

ANNUAL FINANCIAL REPORT

GRUNDY COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2018

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

GRUNDY COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

Results

Our report on the governmental activities and the aggregate discretely presented component unit is qualified because the financial statements do not include all liabilities for the Tennessee Consolidated Retirement System. Our report on the business-type activities, each major fund, and the aggregate remaining fund information is unmodified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ All eligible employees do not participate in the Tennessee Consolidated Retirement System.

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The Highway Department was not properly reimbursed for work performed for other governmental entities.
- ◆ Some budget amendments were posted in the Highway/Public Works Fund that were not approved by the county commission.
- ◆ Several deficiencies were reported at the Grundy County Highway Department.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Department was assessed a penalty of \$34,060 by the Internal Revenue Service for noncompliance with the Affordable Care Act.

- ◆ The School Department had budget deficiencies.
-

OFFICE OF TRUSTEE

- ◆ Monthly reports of taxes collected were not made on or before the tenth of the following month.
 - ◆ The office did not review its software audit logs.
-

OFFICE OF REGISTER OF DEEDS

- ◆ A username and password were shared by two employees of the office.

INTRODUCTORY SECTION

Grundy County Officials

June 30, 2018

Officials

Michael Brady, County Mayor
Hubert Hargis, Highway Superintendent
Glenda Dykes, Director of Schools
Tyler McCullough, Trustee
Joanne Childers, Assessor of Property
Tammy Sholey, County Clerk
Crystal Stiefel, Circuit and General Sessions Courts Clerk
Patricia Campbell, Clerk and Master
Gayle VanHooser, Register of Deeds
Clint Shrum, Sheriff

Board of County Commissioners

Daniel Crabtree, Chairman
Gary Brewer
Mike Cordell
David Griswold
John Hargis II
Dennis Jones
David Lockhart
Danny Lusk
Barry Rollins

Board of Education

Phyllis Lusk, Chairman
Lebron Coffelt
Paul Gallagher
Chris Grooms
Janie Layne
Gary Melton
Reuben Newsome
Chris Snyder
Vacant

Audit Committee

Brenda Andy, Chairman
Danny Lusk
Rusty Payne

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Grundy County Mayor and
Board of County Commissioners
Grundy 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy 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 unmodified and qualified audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Aggregate Discretely Presented Component Units	Qualified
Business-type Activities	Unmodified
General Fund	Unmodified
Solid Waste/Sanitation Fund	Unmodified
Highway/Public Works Fund	Unmodified
General Debt Service Fund	Unmodified
Waste Water Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinions on Governmental Activities and the Aggregated Discretely Presented Component Units

As discussed in Note III.C. to the financial statements, Grundy County did not comply with mandatory membership requirements of the Tennessee Consolidated Retirement System, which are established by state statute. Consequently, the net pension liability (asset) established by the actuary and recorded in the financial statements for the agent pension plan administered by the Tennessee Consolidated Retirement System does not include a liability for the current and former employees who have been illegally excluded from the pension system. The agent plan includes employees of the primary government as well as non-certified employees of the discretely presented Grundy County School Department. The amount by which this departure would affect the assets, deferred outflows, liabilities, deferred inflows, net position, and expenses of the governmental activities has not been determined. Because non-certified employees of the discretely presented School Department are included in the agent plan, any adjustment necessary to reported plan amounts due to noncompliance by the primary government may also affect the allocation of reported plan amounts between the primary government and the discretely presented School

Department. The amount of such adjustment, if any, that would have been required to assets, deferred outflows, liabilities, deferred inflows, net position, and expenses of the aggregate discretely presented component units, had the primary government complied with the statutory membership requirements of the Tennessee Consolidated Retirement System, has not been determined.

Qualified Opinions

In our opinion, except for the matter described in the “Basis for Qualified Opinions on Governmental Activities and the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate discretely presented component units of Grundy County, Tennessee, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Grundy County, Tennessee, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Grundy 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.8 to the financial statements, which describes restatements reducing the beginning net position of the Governmental Activities of the primary government and the discretely presented Grundy County School Department by \$22,185 and \$1,044,252, respectively, 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

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

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and school changes in the total OPEB liability and related ratios on pages 95-103 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 Grundy 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 Grundy County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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 also 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 Grundy 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

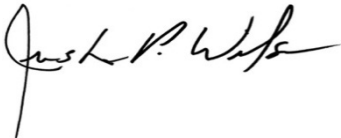
standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grundy County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plans have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2019, on our consideration of Grundy 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 Grundy 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 Grundy County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 1, 2019

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type		Grundy
	Activities	Activities	Total	County
				School
				Department
<u>ASSETS</u>				
Cash	\$ 600	\$ 0	\$ 600	\$ 0
Equity in Pooled Cash and Investments	8,975,672	17,385	8,993,057	4,340,477
Accounts Receivable	12,930	7,196	20,126	1,317
Due from Other Governments	573,296	0	573,296	796,056
Due from Primary Government	0	0	0	71,022
Due from Component Units	828,456	0	828,456	0
Property Taxes Receivable	4,228,165	0	4,228,165	1,657,090
Allowance for Uncollectible Property Taxes	(173,310)	0	(173,310)	(67,923)
Net Pension Asset - Agent Plan	214,190	0	214,190	248,624
Net Pension Asset - Teacher Retirement Plan	0	0	0	34,764
Net Pension Asset - Teacher Legacy Plan	0	0	0	73,558
Capital Assets:				
Assets Not Depreciated:				
Land	424,790	30,000	454,790	262,199
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	9,203,646	704,886	9,908,532	10,646,564
Infrastructure	2,131,437	343,515	2,474,952	0
Other Capital Assets	882,954	0	882,954	890,982
Total Assets	\$ 27,302,826	\$ 1,102,982	\$ 28,405,808	\$ 18,954,730
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Changes in Experience	\$ 17,903	\$ 0	\$ 17,903	\$ 66,346
Pension Changes in Assumptions	127,172	0	127,172	773,651
Pension Changes in Investment Earnings	794	0	794	12,087
Pension Other Deferrals	0	0	0	36,094
Pension Contributions After Measurement Date	158,570	0	158,570	943,398
OPEB Changes in Contributions after Measurement Date	250	0	250	105,803
Total Deferred Outflows of Resources	\$ 304,689	\$ 0	\$ 304,689	\$ 1,937,379
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 60,795
Accrued Payroll	0	0	0	5,100
Payroll Deductions Payable	1,497	0	1,497	465,306
Due to Primary Government	0	0	0	828,456
Due to Component Units	71,022	0	71,022	0
Due to Litigants, Heirs, and Others	8,249	0	8,249	0
Accrued Interest Payable	16,276	0	16,276	0
Noncurrent Liabilities:				
Due Within One Year	1,701,599	0	1,701,599	0
Due in More Than One Year	11,007,283	0	11,007,283	1,564,363
Total Liabilities	\$ 12,805,926	\$ 0	\$ 12,805,926	\$ 2,924,020
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,902,755	\$ 0	\$ 3,902,755	\$ 1,529,556
Pension Changes in Experience	90,695	0	90,695	1,626,486
Pension Changes in Investment Earnings	0	0	0	1,870
Pension Other Deferrals	0	0	0	66,976
OPEB Changes in Assumptions	2,881	0	2,881	60,846
Total Deferred Inflows of Resources	\$ 3,996,331	\$ 0	\$ 3,996,331	\$ 3,285,734

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type		Grundy
	Activities	Activities	Total	County
				School
				Department
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 5,064,420	\$ 1,078,401	\$ 6,142,821	\$ 11,799,745
Restricted for:				
General Government	592,080	0	592,080	0
Administration of Justice	115,467	0	115,467	0
Public Safety	148,753	0	148,753	0
Public Health and Welfare	761,733	0	761,733	0
Highways	1,219,279	0	1,219,279	0
Debt Service	4,142,240	0	4,142,240	0
Capital Outlay	432,052	0	432,052	0
Education	0	0	0	1,221,388
Pensions	214,190	0	214,190	356,946
Unrestricted	(1,884,956)	24,581	(1,860,375)	1,304,276
Total Net Position	\$ 10,805,258	\$ 1,102,982	\$ 11,908,240	\$ 14,682,355

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

Exhibit B

Grundy County, Tennessee
Statement of Activities
For the Year Ended June 30, 2018

					Net (Expense) Revenue and Changes in Net Position				Component Unit
Functions/Programs	Expenses	Program Revenues			Primary Government			Grundy County School Department	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		
Primary Government:									
Governmental Activities:									
General Government	\$ 1,395,961	\$ 134,235	\$ 277,190	\$ 0	\$ (984,536)	\$ 0	\$ (984,536)	\$ 0	
Finance	525,396	384,285	0	0	(141,111)	0	(141,111)	0	
Administration of Justice	569,905	265,681	12,432	0	(291,792)	0	(291,792)	0	
Public Safety	2,518,304	502,694	151,785	43,135	(1,820,690)	0	(1,820,690)	0	
Public Health and Welfare	901,011	18,268	70,040	0	(812,703)	0	(812,703)	0	
Social, Cultural, and Recreational Services	89,991	0	9,600	0	(80,391)	0	(80,391)	0	
Agriculture and Natural Resources	127,740	0	0	0	(127,740)	0	(127,740)	0	
Highways/Public Works	2,996,921	82,374	1,958,733	890,242	(65,572)	0	(65,572)	0	
Education		0	0	756,086	756,086	0	756,086	0	
Interest on Long-term Debt	251,435	0	0	0	(251,435)	0	(251,435)	0	
Total Governmental Activities	\$ 9,376,664	\$ 1,387,537	\$ 2,479,780	\$ 1,689,463	\$ (3,819,884)	\$ 0	\$ (3,819,884)	\$ 0	
Business-type Activities:									
Waste Water	\$ 127,254	\$ 57,619	\$ 0	\$ 0	\$ 0	\$ (69,635)	\$ (69,635)	\$ 0	
Total Business-type Activities	\$ 127,254	\$ 57,619	\$ 0	\$ 0	\$ 0	\$ (69,635)	\$ (69,635)	\$ 0	
Total Primary Government	\$ 9,503,918	\$ 1,445,156	\$ 2,479,780	\$ 1,689,463	\$ (3,819,884)	\$ (69,635)	\$ (3,889,519)	\$ 0	
Component Unit:									
Grundy County School Department	\$ 19,955,985	\$ 108,557	\$ 5,001,266	\$ 0	\$ 0	\$ 0	\$ 0	\$ (14,846,162)	
Total Component Unit	\$ 19,955,985	\$ 108,557	\$ 5,001,266	\$ 0	\$ 0	\$ 0	\$ 0	\$ (14,846,162)	

(Continued)

Exhibit B

Grundy County, Tennessee
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position			
								Component Unit
								Grundy
								County
								School
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 3,918,843	\$ 0	\$ 3,918,843	\$ 1,602,708
Property Taxes Levied for Debt Service					157,537	0	157,537	0
Local Option Sales Taxes					492,248	0	492,248	364,073
Litigation Tax - General					22,808	0	22,808	0
Litigation Tax - Special Purpose					41,759	0	41,759	0
Litigation Tax - Jail, Workhouse, or Courthouse					15,505	0	15,505	0
Hotel/Motel Tax					88,922	0	88,922	0
Business Tax					27,193	0	27,193	0
Other Local Taxes					0	0	0	27,193
Grants and Contributions Not Restricted to Specific Programs					250,372	0	250,372	14,135,909
Unrestricted Investment Earnings					146,197	24	146,221	41
Sale of Equipment						0	0	0
Miscellaneous					44,677	0	44,677	64,050
Total General Revenues					\$ 5,206,061	\$ 24	\$ 5,206,085	\$ 16,193,974
Insurance Recovery								
					\$ 22,174	\$ 0	\$ 22,174	\$ 6,518
Change in Net Position								
Net Position, July 1, 2017					\$ 1,408,351	\$ (69,611)	\$ 1,338,740	\$ 1,354,330
Restatements - See Note I.D.8					9,419,092	1,172,593	10,591,685	14,372,277
					(22,185)	0	(22,185)	(1,044,252)
Net Position, June 30, 2018								
					\$ 10,805,258	\$ 1,102,982	\$ 11,908,240	\$ 14,682,355

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

Exhibit C-1

Grundy County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 600	\$ 600
Equity in Pooled Cash and Investments	2,694,413	702,905	800,371	4,064,678	707,142	8,969,509
Accounts Receivable	1,796	0	0	0	11,134	12,930
Due from Other Governments	39,728	17,173	428,395	88,000	0	573,296
Due from Other Funds	901	0	6,163	0	0	7,064
Due from Component Units	20,661	0	0	0	0	20,661
Property Taxes Receivable	3,439,847	626,017	0	162,301	0	4,228,165
Allowance for Uncollectible Property Taxes	(140,997)	(25,660)	0	(6,653)	0	(173,310)
Total Assets	<u>\$ 6,056,349</u>	<u>\$ 1,320,435</u>	<u>\$ 1,234,929</u>	<u>\$ 4,308,326</u>	<u>\$ 718,876</u>	<u>\$ 13,638,915</u>
<u>LIABILITIES</u>						
Payroll Deductions Payable	\$ 525	\$ 0	\$ 972	\$ 0	\$ 0	\$ 1,497
Due to Other Funds	0	0	0	0	901	901
Due to Component Units	68,022	0	0	0	3,000	71,022
Due to Litigants, Heirs, and Others	0	0	0	0	8,249	8,249
Total Liabilities	<u>\$ 68,547</u>	<u>\$ 0</u>	<u>\$ 972</u>	<u>\$ 0</u>	<u>\$ 12,150</u>	<u>\$ 81,669</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 3,175,108	\$ 577,837	\$ 0	\$ 149,810	\$ 0	\$ 3,902,755
Deferred Delinquent Property Taxes	112,311	20,439	0	5,299	0	138,049
Other Deferred/Unavailable Revenue	0	0	252,070	44,000	0	296,070
Total Deferred Inflows of Resources	<u>\$ 3,287,419</u>	<u>\$ 598,276</u>	<u>\$ 252,070</u>	<u>\$ 199,109</u>	<u>\$ 0</u>	<u>\$ 4,336,874</u>

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 7,072	\$ 0	\$ 0	\$ 0	\$ 585,008	\$ 592,080
Restricted for Administration of Justice	115,467	0	0	0	0	115,467
Restricted for Public Safety	27,035	0	0	0	121,718	148,753
Restricted for Public Health and Welfare	19,135	722,159	0	0	0	741,294
Restricted for Highways/Public Works	0	0	981,887	0	0	981,887
Restricted for Capital Outlay	432,052	0	0	0	0	432,052
Restricted for Debt Service	0	0	0	4,109,217	0	4,109,217
Unassigned	2,099,622	0	0	0	0	2,099,622
Total Fund Balances	<u>\$ 2,700,383</u>	<u>\$ 722,159</u>	<u>\$ 981,887</u>	<u>\$ 4,109,217</u>	<u>\$ 706,726</u>	<u>\$ 9,220,372</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,056,349</u>	<u>\$ 1,320,435</u>	<u>\$ 1,234,929</u>	<u>\$ 4,308,326</u>	<u>\$ 718,876</u>	<u>\$ 13,638,915</u>

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

Exhibit C-2

Grundy 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)		\$	9,220,372
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	424,790	
Add: buildings and improvements net of accumulated depreciation		9,203,646	
Add: infrastructure net of accumulated depreciation		2,131,437	
Add: other capital assets net of accumulated depreciation		<u>882,954</u>	12,642,827
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(9,274,395)	
Less: notes payable		(916,858)	
Less: other loans payable		(2,074,950)	
Add: debt to be contributed by the School Department		807,795	
Less: compensated absences payable		(14,678)	
Less: net OPEB liability		(66,714)	
Less: landfill closure/postclosure care costs		(361,287)	
Less: accrued interest on bonds and notes		<u>(16,276)</u>	(11,917,363)
(3) 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	\$	304,439	
Less: deferred inflows of resources related to pensions		(90,695)	
Add: deferred outflows of resources related to OPEB		250	
Less: deferred inflows of resources related to OPEB		<u>(2,881)</u>	211,113
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			214,190
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred			<u>434,119</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>10,805,258</u></u>

