\$ 3,088,206</u>	<u>\$ 5,418,564</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 2,330,358	\$ 0	\$ 2,330,358
Due to Litigants, Heirs, and Others	0	3,088,206	3,088,206
Total Liabilities	<u>\$ 2,330,358</u>	<u>\$ 3,088,206</u>	<u>\$ 5,418,564</u>

Exhibit I-2

Hamblen County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 860	\$ 13,371,058	\$ 13,365,264	\$ 6,654
Due from Other Governments	2,116,413	2,323,704	2,116,413	2,323,704
Total Assets	<u>\$ 2,117,273</u>	<u>\$ 15,694,762</u>	<u>\$ 15,481,677</u>	<u>\$ 2,330,358</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,117,273	\$ 15,694,762	\$ 15,481,677	\$ 2,330,358
Total Liabilities	<u>\$ 2,117,273</u>	<u>\$ 15,694,762</u>	<u>\$ 15,481,677</u>	<u>\$ 2,330,358</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 3,022,437	\$ 15,467,053	\$ 15,403,137	\$ 3,086,353
Accounts Receivable	2,262	1,853	2,262	1,853
Total Assets	<u>\$ 3,024,699</u>	<u>\$ 15,468,906</u>	<u>\$ 15,405,399</u>	<u>\$ 3,088,206</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 3,024,699	\$ 15,468,906	\$ 15,405,399	\$ 3,088,206
Total Liabilities	<u>\$ 3,024,699</u>	<u>\$ 15,468,906</u>	<u>\$ 15,405,399</u>	<u>\$ 3,088,206</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 3,022,437	\$ 15,467,053	\$ 15,403,137	\$ 3,086,353
Equity in Pooled Cash and Investments	860	13,371,058	13,365,264	6,654
Accounts Receivable	2,262	1,853	2,262	1,853
Due from Other Governments	2,116,413	2,323,704	2,116,413	2,323,704
Total Assets	<u>\$ 5,141,972</u>	<u>\$ 31,163,668</u>	<u>\$ 30,887,076</u>	<u>\$ 5,418,564</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,117,273	\$ 15,694,762	\$ 15,481,677	\$ 2,330,358
Due to Litigants, Heirs, and Others	3,024,699	15,468,906	15,405,399	3,088,206
Total Liabilities	<u>\$ 5,141,972</u>	<u>\$ 31,163,668</u>	<u>\$ 30,887,076</u>	<u>\$ 5,418,564</u>

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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 53,324,576	\$ 490,807	\$ 2,009,458	\$ 0	\$ (50,824,311)
Support Services	27,946,866	415,144	334,730	103,267	(27,093,725)
Operation of Non-instructional Services	7,275,660	1,276,526	5,848,221	0	(150,913)
Total Governmental Activities	\$ 88,547,102	\$ 2,182,477	\$ 8,192,409	\$ 103,267	\$ (78,068,949)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 13,798,776
Local Option Sales Taxes					14,503,003
Mixed Drink Tax					62,720
Grants and Contributions Not Restricted to Specific Programs					57,727,936
Unrestricted Investment Income					16,336
Gain on Investments					9,633
Miscellaneous					25,390
Gain on Disposal of Capital Assets					14,082
Total General Revenues					\$ 86,157,876
Change in Net Position					\$ 8,088,927
Net Position, July 1, 2018					41,809,979
Net Position, June 30, 2019					\$ 49,898,906

Exhibit J-2

Hamblen County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2019

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Funds</u>	
			<u>Other</u>	
<u>Purpose</u>	<u>School</u>	<u>Cafeteria</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 10,768,963	\$ 4,964,977	\$ 93,491	\$ 15,827,431
Inventories	0	132,496	0	132,496
Accounts Receivable	14,856	8,890	1,992	25,738
Due from Other Governments	3,089,971	55,394	545,899	3,691,264
Due from Other Funds	459,879	0	3,721	463,600
Property Taxes Receivable	13,853,053	0	0	13,853,053
Allowance for Uncollectible Property Taxes	(478,939)	0	0	(478,939)
Restricted Assets	190,821	0	0	190,821
Total Assets	<u>\$ 27,898,604</u>	<u>\$ 5,161,757</u>	<u>\$ 645,103</u>	<u>\$ 33,705,464</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 375,098	\$ 1,054	\$ 2,240	\$ 378,392
Contracts Payable	476,786	0	0	476,786
Retainage Payable	38,640	0	0	38,640
Due to Other Funds	3,721	364,864	95,015	463,600
Other Current Liabilities	0	59,966	0	59,966
Total Liabilities	<u>\$ 894,245</u>	<u>\$ 425,884</u>	<u>\$ 97,255</u>	<u>\$ 1,417,384</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 12,981,168	\$ 0	\$ 0	\$ 12,981,168
Deferred Delinquent Property Taxes	350,320	0	0	350,320
Other Deferred/Unavailable Revenue	1,235,373	0	0	1,235,373
Total Deferred Inflows of Resources	<u>\$ 14,566,861</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,566,861</u>

(Continued)

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Funds</u>	
			<u>Other</u>	
<u>Purpose</u>	<u>Cafeteria</u>	<u>Governmental</u>	<u>Governmental</u>	
	<u>School</u>		<u>Funds</u>	<u>Funds</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 132,496	\$ 0	\$ 132,496
Restricted:				
Restricted for Education	101,725	4,603,377	3,813	4,708,915
Restricted for Capital Projects	0	0	44,035	44,035
Restricted for Hybrid Retirement Stabilization Funds	190,821	0	0	190,821
Committed:				
Committed for Education	326,122	0	500,000	826,122
Assigned:				
Assigned for Education	1,550,024	0	0	1,550,024
Assigned for Capital Projects	6,432,830	0	0	6,432,830
Unassigned	3,835,976	0	0	3,835,976
Total Fund Balances	<u>\$ 12,437,498</u>	<u>\$ 4,735,873</u>	<u>\$ 547,848</u>	<u>\$ 17,721,219</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 27,898,604</u>	<u>\$ 5,161,757</u>	<u>\$ 645,103</u>	<u>\$ 33,705,464</u>

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, 2019

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)		\$	17,721,219
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	4,352,963	
Add: construction in progress		770,545	
Add: buildings and improvements net of accumulated depreciation		39,537,364	
Add: other capital assets net of accumulated depreciation		<u>9,533,083</u>	54,193,955
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,585,693
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: OPEB liability	\$	(24,185,317)	
Less: compensated absences payable		(236,879)	
Less: retirement incentive		(140,482)	
Less: retirement honorarium		<u>(920,300)</u>	(25,482,978)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	8,503,024	
Less: deferred inflows of resources related to pensions		(5,974,168)	
Add: deferred outflows of resources related to OPEB		1,713,216	
Less: deferred inflows of resources related to OPEB		<u>(6,985,482)</u>	(2,743,410)
(5) Net pensions assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	841,208	
Add: net pension asset - teacher retirement plan		361,007	
Add: net pension asset - teacher legacy retirement plan		<u>3,422,212</u>	4,624,427
Net position of governmental activities (Exhibit A)			<u>\$ 49,898,906</u>

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, 2019

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 28,365,612	\$ 0	\$ 0	\$ 28,365,612
Charges for Current Services	864,030	1,317,233	0	2,181,263
Other Local Revenues	156,868	16,336	0	173,204
State of Tennessee	56,794,143	59,249	0	56,853,392
Federal Government	157,264	5,385,221	6,360,825	11,903,310
Total Revenues	<u>\$ 86,337,917</u>	<u>\$ 6,778,039</u>	<u>\$ 6,360,825</u>	<u>\$ 99,476,781</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 54,145,390	\$ 0	\$ 5,028,002	\$ 59,173,392
Support Services	26,086,771	0	1,271,263	27,358,034
Operation of Non-Instructional Services	1,282,168	6,532,188	0	7,814,356
Capital Outlay	3,869,381	0	0	3,869,381
Debt Service:				
Other Debt Service	500,000	0	0	500,000
Capital Projects	0	0	31,868	31,868
Total Expenditures	<u>\$ 85,883,710</u>	<u>\$ 6,532,188</u>	<u>\$ 6,331,133</u>	<u>\$ 98,747,031</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 454,207</u>	<u>\$ 245,851</u>	<u>\$ 29,692</u>	<u>\$ 729,750</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 49,966	\$ 0	\$ 0	\$ 49,966
Transfers In	456,089	0	0	456,089
Transfers Out	0	(364,864)	(91,225)	(456,089)
Total Other Financing Sources (Uses)	<u>\$ 506,055</u>	<u>\$ (364,864)</u>	<u>\$ (91,225)</u>	<u>\$ 49,966</u>

(Continued)

Exhibit J-4

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>		<u>Funds</u>	<u>Funds</u>
Net Change in Fund Balances	\$ 960,262	\$ (119,013)	\$ (61,533)	\$ 779,716
Fund Balance, July 1, 2018	11,477,236	4,854,886	609,381	16,941,503
Fund Balance, June 30, 2019	\$ 12,437,498	\$ 4,735,873	\$ 547,848	\$ 17,721,219

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, 2019

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)		\$	779,716
(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	\$	3,717,055	
Less: current-year depreciation expense		<u>(3,589,411)</u>	127,644
(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			(1,889)
(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, 2019	\$	1,585,693	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(1,552,257)</u>	33,436
(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	\$	19,422	
Change in other postemployment benefits liability		7,175,586	
Change in retirement incentive		24,760	
Change in retirement honorarium		(7,859)	
Change in net pension asset - teacher retirement plan		44,922	
Change in net pension asset - teacher legacy retirement plan		3,207,156	
Change in net pension liability - agent plan		1,115,612	
Change in deferred outflows related to pensions		(111,286)	
Change in deferred inflows related to pensions		976,364	
Change in deferred outflows related to OPEB		235,004	
Change in deferred inflows related to OPEB		<u>(5,529,661)</u>	<u>7,150,020</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 8,088,927</u>

Exhibit J-6

Hamblen County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2019

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	School Federal Projects	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 49,456	\$ 44,035	\$ 93,491
Accounts Receivable	1,992	0	1,992
Due from Other Governments	545,899	0	545,899
Due from Other Funds	3,721	0	3,721
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 601,068	\$ 44,035	\$ 645,103
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,240	\$ 0	\$ 2,240
Due to Other Funds	95,015	0	95,015
Total Liabilities	\$ 97,255	\$ 0	\$ 97,255
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 3,813	\$ 0	\$ 3,813
Restricted for Capital Projects	0	44,035	44,035
Committed:			
Committed for Education	500,000	0	500,000
Total Fund Balances	\$ 503,813	\$ 44,035	\$ 547,848
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 601,068	\$ 44,035	\$ 645,103
	<hr/>	<hr/>	<hr/>

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, 2019

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>Revenues</u>			
Federal Government	\$ 6,360,825	\$ 0	\$ 6,360,825
Total Revenues	<u>\$ 6,360,825</u>	<u>\$ 0</u>	<u>\$ 6,360,825</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 5,028,002	\$ 0	\$ 5,028,002
Support Services	1,271,263	0	1,271,263
Capital Projects	0	31,868	31,868
Total Expenditures	<u>\$ 6,299,265</u>	<u>\$ 31,868</u>	<u>\$ 6,331,133</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 61,560</u>	<u>\$ (31,868)</u>	<u>\$ 29,692</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (91,225)	\$ 0	\$ (91,225)
Total Other Financing Sources (Uses)	<u>\$ (91,225)</u>	<u>\$ 0</u>	<u>\$ (91,225)</u>
Net Change in Fund Balances	\$ (29,665)	\$ (31,868)	\$ (61,533)
Fund Balance, July 1, 2018	533,478	75,903	609,381
Fund Balance, June 30, 2019	<u>\$ 503,813</u>	<u>\$ 44,035</u>	<u>\$ 547,848</u>

