

# ANNUAL FINANCIAL REPORT

## HAMBLLEN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT**  
**HAMBLLEN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT***  
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***Director***

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***KALEE TRENT***  
***GREG BRUSH, CISA***  
***State Auditors***

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

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## ***Summary of Audit Findings***

Annual Financial Report  
Hamblen County, Tennessee  
For the Year Ended June 30, 2018

### ***Scope***

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2018.

### ***Results***

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

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

### ***Finding***

The following is a summary of the audit finding:

#### **OFFICE OF TRUSTEE**

- ◆ Discrepancies in the operations of the Hamblen County Trustee's Office are currently being investigated.

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## INTRODUCTORY SECTION

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# Hamblen County Officials

## June 30, 2018

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### **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**

Louis Jarvis, Chairman  
Larry Carter  
Hubert Davis  
Randy DeBord  
Thomas Doty  
Rick Eldridge  
Stancil Ford

Tim Goins  
Herbert Harville  
Joe Huntsman, Sr.  
Howard Shipley  
John Smyth  
Johnny Walker  
Taylor Ward

### **Board of Highway Commissioners**

E.C. Long, Chairman  
Charles Anderson  
Dannie Bell  
Gail Free

Dr. Arthur Tom Hyde  
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**

Herbert Harville, Chairman  
Hubert Davis  
Randy DeBord  
Rick Eldridge

Stancil Ford  
Louis Jarvis  
John Smyth



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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

## 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Solid Waste/Sanitation funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note V.B., Hamblen County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

We draw attention to Note I.D.9. to the financial statements, which describes restatements reducing the beginning net position of the Governmental Activities of the primary government by \$352,717 and the discretely presented Hamblen County School Department by \$11,433,979 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 29 and the schedule of changes in the county's net pension liability and related ratios, schedule of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of county and school changes in the total other postemployment benefits liability and related ratios on pages 122 through 132 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 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.

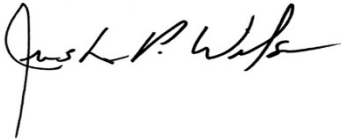
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, 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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical line extending from the bottom of the "n" in "Wilson".

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 6, 2018

JPW/tg



**HAMBLEN COUNTY, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

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, 2018. 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 \$11.1 million (net position). However, it should be noted that the financial statements of Hamblen County included debt totaling approximately \$18.3 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 \$41.8 million at June 30, 2018.
- The primary government's total net position increased by approximately \$6.1 million. The discretely presented Hamblen County School Department's net position decreased by approximately \$8.7 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 decrease of the discretely presented Hamblen County School Department's total net position was attributed mostly to the substantial effects of applying GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- As of the close of the fiscal year, Hamblen County's Governmental funds reported approximately \$12.5 million in total combined fund balances; this is an approximate increase of \$1.2 million from the previous period. Of this amount, approximately \$4.6 million represents funds that are available for spending (assigned and unassigned). The discretely presented Hamblen County School Department's

governmental funds reported approximately \$16.9 million in total combined fund balances; this is an increase of approximately \$1.0 million from the previous period.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$4.1 million or 21.5 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 \$3.6 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 \$4.9 million or 17.9 percent during the current fiscal year due to the retirement of outstanding obligations.

## **OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

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

### **Government-wide Financial Statements**

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

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

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

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

highways; education; and interest on long-term debt. Hamblen County and the discretely presented Hamblen County School Department have no business-type activities.

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

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

## **Fund Financial Statements**

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

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

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

Hamblen County maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Solid Waste/Sanitation, 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

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, 2018, by \$11,133,795. The Constitution for the State of Tennessee allows only the local legislative body to issue debt. Therefore, whenever the Hamblen County Board of Education requires the issuance of debt to fund major capital projects or equipment purchases, the related debt must be issued by the Hamblen County Government. At the end of the current fiscal year, Hamblen County had outstanding debt related to the Hamblen County Board of Education of \$18,306,077. 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, 2018, by \$41,809,979.

The following tables provide a summary of Hamblen County's and the discretely presented Hamblen County's School Department's net position for 2018 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	
		2018	2017
Current and Other Assets	\$	31,719,814	\$ 30,331,559
Capital Assets		19,242,642	20,005,479
Total Assets	\$	50,962,456	\$ 50,337,038
Total Deferred Outflows of Resources	\$	1,895,888	\$ 2,123,667
Long-term Liabilities Outstanding	\$	18,680,482	\$ 23,870,469
Other Liabilities		7,125,461	7,798,294
Total Liabilities	\$	25,805,943	\$ 31,668,763
Total Deferred Inflows of Resources	\$	15,918,606	\$ 15,749,900
Net Position:			
Net Investment in Capital Assets	\$	15,179,093	\$ 15,549,572
Restricted		2,552,548	2,155,519
Unrestricted		(6,597,846)	(12,663,049)
Total Net Position	\$	11,133,795	\$ 5,042,042
		Hamblen County School Department	
		Governmental Activities	
		2018	2017
Current and Other Assets	\$	32,974,814	\$ 31,243,773
Capital Assets		54,068,200	54,647,711
Total Assets	\$	87,043,014	\$ 85,891,484
Other Deferred Outflows	\$	10,092,522	\$ 12,377,646
Long-term Liabilities Outstanding	\$	32,542,733	\$ 26,204,804
Other Liabilities		1,243,745	695,601
Total Liabilities	\$	33,786,478	\$ 26,900,405
Total Deferred Inflows of Resources	\$	21,539,079	\$ 20,874,320
Net Position:			
Net Investment in Capital Assets	\$	54,068,200	\$ 54,647,711
Restricted		5,702,252	5,055,535
Unrestricted		(17,960,473)	(9,208,841)
Total Net Position	\$	41,809,979	\$ 50,494,405

By far, the largest portion of Hamblen County's and the discretely presented Hamblen County School Department's net position is \$15,179,093 and \$54,068,200 respectively, reflecting their investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still

outstanding. Hamblen County and the discretely presented Hamblen County School Department use these capital assets to provide services to its 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 \$2,552,548 and \$5,702,252 respectively, which is subject to external restrictions on how they may be used.

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

	Hamblen County Primary Government Governmental Activities	
	2018	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 6,133,497	\$ 5,788,902
Operating Grants and Contributions	3,123,292	2,554,698
Capital Grants and Contributions	1,414,521	220,815
General Revenues:		
Property Taxes	15,668,160	13,185,755
Sales Taxes	950,209	800,337
Other Taxes	3,265,885	3,080,898
Grants and Contributions Not Restricted to Specific Programs	1,973,517	1,946,561
Unrestricted Investment Income	144,021	55,908
Miscellaneous	108,930	45,031
Gain on Disposal of Capital Assets	17,775	59,951
Total Revenues	\$ 32,799,807	\$ 27,738,856
Expenses:		
General Government	\$ 3,068,633	\$ 3,262,471
Finance	2,724,265	2,573,890
Administration of Justice	3,121,209	2,949,300
Public Safety	8,574,630	8,018,923
Public Health and Welfare	3,848,457	3,446,859
Social, Cultural, and Recreational Services	996,067	954,230
Agriculture and Natural Resources	210,121	229,675
Highways	2,924,141	2,163,192

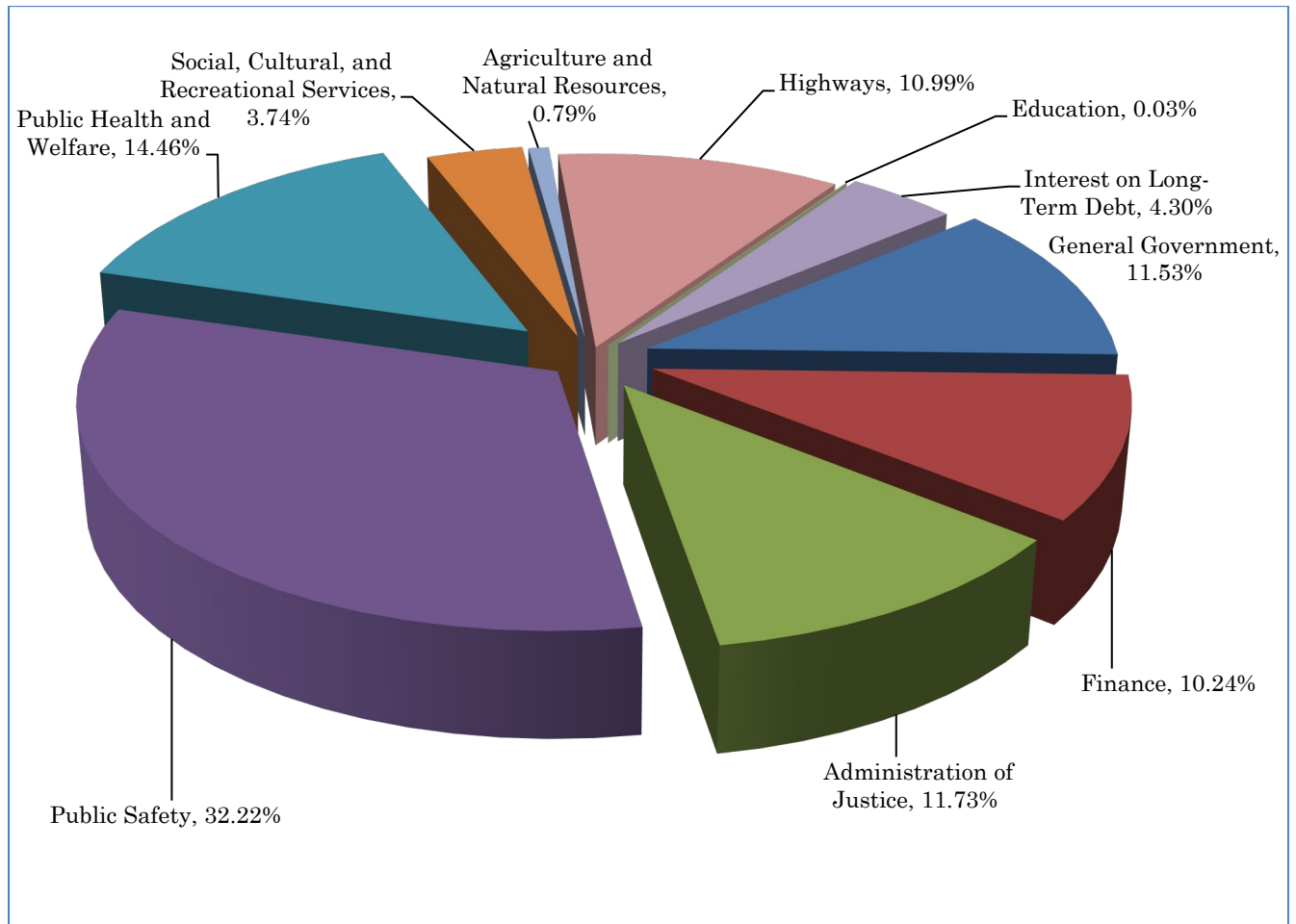
**Hamblen County's and the Discretely Presented Hamblen County School  
Department's Changes in Net Position (Cont.)**

		Hamblen County Primary Government Governmental Activities	
		2018	2017
Education	\$	5,500	\$ 5,500
Interest		1,143,183	1,239,546
Total Expenses	\$	26,616,206	\$ 24,843,586
Change in Fair Value of Derivatives - Interest Rate Swap	\$	260,869	\$ 299,364
Increase (Decrease) in Net Position	\$	6,444,470	\$ 3,194,634
Net Position, July 1		5,042,042	1,847,408
OPEB Restatement (See Note I.D.9.)		(352,717)	0
Net Position, June 30	\$	11,133,795	\$ 5,042,042
		Hamblen County School Department Governmental Activities	
		2018	2017
Revenues:			
Program Revenues:			
Charges for Services	\$	2,072,308	\$ 2,012,526
Operating Grants and Contributions		10,564,557	10,130,032
Capital Grants and Contributions		64,795	71,497
General Revenues:			
Property Taxes		13,260,497	14,043,182
Sales Taxes		13,461,159	13,238,399
Other Taxes		66,394	49,421
Grants and Contributions Not Restricted to Specific Programs		55,475,355	52,103,157
Unrestricted Investment Income		9,013	6,044
Miscellaneous		43,626	35,923
Total Revenues	\$	95,017,704	\$ 91,690,181
Expenses:			
Education	\$	92,268,151	\$ 89,466,757
Total Expenses	\$	92,268,151	\$ 89,466,757
Increase (Decrease) in Net Position	\$	2,749,553	\$ 2,223,424
Net Position, July 1		50,494,405	48,270,981
OPEB Restatement (See Note I.D.9.)		(11,433,979)	0
Net Position, June 30	\$	41,809,979	\$ 50,494,405

### Governmental Program Expenses

Public Safety expenses of \$8,574,630, Public Health and Welfare expenses of \$3,848,457 and Administration of Justice expenses of \$3,121,209 are the largest expenses of Hamblen County, which when combined total \$15,544,296 and are 58.4 percent of total expenses. For additional details, see illustrations below. Note that amounts are rounded to two decimal places in the following chart.

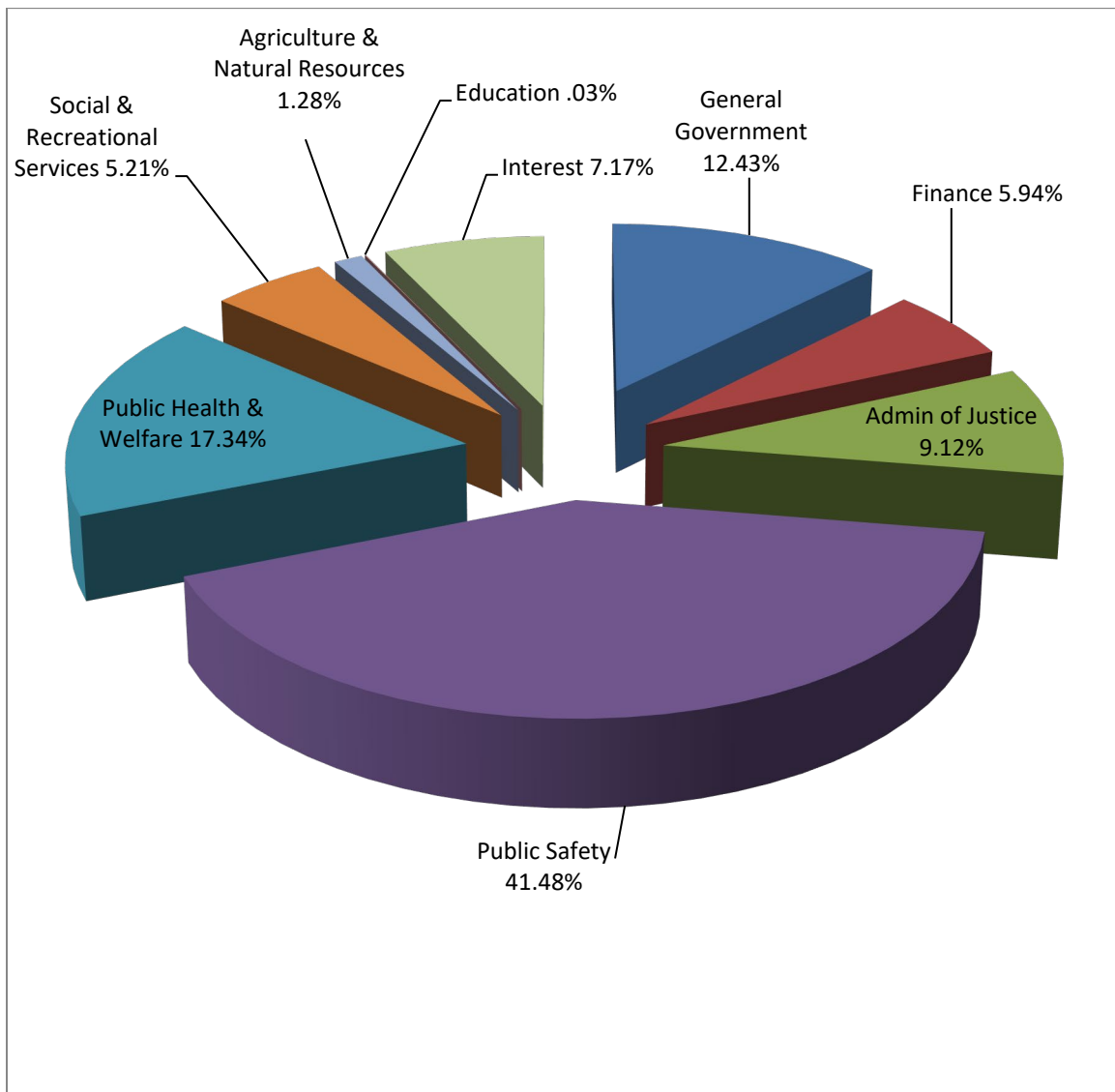
### Governmental Program Expenses



### Expenses by Governmental Activities

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

### Expenses by Governmental Activities



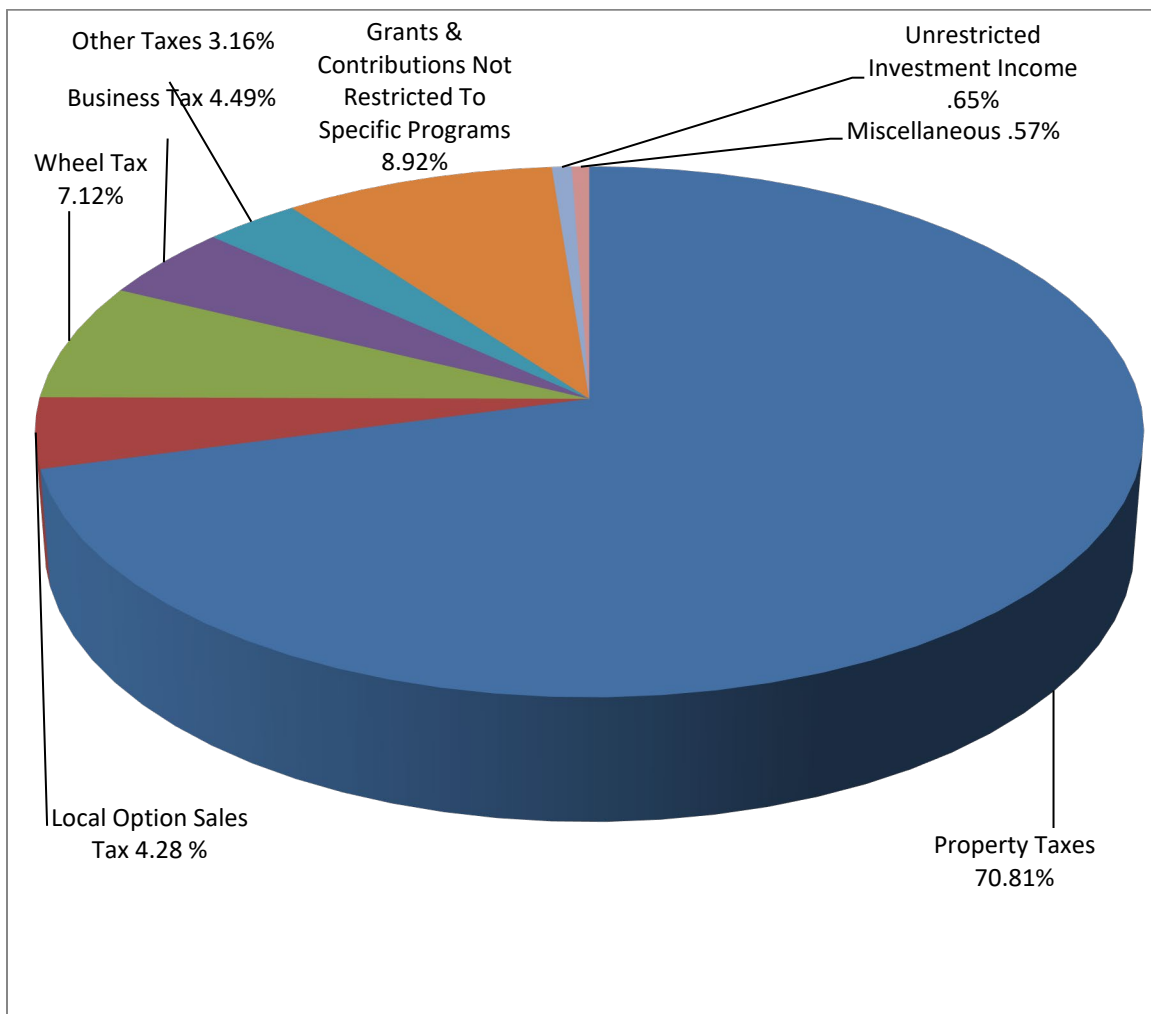
## Analysis of Revenues

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

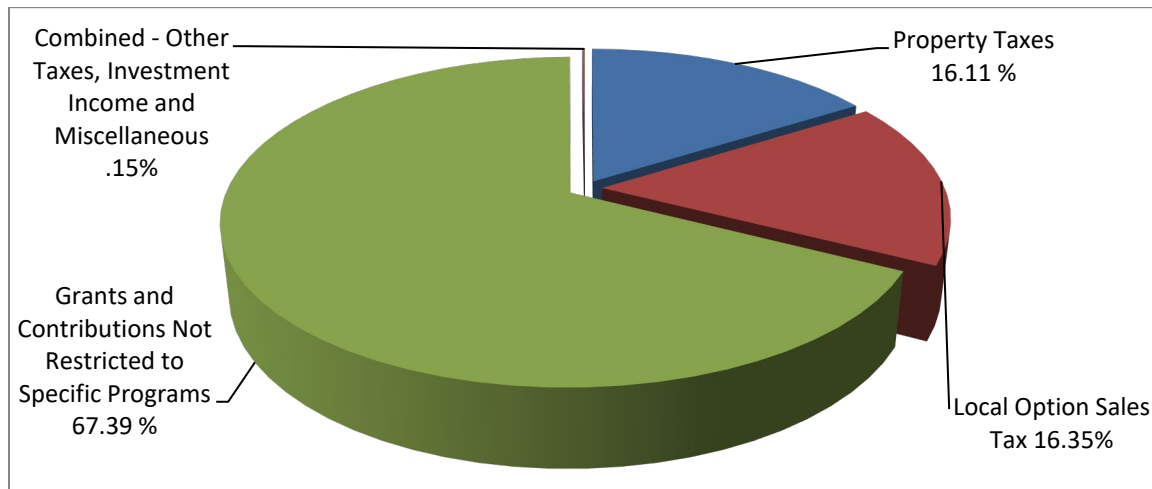
**Program revenues** are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

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

### Primary Government Revenues by Source – Governmental Activities



## Hamblen County School Department Revenues by Source – Governmental Activities



### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

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

- **Nonspendable Fund Balance** – The nonspendable fund balance reflected in Hamblen County's and the discretely presented Hamblen County School Department's governmental funds totaling \$44,870 and \$141,443, 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 \$2,162,661 and \$5,029,668, 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 \$5,701,062 and \$833,661, 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 \$443,573 and \$7,303,282, 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 \$4,131,306 and \$3,633,449, 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 \$12,483,472, an increase of \$1,222,601. 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 \$16,941,503, an increase of \$959,027. 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 \$4,131,306, while total fund balance reached \$5,062,607. Total fund balance for the General Fund increased \$694,368. 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 21.48 percent of total General Fund expenditures (including other uses), while total fund balance represents 26.32 percent of that same amount.