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

Exhibit C-3

Grundy 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	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 3,562,039	\$ 600,966	\$ 0	\$ 651,844	\$ 41,759	\$ 4,856,608
Licenses and Permits	32,446	0	0	0	0	32,446
Fines, Forfeitures, and Penalties	63,763	0	0	0	24,652	88,415
Charges for Current Services	50,499	0	55,622	0	5,159	111,280
Other Local Revenues	71,915	18,268	29,004	146,196	57,267	322,650
Fees Received From County Officials	627,861	0	0	0	0	627,861
State of Tennessee	676,245	43,604	2,824,763	0	21,281	3,565,893
Federal Government	337,738	0	0	0	0	337,738
Other Governments and Citizens Groups	62,735	0	0	996,724	10,300	1,069,759
Total Revenues	\$ 5,485,241	\$ 662,838	\$ 2,909,389	\$ 1,794,764	\$ 160,418	\$ 11,012,650
<u>Expenditures</u>						
Current:						
General Government	\$ 791,842	\$ 0	\$ 0	\$ 0	\$ 26,405	\$ 818,247
Finance	482,023	0	0	0	245	482,268
Administration of Justice	523,647	0	0	0	4,914	528,561
Public Safety	2,312,481	0	0	0	7,076	2,319,557
Public Health and Welfare	219,299	627,723	0	0	0	847,022
Social, Cultural, and Recreational Services	50,860	0	0	0	0	50,860
Agriculture and Natural Resources	117,296	0	0	0	0	117,296
Other Operations	978,853	12,038	0	0	46,404	1,037,295
Highways	0	0	2,924,017	0	0	2,924,017
Debt Service:						
Principal on Debt	0	0	0	1,544,511	0	1,544,511
Interest on Debt	0	0	0	370,613	0	370,613
Other Debt Service	0	0	0	14,005	0	14,005

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	218,472	\$ 218,472
Total Expenditures	\$ 5,476,301	\$ 639,761	\$ 2,924,017	\$ 1,929,129	\$ 303,516	\$ 11,272,724
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 8,940	 \$ 23,077	 \$ (14,628)	 \$ (134,365)	 \$ (143,098)	 \$ (260,074)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 225,934	\$ 0	\$ 0	\$ 0	0	\$ 225,934
Proceeds from Sale of Capital Assets	0	0	0	0	523	523
Insurance Recovery	22,174	0	0	0	0	22,174
Total Other Financing Sources (Uses)	\$ 248,108	\$ 0	\$ 0	\$ 0	\$ 523	\$ 248,631
 Net Change in Fund Balances	 \$ 257,048	 \$ 23,077	 \$ (14,628)	 \$ (134,365)	 \$ (142,575)	 \$ (11,443)
Fund Balance, July 1, 2017	2,443,335	699,082	996,515	4,243,582	849,301	9,231,815
 Fund Balance, June 30, 2018	 \$ 2,700,383	 \$ 722,159	 \$ 981,887	 \$ 4,109,217	 \$ 706,726	 \$ 9,220,372

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

Exhibit C-4

Grundy 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)		\$	(11,443)
(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	\$	796,110	
Less: current-year depreciation expense		(687,930)	108,180
(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			(742)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$	434,119	
Less: deferred delinquent property taxes and other deferred June 30, 2017		(443,290)	(9,171)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:			
Less: note proceeds	\$	(225,934)	
Add: principal payments on bonds		848,223	
Add: principal payments on notes		271,912	
Add: principal payments on other loans		424,376	
Less: contributions from the School Department for notes and other loans		(240,638)	1,077,939
(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	\$	119,178	
Change in compensated absences payable		7,050	
Change in OPEB liability		(2,688)	
Change in deferred outflows related to OPEB		250	
Change in deferred inflows related to OPEB		(2,881)	
Change in net pension liability/asset		248,023	
Change in deferred outflows related to pensions		(121,814)	
Change in deferred inflows related to pensions		(8,212)	
Change in landfill closure/postclosure care costs		4,682	243,588
Change in net position of governmental activities (Exhibit B)		\$	<u>1,408,351</u>

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

Exhibit C-5

Grundy County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,562,039	\$ 3,432,992	\$ 3,432,992	\$ 129,047
Licenses and Permits	32,446	34,650	34,650	(2,204)
Fines, Forfeitures, and Penalties	63,763	63,880	63,880	(117)
Charges for Current Services	50,499	39,450	39,450	11,049
Other Local Revenues	71,915	33,305	78,117	(6,202)
Fees Received From County Officials	627,861	547,200	547,200	80,661
State of Tennessee	676,245	549,600	682,049	(5,804)
Federal Government	337,738	319,600	468,865	(131,127)
Other Governments and Citizens Groups	62,735	4,500	7,100	55,635
Total Revenues	\$ 5,485,241	\$ 5,025,177	\$ 5,354,303	\$ 130,938
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 27,821	\$ 28,524	\$ 28,524	\$ 703
Board of Equalization	1,600	2,000	2,000	400
Beer Board	81	300	300	219
County Mayor/Executive	168,417	168,586	172,226	3,809
County Attorney	19,660	14,000	21,000	1,340
Election Commission	156,817	154,314	158,929	2,112
Register of Deeds	111,478	108,967	113,561	2,083
County Buildings	305,968	260,278	356,884	50,916
<u>Finance</u>				
Property Assessor's Office	164,566	169,881	172,573	8,007
County Trustee's Office	130,559	129,456	131,533	974
County Clerk's Office	186,898	173,403	189,447	2,549
<u>Administration of Justice</u>				
Circuit Court	222,169	236,745	244,133	21,964
General Sessions Judge	144,067	145,224	146,301	2,234
Chancery Court	115,915	118,167	119,782	3,867
Juvenile Court	31,962	33,237	35,784	3,822
Courtroom Security	9,534	0	13,360	3,826
<u>Public Safety</u>				
Sheriff's Department	1,056,273	997,745	1,142,766	86,493
Administration of the Sexual Offender Registry	650	1,800	1,800	1,150
Jail	1,085,644	1,146,005	1,196,912	111,268
Fire Prevention and Control	7,960	9,000	9,000	1,040
Rescue Squad	3,000	3,000	3,000	0
Other Emergency Management	42,524	44,604	44,604	2,080
County Coroner/Medical Examiner	9,600	9,000	9,600	0
Public Safety Grants Program	93,484	10,000	104,000	10,516
Other Public Safety	13,346	2,000	21,005	7,659
<u>Public Health and Welfare</u>				
Local Health Center	44,809	51,687	52,226	7,417
Ambulance/Emergency Medical Services	125,000	125,000	125,000	0
Other Local Health Services	10,526	110,100	110,100	99,574
Regional Mental Health Center	2,000	2,000	2,000	0
General Welfare Assistance	9,319	9,357	9,357	38
Other Local Welfare Services	10,000	10,000	10,000	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Other Public Health and Welfare	\$ 17,645	\$ 15,252	\$ 34,252	\$ 16,607
<u>Social, Cultural, and Recreational Services</u>				
Libraries	50,860	46,084	51,914	1,054
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	75,300	82,417	82,417	7,117
Soil Conservation	41,996	47,105	48,720	6,724
Other Agriculture and Natural Resources	0	1,000	1,000	1,000
<u>Other Operations</u>				
Tourism	1,351	4,000	4,000	2,649
Other Economic and Community Development	261,945	300,000	386,760	124,815
Veterans' Services	13,302	15,272	15,272	1,970
Other Charges	172,002	178,834	179,334	7,332
Contributions to Other Agencies	41,650	34,000	46,500	4,850
Employee Benefits	219,438	222,700	225,700	6,262
Miscellaneous	269,165	30,000	273,635	4,470
Total Expenditures	<u>\$ 5,476,301</u>	<u>\$ 5,251,044</u>	<u>\$ 6,097,211</u>	<u>\$ 620,910</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,940</u>	<u>\$ (225,867)</u>	<u>\$ (742,908)</u>	<u>\$ 751,848</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 225,934	0	\$ 225,934	0
Insurance Recovery	22,174	0	22,174	0
Total Other Financing Sources	<u>\$ 248,108</u>	<u>\$ 0</u>	<u>\$ 248,108</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 257,048	\$ (225,867)	\$ (494,800)	\$ 751,848
Fund Balance, July 1, 2017	<u>2,443,335</u>	<u>2,338,861</u>	<u>2,338,861</u>	<u>104,474</u>
Fund Balance, June 30, 2018	<u>\$ 2,700,383</u>	<u>\$ 2,112,994</u>	<u>\$ 1,844,061</u>	<u>\$ 856,322</u>

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

Exhibit C-6

Grundys County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 600,966	\$ 577,290	\$ 577,290	\$ 23,676
Charges for Current Services	0	15	15	(15)
Other Local Revenues	18,268	13,500	13,500	4,768
State of Tennessee	43,604	44,200	44,500	(896)
Total Revenues	\$ 662,838	\$ 635,005	\$ 635,305	\$ 27,533
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 43,567	\$ 44,200	\$ 44,500	\$ 933
Convenience Centers	572,086	539,760	591,914	19,828
Landfill Operation and Maintenance	12,070	16,000	14,000	1,930
<u>Other Operations</u>				
Other Charges	12,038	11,500	12,400	362
Total Expenditures	\$ 639,761	\$ 611,460	\$ 662,814	\$ 23,053
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,077	\$ 23,545	\$ (27,509)	\$ 50,586
Net Change in Fund Balance	\$ 23,077	\$ 23,545	\$ (27,509)	\$ 50,586
Fund Balance, July 1, 2017	699,082	681,367	681,367	17,715
Fund Balance, June 30, 2018	\$ 722,159	\$ 704,912	\$ 653,858	\$ 68,301

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

Exhibit C-7

Grundy County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 55,622	\$ 50,000	\$ 50,000	\$ 5,622
Other Local Revenues	29,004	35,000	35,000	(5,996)
State of Tennessee	2,824,763	2,810,222	3,102,585	(277,822)
Total Revenues	\$ 2,909,389	\$ 2,895,222	\$ 3,187,585	\$ (278,196)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 140,705	\$ 143,770	\$ 148,070	\$ 7,365
Highway and Bridge Maintenance	879,079	849,726	930,726	51,647
Operation and Maintenance of Equipment	214,185	230,500	260,465	46,280
Other Charges	116,272	123,000	122,535	6,263
Employee Benefits	250,526	258,550	279,050	28,524
Capital Outlay	1,323,250	1,234,037	1,413,100	89,850
Total Expenditures	\$ 2,924,017	\$ 2,839,583	\$ 3,153,946	\$ 229,929
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,628)	\$ 55,639	\$ 33,639	\$ (48,267)
Net Change in Fund Balance	\$ (14,628)	\$ 55,639	\$ 33,639	\$ (48,267)
Fund Balance, July 1, 2017	996,515	670,950	670,950	325,565
Fund Balance, June 30, 2018	\$ 981,887	\$ 726,589	\$ 704,589	\$ 277,298

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

Exhibit D-1

Grundy County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2018

	Business-type Activities -
	Major
	Enterprise
	Fund
	Waste
	Water Fund
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 17,385
Accounts Receivable	7,196
Total Current Assets	<u>\$ 24,581</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 30,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	704,886
Infrastructure	343,515
Total Noncurrent Assets	<u>\$ 1,078,401</u>
Total Assets	<u><u>\$ 1,102,982</u></u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 1,078,401
Unrestricted	<u>24,581</u>
Total Net Position	<u><u>\$ 1,102,982</u></u>

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

Exhibit D-2

Grundy County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	Business-type Activities -
	Major
	Enterprise
	Fund
	Waste
	Water Fund
<u>Operating Revenues</u>	
Water Treatment Charges	\$ 57,619
Total Operating Revenues	<u>\$ 57,619</u>
<u>Operating Expenses</u>	
Communication	\$ 1,320
Postal Charges	147
Other Contracted Services	31,839
Electricity	11,701
Water and Sewer	291
Testing	9,132
Other Supplies and Materials	3,314
Depreciation	68,843
Other Charges	667
Total Operating Expenses	<u>\$ 127,254</u>
Operating Loss	<u>\$ (69,635)</u>
 Nonoperating Revenue/(Expenses)	
Interest Income	\$ 24
Total Nonoperating Revenue/(Expenses)	<u>24</u>
 Change in Net Position	\$ (69,611)
Net Position, July 1, 2017	<u>1,172,593</u>
 Net Position, June 30, 2018	<u><u>\$ 1,102,982</u></u>

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

Exhibit D-3

Grundy County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

	Business-type Activities -
	Major Enterprise Fund
	Waste Water Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 54,113
Payments to Vendors	(67,870)
Other Payments	(541)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (14,298)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	\$ 24
Net Cash Provided by (Used In) Investing Activities	<u>\$ 24</u>
Net Increase (Decrease) in Cash	\$ (14,274)
Cash, July 1, 2017	<u>31,659</u>
Cash, June 30, 2018	<u><u>\$ 17,385</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (69,635)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	68,843
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(3,506)
Increase (Decrease) in Due to Other Funds	<u>(10,000)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (14,298)</u></u>

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

Exhibit E

Grundy County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>
 <u>ASSETS</u>	
Cash	\$ 1,181,279
Accounts Receivable	906
Due from Other Governments	<u>118,546</u>
Total Assets	<u><u>\$ 1,300,731</u></u>
 <u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 118,546
Due to Litigants, Heirs, and Others	<u>1,182,185</u>
Total Liabilities	<u><u>\$ 1,300,731</u></u>

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

GRUNDY COUNTY, TENNESSEE

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grundy 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 Grundy County:

A. Reporting Entity

Grundy County is a public municipal corporation governed by an elected nine-member board. As required by GAAP, these financial statements present Grundy County (the primary government) and its component units. The financial statements of the Grundy County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Grundy County School Department operates the public school system in the county, and the voters of Grundy 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 Grundy County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Grundy County, and the Grundy County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Grundy County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Grundy 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 Grundy County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Grundy County Emergency Communications District
P.O. Box 433
Altamont, TN 37301

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Grundy 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.

Grundy County issues all debt for the discretely presented Grundy 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, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental

funds and the major enterprise fund 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 Grundy 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 and proprietary categories. Grundy County only reports one proprietary fund, an enterprise fund. It has no internal service funds to report.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Grundy 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.

Grundy 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 accounts for transactions relating to the disposal of Grundy County’s solid waste. Local taxes are the foundational revenues of this fund.

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

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

Grundy County reports the following major proprietary fund:

Waste Water Fund – This fund accounts for a waste water system, which treats waste water for various industries, businesses, and citizens in the county.

Additionally, Grundy County reports the following fund types:

Capital Projects Fund – This fund is used to account for various capital projects within the county.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Grundy 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 Grundy 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 the cafeteria operations in each of the schools. USDA School Lunch and Breakfast Programs and payments received from the sale of meals are the foundational revenues of this fund.

Additionally, the School Department reports the following fund type:

Private Purpose Trust Fund – The Other Trust Fund is used to account for savings bond awards given to Grundy County students who win an essay contest and a spelling bee. Money for this fund was provided by a citizen.

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 enterprise fund used to account for waste water treatment. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations.

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 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 Grundy County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Grundy County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at 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 outstanding 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 2.16 percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court

for collection are not included in taxes receivable since they are neither measurable nor available.

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 (\$15,000 for roads and bridges) or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 with salvage values of five percent:

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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 and the governmental funds balance sheet. These items are for pension changes in experience, pension changes in assumptions, pension changes in investment earnings, pension changes in proportionate share of contributions, and employer contributions made to the pension and other postemployment benefits plans 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 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 changes in proportionate share of contributions, other postemployment benefits plan changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

Primary Government

The general policy of Grundy County does not allow for the accumulation of vacation and sick days beyond the fiscal year-end, except for the Highway Department, which permits the accumulation of vacation and sick leave exceeding a normal year's accumulation. There is no liability for unpaid accumulated sick leave since the Highway Department does not have a policy to pay any amounts when employees separate from service with the department. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in

governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Discretely Presented Grundy County School Department

The general policy of the Grundy County School Department does not allow for the accumulation of personal days beyond the fiscal year-end. Professional personnel earn two days of personal leave a year and any unused personal leave is converted to sick leave. Support personnel receive one sick day for each month the employee works. Support personnel may request and receive compensation for unused sick leave, accumulated during the current school year, at the end of the fiscal school year. A liability for sick leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

In the government-wide financial statements 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, Grundy County had \$4,687,796 in outstanding debt for capital purposes for the discretely presented Grundy County School Department. This debt is a liability of Grundy County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Grundy County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

8. Restatements

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Grundy 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 discretely presented Grundy County School Department by \$22,185 and \$1,044,252, respectively, have been recognized to account for the transitional requirement.