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 28,365,612	\$ 0	\$ 0	\$ 28,365,612	\$ 26,920,732	\$ 26,920,732	\$ 1,444,880
Charges for Current Services	864,030	0	0	864,030	823,200	823,200	40,830
Other Local Revenues	156,868	0	0	156,868	65,583	131,330	25,538
State of Tennessee	56,794,143	0	0	56,794,143	55,913,644	56,831,737	(37,594)
Federal Government	157,264	0	0	157,264	40,587	158,276	(1,012)
Total Revenues	\$ 86,337,917	\$ 0	\$ 0	\$ 86,337,917	\$ 83,763,746	\$ 84,865,275	\$ 1,472,642
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 43,990,816	\$ (9,885)	\$ 24,628	\$ 44,005,559	\$ 45,362,157	\$ 45,417,959	\$ 1,412,400
Special Education Program	6,444,639	(619)	16,263	6,460,283	6,722,221	6,682,221	221,938
Career and Technical Education Program	3,548,296	(96,576)	10,801	3,462,521	3,597,801	3,623,156	160,635
Student Body Education Program	161,639	(2,054)	5,795	165,380	209,302	209,302	43,922
<u>Support Services</u>							
Attendance	3,223	0	0	3,223	4,000	4,000	777
Health Services	790,968	(1,314)	589	790,243	798,639	802,839	12,596
Other Student Support	1,512,123	(26,035)	32,696	1,518,784	1,630,165	1,630,165	111,381
Regular Instruction Program	2,392,226	(7,664)	256,405	2,640,967	2,372,602	2,801,365	160,398
Special Education Program	883,202	0	78	883,280	753,758	911,447	28,167
Career and Technical Education Program	227,168	0	0	227,168	239,072	239,072	11,904
Technology	1,619,781	(35,269)	12,436	1,596,948	1,609,312	1,632,345	35,397
Other Programs	512,388	0	0	512,388	0	512,388	0
Board of Education	1,127,791	0	402	1,128,193	1,273,596	1,273,596	145,403
Director of Schools	656,923	(800)	844	656,967	696,335	696,335	39,368
Office of the Principal	4,819,885	0	0	4,819,885	4,998,111	4,998,111	178,226
Fiscal Services	510,584	(18,143)	25,933	518,374	569,283	569,283	50,909
Operation of Plant	5,964,453	0	764	5,965,217	6,539,861	6,539,861	574,644
Maintenance of Plant	1,576,598	(26,652)	26,675	1,576,621	1,630,940	1,630,940	54,319
Transportation	3,489,458	(7,707)	20,822	3,502,573	3,911,481	3,920,968	418,395

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 305,297	\$ (5,983)	\$ 3,259	\$ 302,573	\$ 320,583	\$ 359,261	\$ 56,688
Early Childhood Education	976,871	(231)	4,024	980,664	1,011,648	1,015,498	34,834
<u>Capital Outlay</u>							
Regular Capital Outlay	3,869,381	(1,645,676)	1,718,804	3,942,509	4,183,208	4,194,263	251,754
<u>Interest on Debt</u>							
Education	0	0	0	0	500,000	0	0
<u>Other Debt Service</u>							
Education	500,000	0	0	500,000	0	500,000	0
Total Expenditures	\$ 85,883,710	\$ (1,884,608)	\$ 2,161,218	\$ 86,160,320	\$ 88,934,075	\$ 90,164,375	\$ 4,004,055
<u>Excess (Deficiency) of Revenues Over Expenditures</u>							
	\$ 454,207	\$ 1,884,608	\$ (2,161,218)	\$ 177,597	\$ (5,170,329)	\$ (5,299,100)	\$ 5,476,697
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 49,966	\$ 0	\$ 0	\$ 49,966	\$ 10,000	\$ 30,542	\$ 19,424
Transfers In	456,089	0	0	456,089	429,684	429,684	26,405
Transfers Out	0	0	0	0	(28,244)	(28,244)	28,244
Total Other Financing Sources	\$ 506,055	\$ 0	\$ 0	\$ 506,055	\$ 411,440	\$ 431,982	\$ 74,073
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2018	\$ 960,262	\$ 1,884,608	\$ (2,161,218)	\$ 683,652	\$ (4,758,889)	\$ (4,867,118)	\$ 5,550,770
	11,477,236	(1,884,608)	0	9,592,628	10,675,560	10,675,560	(1,082,932)
<u>Fund Balance, June 30, 2019</u>							
	\$ 12,437,498	\$ 0	\$ (2,161,218)	\$ 10,276,280	\$ 5,916,671	\$ 5,808,442	\$ 4,467,838

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 6,360,825	\$ 0	\$ 0	\$ 6,360,825	\$ 5,927,583	\$ 7,004,184	\$ (643,359)
Total Revenues	\$ 6,360,825	\$ 0	\$ 0	\$ 6,360,825	\$ 5,927,583	\$ 7,004,184	\$ (643,359)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,340,081	\$ (10,870)	\$ 1,591	\$ 2,330,802	\$ 2,093,949	\$ 2,410,541	\$ 79,739
Special Education Program	2,501,396	0	0	2,501,396	2,436,517	2,605,216	103,820
Career and Technical Education Program	186,525	(22,407)	0	164,118	133,048	164,118	0
<u>Support Services</u>							
Health Services	25,222	0	0	25,222	25,064	28,583	3,361
Other Student Support	175,193	0	2,099	177,292	196,966	184,458	7,166
Regular Instruction Program	1,035,092	(201)	123	1,035,014	936,183	1,455,059	420,045
Special Education Program	14,689	0	0	14,689	0	21,920	7,231
Career and Technical Education Program	8,488	0	0	8,488	12,000	8,488	0
Technology	70	0	0	70	0	270	200
Board of Education	141	0	0	141	0	141	0
Transportation	12,368	0	0	12,368	10,000	19,778	7,410
Total Expenditures	\$ 6,299,265	\$ (33,478)	\$ 3,813	\$ 6,269,600	\$ 5,843,727	\$ 6,898,572	\$ 628,972
Excess (Deficiency) of Revenues Over Expenditures	\$ 61,560	\$ 33,478	\$ (3,813)	\$ 91,225	\$ 83,856	\$ 105,612	\$ (14,387)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (91,225)	\$ 0	\$ 0	\$ (91,225)	\$ (83,856)	\$ (105,612)	\$ 14,387
Total Other Financing Sources	\$ (91,225)	\$ 0	\$ 0	\$ (91,225)	\$ (83,856)	\$ (105,612)	\$ 14,387
Net Change in Fund Balance	\$ (29,665)	\$ 33,478	\$ (3,813)	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2018	533,478	(33,478)	0	500,000	0	0	500,000
Fund Balance, June 30, 2019	\$ 503,813	\$ 0	\$ (3,813)	\$ 500,000	\$ 0	\$ 0	\$ 500,000

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,317,233	\$ 0	\$ 0	\$ 1,317,233	\$ 1,165,000	\$ 1,165,000	\$ 152,233
Other Local Revenues	16,336	0	0	16,336	4,000	4,000	12,336
State of Tennessee	59,249	0	0	59,249	56,000	56,000	3,249
Federal Government	5,385,221	0	0	5,385,221	5,210,200	5,210,200	175,021
Total Revenues	\$ 6,778,039	\$ 0	\$ 0	\$ 6,778,039	\$ 6,435,200	\$ 6,435,200	\$ 342,839
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 6,532,188	\$ (292,970)	\$ 20,908	\$ 6,260,126	\$ 7,214,107	\$ 7,221,107	\$ 960,981
Total Expenditures	\$ 6,532,188	\$ (292,970)	\$ 20,908	\$ 6,260,126	\$ 7,214,107	\$ 7,221,107	\$ 960,981
Excess (Deficiency) of Revenues Over Expenditures	\$ 245,851	\$ 292,970	\$ (20,908)	\$ 517,913	\$ (778,907)	\$ (785,907)	\$ 1,303,820
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (364,864)	\$ 0	\$ 0	\$ (364,864)	\$ (364,864)	\$ (364,864)	\$ 0
Total Other Financing Sources	\$ (364,864)	\$ 0	\$ 0	\$ (364,864)	\$ (364,864)	\$ (364,864)	\$ 0
Net Change in Fund Balance	\$ (119,013)	\$ 292,970	\$ (20,908)	\$ 153,049	\$ (1,143,771)	\$ (1,150,771)	\$ 1,303,820
Fund Balance, July 1, 2018	4,854,886	(292,970)	0	4,561,916	4,552,164	4,552,164	9,752
Fund Balance, June 30, 2019	\$ 4,735,873	\$ 0	\$ (20,908)	\$ 4,714,965	\$ 3,408,393	\$ 3,401,393	\$ 1,313,572

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hamblen County, Tennessee
Schedule of Changes in Long-term Other Loans and Bonds
For the Year Ended June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Paid and/or Matured During Period	Outstanding 6-30-19
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
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
Qualified School Construction Bonds	11,280,000	1.515 %	12-17-09	7-1-26	5,766,477	703,854	5,062,623
Total Payable through General Debt Service Fund					<u>\$ 15,866,477</u>	<u>\$ 703,854</u>	<u>\$ 15,162,623</u>
Total Other Loans Payable					<u>\$ 15,866,477</u>	<u>\$ 703,854</u>	<u>\$ 15,162,623</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Refunding Bonds, Series 2009	10,860,000	3 to 5	9-23-09	6-1-19	\$ 3,660,000	\$ 3,660,000	\$ 0
General Obligation Bonds, Series 2014	5,200,000	1.446	3-28-14	6-1-23	2,820,000	610,000	2,210,000
Total Payable through General Debt Service Fund					<u>\$ 6,480,000</u>	<u>\$ 4,270,000</u>	<u>\$ 2,210,000</u>
Total Bonds Payable					<u>\$ 6,480,000</u>	<u>\$ 4,270,000</u>	<u>\$ 2,210,000</u>

(1) This issue was swapped to a synthetic fixed rate by execution of a swap agreement in a prior year.

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
2020	\$ 2,173,854	\$ 734,977	\$ 25,351	\$ 2,934,182
2021	2,253,854	652,878	21,661	2,928,393
2022	2,333,854	566,310	17,771	2,917,935
2023	2,423,854	475,274	13,680	2,912,808
2024	2,518,854	379,212	9,362	2,907,428
2025	2,618,854	277,845	4,807	2,901,506
2026	773,140	170,892	0	944,032
2027	66,359	14,241	0	80,600
Total	\$ 15,162,623	\$ 3,271,629	\$ 92,632	\$ 18,526,884

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 2,210,000	\$ 89,860	\$ 2,299,860

Exhibit K-3

Hamblen County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Capital outlay	\$ 93,000
Sanitation Projects	Solid Waste/Sanitation	Close out fund	<u>78,317</u>
Total Transfers Primary Government			<u><u>\$ 171,317</u></u>
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 91,225
Central Cafeteria	General Purpose School	Indirect costs	<u>364,864</u>
Total Transfers Discretely Presented Hamblen County School Department			<u><u>\$ 456,089</u></u>

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, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 101,704	\$ 1,000,000	The Hanover Insurance Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	94,122	100,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	177,900 (1)	100,000	The Ohio Casualty Insurance Company
Trustee	Section 8-24-102, <i>TCA</i>	85,566	1,000,000	The Hanover Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	87,598 (2)	50,000	RLI Insurance Company
Finance Director	County Commission	80,733	1,000,000	The Hanover Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	85,566	1,000,000	The Hanover Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	85,566	1,000,000	The Hanover Insurance Company
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	85,566 (3)	1,000,000	The Hanover Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	85,566	1,000,000	The Hanover Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	97,461 (4)	1,000,000	The Hanover Insurance Company
Employee Blanket Bonds				
	Public Employee Dishonesty - County Departments		1,000,000	The Hanover Insurance Company
	Public Employee Dishonesty - School Department		250,000	Liberty Mutual Insurance Company

(1) Includes a chief executive officer training supplement of \$900, a travel allowance of \$12,000, and a 403(b) contribution of \$12,000.

(2) Includes a travel related supplement of \$2,032.

(3) Does not include special commissioner fees of \$24,921.