The Solid Waste/Sanitation Fund's fund balances totaled \$2,345,643 at June 30, 2018, a decrease of \$25,071 from the previous year.

The General Debt Service Fund had a total fund balance of \$3,177,210 at June 30, 2018, a decrease of \$77,705.

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 \$3,633,449, while total fund balance increased to \$11,477,236. Total fund balance for the General Purpose School Fund increased \$790,910. 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 4.40 percent of total General Purpose School Fund expenditures, while total fund balance represents 13.88 percent of that same amount.

## **BUDGETARY HIGHLIGHTS**

### **General Fund Budgetary Highlights**

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

	Original	Amended	Increase (Decrease)
Appropriations:			
General Government	\$ 2,209,546	\$ 2,277,080	\$ 67,534
Finance	2,378,528	2,381,482	2,954
Administration of Justice	2,953,033	3,120,706	167,673
Public Safety	8,021,029	8,421,071	400,042
Public Health and Welfare	1,185,456	1,219,121	33,665
Social, Cultural, and Recreational Services	868,309	885,509	17,200
Agriculture and Natural Resources	228,474	229,324	850
Other Operations	1,450,855	1,546,450	95,595
Education	5,500	5,500	0
Capital Projects	211,176	512,248	301,072
Total Appropriations	<u>\$ 19,511,906</u>	<u>\$ 20,598,491</u>	<u>\$ 1,086,585</u>

The increase in General Government is due to increased utility costs including higher electricity rates that were passed along to the county.

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, and in adding the funds for the Jail Diversion Partnership from DUI Treatment Fines to the expenditure side of the 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 purchase land for the anticipated Jail expansion and to reappropriate funds approved in the prior year's budget for video monitoring upgrades for the Jail from the bid carried forward into this budget year.

At the close of the fiscal year, actual expenditures were \$1,557,920 less than budgetary estimates. This is attributed to the conservative management of elected officials and department heads.

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

The differences in the original and the final budget's appropriations increased by \$1,182,615 compared to the original budget of \$85,021,968. At the close of the fiscal year, actual expenditures were \$3,526,134 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, 2018, totaled \$19,242,642. 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 6-30-18</u>
Land	\$ 690,116	\$ 0	\$ 690,116
Construction in Progress	260,695	0	260,695
Buildings and Improvements	11,699,882	(5,481,217)	6,218,665
Infrastructure	17,063,224	(6,985,066)	10,078,158
Other Capital Assets	<u>8,162,101</u>	<u>(6,167,093)</u>	<u>1,995,008</u>
Total	<u>\$ 37,876,018</u>	<u>\$ (18,633,376)</u>	<u>\$ 19,242,642</u>

The discretely presented Hamblen County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2018, totaled \$54,068,200. This investment in capital assets includes land, buildings and improvements, and other capital assets (includes vehicles and equipment).

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-18
Land	\$ 3,976,502	\$ 0	\$ 3,976,502
Construction in Progress	1,419,619	0	1,419,619
Buildings and Improvements	142,705,609	(101,815,748)	40,889,861
Other Capital Assets	<u>20,733,684</u>	<u>(12,951,466)</u>	<u>7,782,218</u>
Total	<u>\$ 168,835,414</u>	<u>\$ (114,767,214)</u>	<u>\$ 54,068,200</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 \$22,346,477. Hamblen County made debt payments totaling \$4,883,854 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, 2018. Additional information on Hamblen County Government's long-term debt can be found in Exhibit K-1, Exhibit K-2, Note IV.B, and Note IV.F of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On June 28, 2018, Hamblen County adopted a budget for the fiscal year ending June 30, 2019.

The distribution of the 2018 property tax rate is shown below:

Fund	Inside	Outside
General	\$ 0.65	\$ 0.65
Solid Waste/Sanitation	0.00	0.23
General Purpose School	0.91	0.91
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, 2018, was 4.5 percent. The state's average unemployment rate as of June 30, 2018, was 3.5 percent and the national average was 4.0 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.

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Hamblen County, Tennessee  
Statement of Net Position  
June 30, 2018

	Primary Government Governmental Activities	Component Unit Hamblen County School Department
<u>ASSETS</u>		
Cash	\$ 7,367	\$ 70
Equity in Pooled Cash and Investments	14,123,935	14,091,245
Inventories	0	141,443
Accounts Receivable	203,684	77,343
Due from Other Governments	1,197,112	4,496,441
Due from Primary Government	0	3,682
Property Taxes Receivable	16,752,544	14,261,684
Allowance for Uncollectible Property Taxes	(731,682)	(628,235)
Prepaid Items	112,054	0
Unamortized Discount on Debt	54,800	0
Net Pension Asset - Teacher Legacy Retirement Plan	0	316,085
Net Pension Asset - Teacher Retirement Plan	0	215,056
Capital Assets:		
Assets Not Depreciated:		
Land	690,116	3,976,502
Construction in Progress	260,695	1,419,619
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	6,218,665	40,889,861
Other Capital Assets	1,995,008	7,782,218
Infrastructure	10,078,158	0
Total Assets	<u>\$ 50,962,456</u>	<u>\$ 87,043,014</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 182,963	\$ 0
Pension Changes in Experience	216,740	428,887
Pension Changes in Assumptions	607,905	3,343,265
Pension Changes in Investment Earnings	0	47,981
Pension Other Deferrals	0	463,288
Pension Contributions After Measurement Date	883,842	4,330,889
OPEB Contributions After Measurement Date	4,438	1,478,212
Total Deferred Outflows of Resources	<u>\$ 1,895,888</u>	<u>\$ 10,092,522</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	\$ 524,381	\$ 308,470
Accrued Payroll	375,483	0
Accrued Interest Payable	65,432	0
Payroll Deductions Payable	72,518	0
Contracts Payable	0	412,750
Retainage Payable	0	41,394
Due to Component Units	3,682	0
Due to Joint Ventures	21,860	0
Other Current Liabilities	0	54,573
Derivative - Interest Rate Swap	1,088,251	0
Noncurrent Liabilities:		
Due Within One Year	4,973,854	426,558
Due in More Than One Year	18,680,482	32,542,733
Total Liabilities	<u>\$ 25,805,943</u>	<u>\$ 33,786,478</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 15,488,383	\$ 13,132,726
Pension Changes in Experience	321,578	6,884,262
Pension Changes in Investment Earnings	8,334	20,447
Pension Other Deferrals	0	45,823
OPEB Changes in Assumptions	83,359	1,455,821
Accumulated Increase in Fair Value of Hedging Derivatives	16,952	0
Total Deferred Inflows of Resources	<u>\$ 15,918,606</u>	<u>\$ 21,539,079</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 15,179,093	\$ 54,068,200
Restricted for:		
General Government	87,684	0
Finance	7,414	0
Administration of Justice	128,672	0
Public Safety	229,374	0
Public Health and Welfare	152,621	0
Highway/Public Works	1,434,172	0
Debt Service	434,294	0
Capital Projects	78,317	75,903
Education	0	5,095,208
Pensions	0	531,141
Unrestricted	<u>(6,597,846)</u>	<u>(17,960,473)</u>
Total Net Position	<u>\$ 11,133,795</u>	<u>\$ 41,809,979</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Hamblen County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 3,068,633	\$ 1,070,907	\$ 15,164	\$ 0	\$ (1,982,562)	\$ 0
Finance	2,724,265	1,776,583	0	0	(947,682)	0
Administration of Justice	3,121,209	1,552,698	79,642	34,048	(1,454,821)	0
Public Safety	8,574,630	1,408,664	204,852	320,523	(6,640,591)	0
Public Health and Welfare	3,848,457	159,552	631,970	291,408	(2,765,527)	0
Social, Cultural, and Recreational Services	996,067	164,987	0	0	(831,080)	0
Agriculture and Natural Resources	210,121	0	6,000	0	(204,121)	0
Highways	2,924,141	106	2,185,664	768,542	30,171	0
Education	5,500	0	0	0	(5,500)	0
Interest on Long-term Debt	1,143,183	0	0	0	(1,143,183)	0
Total Primary Government	<u>\$ 26,616,206</u>	<u>\$ 6,133,497</u>	<u>\$ 3,123,292</u>	<u>\$ 1,414,521</u>	<u>\$ (15,944,896)</u>	<u>\$ 0</u>
Component Unit:						
Hamblen County School Department	\$ 92,268,151	\$ 2,072,308	\$ 10,564,557	\$ 64,795	\$ 0	\$ (79,566,491)
Total Component Unit	<u>\$ 92,268,151</u>	<u>\$ 2,072,308</u>	<u>\$ 10,564,557</u>	<u>\$ 64,795</u>	<u>\$ 0</u>	<u>\$ (79,566,491)</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
					Government	Unit
					Total Governmental Activities	Hamblen County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 9,516,987	\$ 13,260,497
Property Taxes Levied for Public Health and Welfare Purposes					1,211,699	0
Property Taxes Levied for Debt Purposes					4,939,474	0
Local Option Sales Taxes					950,209	13,461,159
Hotel/Motel Tax					11,685	0
Wheel Tax					1,574,696	0
Litigation Tax - General					160,176	0
Litigation Tax - Special Purpose					72,616	0
Litigation Tax - Jail/Workhouse/Courthouse					116,789	0
Litigation Tax - Courtroom Security					137,361	0
Business Tax					992,688	0
Mixed Drink Tax					0	66,394
Mineral Severance Tax					59,442	0
Wholesale Beer Tax					140,432	0
Grants and Contributions Not Restricted to Specific Programs					1,973,517	55,475,355
Unrestricted Investment Income					144,021	9,013
Miscellaneous					108,930	43,626
Gain on Disposal of Capital Assets					17,775	0
Total General Revenues					<u>\$ 22,128,497</u>	<u>\$ 82,316,044</u>
Change in Fair Value of Derivatives - Interest Rate Swap					\$ 260,869	\$ 0
Change in Net Position					\$ 6,444,470	\$ 2,749,553
Restatement - Other Postemployment Benefits (See Note I.D.9)					(352,717)	(11,433,979)
Net Position, July 1, 2017					<u>5,042,042</u>	<u>50,494,405</u>
Net Position, June 30, 2018					<u>\$ 11,133,795</u>	<u>\$ 41,809,979</u>

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, 2018

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 100	\$ 41	\$ 0	\$ 7,087	\$ 7,228
Equity in Pooled Cash and Investments	5,364,594	2,377,106	3,126,216	1,801,426	12,669,342
Accounts Receivable	123,180	12,592	0	48,853	184,625
Due from Other Governments	598,647	91,059	0	495,482	1,185,188
Due from Other Funds	40,256	0	0	0	40,256
Property Taxes Receivable	10,145,547	1,295,680	5,311,317	0	16,752,544
Allowance for Uncollectible Property Taxes	(442,897)	(55,333)	(233,452)	0	(731,682)
Prepaid Items	14,565	0	30,305	0	44,870
Total Assets	<u>\$ 15,843,992</u>	<u>\$ 3,721,145</u>	<u>\$ 8,234,386</u>	<u>\$ 2,352,848</u>	<u>\$ 30,152,371</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 275,967	\$ 89,940	\$ 0	\$ 74,258	\$ 440,165
Accrued Payroll	321,870	23,319	0	30,294	375,483
Payroll Deductions Payable	62,377	4,264	0	5,877	72,518
Due to Other Funds	198,181	17,896	0	59,851	275,928
Due to Component Units	0	0	0	3,682	3,682
Due to Joint Ventures	21,860	0	0	0	21,860
Total Liabilities	<u>\$ 880,255</u>	<u>\$ 135,419</u>	<u>\$ 0</u>	<u>\$ 173,962</u>	<u>\$ 1,189,636</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 9,380,518	\$ 1,201,133	\$ 4,906,732	\$ 0	\$ 15,488,383
Deferred Delinquent Property Taxes	283,188	34,857	150,444	0	468,489
Other Deferred/Unavailable Revenue	237,424	4,093	0	280,874	522,391
Total Deferred Inflows of Resources	<u>\$ 9,901,130</u>	<u>\$ 1,240,083</u>	<u>\$ 5,057,176</u>	<u>\$ 280,874</u>	<u>\$ 16,479,263</u>

(Continued)

## Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 14,565	\$ 0	\$ 30,305	\$ 0	\$ 44,870
Restricted:					
Restricted for General Government	87,684	0	0	0	87,684
Restricted for Finance	7,414	0	0	0	7,414
Restricted for Administration of Justice	128,672	0	0	0	128,672
Restricted for Public Safety	10,922	0	0	218,452	229,374
Restricted for Public Health and Welfare	108,053	0	0	0	108,053
Restricted for Highways/Public Works	0	0	0	1,239,297	1,239,297
Restricted for Debt Service	0	0	283,850	0	283,850
Restricted for Capital Projects	0	0	0	78,317	78,317
Committed:					
Committed for Public Health and Welfare	0	2,345,643	0	0	2,345,643
Committed for Debt Service	0	0	2,863,055	0	2,863,055
Committed for Capital Projects	130,418	0	0	361,946	492,364
Assigned:					
Assigned for General Government	80,798	0	0	0	80,798
Assigned for Finance	17,131	0	0	0	17,131
Assigned for Public Safety	22,174	0	0	0	22,174
Assigned for Public Health and Welfare	76,029	0	0	0	76,029
Assigned for Social, Cultural, and Recreational Services	26,190	0	0	0	26,190
Assigned for Other Operations	100,000	0	0	0	100,000
Assigned for Other Purposes	121,251	0	0	0	121,251
Unassigned	4,131,306	0	0	0	4,131,306
Total Fund Balances	\$ 5,062,607	\$ 2,345,643	\$ 3,177,210	\$ 1,898,012	\$ 12,483,472
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,843,992	\$ 3,721,145	\$ 8,234,386	\$ 2,352,848	\$ 30,152,371

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, 2018

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)		\$ 12,483,472
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 690,116	
Add: construction in progress	260,695	
Add: infrastructure net of accumulated depreciation	10,078,158	
Add: buildings and improvements net of accumulated depreciation	6,218,665	
Add: other capital assets net of accumulated depreciation	<u>1,995,008</u>	19,242,642
(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.		1,704,355
(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	\$ (15,866,477)	
Less: bonds payable	(6,480,000)	
Less: OPEB liability	(924,328)	
Add: deferred amount on refunding	182,963	
Add: unamortized discount on debt	54,800	
Less: fair value of derivative - interest rate swap	(1,088,251)	
Less: deferred amount on interest rate swap	(16,952)	
Less: accrued interest on bonds and other loans payable	(65,432)	
Less: unamortized premium on debt	(125,834)	
Less: net pension liability of the agent plan	<u>(257,697)</u>	(24,587,208)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEEB will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,708,487	
Less: deferred inflows of resources related to pensions	(329,912)	
Add: deferred outflows of resources related to OPEB	4,438	
Less: deferred inflows of resources related to OPEB	<u>(83,359)</u>	1,299,654
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>990,880</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 11,133,795</u></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, 2018

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 12,602,945	\$ 2,019,016	\$ 5,329,003	\$ 154,442	\$ 20,105,406
Licenses and Permits	490,102	1,235	0	0	491,337
Fines, Forfeitures, and Penalties	214,433	0	47,040	112,747	374,220
Charges for Current Services	326,972	0	0	27,056	354,028
Other Local Revenues	182,618	5,785	641,983	16,135	846,521
Fees Received From County Officials	3,283,751	0	0	0	3,283,751
State of Tennessee	2,652,210	17,839	0	3,137,313	5,807,362
Federal Government	88,337	0	0	657,252	745,589
Other Governments and Citizens Groups	83,227	0	0	9,573	92,800
Total Revenues	\$ 19,924,595	\$ 2,043,875	\$ 6,018,026	\$ 4,114,518	\$ 32,101,014
<u>Expenditures</u>					
Current:					
General Government	\$ 2,090,873	\$ 0	\$ 0	\$ 92	\$ 2,090,965
Finance	2,222,336	0	0	9,573	2,231,909
Administration of Justice	2,981,017	0	0	17,314	2,998,331
Public Safety	8,011,664	0	0	96,193	8,107,857
Public Health and Welfare	911,408	2,073,644	0	0	2,985,052
Social, Cultural, and Recreational Services	847,437	0	0	0	847,437
Agriculture and Natural Resources	211,685	0	0	0	211,685
Other Operations	1,416,242	0	0	0	1,416,242
Highways	0	0	0	2,652,827	2,652,827
Operation of Non-Instructional Services	5,500	0	0	0	5,500
Debt Service:					
Principal on Debt	0	0	4,883,854	0	4,883,854
Interest on Debt	0	0	1,099,751	0	1,099,751

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Other Debt Service	\$ 0	\$ 0	\$ 112,126	\$ 0	\$ 112,126
Capital Projects	510,143	0	0	741,387	1,251,530
Total Expenditures	<u>\$ 19,208,305</u>	<u>\$ 2,073,644</u>	<u>\$ 6,095,731</u>	<u>\$ 3,517,386</u>	<u>\$ 30,895,066</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 716,290</u>	<u>\$ (29,769)</u>	<u>\$ (77,705)</u>	<u>\$ 597,132</u>	<u>\$ 1,205,948</u>
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 4,305	\$ 4,698	\$ 0	\$ 7,650	\$ 16,653
Transfers In	0	0	0	26,227	26,227
Transfers Out	(26,227)	0	0	0	(26,227)
Total Other Financing Sources (Uses)	<u>\$ (21,922)</u>	<u>\$ 4,698</u>	<u>\$ 0</u>	<u>\$ 33,877</u>	<u>\$ 16,653</u>
Net Change in Fund Balances	\$ 694,368	\$ (25,071)	\$ (77,705)	\$ 631,009	\$ 1,222,601
Fund Balance, July 1, 2017	<u>4,368,239</u>	<u>2,370,714</u>	<u>3,254,915</u>	<u>1,267,003</u>	<u>11,260,871</u>
Fund Balance, June 30, 2018	<u><u>\$ 5,062,607</u></u>	<u><u>\$ 2,345,643</u></u>	<u><u>\$ 3,177,210</u></u>	<u><u>\$ 1,898,012</u></u>	<u><u>\$ 12,483,472</u></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, 2018

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)		\$	1,222,601
(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		\$	532,025
Less: current-year depreciation expense			(1,293,381)
			(761,356)
(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			(1,481)
(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, 2018		\$	990,880
Less: deferred delinquent property taxes and other deferred June 30, 2017			(951,162)
			39,718
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.			
Add: change in premium on debt issuances		\$	102,381
Less: change in debt discounts			(17,357)
Add: principal payments on other loans			703,854
Add: principal payments on bonds			4,180,000
Add: change in fair value of derivatives - interest rate swap			426,922
Less: change in deferred outflows on derivative - interest rate swap			(149,101)
Less: change in deferred inflows on derivative - interest rate swap			(16,952)
Less: change in deferred amount on refunding debt			(32,030)
			5,197,717
(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		\$	15,700
Change in OPEB liability (net of restatement)			22,335
Change in net pension asset/liability			446,684
Change in deferred outflows related to pensions			(51,086)
Change in deferred inflows related to pensions			148,917
Change in deferred outflows related to OPEB (net of restatement)			1,888
Change in deferred inflows related to OPEB			(83,359)
			501,079

(Continued)



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.	<u>246,192</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 6,444,470</u>

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,602,945	\$ 0	\$ 0	\$ 12,602,945	\$ 12,308,608	\$ 12,412,553	\$ 190,392
Licenses and Permits	490,102	0	0	490,102	495,000	495,000	(4,898)
Fines, Forfeitures, and Penalties	214,433	0	0	214,433	279,868	279,868	(65,435)
Charges for Current Services	326,972	0	0	326,972	249,200	249,200	77,772
Other Local Revenues	182,618	0	0	182,618	69,000	69,855	112,763
Fees Received From County Officials	3,283,751	0	0	3,283,751	3,325,000	3,325,002	(41,251)
State of Tennessee	2,652,210	0	0	2,652,210	2,599,484	2,604,700	47,510
Federal Government	88,337	0	0	88,337	93,700	93,700	(5,363)
Other Governments and Citizens Groups	83,227	0	0	83,227	100,598	100,598	(17,371)
Total Revenues	\$ 19,924,595	\$ 0	\$ 0	\$ 19,924,595	\$ 19,520,458	\$ 19,630,476	\$ 294,119
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 195,060	\$ 0	\$ 0	\$ 195,060	\$ 192,676	\$ 200,176	\$ 5,116
Board of Equalization	2,335	0	0	2,335	4,800	4,800	2,465
County Mayor/Executive	198,074	0	0	198,074	211,238	211,238	13,164
County Attorney	14,538	0	0	14,538	31,293	31,293	16,755
Election Commission	250,745	0	0	250,745	272,927	272,927	22,182
Register of Deeds	297,338	0	0	297,338	305,783	305,783	8,445
Planning	202,788	(3,460)	0	199,328	240,038	240,038	40,710
Codes Compliance	1,470	0	0	1,470	25,000	25,000	23,530
Geographical Information Systems	75,054	0	0	75,054	107,638	107,638	32,584
Other Facilities	833,256	(325)	1,500	834,431	797,347	857,347	22,916
Preservation of Records	20,215	0	0	20,215	20,806	20,840	625
<u>Finance</u>							
Accounting and Budgeting	341,405	0	0	341,405	351,928	351,928	10,523
Purchasing	38,476	0	0	38,476	39,983	39,983	1,507
Property Assessor's Office	329,530	0	0	329,530	358,740	357,046	27,516
Reappraisal Program	129,831	0	0	129,831	141,808	143,502	13,671
County Trustee's Office	336,977	0	0	336,977	363,395	363,395	26,418