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 Grundy County's

participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Grundy 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 Grundy 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 Grundy County. For this purpose, Grundy County recognizes benefit payments when due and payable in accordance with benefit terms. Grundy County's OPEB plan is not administered through a trust.

Discretely Presented Grundy 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 Grundy 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 Grundy 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 Grundy County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which was not budgeted, and the capital project fund, which adopts 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, the Grundy County School Department reported the following encumbrances:

<u>Fund</u>	<u>Amount</u>
School Department:	
Major Fund:	
General Purpose School	\$ 401,968
Central Cafeteria	797

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the Career and Technical Education Program major appropriations category (the legal level of control) of the General Purpose School Fund by \$5,999. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

C. Noncompliance with Membership Requirements of the Tennessee Consolidated Retirement System

Grundy County did not comply with mandatory membership requirements of the defined benefit retirement system in which the county participates. Auditors determined that several full-time employees of Grundy County were eligible for participation but were not participating in the Tennessee Consolidated Retirement System (TCRS). Title 8, Chapters 34-37 of *Tennessee Code Annotated*, establish and govern the TCRS. These statutes require mandatory participation in the TCRS for all employees of participating employers after a probationary period. This deficiency is discussed further in the Schedule of Findings and Questioned Costs in the

Single Audit Section of this report. This violation has caused the independent auditor to issue a qualified opinion on the financial statements of the governmental activities and the aggregate discretely presented component units.

D. Deficiencies Were Reported at the Highway Department

On August 23, 2018, the Comptroller's Division of Investigations issued an investigative report on the Grundy County Highway Department. This report disclosed that the Highway Department performed work on some private properties and cemeteries, maintained a portion of a private road for a department employee, and allowed employees to work on personal vehicles in the Highway Department garage during work hours. This report is available at www.comptroller.tn.gov/ia.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Grundy County and the Grundy 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.

The county had no pooled or nonpooled investments as of June 30, 2018.

B. 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	\$ 374,790	\$ 50,000	\$ 0	\$ 424,790
Total Capital Assets Not Depreciated	\$ 374,790	\$ 50,000	\$ 0	\$ 424,790
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,273,586	\$	\$ 0	\$ 11,273,586
Infrastructure	7,913,690	361,116	0	8,274,806
Other Capital Assets	2,829,167	384,994	(14,850)	3,199,311
Total Capital Assets Depreciated	\$ 22,016,443	\$ 746,110	\$ (14,850)	\$ 22,747,703
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,805,390	\$ 264,550	\$ 0	\$ 2,069,940
Infrastructure	5,938,158	205,211	0	6,143,369
Other Capital Assets	2,112,296	218,169	(14,108)	2,316,357
Total Accumulated Depreciation	\$ 9,855,844	\$ 687,930	\$ (14,108)	\$ 10,529,666
Total Capital Assets Depreciated, Net	\$ 12,160,599	\$ 58,180	\$ (742)	\$ 12,218,037
Governmental Activities Capital Assets, Net	\$ 12,535,389	\$ 108,180	\$ (742)	\$ 12,642,827

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

Governmental Activities:

General Government	\$ 77,280
Public Safety	258,526
Public Health and Welfare	29,167
Agriculture and Natural Resources	4,443
Highways/Public Works	318,514
Total Depreciation Expense - Governmental Activities	\$ 687,930

Waste Water Fund (enterprise fund)**Business-type Activities:**

	Balance 7-1-17	Increases	Balance 6-30-18
Capital Assets Not Depreciated:			
Land	\$ 30,000	\$ 0	\$ 30,000
Total Capital Assets Not Depreciated	\$ 30,000	\$ 0	\$ 30,000
Capital Assets Depreciated:			
Buildings and Improvements	\$ 1,654,496	\$ 0	\$ 1,654,496
Infrastructure	777,647	0	777,647
Total Capital Assets Depreciated	\$ 2,432,143	\$ 0	\$ 2,432,143
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 910,316	\$ 39,294	\$ 949,610
Infrastructure	404,583	29,549	434,132
Total Accumulated Depreciation	\$ 1,314,899	\$ 68,843	\$ 1,383,742
Total Capital Assets Depreciated, Net	\$ 1,117,244	\$ (68,843)	\$ 1,048,401
Business-type Activities Capital Assets, Net	\$ 1,147,244	\$ (68,843)	\$ 1,078,401

There were no decreases in capital assets to report during the year ended June 30, 2018.

Depreciation expense was charged to functions of the enterprise fund as follows:

Business-type Activities:

Public Health and Welfare	\$ 68,843
Total Depreciation Expense - Business-type Activities	\$ 68,843

Discretely Presented Grundy County School Department

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 262,199	\$ 0	\$ 0	\$ 262,199
Total Capital Assets Not Depreciated	\$ 262,199	\$ 0	\$ 0	\$ 262,199
Capital Assets Depreciated:				
Buildings and Improvements	\$ 22,951,600	\$ 165,748	\$ 0	\$ 23,117,348
Other Capital Assets	3,194,277	157,341	(52,750)	3,298,868
Total Capital Assets Depreciated	\$ 26,145,877	\$ 323,089	\$ (52,750)	\$ 26,416,216
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 11,919,749	\$ 551,035	\$ 0	\$ 12,470,784
Other Capital Assets	2,298,427	159,572	(50,113)	2,407,886
Total Accumulated Depreciation	\$ 14,218,176	\$ 710,607	\$ (50,113)	\$ 14,878,670
Total Capital Assets Depreciated, Net	\$ 11,927,701	\$ (387,518)	\$ (2,637)	\$ 11,537,546
Governmental Activities Capital Assets, Net	\$ 12,189,900	\$ (387,518)	\$ (2,637)	\$ 11,799,745

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

Governmental Activities:

Instruction	\$ 378,184
Support Services	306,630
Operation of Non-instructional Services	<u>25,793</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 710,607</u>

C. 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	\$ 901
Highway	Solid Waste/Sanitation	6,163
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	48,542
Nonmajor governmental	General Purpose School	542
Central Cafeteria	General Purpose School	145

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

The receivable in the Highway/Public Works Fund totaling \$6,163 was in transit from the Solid/Waste Sanitation fund at June 30, 2018.

A portion of the receivable in the General Purpose School Fund totaling \$41,500 was in transit from the School Federal Projects Fund at June 30, 2018.

Due to/from Primary Government and Component Unit:

Receivable	Payable	Amount
Primary Government:		
Governmental Activities	Component Unit:	
General	School Department:	
	Governmental Activities	\$ 807,795
	General Purpose School	20,661
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General	68,022
Central Cafeteria	Nonmajor governmental	3,000

The Due to Primary Government – Governmental Activities consists of the balance of notes (\$147,846) and other loans (\$659,949) issued by the county for the School Department. The School Department has agreed to contribute

the funds annually to retire this debt. These long-term debt obligations are reflected in the governmental activities on the Statement of Net Position. The Due to Primary Government \$20,661 is to reimburse the General Fund for the salary and benefits of the school resource officer (\$15,677) and for income tax that was posted to the incorrect fund by the trustee (\$4,984).

The amount reflected as Due from Primary Government (\$68,022) consists of a payable amount owed from the primary government’s General Fund to the discretely presented School Department’s General Purpose School Fund at year-end for revenue that was posted to the incorrect fund by the trustee.

The amount reflected as Due from Primary Government (\$3,000) consists of a payable owed from the primary government’s Industrial/Economic Development fund to the discretely presented School Department’s Central Cafeteria Fund at year-end for revenue that was posted to the incorrect fund by the trustee.

Interfund Transfers:

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

Discretely Presented Grundy County School Department

	<u>Transfer In</u>	
	General	
	Purpose	
	School	
<u>Transfer Out</u>	<u>Fund</u>	<u>Purpose</u>
Nonmajor governmental fund	\$ 15,650	Indirect Costs

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.

D. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 38 years for bonds, up to five years for notes, and up to 11 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, capital outlay notes, 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, capital outlay notes, 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	3.5%	5-11-54	\$ 7,000,000	\$ 6,809,395
General Obligation Bonds - School Refunding	2.07	5-1-21	3,945,000	2,465,000
Capital Outlay Notes	0 to 3.05	9-1-21	1,196,358	916,858
Other Loans	0	9-11-22	1,583,809	659,949
Other Loans	Variable	6-1-23	2,690,000	1,415,001

On December 7, 2012, Grundy County entered into a loan agreement with the City of Clarksville, Tennessee, Public Building Authority. This loan agreement provided for the authority to loan \$2,690,000 to Grundy County on an as-needed basis for various school renovation and construction projects. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees in connection with this loan. At June 30, 2018, the variable interest rate was 2.32 percent, and other fees totaled approximately 1.16 percent of the outstanding loan principal plus \$125 a month.

The annual requirements to amortize all general obligation bonds, notes, 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	\$ 886,539	\$ 287,967	\$ 1,174,506
2020	919,972	268,181	1,188,153
2021	958,528	247,651	1,206,179
2022	107,210	226,270	333,480
2023	111,023	222,457	333,480
2024-2028	617,232	1,050,168	1,667,400
2029-2033	735,088	932,312	1,667,400
2034-2038	875,449	791,951	1,667,400
2039-2043	1,042,611	624,789	1,667,400
2044-2048	1,241,690	425,710	1,667,400
2049-2053	1,478,781	188,619	1,667,400
2054	300,272	5,417	305,689
Total	\$ 9,274,395	\$ 5,271,492	\$ 14,545,887

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 359,936	\$ 21,901	\$ 381,837
2020	236,125	13,004	249,129
2021	189,797	6,893	196,690
2022	131,000	1,998	132,998
Total	\$ 916,858	\$ 43,796	\$ 960,654

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2019	\$ 429,376	\$ 26,177	\$ 4,123	\$ 459,676
2020	435,376	21,164	3,716	460,256
2021	441,376	16,040	3,300	460,716
2022	447,376	10,804	2,876	461,056
2023	321,446	5,457	2,443	329,346
Total	\$ 2,074,950	\$ 79,642	\$ 16,458	\$ 2,171,050

There is \$4,109,217 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$677, based on the 2010 federal census. Total debt per capita, including bonds, notes, and other loans totaled \$895, based on the 2010 federal census.

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

Description of Indebtedness	Outstanding 6-30-18
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Bus	\$ 37,238
School Bus	56,940
School Bus	53,668
<u>Other Loans</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficiency Improvements	659,949
Total	<u>\$ 807,795</u>

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance July 1, 2017	\$ 10,122,618	\$ 962,836	\$ 2,499,326
Additions	0	225,934	0
Reductions	(848,223)	(271,912)	(424,376)
Balance June 30, 2018	<u>\$ 9,274,395</u>	<u>\$ 916,858</u>	<u>\$ 2,074,950</u>
Balance Due Within One Year	<u>\$ 886,539</u>	<u>\$ 359,936</u>	<u>\$ 429,376</u>

	Other Postemployment Benefits *	Landfill Postclosure Care Costs	Compensated Absences
Balance July 1, 2017	\$ 64,026	\$ 365,969	\$ 21,728
Additions	6,000	0	25,856
Reductions	(3,312)	(4,682)	(32,906)
Balance June 30, 2018	<u>\$ 66,714</u>	<u>\$ 361,287</u>	<u>\$ 14,678</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 11,070</u>	<u>\$ 14,678</u>

	Net Pension Liability - Agent Plan #
Balance, July 1, 2017	\$ 33,833
Additions	44,279
Reductions	<u>(292,302)</u>
Balance, June 30, 2018	<u>\$ (214,190)</u>
Balance Due Within One Year	<u>\$ 0</u>

* - Beginning balance was restated – See Note I.D.8.

- The county's pension plan had a net asset at June 30, 2018

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 12,708,882
Less: Due Within One Year	<u>(1,701,599)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 11,007,283</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

During February 2004, Grundy County entered into a revocable contract with a private firm to provide postclosure care for the county's closed landfill. Terms of this agreement require the county to pay an annual fee of \$9,920 for

postclosure care costs. The county is required to provide postclosure care for this closed landfill for the next 13 years.

Discretely Presented Grundy County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Grundy County School Department for the year ended June 30, 2018, was as follows:

Governmental Activities:	Other		Net Pension	
	Postemployment		Liability-	
	Benefits *		Agent	
			Plan #	
			Teacher Legacy	
			Plan #	
Balance July 1, 2017	\$	1,603,221	\$	41,991
Additions		130,305		49,938
Reductions		(169,163)		(340,553)
				(1,513,755)
Balance June 30, 2018	\$	1,564,363	\$	(248,624)
				(73,558)
Balance Due Within One Year	\$	0	\$	0
				0

* - Beginning balance was restated – See Note I.D.8.

- The School Department's pension plans had net assets at June 30, 2018

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$	1,564,363
Less: Due Within One Year		0
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$	1,564,363

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

E. On-Behalf Payments

Discretely Presented Grundy County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Grundy County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both 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 \$63,807 and \$31,428, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

On January 1, 2016, Grundy County began providing commercial health insurance coverage to its employees. Retirees are not allowed to participate in the commercial insurance plan. Settled claims have not exceeded this commercial coverage for the period January 1, 2016, through June 30, 2018.

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

Discretely Presented Grundy County School Department

The discretely presented Grundy County School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation. The School Department is a member of the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The School Department pays annual premiums to these pools for general

liability, property, casualty losses, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *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 several pending lawsuits. Attorneys for the county and the School Department have not responded to requests to provide estimates of the potential claims not covered by insurance. However, management believes that any claims resulting from such litigation would not materially affect the county's financial statements.

D. Changes in Administration

On July 13, 2017, Melody Oliver left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Crystal Stiefel.

On December 31, 2017, Phyllis Dent left the Office of Clerk and Master and was succeeded by Patricia Campbell.

On May 18, 2018, Jessie Kinsey left the Office of Director of Schools and was succeeded by Glenda Dykes.