(4) 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, 2019

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 8,997,704	\$ 1,182,824	\$ 0	\$ 0	\$ 0	\$ 4,836,409
Discount on Property Taxes	523,496	0	0	0	0	0
Trustee's Collections - Prior Year	352,533	37,719	0	0	0	188,394
Trustee's Collections - Bankruptcy	1,022	360	0	0	0	576
Circuit Clerk/Clerk and Master Collections - Prior Years	221,643	19,984	0	0	0	117,036
Interest and Penalty	193,758	16,051	0	0	0	102,602
Payments in-Lieu-of Taxes - T.V.A.	780	276	0	0	0	408
Payments in-Lieu-of Taxes - Local Utilities	127,497	0	0	0	0	67,108
Payments in-Lieu-of Taxes - Other	27,092	0	0	0	0	1,904
<u>County Local Option Taxes</u>						
Local Option Sales Tax	9,855	789,099	0	0	86,000	63,000
Hotel/Motel Tax	9,025	0	0	0	0	0
Wheel Tax	1,607,790	0	0	0	0	0
Litigation Tax - General	146,832	0	0	0	0	0
Litigation Tax - Special Purpose	69,596	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	2	0	0	0	0	137,318
Litigation Tax - Courthouse Security	144,896	0	0	0	0	0
Business Tax	1,031,717	0	0	0	0	0
Mixed Drink Tax	11	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	53,756	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	8,364
Wholesale Beer Tax	0	125,047	0	0	0	0
Total Local Taxes	\$ 13,465,249	\$ 2,171,360	\$ 0	\$ 0	\$ 139,756	\$ 5,523,119

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 5,510	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	382,405	0	0	0	0	0
<u>Permits</u>						
Beer Permits	0	1,852	0	0	0	0
Building Permits	114,579	0	0	0	0	0
Total Licenses and Permits	\$ 502,494	\$ 1,852	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 4,112	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	15,239	0	0	0	0	0
Drug Control Fines	7,831	0	3,251	0	0	0
Drug Court Fees	1,419	0	0	0	0	0
Jail Fees	119	0	0	0	0	2,154
DUI Treatment Fines	692	0	0	0	0	0
Data Entry Fee - Circuit Court	4,289	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	20,545	0	0	0	0	0
Fines for Littering	247	0	0	0	0	0
Officers Costs	49,134	0	0	0	0	0
Game and Fish Fines	79	0	0	0	0	0
Drug Control Fines	0	0	6,759	0	0	0
Drug Court Fees	9,547	0	0	0	0	0
Jail Fees	21,023	0	0	0	0	46,073
DUI Treatment Fines	5,711	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
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Data Entry Fee - General Sessions Court	\$ 25,471	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	858	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	2,839	0	0	0	0	0
Officers Costs	1,890	0	0	0	0	0
Drug Control Fines	4,123	0	0	0	0	0
Interpreter Fee	1,168	0	0	0	0	0
Data Entry Fee - Juvenile Court	2,146	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	4,536	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Court Fees	275	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	98,481	0	0	0
Other Fines, Forfeitures, and Penalties	70	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 183,363	\$ 0	\$ 108,491	\$ 0	\$ 0	\$ 48,227
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 20,867	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	7,416	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	126,497	0	0	0	0	0
Copy Fees	9,161	0	0	0	0	0
Telephone Commissions	107,077	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
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Vending Machine Collections	\$ 299	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tourism Fees	19,625	0	0	0	0	0
Electronic Citation Fee	460	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	378	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	24,921	0	0
Data Processing Fee - Register	18,342	0	0	0	0	0
Probation Fees	1,260	0	0	0	0	0
Data Processing Fee - Sheriff	15,320	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	6,000	0	0	0	0	0
Data Processing Fee - County Clerk	9,264	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	3,030	0	0	0	0	0
<u>Education Charges</u>						
Community Service Fees - Adults	7,628	0	0	0	0	0
Total Charges for Current Services	\$ 352,246	\$ 0	\$ 0	\$ 25,299	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 2,868	\$ 0	\$ 633	\$ 0	\$ 0	\$ 314,319
Lease/Rentals	57,252	0	0	0	0	0
Sale of Materials and Supplies	647	5,175	0	0	0	0
Commissary Sales	16,374	0	0	0	0	0
Miscellaneous Refunds	59,694	0	57	0	2,694	0
Expenditure Credits	2,500	100	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	3,050	0	0	0	103	0
Damages Recovered from Individuals	0	0	764	0	792	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 2,304	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000
Total Other Local Revenues	\$ 144,689	\$ 5,275	\$ 1,454	\$ 0	\$ 3,589	\$ 814,319
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 818,952	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	274,499	0	0	0	0	0
General Sessions Court Clerk	664,208	0	0	0	0	0
Clerk and Master	333,052	0	0	0	0	0
Juvenile Court Clerk	55,857	0	0	0	0	0
Register	243,890	0	0	0	0	0
Sheriff	27,008	0	0	0	0	0
Trustee	1,077,201	0	0	0	0	0
Total Fees Received From County Officials	\$ 3,494,667	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	80,516	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	24,507	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	608,343	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	351,963	0
Litter Program	47,574	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
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 165,768	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	0	17,959	0	0	0	0
Vehicle Certificate of Title Fees	13,963	0	0	0	0	0
Alcoholic Beverage Tax	98,864	0	0	0	0	0
State Revenue Sharing - T.V.A.	610,369	0	0	0	200,000	0
State Revenue Sharing - Telecommunications	55,539	0	0	0	0	0
Contracted Prisoner Boarding	838,969	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,245,597	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	60,000	0	0	0	0	0
Other State Revenues	24,176	0	0	0	0	0
Total State of Tennessee	\$ 2,657,252	\$ 17,959	\$ 0	\$ 0	\$ 2,842,688	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 29,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	17,000	0	0	0	0	0
Other Federal through State	9,090	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	2,829	0	0	0
Other Direct Federal Revenue	37,464	0	0	0	0	0
Total Federal Government	\$ 92,754	\$ 0	\$ 2,829	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 10,311	\$ 0	\$ 0	\$ 0
Contracted Services	101,257	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	910	0	0	0	500	0
<u>Other</u>						
Other	0	0	0	0	0	400,094
Total Other Governments and Citizens Groups	<u>\$ 102,167</u>	<u>\$ 0</u>	<u>\$ 10,311</u>	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 400,094</u>
Total	<u>\$ 20,994,881</u>	<u>\$ 2,196,446</u>	<u>\$ 123,085</u>	<u>\$ 25,299</u>	<u>\$ 2,986,533</u>	<u>\$ 6,785,759</u>

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		Total
	General Capital Projects	Highway Capital Projects	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 0	\$ 15,016,937
Discount on Property Taxes	0	0	523,496
Trustee's Collections - Prior Year	0	0	578,646
Trustee's Collections - Bankruptcy	0	0	1,958
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	358,663
Interest and Penalty	0	0	312,411
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,464
Payments in-Lieu-of Taxes - Local Utilities	0	0	194,605
Payments in-Lieu-of Taxes - Other	0	0	28,996
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	947,954
Hotel/Motel Tax	0	0	9,025
Wheel Tax	0	0	1,607,790
Litigation Tax - General	0	0	146,832
Litigation Tax - Special Purpose	0	0	69,596
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	137,320
Litigation Tax - Courthouse Security	0	0	144,896
Business Tax	0	0	1,031,717
Mixed Drink Tax	0	0	11
Mineral Severance Tax	0	0	53,756
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	8,364
Wholesale Beer Tax	0	0	125,047
Total Local Taxes	\$ 0	\$ 0	\$ 21,299,484

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		Total
	General Capital Projects	Highway Capital Projects	
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 0	\$ 0	\$ 5,510
Cable TV Franchise	0	0	382,405
<u>Permits</u>			
Beer Permits	0	0	1,852
Building Permits	0	0	114,579
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 504,346</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	\$ 4,112
Officers Costs	0	0	15,239
Drug Control Fines	0	0	11,082
Drug Court Fees	0	0	1,419
Jail Fees	0	0	2,273
DUI Treatment Fines	0	0	692
Data Entry Fee - Circuit Court	0	0	4,289
<u>General Sessions Court</u>			
Fines	0	0	20,545
Fines for Littering	0	0	247
Officers Costs	0	0	49,134
Game and Fish Fines	0	0	79
Drug Control Fines	0	0	6,759
Drug Court Fees	0	0	9,547
Jail Fees	0	0	67,096
DUI Treatment Fines	0	0	5,711

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		Total
	General Capital Projects	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>General Sessions Court (Cont.)</u>			
Data Entry Fee - General Sessions Court	\$ 0	\$ 0	\$ 25,471
Courtroom Security Fee	0	0	858
<u>Juvenile Court</u>			
Fines	0	0	2,839
Officers Costs	0	0	1,890
Drug Control Fines	0	0	4,123
Interpreter Fee	0	0	1,168
Data Entry Fee - Juvenile Court	0	0	2,146
<u>Chancery Court</u>			
Data Entry Fee - Chancery Court	0	0	4,536
<u>Other Courts - In-county</u>			
Drug Court Fees	0	0	275
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	98,481
Other Fines, Forfeitures, and Penalties	0	0	70
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 340,081</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Patient Charges	\$ 0	\$ 0	\$ 20,867
Work Release Charges for Board	0	0	7,416
<u>Fees</u>			
Recreation Fees	0	0	126,497
Copy Fees	0	0	9,161
Telephone Commissions	0	0	107,077

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>General Capital Projects</u>	<u>Highway Capital Projects</u>	
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Vending Machine Collections	\$ 0	\$ 0	\$ 299
Tourism Fees	0	0	19,625
Electronic Citation Fee	0	0	460
Constitutional Officers' Fees and Commissions	0	0	378
Special Commissioner Fees/Special Master Fees	0	0	24,921
Data Processing Fee - Register	0	0	18,342
Probation Fees	0	0	1,260
Data Processing Fee - Sheriff	0	0	15,320
Sexual Offender Registration Fee - Sheriff	0	0	6,000
Data Processing Fee - County Clerk	0	0	9,264
Vehicle Insurance Coverage and Reinstatement Fees	0	0	3,030
<u>Education Charges</u>			
Community Service Fees - Adults	0	0	7,628
Total Charges for Current Services	\$ 0	\$ 0	\$ 377,545
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 317,820
Lease/Rentals	0	0	57,252
Sale of Materials and Supplies	0	0	5,822
Commissary Sales	0	0	16,374
Miscellaneous Refunds	0	21,016	83,461
Expenditure Credits	0	0	2,600
<u>Nonrecurring Items</u>			
Sale of Equipment	0	0	3,153
Damages Recovered from Individuals	0	0	1,556

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>			
<u>Other Local Revenues</u>			
Other Local Revenues	\$ 0	\$ 0	\$ 502,304
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 21,016</u>	<u>\$ 990,342</u>
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$ 0	\$ 818,952
Circuit Court Clerk	0	0	274,499
General Sessions Court Clerk	0	0	664,208
Clerk and Master	0	0	333,052
Juvenile Court Clerk	0	0	55,857
Register	0	0	243,890
Sheriff	0	0	27,008
Trustee	0	0	1,077,201
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,494,667</u>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 13,500
Solid Waste Grants	0	0	80,516
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	24,507
<u>Health and Welfare Grants</u>			
Health Department Programs	0	0	608,343
<u>Public Works Grants</u>			
State Aid Program	0	0	351,963
Litter Program	0	0	47,574

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	<u>General Capital Projects</u>	<u>Highway Capital Projects</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues</u>			
Income Tax	\$ 0	\$ 0	\$ 165,768
Beer Tax	0	0	17,959
Vehicle Certificate of Title Fees	0	0	13,963
Alcoholic Beverage Tax	0	0	98,864
State Revenue Sharing - T.V.A.	0	136,000	946,369
State Revenue Sharing - Telecommunications	0	0	55,539
Contracted Prisoner Boarding	0	0	838,969
Gasoline and Motor Fuel Tax	0	0	2,245,597
Petroleum Special Tax	0	0	45,128
Registrar's Salary Supplement	0	0	15,164
Other State Grants	93,250	0	153,250
Other State Revenues	0	0	24,176
Total State of Tennessee	<u>\$ 93,250</u>	<u>\$ 136,000</u>	<u>\$ 5,747,149</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 29,200
Homeland Security Grants	0	0	17,000
Other Federal through State	29,564	0	38,654
<u>Direct Federal Revenue</u>			
Asset Forfeiture Funds	0	0	2,829
Other Direct Federal Revenue	0	0	37,464
Total Federal Government	<u>\$ 29,564</u>	<u>\$ 0</u>	<u>\$ 125,147</u>