(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 7/1/2017	Add: Encumbrances 6/30/2018	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	\$ 623,788	\$ 0	\$ 0	\$ 623,788	\$ 687,144	\$ 687,144	\$ 63,356
Data Processing	112,672	(1,194)	0	111,478	125,228	125,228	13,750
Other Finance	309,657	0	0	309,657	310,302	313,256	3,599
<u>Administration of Justice</u>							
Circuit Court	834,091	0	0	834,091	886,941	892,469	58,378
General Sessions Court	422,611	0	0	422,611	430,398	430,398	7,787
Drug Court	141,715	0	0	141,715	156,450	156,450	14,735
Chancery Court	363,367	0	0	363,367	384,447	384,447	21,080
Juvenile Court	295,986	0	0	295,986	297,823	305,668	9,682
Courtroom Security	923,247	(9,306)	0	913,941	796,974	951,274	37,333
<u>Public Safety</u>							
Sheriff's Department	2,842,995	0	798	2,843,793	2,985,739	2,986,554	142,761
Administration of the Sexual Offender Registry	2,897	0	0	2,897	3,768	3,768	871
Jail	4,204,278	(1,418)	250	4,203,110	4,059,182	4,420,207	217,097
Workhouse	89,438	0	0	89,438	94,822	94,822	5,384
Work Release Program	274,627	0	0	274,627	245,761	280,761	6,134
Fire Prevention and Control	190,000	0	0	190,000	200,000	200,000	10,000
Civil Defense	89,147	(517)	0	88,630	95,047	97,449	8,819
Other Emergency Management	182,147	0	0	182,147	182,147	182,147	0
Inspection and Regulation	4,868	0	0	4,868	6,377	6,377	1,509
County Coroner/Medical Examiner	113,457	0	0	113,457	131,186	131,186	17,729
Other Public Safety	17,810	0	0	17,810	17,000	17,800	(10)
<u>Public Health and Welfare</u>							
Local Health Center	623,015	(18,172)	18,000	622,843	881,723	915,388	292,545
Rabies and Animal Control	133,500	0	0	133,500	133,500	133,500	0
Nursing Home	2,000	0	0	2,000	2,000	2,000	0
Alcohol and Drug Programs	1,260	0	0	1,260	5,000	5,000	3,740
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 7/1/2017	Add: Encumbrances 6/30/2018	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>							
Aid to Dependent Children	\$ 8,000	\$ 0	\$ 0	\$ 8,000	\$ 8,000	\$ 8,000	\$ 0
Other Local Welfare Services	28,400	0	0	28,400	40,000	40,000	11,600
<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	272,250	0	0	272,250	272,250	272,250	0
Parks and Fair Boards	256,780	0	0	256,780	269,959	279,259	22,479
Other Social, Cultural, and Recreational	300,307	0	0	300,307	308,000	315,900	15,593
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	152,416	0	0	152,416	152,416	152,416	0
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	48,089	0	0	48,089	47,558	48,408	319
Storm Water Management	10,180	(6,905)	0	3,275	27,500	27,500	24,225
<u>Other Operations</u>							
Tourism	55,084	(602)	0	54,482	54,700	54,700	218
Industrial Development	538,945	0	0	538,945	465,000	538,945	0
Veterans' Services	19,193	0	0	19,193	20,314	20,314	1,121
Employee Benefits	566,779	0	0	566,779	685,437	677,087	110,308
Miscellaneous	236,241	0	0	236,241	225,404	255,404	19,163
<u>Operation of Non-Instructional Services</u>							
Community Services	5,500	0	0	5,500	5,500	5,500	0
<u>Capital Projects</u>							
General Administration Projects	77,127	(77,127)	0	0	36,188	37,078	37,078
Administration of Justice Projects	11,838	0	0	11,838	15,000	14,110	2,272
Public Safety Projects	409,228	(69,256)	0	339,972	124,988	426,060	86,088
Other General Government Projects	11,950	0	0	11,950	35,000	35,000	23,050
Total Expenditures	\$ 19,208,305	\$ (188,282)	\$ 20,548	\$ 19,040,571	\$ 19,511,906	\$ 20,598,491	\$ 1,557,920

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 716,290	\$ 188,282	\$ (20,548)	\$ 884,024	\$ 8,552	\$ (968,015)	\$ 1,852,039
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,305	\$ 0	\$ 0	\$ 4,305	\$ 0	\$ 2,402	\$ 1,903
Transfers Out	(26,227)	0	0	(26,227)	0	(26,227)	0
Total Other Financing Sources	\$ (21,922)	\$ 0	\$ 0	\$ (21,922)	\$ 0	\$ (23,825)	\$ 1,903
Net Change in Fund Balance	\$ 694,368	\$ 188,282	\$ (20,548)	\$ 862,102	\$ 8,552	\$ (991,840)	\$ 1,853,942
Fund Balance, July 1, 2017	4,368,239	(188,282)	0	4,179,957	4,411,326	4,411,326	(231,369)
Fund Balance, June 30, 2018	\$ 5,062,607	\$ 0	\$ (20,548)	\$ 5,042,059	\$ 4,419,878	\$ 3,419,486	\$ 1,622,573

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, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,019,016	\$ 0	\$ 2,019,016	\$ 1,866,795	\$ 1,866,795	\$ 152,221
Licenses and Permits	1,235	0	1,235	1,500	1,500	(265)
Other Local Revenues	5,785	0	5,785	0	0	5,785
State of Tennessee	17,839	0	17,839	18,000	18,000	(161)
Total Revenues	<u>\$ 2,043,875</u>	<u>\$ 0</u>	<u>\$ 2,043,875</u>	<u>\$ 1,886,295</u>	<u>\$ 1,886,295</u>	<u>\$ 157,580</u>
<u>Expenditures</u>						
Public Health and Welfare						
Sanitation Management	\$ 2,073,644	\$ 2,050	\$ 2,075,694	\$ 2,191,474	\$ 2,246,938	\$ 171,244
Total Expenditures	<u>\$ 2,073,644</u>	<u>\$ 2,050</u>	<u>\$ 2,075,694</u>	<u>\$ 2,191,474</u>	<u>\$ 2,246,938</u>	<u>\$ 171,244</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (29,769)</u>	<u>\$ (2,050)</u>	<u>\$ (31,819)</u>	<u>\$ (305,179)</u>	<u>\$ (360,643)</u>	<u>\$ 328,824</u>
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 4,698	\$ 0	\$ 4,698	\$ 0	\$ 0	\$ 4,698
Total Other Financing Sources	<u>\$ 4,698</u>	<u>\$ 0</u>	<u>\$ 4,698</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,698</u>
Net Change in Fund Balance	\$ (25,071)	\$ (2,050)	\$ (27,121)	\$ (305,179)	\$ (360,643)	\$ 333,522
Fund Balance, July 1, 2017	<u>2,370,714</u>	<u>0</u>	<u>2,370,714</u>	<u>2,392,276</u>	<u>2,392,276</u>	<u>(21,562)</u>
Fund Balance, June 30, 2018	<u><u>\$ 2,345,643</u></u>	<u><u>\$ (2,050)</u></u>	<u><u>\$ 2,343,593</u></u>	<u><u>\$ 2,087,097</u></u>	<u><u>\$ 2,031,633</u></u>	<u><u>\$ 311,960</u></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, 2018

Governmental  
 Activities -  
 Internal Service  
 Fund  


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 Employee  
 Insurance -  
 General  


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ASSETS

Current Assets:

Cash	\$	139
Equity in Pooled Cash and Investments		1,454,593
Accounts Receivable		19,059
Due from Other Governments		11,924
Due from Other Funds		235,672
Prepaid Items		67,184
Total Assets	\$	<u>1,788,571</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$	84,216
Total Liabilities	\$	<u>84,216</u>

NET POSITION

Unrestricted	\$	<u>1,704,355</u>
Total Net Position	\$	<u><u>1,704,355</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, 2018

	Governmental Activities - Internal Service Fund Employee Insurance - General
<u>Operating Revenues</u>	
Self-insurance Premiums/Contributions	\$ 2,938,022
Other Employee Benefit Charges/Contributions	134,767
Other General Service Charges	48,588
Other Charges for Services	20,588
Total Operating Revenues	<u>\$ 3,141,965</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 131,923
Dental and Vision Insurance	138,143
Consultants	31,000
Contracts with Private Agencies	360,072
Excess Risk Insurance	271,040
Medical Claims	1,409,729
Other Self-insured Claims	807,811
Surcharge	980
Total Operating Expenses	<u>\$ 3,150,698</u>
Operating Income	<u>\$ (8,733)</u>
Nonoperating Revenues (Expenses)	
Miscellaneous Refunds	<u>\$ 254,925</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 254,925</u>
Change in Net Position	\$ 246,192
Net Position, July 1, 2017	<u>1,458,163</u>
Net Position, June 30, 2018	<u><u>\$ 1,704,355</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, 2018

	Governmental Activities - Internal Service Fund Employee Insurance - General
<u>Cash Flows from Operating Activities</u>	
Receipts for Self Insurance Premiums	\$ 2,901,996
Receipts for Other Insurance Premiums	144,791
Receipts for Patient Charges	58,823
Receipts for Stop-loss Recovery	133,925
Receipts for Other Charges from Services	21,992
Payments to Insurers and Consultants	(459,999)
Payments for Claims	(2,379,181)
Payments to Vendors	(359,554)
Payments for Administrative Costs	(131,923)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (69,130)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Miscellaneous Refunds	\$ 254,925
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 254,925</u>
Increase (Decrease) in Cash	\$ 185,795
Cash, July 1, 2017	<u>1,268,937</u>
Cash, June 30, 2018	<u><u>\$ 1,454,732</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (8,733)
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	(2,495)
(Increase) Decrease in Prepaid Items	1,949
Increase (Decrease) in Accounts Payable	(47,984)
Increase (Decrease) in Due to Other Funds	(11,867)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (69,130)</u></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>1,454,593</u>
Cash, June 30, 2018	<u><u>\$ 1,454,732</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, 2018

	Other Employee Benefit Trust Fund	Agency Funds
	Employee Benefit Trust Fund	
<u>ASSETS</u>		
Cash	\$ 0	\$ 3,022,437
Equity in Pooled Cash and Investments	5,642	860
Accounts Receivable	0	2,262
Due from Other Governments	0	2,116,413
Total Assets	\$ 5,642	\$ 5,141,972
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 2,117,273
Due to Litigants, Heirs, and Others	0	3,024,699
Total Liabilities	\$ 0	\$ 5,141,972
<u>NET POSITION</u>		
Net Position Held in Trust for Employees	\$ 5,642	
Net Position	\$ 5,642	

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, 2018

	Other Employee Benefit Trust Fund
	<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 20,794
Total Additions	<u>\$ 20,794</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	<u>\$ 20,178</u>
Total Deductions	<u>\$ 20,178</u>
Change in Net Position	\$ 616
Net Position, July 1, 2017	<u>5,026</u>
Net Position, June 30, 2018	<u><u>\$ 5,642</u></u>

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

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## HAMBLEN COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**HAMBLLEN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018.

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. 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 2.34 percent of total taxes levied.

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

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

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

### **3. Inventories and Prepaid Items**

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

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

#### 4. **Capital Assets**

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

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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are the deferred charge on refunding, pension changes in experience, pension changes in assumptions, pension changes in investment earnings, pension other deferrals, pension contributions after the measurement date, 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 assumptions, accumulated increase in fair value of hedging derivatives, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

**6. Compensated Absences**

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

Vacation benefits for all 12-month employees of the discretely presented Hamblen County School Department are earned in the current year for use in the subsequent year. Therefore, accrued leave balances payable of \$256,301 recorded as a liability in this report must be used in one year or are lost.

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

**7. Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and 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, special termination benefits, and pension liability are recognized to the extent that the liabilities have matured (come due for payment) each period.

#### **8. Net Position and Fund Balance**

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2018, Hamblen County had \$18,306,077 in outstanding debt for capital purposes for the discretely presented Hamblen County School Department. This debt is a liability of Hamblen County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hamblen County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. However, in the School Department's Education Capital Projects Fund, the county commission has required that committed funds provided by transfer from the General Purpose School Fund be expended before restricted funds provided through the issuance of debt. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county finance director to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund includes amounts for encumbrances (\$2,548), amounts for various insurance premium increases (\$121,251) and various other assignments (\$319,774). Assigned fund balance in the School Department's General Purpose School Fund includes amounts assigned for

capital projects (\$6,405,435), textbooks (\$566,035), and other uses (\$331,812).

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.

## **9. Restatement**

In prior years, the government was required to recognize a liability for its other postemployment benefits plan under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Hamblen County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities of the primary government and the discretely presented Hamblen County School Department by \$352,717 and \$11,433,979, respectively, have been recognized to account for the transitional requirements.

## **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**

### **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, 2018, 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	\$ 20,548
Solid Waste/Sanitation	2,050
Nonmajor governmental	37,457
Discretely Presented School Department:	
General Purpose School	1,884,608
Central Cafeteria	292,970
Nonmajor governmental	33,478

#### **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, 2018, 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.

<u>Investments</u>	<u>Weighted Average Maturity (days)</u>	<u>Amortized Cost</u>
Investments at Amortized Cost:		
State Treasurer's Investment Pool	2 to 113	\$ 168,283

**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, 2018, Hamblen County's investment in the State Treasurer's Investment Pool was unrated.

## B. Derivative Instruments

### Primary Government

At June 30, 2018, Hamblen County had the following derivative instrument outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$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, 2018, 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 2018 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2018		6-30-18
	Classification	Amount	Classi- fication	Amount	Notional Amount

#### **Governmental Activities**

Pay-fixed interest rate swap:

\$10M Hybrid Swap B: 10,000,000

Cash Flow Hedge Portion	Deferred Outflow	\$ 166,053	Debt	\$ 16,952
Non-hedge Portion	Investment Earnings	260,869	Debt	(1,105,203)
Total \$10M Hybrid Swap B		<u>\$ 426,922</u>		<u>\$ (1,088,251)</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 swaps' value that is not attributable to the current hedge relationship. Changes in the portion of the swaps' 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.

## 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, 2018, 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>(1.832)</u>
Net interest rate swap payments		2.558
Variable-rate bond coupon payments		<u>2.071</u>
Synthetic interest rate on bonds		<u><u>4.629 %</u></u>

**Fair value.** As of June 30, 2018, the swap had a negative fair value of \$1,088,251. 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, 2018, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated Baa1 by Standard and Poor's as of June 30, 2018, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A- by Moody's, Standard and Poor's, and Fitch, respectively.

**Basis risk.** As noted above, the swap exposes the county to basis risk should 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, 2018, 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	
	Principal	Interest	Swap Payment	Total
2019	\$ 0	207,130	\$ 255,768	\$ 462,898
2020	1,450,000	207,130	255,768	1,912,898
2021	1,530,000	177,096	218,681	1,925,777
2022	1,615,000	145,405	179,549	1,939,954
2023	1,705,000	111,954	138,242	1,955,196
2024-2025	3,700,000	115,993	143,230	3,959,223
Total	\$ 10,000,000	\$ 964,708	\$ 1,191,238	\$ 12,155,946

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2018, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 475,551	\$ 214,565	\$ 0	\$ 690,116
Construction in Progress	239,870	20,825	0	260,695
Total Capital Assets Not Depreciated	<u>\$ 715,421</u>	<u>\$ 235,390</u>	<u>\$ 0</u>	<u>\$ 950,811</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,683,082	\$ 16,800	\$ 0	\$ 11,699,882
Roads and Bridges	17,063,224	0	0	17,063,224
Other Capital Assets	8,165,462	279,835	(283,196)	8,162,101
Total Capital Assets Depreciated	<u>\$ 36,911,768</u>	<u>\$ 296,635</u>	<u>\$ (283,196)</u>	<u>\$ 36,925,207</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,142,653	\$ 338,564	\$ 0	\$ 5,481,217
Roads and Bridges	6,814,291	170,775	0	6,985,066
Other Capital Assets	5,664,766	784,042	(281,715)	6,167,093
Total Accumulated Depreciation	<u>\$ 17,621,710</u>	<u>\$ 1,293,381</u>	<u>\$ (281,715)</u>	<u>\$ 18,633,376</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,290,058</u>	<u>\$ (996,746)</u>	<u>\$ (1,481)</u>	<u>\$ 18,291,831</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,005,479</u>	<u>\$ (761,356)</u>	<u>\$ (1,481)</u>	<u>\$ 19,242,642</u>

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



**Governmental Activities:**

General Government	\$ 89,122
Finance	22,547
Administration of Justice	208,775
Public Safety	371,891
Public Health and Welfare	203,919
Social, Cultural, and Recreational Services	42,257
Highways/Public Works	<u>354,870</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,293,381</u></u>

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

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 3,767,735	\$ 208,767	\$ 0	\$ 3,976,502
Construction in Progress	993,217	1,419,619	(993,217)	1,419,619
Total Capital Assets Not Depreciated	<u>\$ 4,760,952</u>	<u>\$ 1,628,386</u>	<u>\$ (993,217)</u>	<u>\$ 5,396,121</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 141,720,602	\$ 985,007	\$ 0	\$ 142,705,609
Other Capital Assets	19,888,898	1,573,630	(728,844)	20,733,684
Total Capital Assets Depreciated	<u>\$ 161,609,500</u>	<u>\$ 2,558,637</u>	<u>\$ (728,844)</u>	<u>\$ 163,439,293</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 99,586,214	\$ 2,229,534	\$ 0	\$ 101,815,748
Other Capital Assets	12,136,527	1,376,416	(561,477)	12,951,466
Total Accumulated Depreciation	<u>\$ 111,722,741</u>	<u>\$ 3,605,950</u>	<u>\$ (561,477)</u>	<u>\$ 114,767,214</u>
Total Capital Assets Depreciated, Net	<u>\$ 49,886,759</u>	<u>\$ (1,047,313)</u>	<u>\$ (167,367)</u>	<u>\$ 48,672,079</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 54,647,711</u></u>	<u><u>\$ 581,073</u></u>	<u><u>\$ (1,160,584)</u></u>	<u><u>\$ 54,068,200</u></u>

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

**Governmental Activities:**

Instruction	\$ 25,304
Support Services	3,416,280
Operation of Non-instructional Services	<u>164,366</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,605,950</u></u>

**D. Construction Commitments**

At June 30, 2018, the General Purpose School Fund and the Education Capital Projects Fund of the discretely presented School Department had uncompleted construction contracts of approximately \$289,567 and \$11,443, respectively, for building improvement projects. Funding for these future expenditures has been received.

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

The composition of interfund balances as of June 30, 2018, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 40,256
Employee Insurance - General	General	198,181
"	Solid Waste/Sanitation Fund	17,896
"	Nonmajor governmental	19,595
Discretely Presented School Department:		
General Purpose School	Central Cafeteria	335,053
"	Nonmajor governmental	62,718

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

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

Receivable Fund	Payable Fund	Amount
Component Unit:		
School Department:	Primary Government:	
Nonmajor governmental	Nonmajor governmental	\$ 3,682

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2018, consisted of the following amounts:

**Primary Government:**

Transfer Out	Transfer In Nonmajor Governmental
General	\$ 26,227

**Discretely Presented Hamblen County School Department:**

Transfers Out	Transfers In General Purpose School Fund	Purpose
Central Cafeteria Fund	\$ 335,053	Indirect Cost
Nonmajor governmental fund	62,718	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 Obligations**

**Primary Government**

**General Obligation Bonds and Other Loans**

Hamblen County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds and other loans have been issued to refund other debt.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to ten years for bonds and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Bonds and other loans included in long-term debt as of June 30, 2018, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Bonds - Refunding	3 to 5	%	6-1-19	\$ 10,860,000	\$ 3,660,000
General Obligation Bonds	1.446		6-1-23	5,200,000	2,820,000
Other Loans - Qualified School Construction Bonds	1.515		7-1-26	11,280,000	5,766,477
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, 2018, including the interest rate and other loan fees:

Description	Amount of Loan Agreement	Outstanding Principal 6-30-18	Interest Type	Rates as of 6-30-18	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)	4.629 %	.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, 2018, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 4,270,000	\$ 226,730	\$ 4,496,730
2020	615,000	36,715	651,715
2021	630,000	28,412	658,412
2022	645,000	18,333	663,333
2023	320,000	6,400	326,400
Total	\$ 6,480,000	\$ 316,590	\$ 6,796,590

Year Ending June 30	Other Loans			
	Principal	Interest (*)	Other Fees	Total
2019	\$ 703,854	\$ 638,421	\$ 25,351	\$ 1,367,626
2020	2,173,854	638,421	25,351	2,837,626
2021	2,253,854	570,375	21,661	2,845,890
2022	2,333,854	498,625	17,771	2,850,250
2023	2,423,854	423,172	13,680	2,860,706
2024-2027	5,977,207	788,224	14,169	6,779,600
Total	\$ 15,866,477	\$ 3,557,238	\$ 117,983	\$ 19,541,698

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

There is \$3,177,210 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$104, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and unamortized premium on debt, totaled \$359, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Bonds	Other Loans
Balance, July 1, 2017	\$ 10,660,000	\$ 16,570,331
Additions	0	0
Reductions	(4,180,000)	(703,854)
Balance, June 30, 2018	<u>\$ 6,480,000</u>	<u>\$ 15,866,477</u>
Balance Due Within One Year	<u>\$ 4,270,000</u>	<u>\$ 703,854</u>
	Other Postemployment Benefits*	Net Pension Liability Agent Plan
Balance, July 1, 2017	\$ 946,663	\$ 704,381
Additions	80,007	1,363,477
Reductions	(102,342)	(1,810,161)
Balance, June 30, 2018	<u>\$ 924,328</u>	<u>\$ 257,697</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

\* Beginning balance restated for changes from GASB Statement No. 75.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 23,528,502
Less: Balance Due Within One Year	(4,973,854)
Add: Unamortized Premium on Debt	<u>125,834</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 18,680,482</u>

Other postemployment benefits and net pension liability 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, 2018, was as follows:

Governmental Activities:

	Other Postemployment Benefits*	Compensated Absences	Retirement Incentive
Balance, July 1, 2017	\$ 31,591,292	\$ 214,801	\$ 106,573
Additions	2,775,639	256,301	139,945
Reductions	(3,006,028)	(214,801)	(81,276)
Balance, June 30, 2018	<u>\$ 31,360,903</u>	<u>\$ 256,301</u>	<u>\$ 165,242</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 256,301</u>	<u>\$ 61,361</u>

	Retirement Honorarium	Net Pension Liability - Agent Plan	Net Pension Liability - Teacher Legacy Plan
Balance, July 1, 2017	\$ 868,089	\$ 794,621	\$ 5,828,936
Additions	144,965	4,328,177	0
Reductions	(100,613)	(4,843,394)	(5,828,936)
Balance, June 30, 2018	<u>\$ 912,441</u>	<u>\$ 279,404</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 108,896</u>	<u>\$ 0</u>	<u>\$ 0</u>

\* Beginning balance restated for changes from GASB Statement No. 75.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 32,969,291
Less: Balance Due Within One Year	<u>(426,558)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 32,542,733</u>

In addition to the commitments noted above, the Board of Education appropriates available school funds to be contributed to the primary government each year to help retire school debt, which is being paid from the county's General Debt Service Fund. During the year ended June 30, 2018, the School Department contributed \$500,000 to the primary government for this purpose.

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



**G. On-Behalf Payments**

**Discretely Presented Hamblen County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hamblen County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2018, were \$395,112 and \$140,243, 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 \$3,462,210 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 \$1,704,355 at June 30, 2018 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
2016-2017	\$	161,719	\$ 2,704,800	\$ (2,761,070)	\$ 105,449
2017-2018		105,449	2,351,465	(2,379,181)	77,733

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**C. Contingent Liabilities**

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

**D. Change in Administration**

Dr. Dale Lynch left the Office of Director of Schools June 30, 2017, and was succeeded by interim director Hugh Clement. Dr. Jeff Perry was appointed as director of schools effective January 15, 2018.

On January 15, 2018, Michelle Woods left the Office of Finance Director and was succeeded on March 1, 2018, by Anne Bryant-Hurst.

**E. Joint Ventures**

**Primary Government**

The Third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Third Judicial District, Greene, Hamblen, Hancock, and Hawkins counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Hamblen County made no contributions to the DTF for the year ended June 30, 2018.

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

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

Hamblen County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Third Judicial District Drug Task Force, Hamblen County-Morristown Solid Waste Disposal System, and Morristown-Hamblen Library can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General  
Third Judicial District Drug Task Force  
109 South Main Street, Suite 501  
Greeneville, TN 37743

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

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

### **Discretely Presented School Department**

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

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

Administrative Office:

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

### **F. Jointly Governed Organization**

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

## **G. Retirement Commitments**

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

#### **Primary Government**

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

*Plan Description.* Employees of Hamblen County and non-certified employees of the discretely presented Hamblen County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 48.43 percent and the non-certified employees of the discretely presented School Department comprise 51.57 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.state.tn.us/tcrs](http://www.treasury.state.tn.us/tcrs).

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

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

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

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	419
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	535
Active Employees	664
Total	<u>1,618</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Hamblen County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution for Hamblen County was \$1,843,747 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, 2017, 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, 2017, 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 3.46% Based on Age, Including Inflation, Averaging 4.00%
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, 2017, 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 investment 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 weighting the expected future real rates by the target asset allocation percentages and by adding expected inflation of 2.5 percent. The best-estimate of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:



Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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.