E. Landfill Postclosure Care Costs

Grundy County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Although the Grundy County landfill closed in 2001, the county has contracted with a private company for its waste disposal. The Solid Waste/Sanitation Fund (special revenue fund) reports postclosure care costs as expenditures in each period in which they are incurred. The \$361,287 reported as landfill postclosure care cost liability at June 30, 2018, represents the net amount reported to date based on 100 percent use of the estimated capacity of the landfill. The county maintains a revocable contract with a private firm for postclosure care costs on the closed landfill. The county is required to monitor the closed landfill for the next 13

years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district includes Grundy, Franklin, Marion, Rhea, and Sequatchie counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general and the sheriffs and police chiefs of the participating law enforcement agencies within the judicial district. Grundy County made no contributions to the DTF for the year ended June 30, 2018, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
Twelfth Judicial District 375
Church Street, Suite 300
Dayton, TN 37321

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Grundy County and non-certified employees of the discretely presented Grundy County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 46.28 percent, the non-certified employees of the discretely presented School Department comprised 53.72 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly

available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

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

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	133
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	146
Active Employees	178
Total	<u>457</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 salary. Grundy 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 Grundy County was \$350,124 based on a rate of 8.85 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Grundy 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)

Grundy 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%
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 investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of

return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	5.69	%	31	%
Developed Market				
International Equity	5.29		14	
Emerging Market				
International Equity	6.36		4	
Private Equity and				
Strategic Lending	5.79		20	
U.S. Fixed Income	2.01		20	
Real Estate	4.32		10	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 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 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified the 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 Grundy 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	\$ 16,623,814	\$ 16,547,990	\$ 75,824
Changes for the Year:			
Service Cost	\$ 339,718	\$ 0	\$ 339,718
Interest	1,240,546	0	1,240,546
Differences Between Expected and Actual Experience	(119,561)	0	(119,561)
Changes in Assumptions	366,384	0	366,384
Contributions-Employer	0	328,222	(328,222)
Contributions-Employees	0	195,309	(195,309)
Net Investment Income	0	1,856,210	(1,856,210)
Benefit Payments, Including Refunds of Employee Contributions	(845,847)	(845,847)	0
Administrative Expense	0	(14,016)	14,016
Other Changes	0	0	0
Net Changes	\$ 981,240	\$ 1,519,878	\$ (538,638)
Balance, June 30, 2017	\$ 17,605,054	\$ 18,067,868	\$ (462,814)

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

			Total Pension Liability		Plan Fiduciary Net Position		Net Pension Liability (Asset)
Primary Government	46.28%	\$	8,147,619	\$	8,361,809	\$	(214,190)
School Department	53.72%		9,457,435		9,706,059		(248,624)
Total		\$	17,605,054	\$	18,067,868	\$	(462,814)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Grundy 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
Grundy County	6.25%	7.25%	8.25%
Net Pension Liability	\$ 1,601,122	\$ (462,814)	\$ (2,193,060)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2018, Grundy County recognized pension expense of \$92,956.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Grundy 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	\$ 38,685	\$ 195,970
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,715	0
Changes in Assumptions	274,788	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	350,124	N/A
Total	<u>\$ 665,312</u>	<u>\$ 195,970</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	\$ 304,439	\$ 90,695
School Department	360,873	105,275
Total	<u>\$ 665,312</u>	<u>\$ 195,970</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	\$ (77,528)
2020	228,235
2021	94,051
2022	(125,545)
2023	0
Thereafter	0

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

Discretely Presented Grundy County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Grundy County and non-certified employees of the discretely presented Grundy County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 46.28 percent and the non-certified employees of the discretely presented School Department comprise 53.72 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/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 \$50,005, 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 School Department reported a liability (asset) of (\$34,764) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .131768 percent. The proportion as of June 30, 2016, was .117748 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$15,692.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,218	\$ 2,613
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,870
Changes in Assumptions	3,054	0
Changes in Proportion of Net Pension Liability (Asset)	655	1,552
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	50,005	N/A
Total	<u>\$ 54,932</u>	<u>\$ 6,035</u>

The School Department's employer contributions of \$50,005, 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, 2019. 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	\$ (242)
2020	(242)
2021	(350)
2022	(831)
2023	51
Thereafter	503

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%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 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 investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	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 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the 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 School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) 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	\$ 6,936	\$ (34,764)	\$ (65,353)

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 Grundy County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/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 Grundy County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$701,839, 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 School Department reported a liability (asset) of (\$73,558) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to

calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .224818 percent. The proportion measured at June 30, 2016, was .230452 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of (\$3,649).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 44,346	\$ 1,518,598
Changes in Assumptions	622,981	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	11,166	0
Changes in Proportion Net Pension Liability (Asset)	35,439	65,424
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	701,839	N/A
Total	<u>\$ 1,415,771</u>	<u>\$ 1,584,022</u>

The School Department's employer contributions of \$701,839 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2019. 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	\$ (530,834)
2020	221,663
2021	(194,064)
2022	(366,853)
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%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 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 investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5

percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	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 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the 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 School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) 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	\$ 6,600,115	\$ (73,558)	\$ (5,589,786)
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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

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 \$62,624 and teachers contributed \$15,146 to this deferred compensation pension plan.

The Grundy County School Department offers its employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding this program are the responsibility of plan participants. Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plan.

H. Other Postemployment Benefits (OPEB)

Grundy County and the discretely presented Grundy County School Department provide OPEB benefits to its retirees under various OPEB plans. These include OPEB provided through state administered public entity risk pools and commercial health insurance plans. For reporting purposes, the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). 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 State Administered Public Entity Risk Pools

Primary Government

Retirees of Grundy County and the Grundy County Highway Department (Hwy) are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. The primary government's LGPs are combined for presentation purposes.

The county'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, 2017, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	LGP - Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing over a 33-year period to an ultimate trend rate of 3.53% with .18% added to approximate the effect of the excise tax
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 undertaken 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 TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 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 Local Government OPEB Plan (Primary Government)

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

Benefits Provided. Grundy County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. 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 LGP, receives 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 the retiree premiums. Grundy County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	Grundy County	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	0	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	0	0	0
Active Employees	3	14	17
Total	3	14	17

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP 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. For the fiscal year ended June 30, 2018, the county paid \$250 (Grundy County - \$0, Highway Dept - \$250) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Grundy County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2016	\$ 9,757	\$ 54,269	\$ 64,026
Changes for the Year:			
Service Cost	\$ 381	\$ 3,632	\$ 4,013
Interest	296	1,691	1,987
Changes in			
Benefit Terms	0	0	
Difference between			0
Expected and Actuarial			
Experience	0	0	
Changes in Assumption			
and Other Inputs	(497)	(2,815)	(3,312)
Benefit Payments	0	0	0
Net Changes	\$ 180	\$ 2,508	\$ 2,688
Balance June 30, 2017	\$ 9,937	\$ 56,777	\$ 66,714

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 \$5,569 (Grundy County - \$616, Highway Dept - \$4,953). 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 (Grundy County \$0, Hwy \$0)	\$ 0	\$ 0
Changes of Assumptions/Inputs (DI - County \$436, Hwy \$2,445)	0	2,881
Net Difference Between Projected and Benefits paid after the measurement date (DO - County \$0, Hwy \$250)	250	0
Total	\$ 250	\$ 2,881

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	County	Hwy	Total Amount
2019	\$ (61)	\$ (370)	\$ (431)
2020	(61)	(370)	(431)
2021	(61)	(370)	(431)
2022	(61)	(370)	(431)
2023	(61)	(370)	(431)
Thereafter	(131)	(595)	(726)

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%
County	\$ 10,727	\$ 9,937	\$ 9,153
Hwy	61,209	56,777	52,475
Total OPEB Liability	<u>\$ 71,936</u>	<u>\$ 66,714</u>	<u>\$ 61,628</u>

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 6 to 3.77%	Current Trend Rates 7 to 4.77%	1% Increase 8 to 5.77%
County	\$ 8,767	\$ 9,937	\$ 11,244
Hwy	50,142	56,777	64,492
Total OPEB Liability	<u>\$ 58,909</u>	<u>\$ 66,714</u>	<u>\$ 75,736</u>

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

Plan Description - Employees of the Grundy 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 Grundy 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. Grundy County does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, 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	20
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	224
Total	<u>244</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 \$105,803 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Grundy County School Department 64.02%	State of TN 35.98%	Total OPEB Liability
Balance July 1, 2016	\$ 1,603,221	\$ 901,189	\$ 2,504,410
Changes for the Year:			
Service Cost	\$ 82,564	\$ 46,411	\$ 128,975
Interest	47,741	26,836	74,577
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(67,532)	(37,961)	(105,493)
Benefit Payments	(101,631)	(57,128)	(158,759)
Net Changes	<u>\$ (38,858)</u>	<u>\$ (21,842)</u>	<u>\$ (60,700)</u>
Balance June 30, 2017	<u>\$ 1,564,363</u>	<u>\$ 879,347</u>	<u>\$ 2,443,710</u>

The Grundy 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 Grundy 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 \$69,488 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Grundy County School Department's proportionate share of the collective OPEB liability was 64.02% and the State of Tennessee's share was 35.98%.

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 \$193,107, including the state's share of the expense. 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	60,846
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	105,803	0
Total	<u>\$ 105,803</u>	<u>\$ 60,846</u>

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

<u>Year Ending</u> <u>June 30</u>	<u>School</u> <u>Department</u>
2019	\$ (6,686)
2020	(6,686)
2021	(6,686)
2022	(6,686)
2023	(6,686)
Thereafter	(27,416)

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

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

<u>Discount Rate</u>	1%	Current Discount Rate	1%
	Decrease		Increase
	2.56%	3.56%	4.56%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,670,416	\$ 1,564,363	\$ 1,463,137
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

Healthcare Cost Trend Rate

	1% Decrease 6.5 to 2.71%	Curent Rates 7.5 to 3.71%	1% Increase 8.5 to 4.71%
Proportionate Share of the Collective Total OPEB Liability	\$ 1,401,225	\$ 1,564,363	\$ 1,757,552

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Highway Superintendent

Purchasing procedures for the Highway Department are governed by provisions of Chapter 435, Private Acts of 1939, and the Uniform Road Law, Section 54-7-113, *TCA*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to the 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 the 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.

J. Subsequent Events

Crystal Stiefel left the Office of Circuit and General Sessions Courts Clerk on August 31, 2018, and was succeeded by Penny Sons. Hubert Hargis left the Office of Highway Superintendent on August 31, 2018, and was succeeded by Johnny Ray Fults.

REQUIRED SUPPLEMENTARY INFORMATION

Grundey 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
Total Pension Liability				
Service Cost	\$ 323,260	\$ 334,316	\$ 329,090	\$ 339,718
Interest	1,109,654	1,141,657	1,196,624	1,240,546
Differences Between Actual and Expected Experience	(254,053)	96,714	(110,982)	(119,561)
Changes in Assumptions	0	0	0	366,384
Benefit Payments, Including Refunds of Employee Contributions	(690,937)	(835,488)	(833,633)	(845,847)
Net Change in Total Pension Liability	\$ 487,924	\$ 737,199	\$ 581,099	\$ 981,240
Total Pension Liability, Beginning	14,817,592	15,305,516	16,042,715	16,623,814
Total Pension Liability, Ending (a)	\$ 15,305,516	\$ 16,042,715	\$ 16,623,814	\$ 17,605,054
Plan Fiduciary Net Position				
Contributions - Employer	\$ 380,039	\$ 314,675	\$ 326,496	\$ 328,222
Contributions - Employee	181,333	181,758	190,920	195,309
Net Investment Income	2,327,596	496,295	431,616	1,856,210
Benefit Payments, Including Refunds of Employee Contributions	(690,937)	(835,488)	(833,633)	(845,847)
Administrative Expense	(7,074)	(9,024)	(12,738)	(14,016)
Net Change in Plan Fiduciary Net Position	\$ 2,190,957	\$ 148,216	\$ 102,661	\$ 1,519,878
Plan Fiduciary Net Position, Beginning	14,106,156	16,297,113	16,445,329	16,547,990
Plan Fiduciary Net Position, Ending (b)	\$ 16,297,113	\$ 16,445,329	\$ 16,547,990	\$ 18,067,868
Net Pension Liability (Asset), Ending (a - b)	\$ (991,597)	\$ (402,614)	\$ 75,824	\$ (462,814)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.48%	102.51%	99.54%	102.63%
Covered Payroll	\$ 3,622,870	\$ 3,555,651	\$ 3,685,774	\$ 3,793,168
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(27.37)%	(11.32)%	2.06%	(12.20)%

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

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

Grundy 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	\$ 380,039	\$ 314,675	\$ 326,496	\$ 328,222	\$ 350,124
Less Contributions in Relation to the Actuarially Determined Contribution	(380,039)	(314,675)	(326,496)	(328,222)	(350,124)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 3,622,870	\$ 3,555,651	\$ 3,685,774	\$ 3,793,168	\$ 3,958,207
Contributions as a Percentage of Covered Payroll	10.49%	8.85%	8.86%	8.65%	8.85%

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

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

Exhibit F-3

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

	2015	2016	2017	2018
Contractually Required Contribution	\$ 12,151	\$ 20,724	\$ 34,594	\$ 50,005
Less Contributions in Relation to the				
Contractually Required Contribution	(12,151)	(20,724)	(34,594)	(50,005)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 303,782	\$ 518,094	\$ 834,864	\$ 1,250,365
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.14%	4.00%

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

Exhibit F-4

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

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 793,730	\$ 760,113	\$ 752,024	\$ 718,426	\$ 701,839
Less Contributions in Relation to the Contractually Required Contribution	(793,730)	(760,113)	(752,024)	(718,426)	(701,839)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 8,938,401	\$ 8,408,339	\$ 8,318,882	\$ 7,980,068	\$ 7,729,481
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.00%	9.08%

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

Exhibit F-5

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

	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.143189%	0.117748%	0.131768%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (5,882)	\$ (12,258)	\$ (34,764)
Covered Payroll	\$ 303,782	\$ 518,094	\$ 834,864
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.16)%
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

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.227730%	0.224611%	0.230452%	0.224818%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (37,005)	\$ 92,009	\$ 1,440,197	\$ (73,558)
Covered Payroll	\$ 8,938,401	\$ 8,408,339	\$ 8,318,882	\$ 7,980,068
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

Grundy County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plans
Primary Government
For the Fiscal Year Ended June 30

Grundy County Plan

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 381
Interest	296
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(497)
Benefit Payments	<u>0</u>
Net Change in Total OPEB Liability	\$ 180
Total OPEB Liability, Beginning	<u>9,757</u>
 Total OPEB Liability, Ending	 <u>\$ 9,937</u>
 Covered Employee Payroll	 \$ 79,219
Net OPEB Liability as a percentage of Covered Employee Payroll	12.54%

Grundy County Highway Plan

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 3,632
Interest	1,691
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(2,815)
Benefit Payments	<u>0</u>
Net Change in Total OPEB Liability	\$ 2,508
Total OPEB Liability, Beginning	<u>54,269</u>
 Total OPEB Liability, Ending	 <u>\$ 56,777</u>
 Covered Employee Payroll	 \$ 452,635
Net OPEB Liability as a percentage of Covered Employee Payroll	12.54%

Notes:

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-8

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

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 128,975
Interest	74,577
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(105,493)
Benefit Payments	<u>(158,759)</u>
Net Change in Total OPEB Liability	\$ (60,700)
Total OPEB Liability, Beginning	<u>2,504,410</u>
 Total OPEB Liability, Ending	 <u>\$ 2,443,710</u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 879,347
Employer Proportionate Share of the Total OPEB Liability	1,564,363
 Covered Employee Payroll	 \$ 11,144,289
Net OPEB Liability as a Percentage of Covered Employee Payroll	21.93%

Notes:

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.

GRUNDY 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%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for lease/rental revenues on county industrial buildings and state/federal grants related to industrial/economic development.

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.

Capital Projects Fund

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county. This fund closed during the year.