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	<u>General Capital Projects</u>	<u>Highway Capital Projects</u>	<u>Total</u>
<hr/>			
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$ 0	\$ 10,311
Contracted Services	0	0	101,257
<u>Citizens Groups</u>			
Donations	0	0	1,410
<u>Other</u>			
Other	0	0	400,094
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 513,072</u>
 Total	 <u>\$ 122,814</u>	 <u>\$ 157,016</u>	 <u>\$ 33,391,833</u>

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, 2019

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 12,588,457	\$ 0	\$ 0	\$ 12,588,457
Trustee's Collections - Prior Year	474,821	0	0	474,821
Trustee's Collections - Bankruptcy	1,643	0	0	1,643
Circuit Clerk/Clerk and Master Collections - Prior Years	321,369	0	0	321,369
Interest and Penalty	283,744	0	0	283,744
Payments in-Lieu-of Taxes - T.V.A.	1,092	0	0	1,092
Payments in-Lieu-of Taxes - Local Utilities	180,411	0	0	180,411
Payments in-Lieu-of Taxes - Other	5,095	0	0	5,095
<u>County Local Option Taxes</u>				
Local Option Sales Tax	14,412,803	0	0	14,412,803
Mixed Drink Tax	62,720	0	0	62,720
<u>Statutory Local Taxes</u>				
Bank Excise Tax	33,457	0	0	33,457
Total Local Taxes	<u>\$ 28,365,612</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,365,612</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 195,934	\$ 0	\$ 0	\$ 195,934
Tuition - Other	294,873	0	0	294,873
Lunch Payments - Children	0	0	1,064,780	1,064,780
Lunch Payments - Adults	0	0	99,359	99,359
A la Carte Sales	0	0	111,173	111,173
Receipts from Individual Schools	236,617	0	0	236,617
Other Charges for Services	136,606	0	41,921	178,527
Total Charges for Current Services	<u>\$ 864,030</u>	<u>\$ 0</u>	<u>\$ 1,317,233</u>	<u>\$ 2,181,263</u>

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 9,633	\$ 0	\$ 16,336	\$ 25,969
Lease/Rentals	1,214	0	0	1,214
Sale of Materials and Supplies	1,393	0	0	1,393
Miscellaneous Refunds	23,311	0	0	23,311
<u>Nonrecurring Items</u>				
Sale of Equipment	15,971	0	0	15,971
Damages Recovered from Individuals	1,052	0	0	1,052
Contributions and Gifts	103,267	0	0	103,267
<u>Other Local Revenues</u>				
Other Local Revenues	1,027	0	0	1,027
Total Other Local Revenues	<u>\$ 156,868</u>	<u>\$ 0</u>	<u>\$ 16,336</u>	<u>\$ 173,204</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 512,388	\$ 0	\$ 0	\$ 512,388
<u>State Education Funds</u>				
Basic Education Program	54,821,054	0	0	54,821,054
Early Childhood Education	654,211	0	0	654,211
School Food Service	0	0	59,249	59,249
Coordinated School Health	99,236	0	0	99,236
Family Resource Centers	59,223	0	0	59,223
Career Ladder Program	200,416	0	0	200,416
<u>Other State Revenues</u>				
Other State Grants	447,615	0	0	447,615
Total State of Tennessee	<u>\$ 56,794,143</u>	<u>\$ 0</u>	<u>\$ 59,249</u>	<u>\$ 56,853,392</u>

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,516,502	\$ 3,516,502
USDA - Commodities	0	0	367,473	367,473
Breakfast	0	0	1,432,162	1,432,162
USDA - Other	0	0	69,084	69,084
Vocational Education - Basic Grants to States	0	193,241	0	193,241
Other Vocational	39,575	0	0	39,575
Title I Grants to Local Education Agencies	0	2,870,940	0	2,870,940
Special Education - Grants to States	117,689	2,442,774	0	2,560,463
Special Education Preschool Grants	0	73,311	0	73,311
English Language Acquisition Grants	0	154,095	0	154,095
Education for Homeless Children and Youth	0	60,003	0	60,003
Eisenhower Professional Development State Grants	0	438,875	0	438,875
Other Federal through State	0	127,586	0	127,586
Total Federal Government	<u>\$ 157,264</u>	<u>\$ 6,360,825</u>	<u>\$ 5,385,221</u>	<u>\$ 11,903,310</u>
Total	<u>\$ 86,337,917</u>	<u>\$ 6,360,825</u>	<u>\$ 6,778,039</u>	<u>\$ 99,476,781</u>

Exhibit K-7

Hamblen County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2019

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	71,231	
Pensions		3,754	
Life Insurance		356	
Medical Insurance		66,315	
Employer Medicare		851	
Audit Services		23,767	
Contracts with Private Agencies		1,200	
Dues and Memberships		4,494	
Pauper Burials		200	
Travel		1,599	
Other Contracted Services		3,995	
Office Supplies		913	
Other Charges		3,283	
Total County Commission			\$ 181,958

Board of Equalization

Board and Committee Members Fees	\$	1,665	
Total Board of Equalization			1,665

County Mayor/Executive

County Official/Administrative Officer	\$	101,704	
Assistant(s)		36,401	
Social Security		8,108	
Pensions		12,222	
Life Insurance		50	
Medical Insurance		20,079	
Employer Medicare		1,896	
Communication		2,374	
Dues and Memberships		1,940	
Postal Charges		3,442	
Rentals		5,998	
Travel		4,452	
Office Supplies		1,086	
Other Charges		8,717	
Office Equipment		240	
Total County Mayor/Executive			208,709

County Attorney

Other Salaries and Wages	\$	1,200	
Social Security		74	
Employer Medicare		18	
Legal Services		15,313	
Total County Attorney			16,605

Election Commission

County Official/Administrative Officer	\$	77,009	
Deputy(ies)		57,912	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Longevity Pay	\$	1,800	
Overtime Pay		544	
Election Commission		12,000	
Election Workers		43,976	
Social Security		9,379	
Pensions		12,407	
Life Insurance		78	
Medical Insurance		17,974	
Employer Medicare		2,194	
Communication		283	
Contracts with Private Agencies		21,740	
Dues and Memberships		400	
Legal Notices, Recording, and Court Costs		7,316	
Maintenance Agreements		24,445	
Postal Charges		3,584	
Printing, Stationery, and Forms		1,437	
Rentals		1,409	
Travel		6,602	
Office Supplies		2,412	
Office Equipment		2,380	
Total Election Commission			\$ 307,281

Register of Deeds

County Official/Administrative Officer	\$	85,566	
Deputy(ies)		97,196	
Part-time Personnel		31,795	
Longevity Pay		4,425	
Social Security		13,173	
Pensions		16,959	
Life Insurance		105	
Medical Insurance		29,866	
Employer Medicare		3,081	
Communication		21	
Dues and Memberships		926	
Postal Charges		632	
Travel		455	
Office Supplies		4,426	
Data Processing Equipment		17,433	
Total Register of Deeds			306,059

Planning

County Official/Administrative Officer	\$	44,127	
Deputy(ies)		37,500	
Secretary(ies)		26,163	
Longevity Pay		1,950	
Board and Committee Members Fees		13,800	
Social Security		7,250	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Pensions	\$	9,979	
Life Insurance		78	
Medical Insurance		28,462	
Employer Medicare		1,696	
Communication		1,402	
Contracts with Private Agencies		15,775	
Dues and Memberships		185	
Legal Services		3,300	
Legal Notices, Recording, and Court Costs		754	
Maintenance and Repair Services - Vehicles		397	
Postal Charges		616	
Rentals		1,185	
Gasoline		1,143	
Office Supplies		1,388	
Refunds		2,284	
In Service/Staff Development		2,002	
Data Processing Equipment		317	
Total Planning			\$ 201,753

Codes Compliance

Legal Services	\$	3,570	
Other Contracted Services		8,650	
Office Supplies		2,224	
Total Codes Compliance			14,444

Geographical Information Systems

Deputy(ies)	\$	37,684	
Social Security		2,319	
Pensions		3,414	
Life Insurance		26	
Medical Insurance		6,251	
Employer Medicare		542	
Contracts with Government Agencies		31,546	
Postal Charges		176	
Travel		1,082	
Office Supplies		192	
Total Geographical Information Systems			83,232

Other Facilities

Supervisor/Director	\$	38,480	
Custodial Personnel		77,137	
Maintenance Personnel		69,317	
Part-time Personnel		20,769	
Longevity Pay		4,575	
Overtime Pay		6,251	
Social Security		12,541	
Pensions		17,736	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Life Insurance	\$	157	
Medical Insurance		61,932	
Employer Medicare		2,933	
Communication		25,654	
Maintenance Agreements		42,736	
Maintenance and Repair Services - Buildings		43,330	
Maintenance and Repair Services - Equipment		1,800	
Maintenance and Repair Services - Vehicles		6,703	
Pest Control		4,192	
Other Contracted Services		711	
Custodial Supplies		30,088	
Electricity		342,740	
Gasoline		4,656	
Natural Gas		23,082	
Uniforms		3,439	
Heating and Air Conditioning Equipment		20,995	
Maintenance Equipment		1,742	
Total Other Facilities			\$ 863,696

Preservation of Records

Supervisor/Director	\$	13,096	
Social Security		812	
Employer Medicare		190	
Postal Charges		6	
Rentals		1,409	
Office Supplies		4,396	
Total Preservation of Records			19,909

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	80,733	
Accountants/Bookkeepers		151,976	
Longevity Pay		750	
Overtime Pay		2,834	
Social Security		15,513	
Pensions		23,650	
Life Insurance		153	
Medical Insurance		59,164	
Employer Medicare		3,628	
Dues and Memberships		810	
Maintenance Agreements		14,000	
Printing, Stationery, and Forms		1,098	
Travel		1,801	
Office Supplies		5,634	
In Service/Staff Development		1,534	
Office Equipment		4,293	
Total Accounting and Budgeting			367,571

(Continued)

Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)Purchasing

Purchasing Personnel	\$	27,966	
Longevity Pay		225	
Social Security		1,541	
Pensions		2,554	
Life Insurance		26	
Medical Insurance		6,251	
Employer Medicare		360	
Advertising		1,633	
Office Supplies		292	
Total Purchasing			\$ 40,848

Property Assessor's Office

County Official/Administrative Officer	\$	87,598	
Deputy(ies)		104,009	
Data Processing Personnel		38,821	
Longevity Pay		4,500	
Social Security		13,889	
Pensions		21,285	
Life Insurance		131	
Medical Insurance		40,073	
Employer Medicare		3,248	
Communication		37	
Contracts with Government Agencies		17,918	
Dues and Memberships		1,350	
Maintenance and Repair Services - Vehicles		1,470	
Postal Charges		1,745	
Printing, Stationery, and Forms		270	
Travel		317	
Gasoline		1,875	
Office Supplies		910	
Data Processing Equipment		103	
Office Equipment		30	
Total Property Assessor's Office			339,579

Reappraisal Program

Deputy(ies)	\$	34,946	
Longevity Pay		1,425	
Social Security		2,074	
Pensions		3,295	
Life Insurance		26	
Medical Insurance		11,113	
Employer Medicare		485	
Contracts with Government Agencies		5,909	
Contracts with Private Agencies		66,870	
Postal Charges		1,463	
Rentals		1,303	
Other Contracted Services		371	
Office Supplies		135	
Total Reappraisal Program			129,415

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	85,566	
Deputy(ies)		123,846	
Part-time Personnel		14,603	
Longevity Pay		1,200	
Social Security		13,103	
Pensions		19,081	
Life Insurance		131	
Medical Insurance		51,853	
Employer Medicare		3,065	
Communication		1	
Dues and Memberships		927	
Legal Notices, Recording, and Court Costs		483	
Maintenance Agreements		22,780	
Postal Charges		10,930	
Printing, Stationery, and Forms		8,401	
Rentals		1,409	
Travel		3,365	
Office Supplies		280	
In Service/Staff Development		470	
Total County Trustee's Office			\$ 361,494