*Changes of 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 4 percent; and modified mortality assumptions.

*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, 2016	\$ 60,049,130	\$ 58,550,128	\$ 1,499,002
Changes for the Year:			
Service Cost	\$ 1,680,721	\$ 0	\$ 1,680,721
Interest	4,518,128	0	4,518,128
Differences Between Expected and Actual Experience	559,415	0	559,415
Changes in Assumptions	1,569,030	0	1,569,030
Contributions-Employer	0	1,774,445	(1,774,445)
Contributions-Employees	0	957,457	(957,457)
Net Investment Income	0	6,618,126	(6,618,126)
Benefit Payments, Including Refunds of Employee Contributions	(2,976,277)	(2,976,277)	0
Administrative Expense	0	(55,833)	55,833
Net Changes	\$ 5,351,017	\$ 6,317,918	\$ (966,901)
Balance, June 30, 2017	\$ 65,400,147	\$ 64,868,046	\$ 532,101

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	48.43%	\$ 31,673,291	\$ 31,415,595	\$ 257,697
School Department	51.57%	33,726,856	33,452,451	274,404
Total		\$ 65,400,147	\$ 64,868,046	\$ 532,101

*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%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Hamblen County	6.25%	7.25%	8.25%

Net Pension Liability (asset)    \$ 8,907,801    \$ 532,101    \$ (6,442,936)

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

*Pension Expense.* For the year ended June 30, 2018, Hamblen County recognized pension expense of \$713,034.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, 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	\$ 447,532	\$ 664,005
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	17,209
Changes in Assumptions	1,255,224	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	1,843,747	N/A
Total	<u>\$ 3,546,503</u>	<u>\$ 681,214</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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	\$ 1,708,487	\$ 329,912
School Department	1,838,016	351,302
Total	<u>\$ 3,546,503</u>	<u>\$ 681,214</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
2019	\$ (204,189)
2020	757,503
2021	490,168
2022	(21,936)
2023	0
Thereafter	0

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

**Payable to the Pension Plan**

At June 30, 2018, Hamblen County reported a payable of \$33,060 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2018.

**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 48.43 percent and the non-certified employees of the discretely presented School Department comprise 51.57 percent of the plan based on contribution data.

### **Certified Employees**

### **Teacher Retirement Plan**

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

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

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the

prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2018, to the Teacher Retirement Plan were \$278,182, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities (Assets).* At June 30, 2018, the Hamblen County School Department reported an asset of \$215,056 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Hamblen County School Department's proportion of the net pension asset was based on the Hamblen County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the Hamblen County School Department's proportion was .815121 percent. The revised proportion measured at June 30, 2016, was .851112 percent.

*Pension Expense.* For the year ended June 30, 2018, the Hamblen County School Department recognized pension expense of \$97,774.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the Hamblen County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 7,537	\$ 16,174
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	11,572
Changes in Assumptions	18,894	0
Changes in Proportion of Net Pension Liability (Asset)	4,230	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	<u>278,182</u>	<u>N/A</u>
Total	<u><u>\$ 308,843</u></u>	<u><u>\$ 27,746</u></u>

The Hamblen County School Department's employer contributions of \$278,182, 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, 2018. 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
2019	\$ (799)
2020	(799)
2021	(1,462)
2022	(4,438)
2023	1,018
Thereafter	9,396

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, 2017, 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 3.46% Based on Age, Including Inflation, Averaging 4.00%
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, 2017, 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 historical 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 investment 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 weighting the expected future real rates by the target asset allocation percentages and by adding expected inflation of 2.5 percent. The best-estimate of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:



Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.10	20
Short-term Securities	4.32	10
	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.

*Changes of 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 4 percent; and modified mortality assumptions.

*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 Hamblen County 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 Hamblen County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) 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%
Net Pension Liability	\$ 42,907	\$ (215,056)	\$ (404,278)

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

### **Teacher Legacy Pension Plan**

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

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

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average

compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Hamblen County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$3,092,802, which is 9.08 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, 2018, the Hamblen County School Department reported an asset of \$316,085 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension asset used to calculate the net

pension asset was determined by an actuarial valuation as of that date. The Hamblen County School Department's proportion of the net pension asset was based on the Hamblen County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the Hamblen County School Department's proportion was .966078 percent. The proportion measured at June 30, 2016, was .932712 percent.

*Pension Expense.* For the year ended June 30, 2018, the Hamblen County School Department recognized pension expense of \$142,625.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the Hamblen County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 190,558	\$ 6,525,661
Changes in Assumptions	2,677,052	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	47,981	0
Changes in Proportion of Net Pension Liability (Asset)	459,058	45,823
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	3,092,802	N/A
Total	<u>\$ 6,467,451</u>	<u>\$ 6,571,484</u>

The Hamblen County School Department's employer contributions of \$3,092,802 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, 2018. 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
2019	\$ (2,122,776)
2020	1,110,829
2021	(675,622)
2022	(1,509,265)
2023	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, 2017, 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 3.46% Based on Age, Including Inflation, Averaging 4.00%
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, 2017, 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 historical 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 investment 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 weighting the expected future real rates by the target asset allocation percentages and by adding expected inflation of 2.5 percent. The best-estimate of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are

summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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.

*Changes of 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 4 percent; and modified mortality assumptions.

*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 Hamblen County 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 Hamblen County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) 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	\$ 28,361,797	\$ (316,085)	\$ (24,020,244)
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*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 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 \$347,695 to this deferred compensation pension plan.

## H. 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	<u><u>256</u></u>

### **Total OPEB Liability**

The plan's total OPEB liability of \$124,542 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.



*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	3.87%
Healthcare Cost Trend Rates	9% for 2017 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, 2018.

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, 2017	\$ 119,797
Changes for the Year:	
Service Cost	\$ 8,012
Interest	4,480
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	0
Changes in Assumption and Other Inputs	(2,338)
Benefit Payments	(5,409)
Net Changes	<u>\$ 4,745</u>
Balance June 30, 2018	<u><u>\$ 124,542</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the county recognized OPEB expense of \$11,810. At June 30, 2018, 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	0	1,656
Net Difference Between Projected and Actual Investments	0	0
Benefit Payment Subsequent to the Measurement Date	0	0
Total	<u>\$ 0</u>	<u>\$ 1,656</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
2019	\$ (682)
2020	(682)
2021	(292)
2022	0
2023	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 the School Department 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 2.87%	Current Discount Rate 3.87%	1% Increase 4.89%
Total OPEB Liability	\$ 132,759	\$ 124,542	\$ 116,789

*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 (8% decreasing to 4%)	Current Trend Rate (9% decreasing to 5%)	1% Increase (10% decreasing to 6%)
Total OPEB Liability	\$ 112,569	\$ 124,542	\$ 138,637

#### **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, 2017, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs.* The total OPEB liability in the June 30, 2017, 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, 2107 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	LEP - Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing 33-year period to an ultimate trend of rate of 3.53 percent with .18% 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 3.56 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 undertake on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, 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% load for males and a -3% 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% load.

*Changes in Assumptions.* The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

### **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 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 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, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	6
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	0
Active Employees	835
Total	<u>841</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, 2018, the county paid \$4,438 for OPEB benefits as they came due.

Changes in the Total OPEB Liability

Balance July 1, 2016	\$ 826,866
Changes for the Year:	
Service Cost	42,176
Interest	25,339
Changes in Benefit Terms	0
Difference between Expected and Actual Experience	0
Changes in Assumptions and Other Inputs	(92,045)
Benefit Payments	(2,550)
Net Changes	<u>\$ (27,080)</u>
Balance June 30, 2017	<u><u>\$ 799,786</u></u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the county recognized OPEB expense of \$57,173. At June 30, 2018, 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	0	81,703
Net Difference Between Projected and Benefits paid after the measurement date	<u>4,438</u>	<u>0</u>
Total	<u><u>\$ 4,438</u></u>	<u><u>\$ 81,703</u></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
2019	\$ (10,342)
2020	(10,342)
2021	(10,342)
2022	(10,342)
2023	(10,342)
Thereafter	(29,993)

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 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Total OPEB Liability	\$ 949,336	\$ 799,786	\$ 677,806

*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 \$383 to \$661 per month toward the cost of insurance for noncertified retirees based on coverage selected. The School Department provides a direct subsidy ranging from \$211 to \$518 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%; 20 but less than 30 years, 35%; and less than 20 years, 20% 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, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	139
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	1,001
Total	<u><u>1,140</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 \$1,334,132 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 78.7775%</u>	<u>State of TN 21.2225%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2016	\$ 27,383,014	\$ 7,376,929	\$ 34,759,943
Changes for the Year:			
Service Cost	\$ 1,726,418	\$ 465,094	\$ 2,191,512
Interest	832,026	224,146	1,056,172
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(1,266,573)	(341,212)	(1,607,785)
Benefit Payments	(1,230,787)	(331,572)	(1,562,359)
Net Changes	\$ 61,084	\$ 16,456	\$ 77,540
Balance June 30, 2017	\$ 27,444,098	\$ 7,393,385	\$ 34,837,483

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 \$654,422 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 78.7775% and the State of Tennessee's share was 21.2225%.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the School Department recognized OPEB expense of \$3,083,624, which includes expenses funded by nonemployer contributing entities. At June 30, 2018, 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	\$ 0
Changes of Assumptions/Inputs	0	1,137,330
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	1,334,132	0
Total	<u>\$ 1,334,132</u>	<u>\$ 1,137,330</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 June 30</u>	<u>School Department</u>
2019	\$ (129,242)
2020	(129,242)
2021	(129,242)
2022	(129,242)
2023	(129,242)
Thereafter	(491,120)

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>		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	2.56%	3.56%	4.56%

Proportionate Share of the  
Collective Total OPEB  
Liability

\$ 29,440,422   \$ 27,444,098   \$ 25,549,922

*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>		Curent	
	1%	Rates	1%
	Decrease		Increase
	6.5 to 2.71%	7.5 to 3.71%	8.5 to 4.71%

Proportionate Share of the  
Collective Total OPEB  
Liability

\$ 24,349,323   \$ 27,444,098   \$ 31,117,817

#### **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, 2017, 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, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	253
Inactive Employees Entitled to But Not Yet Receiving Benefits	125
Active Employees	1,001
Total	<u><u>1,379</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, 2018, the School Department paid \$144,080 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</u>	<u>State of</u>	<u>Total OPEB</u>
	<u>School Department</u>	<u>TN</u>	
	53.5115%	46.4885%	Liability
Balance July 1, 2016	\$ 4,208,278	\$ 3,655,972	\$ 7,864,250
Changes for the Year:			
Service Cost	\$ 93,749	\$ 81,445	\$ 175,194
Interest	123,447	107,245	230,692
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and Actuarial			
Experience	0	0	0
Changes in Assumption			
and Other Inputs	(359,853)	(312,625)	(672,478)
Benefit Payments	(148,815)	(129,285)	(278,100)
Net Changes	\$ (291,473)	\$ (253,219)	\$ (544,692)
Balance June 30, 2017	\$ 3,916,805	\$ 3,402,753	\$ 7,319,558

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 recognized \$152,757 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TMN for School Department retirees.

During the year, the Hamblen County School Department's proportionate share of the collective OPEB liability for the TNM plan was 53.5115 percent and the State of Tennessee's share was 46.4885 percent.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the School Department recognized OPEB expense of \$328,590, which includes expenses funded by nonemployer contributing entities.

At June 30, 2018, 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	\$ 0
Changes of Assumptions/Inputs	0	318,491
Benefits Paid After the Measurement Date	144,080	0
Total	<u>\$ 144,080</u>	<u>\$ 318,491</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
2019	\$ (41,362)
2020	(41,362)
2021	(41,362)
2022	(41,362)
2023	(41,362)
Thereafter	(111,680)

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%	Current Discount Rate	1%
	Decrease		Increase
	2.56%	3.56%	4.56%

Proportionate Share of the  
Collective Total OPEB

Liability \$ 4,499,852 \$ 3,916,805 \$ 3,437,190

*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.

#### **I. Termination Benefits**

The discretely presented Hamblen County School Department offers a voluntary termination benefits plan to its certified employees in accordance with contract provisions. To be eligible, employees must retire in the school year that they become 60 years of age or obtain 30 years of creditable service in the Tennessee Consolidated Retirement System, whichever comes first. Under the terms of the plan, employees can select between receiving \$4,500 for two years or \$3,500 for three years. During the 2017-18 year, 21 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$165,242. Of that amount, \$61,361 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, 2018, 428 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$912,441. Of that amount, \$108,896 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$100,613 in the General Purpose School Fund.

**J. Central Accounting and Budgeting**

Office of Director of Finance

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

**K. Purchasing Laws**

Office of County Mayor

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

Office of Highway Superintendent

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

Office of Director of Schools

Purchasing procedures for the discretely presented Hamblen County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. However, the Board of Education has adopted a more restrictive policy that requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$5,000.



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## REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Exhibit F-2

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

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 1,550,676	\$ 1,572,279	\$ 1,662,880	\$ 1,774,445	\$ 1,843,747
Less Contributions in Relation to the Actuarially Determined Contribution	(1,550,676)	(1,572,279)	(1,662,880)	(1,774,445)	(1,843,747)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 16,490,699	\$ 16,906,305	\$ 17,876,001	\$ 18,974,846	\$ 19,679,587
Contributions as a Percentage of Covered Payroll	9.40%	9.30%	9.30%	9.35%	9.37%

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

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

Exhibit F-3

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

	2015	2016	2017	2018
Contractually Required Contribution	\$ 73,033	\$ 149,797	\$ 213,998	\$ 278,182
Less Contributions in Relation to the Contractually Required Contribution	(73,033)	(149,797)	(213,998)	(278,182)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 1,825,848	\$ 3,744,929	\$ 5,261,300	\$ 6,969,681
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.05%	3.99%

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
Contractually Required Contribution	\$ 3,207,929	\$ 3,090,554	\$ 3,043,681	\$ 3,087,195	\$ 3,092,802
Less Contributions in Relation to the Contractually Required Contribution	(3,207,929)	(3,090,554)	(3,043,681)	(3,087,195)	(3,092,802)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 36,125,331	\$ 34,187,512	\$ 33,669,025	\$ 34,221,953	\$ 34,085,463
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.02%	9.07%

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\*

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

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

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

Exhibit F-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 \*

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

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

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

Exhibit F-7

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

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

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%

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 \*

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 42,176
Interest	25,339
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(92,045)
Benefit Payments	<u>(2,550)</u>
Net Change in Total OPEB Liability	\$ (27,080)
Total OPEB Liability, Beginning	<u>826,866</u>
Total OPEB Liability, Ending	<u><u>\$ 799,786</u></u>
 Covered Employee Payroll	 \$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A

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

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%

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 \*

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 2,191,512
Interest	1,056,172
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(1,607,785)
Benefit Payments	<u>(1,562,359)</u>
Net Change in Total OPEB Liability	\$ 77,540
Total OPEB Liability, Beginning	<u>34,759,943</u>
 Total OPEB Liability, Ending	 <u>\$ 34,837,483</u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 7,393,385
Employer Proportionate Share of the Total OPEB Liability	27,444,098
 Covered Employee Payroll	 \$ 47,750,736
Net OPEB Liability as a Percentage of Covered Employee Payroll	57.47%

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

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%

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

Exhibit F-10

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 \*

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 175,194
Interest	230,692
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(672,478)
Benefit Payments	<u>(278,100)</u>
Net Change in Total OPEB Liability	\$ (544,692)
Total OPEB Liability, Beginning	<u>7,864,250</u>
 Total OPEB Liability, Ending	 <u><u>\$ 7,319,558</u></u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 3,402,753
Employer Proportionate Share of the Total OPEB Liability	3,916,805
 Covered Employee Payroll	 \$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A

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

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%

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

**HAMBLEN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, 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	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation,
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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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

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

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

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

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

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

Exhibit G-1

Hamblen County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 7,087	\$ 0	\$ 7,087	\$ 0	\$ 0
Equity in Pooled Cash and Investments	201,577	0	1,150,044	1,351,621	213,477	78,317
Accounts Receivable	15,684	33,169	0	48,853	0	0
Due from Other Governments	1,882	0	493,600	495,482	0	0
Total Assets	<u>\$ 219,143</u>	<u>\$ 40,256</u>	<u>\$ 1,643,644</u>	<u>\$ 1,903,043</u>	<u>\$ 213,477</u>	<u>\$ 78,317</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 691	\$ 0	\$ 67,707	\$ 68,398	\$ 5,860	\$ 0
Accrued Payroll	0	0	30,294	30,294	0	0
Payroll Deductions Payable	0	0	5,877	5,877	0	0
Due to Other Funds	0	40,256	19,595	59,851	0	0
Due to Component Units	0	0	0	0	0	0
Total Liabilities	<u>\$ 691</u>	<u>\$ 40,256</u>	<u>\$ 123,473</u>	<u>\$ 164,420</u>	<u>\$ 5,860</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 280,874	\$ 280,874	\$ 0	\$ 0
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 280,874</u>	<u>\$ 280,874</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 218,452	\$ 0	\$ 0	\$ 218,452	\$ 0	\$ 0

(Continued)



Exhibit G-1

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

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Highways/Public Works	\$ 0	\$ 0	\$ 1,239,297	\$ 1,239,297	\$ 0	\$ 0
Restricted for Capital Projects	0	0	0	0	0	78,317
Committed:						
Committed for Capital Projects	0	0	0	0	207,617	0
Total Fund Balances	\$ 218,452	\$ 0	\$ 1,239,297	\$ 1,457,749	\$ 207,617	\$ 78,317
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 219,143	\$ 40,256	\$ 1,643,644	\$ 1,903,043	\$ 213,477	\$ 78,317

(Continued)

## Exhibit G-1

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Highway Capital Projects	Education Capital Projects	Total	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 7,087
Equity in Pooled Cash and Investments	154,329	3,682	449,805	1,801,426
Accounts Receivable	0	0	0	48,853
Due from Other Governments	0	0	0	495,482
Total Assets	\$ 154,329	\$ 3,682	\$ 449,805	\$ 2,352,848
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 5,860	\$ 74,258
Accrued Payroll	0	0	0	30,294
Payroll Deductions Payable	0	0	0	5,877
Due to Other Funds	0	0	0	59,851
Due to Component Units	0	3,682	3,682	3,682
Total Liabilities	\$ 0	\$ 3,682	\$ 9,542	\$ 173,962
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 0	\$ 280,874
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 280,874
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 0	\$ 0	\$ 218,452

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	Highway Capital Projects	Education Capital Projects	Total	
<u>FUND BALANCES (Cont.)</u>				
Restricted (Cont.):				
Restricted for Highways/Public Works	\$ 0	\$ 0	\$ 0	\$ 1,239,297
Restricted for Capital Projects	0	0	78,317	78,317
Committed:				
Committed for Capital Projects	154,329	0	361,946	361,946
Total Fund Balances	<u>\$ 154,329</u>	<u>\$ 0</u>	<u>\$ 440,263</u>	<u>\$ 1,898,012</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 154,329</u>	<u>\$ 3,682</u>	<u>\$ 449,805</u>	<u>\$ 2,352,848</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, 2018

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 94,442	\$ 94,442	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	112,747	0	0	112,747	0	0
Charges for Current Services	0	27,056	0	27,056	0	0
Other Local Revenues	4,457	0	503	4,960	11,175	0
State of Tennessee	0	0	3,096,645	3,096,645	40,668	0
Federal Government	87,976	0	0	87,976	569,276	0
Other Governments and Citizens Groups	9,573	0	0	9,573	0	0
Total Revenues	\$ 214,753	\$ 27,056	\$ 3,191,590	\$ 3,433,399	\$ 621,119	\$ 0
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 92	\$ 0	\$ 92	\$ 0	\$ 0
Finance	0	9,573	0	9,573	0	0
Administration of Justice	0	17,314	0	17,314	0	0
Public Safety	96,116	77	0	96,193	0	0
Highways	0	0	2,652,827	2,652,827	0	0
Capital Projects	0	0	0	0	683,344	0
Total Expenditures	\$ 96,116	\$ 27,056	\$ 2,652,827	\$ 2,775,999	\$ 683,344	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 118,637	\$ 0	\$ 538,763	\$ 657,400	\$ (62,225)	\$ 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	Constitu - tional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 7,650	\$ 7,650	\$ 0	\$ 0
Transfers In	0	0	0	0	26,227	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,650</u>	<u>\$ 7,650</u>	<u>\$ 26,227</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 118,637	\$ 0	\$ 546,413	\$ 665,050	\$ (35,998)	\$ 0
Fund Balance, July 1, 2017	<u>99,815</u>	<u>0</u>	<u>692,884</u>	<u>792,699</u>	<u>243,615</u>	<u>78,317</u>
Fund Balance, June 30, 2018	<u><u>\$ 218,452</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,239,297</u></u>	<u><u>\$ 1,457,749</u></u>	<u><u>\$ 207,617</u></u>	<u><u>\$ 78,317</u></u>

(Continued)

## Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 60,000	\$ 60,000	\$ 154,442
Fines, Forfeitures, and Penalties	0	0	112,747
Charges for Current Services	0	0	27,056
Other Local Revenues	0	11,175	16,135
State of Tennessee	0	40,668	3,137,313
Federal Government	0	569,276	657,252
Other Governments and Citizens Groups	0	0	9,573
Total Revenues	<u>\$ 60,000</u>	<u>\$ 681,119</u>	<u>\$ 4,114,518</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 0	\$ 92
Finance	0	0	9,573
Administration of Justice	0	0	17,314
Public Safety	0	0	96,193
Highways	0	0	2,652,827
Capital Projects	58,043	741,387	741,387
Total Expenditures	<u>\$ 58,043</u>	<u>\$ 741,387</u>	<u>\$ 3,517,386</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,957</u>	<u>\$ (60,268)</u>	<u>\$ 597,132</u>

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 0	\$ 7,650
Transfers In	0	26,227	26,227
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 26,227</u>	<u>\$ 33,877</u>
Net Change in Fund Balances	\$ 1,957	\$ (34,041)	\$ 631,009
Fund Balance, July 1, 2017	<u>152,372</u>	<u>474,304</u>	<u>1,267,003</u>
Fund Balance, June 30, 2018	<u>\$ 154,329</u>	<u>\$ 440,263</u>	<u>\$ 1,898,012</u>

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, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 112,747	\$ 0	\$ 112,747	\$ 29,000	\$ 29,000	\$ 83,747
Other Local Revenues	4,457	0	4,457	250	250	4,207
Federal Government	87,976	0	87,976	0	0	87,976
Other Governments and Citizens Groups	9,573	0	9,573	10,000	10,000	(427)
Total Revenues	\$ 214,753	\$ 0	\$ 214,753	\$ 39,250	\$ 39,250	\$ 175,503
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 96,116	\$ 6,930	\$ 103,046	\$ 90,511	\$ 106,621	\$ 3,575
Total Expenditures	\$ 96,116	\$ 6,930	\$ 103,046	\$ 90,511	\$ 106,621	\$ 3,575
Excess (Deficiency) of Revenues Over Expenditures	\$ 118,637	\$ (6,930)	\$ 111,707	\$ (51,261)	\$ (67,371)	\$ 179,078
Net Change in Fund Balance	\$ 118,637	\$ (6,930)	\$ 111,707	\$ (51,261)	\$ (67,371)	\$ 179,078
Fund Balance, July 1, 2017	99,815	0	99,815	86,323	86,323	13,492
Fund Balance, June 30, 2018	\$ 218,452	\$ (6,930)	\$ 211,522	\$ 35,062	\$ 18,952	\$ 192,570