Exhibit G-1

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Industrial / Economic Development	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 600	\$ 600
Equity in Pooled Cash and Investments	128,944	448,231	129,967	0	707,142
Accounts Receivable	0	10,833	0	301	11,134
Total Assets	<u>\$ 128,944</u>	<u>\$ 459,064</u>	<u>\$ 129,967</u>	<u>\$ 901</u>	<u>\$ 718,876</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 901	\$ 901
Due to Component Units	0	3,000	0	0	3,000
Due to Litigants, Heirs, and Others	0	0	8,249	0	8,249
Total Liabilities	<u>\$ 0</u>	<u>\$ 3,000</u>	<u>\$ 8,249</u>	<u>\$ 901</u>	<u>\$ 12,150</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 128,944	\$ 456,064	\$ 0	\$ 0	\$ 585,008
Restricted for Public Safety	0	0	121,718	0	121,718
Total Fund Balances	<u>\$ 128,944</u>	<u>\$ 456,064</u>	<u>\$ 121,718</u>	<u>\$ 0</u>	<u>\$ 706,726</u>
Total Liabilities and Fund Balances	<u>\$ 128,944</u>	<u>\$ 459,064</u>	<u>\$ 129,967</u>	<u>\$ 901</u>	<u>\$ 718,876</u>

Exhibit G-2

Grunddy 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					
	Courthouse and Jail Maintenance	Industrial / Economic Development	Drug Control	Constitu - tional Officers - Fees	Total	
<u>Revenues</u>						
Local Taxes	\$ 41,759	\$ 0	\$ 0	\$ 0	\$ 41,759	
Fines, Forfeitures, and Penalties	0	0	24,652	0	24,652	
Charges for Current Services	0	0	0	5,159	5,159	
Other Local Revenues	11,519	34,005	11,743	0	57,267	
State of Tennessee	0	21,281	0	0	21,281	
Other Governments and Citizens Groups	0	10,300	0	0	10,300	
Total Revenues	\$ 53,278	\$ 65,586	\$ 36,395	\$ 5,159	\$ 160,418	
<u>Expenditures</u>						
Current:						
General Government	\$ 26,405	\$ 0	\$ 0	\$ 0	\$ 26,405	
Finance	0	0	0	245	245	
Administration of Justice	0	0	0	4,914	4,914	
Public Safety	0	0	7,076	0	7,076	
Other Operations	418	45,986	0	0	46,404	
Capital Projects	0	0	0	0	0	
Total Expenditures	\$ 26,823	\$ 45,986	\$ 7,076	\$ 5,159	\$ 85,044	
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 26,455	\$ 19,600	\$ 29,319	\$ 0	\$ 75,374	
<u>Other Financing Sources (Uses)</u>						
Proceeds from Sale of Capital Assets	\$ 0	\$ 0	\$ 523	\$ 0	\$ 523	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 523	\$ 0	\$ 523	

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Industrial / Economic Development	Drug Control	Constitu - tional Officers - Fees		
Net Change in Fund Balances	\$ 26,455	\$ 19,600	\$ 29,842	\$ 0	\$	75,897
Fund Balance, July 1, 2017	102,489	436,464	91,876	0		630,829
Fund Balance, June 30, 2018	\$ 128,944	\$ 456,064	\$ 121,718	\$ 0	\$	706,726

(Continued)

Exhibit G-2

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

	<u>Capital</u> <u>Projects Fund</u>		Total Nonmajor Governmental Funds	
	General Capital Projects			
<u>Revenues</u>				
Local Taxes	\$	0	\$	41,759
Fines, Forfeitures, and Penalties		0		24,652
Charges for Current Services		0		5,159
Other Local Revenues		0		57,267
State of Tennessee		0		21,281
Other Governments and Citizens Groups		0		10,300
Total Revenues	\$	0	\$	160,418
<u>Expenditures</u>				
Current:				
General Government	\$	0	\$	26,405
Finance		0		245
Administration of Justice		0		4,914
Public Safety		0		7,076
Other Operations		0		46,404
Capital Projects		218,472		218,472
Total Expenditures	\$	218,472	\$	303,516
Excess (Deficiency) of Revenues Over Expenditures	\$	(218,472)	\$	(143,098)
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$	0	\$	523
Total Other Financing Sources (Uses)	\$	0	\$	523

(Continued)

Exhibit G-2

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

	Capital Projects Fund		Total Nonmajor Governmental Funds	
	General Capital Projects			
Net Change in Fund Balances	\$	(218,472)	\$	(142,575)
Fund Balance, July 1, 2017		218,472		849,301
Fund Balance, June 30, 2018	\$	0	\$	706,726

Exhibit G-3

Grundv County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 41,759	\$ 32,000	\$ 32,000	\$ 9,759
Other Local Revenues	11,519	0	0	11,519
Total Revenues	<u>\$ 53,278</u>	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 21,278</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 26,405	\$ 37,000	\$ 37,000	\$ 10,595
<u>Other Operations</u>				
Other Charges	418	550	550	132
Total Expenditures	<u>\$ 26,823</u>	<u>\$ 37,550</u>	<u>\$ 37,550</u>	<u>\$ 10,727</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 26,455</u>	<u>\$ (5,550)</u>	<u>\$ (5,550)</u>	<u>\$ 32,005</u>
Net Change in Fund Balance	\$ 26,455	\$ (5,550)	\$ (5,550)	\$ 32,005
Fund Balance, July 1, 2017	102,489	102,488	102,488	1
Fund Balance, June 30, 2018	<u>\$ 128,944</u>	<u>\$ 96,938</u>	<u>\$ 96,938</u>	<u>\$ 32,006</u>

Exhibit G-4

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 34,005	\$ 23,000	\$ 23,000	\$ 11,005
State of Tennessee	21,281	0	188,736	(167,455)
Other Governments and Citizens Groups	10,300	0	10,300	0
Total Revenues	<u>\$ 65,586</u>	<u>\$ 23,000</u>	<u>\$ 222,036</u>	<u>\$ (156,450)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 45,986	\$ 6,000	\$ 215,336	\$ 169,350
Total Expenditures	<u>\$ 45,986</u>	<u>\$ 6,000</u>	<u>\$ 215,336</u>	<u>\$ 169,350</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 19,600</u>	<u>\$ 17,000</u>	<u>\$ 6,700</u>	<u>\$ 12,900</u>
Net Change in Fund Balance	\$ 19,600	\$ 17,000	\$ 6,700	\$ 12,900
Fund Balance, July 1, 2017	<u>436,464</u>	<u>426,131</u>	<u>426,131</u>	<u>10,333</u>
Fund Balance, June 30, 2018	<u><u>\$ 456,064</u></u>	<u><u>\$ 443,131</u></u>	<u><u>\$ 432,831</u></u>	<u><u>\$ 23,233</u></u>

Exhibit G-5

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 24,652	\$ 16,100	\$ 16,100	\$ 8,552
Other Local Revenues	11,743	0	0	11,743
Total Revenues	<u>\$ 36,395</u>	<u>\$ 16,100</u>	<u>\$ 16,100</u>	<u>\$ 20,295</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 7,076	\$ 8,000	\$ 8,000	\$ 924
Total Expenditures	<u>\$ 7,076</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 924</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 29,319</u>	<u>\$ 8,100</u>	<u>\$ 8,100</u>	<u>\$ 21,219</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 523	0	0	523
Total Other Financing Sources	<u>\$ 523</u>	<u>0</u>	<u>0</u>	<u>523</u>
Net Change in Fund Balance	\$ 29,842	\$ 8,100	\$ 8,100	\$ 21,742
Fund Balance, July 1, 2017	<u>91,876</u>	<u>118,976</u>	<u>118,976</u>	<u>(27,100)</u>
Fund Balance, June 30, 2018	<u><u>\$ 121,718</u></u>	<u><u>\$ 127,076</u></u>	<u><u>\$ 127,076</u></u>	<u><u>\$ (5,358)</u></u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Grundy 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	\$ 651,844	\$ 619,960	\$ 619,960	\$ 31,884
Charges for Current Services	0	5	5	(5)
Other Local Revenues	146,196	128,000	128,000	18,196
Other Governments and Citizens Groups	996,724	750,000	996,724	0
Total Revenues	\$ 1,794,764	\$ 1,497,965	\$ 1,744,689	\$ 50,075
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 282,873	\$ 225,964	\$ 282,886	\$ 13
Education	1,261,638	1,021,000	1,261,638	0
<u>Interest on Debt</u>				
General Government	259,219	257,929	259,237	18
Education	111,394	133,894	139,980	28,586
<u>Other Debt Service</u>				
General Government	9,587	13,000	13,000	3,413
Education	4,418	5,500	5,500	1,082
Total Expenditures	\$ 1,929,129	\$ 1,657,287	\$ 1,962,241	\$ 33,112
Excess (Deficiency) of Revenues Over Expenditures	\$ (134,365)	\$ (159,322)	\$ (217,552)	\$ 83,187
Net Change in Fund Balance	\$ (134,365)	\$ (159,322)	\$ (217,552)	\$ 83,187
Fund Balance, July 1, 2017	4,243,582	4,243,581	4,243,581	1
Fund Balance, June 30, 2018	\$ 4,109,217	\$ 4,084,259	\$ 4,026,029	\$ 83,188

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit 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

Grundy County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2018

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,181,279	\$ 1,181,279
Accounts Receivable	0	906	906
Due from Other Governments	118,546	0	118,546
Total Assets	<u>\$ 118,546</u>	<u>\$ 1,182,185</u>	<u>\$ 1,300,731</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 118,546	\$ 0	\$ 118,546
Due to Litigants, Heirs, and Others	0	1,182,185	1,182,185
Total Liabilities	<u>\$ 118,546</u>	<u>\$ 1,182,185</u>	<u>\$ 1,300,731</u>

Exhibit I-2

Grundy 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	\$ 618,174	\$ 618,174	\$ 0
Due from Other Governments	103,448	118,546	103,448	118,546
Total Assets	\$ 103,448	\$ 736,720	\$ 721,622	\$ 118,546
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 103,448	\$ 736,720	\$ 721,622	\$ 118,546
Total Liabilities	\$ 103,448	\$ 736,720	\$ 721,622	\$ 118,546
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,185,989	\$ 3,022,780	\$ 3,027,490	\$ 1,181,279
Accounts Receivable	0	906	0	906
Total Assets	\$ 1,185,989	\$ 3,023,686	\$ 3,027,490	\$ 1,182,185
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,185,989	\$ 3,023,686	\$ 3,027,490	\$ 1,182,185
Total Liabilities	\$ 1,185,989	\$ 3,023,686	\$ 3,027,490	\$ 1,182,185
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,185,989	\$ 3,022,780	\$ 3,027,490	\$ 1,181,279
Equity in Pooled Cash and Investments	0	618,174	618,174	0
Accounts Receivable	0	906	0	906
Due from Other Governments	103,448	118,546	103,448	118,546
Total Assets	\$ 1,289,437	\$ 3,760,406	\$ 3,749,112	\$ 1,300,731
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 103,448	\$ 736,720	\$ 721,622	\$ 118,546
Due to Litigants, Heirs, and Others	1,185,989	3,023,686	3,027,490	1,182,185
Total Liabilities	\$ 1,289,437	\$ 3,760,406	\$ 3,749,112	\$ 1,300,731

Grundy County School Department

This section presents combining and individual fund financial statements for the Grundy County School Department, a discretely presented component unit. The School department uses a General Fund, two Special Revenue Funds, and a Private Purpose Trust Fund.

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

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

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

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for savings bond awards given to Grundy County students who win an essay contest and a spelling bee. Money for this fund was provided by a citizen.

Exhibit J-1

Grundy County, Tennessee
Statement of Activities
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 11,147,455	\$ 7,906	\$ 1,491,013	\$ (9,648,536)
Support Services	6,509,255	95	1,123,671	(5,385,489)
Operation of Non-instructional Services	2,293,189	100,556	2,386,582	193,949
Interest on Long-term Debt	6,086	0	0	(6,086)
Total Governmental Activities	<u>\$ 19,955,985</u>	<u>\$ 108,557</u>	<u>\$ 5,001,266</u>	<u>\$ (14,846,162)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,602,708
Local Option Sales Taxes				364,073
Business Tax				27,193
Grants and Contributions Not Restricted to Specific Programs				14,135,909
Unrestricted Investment Earnings				41
Miscellaneous				64,050
Total General Revenues				<u>\$ 16,193,974</u>
Insurance Recovery				<u>\$ 6,518</u>
Change in Net Position				\$ 1,354,330
Net Position, July 1, 2017				14,372,277
Restatement - See Note I.D.8				<u>(1,044,252)</u>
Net Position, June 30, 2018				<u>\$ 14,682,355</u>

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>School Federal Projects</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,122,240	\$ 1,167,129	\$ 9,608	\$ 4,298,977
Accounts Receivable	698	619	0	1,317
Due from Other Governments	517,058	39,913	239,085	796,056
Due from Other Funds	48,542	145	542	49,229
Due from Primary Government	68,022	3,000	0	71,022
Property Taxes Receivable	1,657,090	0	0	1,657,090
Allowance for Uncollectible Property Taxes	(67,923)	0	0	(67,923)
Total Assets	<u>\$ 5,345,727</u>	<u>\$ 1,210,806</u>	<u>\$ 249,235</u>	<u>\$ 6,805,768</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 57,429	\$ 342	\$ 3,024	\$ 60,795
Accrued Payroll	4,724	0	376	5,100
Payroll Deductions Payable	415,103	13,310	36,893	465,306
Due to Other Funds	687	0	7,042	7,729
Due to Primary Government	20,661	0	0	20,661
Total Liabilities	<u>\$ 498,604</u>	<u>\$ 13,652</u>	<u>\$ 47,335</u>	<u>\$ 559,591</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 1,529,556	\$ 0	\$ 0	\$ 1,529,556
Deferred Delinquent Property Taxes	54,104	0	0	54,104
Other Deferred/Unavailable Revenue	37,027	0	0	37,027
Total Deferred Inflows of Resources	<u>\$ 1,620,687</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,620,687</u>

(Continued)

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>School Federal Projects</u>	<u>Total Governmental Funds</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 23,131	\$ 1,196,357	\$ 1,900	\$ 1,221,388
Committed:				
Committed for Education	0	0	200,000	200,000
Assigned:				
Assigned for Education	401,968	797	0	402,765
Unassigned	2,801,337	0	0	2,801,337
Total Fund Balances	<u>\$ 3,226,436</u>	<u>\$ 1,197,154</u>	<u>\$ 201,900</u>	<u>\$ 4,625,490</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,345,727</u>	<u>\$ 1,210,806</u>	<u>\$ 249,235</u>	<u>\$ 6,805,768</u>

Exhibit J-3

Grundy County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Grundy 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)		\$	4,625,490
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	262,199	
Add: buildings and improvements net of accumulated depreciation		10,646,564	
Add: other capital assets net of accumulated depreciation		<u>890,982</u>	11,799,745
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt	\$	(807,795)	
Less: net OPEB liability		<u>(1,564,363)</u>	(2,372,158)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	1,831,576	
Less: deferred inflows of resources related to pensions		(1,695,332)	
Add: deferred outflows of resources related to OPEB		105,803	
Less: deferred inflows of resources related to OPEB		<u>(60,846)</u>	181,201
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	248,624	
Add: net pension assets - teacher retirement plan		34,764	
Add: net pension assets - teacher legacy plan		<u>73,558</u>	356,946
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>91,131</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>14,682,355</u></u>

Exhibit J-4

Grundy County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2018

	Major Funds		Nonmajor Fund	
	General Purpose School	Central Cafeteria	School Federal Projects	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 2,014,935	\$ 0	\$ 0	\$ 2,014,935
Licenses and Permits	499	0	0	499
Charges for Current Services	10,111	100,556	0	110,667
Other Local Revenues	189,115	5,550	0	194,665
State of Tennessee	15,093,787	16,093	0	15,109,880
Federal Government	433,639	1,523,565	1,933,204	3,890,408
Other Governments and Citizens Groups	3,084	0	0	3,084
Total Revenues	<u>\$ 17,745,170</u>	<u>\$ 1,645,764</u>	<u>\$ 1,933,204</u>	<u>\$ 21,324,138</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 9,378,789	\$ 0	\$ 1,229,217	\$ 10,608,006
Support Services	5,911,108	0	730,220	6,641,328
Operation of Non-Instructional Services	1,003,742	1,424,711	0	2,428,453
Capital Outlay	89,000	0	0	89,000
Debt Service:				
Principal on Debt	240,638	0	0	240,638
Interest on Debt	6,086	0	0	6,086
Other Debt Service	750,000	0	0	750,000
Total Expenditures	<u>\$ 17,379,363</u>	<u>\$ 1,424,711</u>	<u>\$ 1,959,437</u>	<u>\$ 20,763,511</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 365,807</u>	<u>\$ 221,053</u>	<u>\$ (26,233)</u>	<u>\$ 560,627</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 3,500	\$ 0	\$ 0	\$ 3,500
Insurance Recovery	6,518	0	0	6,518
Transfers In	15,650	0	0	15,650
Transfers Out	0	0	(15,650)	(15,650)
Total Other Financing Sources (Uses)	<u>\$ 25,668</u>	<u>\$ 0</u>	<u>\$ (15,650)</u>	<u>\$ 10,018</u>
Net Change in Fund Balances	\$ 391,475	\$ 221,053	\$ (41,883)	\$ 570,645
Fund Balance, July 1, 2017	<u>2,834,961</u>	<u>976,101</u>	<u>243,783</u>	<u>4,054,845</u>
Fund Balance, June 30, 2018	<u>\$ 3,226,436</u>	<u>\$ 1,197,154</u>	<u>\$ 201,900</u>	<u>\$ 4,625,490</u>

Exhibit J-5

Grundy County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Grundy 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)		\$	570,645
(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	\$	323,089	
Less: current-year depreciation expense		<u>(710,607)</u>	(387,518)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value on capital assets disposed			(2,637)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$	91,131	
Less: deferred delinquent property taxes and other deferred June 30, 2017		<u>(111,472)</u>	(20,341)
(4) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on notes to the primary government	\$	82,262	
Add: principal contributions on other loans to the primary government		<u>158,376</u>	240,638
(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 OPEB liability (net of restatement)	\$	38,858	
Change in deferred outflows related to OPEB		105,803	
Change in deferred inflows related to OPEB		(60,846)	
Change in net pension asset - agent plan		290,615	
Change in net pension asset - teacher retirement plan		22,506	
Change in net pension asset - teacher legacy plan		1,513,755	
Change in deferred outflows related to pensions		(1,156,920)	
Change in deferred inflows related to pensions		<u>199,772</u>	<u>953,543</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>1,354,330</u></u>