County Clerk's Office

County Official/Administrative Officer	\$	85,566	
Deputy(ies)		312,647	
Part-time Personnel		4,067	
Longevity Pay		11,550	
Social Security		24,688	
Pensions		36,878	
Life Insurance		282	
Medical Insurance		76,170	
Employer Medicare		5,774	
Communication		1,752	
Dues and Memberships		1,082	
Maintenance Agreements		21,119	
Postal Charges		20,439	
Printing, Stationery, and Forms		1,366	
Rentals		1,773	
Travel		5,715	
Office Supplies		8,091	
Data Processing Equipment		12,100	
Total County Clerk's Office			631,059

Data Processing

Supervisor/Director	\$	40,456	
Longevity Pay		975	
Social Security		2,280	
Pensions		3,754	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Life Insurance	\$	26	
Medical Insurance		16,091	
Employer Medicare		533	
Communication		338	
Contracts with Private Agencies		4,408	
Data Processing Services		9,938	
Maintenance Agreements		4,229	
Data Processing Supplies		88	
In Service/Staff Development		15	
Data Processing Equipment		18,112	
Total Data Processing			\$ 101,243

Other Finance

Deputy(ies)	\$	179,464	
Longevity Pay		5,025	
Social Security		10,712	
Pensions		16,715	
Life Insurance		157	
Medical Insurance		55,671	
Employer Medicare		2,505	
Communication		4,696	
Data Processing Services		1,602	
Operating Lease Payments		24,745	
Maintenance and Repair Services - Buildings		361	
Rentals		1,264	
Electricity		9,492	
Office Supplies		1,919	
Total Other Finance			314,328

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	85,566	
Deputy(ies)		382,942	
Part-time Personnel		56,440	
Longevity Pay		8,700	
Overtime Pay		2,799	
Other Salaries and Wages		22,800	
Jury and Witness Expense		14,329	
Social Security		33,628	
Pensions		43,529	
Life Insurance		364	
Medical Insurance		107,956	
Employer Medicare		7,865	
Communication		1,390	
Dues and Memberships		981	
Legal Notices, Recording, and Court Costs		376	
Maintenance Agreements		41,631	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Postal Charges	\$	5,937	
Printing, Stationery, and Forms		9,392	
Rentals		7,343	
Travel		49	
Other Contracted Services		4,899	
Office Supplies		11,237	
Data Processing Equipment		6,015	
Office Equipment		2,128	
Total Circuit Court			\$ 858,296

General Sessions Court

Judge(s)	\$	333,732	
Other Salaries and Wages		9,425	
Social Security		16,706	
Pensions		30,798	
Life Insurance		52	
Medical Insurance		25,967	
Employer Medicare		4,833	
Communication		289	
Dues and Memberships		2,299	
Rentals		1,016	
Travel		3,493	
Other Contracted Services		2,514	
Office Supplies		2,762	
In Service/Staff Development		250	
Total General Sessions Court			434,136

Drug Court

Supervisor/Director	\$	35,322	
Deputy(ies)		24,778	
Part-time Personnel		16,386	
Longevity Pay		975	
Social Security		4,567	
Pensions		5,533	
Life Insurance		52	
Medical Insurance		16,091	
Employer Medicare		1,068	
Communication		3,063	
Dues and Memberships		575	
Evaluation and Testing		10,030	
Maintenance and Repair Services - Vehicles		700	
Postal Charges		1	
Printing, Stationery, and Forms		68	
Rentals		1,409	
Travel		3,283	
Gasoline		194	
Office Supplies		861	
Other Supplies and Materials		2,222	
Total Drug Court			127,178

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	85,566	
Deputy(ies)		129,180	
Part-time Personnel		14,563	
Longevity Pay		5,025	
Social Security		13,466	
Pensions		19,911	
Life Insurance		131	
Medical Insurance		63,514	
Employer Medicare		3,149	
Communication		318	
Dues and Memberships		897	
Maintenance Agreements		20,202	
Postal Charges		12,685	
Printing, Stationery, and Forms		21	
Rentals		1,773	
Travel		1,981	
Office Supplies		3,954	
Premiums on Corporate Surety Bonds		228	
In Service/Staff Development		1,504	
Office Equipment		620	
Total Chancery Court	\$		378,688

Juvenile Court

Assistant(s)	\$	37,948	
Supervisor/Director		57,524	
Probation Officer(s)		30,954	
Educational Assistants		34,504	
Attendants		31,778	
Longevity Pay		3,375	
Social Security		12,888	
Pensions		13,655	
Life Insurance		102	
Medical Insurance		29,345	
Employer Medicare		2,738	
Communication		550	
Contracts with Government Agencies		19,520	
Dues and Memberships		120	
Evaluation and Testing		1,696	
Maintenance and Repair Services - Vehicles		68	
Postal Charges		177	
Rentals		1,409	
Travel		1,679	
Other Contracted Services		4,750	
Food Supplies		1,100	
Gasoline		549	
Office Supplies		4,854	
In Service/Staff Development		2,506	
Total Juvenile Court			293,789

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security

Deputy(ies)	\$	313,039	
Lieutenant(s)		38,256	
Sergeant(s)		36,093	
Salary Supplements		4,200	
Part-time Personnel		172,747	
Longevity Pay		2,325	
Overtime Pay		96,132	
Social Security		40,182	
Pensions		56,342	
Life Insurance		283	
Medical Insurance		87,731	
Employer Medicare		9,397	
Evaluation and Testing		625	
Travel		6,647	
Uniforms		4,357	
In Service/Staff Development		9,773	
Law Enforcement Equipment		11,056	
Total Courtroom Security			\$ 889,185

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	96,861
Supervisor/Director		59,714
Deputy(ies)		643,340
Captain(s)		52,695
Lieutenant(s)		271,468
Sergeant(s)		355,333
Salary Supplements		21,000
Clerical Personnel		145,572
Longevity Pay		35,100
Overtime Pay		161,676
Social Security		107,750
Pensions		201,884
Life Insurance		1,073
Medical Insurance		419,927
Employer Medicare		25,200
Advertising		411
Communication		48,340
Dues and Memberships		2,845
Maintenance Agreements		40,793
Maintenance and Repair Services - Equipment		2,325
Maintenance and Repair Services - Vehicles		89,002
Postal Charges		3,152
Printing, Stationery, and Forms		4,993
Rentals		4,289
Towing Services		1,150
Travel		35,031

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Contracted Services	\$	3,466	
Gasoline		120,114	
Law Enforcement Supplies		9,396	
Lubricants		4,872	
Office Supplies		10,820	
Tires and Tubes		23,413	
Uniforms		5,028	
Other Supplies and Materials		6,974	
In Service/Staff Development		16,543	
Other Charges		11,209	
Law Enforcement Equipment		33,089	
Total Sheriff's Department			\$ 3,075,848

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,900	
Data Processing Services		68	
Maintenance Agreements		359	
Travel		1,170	
Office Supplies		652	
Total Administration of the Sexual Offender Registry			4,149

Jail

Captain(s)	\$	42,550	
Lieutenant(s)		71,952	
Sergeant(s)		126,904	
Guards		1,203,810	
Cafeteria Personnel		83,728	
Longevity Pay		11,925	
Overtime Pay		126,753	
Social Security		98,352	
Pensions		151,294	
Life Insurance		1,241	
Medical Insurance		415,018	
Employer Medicare		23,001	
Evaluation and Testing		3,250	
Maintenance Agreements		29,120	
Maintenance and Repair Services - Buildings		52,243	
Maintenance and Repair Services - Equipment		19,957	
Medical and Dental Services		1,252,390	
Rentals		1,943	
Travel		4,371	
Custodial Supplies		64,555	
Drugs and Medical Supplies		55,255	
Food Supplies		514,443	
Office Supplies		7,720	
Prisoners Clothing		14,296	
Uniforms		14,110	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

In Service/Staff Development	\$	625	
Other Charges		11,377	
Food Service Equipment		7,032	
Law Enforcement Equipment		15,666	
Other Equipment		9,799	
Total Jail			\$ 4,434,680

Workhouse

Guards	\$	43,180	
Longevity Pay		300	
Social Security		2,525	
Pensions		3,842	
Life Insurance		39	
Medical Insurance		13,882	
Employer Medicare		590	
Total Workhouse			64,358

Work Release Program

Supervisor/Director	\$	42,528	
Laborers		49,872	
Secretary(ies)		31,674	
Longevity Pay		7,125	
Other Salaries and Wages		11,100	
Social Security		8,302	
Pensions		11,982	
Life Insurance		104	
Medical Insurance		33,217	
Employer Medicare		1,942	
Communication		1,211	
Maintenance and Repair Services - Vehicles		2,713	
Postal Charges		27	
Printing, Stationery, and Forms		496	
Other Contracted Services		65,500	
Gasoline		1,763	
Office Supplies		808	
Testing		491	
Other Supplies and Materials		1,099	
In Service/Staff Development		55	
Total Work Release Program			272,009

Fire Prevention and Control

Contributions	\$	220,000	
Total Fire Prevention and Control			220,000

Civil Defense

Supervisor/Director	\$	40,774	
Part-time Personnel		17,159	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Longevity Pay	\$	525	
Social Security		3,620	
Pensions		3,742	
Life Insurance		26	
Medical Insurance		6,251	
Employer Medicare		847	
Communication		672	
Evaluation and Testing		122	
Maintenance and Repair Services - Vehicles		2,747	
Postal Charges		26	
Travel		1,392	
Gasoline		4,300	
Office Supplies		770	
Uniforms		1,568	
Liability Insurance		300	
Other Charges		4,496	
Communication Equipment		82	
Total Civil Defense			\$ 89,419

Other Emergency Management

Contributions	\$	186,634	
Total Other Emergency Management			186,634

Inspection and Regulation

Board and Committee Members Fees	\$	3,600	
Social Security		223	
Employer Medicare		52	
Evaluation and Testing		347	
Total Inspection and Regulation			4,222

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	125,764	
Other Contracted Services		9,000	
Office Supplies		296	
Total County Coroner/Medical Examiner			135,060

Other Public Safety

Other Equipment	\$	13,814	
Total Other Public Safety			13,814

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	409,357	
Longevity Pay		7,725	
Social Security		23,514	
Pensions		36,445	
Life Insurance		367	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Medical Insurance	\$	136,542	
Employer Medicare		5,500	
Communication		465	
Contracts with Government Agencies		64,077	
Travel		4,045	
Other Contracted Services		32,040	
Other Charges		4,000	
Total Local Health Center			\$ 724,077

Rabies and Animal Control

Contributions	\$	150,000	
Total Rabies and Animal Control			150,000

Nursing Home

Contributions	\$	5,000	
Total Nursing Home			5,000

Alcohol and Drug Programs

Contributions	\$	245	
Total Alcohol and Drug Programs			245

Crippled Children Services

Contributions	\$	6,000	
Total Crippled Children Services			6,000

Appropriation to State

Contributions	\$	109,233	
Total Appropriation to State			109,233

Other Local Welfare Services

Contributions	\$	26,955	
Total Other Local Welfare Services			26,955

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	\$	278,150	
Total Libraries			278,150

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Supervisor/Director	\$	42,490	
Maintenance Personnel		29,297	
Part-time Personnel		5,116	
Longevity Pay		2,400	
Overtime Pay		35,780	
Social Security		7,115	
Pensions		9,963	
Life Insurance		52	
Medical Insurance		12,579	
Employer Medicare		1,664	
Communication		2,105	
Maintenance and Repair Services - Equipment		2,904	
Maintenance and Repair Services - Vehicles		1,199	
Other Contracted Services		1,200	
Custodial Supplies		7,984	
Diesel Fuel		2,268	
Electricity		52,457	
Gasoline		3,937	
Office Supplies		195	
Uniforms		674	
Water and Sewer		32,394	
Other Supplies and Materials		2,750	
Liability Insurance		6,435	
Refunds		325	
Workers' Compensation Insurance		2,983	
Other Charges		2,994	
Other Construction		20,425	
Total Parks and Fair Boards			\$ 289,685