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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 94,442	\$ 0	\$ 0	\$ 94,442	\$ 80,000	\$ 80,000	\$ 14,442
Other Local Revenues	503	0	0	503	5,000	5,000	(4,497)
State of Tennessee	3,096,645	0	0	3,096,645	2,157,074	2,141,662	954,983
Total Revenues	\$ 3,191,590	\$ 0	\$ 0	\$ 3,191,590	\$ 2,242,074	\$ 2,226,662	\$ 964,928
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 374,324	\$ 0	\$ 0	\$ 374,324	\$ 413,427	\$ 419,727	\$ 45,403
Highway and Bridge Maintenance	1,083,776	(12,274)	27,427	1,098,929	1,215,338	1,309,338	210,409
Operation and Maintenance of Equipment	287,890	(1,000)	1,100	287,990	330,210	333,210	45,220
Employee Benefits	25,632	0	0	25,632	45,381	45,381	19,749
Capital Outlay	881,205	(472,522)	2,000	410,683	376,000	488,278	77,595
Total Expenditures	\$ 2,652,827	\$ (485,796)	\$ 30,527	\$ 2,197,558	\$ 2,380,356	\$ 2,595,934	\$ 398,376
Excess (Deficiency) of Revenues Over Expenditures	\$ 538,763	\$ 485,796	\$ (30,527)	\$ 994,032	\$ (138,282)	\$ (369,272)	\$ 1,363,304
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,650	\$ 0	\$ 0	\$ 7,650	\$ 0	\$ 0	\$ 7,650
Total Other Financing Sources	\$ 7,650	\$ 0	\$ 0	\$ 7,650	\$ 0	\$ 0	\$ 7,650
Net Change in Fund Balance	\$ 546,413	\$ 485,796	\$ (30,527)	\$ 1,001,682	\$ (138,282)	\$ (369,272)	\$ 1,370,954
Fund Balance, July 1, 2017	692,884	(485,796)	0	207,088	464,964	464,964	(257,876)
Fund Balance, June 30, 2018	\$ 1,239,297	\$ 0	\$ (30,527)	\$ 1,208,770	\$ 326,682	\$ 95,692	\$ 1,113,078

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 60,000	\$ 60,000	\$ 60,000	\$ 0
Total Revenues	\$ 60,000	\$ 60,000	\$ 60,000	\$ 0
<u>Expenditures</u>				
<u>Capital Projects</u>				
Highway and Street Capital Projects	\$ 58,043	\$ 60,000	\$ 212,371	\$ 154,328
Total Expenditures	\$ 58,043	\$ 60,000	\$ 212,371	\$ 154,328
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,957	\$ 0	\$ (152,371)	\$ 154,328
Net Change in Fund Balance	\$ 1,957	\$ 0	\$ (152,371)	\$ 154,328
Fund Balance, July 1, 2017	152,372	464	152,835	(463)
Fund Balance, June 30, 2018	\$ 154,329	\$ 464	\$ 464	\$ 153,865

# **Major Governmental Funds**

## **Debt Service Fund**

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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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,329,003	\$ 5,223,709	\$ 5,223,709	\$ 105,294
Fines, Forfeitures, and Penalties	47,040	47,000	47,000	40
Other Local Revenues	641,983	600,000	600,000	41,983
Total Revenues	<u>\$ 6,018,026</u>	<u>\$ 5,870,709</u>	<u>\$ 5,870,709</u>	<u>\$ 147,317</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 71,500	\$ 71,500	\$ 71,500	\$ 0
Highways and Streets	314,116	314,116	314,116	0
Education	4,498,238	4,498,238	4,498,238	0
<u>Interest on Debt</u>				
General Government	141,964	131,558	141,968	4
Highways and Streets	28,987	28,987	28,987	0
Education	928,800	897,177	928,807	7
<u>Other Debt Service</u>				
General Government	99,506	90,000	103,000	3,494
Education	12,620	11,280	12,780	160
Total Expenditures	<u>\$ 6,095,731</u>	<u>\$ 6,042,856</u>	<u>\$ 6,099,396</u>	<u>\$ 3,665</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (77,705)</u>	<u>\$ (172,147)</u>	<u>\$ (228,687)</u>	<u>\$ 150,982</u>
Net Change in Fund Balance	\$ (77,705)	(172,147)	(228,687)	150,982
Fund Balance, July 1, 2017	<u>3,254,915</u>	<u>3,200,705</u>	<u>3,200,705</u>	<u>54,210</u>
Fund Balance, June 30, 2018	<u>\$ 3,177,210</u>	<u>\$ 3,028,558</u>	<u>\$ 2,972,018</u>	<u>\$ 205,192</u>

# Fiduciary Funds

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

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

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, 2018

	Agency Funds		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,022,437	\$ 3,022,437
Equity in Pooled Cash and Investments	860	0	860
Accounts Receivable	0	2,262	2,262
Due from Other Governments	2,116,413	0	2,116,413
Total Assets	<u>\$ 2,117,273</u>	<u>\$ 3,024,699</u>	<u>\$ 5,141,972</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 2,117,273	\$ 0	\$ 2,117,273
Due to Litigants, Heirs, and Others	0	3,024,699	3,024,699
Total Liabilities	<u>\$ 2,117,273</u>	<u>\$ 3,024,699</u>	<u>\$ 5,141,972</u>

## Exhibit I-2

Hamblen County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 12,407,845	\$ 12,406,985	\$ 860
Due from Other Governments	2,004,418	2,116,413	2,004,418	2,116,413
Total Assets	\$ 2,004,418	\$ 14,524,258	\$ 14,411,403	\$ 2,117,273
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,004,418	\$ 14,524,258	\$ 14,411,403	\$ 2,117,273
Total Liabilities	\$ 2,004,418	\$ 14,524,258	\$ 14,411,403	\$ 2,117,273
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,712,187	\$ 12,905,538	\$ 12,595,288	\$ 3,022,437
Accounts Receivable	1,571	2,262	1,571	2,262
Total Assets	\$ 2,713,758	\$ 12,907,800	\$ 12,596,859	\$ 3,024,699
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,713,758	\$ 12,907,800	\$ 12,596,859	\$ 3,024,699
Total Liabilities	\$ 2,713,758	\$ 12,907,800	\$ 12,596,859	\$ 3,024,699
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,712,187	\$ 12,905,538	\$ 12,595,288	\$ 3,022,437
Equity in Pooled Cash and Investments	0	12,407,845	12,406,985	860
Accounts Receivable	1,571	2,262	1,571	2,262
Due from Other Governments	2,004,418	2,116,413	2,004,418	2,116,413
Total Assets	\$ 4,718,176	\$ 27,432,058	\$ 27,008,262	\$ 5,141,972
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,004,418	\$ 14,524,258	\$ 14,411,403	\$ 2,117,273
Due to Litigants, Heirs, and Others	2,713,758	12,907,800	12,596,859	3,024,699
Total Liabilities	\$ 4,718,176	\$ 27,432,058	\$ 27,008,262	\$ 5,141,972

# Hamblen County School Department

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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.

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

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

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

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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 56,253,161	\$ 397,191	\$ 4,380,031	\$ 0	\$ (51,475,939)
Support Services	29,050,019	451,046	723,442	64,795	(27,810,736)
Operation of Non-instructional Services	6,964,971	1,224,071	5,461,084	0	(279,816)
Total Governmental Activities	<u>\$ 92,268,151</u>	<u>\$ 2,072,308</u>	<u>\$ 10,564,557</u>	<u>\$ 64,795</u>	<u>\$ (79,566,491)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 13,260,497
Local Option Sales Taxes					13,461,159
Mixed Drink Tax					66,394
Grants and Contributions Not Restricted to Specific Programs					55,475,355
Unrestricted Investment Income					9,013
Miscellaneous					43,626
Total General Revenues					<u>\$ 82,316,044</u>
Change in Net Position					\$ 2,749,553
Restatement - Other Postemployment Benefits (See Note I.D.9)					(11,433,979)
Net Position, July 1, 2017					<u>50,494,405</u>
Net Position, June 30, 2018					<u><u>\$ 41,809,979</u></u>

## Exhibit J-2

Hamblen County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Hamblen County School Department  
 June 30, 2018

	Major Funds		Nonmajor Funds	
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 70	\$ 0	\$ 70
Equity in Pooled Cash and Investments	8,842,657	5,056,007	192,581	14,091,245
Inventories	0	141,443	0	141,443
Accounts Receivable	18,836	56,216	2,291	77,343
Due from Other Governments	4,017,865	0	478,576	4,496,441
Due from Other Funds	397,771	0	0	397,771
Due from Primary Government	0	0	3,682	3,682
Property Taxes Receivable	14,261,684	0	0	14,261,684
Allowance for Uncollectible Property Taxes	(628,235)	0	0	(628,235)
Total Assets	<u>\$ 26,910,578</u>	<u>\$ 5,253,736</u>	<u>\$ 677,130</u>	<u>\$ 32,841,444</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 294,215	\$ 9,224	\$ 5,031	\$ 308,470
Contracts Payable	412,750	0	0	412,750
Retainage Payable	41,394	0	0	41,394
Due to Other Funds	0	335,053	62,718	397,771
Other Current Liabilities	0	54,573	0	54,573
Total Liabilities	<u>\$ 748,359</u>	<u>\$ 398,850</u>	<u>\$ 67,749</u>	<u>\$ 1,214,958</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 13,132,726	\$ 0	\$ 0	\$ 13,132,726
Deferred Delinquent Property Taxes	407,084	0	0	407,084
Other Deferred/Unavailable Revenue	1,145,173	0	0	1,145,173
Total Deferred Inflows of Resources	<u>\$ 14,684,983</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,684,983</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 Funds</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 141,443	\$ 0	\$ 141,443
Restricted:				
Restricted for Education	206,844	4,713,443	33,478	4,953,765
Restricted for Capital Projects	0	0	75,903	75,903
Committed:				
Committed for Education	333,661	0	500,000	833,661
Assigned:				
Assigned for Education	897,847	0	0	897,847
Assigned for Capital Projects	6,405,435	0	0	6,405,435
Unassigned	3,633,449	0	0	3,633,449
Total Fund Balances	<u>\$ 11,477,236</u>	<u>\$ 4,854,886</u>	<u>\$ 609,381</u>	<u>\$ 16,941,503</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,910,578</u>	<u>\$ 5,253,736</u>	<u>\$ 677,130</u>	<u>\$ 32,841,444</u>

Exhibit J-3

Hamblen County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Hamblen County School Department  
June 30, 2018

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)		\$	16,941,503
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	3,976,502	
Add: construction in progress		1,419,619	
Add: buildings and improvements net of accumulated depreciation		40,889,861	
Add: other capital assets net of accumulated depreciation		<u>7,782,218</u>	54,068,200
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,552,257
(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	\$	(31,360,903)	
Less: compensated absences payable		(256,301)	
Less: retirement incentive		(165,242)	
Less: retirement honorarium		(912,441)	
Less: net pension liability of the agent plan		<u>(274,404)</u>	(32,969,291)
(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	\$	8,614,310	
Less: deferred inflows of resources related to pensions		(6,950,532)	
Add: deferred outflows of resources related to OPEB		1,478,212	
Less: deferred inflows of resources related to OPEB		<u>(1,455,821)</u>	1,686,169
(5) Net pensions assets of the Teacher Plans are not current financial resources and therefore are not reported in the governmental funds			
Add: net pension asset - teacher retirement plan	\$	316,085	
Add: net pension asset - teacher legacy retirement plan		<u>215,056</u>	<u>531,141</u>
Net position of governmental activities (Exhibit A)			<u>\$ 41,809,979</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, 2018

	Major Funds		Nonmajor Funds	
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 26,939,919	\$ 0	\$ 0	\$ 26,939,919
Charges for Current Services	818,492	1,242,141	0	2,060,633
Other Local Revenues	118,038	12,013	0	130,051
State of Tennessee	54,467,263	57,212	0	54,524,475
Federal Government	183,017	5,295,661	5,988,787	11,467,465
Total Revenues	<u>\$ 82,526,729</u>	<u>\$ 6,607,027</u>	<u>\$ 5,988,787</u>	<u>\$ 95,122,543</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 52,853,953	\$ 0	\$ 5,004,005	\$ 57,857,958
Support Services	24,502,988	0	902,224	25,405,212
Operation of Non-Instructional Services	1,123,106	5,883,940	0	7,007,046
Capital Outlay	3,179,436	0	0	3,179,436
Debt Service:				
Other Debt Service	500,000	0	0	500,000
Capital Projects	0	0	239,757	239,757
Total Expenditures	<u>\$ 82,159,483</u>	<u>\$ 5,883,940</u>	<u>\$ 6,145,986</u>	<u>\$ 94,189,409</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 367,246</u>	<u>\$ 723,087</u>	<u>\$ (157,199)</u>	<u>\$ 933,134</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 25,893	\$ 0	\$ 0	\$ 25,893
Transfers In	397,771	0	0	397,771
Transfers Out	0	(335,053)	(62,718)	(397,771)
Total Other Financing Sources (Uses)	<u>\$ 423,664</u>	<u>\$ (335,053)</u>	<u>\$ (62,718)</u>	<u>\$ 25,893</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.)

	Major Funds		Nonmajor Funds	
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	Total Governmental Funds
Net Change in Fund Balances	\$ 790,910	\$ 388,034	\$ (219,917)	\$ 959,027
Fund Balance, July 1, 2017	10,686,326	4,466,852	829,298	15,982,476
Fund Balance, June 30, 2018	<u>\$ 11,477,236</u>	<u>\$ 4,854,886</u>	<u>\$ 609,381</u>	<u>\$ 16,941,503</u>

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, 2018

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)		\$	959,027
(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	\$	3,193,806	
Less: current-year depreciation expense		<u>(3,605,950)</u>	(412,144)
(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			(167,367)
(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, 2018	\$	1,552,257	
Less: deferred delinquent property taxes and other deferred June 30, 2017		<u>(1,657,096)</u>	(104,839)
(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	\$	(41,500)	
Change in other postemployment benefits liability (net of restatement)		230,389	
Change in retirement incentive		(58,669)	
Change in retirement honorarium		(44,352)	
Change in net pension asset - teacher retirement plan		126,453	
Change in net pension asset - teacher legacy retirement plan		6,145,021	
Change in net pension liability - agent plan		520,217	
Change in deferred outflows related to pensions		(3,763,336)	
Change in deferred inflows related to pensions		717,865	
Change in deferred outflows related to OPEB (net of restatement)		98,609	
Change in deferred inflows related to OPEB		<u>(1,455,821)</u>	<u>2,474,876</u>
Change in net position of governmental activities (Exhibit B)		\$	<u>2,749,553</u>

## Exhibit J-6

Hamblen County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Hamblen County School Department  
June 30, 2018

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 120,360	\$ 72,221	\$ 192,581
Accounts Receivable	2,291	0	2,291
Due from Other Governments	478,576	0	478,576
Due from Primary Government	0	3,682	3,682
Total Assets	\$ 601,227	\$ 75,903	\$ 677,130
<u>LIABILITIES</u>			
Accounts Payable	\$ 5,031	\$ 0	\$ 5,031
Due to Other Funds	62,718	0	62,718
Total Liabilities	\$ 67,749	\$ 0	\$ 67,749
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 33,478	\$ 0	\$ 33,478
Restricted for Capital Projects	0	75,903	75,903
Committed:			
Committed for Education	500,000	0	500,000
Total Fund Balances	\$ 533,478	\$ 75,903	\$ 609,381
Total Liabilities and Fund Balances	\$ 601,227	\$ 75,903	\$ 677,130



## 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, 2018

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>Revenues</u>			
Federal Government	\$ 5,988,787	\$ 0	\$ 5,988,787
Total Revenues	<u>\$ 5,988,787</u>	<u>\$ 0</u>	<u>\$ 5,988,787</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 5,004,005	\$ 0	\$ 5,004,005
Support Services	902,224	0	902,224
Capital Projects	0	239,757	239,757
Total Expenditures	<u>\$ 5,906,229</u>	<u>\$ 239,757</u>	<u>\$ 6,145,986</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 82,558</u>	<u>\$ (239,757)</u>	<u>\$ (157,199)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (62,718)	\$ 0	\$ (62,718)
Total Other Financing Sources (Uses)	<u>\$ (62,718)</u>	<u>\$ 0</u>	<u>\$ (62,718)</u>
Net Change in Fund Balances	\$ 19,840	\$ (239,757)	\$ (219,917)
Fund Balance, July 1, 2017	<u>513,638</u>	<u>315,660</u>	<u>829,298</u>
Fund Balance, June 30, 2018	<u><u>\$ 533,478</u></u>	<u><u>\$ 75,903</u></u>	<u><u>\$ 609,381</u></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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 26,939,919	\$ 0	\$ 0	\$ 26,939,919	\$ 26,520,732	\$ 26,520,732	\$ 419,187
Charges for Current Services	818,492	0	0	818,492	564,480	564,480	254,012
Other Local Revenues	118,038	0	0	118,038	20,600	79,821	38,217
State of Tennessee	54,467,263	0	0	54,467,263	53,071,038	53,843,813	623,450
Federal Government	183,017	0	0	183,017	38,779	183,230	(213)
Total Revenues	\$ 82,526,729	\$ 0	\$ 0	\$ 82,526,729	\$ 80,215,629	\$ 81,192,076	\$ 1,334,653
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 43,675,331	\$ (12,489)	\$ 9,885	\$ 43,672,727	\$ 44,434,630	\$ 44,549,568	\$ 876,841
Special Education Program	5,561,237	(740)	619	5,561,116	6,107,300	5,873,176	312,060
Career and Technical Education Program	3,454,865	(4,411)	96,576	3,547,030	3,498,028	3,660,874	113,844
Student Body Education Program	162,520	(440)	2,054	164,134	209,302	209,302	45,168
<u>Support Services</u>							
Attendance	1,737	0	0	1,737	5,850	5,850	4,113
Health Services	766,574	(1,889)	1,314	765,999	783,242	792,162	26,163
Other Student Support	1,511,977	0	26,035	1,538,012	1,600,927	1,600,927	62,915
Regular Instruction Program	875,769	(5,201)	7,664	878,232	911,750	1,013,680	135,448
Special Education Program	1,155,309	0	0	1,155,309	883,440	1,262,015	106,706
Career and Technical Education Program	224,259	0	0	224,259	225,878	225,878	1,619
Technology	1,651,668	(36,813)	35,269	1,650,124	1,636,201	1,703,701	53,577
Other Programs	535,355	0	0	535,355	0	535,355	0
Board of Education	1,081,378	(377)	0	1,081,001	1,218,433	1,218,433	137,432
Director of Schools	576,762	(2,796)	800	574,766	658,160	658,160	83,394
Office of the Principal	4,730,764	0	0	4,730,764	4,849,140	4,849,140	118,376
Fiscal Services	532,775	(1,133)	18,143	549,785	561,974	561,974	12,189
Operation of Plant	5,979,064	(4,548)	0	5,974,516	6,501,051	6,501,051	526,535
Maintenance of Plant	1,574,396	(7,625)	26,652	1,593,423	1,600,898	1,600,898	7,475
Transportation	3,305,201	(19,814)	7,707	3,293,094	3,729,265	3,729,265	436,171

(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 7/1/2017	Add: Encumbrances 6/30/2018	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	\$ 237,486	\$ (1,829)	\$ 5,983	\$ 241,640	\$ 320,206	\$ 320,206	\$ 78,566
Early Childhood Education	885,620	(283)	231	885,568	881,509	906,569	21,001
<u>Capital Outlay</u>							
Regular Capital Outlay	3,179,436	(1,265,254)	1,645,676	3,559,858	3,904,784	3,926,399	366,541
<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	\$ 82,159,483	\$ (1,365,642)	\$ 1,884,608	\$ 82,678,449	\$ 85,021,968	\$ 86,204,583	\$ 3,526,134
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 367,246	\$ 1,365,642	\$ (1,884,608)	\$ (151,720)	\$ (4,806,339)	\$ (5,012,507)	\$ 4,860,787
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 25,893	\$ 0	\$ 0	\$ 25,893	\$ 10,000	\$ 31,615	\$ (5,722)
Transfers In	397,771	0	0	397,771	406,684	406,684	(8,913)
Transfers Out	0	0	0	0	(87,467)	0	0
Total Other Financing Sources	\$ 423,664	\$ 0	\$ 0	\$ 423,664	\$ 329,217	\$ 438,299	\$ (14,635)
Net Change in Fund Balance							
Fund Balance, July 1, 2017	\$ 790,910	\$ 1,365,642	\$ (1,884,608)	\$ 271,944	\$ (4,477,122)	\$ (4,574,208)	\$ 4,846,152
	10,686,326	(1,365,642)	0	9,320,684	9,404,265	9,404,265	(83,581)
Fund Balance, June 30, 2018							
	\$ 11,477,236	\$ 0	\$ (1,884,608)	\$ 9,592,628	\$ 4,927,143	\$ 4,830,057	\$ 4,762,571