Exhibit J-6

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grundy 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	\$ 2,014,935	\$ 0	\$ 0	\$ 2,014,935	\$ 1,953,700	\$ 1,953,700	\$ 61,235
Licenses and Permits	499	0	0	499	400	400	99
Charges for Current Services	10,111	0	0	10,111	50	5,065	5,046
Other Local Revenues	189,115	0	0	189,115	95,223	168,942	20,173
State of Tennessee	15,093,787	0	0	15,093,787	14,341,298	15,273,448	(179,661)
Federal Government	433,639	0	0	433,639	280,557	423,469	10,170
Other Governments and Citizens Groups	3,084	0	0	3,084	0	1,084	2,000
Total Revenues	\$ 17,745,170	\$ 0	\$ 0	\$ 17,745,170	\$ 16,671,228	\$ 17,826,108	\$ (80,938)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,761,858	\$ (23,078)	\$ 194,875	\$ 6,933,655	\$ 6,922,158	\$ 7,144,745	\$ 211,090
Alternative Instruction Program	30,555	(595)	0	29,960	73,863	74,722	44,762
Special Education Program	1,893,697	(14,554)	20,482	1,899,625	2,104,189	2,098,051	198,426
Career and Technical Education Program	692,679	(764)	1,312	693,227	632,531	709,072	15,845
<u>Support Services</u>							
Attendance	145,466	(3,761)	1,179	142,884	146,161	148,710	5,826
Health Services	382,688	(2,823)	94	379,959	364,249	399,435	19,476
Other Student Support	393,697	(2,162)	54	391,589	470,500	476,256	84,667
Regular Instruction Program	197,777	(8,445)	0	189,332	199,144	204,168	14,836
Special Education Program	381,570	(25,007)	11,313	367,876	286,418	410,530	42,654
Career and Technical Education Program	83,248	(90)	6,046	89,204	83,205	83,205	(5,999)
Technology	309,669	(2,002)	21,892	329,559	259,960	385,653	56,094
Other Programs	95,235	0	0	95,235	0	95,235	0
Board of Education	374,904	(1,058)	922	374,768	335,515	383,071	8,303
Director of Schools	218,042	0	57	218,099	234,567	238,372	20,273
Office of the Principal	802,992	0	0	802,992	800,070	809,157	6,165
Fiscal Services	167,946	(103)	88	167,931	165,079	171,722	3,791
Human Services/Personnel	58,746	(2,059)	0	56,687	61,193	61,193	4,506

(Continued)

Exhibit J-6

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grundy 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>Support Services (Cont.)</u>							
Operation of Plant	\$ 1,082,538	\$ (70,375)	\$ 25,490	\$ 1,037,653	\$ 1,095,569	\$ 1,087,017	\$ 49,364
Maintenance of Plant	347,948	(48,676)	62,484	361,756	284,830	411,529	49,773
Transportation	863,691	(35,956)	53,419	881,154	907,280	949,754	68,600
Central and Other	4,951	(1,806)	0	3,145	0	4,274	1,129
<u>Operation of Non-Instructional Services</u>							
Community Services	522,991	(7,547)	2,046	517,490	199,223	613,644	96,154
Early Childhood Education	480,751	(23,687)	215	457,279	456,394	470,194	12,915
<u>Capital Outlay</u>							
Regular Capital Outlay	89,000	(89,000)	0	0	0	0	0
<u>Principal on Debt</u>							
Education	240,638	0	0	240,638	239,468	240,638	0
<u>Interest on Debt</u>							
Education	6,086	0	0	6,086	257,379	6,219	133
<u>Other Debt Service</u>							
Education	750,000	0	0	750,000	500,000	750,000	0
Total Expenditures	\$ 17,379,363	\$ (363,548)	\$ 401,968	\$ 17,417,783	\$ 17,078,945	\$ 18,426,566	\$ 1,008,783
Excess (Deficiency) of Revenues Over Expenditures	\$ 365,807	\$ 363,548	\$ (401,968)	\$ 327,387	\$ (407,717)	\$ (600,458)	\$ 927,845
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,000	\$ 364	\$ (364)
Proceeds from Sale of Capital Assets	3,500	0	0	3,500	0	0	3,500
Insurance Recovery	6,518	0	0	6,518	0	19,369	(12,851)
Transfers In	15,650	0	0	15,650	20,000	20,000	(4,350)
Transfers Out	0	0	0	0	0	(3,139)	3,139
Total Other Financing Sources	\$ 25,668	\$ 0	\$ 0	\$ 25,668	\$ 109,000	\$ 36,594	\$ (10,926)

(Continued)

Exhibit J-6

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grundy 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	
Net Change in Fund Balance	\$ 391,475	\$ 363,548	\$ (401,968)	\$ 353,055	\$ (298,717)	\$ (563,864)	\$ 916,919
Fund Balance, July 1, 2017	2,834,961	(363,548)	0	2,471,413	2,743,397	2,743,397	(271,984)
Fund Balance, June 30, 2018	<u>\$ 3,226,436</u>	<u>\$ 0</u>	<u>\$ (401,968)</u>	<u>\$ 2,824,468</u>	<u>\$ 2,444,680</u>	<u>\$ 2,179,533</u>	<u>\$ 644,935</u>

Exhibit J-7

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grundy County School Department
School Federal Projects Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,933,204	\$ 0	\$ 1,933,204	\$ 1,721,835	\$ 2,163,007	\$ (229,803)
Total Revenues	<u>\$ 1,933,204</u>	<u>\$ 0</u>	<u>\$ 1,933,204</u>	<u>\$ 1,721,835</u>	<u>\$ 2,163,007</u>	<u>\$ (229,803)</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 598,027	\$ (33,096)	\$ 564,931	\$ 411,607	\$ 636,598	\$ 71,667
Special Education Program	595,457	0	595,457	614,409	675,214	79,757
Career and Technical Education Program	35,733	(1,178)	34,555	32,609	35,540	985
<u>Support Services</u>						
Other Student Support	40,926	(5,664)	35,262	54,471	61,652	26,390
Regular Instruction Program	532,967	(220)	532,747	524,225	552,627	19,880
Special Education Program	92,589	0	92,589	19,710	114,238	21,649
Career and Technical Education Program	1,314	0	1,314	2,000	1,832	518
Board of Education	0	0	0	0	120	120
Transportation	62,424	0	62,424	47,154	69,536	7,112
Total Expenditures	<u>\$ 1,959,437</u>	<u>\$ (40,158)</u>	<u>\$ 1,919,279</u>	<u>\$ 1,706,185</u>	<u>\$ 2,147,357</u>	<u>\$ 228,078</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (26,233)</u>	<u>\$ 40,158</u>	<u>\$ 13,925</u>	<u>\$ 15,650</u>	<u>\$ 15,650</u>	<u>\$ (1,725)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (15,650)	0	(15,650)	(15,650)	(15,650)	0
Total Other Financing Sources	<u>\$ (15,650)</u>	<u>0</u>	<u>(15,650)</u>	<u>(15,650)</u>	<u>(15,650)</u>	<u>0</u>

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (41,883)	\$ 40,158	\$ (1,725)	\$ 0	\$ 0	\$ (1,725)
Fund Balance, July 1, 2017	243,783	(40,158)	203,625	243,029	243,029	(39,404)
Fund Balance, June 30, 2018	<u>\$ 201,900</u>	<u>\$ 0</u>	<u>\$ 201,900</u>	<u>\$ 243,029</u>	<u>\$ 243,029</u>	<u>\$ (41,129)</u>

Exhibit J-8

Grundey County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grundey 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	\$ 100,556	\$ 0	\$ 0	\$ 100,556	\$ 173,104	\$ 173,104	\$ (72,548)
Other Local Revenues	5,550	0	0	5,550	0	0	5,550
State of Tennessee	16,093	0	0	16,093	20,000	20,000	(3,907)
Federal Government	1,523,565	0	0	1,523,565	1,517,460	1,517,460	6,105
Total Revenues	\$ 1,645,764	\$ 0	\$ 0	\$ 1,645,764	\$ 1,710,564	\$ 1,710,564	\$ (64,800)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 1,424,711	\$ (2,549)	\$ 797	\$ 1,422,959	\$ 1,710,564	\$ 1,710,564	\$ 287,605
Total Expenditures	\$ 1,424,711	\$ (2,549)	\$ 797	\$ 1,422,959	\$ 1,710,564	\$ 1,710,564	\$ 287,605
Excess (Deficiency) of Revenues Over Expenditures	\$ 221,053	\$ 2,549	\$ (797)	\$ 222,805	\$ 0	\$ 0	\$ 222,805
Net Change in Fund Balance	\$ 221,053	\$ 2,549	\$ (797)	\$ 222,805	\$ 0	\$ 0	\$ 222,805
Fund Balance, July 1, 2017	976,101	(2,549)	0	973,552	976,108	976,108	(2,556)
Fund Balance, June 30, 2018	\$ 1,197,154	\$ 0	\$ (797)	\$ 1,196,357	\$ 976,108	\$ 976,108	\$ 220,249

Exhibit J-9

Grundy County, Tennessee
Statement of Fiduciary Net Position
Fiduciary Fund
Discretely Presented Grundy County School Department
June 30, 2018

Private
Purpose
Trust
Fund

Other
Trust
Fund

ASSETS

Current Assets:

Cash with Trustee	\$ 21,780
Total Assets	<hr/> \$ 21,780 <hr/>

NET POSITION

Funds Held in Trust for Scholarships	<hr/> \$ 21,780 <hr/>
Total Net Position	<hr/> \$ 21,780 <hr/>

Grundy County, Tennessee
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2018

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MISCELLANEOUS SCHEDULES

Exhibit K-1

Grundv County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Other Loans
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	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-18
<u>GOVERNMENTAL ACTIVITIES</u>									
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
School Refunding Series 2016	\$ 3,945,000	2.07	%	4-29-16	5-1-21	\$ 3,220,000	\$ 0	\$ 755,000	\$ 2,465,000
General Obligation Bond, Series 2014	7,000,000	3.50		5-22-16	5-11-54	6,902,618	0	93,223	6,809,395
Total Bonds Payable						<u>\$ 10,122,618</u>	<u>\$ 0</u>	<u>\$ 848,223</u>	<u>\$ 9,274,395</u>
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Patrol Cars	96,000	2.69		5-29-15	4-5-18	\$ 32,728	\$ 0	\$ 32,728	\$ 0
Land - Additional Parking	100,000	0		9-26-16	9-30-20	100,000	0	25,000	75,000
Justice Center Completion	600,000	3.05		10-26-16	9-1-21	600,000	0	100,000	500,000
Patrol Trucks	95,934	2.50		10-18-17	5-5-20	0	95,934	31,922	64,012
Courthouse/Jail Parking Lot	130,000	2.29		3-22-18	3-22-19	0	130,000	0	130,000
Total Payable through General Debt Service Fund						<u>\$ 732,728</u>	<u>\$ 225,934</u>	<u>\$ 189,650</u>	<u>\$ 769,012</u>
<u>Contributions Due by the School Department from the General Purpose School</u>									
<u>Fund to the General Debt Service Fund</u>									
School Bus	140,109	2.69		11-7-12	8-20-17	\$ 29,362	\$ 0	\$ 29,362	\$ 0
School Bus	89,451	2.90		9-29-14	10-1-19	55,078	0	17,840	37,238
School Bus	93,000	2.69		11-5-15	8-15-20	74,935	0	17,995	56,940
School Bus	87,973	2.38		8-25-16	5-15-21	70,733	0	17,065	53,668
Total Contributions Due by the School Department from the General Purpose School						<u>\$ 230,108</u>	<u>\$ 0</u>	<u>\$ 82,262</u>	<u>\$ 147,846</u>
Fund to the General Debt Service Fund									
Total Notes Payable						<u>\$ 962,836</u>	<u>\$ 225,934</u>	<u>\$ 271,912</u>	<u>\$ 916,858</u>

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-18
<u>GOVERNMENTAL ACTIVITIES (CONT.)</u>									
<u>OTHER LOANS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
School Renovations	\$ 2,690,000	Variable	%	Various	6-1-23	\$ 1,681,001	\$ 0	\$ 266,000	\$ 1,415,001
Total Payable through General Debt Service Fund						\$ 1,681,001	\$ 0	\$ 266,000	\$ 1,415,001
<u>Contributions Due by the School Department from the General Purpose School</u>									
<u>Fund to the General Debt Service Fund</u>									
Energy Efficient Improvements	1,583,809	0		8-22-11	9-11-22	\$ 818,325	\$ 0	\$ 158,376	\$ 659,949
Total Contributions Due by the School Department from the General Purpose School						\$ 818,325	\$ 0	\$ 158,376	\$ 659,949
Fund to the General Debt Service Fund						\$ 818,325	\$ 0	\$ 158,376	\$ 659,949
Total Other Loans Payable						\$ 2,499,326	\$ 0	\$ 424,376	\$ 2,074,950

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 886,539	\$ 287,967	\$ 1,174,506
2020	919,972	268,181	1,188,153
2021	958,528	247,651	1,206,179
2022	107,210	226,270	333,480
2023	111,023	222,457	333,480
2024	114,972	218,508	333,480
2025	119,061	214,419	333,480
2026	123,296	210,184	333,480
2027	127,681	205,799	333,480
2028	132,222	201,258	333,480
2029	136,925	196,555	333,480
2030	141,795	191,685	333,480
2031	146,838	186,642	333,480
2032	152,061	181,419	333,480
2033	157,469	176,011	333,480
2034	163,070	170,410	333,480
2035	168,870	164,610	333,480
2036	174,876	158,604	333,480
2037	181,096	152,384	333,480
2038	187,537	145,943	333,480
2039	194,207	139,273	333,480
2040	201,115	132,365	333,480
2041	208,268	125,212	333,480
2042	215,675	117,805	333,480
2043	223,346	110,134	333,480
2044	231,290	102,190	333,480
2045	239,516	93,964	333,480
2046	248,035	85,445	333,480
2047	256,857	76,623	333,480
2048	265,992	67,488	333,480
2049	275,453	58,027	333,480
2050	285,250	48,230	333,480
2051	295,395	38,085	333,480
2052	305,901	27,579	333,480
2053	316,782	16,698	333,480
2054	300,272	5,417	305,689
Total	\$ 9,274,395	\$ 5,271,492	\$ 14,545,887

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 359,936	\$ 21,901	\$ 381,837
2020	236,125	13,004	249,129
2021	189,797	6,893	196,690
2022	131,000	1,998	132,998
Total	\$ 916,858	\$ 43,796	\$ 960,654

(Continued)

Exhibit K-2

Grundy County, TennesseeSchedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2019	\$ 429,376	\$ 26,177	\$ 4,123	\$ 459,676
2020	435,376	21,164	3,716	460,256
2021	441,376	16,040	3,300	460,716
2022	447,376	10,804	2,876	461,056
2023	321,446	5,457	2,443	329,346
Total	<u>\$ 2,074,950</u>	<u>\$ 79,642</u>	<u>\$ 16,458</u>	<u>\$ 2,171,050</u>

Exhibit K-3

Grundy County, Tennessee
Schedule of Transfers
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect Costs	<u>\$ 15,650</u>
Total Transfers			<u><u>\$ 15,650</u></u>

Exhibit K-4

Grundy County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Grundy 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>	\$ 79,326	\$ 100,000	Travelers Casualty and Surety Company of America
Highway Superintendent	Section 8-24-102, <i>TCA</i>	75,550	100,000	"
Director of Schools: Jessie Kinsey (7-1-17 through 5-18-18)	State Board of Education and Grundy County Board of Education	84,917 (1)	100,000	Western Surety Company
Vacant (5-19-18 through 5-21-18) Glenda Dykes (5-22-18 through 6-30-18)	State Board of Education and Grundy County Board of Education	9,386 (2) (3)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	68,682	663,954	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,682	50,000	Travelers Casualty and Surety Company of America
County Clerk	Section 8-24-102, <i>TCA</i>	68,682	55,000	"
Circuit and General Sessions Courts Clerk: Melody Oliver (7-1-17 through 7-13-17)	Section 8-24-102, <i>TCA</i>	2,862	75,000	"
Vacant (7-14-17 through 7-17-17) Crystal Stiefel (7-18-17 through 6-30-18)	Section 8-24-102, <i>TCA</i>	65,820	75,000	Western Surety Company
Clerk and Master: Phyllis Dent (7-1-17 through 12-31-17)	Section 8-24-102, <i>TCA</i>	34,341	75,000	Travelers Casualty and Surety Company of America
Patricia Campbell (1-1-18 through 6-30-18)	Section 8-24-102, <i>TCA</i>	34,341	75,000	RLI Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	68,682	50,000	Travelers Casualty and Surety Company of America
Sheriff	Section 8-24-102, <i>TCA</i>	75,550 (4)	100,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments and School Department			400,000	Local Government Property and Casualty Fund