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	114,768	
Contributions		234,666	
Total Other Social, Cultural, and Recreational			349,434

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	151,804	
Communication		78	
Travel		1,922	
Office Supplies		3,328	
Total Agricultural Extension Service			157,132

Forest Service

Contributions	\$	1,000	
Total Forest Service			1,000

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	27,897	
Longevity Pay		1,425	
Social Security		1,521	
Pensions		2,657	
Life Insurance		26	
Medical Insurance		16,091	
Employer Medicare		356	
Total Soil Conservation			\$ 49,973

Storm Water Management

Contracts with Government Agencies	\$	3,460	
Engineering Services		6,440	
Other Contracted Services		20,460	
Instructional Supplies and Materials		575	
Total Storm Water Management			30,935

Other Operations

Tourism

Contributions	\$	22,500	
Other Contracted Services		30,675	
Total Tourism			53,175

Industrial Development

Contributions	\$	91,000	
Contracts for Development Costs		523,496	
Total Industrial Development			614,496

Veterans' Services

County Official/Administrative Officer	\$	17,360	
Social Security		958	
Employer Medicare		224	
Communication		80	
Maintenance Agreements		449	
Postal Charges		201	
Printing, Stationery, and Forms		45	
Travel		3,233	
Office Supplies		415	
Total Veterans' Services			22,965

Employee Benefits

Handling Charges and Administrative Costs	\$	930	
Unemployment Compensation		1,085	
Other Fringe Benefits		2,362	
Contracts with Private Agencies		6,942	
Liability Insurance		390,506	
Workers' Compensation Insurance		137,473	
Liability Claims		78,575	
Total Employee Benefits			617,873

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Contracts with Other Public Agencies	\$ 15,404	
Other Contracted Services	5,074	
Trustee's Commission	254,989	
Total Miscellaneous		\$ 275,467

Operation of Non-Instructional Services

Community Services

Contributions	\$ 6,000	
Total Community Services		6,000

Capital Projects

General Administration Projects

Administration Equipment	\$ 28,188	
Building Improvements	4,595	
Total General Administration Projects		32,783

Administration of Justice Projects

Motor Vehicles	\$ 518	
Total Administration of Justice Projects		518

Public Safety Projects

Building Improvements	\$ 66,989	
Land	73,037	
Motor Vehicles	128,288	
Total Public Safety Projects		268,314

Other General Government Projects

Other Contracted Services	\$ 9,652	
Total Other General Government Projects		9,652

Total General Fund \$ 20,069,475

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$ 56,981
Equipment Operators - Heavy	172,416
Truck Drivers	185,733
Laborers	210,303
Longevity Pay	11,250
Overtime Pay	16,802
Social Security	38,011
Pensions	59,205
Life Insurance	567
Medical Insurance	207,636
Employer Medicare	8,890
Other Fringe Benefits	450

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Advertising	\$	3,288	
Contracts with Private Agencies		17,222	
Maintenance and Repair Services - Equipment		99,093	
Towing Services		1,425	
Disposal Fees		925,352	
Other Contracted Services		800	
Diesel Fuel		138,986	
Gasoline		3,708	
Lubricants		9,991	
Office Supplies		314	
Small Tools		8,528	
Tires and Tubes		25,877	
Uniforms		7,207	
Other Supplies and Materials		12,252	
Liability Insurance		33,974	
Trustee's Commission		34,302	
Workers' Compensation Insurance		52,160	
Liability Claims		386	
Solid Waste Equipment		18,472	
Total Sanitation Management			\$ 2,361,581

Total Solid Waste/Sanitation Fund \$ 2,361,581

Drug Control Fund

Public Safety

Drug Enforcement

Salary Supplements	\$	6,000	
Social Security		372	
Pensions		754	
Employer Medicare		87	
Confidential Drug Enforcement Payments		10,130	
Dues and Memberships		1,250	
Rentals		13,845	
Travel		14,692	
Electricity		7,648	
Law Enforcement Supplies		3,693	
Trustee's Commission		1,220	
In Service/Staff Development		6,400	
Law Enforcement Equipment		19,469	
Motor Vehicles		61,968	
Total Drug Enforcement			\$ 147,528

Total Drug Control Fund 147,528

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 95	
Total Register of Deeds		\$ 95

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 233	
Total Circuit Court		233

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 24,921	
Total Chancery Court		24,921

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 50	
Total Sheriff's Department		<u>50</u>

Total Constitutional Officers - Fees Fund \$ 25,299

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 94,122	
Assistant(s)	37,920	
Accountants/Bookkeepers	34,320	
Longevity Pay	1,575	
Board and Committee Members Fees	18,300	
Social Security	11,191	
Pensions	12,169	
Life Insurance	78	
Medical Insurance	23,946	
Employer Medicare	2,618	
Advertising	1,539	
Communication	3,792	
Data Processing Services	1,620	
Dues and Memberships	3,509	
Legal Services	128	
Electricity	34,891	
Office Supplies	1,081	
Propane Gas	6,235	
Water and Sewer	951	
Liability Insurance	41,885	
Trustee's Commission	26,300	
Vehicle and Equipment Insurance	33,783	
Other Charges	<u>12,802</u>	
Total Administration		\$ 404,755

(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

Supervisor/Director	\$	48,008	
Equipment Operators		205,112	
Truck Drivers		181,956	
Laborers		65,761	
Longevity Pay		16,275	
Overtime Pay		16,961	
Social Security		31,400	
Pensions		48,378	
Life Insurance		417	
Medical Insurance		139,053	
Employer Medicare		7,343	
Contracts with Private Agencies		27,448	
Rentals		4,389	
Asphalt - Cold Mix		2,063	
Asphalt - Hot Mix		176,621	
Concrete		4,914	
Crushed Stone		55,547	
General Construction Materials		3,471	
Pipe - Metal		12,488	
Road Signs		15,800	
Salt		8,526	
Uniforms		5,092	
Fencing		26,238	
Total Highway and Bridge Maintenance			\$ 1,103,261

Operation and Maintenance of Equipment

Supervisor/Director	\$	41,790	
Mechanic(s)		38,621	
Longevity Pay		825	
Overtime Pay		4,942	
Social Security		4,808	
Pensions		7,808	
Life Insurance		52	
Medical Insurance		32,182	
Employer Medicare		1,124	
Diesel Fuel		44,304	
Equipment Parts - Heavy		66,308	
Garage Supplies		4,981	
Gasoline		16,646	
Lubricants		6,246	
Small Tools		1,512	
Tires and Tubes		29,253	
Other Supplies and Materials		6,858	
Total Operation and Maintenance of Equipment			308,260

Employee Benefits

Workers' Compensation Insurance	\$	21,064	
Liability Claims		565	
Total Employee Benefits			21,629

(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

Motor Vehicles	\$	74	
State Aid Projects		393,501	
Other Construction		219,488	
Total Capital Outlay			\$ 613,063

Total Highway/Public Works Fund \$ 2,450,968

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	73,200	
Total General Government			\$ 73,200

Highways and Streets

Principal on Bonds	\$	316,712	
Total Highways and Streets			316,712

Education

Principal on Bonds	\$	3,880,088	
Principal on Other Loans		703,854	
Total Education			4,583,942

Interest on Debt

General Government

Interest on Bonds	\$	3,660	
Interest on Other Loans		128,961	
Total General Government			132,621

Highways and Streets

Interest on Bonds	\$	22,705	
Total Highways and Streets			22,705

Education

Interest on Bonds	\$	200,365	
Interest on Other Loans		562,775	
Total Education			763,140

Other Debt Service

General Government

Trustee's Commission	\$	104,003	
Total General Government			104,003

Education

Other Debt Service	\$	15,192	
Total Education			15,192

Total General Debt Service Fund 6,011,515

(Continued)

Exhibit K-7

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

General Capital Projects Fund

Capital Projects

Public Safety Projects

Architects	\$ 157,499	
Total Public Safety Projects		\$ 157,499

Public Health and Welfare Projects

Contracts with Other Public Agencies	\$ 7,500	
Other Equipment	4,492	
Other Construction	<u>9,775</u>	
Total Public Health and Welfare Projects		21,767

Social, Cultural, and Recreation Projects

Architects	\$ 6,625	
Other Contracted Services	92,418	
Other Construction	<u>237,981</u>	
Total Social, Cultural, and Recreation Projects		337,024

Education Capital Projects

Engineering Services	\$ 6,740	
Total Education Capital Projects		<u>6,740</u>

Total General Capital Projects Fund		\$ 523,030
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Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Trustee's Commission	\$ 360	
Highway Construction	<u>150,415</u>	
Total Highway and Street Capital Projects		<u>\$ 150,775</u>

Total Highway Capital Projects Fund		<u>150,775</u>
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Total Governmental Funds - Primary Government		<u>\$ 31,740,171</u>
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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, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 28,393,750	
Career Ladder Program	109,250	
Salary Supplements	540,873	
Educational Assistants	1,247,769	
Other Salaries and Wages	32,026	
Certified Substitute Teachers	520,595	
Non-certified Substitute Teachers	29,265	
Social Security	1,792,874	
Pensions	2,839,369	
Life Insurance	30,995	
Medical Insurance	5,078,909	
Unemployment Compensation	11,288	
Employer Medicare	428,349	
Other Fringe Benefits	527,355	
Other Contracted Services	101,997	
Instructional Supplies and Materials	394,607	
Textbooks - Electronic	259,015	
Textbooks - Bound	455,272	
Other Supplies and Materials	101,286	
Other Charges	119,125	
Regular Instruction Equipment	976,847	
Total Regular Instruction Program		\$ 43,990,816

Special Education Program

Teachers	\$ 3,488,268	
Career Ladder Program	7,608	
Educational Assistants	701,406	
Speech Pathologist	443,231	
Certified Substitute Teachers	65,625	
Non-certified Substitute Teachers	12,015	
Social Security	274,779	
Pensions	437,794	
Life Insurance	5,376	
Medical Insurance	872,792	
Unemployment Compensation	2,040	
Employer Medicare	65,574	
Instructional Supplies and Materials	43,821	
Special Education Equipment	24,310	
Total Special Education Program		6,444,639

Career and Technical Education Program

Teachers	\$ 2,452,625	
Career Ladder Program	6,500	
Other Salaries and Wages	8,460	
Certified Substitute Teachers	53,532	
Non-certified Substitute Teachers	1,785	

(Continued)

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.)

Career and Technical Education Program (Cont.)

Social Security	\$	147,284	
Pensions		244,123	
Life Insurance		2,382	
Medical Insurance		405,896	
Unemployment Compensation		902	
Employer Medicare		34,838	
Instructional Supplies and Materials		54,917	
Other Supplies and Materials		30,430	
Other Charges		7,489	
Vocational Instruction Equipment		97,133	
Total Career and Technical Education Program	\$		3,548,296

Student Body Education Program

Other Contracted Services	\$	40,602	
Other Supplies and Materials		77,947	
Other Charges		43,090	
Total Student Body Education Program			161,639

Support Services

Attendance

Travel	\$	3,223	
Total Attendance			3,223

Health Services

Supervisor/Director	\$	52,451	
Medical Personnel		454,383	
Other Salaries and Wages		22,279	
Social Security		29,327	
Pensions		49,222	
Life Insurance		872	
Medical Insurance		152,474	
Unemployment Compensation		329	
Employer Medicare		6,867	
Travel		3,627	
Drugs and Medical Supplies		5,927	
Other Supplies and Materials		12,738	
In Service/Staff Development		472	
Total Health Services			790,968

Other Student Support

Career Ladder Program	\$	1,245	
Guidance Personnel		1,115,921	
Other Salaries and Wages		10,078	
Social Security		61,541	
Pensions		109,338	
Life Insurance		972	

(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.)