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 5,988,787	\$ 0	\$ 0	\$ 5,988,787	\$ 5,554,349	\$ 6,740,457	\$ (751,670)
Total Revenues	\$ 5,988,787	\$ 0	\$ 0	\$ 5,988,787	\$ 5,554,349	\$ 6,740,457	\$ (751,670)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,426,118	\$ 0	\$ 10,870	\$ 2,436,988	\$ 2,109,563	\$ 2,471,375	\$ 34,387
Special Education Program	2,443,493	0	0	2,443,493	2,360,780	2,597,622	154,129
Career and Technical Education Program	134,394	(11,679)	22,407	145,122	115,917	145,122	0
<u>Support Services</u>							
Other Student Support	186,325	(1,680)	0	184,645	204,841	195,963	11,318
Regular Instruction Program	692,522	0	201	692,723	747,034	1,218,861	526,138
Special Education Program	9,006	0	0	9,006	0	10,698	1,692
Career and Technical Education Program	7,508	0	0	7,508	5,500	7,548	40
Board of Education	229	0	0	229	0	261	32
Transportation	6,634	0	0	6,634	10,000	23,763	17,129
Total Expenditures	\$ 5,906,229	\$ (13,359)	\$ 33,478	\$ 5,926,348	\$ 5,553,635	\$ 6,671,213	\$ 744,865
Excess (Deficiency) of Revenues Over Expenditures	\$ 82,558	\$ 13,359	\$ (33,478)	\$ 62,439	\$ 714	\$ 69,244	\$ (6,805)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (62,718)	\$ 0	\$ 0	\$ (62,718)	\$ (993)	\$ (69,523)	\$ 6,805
Total Other Financing Sources	\$ (62,718)	\$ 0	\$ 0	\$ (62,718)	\$ (993)	\$ (69,523)	\$ 6,805
Net Change in Fund Balance	\$ 19,840	\$ 13,359	\$ (33,478)	\$ (279)	\$ (279)	\$ (279)	\$ 0
Fund Balance, July 1, 2017	513,638	(13,359)	0	500,279	279	279	500,000
Fund Balance, June 30, 2018	\$ 533,478	\$ 0	\$ (33,478)	\$ 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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,242,141	\$ 0	\$ 0	\$ 1,242,141	\$ 1,080,000	\$ 1,080,000	\$ 162,141
Other Local Revenues	12,013	0	0	12,013	4,000	4,000	8,013
State of Tennessee	57,212	0	0	57,212	56,000	56,000	1,212
Federal Government	5,295,661	0	0	5,295,661	5,130,456	5,130,456	165,205
Total Revenues	<u>\$ 6,607,027</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,607,027</u>	<u>\$ 6,270,456</u>	<u>\$ 6,270,456</u>	<u>\$ 336,571</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 5,883,940	\$ (63,344)	\$ 292,970	\$ 6,113,566	\$ 6,857,224	\$ 6,857,224	\$ 743,658
Total Expenditures	<u>\$ 5,883,940</u>	<u>\$ (63,344)</u>	<u>\$ 292,970</u>	<u>\$ 6,113,566</u>	<u>\$ 6,857,224</u>	<u>\$ 6,857,224</u>	<u>\$ 743,658</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 723,087</u>	<u>\$ 63,344</u>	<u>\$ (292,970)</u>	<u>\$ 493,461</u>	<u>\$ (586,768)</u>	<u>\$ (586,768)</u>	<u>\$ 1,080,229</u>
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (335,053)	\$ 0	\$ 0	\$ (335,053)	\$ (364,864)	\$ (364,864)	\$ 29,811
Total Other Financing Sources	<u>\$ (335,053)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (335,053)</u>	<u>\$ (364,864)</u>	<u>\$ (364,864)</u>	<u>\$ 29,811</u>
Net Change in Fund Balance	\$ 388,034	\$ 63,344	\$ (292,970)	\$ 158,408	\$ (951,632)	\$ (951,632)	\$ 1,110,040
Fund Balance, July 1, 2017	<u>4,466,852</u>	<u>(63,344)</u>	<u>0</u>	<u>4,403,508</u>	<u>4,443,214</u>	<u>4,443,214</u>	<u>(39,706)</u>
Fund Balance, June 30, 2018	<u><u>\$ 4,854,886</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (292,970)</u></u>	<u><u>\$ 4,561,916</u></u>	<u><u>\$ 3,491,582</u></u>	<u><u>\$ 3,491,582</u></u>	<u><u>\$ 1,070,334</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Hamblen County, Tennessee  
Schedule of Changes in Long-term Other Loans and Bonds  
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Paid and/or Matured During Period	Outstanding 6-30-18
<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	6,470,331	703,854	5,766,477
Total Payable through General Debt Service Fund					<u>\$ 16,570,331</u>	<u>\$ 703,854</u>	<u>\$ 15,866,477</u>
Total Other Loans Payable					<u>\$ 16,570,331</u>	<u>\$ 703,854</u>	<u>\$ 15,866,477</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	\$ 7,235,000	\$ 3,575,000	\$ 3,660,000
General Obligation Bonds, Series 2014	5,200,000	1.446	3-28-14	6-1-23	3,425,000	605,000	2,820,000
Total Payable through General Debt Service Fund					<u>\$ 10,660,000</u>	<u>\$ 4,180,000</u>	<u>\$ 6,480,000</u>
Total Bonds Payable					<u>\$ 10,660,000</u>	<u>\$ 4,180,000</u>	<u>\$ 6,480,000</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
2019	\$ 703,854	\$ 638,421	\$ 25,351	\$ 1,367,626
2020	2,173,854	638,421	25,351	2,837,626
2021	2,253,854	570,375	21,661	2,845,890
2022	2,333,854	498,625	17,771	2,850,250
2023	2,423,854	423,172	13,680	2,860,706
2024	2,518,854	343,554	9,362	2,871,770
2025	2,618,854	259,537	4,807	2,883,198
2026	773,140	170,892	0	944,032
2027	66,359	14,241	0	80,600
Total	\$ 15,866,477	\$ 3,557,238	\$ 117,983	\$ 19,541,698

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 4,270,000	\$ 226,730	\$ 4,496,730
2020	615,000	36,715	651,715
2021	630,000	28,412	658,412
2022	645,000	18,333	663,333
2023	320,000	6,400	326,400
Total	\$ 6,480,000	\$ 316,590	\$ 6,796,590



Exhibit K-3

Hamblen County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Hamblen County School Department

For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Capital outlay	\$ 26,227
Total Transfers Primary Government			<u>\$ 26,227</u>
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 62,718
Central Cafeteria	General Purpose School	Indirect costs	<u>335,053</u>
Total Transfers Discretely Presented Hamblen County School Department			<u>\$ 397,771</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, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 97,304	\$ 100,000	The Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	89,931	100,000	RLI Insurance Company
Director of Schools:				
Hugh Clement (7-1-2017 through 1-14-2018)	State Board of Education and County Board of Education	82,999 (1)	100,000	The Ohio Casualty Insurance Company
Dr, Jeff Perry (1-15-2018 through 6-30-2018)	State Board of Education and County Board of Education	80,667 (2)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	81,756	2,464,079	The Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	83,788 (3)	50,000	RLI Insurance Company
Finance Director:				
Michelle Woods (7-1-2017 through 1-15-2018)	County Commission	49,256 (4)	100,000	The Cincinnati Insurance Company
Anne Bryant-Hurst (3-1-2018 through 6-30-2018)	County Commission	26,133	(5)	The Hanover Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	81,756	100,000	The Cincinnati Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	81,756	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	81,756 (6)	100,000	The Ohio Casualty Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	81,756	100,000	The Cincinnati Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	92,670 (7)	100,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			500,000	The Hanover Insurance Company
Public Employee Dishonesty - School Department			250,000	Liberty Mutual Insurance Company

(1) Includes a chief executive officer training supplement of \$500, a travel allowance of \$6,435, and a 403(b) contribution of \$3,862.

(2) Includes a travel allowance of \$5,564 and a 403(b) contribution of \$5,564.

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

(4) Includes payment for compensatory time of \$14,431.

(5) Covered under the Public Employee Dishonesty blanket bond.

(6) Does not include special commissioner fees of \$16,215.

(7) Includes \$2,139 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, 2018

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 8,579,630	\$ 1,160,401	\$ 0	\$ 0	\$ 0	\$ 4,677,817
Discount on Property Taxes	473,945	0	0	0	0	0
Trustee's Collections - Prior Year	254,948	35,651	0	0	0	161,294
Trustee's Collections - Bankruptcy	747	96	0	0	0	459
Circuit Clerk/Clerk and Master Collections - Prior Years	114,884	13,003	0	0	0	72,445
Interest and Penalty	93,936	11,328	0	0	0	56,884
Payments in-Lieu-of Taxes - T.V.A.	768	276	0	0	0	408
Payments in-Lieu-of Taxes - Local Utilities	124,419	0	0	0	0	67,017
<u>County Local Option Taxes</u>						
Local Option Sales Tax	9,855	657,829	0	0	35,000	165,000
Hotel/Motel Tax	11,685	0	0	0	0	0
Wheel Tax	1,574,696	0	0	0	0	0
Litigation Tax - General	160,176	0	0	0	0	0
Litigation Tax - Special Purpose	72,616	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	591	0	0	0	0	116,198
Litigation Tax - Courthouse Security	137,361	0	0	0	0	0
Business Tax	992,688	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	59,442	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	11,481
Wholesale Beer Tax	0	140,432	0	0	0	0
Total Local Taxes	\$ 12,602,945	\$ 2,019,016	\$ 0	\$ 0	\$ 94,442	\$ 5,329,003

(Continued)

## Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 5,624	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	366,195	0	0	0	0	0
<u>Permits</u>						
Beer Permits	0	1,235	0	0	0	0
Building Permits	118,283	0	0	0	0	0
Total Licenses and Permits	\$ 490,102	\$ 1,235	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,347	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	15,482	0	0	0	0	0
Drug Control Fines	9,430	0	6,188	0	0	0
Drug Court Fees	1,458	0	0	0	0	0
Jail Fees	1,950	0	0	0	0	1,638
DUI Treatment Fines	602	0	0	0	0	0
Data Entry Fee - Circuit Court	3,756	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	30,014	0	0	0	0	0
Officers Costs	59,274	0	0	0	0	0
Game and Fish Fines	145	0	0	0	0	0
Drug Control Fines	0	0	5,510	0	0	0
Drug Court Fees	8,766	0	0	0	0	0
Jail Fees	25,336	0	0	0	0	45,402
Interpreter Fee	71	0	0	0	0	0
DUI Treatment Fines	7,784	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	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	\$ 27,217	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	931	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	4,332	0	0	0	0	0
Officers Costs	2,775	0	0	0	0	0
Drug Control Fines	4,869	0	0	0	0	0
Jail Fees	237	0	0	0	0	0
Interpreter Fee	978	0	0	0	0	0
Data Entry Fee - Juvenile Court	2,549	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	38	0	0	0	0	0
Data Entry Fee - Chancery Court	3,824	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Court Fees	180	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	101,049	0	0	0
Other Fines, Forfeitures, and Penalties	88	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 214,433	\$ 0	\$ 112,747	\$ 0	\$ 0	\$ 47,040
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 27,648	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	9,000	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	107,791	0	0	0	0	0

(Continued)

## Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Copy Fees	\$ 9,507	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	84,275	0	0	0	0	0
Vending Machine Collections	35	0	0	0	0	0
Tourism Fees	30,750	0	0	0	0	0
Electronic Citation Fee	332	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	10,841	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	16,215	0	0
Data Processing Fee - Register	18,302	0	0	0	0	0
Probation Fees	3,010	0	0	0	0	0
Data Processing Fee - Sheriff	17,106	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,500	0	0	0	0	0
Data Processing Fee - County Clerk	7,050	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	735	0	0	0	0	0
<u>Education Charges</u>						
Community Service Fees - Adults	6,931	0	0	0	0	0
Total Charges for Current Services	\$ 326,972	\$ 0	\$ 0	\$ 27,056	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1,586	\$ 0	\$ 452	\$ 0	\$ 0	\$ 141,983
Lease/Rentals	60,018	0	0	0	0	0
Sale of Materials and Supplies	557	4,720	0	0	106	0
Commissary Sales	18,652	0	0	0	0	0
Miscellaneous Refunds	63,838	0	3,114	0	0	0
Expenditure Credits	11,798	1,065	0	0	255	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	\$ 19,256	\$ 0	\$ 0	\$ 0	\$ 95	\$ 0
Damages Recovered from Individuals	0	0	891	0	47	0
<u>Other Local Revenues</u>						
Other Local Revenues	6,913	0	0	0	0	500,000
Total Other Local Revenues	\$ 182,618	\$ 5,785	\$ 4,457	\$ 0	\$ 503	\$ 641,983
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 764,036	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	274,529	0	0	0	0	0
General Sessions Court Clerk	642,806	0	0	0	0	0
Clerk and Master	275,157	0	0	0	0	0
Juvenile Court Clerk	66,379	0	0	0	0	0
Register	242,004	0	0	0	0	0
Sheriff	29,275	0	0	0	0	0
Trustee	989,565	0	0	0	0	0
Total Fees Received From County Officials	\$ 3,283,751	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	57,466	0	0	0	0	0
Other General Government Grants	0	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	21,600	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 531,572	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	755,665	0
Litter Program	42,932	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	114,608	0	0	0	0	0
Beer Tax	0	17,839	0	0	0	0
Vehicle Certificate of Title Fees	15,522	0	0	0	0	0
Alcoholic Beverage Tax	92,936	0	0	0	0	0
State Revenue Sharing - T.V.A.	695,606	0	0	0	200,000	0
State Revenue Sharing - Telecommunications	60,157	0	0	0	0	0
Contracted Prisoner Boarding	915,269	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,099,612	0
Petroleum Special Tax	0	0	0	0	41,368	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	60,642	0	0	0	0	0
Other State Revenues	24,236	0	0	0	0	0
Total State of Tennessee	\$ 2,652,210	\$ 17,839	\$ 0	\$ 0	\$ 3,096,645	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 29,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	10,000	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	87,976	0	0	0

(Continued)



## Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue (Cont.)</u>						
Other Direct Federal Revenue	\$ 49,137	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 88,337	\$ 0	\$ 87,976	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 9,573	\$ 0	\$ 0	\$ 0
Contracted Services	82,121	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	1,106	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 83,227	\$ 0	\$ 9,573	\$ 0	\$ 0	\$ 0
Total	\$ 19,924,595	\$ 2,043,875	\$ 214,753	\$ 27,056	\$ 3,191,590	\$ 6,018,026

(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	\$ 14,417,848
Discount on Property Taxes	0	0	473,945
Trustee's Collections - Prior Year	0	0	451,893
Trustee's Collections - Bankruptcy	0	0	1,302
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	200,332
Interest and Penalty	0	0	162,148
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,452
Payments in-Lieu-of Taxes - Local Utilities	0	0	191,436
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	60,000	927,684
Hotel/Motel Tax	0	0	11,685
Wheel Tax	0	0	1,574,696
Litigation Tax - General	0	0	160,176
Litigation Tax - Special Purpose	0	0	72,616
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	116,789
Litigation Tax - Courthouse Security	0	0	137,361
Business Tax	0	0	992,688
Mineral Severance Tax	0	0	59,442
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	11,481
Wholesale Beer Tax	0	0	140,432
Total Local Taxes	<u>\$ 0</u>	<u>\$ 60,000</u>	<u>\$ 20,105,406</u>

(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>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 0	\$ 0	\$ 5,624
Cable TV Franchise	0	0	366,195
<u>Permits</u>			
Beer Permits	0	0	1,235
Building Permits	0	0	118,283
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 491,337</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	\$ 2,347
Officers Costs	0	0	15,482
Drug Control Fines	0	0	15,618
Drug Court Fees	0	0	1,458
Jail Fees	0	0	3,588
DUI Treatment Fines	0	0	602
Data Entry Fee - Circuit Court	0	0	3,756
<u>General Sessions Court</u>			
Fines	0	0	30,014
Officers Costs	0	0	59,274
Game and Fish Fines	0	0	145
Drug Control Fines	0	0	5,510
Drug Court Fees	0	0	8,766
Jail Fees	0	0	70,738
Interpreter Fee	0	0	71
DUI Treatment Fines	0	0	7,784

(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>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>General Sessions Court (Cont.)</u>			
Data Entry Fee - General Sessions Court	\$ 0	\$ 0	\$ 27,217
Courtroom Security Fee	0	0	931
<u>Juvenile Court</u>			
Fines	0	0	4,332
Officers Costs	0	0	2,775
Drug Control Fines	0	0	4,869
Jail Fees	0	0	237
Interpreter Fee	0	0	978
Data Entry Fee - Juvenile Court	0	0	2,549
<u>Chancery Court</u>			
Officers Costs	0	0	38
Data Entry Fee - Chancery Court	0	0	3,824
<u>Other Courts - In-county</u>			
Drug Court Fees	0	0	180
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	101,049
Other Fines, Forfeitures, and Penalties	0	0	88
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 374,220</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Patient Charges	\$ 0	\$ 0	\$ 27,648
Work Release Charges for Board	0	0	9,000
<u>Fees</u>			
Recreation Fees	0	0	107,791

(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>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Copy Fees	\$ 0	\$ 0	\$ 9,507
Telephone Commissions	0	0	84,275
Vending Machine Collections	0	0	35
Tourism Fees	0	0	30,750
Electronic Citation Fee	0	0	332
Constitutional Officers' Fees and Commissions	0	0	10,841
Special Commissioner Fees/Special Master Fees	0	0	16,215
Data Processing Fee - Register	0	0	18,302
Probation Fees	0	0	3,010
Data Processing Fee - Sheriff	0	0	17,106
Sexual Offender Registration Fee - Sheriff	0	0	4,500
Data Processing Fee - County Clerk	0	0	7,050
Vehicle Insurance Coverage and Reinstatement Fees	0	0	735
<u>Education Charges</u>			
Community Service Fees - Adults	0	0	6,931
Total Charges for Current Services	\$ 0	\$ 0	\$ 354,028
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 144,021
Lease/Rentals	0	0	60,018
Sale of Materials and Supplies	0	0	5,383
Commissary Sales	0	0	18,652
Miscellaneous Refunds	0	0	66,952
Expenditure Credits	0	0	13,118

(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>Nonrecurring Items</u>			
Sale of Equipment	\$ 11,175	\$ 0	\$ 30,526
Damages Recovered from Individuals	0	0	938
<u>Other Local Revenues</u>			
Other Local Revenues	0	0	506,913
Total Other Local Revenues	<u>\$ 11,175</u>	<u>\$ 0</u>	<u>\$ 846,521</u>
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$ 0	\$ 764,036
Circuit Court Clerk	0	0	274,529
General Sessions Court Clerk	0	0	642,806
Clerk and Master	0	0	275,157
Juvenile Court Clerk	0	0	66,379
Register	0	0	242,004
Sheriff	0	0	29,275
Trustee	0	0	989,565
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,283,751</u>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 4,500
Solid Waste Grants	0	0	57,466
Other General Government Grants	6,620	0	6,620
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	21,600

(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>State of Tennessee (Cont.)</u>			
<u>Health and Welfare Grants</u>			
Health Department Programs	\$ 0	\$ 0	\$ 531,572
<u>Public Works Grants</u>			
State Aid Program	0	0	755,665
Litter Program	0	0	42,932
<u>Other State Revenues</u>			
Income Tax	0	0	114,608
Beer Tax	0	0	17,839
Vehicle Certificate of Title Fees	0	0	15,522
Alcoholic Beverage Tax	0	0	92,936
State Revenue Sharing - T.V.A.	0	0	895,606
State Revenue Sharing - Telecommunications	0	0	60,157
Contracted Prisoner Boarding	0	0	915,269
Gasoline and Motor Fuel Tax	0	0	2,099,612
Petroleum Special Tax	0	0	41,368
Registrar's Salary Supplement	0	0	15,164
Other State Grants	34,048	0	94,690
Other State Revenues	0	0	24,236
Total State of Tennessee	\$ 40,668	\$ 0	\$ 5,807,362
<u>Federal Government</u>			
<u>Federal Through State</u>			
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 29,200
Other Federal through State	569,276	0	579,276
<u>Direct Federal Revenue</u>			
Asset Forfeiture Funds	0	0	87,976

(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>Federal Government (Cont.)</u>			
<u>Direct Federal Revenue (Cont.)</u>			
Other Direct Federal Revenue	\$ 0	\$ 0	\$ 49,137
Total Federal Government	\$ 569,276	\$ 0	\$ 745,589
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$ 0	\$ 9,573
Contracted Services	0	0	82,121
<u>Citizens Groups</u>			
Donations	0	0	1,106
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 92,800
Total	\$ 621,119	\$ 60,000	\$ 32,101,014



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, 2018

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 12,386,155	\$ 0	\$ 0	\$ 12,386,155
Trustee's Collections - Prior Year	448,992	0	0	448,992
Trustee's Collections - Bankruptcy	1,392	0	0	1,392
Circuit Clerk/Clerk and Master Collections - Prior Years	219,143	0	0	219,143
Interest and Penalty	171,125	0	0	171,125
Payments in-Lieu-of Taxes - T.V.A.	1,104	0	0	1,104
Payments in-Lieu-of Taxes - Local Utilities	183,581	0	0	183,581
<u>County Local Option Taxes</u>				
Local Option Sales Tax	13,416,107	0	0	13,416,107
Mixed Drink Tax	66,394	0	0	66,394
<u>Statutory Local Taxes</u>				
Bank Excise Tax	45,926	0	0	45,926
Total Local Taxes	<u>\$ 26,939,919</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,939,919</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 127,635	\$ 0	\$ 0	\$ 127,635
Tuition - Other	269,556	0	0	269,556
Lunch Payments - Children	0	0	990,597	990,597
Lunch Payments - Adults	0	0	94,220	94,220
A la Carte Sales	0	0	127,579	127,579
Receipts from Individual Schools	217,954	0	0	217,954
Other Charges for Services	203,347	0	29,745	233,092
Total Charges for Current Services	<u>\$ 818,492</u>	<u>\$ 0</u>	<u>\$ 1,242,141</u>	<u>\$ 2,060,633</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>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 9,013	\$ 9,013
Lease/Rentals	11,675	0	0	11,675
Sale of Materials and Supplies	942	0	0	942
Miscellaneous Refunds	30,639	0	0	30,639
<u>Nonrecurring Items</u>				
Sale of Equipment	12,155	0	0	12,155
Damages Recovered from Individuals	115	0	0	115
Contributions and Gifts	61,795	0	3,000	64,795
<u>Other Local Revenues</u>				
Other Local Revenues	717	0	0	717
Total Other Local Revenues	<u>\$ 118,038</u>	<u>\$ 0</u>	<u>\$ 12,013</u>	<u>\$ 130,051</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 535,355	\$ 0	\$ 0	\$ 535,355
<u>State Education Funds</u>				
Basic Education Program	52,652,000	0	0	52,652,000
Early Childhood Education	659,872	0	0	659,872
School Food Service	0	0	57,212	57,212
Other State Education Funds	36,934	0	0	36,934
Career Ladder Program	186,433	0	0	186,433
<u>Other State Revenues</u>				
Other State Grants	396,669	0	0	396,669
Total State of Tennessee	<u>\$ 54,467,263</u>	<u>\$ 0</u>	<u>\$ 57,212</u>	<u>\$ 54,524,475</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>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,379,955	\$ 3,379,955
USDA - Commodities	0	0	470,210	470,210
Breakfast	0	0	1,384,671	1,384,671
USDA - Other	0	0	60,825	60,825
Vocational Education - Basic Grants to States	0	175,544	0	175,544
Other Vocational	38,566	0	0	38,566
Title I Grants to Local Education Agencies	0	2,775,383	0	2,775,383
Special Education - Grants to States	144,451	2,321,144	0	2,465,595
Special Education Preschool Grants	0	131,076	0	131,076
English Language Acquisition Grants	0	154,283	0	154,283
Education for Homeless Children and Youth	0	57,248	0	57,248
Eisenhower Professional Development State Grants	0	312,326	0	312,326
Other Federal through State	0	61,783	0	61,783
Total Federal Government	\$ 183,017	\$ 5,988,787	\$ 5,295,661	\$ 11,467,465
Total	\$ 82,526,729	\$ 5,988,787	\$ 6,607,027	\$ 95,122,543

## Exhibit K-7

Hamblen County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2018

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	70,126	
Social Security		315	
Pensions		4,379	
Life Insurance		360	
Medical Insurance		80,608	
Employer Medicare		843	
Audit Services		23,141	
Contracts with Private Agencies		1,300	
Dues and Memberships		4,244	
Pauper Burials		500	
Travel		350	
Other Contracted Services		6,000	
Office Supplies		880	
Other Charges		2,014	
Total County Commission			\$ 195,060

Board of Equalization

Board and Committee Members Fees	\$	2,335	
Total Board of Equalization			2,335

County Mayor/Executive

County Official/Administrative Officer	\$	97,304	
Assistant(s)		31,604	
Social Security		7,205	
Pensions		11,194	
Life Insurance		52	
Medical Insurance		20,464	
Employer Medicare		1,773	
Communication		2,388	
Dues and Memberships		2,290	
Postal Charges		3,455	
Printing, Stationery, and Forms		369	
Rentals		5,998	
Travel		2,422	
Office Supplies		3,126	
Other Charges		8,341	
Office Equipment		89	
Total County Mayor/Executive			198,074

County Attorney

Other Salaries and Wages	\$	1,200	
Social Security		74	
Employer Medicare		18	
Legal Services		13,246	
Total County Attorney			14,538

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	73,580	
Deputy(ies)		57,334	
Election Commission		11,800	
Election Workers		16,477	
Social Security		8,511	
Pensions		11,879	
Life Insurance		78	
Medical Insurance		22,272	
Employer Medicare		2,079	
Communication		271	
Contracts with Private Agencies		7,880	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		5,395	
Maintenance Agreements		19,570	
Postal Charges		2,602	
Printing, Stationery, and Forms		855	
Rentals		1,409	
Travel		5,866	
Office Supplies		2,289	
Office Equipment		398	
Total Election Commission			\$ 250,745

Register of Deeds

County Official/Administrative Officer	\$	81,756	
Deputy(ies)		97,658	
Part-time Personnel		26,994	
Social Security		12,318	
Pensions		16,255	
Life Insurance		105	
Medical Insurance		29,866	
Employer Medicare		3,030	
Communication		17	
Dues and Memberships		899	
Postal Charges		276	
Travel		601	
Office Supplies		8,403	
Data Processing Equipment		19,160	
Total Register of Deeds			297,338

Planning

County Official/Administrative Officer	\$	45,140	
Deputy(ies)		33,969	
Secretary(ies)		16,347	
Part-time Personnel		7,801	
Board and Committee Members Fees		15,314	
Social Security		6,924	
Pensions		8,631	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Planning (Cont.)