- (1) Does not include contract buyout of \$103,889. This amount was paid according to the employment contract utilizing unused funds from other budget line-items.
72130-123 - Other Student Support - Guidance Personnel (\$40,000) and 71100-116 - Regular Instruction Program - Teachers (\$63,889)
- (2) Does not include a Chief Executive Officer Supplement of \$1,000
- (3) Includes \$9,386 paid to Ms. Dykes as director of schools for the remainder of the fiscal year. The payments were made from line item 72410-104 - Principals.
- (4) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

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

	Special Revenue Funds					Constitu -
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	tional Officers - Fees
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,093,186	\$ 0	\$ 563,386	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	151,561	0	18,023	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	80,792	0	14,258	0	0	0
Interest and Penalty	26,313	0	3,357	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	1,287	0	234	0	0	0
Payments in-Lieu-of Taxes - Other	15,658	0	1,708	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	88,922	0	0	0	0	0
Litigation Tax - General	22,808	0	0	0	0	0
Litigation Tax - Special Purpose	0	41,759	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	15,505	0	0	0	0	0
Business Tax	27,193	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	38,814	0	0	0	0	0
Total Local Taxes	\$ 3,562,039	\$ 41,759	\$ 600,966	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 499	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	30,807	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,140	0	0	0	0	0
Total Licenses and Permits	\$ 32,446	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 4,293	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	7,066	0	0	0	0	0
Drug Control Fines	0	0	0	0	10,210	0
Drug Court Fees	910	0	0	0	0	0
Data Entry Fee - Circuit Court	892	0	0	0	300	0
<u>Criminal Court</u>						
DUI Treatment Fines	712	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	13,290	0	0	0	0	0
Fines for Littering	64	0	0	0	0	0
Officers Costs	16,356	0	0	0	0	0
Game and Fish Fines	313	0	0	0	0	0
Drug Control Fines	0	0	0	0	6,318	0
Drug Court Fees	2,078	0	0	0	0	0
Jail Fees	1,752	0	0	0	0	0
Data Entry Fee - General Sessions Court	10,365	0	0	0	0	0
Courtroom Security Fee	1,239	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	328	0	0	0	0	0
Officers Costs	1,597	0	0	0	0	0
Data Entry Fee - Juvenile Court	270	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	418	0	0	0	0	0
Data Entry Fee - Chancery Court	1,818	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,824	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 63,763	\$ 0	\$ 0	\$ 0	\$ 24,652	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Work Release Charges for Board	\$ 2,475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	0	0	0	0	0	0
<u>Fees</u>						
Archives and Records Management Fee	450	0	0	0	0	0
Telephone Commissions	38,170	0	0	0	0	0
Vending Machine Collections	113	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	5,159
Data Processing Fee - Register	4,425	0	0	0	0	0
Data Processing Fee - Sheriff	1,588	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,350	0	0	0	0	0
Data Processing Fee - County Clerk	858	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	70	0	0	0	0	0
Total Charges for Current Services	\$ 50,499	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,159
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	0	0	8,273	34,005	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Commissary Sales	22,372	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Gasoline	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Miscellaneous Refunds	13,751	11,519	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Property	7,664	0	0	0	11,743	0
Contributions and Gifts	35	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	28,092	0	9,995	0	0	0
Total Other Local Revenues	<u>\$ 71,915</u>	<u>\$ 11,519</u>	<u>\$ 18,268</u>	<u>\$ 34,005</u>	<u>\$ 11,743</u>	<u>\$ 0</u>
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Juvenile Court Clerk	\$ 4,971	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	123,373	0	0	0	0	0
Circuit Court Clerk	49,490	0	0	0	0	0
General Sessions Court Clerk	84,796	0	0	0	0	0
Clerk and Master	40,832	0	0	0	0	0
Juvenile Court Clerk	87	0	0	0	0	0
Register	61,493	0	0	0	0	0
Sheriff	10,977	0	0	0	0	0
Trustee	251,842	0	0	0	0	0
Total Fees Received From County Officials	<u>\$ 627,861</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>						
Other Public Safety Grants	7,932	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	16,436	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	0	0	43,604	0	0	0
<u>Other State Revenues</u>						
Income Tax	14,345	0	0	0	0	0
Beer Tax	69,858	0	0	0	0	0
Vehicle Certificate of Title Fees	6,948	0	0	0	0	0
Alcoholic Beverage Tax	42,302	0	0	0	0	0
State Revenue Sharing - T.V.A.	35,927	0	0	0	0	0
State Revenue Sharing - Telecommunications	23,466	0	0	0	0	0
Contracted Prisoner Boarding	388,846	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	36,092	0	0	21,281	0	0
Other State Revenues	14,429	0	0	0	0	0
Total State of Tennessee	\$ 676,245	\$ 0	\$ 43,604	\$ 21,281	\$ 0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 194,353	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	46,028	0	0	0	0	0
Law Enforcement Grants	87,357	0	0	0	0	0
Other Federal through State	10,000	0	0	0	0	0
Total Federal Government	<u>\$ 337,738</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 62,735	\$ 0	\$ 0	\$ 10,300	\$ 0	\$ 0
Total Other Governments and Citizens Groups	<u>\$ 62,735</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,300</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 5,485,241</u>	<u>\$ 53,278</u>	<u>\$ 662,838</u>	<u>\$ 65,586</u>	<u>\$ 36,395</u>	<u>\$ 5,159</u>

(Continued)

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 145,663	\$ 3,802,235
Trustee's Collections - Prior Year	0	13,017	182,601
Circuit Clerk/Clerk and Master Collections - Prior Years	0	4,086	99,136
Interest and Penalty	0	2,121	31,791
Payments in-Lieu-of Taxes - T.V.A.	0	61	1,582
Payments in-Lieu-of Taxes - Other	0	648	18,014
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	486,248	486,248
Hotel/Motel Tax	0	0	88,922
Litigation Tax - General	0	0	22,808
Litigation Tax - Special Purpose	0	0	41,759
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	15,505
Business Tax	0	0	27,193
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	38,814
Total Local Taxes	\$ 0	\$ 651,844	\$ 4,856,608
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 0	\$ 0	\$ 499
Cable TV Franchise	0	0	30,807
<u>Permits</u>			
Beer Permits	0	0	1,140
Total Licenses and Permits	\$ 0	\$ 0	\$ 32,446

(Continued)

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	\$ 4,293
Officers Costs	0	0	7,066
Drug Control Fines	0	0	10,210
Drug Court Fees	0	0	910
Data Entry Fee - Circuit Court	0	0	1,192
<u>Criminal Court</u>			
DUI Treatment Fines	0	0	712
<u>General Sessions Court</u>			
Fines	0	0	13,290
Fines for Littering	0	0	64
Officers Costs	0	0	16,356
Game and Fish Fines	0	0	313
Drug Control Fines	0	0	6,318
Drug Court Fees	0	0	2,078
Jail Fees	0	0	1,752
Data Entry Fee - General Sessions Court	0	0	10,365
Courtroom Security Fee	0	0	1,239
<u>Juvenile Court</u>			
Fines	0	0	328
Officers Costs	0	0	1,597
Data Entry Fee - Juvenile Court	0	0	270
<u>Chancery Court</u>			
Officers Costs	0	0	418
Data Entry Fee - Chancery Court	0	0	1,818
Courtroom Security Fee	0	0	2

(Continued)

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 7,824
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 88,415
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Work Release Charges for Board	\$ 0	\$ 0	\$ 2,475
Other General Service Charges	55,622	0	55,622
<u>Fees</u>			
Archives and Records Management Fee	0	0	450
Telephone Commissions	0	0	38,170
Vending Machine Collections	0	0	113
Constitutional Officers' Fees and Commissions	0	0	5,159
Data Processing Fee - Register	0	0	4,425
Data Processing Fee - Sheriff	0	0	1,588
Sexual Offender Registration Fee - Sheriff	0	0	2,350
Data Processing Fee - County Clerk	0	0	858
Vehicle Insurance Coverage and Reinstatement Fees	0	0	70
Total Charges for Current Services	\$ 55,622	\$ 0	\$ 111,280
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 146,196	\$ 146,197
Lease/Rentals	0	0	42,278
Sale of Materials and Supplies	2,252	0	2,252
Commissary Sales	0	0	22,372

(Continued)

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>Other Local Revenues (Cont.)</u>			
<u>Recurring Items (Cont.)</u>			
Sale of Gasoline	\$ 26,752	\$ 0	\$ 26,752
Miscellaneous Refunds	0	0	25,270
<u>Nonrecurring Items</u>			
Sale of Property	0	0	19,407
Contributions and Gifts	0	0	35
<u>Other Local Revenues</u>			
Other Local Revenues	0	0	38,087
Total Other Local Revenues	<u>\$ 29,004</u>	<u>\$ 146,196</u>	<u>\$ 322,650</u>
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
Juvenile Court Clerk	\$ 0	\$ 0	\$ 4,971
<u>Fees In-Lieu-of Salary</u>			
County Clerk	0	0	123,373
Circuit Court Clerk	0	0	49,490
General Sessions Court Clerk	0	0	84,796
Clerk and Master	0	0	40,832
Juvenile Court Clerk	0	0	87
Register	0	0	61,493
Sheriff	0	0	10,977
Trustee	0	0	251,842
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 627,861</u>

(Continued)

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 4,500
<u>Public Safety Grants</u>			
Other Public Safety Grants	0	0	7,932
<u>Health and Welfare Grants</u>			
Other Health and Welfare Grants	0	0	16,436
<u>Public Works Grants</u>			
State Aid Program	890,242	0	890,242
Litter Program	0	0	43,604
<u>Other State Revenues</u>			
Income Tax	0	0	14,345
Beer Tax	0	0	69,858
Vehicle Certificate of Title Fees	0	0	6,948
Alcoholic Beverage Tax	0	0	42,302
State Revenue Sharing - T.V.A.	0	0	35,927
State Revenue Sharing - Telecommunications	0	0	23,466
Contracted Prisoner Boarding	0	0	388,846
Gasoline and Motor Fuel Tax	1,924,634	0	1,924,634
Petroleum Special Tax	9,887	0	9,887
Registrar's Salary Supplement	0	0	15,164
Other State Grants	0	0	57,373
Other State Revenues	0	0	14,429
Total State of Tennessee	\$ 2,824,763	\$ 0	\$ 3,565,893

(Continued)

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	
	Highway / Public Works	General Debt Service	Total
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$ 0	\$ 0	\$ 194,353
Homeland Security Grants	0	0	46,028
Law Enforcement Grants	0	0	87,357
Other Federal through State	0	0	10,000
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 337,738</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$ 996,724	\$ 1,069,759
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 996,724</u>	<u>\$ 1,069,759</u>
Total	<u>\$ 2,909,389</u>	<u>\$ 1,794,764</u>	<u>\$ 11,012,650</u>

Exhibit K-6

Grundy County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2018

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,493,581	\$ 0	\$ 0	\$ 1,493,581
Trustee's Collections - Prior Year	68,142	0	0	68,142
Circuit Clerk/Clerk and Master Collections - Prior Years	38,853	0	0	38,853
Interest and Penalty	12,459	0	0	12,459
Payments in-Lieu-of Taxes - T.V.A.	620	0	0	620
Payments in-Lieu-of Taxes - Other	5,107	0	0	5,107
<u>County Local Option Taxes</u>				
Local Option Sales Tax	368,980	0	0	368,980
Business Tax	27,193	0	0	27,193
Total Local Taxes	<u>\$ 2,014,935</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,014,935</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 499	\$ 0	\$ 0	\$ 499
Total Licenses and Permits	<u>\$ 499</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 499</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 1	\$ 0	\$ 0	\$ 1
Lunch Payments - Adults	0	0	21,622	21,622
A la Carte Sales	0	0	78,934	78,934
Receipts from Individual Schools	10,015	0	0	10,015
Other Charges for Services	95	0	0	95
Total Charges for Current Services	<u>\$ 10,111</u>	<u>\$ 0</u>	<u>\$ 100,556</u>	<u>\$ 110,667</u>

(Continued)

Exhibit K-6

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

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 41	\$ 41
Lease/Rentals	7,510	0	0	7,510
Sale of Recycled Materials	271	0	124	395
E-Rate Funding	23,070	0	0	23,070
Commodity Rebates	0	0	5,385	5,385
Miscellaneous Refunds	58,665	0	0	58,665
<u>Nonrecurring Items</u>				
Contributions and Gifts	95,877	0	0	95,877
<u>Other Local Revenues</u>				
Other Local Revenues	3,722	0	0	3,722
Total Other Local Revenues	\$ 189,115	\$ 0	\$ 5,550	\$ 194,665
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 95,235	\$ 0	\$ 0	\$ 95,235
<u>State Education Funds</u>				
Basic Education Program	13,657,278	0	0	13,657,278
Early Childhood Education	309,771	0	0	309,771
School Food Service	0	0	13,093	13,093
Other State Education Funds	336,190	0	0	336,190
Coordinated School Health	98,337	0	0	98,337
Internet Connectivity	5,357	0	0	5,357
Family Resource Centers	30,003	0	0	30,003
Career Ladder Program	50,533	0	0	50,533
Vocational Equipment	42,971	0	0	42,971

(Continued)

Exhibit K-6

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

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 454,442	\$ 0	\$ 0	\$ 454,442
Safe Schools	13,670	0	0	13,670
Other State Revenues	0	0	3,000	3,000
Total State of Tennessee	\$ 15,093,787	\$ 0	\$ 16,093	\$ 15,109,880
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 909,893	\$ 909,893
USDA - Commodities	0	0	73,907	73,907
Breakfast	0	0	479,515	479,515
USDA - Other	0	0	60,250	60,250
Vocational Education - Basic Grants to States	19,704	45,680	0	65,384
Title I Grants to Local Education Agencies	0	911,717	0	911,717
Special Education - Grants to States	123,882	708,624	0	832,506
Special Education Preschool Grants	0	33,834	0	33,834
Safe and Drug-free Schools - State Grants	166,604	0	0	166,604
Rural Education	0	49,123	0	49,123
Appalachian Regional Commission	123,449	0	0	123,449
Eisenhower Professional Development State Grants	0	114,752	0	114,752
Other Federal through State	0	69,474	0	69,474
Total Federal Government	\$ 433,639	\$ 1,933,204	\$ 1,523,565	\$ 3,890,408

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Governments and Citizens Groups</u>				
<u>Other</u>				
Other	\$ 3,084	\$ 0	\$ 0	\$ 3,084
Total Other Governments and Citizens Groups	\$ 3,084	\$ 0	\$ 0	\$ 3,084
Total	\$ 17,745,170	\$ 1,933,204	\$ 1,645,764	\$ 21,324,138

Exhibit K-7

Grundy 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	\$	15,000	
Social Security		930	
Employer Medicare		217	
Audit Services		5,070	
Dues and Memberships		1,750	
Printing, Stationery, and Forms		3,746	
Other Charges		1,108	
Total County Commission			\$ 27,821

Board of Equalization

Board and Committee Members Fees	\$	1,600	
Total Board of Equalization			1,600

Beer Board

Board and Committee Members Fees	\$	81	
Total Beer Board			81

County Mayor/Executive

County Official/Administrative Officer	\$	79,326	
Assistant(s)		27,092	
Clerical Personnel		20,546	
Bonus Payments		1,500	
Social Security		7,965	
Unemployment Compensation		230	
Employer Medicare		1,863	
Communication		8,691	
Data Processing Services		13,093	
Maintenance and Repair Services - Vehicles		1,543	
Postal Charges		1,688	
Printing, Stationery, and Forms		41	
Travel		2,001	
Office Supplies		1,346	
Other Charges		1,492	
Total County Mayor/Executive			168,417