Medical Insurance	\$ 171,936	
Unemployment Compensation	395	
Employer Medicare	15,366	
Evaluation and Testing	25,331	
Total Other Student Support		\$ 1,512,123

Regular Instruction Program

Supervisor/Director	\$ 115,301	
Librarians	1,007,866	
Secretary(ies)	181,292	
Other Salaries and Wages	156,951	
In-service Training	71,083	
Social Security	86,336	
Pensions	138,350	
Life Insurance	1,380	
Medical Insurance	239,469	
Unemployment Compensation	526	
Employer Medicare	20,663	
Travel	20,507	
Other Contracted Services	94,780	
Library Books/Media	25,307	
Other Supplies and Materials	28,946	
In Service/Staff Development	22,313	
Other Charges	75,960	
Other Equipment	105,196	
Total Regular Instruction Program		2,392,226

Special Education Program

Supervisor/Director	\$ 61,206	
Psychological Personnel	134,202	
Secretary(ies)	72,081	
Clerical Personnel	26,005	
Social Security	16,196	
Pensions	27,634	
Life Insurance	240	
Medical Insurance	39,130	
Unemployment Compensation	71	
Employer Medicare	4,231	
Maintenance and Repair Services - Equipment	275	
Travel	11,365	
Other Contracted Services	472,120	
Other Supplies and Materials	3,504	
In Service/Staff Development	14,942	
Total Special Education Program		883,202

(Continued)

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.)

Career and Technical Education Program

Supervisor/Director	\$	86,228	
Secretary(ies)		36,479	
Other Salaries and Wages		42,737	
Social Security		9,220	
Pensions		15,290	
Life Insurance		153	
Medical Insurance		28,344	
Unemployment Compensation		56	
Employer Medicare		2,156	
Travel		6,505	
Total Career and Technical Education Program	\$		227,168

Technology

Supervisor/Director	\$	85,050	
Computer Programmer(s)		53,830	
Secretary(ies)		35,952	
Other Salaries and Wages		499,457	
Social Security		39,509	
Pensions		61,091	
Life Insurance		680	
Medical Insurance		110,154	
Unemployment Compensation		244	
Employer Medicare		9,240	
Communication		85,117	
Consultants		1,000	
Internet Connectivity		137,322	
Travel		9,080	
Office Supplies		11,424	
Uniforms		8,102	
Cabling		9,192	
Software		230,999	
In Service/Staff Development		3,580	
Data Processing Equipment		228,758	
Total Technology			1,619,781

Other Programs

On-behalf Payments to OPEB	\$	512,388	
Total Other Programs			512,388

Board of Education

Board and Committee Members Fees	\$	37,200	
Social Security		2,306	
Pensions		2,501	
Life Insurance		297	
Medical Insurance		11,143	
Employer Medicare		539	

(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.)

Board of Education (Cont.)

Audit Services	\$	32,435	
Dues and Memberships		13,127	
Legal Services		7,158	
Travel		27,584	
Liability Insurance		156,518	
Premiums on Corporate Surety Bonds		1,739	
Trustee's Commission		522,317	
Workers' Compensation Insurance		303,422	
Other Charges		9,505	
Total Board of Education			\$ 1,127,791

Director of Schools

County Official/Administrative Officer	\$	153,000	
Assistant(s)		215,020	
Career Ladder Program		1,900	
Secretary(ies)		103,743	
Social Security		27,966	
Pensions		54,694	
Life Insurance		209	
Medical Insurance		34,543	
Unemployment Compensation		94	
Employer Medicare		7,293	
Communication		1,723	
Postal Charges		14,000	
Travel		16,964	
Other Contracted Services		5,016	
Office Supplies		11,385	
Other Charges		9,373	
Total Director of Schools			656,923

Office of the Principal

Principals	\$	1,555,608	
Career Ladder Program		17,615	
Assistant Principals		1,183,212	
Secretary(ies)		791,592	
Social Security		207,060	
Pensions		356,006	
Life Insurance		3,083	
Medical Insurance		528,543	
Unemployment Compensation		1,175	
Employer Medicare		48,984	
Communication		127,007	
Total Office of the Principal			4,819,885

Fiscal Services

Supervisor/Director	\$	91,468	
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(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.)

Fiscal Services (Cont.)

Accountants/Bookkeepers	\$	166,173	
Social Security		14,485	
Pensions		21,628	
Life Insurance		212	
Medical Insurance		30,716	
Unemployment Compensation		85	
Employer Medicare		3,661	
Travel		5,884	
Other Contracted Services		10,690	
Data Processing Supplies		3,039	
Office Supplies		3,906	
Administration Equipment		158,637	
Total Fiscal Services			\$ 510,584

Operation of Plant

Custodial Personnel	\$	1,942,192	
Other Salaries and Wages		43,370	
Social Security		116,996	
Pensions		163,194	
Life Insurance		2,798	
Medical Insurance		440,995	
Unemployment Compensation		1,109	
Employer Medicare		28,001	
Other Contracted Services		360,391	
Custodial Supplies		179,643	
Electricity		2,000,583	
Natural Gas		199,025	
Water and Sewer		448,453	
Other Supplies and Materials		15,320	
Other Charges		3,156	
Plant Operation Equipment		19,227	
Total Operation of Plant			5,964,453

Maintenance of Plant

Supervisor/Director	\$	60,805	
Maintenance Personnel		687,108	
Social Security		44,410	
Pensions		67,603	
Life Insurance		898	
Medical Insurance		150,053	
Unemployment Compensation		338	
Employer Medicare		10,386	
Maintenance and Repair Services - Buildings		334,623	
Maintenance and Repair Services - Equipment		81,241	
Equipment and Machinery Parts		91,000	
Uniforms		9,500	

(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.)

Maintenance of Plant (Cont.)

Other Charges	\$	500	
Maintenance Equipment		38,133	
Total Maintenance of Plant			\$ 1,576,598

Transportation

Supervisor/Director	\$	51,703	
Mechanic(s)		208,585	
Bus Drivers		1,062,556	
Clerical Personnel		39,301	
Social Security		78,042	
Pensions		122,555	
Life Insurance		2,730	
Medical Insurance		430,973	
Unemployment Compensation		1,184	
Employer Medicare		18,371	
Contracts with Parents		4,756	
Maintenance and Repair Services - Vehicles		33,485	
Medical and Dental Services		8,154	
Travel		1,997	
Diesel Fuel		313,899	
Garage Supplies		4,024	
Gasoline		30,617	
Lubricants		21,328	
Tires and Tubes		50,867	
Uniforms		2,387	
Vehicle Parts		194,613	
Other Supplies and Materials		7,300	
Vehicle and Equipment Insurance		114,184	
Other Charges		45,915	
Transportation Equipment		639,932	
Total Transportation			3,489,458

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	41,187	
Other Salaries and Wages		211,983	
Social Security		15,575	
Pensions		6,969	
Life Insurance		52	
Medical Insurance		7,434	
Unemployment Compensation		489	
Employer Medicare		3,643	
Travel		309	
Other Contracted Services		1,115	
Other Supplies and Materials		13,596	
Other Charges		2,605	
Other Equipment		340	
Total Community Services			305,297

(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	\$	469,064	
Educational Assistants		289,692	
Certified Substitute Teachers		7,400	
Non-certified Substitute Teachers		8,000	
Social Security		43,924	
Pensions		47,646	
Life Insurance		519	
Medical Insurance		85,628	
Unemployment Compensation		415	
Employer Medicare		10,766	
Instructional Supplies and Materials		6,624	
In Service/Staff Development		3,663	
Other Charges		3,530	
Total Early Childhood Education			\$ 976,871

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	3,869,381	
Total Regular Capital Outlay			3,869,381

Other Debt Service

Education

Other Debt Service	\$	500,000	
Total Education			500,000

Total General Purpose School Fund \$ 85,883,710

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,099,530	
Educational Assistants		326,395	
Certified Substitute Teachers		8,098	
Non-certified Substitute Teachers		525	
Social Security		76,829	
Pensions		120,403	
Life Insurance		1,491	
Medical Insurance		242,486	
Unemployment Compensation		684	
Employer Medicare		20,960	
Other Fringe Benefits		4,664	
Instructional Supplies and Materials		424,793	
Other Supplies and Materials		13,223	
Total Regular Instruction Program			\$ 2,340,081

(Continued)

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

Teachers	\$	120,716	
Educational Assistants		1,531,112	
Certified Substitute Teachers		70	
Non-certified Substitute Teachers		33,208	
Social Security		97,339	
Pensions		146,495	
Life Insurance		3,456	
Medical Insurance		544,910	
Unemployment Compensation		1,282	
Employer Medicare		22,808	
Total Special Education Program	\$		2,501,396

Career and Technical Education Program

Instructional Supplies and Materials	\$	6,249	
Other Supplies and Materials		12,000	
Vocational Instruction Equipment		168,276	
Total Career and Technical Education Program			186,525

Support Services

Health Services

Other Salaries and Wages	\$	16,876	
Social Security		1,046	
Pensions		1,765	
Life Insurance		26	
Medical Insurance		5,003	
Employer Medicare		245	
In Service/Staff Development		261	
Total Health Services			25,222

Other Student Support

Guidance Personnel	\$	70,969	
Other Salaries and Wages		18,512	
Social Security		5,553	
Pensions		8,794	
Life Insurance		110	
Medical Insurance		18,159	
Unemployment Compensation		41	
Employer Medicare		1,299	
Other Fringe Benefits		292	
Travel		10,386	
Other Supplies and Materials		28,714	
In Service/Staff Development		12,364	
Total Other Student Support			175,193

Regular Instruction Program

Supervisor/Director	\$	68,060	
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(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.)

Other Salaries and Wages	\$	629,858	
Certified Substitute Teachers		8,116	
Non-certified Substitute Teachers		16,206	
Social Security		42,629	
Pensions		72,428	
Life Insurance		601	
Medical Insurance		104,708	
Unemployment Compensation		165	
Employer Medicare		9,971	
Other Fringe Benefits		1,233	
Travel		2,084	
Other Contracted Services		615	
Other Supplies and Materials		17,117	
In Service/Staff Development		61,184	
Other Charges		117	
Total Regular Instruction Program			\$ 1,035,092

Special Education Program

Other Contracted Services	\$	3,999	
Other Supplies and Materials		7,820	
In Service/Staff Development		2,870	
Total Special Education Program			14,689

Career and Technical Education Program

In Service/Staff Development	\$	8,488	
Total Career and Technical Education Program			8,488

Technology

In Service/Staff Development	\$	70	
Total Technology			70

Board of Education

Criminal Investigation of Applicants - TBI	\$	141	
Total Board of Education			141

Transportation

Contracts with Public Carriers	\$	6,000	
Other Charges		6,368	
Total Transportation			12,368

Total School Federal Projects Fund \$ 6,299,265

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	59,723	
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(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.)

Accountants/Bookkeepers	\$	39,301	
Clerical Personnel		34,988	
Cafeteria Personnel		1,742,074	
Other Salaries and Wages		88,881	
In-service Training		38,508	
Social Security		118,749	
Pensions		82,476	
Life Insurance		2,868	
Medical Insurance		355,311	
Unemployment Compensation		2,673	
Employer Medicare		28,573	
Maintenance and Repair Services - Equipment		39,170	
Travel		5,191	
Other Contracted Services		399,427	
Food Preparation Supplies		23,331	
Food Supplies		2,177,951	
Office Supplies		4,286	
Uniforms		1,276	
USDA - Commodities		367,473	
Other Supplies and Materials		167,444	
In Service/Staff Development		4,848	
Other Charges		27,201	
Food Service Equipment		720,465	
Total Food Service			\$ 6,532,188
Total Central Cafeteria Fund			\$ 6,532,188

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	31,868	
Total Education Capital Projects			\$ 31,868
Total Education Capital Projects Fund			31,868

Total Governmental Funds - Hamblen County School Department \$ 98,747,031

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, 2019

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 13,371,058
Total Cash Receipts	<u>\$ 13,371,058</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 13,231,554
Trustee's Commission	133,710
Total Cash Disbursements	<u>\$ 13,365,264</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 5,794
Cash Balance, July 1, 2018	<u>860</u>
 Cash Balance, June 30, 2019	<u><u>\$ 6,654</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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, 2019, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated December 13, 2019.