Life Insurance	\$	63	
Medical Insurance		27,321	
Employer Medicare		1,698	
Communication		1,378	
Contracts with Government Agencies		3,460	
Contracts with Private Agencies		20,760	
Dues and Memberships		213	
Legal Services		4,401	
Legal Notices, Recording, and Court Costs		780	
Maintenance and Repair Services - Vehicles		419	
Postal Charges		175	
Printing, Stationery, and Forms		105	
Rentals		1,185	
Gasoline		917	
Office Supplies		3,518	
Refunds		1,551	
In Service/Staff Development		718	
Total Planning			\$ 202,788

Codes Compliance

Other Contracted Services	\$	1,470	
Total Codes Compliance			1,470

Geographical Information Systems

Deputy(ies)	\$	34,248	
Social Security		2,006	
Pensions		3,103	
Life Insurance		20	
Medical Insurance		8,695	
Employer Medicare		469	
Contracts with Government Agencies		25,066	
Postal Charges		202	
Travel		962	
Office Supplies		283	
Total Geographical Information Systems			75,054

Other Facilities

Supervisor/Director	\$	37,780	
Custodial Personnel		77,218	
Maintenance Personnel		59,500	
Part-time Personnel		22,219	
Overtime Pay		8,679	
Social Security		11,756	
Pensions		16,596	
Life Insurance		157	
Medical Insurance		61,331	
Employer Medicare		2,890	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Communication	\$	25,005	
Maintenance Agreements		37,825	
Maintenance and Repair Services - Buildings		46,525	
Maintenance and Repair Services - Equipment		1,129	
Maintenance and Repair Services - Vehicles		1,948	
Pest Control		4,262	
Other Contracted Services		524	
Custodial Supplies		28,170	
Electricity		334,012	
Gasoline		3,959	
Natural Gas		25,683	
Uniforms		4,682	
Heating and Air Conditioning Equipment		19,830	
Maintenance Equipment		1,576	
Total Other Facilities			\$ 833,256

Preservation of Records

Supervisor/Director	\$	12,592	
Social Security		773	
Employer Medicare		190	
Postal Charges		4	
Rentals		1,409	
Office Supplies		4,386	
Office Equipment		861	
Total Preservation of Records			20,215

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	75,389	
Accountants/Bookkeepers		146,387	
Overtime Pay		4,078	
Social Security		13,260	
Pensions		20,254	
Life Insurance		128	
Medical Insurance		49,345	
Employer Medicare		3,240	
Contracts with Private Agencies		4,160	
Dues and Memberships		1,317	
Maintenance Agreements		13,595	
Printing, Stationery, and Forms		1,260	
Travel		2,353	
Office Supplies		4,603	
In Service/Staff Development		2,036	
Total Accounting and Budgeting			341,405

Purchasing

Purchasing Personnel	\$	26,650	
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(Continued)

## Exhibit K-7

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

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

Social Security	\$	1,442	
Pensions		2,414	
Life Insurance		26	
Medical Insurance		6,251	
Employer Medicare		355	
Advertising		1,338	
Total Purchasing			\$ 38,476

Property Assessor's Office

County Official/Administrative Officer	\$	83,788	
Deputy(ies)		101,466	
Data Processing Personnel		39,428	
Social Security		13,140	
Pensions		20,266	
Life Insurance		130	
Medical Insurance		40,532	
Employer Medicare		3,245	
Communication		41	
Contracts with Government Agencies		17,583	
Dues and Memberships		1,350	
Maintenance and Repair Services - Vehicles		810	
Postal Charges		1,700	
Printing, Stationery, and Forms		172	
Travel		189	
Data Processing Supplies		208	
Gasoline		2,026	
Office Supplies		1,984	
Data Processing Equipment		1,472	
Total Property Assessor's Office			329,530

Reappraisal Program

Deputy(ies)	\$	34,789	
Part-time Personnel		310	
Social Security		1,976	
Pensions		3,152	
Life Insurance		26	
Medical Insurance		11,113	
Employer Medicare		486	
Contracts with Government Agencies		5,797	
Contracts with Private Agencies		66,010	
Postal Charges		1,316	
Rentals		1,303	
Other Contracted Services		751	
Office Supplies		2,418	
Other Supplies and Materials		55	
Office Equipment		329	
Total Reappraisal Program			129,831

(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	\$	81,756	
Deputy(ies)		119,562	
Part-time Personnel		13,479	
Overtime Pay		2,225	
Social Security		12,464	
Pensions		18,441	
Life Insurance		131	
Medical Insurance		50,410	
Employer Medicare		3,063	
Communication		3	
Dues and Memberships		989	
Legal Notices, Recording, and Court Costs		70	
Maintenance Agreements		8,631	
Postal Charges		8,509	
Printing, Stationery, and Forms		9,618	
Rentals		1,557	
Travel		1,693	
Office Supplies		3,863	
In Service/Staff Development		300	
Office Equipment		213	
Total County Trustee's Office			\$ 336,977

County Clerk's Office

County Official/Administrative Officer	\$	81,756	
Deputy(ies)		318,620	
Part-time Personnel		5,554	
Social Security		23,723	
Pensions		36,008	
Life Insurance		288	
Medical Insurance		87,542	
Employer Medicare		5,818	
Communication		1,713	
Dues and Memberships		1,536	
Maintenance Agreements		21,216	
Postal Charges		19,549	
Printing, Stationery, and Forms		270	
Rentals		1,773	
Travel		3,395	
Office Supplies		8,207	
Data Processing Equipment		6,820	
Total County Clerk's Office			623,788

Data Processing

Supervisor/Director	\$	39,217
Social Security		2,133
Pensions		3,553
Life Insurance		26

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Medical Insurance	\$	15,489	
Employer Medicare		524	
Communication		570	
Contracts with Private Agencies		6,337	
Data Processing Services		6,093	
Maintenance Agreements		2,410	
Travel		34	
Data Processing Supplies		1,409	
Data Processing Equipment		34,877	
Total Data Processing			\$ 112,672

Other Finance

Deputy(ies)	\$	176,602	
Social Security		10,078	
Pensions		16,000	
Life Insurance		157	
Medical Insurance		57,616	
Employer Medicare		2,476	
Communication		4,430	
Data Processing Services		1,659	
Operating Lease Payments		27,466	
Maintenance and Repair Services - Buildings		322	
Rentals		1,230	
Electricity		9,929	
Office Supplies		1,692	
Total Other Finance			309,657

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	81,756	
Deputy(ies)		369,882	
Part-time Personnel		71,357	
Overtime Pay		4,847	
Other Salaries and Wages		21,825	
Jury and Witness Expense		7,081	
Social Security		32,758	
Pensions		41,555	
Life Insurance		358	
Medical Insurance		101,810	
Employer Medicare		8,041	
Communication		1,349	
Dues and Memberships		859	
Legal Notices, Recording, and Court Costs		187	
Maintenance Agreements		38,780	
Postal Charges		5,474	
Printing, Stationery, and Forms		6,696	
Rentals		6,851	

(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.)

Travel	\$	346	
Other Contracted Services		2,193	
Office Supplies		24,080	
Data Processing Equipment		5,028	
Office Equipment		978	
Total Circuit Court			\$ 834,091

General Sessions Court

Judge(s)	\$	326,868	
Other Salaries and Wages		7,400	
Social Security		16,121	
Pensions		30,185	
Life Insurance		52	
Medical Insurance		24,972	
Employer Medicare		4,913	
Communication		292	
Dues and Memberships		2,369	
Rentals		1,016	
Travel		3,902	
Other Contracted Services		1,300	
Office Supplies		2,766	
In Service/Staff Development		455	
Total General Sessions Court			422,611

Drug Court

Supervisor/Director	\$	34,489	
Deputy(ies)		36,728	
Part-time Personnel		12,584	
Social Security		4,895	
Pensions		6,418	
Life Insurance		70	
Medical Insurance		19,396	
Employer Medicare		1,209	
Communication		2,847	
Dues and Memberships		242	
Evaluation and Testing		9,673	
Maintenance Agreements		2,750	
Maintenance and Repair Services - Vehicles		118	
Postal Charges		1	
Printing, Stationery, and Forms		68	
Rentals		1,409	
Travel		4,528	
Drug Treatment		374	
Gasoline		437	
Office Supplies		1,424	
Other Supplies and Materials		2,055	
Total Drug Court			141,715

(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	\$	81,756	
Deputy(ies)		128,936	
Part-time Personnel		15,798	
Social Security		12,894	
Pensions		19,089	
Life Insurance		131	
Medical Insurance		64,122	
Employer Medicare		3,166	
Communication		305	
Dues and Memberships		300	
Maintenance Agreements		19,143	
Maintenance and Repair Services - Buildings		470	
Postal Charges		9,079	
Printing, Stationery, and Forms		661	
Rentals		1,773	
Travel		483	
Office Supplies		2,924	
Premiums on Corporate Surety Bonds		228	
In Service/Staff Development		1,274	
Office Equipment		835	
Total Chancery Court			\$ 363,367

Juvenile Court

Assistant(s)	\$	37,464	
Supervisor/Director		50,376	
Probation Officer(s)		36,894	
Educational Assistants		34,002	
Attendants		45,555	
Social Security		12,091	
Pensions		13,490	
Life Insurance		98	
Medical Insurance		28,442	
Employer Medicare		2,979	
Communication		541	
Contracts with Government Agencies		15,790	
Evaluation and Testing		1,431	
Maintenance and Repair Services - Vehicles		468	
Postal Charges		194	
Rentals		1,409	
Travel		2,391	
Other Contracted Services		4,835	
Food Supplies		1,311	
Gasoline		441	
Office Supplies		4,429	
In Service/Staff Development		1,355	
Total Juvenile Court			295,986

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security

Deputy(ies)	\$	312,464	
Lieutenant(s)		39,108	
Sergeant(s)		36,259	
Part-time Personnel		192,110	
Overtime Pay		95,313	
Social Security		40,671	
Pensions		55,356	
Life Insurance		313	
Medical Insurance		106,812	
Employer Medicare		9,872	
Evaluation and Testing		2,678	
Travel		5,860	
Uniforms		4,985	
In Service/Staff Development		9,530	
Law Enforcement Equipment		11,916	
Total Courtroom Security			\$ 923,247

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	92,070
Supervisor/Director		58,262
Deputy(ies)		613,887
Captain(s)		52,937
Lieutenant(s)		268,282
Sergeant(s)		352,736
Salary Supplements		21,000
Clerical Personnel		140,369
Overtime Pay		118,567
Social Security		99,262
Pensions		188,336
Life Insurance		1,025
Medical Insurance		380,805
Employer Medicare		24,166
Communication		42,899
Contracts with Private Agencies		665
Dues and Memberships		2,800
Maintenance Agreements		15,000
Maintenance and Repair Services - Equipment		1,837
Maintenance and Repair Services - Vehicles		73,448
Postal Charges		3,028
Printing, Stationery, and Forms		4,798
Rentals		4,280
Towing Services		945
Travel		31,268
Other Contracted Services		3,182
Gasoline		111,604
Law Enforcement Supplies		9,498

(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.)

Lubricants	\$	5,860	
Office Supplies		13,212	
Tires and Tubes		18,524	
Uniforms		11,892	
Other Supplies and Materials		8,107	
In Service/Staff Development		24,687	
Other Charges		12,021	
Law Enforcement Equipment		31,736	
Total Sheriff's Department			\$ 2,842,995

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,450	
Data Processing Services		374	
Maintenance Agreements		709	
Office Supplies		364	
Total Administration of the Sexual Offender Registry			2,897

Jail

Captain(s)	\$	41,888	
Lieutenant(s)		67,247	
Sergeant(s)		134,806	
Guards		1,209,903	
Cafeteria Personnel		81,183	
Overtime Pay		58,487	
Social Security		93,306	
Pensions		145,310	
Life Insurance		1,316	
Medical Insurance		415,394	
Employer Medicare		22,874	
Evaluation and Testing		2,625	
Maintenance Agreements		29,120	
Maintenance and Repair Services - Buildings		86,697	
Maintenance and Repair Services - Equipment		17,424	
Medical and Dental Services		1,019,757	
Rentals		1,625	
Travel		6,296	
Custodial Supplies		62,136	
Drugs and Medical Supplies		68,217	
Food Supplies		557,819	
Office Supplies		6,943	
Prisoners Clothing		14,021	
Uniforms		15,596	
In Service/Staff Development		3,395	
Other Charges		12,604	
Food Service Equipment		7,081	
Law Enforcement Equipment		9,595	
Other Equipment		11,613	
Total Jail			4,204,278

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

Guards	\$	54,671	
Social Security		2,928	
Pensions		4,953	
Life Insurance		52	
Medical Insurance		26,115	
Employer Medicare		719	
Total Workhouse			\$ 89,438

Work Release Program

Supervisor/Director	\$	42,617	
Laborers		54,884	
Secretary(ies)		32,106	
Other Salaries and Wages		6,588	
Social Security		7,797	
Pensions		11,838	
Life Insurance		105	
Medical Insurance		37,944	
Employer Medicare		1,909	
Communication		1,338	
Maintenance and Repair Services - Vehicles		3,759	
Postal Charges		14	
Printing, Stationery, and Forms		630	
Other Contracted Services		67,365	
Gasoline		1,962	
Office Supplies		1,224	
Testing		235	
Other Supplies and Materials		2,312	
Total Work Release Program			274,627

Fire Prevention and Control

Contributions	\$	190,000	
Total Fire Prevention and Control			190,000

Civil Defense

Supervisor/Director	\$	39,656	
Part-time Personnel		17,363	
Social Security		3,497	
Pensions		3,593	
Life Insurance		26	
Medical Insurance		6,251	
Employer Medicare		858	
Communication		683	
Evaluation and Testing		70	
Maintenance and Repair Services - Vehicles		5,243	
Postal Charges		31	
Travel		1,231	
Gasoline		4,165	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Civil Defense (Cont.)

Office Supplies	\$	970	
Uniforms		1,008	
Liability Insurance		300	
Other Charges		4,153	
Communication Equipment		49	
Total Civil Defense			\$ 89,147

Other Emergency Management

Contributions	\$	182,147	
Total Other Emergency Management			182,147

Inspection and Regulation

Board and Committee Members Fees	\$	3,900	
Social Security		242	
Employer Medicare		57	
Evaluation and Testing		669	
Total Inspection and Regulation			4,868

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	103,893	
Other Contracted Services		9,000	
Office Supplies		564	
Total County Coroner/Medical Examiner			113,457

Other Public Safety

Other Equipment	\$	17,810	
Total Other Public Safety			17,810

Public Health and WelfareLocal Health Center

Clerical Personnel	\$	346,777	
Social Security		19,426	
Pensions		29,618	
Life Insurance		301	
Medical Insurance		109,582	
Employer Medicare		4,736	
Contracts with Government Agencies		62,391	
Travel		5,701	
Other Contracted Services		44,483	
Total Local Health Center			623,015

Rabies and Animal Control

Contributions	\$	133,500	
Total Rabies and Animal Control			133,500

Nursing Home

Contributions	\$	2,000	
Total Nursing Home			2,000

(Continued)



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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

Contributions	\$ 1,260	
Total Alcohol and Drug Programs		\$ 1,260

Crippled Children Services

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

Appropriation to State

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

Aid to Dependent Children

Contributions	\$ 8,000	
Total Aid to Dependent Children		8,000

Other Local Welfare Services

Contributions	\$ 28,400	
Total Other Local Welfare Services		28,400

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	\$ 272,250	
Total Libraries		272,250

Parks and Fair Boards

Supervisor/Director	\$ 42,114
Maintenance Personnel	29,146
Part-time Personnel	2,665
Overtime Pay	32,125
Social Security	6,299
Pensions	9,367
Life Insurance	52
Medical Insurance	12,453
Employer Medicare	1,551
Communication	2,125
Maintenance and Repair Services - Equipment	1,977
Maintenance and Repair Services - Vehicles	465
Other Contracted Services	4,800
Custodial Supplies	6,875

(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 (Cont.)

Diesel Fuel	\$	1,910	
Electricity		46,674	
Gasoline		4,090	
Office Supplies		195	
Uniforms		811	
Water and Sewer		24,590	
Other Supplies and Materials		2,577	
Liability Insurance		6,559	
Refunds		315	
Workers' Compensation Insurance		2,512	
Other Charges		2,123	
Other Construction		12,410	
Total Parks and Fair Boards			\$ 256,780

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	50,447	
Contributions		249,860	
Total Other Social, Cultural, and Recreational			300,307

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	146,735	
Communication		69	
Travel		1,940	
Office Supplies		3,672	
Total Agricultural Extension Service			152,416

Forest Service

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

Soil Conservation

Secretary(ies)	\$	28,174	
Social Security		1,483	
Pensions		2,553	
Life Insurance		26	
Medical Insurance		15,489	
Employer Medicare		364	
Total Soil Conservation			48,089

Storm Water Management

Engineering Services	\$	6,300	
Instructional Supplies and Materials		3,880	
Total Storm Water Management			10,180

(Continued)

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$	22,500	
Other Contracted Services		<u>32,584</u>	
Total Tourism			\$ 55,084

Industrial Development

Contributions	\$	65,000	
Contracts for Development Costs		<u>473,945</u>	
Total Industrial Development			538,945

Veterans' Services

County Official/Administrative Officer	\$	16,354	
Social Security		954	
Employer Medicare		235	
Communication		28	
Maintenance Agreements		399	
Postal Charges		13	
Printing, Stationery, and Forms		365	
Travel		202	
Office Supplies		357	
Office Equipment		<u>286</u>	
Total Veterans' Services			19,193

Employee Benefits

Handling Charges and Administrative Costs	\$	930	
Unemployment Compensation		13,631	
Other Fringe Benefits		2,550	
Liability Insurance		399,149	
Workers' Compensation Insurance		119,789	
Liability Claims		<u>30,730</u>	
Total Employee Benefits			566,779

Miscellaneous

Contracts with Other Public Agencies	\$	15,404	
Other Contracted Services		1,257	
Trustee's Commission		<u>219,580</u>	
Total Miscellaneous			236,241

Operation of Non-Instructional Services

Community Services

Contributions	\$	<u>5,500</u>	
Total Community Services			5,500

Capital Projects

General Administration Projects

Administration Equipment	\$	28,188	
Building Improvements		35,942	
Data Processing Equipment		<u>12,997</u>	
Total General Administration Projects			77,127

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Capital Projects (Cont.)Administration of Justice Projects

Data Processing Equipment	\$ 11,838	
Total Administration of Justice Projects		\$ 11,838

Public Safety Projects

Data Processing Equipment	\$ 80,002	
Land	214,565	
Law Enforcement Equipment	49,736	
Motor Vehicles	64,925	
Total Public Safety Projects		409,228

Other General Government Projects

Other Contracted Services	\$ 11,950	
Total Other General Government Projects		11,950

Total General Fund		\$ 19,208,305
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Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Supervisor/Director	\$ 56,817	
Equipment Operators - Heavy	137,107	
Truck Drivers	200,005	
Laborers	182,487	
Overtime Pay	7,862	
Social Security	32,733	
Pensions	52,598	
Life Insurance	556	
Medical Insurance	196,291	
Employer Medicare	7,656	
Other Fringe Benefits	412	
Advertising	4,288	
Contracts with Private Agencies	27,280	
Maintenance and Repair Services - Equipment	86,179	
Towing Services	750	
Disposal Fees	752,392	
Diesel Fuel	123,956	
Gasoline	3,776	
Lubricants	9,062	
Office Supplies	200	
Small Tools	10,336	
Tires and Tubes	30,066	
Uniforms	6,404	
Other Supplies and Materials	14,535	
Liability Insurance	38,879	
Trustee's Commission	33,368	
Workers' Compensation Insurance	39,997	
Solid Waste Equipment	17,652	
Total Sanitation Management		\$ 2,073,644

Total Solid Waste/Sanitation Fund		2,073,644
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(Continued)

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

Drug Control Fund

Public Safety

Drug Enforcement

Salary Supplements	\$	7,500	
Social Security		465	
Pensions		942	
Employer Medicare		109	
Confidential Drug Enforcement Payments		30,000	
Dues and Memberships		1,250	
Rentals		12,735	
Travel		6,061	
Other Contracted Services		5,547	
Electricity		7,838	
Law Enforcement Supplies		4,052	
Trustee's Commission		973	
Law Enforcement Equipment		<u>18,644</u>	
Total Drug Enforcement			<u>\$ 96,116</u>

Total Drug Control Fund \$ 96,116

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	<u>92</u>	
Total Register of Deeds			\$ 92

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	<u>9,528</u>	
Total County Trustee's Office			9,528

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	<u>45</u>	
Total County Clerk's Office			45

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	<u>378</u>	
Total Circuit Court			378

General Sessions Court

Constitutional Officers' Operating Expenses	\$	<u>721</u>	
Total General Sessions Court			721

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	<u>16,215</u>	
Total Chancery Court			16,215

(Continued)

## Exhibit K-7

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

Constitutional Officers - Fees Fund (Cont.)