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. 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: 2019-001.

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 2019-002 and 2019-003.

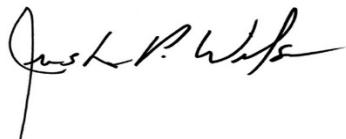
Hamblen County's Responses to the Findings

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

December 13, 2019

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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 the Uniform Guidance

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 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2019.

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.

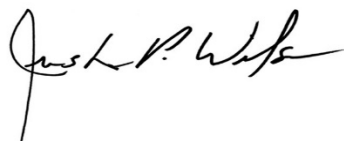
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2019, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements. We issued our report thereon dated December 13, 2019, 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

December 13, 2019

JPW/tg

Hamblen County, Tennessee, and the Hamblen County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2019

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: (3)			
School Breakfast Program	10.553	N/A	\$ 1,432,162
National School Lunch Program	10.555	N/A	3,585,586 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	367,473 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-19-59267	186,669
Total U.S. Department of Agriculture			<u>\$ 5,571,890</u>
U.S. Department of Military:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 22,235 (6)
Total U.S. Department of Military			<u>\$ 22,235</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(4)	\$ 11,234
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-1408	9,775
Total U.S. Department of Housing and Urban Development			<u>\$ 21,009</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 6,372
Equitable Sharing Program	16.922	N/A	2,829
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	45949	9,090
Total U.S. Department of Justice			<u>\$ 18,291</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction Cluster: (3)			
Highway Planning and Construction	20.205	(4)	\$ 8,555
Total U.S. Department of Transportation			<u>\$ 8,555</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 2,869,039
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	2,560,463
Special Education - Preschool Grants	84.173	N/A	73,311
Career and Technical Education - Basic Grants to States	84.048	N/A	215,648
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	39,575
Education for Homeless Children & Youth	84.196	N/A	60,631
English Language Acquisition State Grants	84.365	N/A	158,835
Improving Teacher Quality State Grants	84.367	N/A	438,755
Student Support and Academic Enrichment Program	84.424	N/A	68,313
Total U.S. Department of Education			<u>\$ 6,484,570</u>

(Continued)

Hamblen County, Tennessee, and the Hamblen County School Department
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 Human Services:			
CCDF Cluster: (3)			
Child Care and Development Block Grant	93.575	N/A	\$ 63,184
Passed-through State Department of Health:			
Family Planning Services	93.217	GG-19-59267	60,764
Medicaid Cluster: (3)			
Medical Assistance Program	93.778	GG-19-59267	47,989
Maternal and Child Health Services Block Grant to the States	93.994	GG-19-59267	39,227
HIV Prevention Activities - Health Department Based	93.940	GG-19-59267	971
Preventive Health Services - Sexually Transmitted Disease Control Grants	93.977	GG-19-59267	1,731
Total U.S. Department of Health and Human Services			<u>\$ 213,866</u>
Executive Office of the President:			
Passed-through Laurel County, Kentucky Fiscal Court:			
High Intensity Drug Trafficking Areas Program	95.001	N/A	\$ 4,319
Total Executive Office of the President			<u>\$ 4,319</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(4)	\$ 29,200
Homeland Security Grant Program	97.067	6-27-17GG	17,000
Total U.S. Department of Homeland Security			<u>\$ 46,200</u>
Total Expenditures of Federal Grants			<u>\$ 12,390,935</u>
State Grants			
		<u>Contract Number</u>	
Health Department Programs - State Department of Health	N/A	GG-19-59267	\$ 270,991
Juvenile Justice - State Commission on Children and Youth	N/A	(4)	13,500
Litter Program - State Department of Transportation	N/A	(4)	80,574
Solid Waste Grant - State Department of Environment and Conservation	N/A	(4)	47,516
Drug Court Recovery - State Office of Criminal Justice Programs	N/A	(4)	60,000
Law Enforcement Training - State Department of Safety	N/A	(4)	24,507
Coordinated School Health - State Department of Education	N/A	(4)	99,236
Family Resource Center - State Department of Education	N/A	(4)	59,223
Safe Schools Act of 1998 - State Department of Education	N/A	(4)	110,640
Early Childhood Education - State Department of Education	N/A	(4)	654,211
Ready to Read - State Department of Education	N/A	(4)	9,998
Local Parks and Recreation Fund - State Department of Economic and Community Development	N/A	(4)	93,250
School Safety and Security Grants - State Department of Education	N/A	(4)	276,600
Total State Grants			<u>\$ 1,800,246</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Hamblen County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.

(3) Child Nutrition Cluster total \$5,385,221; Special Education Cluster total \$2,633,774; Highway Planning and Construction Cluster total \$8,555; CCDF Cluster total \$63,184; Medicaid Cluster total \$47,989.

(4) Information not available.

(5) Total for CFDA No. 10.555 is \$3,953,059.

(6) During the year ended June 30, 2019, Hamblen County received excess military equipment from the U.S. Department of Military valued at \$22,235.

Hamblen County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2019

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 not. 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, 2019.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICE OF TRUSTEE

2018	232	2018-001	Discrepancies in the Operations of the Hamblen County Trustee's Office are Currently Being Investigated	N/A	Not Corrected
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Prior-year Federal Awards Findings

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

HAMBLLEN COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

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 Child 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, 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. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF TRUSTEE - FORMER TRUSTEE JOHN BASKETTE

FINDING 2019-001 FORMER COUNTY TRUSTEE DID NOT MAINTAIN COUNTY FUNDS IN INTEREST-BEARING ACCOUNTS

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

It was determined that as of June 30, 2019, the former trustee had approximately \$14,334,843 on deposit at various financial institutions in noninterest-bearing accounts. The failure of the former county trustee to invest these idle funds in interest-bearing accounts resulted in the loss of potential interest earnings of approximately \$255,000 for the county during the fiscal year ended June 30, 2019.

Three noninterest-bearing accounts were maintained at one financial institution. Two of the accounts had no activity during the fiscal year ended June 30, 2019. The balance in these two accounts totaled \$1,018,262.21. These two accounts had maintained consistent balances for an extended period. The other account at this financial institution was maintained to accept direct deposits. The balance in the account for the fiscal year ended June 30, 2019, ranged from \$1,824,444.96 to \$2,727,209.09. No transfers were made during the fiscal year ended June 30, 2019, into interest-bearing accounts. The balance in these three accounts at June 30, 2019, totaled \$3,745,470.30. Based on rates earned on Local Government Investment Pool deposits, the funds could have earned approximately \$75,000 during the fiscal year ended June 30, 2019.

Another financial institution processes a portion of the county property taxes for the Trustee's Office. The financial institution deposited the funds into a noninterest-bearing account established by the former county trustee. From the inception of the program, the financial institution collected and deposited approximately \$18,089,372.52 into this account and the former trustee transferred \$7,500,000 from this account since the inception of the program. The last transfer occurred in October 2017. The balance in the account for the fiscal year ended June 30, 2019, ranged from \$4,964,098.98 to \$10,589,372.52. Based on rates earned on Local Government Investment Pool deposits, the funds could have earned approximately \$180,000 during the fiscal year ended June 30, 2019.

Sound business practices dictate that idle county funds should be invested to earn the highest rate of return within guidelines established by state statutes and county investment policies. This loss of potential interest earnings resulted from the former county trustee not

monitoring county account balances on a timely basis and failing to invest the idle funds in the various checking accounts.

RECOMMENDATION

The trustee should monitor idle funds and invest those funds in a manner to maximize interest earnings within investments allowed by county investment policies and state law (Sections 5-8-201 and Section 5-8-301, *Tennessee Code Annotated*).

MANAGEMENT'S RESPONSE – CURRENT TRUSTEE SCOTTY LONG

As of November 7, 2019, I have closed eight bank accounts at four financial institutions. These accounts were earning little to no interest. \$10 million of idle funds was invested, \$5.5 million was transferred to our interest-bearing sweep account, and \$5 million was transferred to our interest-bearing sweep account before I became trustee. We will continue the process of investing all idle county funds to earn the highest available return in accordance with the county investment policy and state statutes.

FINDING 2019-002 **THE FORMER COUNTY TRUSTEE ENTERED INTO A CONTRACT WITHOUT THE COUNTY COMMISSION'S APPROVAL**

(Noncompliance Under Government Auditing Standards)

The former county trustee entered into a contract during the year without the county commission's approval. On January 1, 2019, the former trustee entered into a five-year agreement (contract) with Loomis Armored US LLC to provide services and equipment to the Trustee's Office. Loomis agreed to provide transportation, cash management services, and install a vault in the Trustee's Office for a monthly fee of \$488.78 plus ancillary fees. This contract automatically renews for another five-year period unless terminated by either party. Section 7-51-904(a), *Tennessee Code Annotated*, states that "regardless of the period or term, such contract, lease or lease-purchase agreement shall first be approved by resolution or ordinance duly adopted by the governing body of the municipality, and no such contract, lease, or lease-purchase agreement shall be entered into by a municipality without such approval." This deficiency resulted from the former county trustee's failure to obtain county commission's approval before entering into any contracts.

RECOMMENDATION

All contracts should be entered in accordance with state statutes.

MANAGEMENT'S RESPONSE – CURRENT TRUSTEE SCOTTY LONG

After consulting with the county mayor and county attorney, I submitted a letter to our account representative on December 2, 2019, requesting to terminate this contract. We have also discussed this matter with the account representative over the phone. On December 4, 2019, I received an email from the account representative that the contract had been voided as of December 2, 2019.

FINDING 2019-003

DISCREPANCIES IN THE OPERATIONS OF THE TRUSTEE'S OFFICE DISCLOSED IN INVESTIGATIVE REPORT

(Noncompliance under *Government Auditing Standards*)

The former Hamblen County Trustee, John Baskette, was indicted by the Hamblen County Grand Jury on August 15, 2019, on 40 counts of Failure to Deposit Public Funds, two counts of Official Misconduct, one count of theft over \$60,000, and one count of a Worthless Check over \$1,000. The indictments were the results of an investigation performed by the Office of the Comptroller of the Treasury, Division of Investigations, and the Tennessee Bureau of Investigations. An investigative report was issued by the Comptroller of the Treasury, Division of Investigations on August 16, 2019. The report reflected two findings. The investigative report can be found at www.comptroller.tn.gov/ia.

Mr. Baskette resigned as Hamblen County Trustee effective September 13, 2019. On October 21, 2019, he plead guilty to three misdemeanors; attempted official misconduct, destruction and tampering with government records, and attempt to commit theft over \$1,000. He was sentenced to three years of supervised probation.

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, 2019.

Hamblen County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2019

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 in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF COUNTY TRUSTEE - CURRENT TRUSTEE SCOTTY LONG

2019-001	Former County Trustee did not Maintain County Funds in Interest-Bearing Accounts	242
2019-002	The Former County Trustee entered into a Contract Without the County Commission's Approval	242-243

Corrective Action Plan

FINDING: **FORMER COUNTY TRUSTEE DID NOT MAINTAIN
COUNTY FUNDS IN INTEREST-BEARING ACCOUNTS**

Response and Corrective Action Plan Prepared by:
Scotty Long, Trustee

Person Responsible for Implementing the Corrective Action:
Scotty Long, Trustee

Anticipated Completion Date of Corrective Action:
Date: 11/7/19

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
This was not a prior year finding.

Planned Corrective Action:
Closed bank accounts and transferred money into one LGIP account

FINDING: **THE FORMER COUNTY TRUSTEE ENTERED INTO A
CONTRACT WITHOUT THE COUNTY COMMISSION'S
APPROVAL**

Response and Corrective Action Plan Prepared by:
Scotty Long, Trustee

Person Responsible for Implementing the Corrective Action:
Scotty Long, Trustee

Anticipated Completion Date of Corrective Action:
Date: 12/2/19

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:

This was not a prior year finding.

Planned Corrective Action:

Sent letter to Loomis account rep requested to cancel contract waiting on response from Loomis. December 4th received email from account rep contract is canceled as of December 2, 2019.

Signature:

A handwritten signature in blue ink, appearing to read "Randall H. Fey", is written over a horizontal line.

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.