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses

\$ 77

Total Sheriff's Department

\$ 77

Total Constitutional Officers - Fees Fund

\$ 27,056

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer

\$ 89,931

Assistant(s)

37,962

Accountants/Bookkeepers

33,075

Board and Committee Members Fees

18,000

Social Security

11,039

Pensions

12,186

Life Insurance

78

Medical Insurance

24,408

Employer Medicare

2,582

Advertising

1,421

Communication

3,564

Data Processing Services

1,485

Dues and Memberships

2,971

Legal Services

60

Other Contracted Services

4,042

Electricity

9,407

Office Supplies

748

Propane Gas

6,701

Water and Sewer

907

Liability Insurance

42,571

Trustee's Commission

26,098

Vehicle and Equipment Insurance

30,499

Other Charges

14,589

Total Administration

\$ 374,324

Highway and Bridge Maintenance

Supervisor/Director

\$ 47,812

Equipment Operators

191,032

Truck Drivers

171,064

Laborers

52,942

Overtime Pay

11,605

Social Security

28,749

Pensions

44,791

Life Insurance

415

Medical Insurance

152,821

Employer Medicare

6,724

Contracts with Private Agencies

28,259

Rentals

2,307

Asphalt - Cold Mix

4,993

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Asphalt - Hot Mix	\$	190,696	
Crushed Stone		59,640	
General Construction Materials		156	
Other Road Materials		2,369	
Pipe - Metal		4,791	
Road Signs		6,758	
Salt		17,408	
Uniforms		4,390	
Fencing		2,766	
Other Charges		51,288	
Total Highway and Bridge Maintenance			\$ 1,083,776

Operation and Maintenance of Equipment

Supervisor/Director	\$	40,183	
Mechanic(s)		35,435	
Overtime Pay		3,632	
Social Security		4,588	
Pensions		7,480	
Life Insurance		52	
Medical Insurance		32,182	
Employer Medicare		1,073	
Diesel Fuel		40,537	
Equipment Parts - Heavy		60,395	
Garage Supplies		3,786	
Gasoline		15,416	
Lubricants		10,443	
Small Tools		3,243	
Tires and Tubes		26,019	
Other Supplies and Materials		3,426	
Total Operation and Maintenance of Equipment			287,890

Employee Benefits

Workers' Compensation Insurance	\$	25,156	
Liability Claims		476	
Total Employee Benefits			25,632

Capital Outlay

Building Improvements	\$	7,500	
Highway Equipment		104,950	
Office Equipment		274	
State Aid Projects		768,481	
Total Capital Outlay			881,205

Total Highway/Public Works Fund \$ 2,652,827

(Continued)

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds

\$ 71,500

Total General Government

\$ 71,500

Highways and Streets

Principal on Bonds

\$ 314,116

Total Highways and Streets

314,116

Education

Principal on Bonds

\$ 3,794,384

Principal on Other Loans

703,854

Total Education

4,498,238

Interest on Debt

General Government

Interest on Bonds

\$ 6,520

Interest on Other Loans

135,444

Total General Government

141,964

Highways and Streets

Interest on Bonds

\$ 28,987

Total Highways and Streets

28,987

Education

Interest on Bonds

\$ 346,323

Interest on Other Loans

582,477

Total Education

928,800

Other Debt Service

General Government

Trustee's Commission

\$ 99,506

Total General Government

99,506

Education

Other Debt Service

\$ 12,620

Total Education

12,620

Total General Debt Service Fund

\$ 6,095,731

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Other Equipment

\$ 37,832

Total Administration of Justice Projects

\$ 37,832

Public Health and Welfare Projects

Other Equipment

\$ 320,762

Other Construction

286,292

Total Public Health and Welfare Projects

607,054

(Continued)



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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Projects (Cont.)</u>			
<u>Social, Cultural, and Recreation Projects</u>			
Architects	\$	18,875	
Other Contracted Services		<u>1,950</u>	
Total Social, Cultural, and Recreation Projects			\$ 20,825
 <u>Education Capital Projects</u>			
Engineering Services	\$	<u>17,633</u>	
Total Education Capital Projects			<u>17,633</u>
 Total General Capital Projects Fund			 \$ 683,344
 <u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Trustee's Commission	\$	600	
Highway Construction		29	
Other Construction		<u>57,414</u>	
Total Highway and Street Capital Projects			<u>\$ 58,043</u>
 Total Highway Capital Projects Fund			 <u>58,043</u>
 Total Governmental Funds - Primary Government			 <u><u>\$ 30,895,066</u></u>

## 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, 2018

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 28,406,911	
Career Ladder Program	121,300	
Salary Supplements	529,564	
Educational Assistants	1,214,826	
Other Salaries and Wages	8,892	
Certified Substitute Teachers	242,638	
Non-certified Substitute Teachers	313,838	
Social Security	1,787,708	
Pensions	2,686,678	
Life Insurance	31,707	
Medical Insurance	5,046,560	
Unemployment Compensation	14,550	
Employer Medicare	427,274	
Other Fringe Benefits	558,905	
Other Contracted Services	85,284	
Instructional Supplies and Materials	397,480	
Textbooks - Electronic	137,940	
Textbooks - Bound	308,357	
Other Supplies and Materials	117,910	
Other Charges	93,463	
Regular Instruction Equipment	1,143,546	
Total Regular Instruction Program		\$ 43,675,331

Special Education Program

Teachers	\$ 3,085,314	
Career Ladder Program	9,000	
Educational Assistants	646,106	
Speech Pathologist	287,290	
Certified Substitute Teachers	6,190	
Non-certified Substitute Teachers	21,920	
Social Security	240,499	
Pensions	364,331	
Life Insurance	4,966	
Medical Insurance	749,173	
Unemployment Compensation	2,451	
Employer Medicare	56,586	
Instructional Supplies and Materials	44,661	
Other Charges	13,549	
Special Education Equipment	29,201	
Total Special Education Program		5,561,237

Career and Technical Education Program

Teachers	\$ 2,445,339	
Career Ladder Program	12,000	
Certified Substitute Teachers	22,222	
Non-certified Substitute Teachers	25,235	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program (Cont.)

Social Security	\$	147,188	
Pensions		222,917	
Life Insurance		2,389	
Medical Insurance		393,617	
Unemployment Compensation		1,118	
Employer Medicare		34,587	
Instructional Supplies and Materials		49,309	
Other Supplies and Materials		17,898	
Other Charges		3,521	
Vocational Instruction Equipment		77,525	
Total Career and Technical Education Program			\$ 3,454,865

Student Body Education Program

Other Contracted Services	\$	46,210	
Other Supplies and Materials		79,194	
Other Charges		37,116	
Total Student Body Education Program			162,520

Support Services

Attendance

Travel	\$	1,737	
Total Attendance			1,737

Health Services

Supervisor/Director	\$	50,593	
Medical Personnel		438,599	
Other Salaries and Wages		22,350	
Social Security		28,555	
Pensions		44,292	
Life Insurance		846	
Medical Insurance		146,346	
Unemployment Compensation		416	
Employer Medicare		6,678	
Travel		3,442	
Drugs and Medical Supplies		5,902	
Other Supplies and Materials		18,061	
In Service/Staff Development		494	
Total Health Services			766,574

Other Student Support

Career Ladder Program	\$	3,500	
Guidance Personnel		1,170,092	
Other Salaries and Wages		6,330	
Social Security		63,376	
Pensions		98,203	
Life Insurance		911	

(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	\$	145,894	
Unemployment Compensation		500	
Employer Medicare		16,206	
Evaluation and Testing		6,965	
Total Other Student Support			\$ 1,511,977

Regular Instruction Program

Supervisor/Director	\$	35,677	
Career Ladder Program		1,000	
Secretary(ies)		178,781	
Other Salaries and Wages		191,733	
In-service Training		62,400	
Social Security		24,590	
Pensions		27,162	
Life Insurance		404	
Medical Insurance		62,035	
Unemployment Compensation		201	
Employer Medicare		6,364	
Travel		19,807	
Other Contracted Services		82,314	
Library Books/Media		25,598	
Other Supplies and Materials		31,748	
In Service/Staff Development		49,302	
Other Charges		72,663	
Other Equipment		3,990	
Total Regular Instruction Program			875,769

Special Education Program

Supervisor/Director	\$	59,303	
Career Ladder Program		500	
Secretary(ies)		70,496	
Clerical Personnel		25,434	
Social Security		10,570	
Pensions		15,776	
Life Insurance		205	
Medical Insurance		30,611	
Unemployment Compensation		90	
Employer Medicare		2,472	
Maintenance and Repair Services - Equipment		156	
Travel		9,752	
Other Contracted Services		913,658	
Other Supplies and Materials		3,964	
In Service/Staff Development		12,322	
Total Special Education Program			1,155,309

(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.)Career and Technical Education Program

Supervisor/Director	\$	84,537	
Secretary(ies)		35,678	
Other Salaries and Wages		46,637	
Social Security		9,428	
Pensions		15,106	
Life Insurance		153	
Medical Insurance		27,843	
Unemployment Compensation		71	
Employer Medicare		2,205	
Travel		2,601	
Total Career and Technical Education Program			\$ 224,259

Technology

Supervisor/Director	\$	83,382	
Computer Programmer(s)		52,057	
Secretary(ies)		35,162	
Other Salaries and Wages		523,862	
Social Security		38,260	
Pensions		59,085	
Life Insurance		680	
Medical Insurance		107,084	
Unemployment Compensation		320	
Employer Medicare		9,561	
Communication		86,482	
Consultants		3,950	
Internet Connectivity		150,933	
Travel		6,602	
Office Supplies		9,555	
Uniforms		5,830	
Cabling		176	
Software		245,660	
In Service/Staff Development		815	
Data Processing Equipment		232,212	
Total Technology			1,651,668

Other Programs

On-behalf Payments to OPEB	\$	535,355	
Total Other Programs			535,355

Board of Education

Board and Committee Members Fees	\$	37,200	
Social Security		2,257	
Pensions		2,501	
Life Insurance		297	
Employer Medicare		528	
Audit Services		32,125	

(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.)

Dues and Memberships	\$	12,691	
Legal Services		23,474	
Travel		23,135	
Liability Insurance		147,541	
Premiums on Corporate Surety Bonds		1,739	
Trustee's Commission		485,767	
Workers' Compensation Insurance		300,598	
Other Charges		11,525	
Total Board of Education			\$ 1,081,378

Director of Schools

County Official/Administrative Officer	\$	141,741	
Assistant(s)		154,265	
Career Ladder Program		1,500	
Secretary(ies)		100,469	
Social Security		25,034	
Pensions		45,540	
Life Insurance		209	
Medical Insurance		30,541	
Unemployment Compensation		119	
Employer Medicare		5,894	
Communication		8,280	
Postal Charges		14,000	
Travel		14,753	
Other Contracted Services		10,399	
Office Supplies		13,769	
Other Charges		10,249	
Total Director of Schools			576,762

Office of the Principal

Principals	\$	1,531,310	
Career Ladder Program		18,000	
Assistant Principals		1,193,191	
Secretary(ies)		776,037	
Social Security		208,326	
Pensions		319,330	
Life Insurance		3,148	
Medical Insurance		523,999	
Unemployment Compensation		1,487	
Employer Medicare		48,721	
Communication		107,215	
Total Office of the Principal			4,730,764

Fiscal Services

Supervisor/Director	\$	88,988
Accountants/Bookkeepers		159,090

(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.)

Social Security	\$	14,012	
Pensions		20,963	
Life Insurance		212	
Medical Insurance		30,761	
Unemployment Compensation		107	
Employer Medicare		3,519	
Maintenance and Repair Services - Equipment		4,651	
Travel		5,373	
Other Contracted Services		14,359	
Data Processing Supplies		5,150	
Office Supplies		5,241	
Administration Equipment		180,349	
Total Fiscal Services			\$ 532,775

Operation of Plant

Custodial Personnel	\$	1,955,207	
Other Salaries and Wages		36,897	
Social Security		118,752	
Pensions		164,504	
Life Insurance		2,800	
Medical Insurance		426,253	
Unemployment Compensation		1,404	
Employer Medicare		28,052	
Other Contracted Services		395,934	
Custodial Supplies		182,186	
Electricity		1,948,244	
Natural Gas		266,731	
Water and Sewer		411,374	
Other Supplies and Materials		16,959	
Other Charges		4,199	
Plant Operation Equipment		19,568	
Total Operation of Plant			5,979,064

Maintenance of Plant

Supervisor/Director	\$	59,613	
Maintenance Personnel		692,914	
Social Security		45,016	
Pensions		68,179	
Life Insurance		898	
Medical Insurance		146,342	
Unemployment Compensation		428	
Employer Medicare		10,528	
Maintenance and Repair Services - Buildings		345,721	
Maintenance and Repair Services - Equipment		83,868	
Maintenance and Repair Services - Vehicles		400	
Equipment and Machinery Parts		94,208	

(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.)

Uniforms	\$	7,592	
Other Charges		953	
Maintenance Equipment		17,736	
Total Maintenance of Plant			\$ 1,574,396

Transportation

Supervisor/Director	\$	50,470	
Mechanic(s)		204,432	
Bus Drivers		968,207	
Clerical Personnel		38,444	
Social Security		71,978	
Pensions		112,888	
Life Insurance		2,653	
Medical Insurance		417,709	
Unemployment Compensation		1,499	
Employer Medicare		16,834	
Contracts with Parents		4,496	
Maintenance and Repair Services - Vehicles		28,421	
Medical and Dental Services		6,374	
Travel		375	
Diesel Fuel		281,275	
Garage Supplies		3,531	
Gasoline		35,930	
Lubricants		19,603	
Tires and Tubes		50,982	
Uniforms		2,473	
Vehicle Parts		232,762	
Other Supplies and Materials		7,664	
Vehicle and Equipment Insurance		94,550	
Other Charges		134,127	
Transportation Equipment		517,524	
Total Transportation			3,305,201

Operation of Non-Instructional ServicesCommunity Services

Supervisor/Director	\$	40,455	
Other Salaries and Wages		156,484	
Social Security		12,130	
Pensions		4,046	
Life Insurance		52	
Medical Insurance		8,504	
Unemployment Compensation		619	
Employer Medicare		2,837	
Travel		487	
Other Contracted Services		916	
Other Supplies and Materials		645	

(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.)Community Services (Cont.)

Other Charges	\$	7,825	
Other Equipment		<u>2,486</u>	
Total Community Services			\$ 237,486

Early Childhood Education

Teachers	\$	411,963	
Educational Assistants		258,949	
Certified Substitute Teachers		2,690	
Non-certified Substitute Teachers		10,430	
Social Security		39,628	
Pensions		39,309	
Life Insurance		467	
Medical Insurance		76,640	
Unemployment Compensation		469	
Employer Medicare		9,543	
Instructional Supplies and Materials		31,375	
In Service/Staff Development		2,388	
Other Charges		<u>1,769</u>	
Total Early Childhood Education			885,620

Capital OutlayRegular Capital Outlay

Building Improvements	\$	<u>3,179,436</u>	
Total Regular Capital Outlay			3,179,436

Other Debt ServiceEducation

Other Debt Service	\$	<u>500,000</u>	
Total Education			<u>500,000</u>

Total General Purpose School Fund \$ 82,159,483

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	1,054,508	
Educational Assistants		320,592	
Certified Substitute Teachers		4,315	
Non-certified Substitute Teachers		7,212	
Social Security		75,265	
Pensions		109,049	
Life Insurance		1,491	
Medical Insurance		233,527	
Unemployment Compensation		853	
Employer Medicare		20,294	
Other Fringe Benefits		5,078	

(Continued)

## Exhibit K-8

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

School Federal Projects Fund (Cont.)Instruction (Cont.)Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$	592,265	
Other Charges		1,669	
Total Regular Instruction Program			\$ 2,426,118

Special Education Program

Teachers	\$	59,912	
Educational Assistants		1,527,511	
Certified Substitute Teachers		1,770	
Non-certified Substitute Teachers		28,665	
Social Security		93,625	
Pensions		133,442	
Life Insurance		3,434	
Medical Insurance		504,372	
Unemployment Compensation		1,670	
Employer Medicare		22,075	
Instructional Supplies and Materials		66,675	
Special Education Equipment		342	
Total Special Education Program			2,443,493

Career and Technical Education Program

Instructional Supplies and Materials	\$	7,749	
Other Supplies and Materials		12,000	
Vocational Instruction Equipment		114,645	
Total Career and Technical Education Program			134,394

Support ServicesOther Student Support

Guidance Personnel	\$	70,624	
Other Salaries and Wages		18,135	
Social Security		5,421	
Pensions		8,037	
Life Insurance		115	
Medical Insurance		15,301	
Unemployment Compensation		51	
Employer Medicare		1,268	
Other Fringe Benefits		283	
Travel		16,192	
Other Supplies and Materials		42,143	
In Service/Staff Development		8,755	
Total Other Student Support			186,325

Regular Instruction Program

Supervisor/Director	\$	64,555	
Other Salaries and Wages		382,351	
Certified Substitute Teachers		5,475	
Non-certified Substitute Teachers		21,950	

(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.)

Social Security	\$	27,715	
Pensions		40,559	
Life Insurance		400	
Medical Insurance		65,754	
Unemployment Compensation		187	
Employer Medicare		6,527	
Other Fringe Benefits		1,093	
Travel		2,847	
Other Supplies and Materials		9,880	
In Service/Staff Development		63,229	
Total Regular Instruction Program			\$ 692,522

Special Education Program

Other Supplies and Materials	\$	4,250	
In Service/Staff Development		4,756	
Total Special Education Program			9,006

Career and Technical Education Program

Travel	\$	2,940	
In Service/Staff Development		4,568	
Total Career and Technical Education Program			7,508

Board of Education

Criminal Investigation of Applicants - TBI	\$	229	
Total Board of Education			229

Transportation

Other Charges	\$	6,634	
Total Transportation			6,634

Total School Federal Projects Fund \$ 5,906,229

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	57,717	
Accountants/Bookkeepers		38,444	
Clerical Personnel		33,561	
Cafeteria Personnel		1,730,830	
Other Salaries and Wages		86,517	
In-service Training		39,379	
Social Security		118,381	
Pensions		83,527	
Life Insurance		2,163	
Medical Insurance		338,458	
Unemployment Compensation		3,260	

(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.)

Employer Medicare	\$	28,126	
Maintenance and Repair Services - Equipment		31,675	
Travel		2,493	
Other Contracted Services		371,682	
Food Preparation Supplies		14,912	
Food Supplies		2,087,960	
Office Supplies		3,695	
Uniforms		12,532	
USDA - Commodities		470,210	
Other Supplies and Materials		158,057	
In Service/Staff Development		5,409	
Other Charges		39,791	
Food Service Equipment		125,161	
Total Food Service			<u>\$ 5,883,940</u>

Total Central Cafeteria Fund \$ 5,883,940

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	239,757	
Total Education Capital Projects			<u>\$ 239,757</u>

Total Education Capital Projects Fund 239,757

Total Governmental Funds - Hamblen County School Department \$ 94,189,409

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, 2018

	Cities - Sales Tax Fund
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 12,407,845
Total Cash Receipts	<u>\$ 12,407,845</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 12,282,218
Trustee's Commission	124,767
Total Cash Disbursements	<u>\$ 12,406,985</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 860
Cash Balance, July 1, 2017	<u>0</u>
Cash Balance, June 30, 2018	<u><u>\$ 860</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**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, 2018, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements, and have issued our report thereon dated December 6, 2018.

**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. However, material weaknesses may exist that have not been identified.

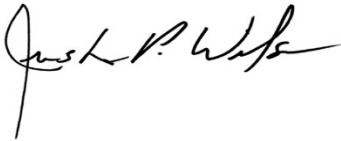
### **Compliance and Other Matters**

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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item: 2018-001.

### **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 6, 2018

JPW/tg





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**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, 2018. 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, 2018.

### **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.

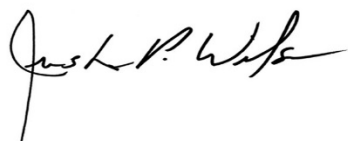
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **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, 2018, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements. We issued our report thereon dated December 6, 2018, 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 6, 2018

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, 2018

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	\$ 1,378,863
National School Lunch Program	10.555	N/A	3,417,239 (5)
Summer Food Service Program for Children	10.559	N/A	29,349
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	470,210 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-18-55175-00	149,873
Total U.S. Department of Agriculture			<u>\$ 5,445,534</u>
U.S. Department of Military:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 47,461 (6)
Total U.S. Department of Military			<u>\$ 47,461</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)	\$ 263,028
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-1408	286,292
Total U.S. Department of Housing and Urban Development			<u>\$ 549,320</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	(4)	\$ 10,034
Equitable Sharing Program	16.922	N/A	87,976
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	10,000
Total U.S. Department of Justice			<u>\$ 108,010</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	(4)	\$ 19,956
Total U.S. Department of Transportation			<u>\$ 19,956</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 2,775,183
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	2,465,874
Special Education - Preschool Grants	84.173	N/A	131,076
Career and Technical Education - Basic Grants to States	84.048	N/A	166,496
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	38,566
Education for Homeless Children & Youth	84.196	N/A	55,028
English Language Acquisition State Grants	84.365	N/A	149,543
Improving Teacher Quality State Grants	84.367	N/A	312,326
Total U.S. Department of Education			<u>\$ 6,094,092</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:			
Child Care and Development Block Grant	93.575	N/A	\$ 57,871
Passed-through State Department of Health:			
Family Planning Services	93.217	GG-18-55175-00	21,544
Medicaid Cluster:			
Medical Assistance Program	93.778	GG-18-55175-00	35,238
Maternal and Child Health Services Block Grant to the States	93.994	GG-18-55175-00	35,593
Total U.S. Department of Health and Human Services			<u>\$ 150,246</u>
U.S. Office of National Drug Control Policy:			
Passed-through Laurel County, Kentucky Fiscal Court:			
High Intensity Drug Trafficking Areas Program	95.001	N/A	\$ 19,104
Total U.S. Office of National Drug Control Policy			<u>\$ 19,104</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(4)	\$ 29,200
Total U.S. Department of Homeland Security			<u>\$ 29,200</u>
Total Expenditures of Federal Grants			<u>\$ 12,462,923</u>
State Grants		Contract Number	
Health Department Programs - State Department of Health	N/A	GG-18-55175-00	\$ 289,325
Litter Program - State Department of Transportation	N/A	(4)	42,932
Solid Waste Grant - State Department of Environment and Conservation	N/A	(4)	57,466
Drug Court Recovery - State Office of Criminal Justice Programs	N/A	(4)	60,641
Law Enforcement Training - State Department of Safety	N/A	(4)	21,600
Coordinated School Health - State Department of Education	N/A	(4)	99,035
Family Resource Center - State Department of Education	N/A	(4)	59,223
Safe Schools Act of 1998 - State Department of Education	N/A	(4)	52,990
Early Childhood Education - State Department of Education	N/A	(4)	659,872
Ready to Read - State Department of Education	N/A	(4)	10,017
CTE Equipment Grant - State Department of Education	N/A	(4)	148,970
Internet Connectivity - State Department of Education	N/A	(4)	26,917
Total State Grants			<u>\$ 1,528,988</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 minimus cost rate permitted in the Uniform Guidance.

(3) Child Nutrition Cluster total \$5,295,661; Special Education Cluster total \$2,596,950.

(4) Information not available.

(5) Total for CFDA No. 10.555 is \$3,887,449.

(6) During the year ended June 30, 2018, Hamblen County received excess military equipment from the U.S. Department of Military valued at \$47,461.

Hamblen County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2018

*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, 2018.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF TRUSTEE</u></b>					
2017	215	2017-001	The Monthly Trustee's Report was not Always Filed in Compliance with State Statute	N/A	Corrected
2017	215	2017-002	Certain Accounts Maintained by the Trustee were not Adequately Collateralized	N/A	Corrected

***Prior-year Federal Awards Findings***

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

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**HAMBLLEN COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2018**

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**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? **NO**
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: 84.027 and 84.173      Special Education Cluster: Special Education - Grants to States, and Special Education - Preschool Grants
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**

A finding, as a result of our examination, is presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. 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**

#### **FINDING 2018-001**

#### **DISCREPANCIES IN THE OPERATIONS OF THE HAMBLÉN COUNTY TRUSTEE'S OFFICE ARE CURRENTLY BEING INVESTIGATED**

(Noncompliance Under *Government Auditing Standards*)

An investigation by the Comptroller's Division of Investigations, is ongoing in the Hamblen County Trustee's Office. Findings, if any, resulting from the investigation will be included in a subsequent report.

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### **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, 2018.

**Hamblen County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2018**

The only finding reported in the audit of Hamblen County did not include a corresponding recommendation. Therefore, no management corrective action plans are required by the auditee requirements contained within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

## **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.