County Attorney

Legal Services	\$	19,660	
Total County Attorney			19,660

Election Commission

County Official/Administrative Officer	\$	61,633	
Clerical Personnel		15,670	
Bonus Payments		1,500	
Board and Committee Members Fees		9,525	
Election Workers		10,352	
In-service Training		2,037	
Social Security		5,345	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Unemployment Compensation	\$	201	
Employer Medicare		1,250	
Communication		4,767	
Data Processing Services		9,179	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		3,459	
Maintenance and Repair Services - Equipment		12,761	
Postal Charges		1,294	
Printing, Stationery, and Forms		2,954	
Rentals		3,600	
Travel		8,201	
Office Supplies		1,017	
Office Equipment		1,897	
Total Election Commission			\$ 156,817

Register of Deeds

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		21,831	
Part-time Personnel		5,186	
Bonus Payments		1,000	
Social Security		5,995	
Unemployment Compensation		138	
Employer Medicare		1,402	
Communication		837	
Data Processing Services		3,739	
Dues and Memberships		722	
Postal Charges		306	
Travel		500	
Other Contracted Services		900	
Office Supplies		240	
Total Register of Deeds			111,478

County Buildings

Laborers	\$	52,485	
Custodial Personnel		23,101	
Bonus Payments		3,000	
Social Security		4,872	
Unemployment Compensation		409	
Employer Medicare		1,139	
Communication		5,545	
Maintenance and Repair Services - Buildings		47,272	
Other Contracted Services		7,691	
Custodial Supplies		4,452	
Duplicating Supplies		5,915	
Electricity		55,762	
Natural Gas		21,133	
Water and Sewer		12,247	

(Continued)

Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Other Supplies and Materials	\$	3,440	
Building Improvements		41,644	
Motor Vehicles		6,302	
Other Equipment		9,559	
Total County Buildings			\$ 305,968

FinanceProperty Assessor's Office

County Official/Administrative Officer	\$	68,682	
Secretary(ies)		20,760	
Part-time Personnel		38,348	
Bonus Payments		2,500	
Social Security		8,078	
Unemployment Compensation		294	
Employer Medicare		1,889	
Audit Services		2,600	
Communication		2,848	
Data Processing Services		5,406	
Postal Charges		1,047	
Printing, Stationery, and Forms		1,766	
Travel		8,377	
Office Supplies		1,971	
Total Property Assessor's Office			164,566

County Trustee's Office

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		22,331	
Part-time Personnel		6,163	
Bonus Payments		1,000	
Social Security		5,985	
Unemployment Compensation		173	
Employer Medicare		1,400	
Communication		1,773	
Data Processing Services		9,792	
Dues and Memberships		807	
Postal Charges		506	
Printing, Stationery, and Forms		846	
Travel		1,978	
Other Contracted Services		7,984	
Office Supplies		1,139	
Total County Trustee's Office			130,559

County Clerk's Office

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		67,566	
Part-time Personnel		2,537	
Bonus Payments		3,500	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Social Security	\$	8,813	
Unemployment Compensation		416	
Employer Medicare		1,977	
Communication		2,155	
Data Processing Services		7,400	
Dues and Memberships		957	
Postal Charges		4,492	
Travel		1,200	
Office Supplies		17,203	
Total County Clerk's Office			\$ 186,898

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		88,726	
Part-time Personnel		1,200	
Bonus Payments		4,000	
Jury and Witness Expense		13,271	
Social Security		10,428	
Unemployment Compensation		818	
Employer Medicare		2,439	
Communication		4,959	
Data Processing Services		13,279	
Dues and Memberships		867	
Postal Charges		1,005	
Printing, Stationery, and Forms		182	
Travel		665	
Office Supplies		10,823	
Other Charges		825	
Total Circuit Court			222,169

General Sessions Judge

Judge(s)	\$	92,171	
Youth Service Officer(s)		31,500	
Part-time Personnel		7,200	
Bonus Payments		1,000	
Social Security		7,838	
Unemployment Compensation		98	
Employer Medicare		1,833	
Communication		1,672	
In Service/Staff Development		755	
Total General Sessions Judge			144,067

Chancery Court

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		21,831	
Part-time Personnel		907	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)Chancery Court (Cont.)

Bonus Payments	\$	1,000	
Social Security		5,730	
Unemployment Compensation		115	
Employer Medicare		1,340	
Communication		1,154	
Data Processing Services		9,983	
Dues and Memberships		567	
Postal Charges		1,055	
Office Supplies		3,551	
Total Chancery Court			\$ 115,915

Juvenile Court

Part-time Personnel	\$	14,165	
Bonus Payments		1,000	
Social Security		940	
Unemployment Compensation		98	
Employer Medicare		220	
Communication		2,724	
Postal Charges		363	
Rentals		4,500	
Travel		222	
Office Supplies		5,993	
Other Charges		1,737	
Total Juvenile Court			31,962

Courtroom Security

Other Charges	\$	9,534	
Total Courtroom Security			9,534

Public SafetySheriff's Department

County Official/Administrative Officer	\$	75,550	
Deputy(ies)		398,038	
School Resource Officer		20,377	
Bonus Payments		15,500	
In-service Training		8,400	
Social Security		32,190	
Unemployment Compensation		2,122	
Employer Medicare		7,516	
Communication		7,835	
Dues and Memberships		3,175	
Maintenance and Repair Services - Vehicles		25,734	
Postal Charges		1,168	
Printing, Stationery, and Forms		1,230	
Towing Services		4,150	
Travel		1,687	
Other Contracted Services		11,148	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Gasoline	\$	89,172	
Law Enforcement Supplies		3,569	
Office Supplies		6,475	
Tires and Tubes		8,057	
Uniforms		6,015	
Liability Insurance		40,894	
Vehicle and Equipment Insurance		19,481	
Workers' Compensation Insurance		67,045	
In Service/Staff Development		9,150	
Other Charges		2,380	
Motor Vehicles		188,215	
Total Sheriff's Department			\$ 1,056,273

Administration of the Sexual Offender Registry

Communication	\$	650	
Total Administration of the Sexual Offender Registry			650

Jail

Accountants/Bookkeepers	\$	34,382	
Guards		484,843	
Cafeteria Personnel		24,324	
Bonus Payments		25,100	
Social Security		35,023	
Unemployment Compensation		3,434	
Employer Medicare		8,191	
Communication		18,348	
Data Processing Services		7,367	
Medical and Dental Services		165,222	
Other Contracted Services		11,150	
Custodial Supplies		14,112	
Electricity		62,034	
Equipment and Machinery Parts		3,827	
Food Supplies		109,112	
Natural Gas		20,350	
Office Supplies		6,759	
Prisoners Clothing		4,462	
Uniforms		7,057	
Water and Sewer		14,003	
Other Supplies and Materials		2,469	
In Service/Staff Development		9,477	
Vocational Instruction Equipment		14,598	
Total Jail			1,085,644

Fire Prevention and Control

Contracts with Other Public Agencies	\$	4,960	
Contributions		3,000	
Total Fire Prevention and Control			7,960

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Rescue Squad

Contributions	\$ 3,000	
Total Rescue Squad		\$ 3,000

Other Emergency Management

Assistant(s)	\$ 19,000	
Social Security	1,453	
Communication	8,700	
Dues and Memberships	470	
Maintenance and Repair Services - Vehicles	3,690	
Gasoline	1,547	
Office Supplies	263	
Other Supplies and Materials	6,457	
Other Charges	944	
Total Other Emergency Management		42,524

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 6,000	
Pauper Burials	3,600	
Total County Coroner/Medical Examiner		9,600

Public Safety Grants Program

Psychological Personnel	\$ 47,540	
Social Security	2,947	
Unemployment Compensation	210	
Employer Medicare	689	
Travel	1,614	
Other Charges	9,771	
Other Equipment	30,713	
Total Public Safety Grants Program		93,484

Other Public Safety

Deputy(ies)	\$ 6,390	
Social Security	391	
Employer Medicare	92	
Contributions	2,000	
Travel	766	
Other Charges	3,707	
Total Other Public Safety		13,346

Public Health and WelfareLocal Health Center

Custodial Personnel	\$ 9,030	
Bonus Payments	500	
Social Security	591	
Unemployment Compensation	115	
Employer Medicare	138	
Communication	6,532	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Contracts with Government Agencies	\$	12,862	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		810	
Other Contracted Services		2,200	
Electricity		7,302	
Natural Gas		2,138	
Office Supplies		982	
Water and Sewer		378	
Other Supplies and Materials		1,031	
Total Local Health Center			\$ 44,809

Ambulance/Emergency Medical Services

Contributions	\$	125,000	
Total Ambulance/Emergency Medical Services			125,000

Other Local Health Services

Medical Personnel	\$	9,212	
Social Security		571	
Unemployment Compensation		89	
Employer Medicare		134	
Travel		520	
Total Other Local Health Services			10,526

Regional Mental Health Center

Contributions	\$	2,000	
Total Regional Mental Health Center			2,000

General Welfare Assistance

Other Charges	\$	9,319	
Total General Welfare Assistance			9,319

Other Local Welfare Services

Other Charges	\$	10,000	
Total Other Local Welfare Services			10,000

Other Public Health and Welfare

Other Supplies and Materials	\$	3,790	
Other Charges		13,855	
Total Other Public Health and Welfare			17,645

Social, Cultural, and Recreational Services

Libraries

Librarians	\$	43,581	
Bonus Payments		3,000	
Social Security		2,888	
Unemployment Compensation		631	
Employer Medicare		760	
Total Libraries			50,860

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	67,172	
Communication		3,397	
Maintenance and Repair Services - Vehicles		516	
Duplicating Supplies		1,269	
Gasoline		225	
Other Supplies and Materials		2,021	
Vehicle and Equipment Insurance		700	
Total Agricultural Extension Service			\$ 75,300

Soil Conservation

Clerical Personnel	\$	21,831	
Part-time Personnel		12,676	
Bonus Payments		1,500	
Social Security		2,232	
Unemployment Compensation		211	
Employer Medicare		522	
Communication		926	
Travel		620	
Other Supplies and Materials		1,080	
Other Charges		398	
Total Soil Conservation			41,996

Other Operations

Tourism

Other Supplies and Materials	\$	1,351	
Total Tourism			1,351

Other Economic and Community Development

Contracts with Government Agencies	\$	41,260	
Other Contracted Services		183,093	
Other Charges		37,592	
Total Other Economic and Community Development			261,945

Veterans' Services

Supervisor/Director	\$	10,394	
Social Security		644	
Employer Medicare		151	
Postal Charges		450	
Travel		731	
Office Supplies		932	
Total Veterans' Services			13,302

Other Charges

Building and Contents Insurance	\$	26,649	
Liability Insurance		26,038	
Premiums on Corporate Surety Bonds		5,837	
Trustee's Commission		73,031	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Other Operations (Cont.)Other Charges (Cont.)

Vehicle and Equipment Insurance	\$ 7,679	
Workers' Compensation Insurance	32,768	
Total Other Charges		\$ 172,002

Contributions to Other Agencies

Contributions	\$ 41,650	
Total Contributions to Other Agencies		41,650

Employee Benefits

Social Security	\$ 103	
Pensions	111,679	
Medical Insurance	107,358	
Unemployment Compensation	274	
Employer Medicare	24	
Total Employee Benefits		219,438

Miscellaneous

Advertising	\$ 60,000	
Contracts with Other Public Agencies	10,000	
Other Charges	26,144	
Building Construction	129,886	
Other Equipment	43,135	
Total Miscellaneous		269,165

Total General Fund \$ 5,476,301

Courthouse and Jail Maintenance FundGeneral GovernmentCounty Buildings

Maintenance and Repair Services - Buildings	\$ 26,405	
Total County Buildings		\$ 26,405

Other OperationsOther Charges

Trustee's Commission	\$ 418	
Total Other Charges		418

Total Courthouse and Jail Maintenance Fund 26,823

Solid Waste/Sanitation FundPublic Health and WelfareWaste Pickup

Laborers	\$ 25,610	
Social Security	1,959	
Unemployment Compensation	98	
Instructional Supplies and Materials	8,994	
Other Supplies and Materials	6,906	
Total Waste Pickup		\$ 43,567

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers

Truck Drivers	\$	70,048	
Part-time Personnel		118,279	
Bonus Payments		7,000	
Social Security		14,894	
Unemployment Compensation		1,218	
Communication		6,612	
Maintenance and Repair Services - Vehicles		38,646	
Disposal Fees		229,945	
Other Contracted Services		148	
Diesel Fuel		43,841	
Electricity		14,053	
Water and Sewer		3,417	
Other Supplies and Materials		6,478	
Other Charges		6,742	
Solid Waste Equipment		10,765	
Total Convenience Centers			\$ 572,086

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	11,070	
Other Charges		1,000	
Total Landfill Operation and Maintenance			12,070

Other Operations

Other Charges

Trustee's Commission	\$	12,038	
Total Other Charges			12,038

Total Solid Waste/Sanitation Fund \$ 639,761

Industrial/Economic Development Fund

Other Operations

Industrial Development

Other Charges	\$	24,705	
Other Construction		21,281	
Total Industrial Development			\$ 45,986

Total Industrial/Economic Development Fund 45,986

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	1,400	
Refunds		3,015	
Trustee's Commission		161	
Other Charges		2,500	
Total Drug Enforcement			\$ 7,076

Total Drug Control Fund 7,076

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 245	
Total County Clerk's Office		\$ 245

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 4,914	
Total Chancery Court		4,914

Total Constitutional Officers - Fees Fund \$ 5,159

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 75,550	
Accountants/Bookkeepers	33,295	
Secretary(ies)	4,468	
Advertising	444	
Communication	6,257	
Data Processing Services	7,106	
Dues and Memberships	3,501	
Evaluation and Testing	735	
Maintenance and Repair Services - Office Equipment	808	
Postal Charges	98	
Printing, Stationery, and Forms	554	
Rentals	56	
Travel	2,253	
Electricity	4,295	
Office Supplies	386	
Water and Sewer	629	
Other Charges	270	
Total Administration		\$ 140,705

Highway and Bridge Maintenance

Supervisor/Director	\$ 47,476	
Equipment Operators - Heavy	83,304	
Truck Drivers	146,113	
Laborers	124,057	
Asphalt - Liquid	209,241	
Crushed Stone	235,675	
Pipe	22,367	
Road Signs	3,920	
Small Tools	3,354	
Other Supplies and Materials	2,315	
Other Charges	1,257	
Total Highway and Bridge Maintenance		879,079

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	30,680	
Maintenance and Repair Services - Equipment		5,864	
Rentals		21,717	
Diesel Fuel		68,529	
Equipment and Machinery Parts		44,866	
Garage Supplies		1,068	
Gasoline		10,543	
Lubricants		6,970	
Propane Gas		1,761	
Small Tools		1,569	
Tires and Tubes		18,650	
Other Supplies and Materials		805	
Other Charges		1,163	
Total Operation and Maintenance of Equipment			\$ 214,185

Other Charges

Liability Insurance	\$	31,341	
Trustee's Commission		19,491	
Workers' Compensation Insurance		65,440	
Total Other Charges			116,272

Employee Benefits

Bonus Payments	\$	18,000	
Social Security		34,891	
Pensions		46,891	
Employee and Dependent Insurance		142,584	
Employer Medicare		8,160	
Total Employee Benefits			250,526

Capital Outlay

Engineering Services	\$	52,736	
Other Contracted Services		150	
Building Improvements		14,272	
Furniture and Fixtures		1,797	
Highway Construction		1,032,631	
Highway Equipment		221,664	
Total Capital Outlay			1,323,250

Total Highway/Public Works Fund \$ 2,924,017

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	93,223	
Principal on Notes		189,650	
Total General Government			\$ 282,873

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 755,000	
Principal on Notes	82,262	
Principal on Other Loans	<u>424,376</u>	
Total Education		\$ 1,261,638

Interest on Debt

General Government

Interest on Bonds	\$ 240,257	
Interest on Notes	<u>18,962</u>	
Total General Government		259,219

Education

Interest on Bonds	\$ 66,654	
Interest on Notes	6,086	
Interest on Other Loans	<u>38,654</u>	
Total Education		111,394

Other Debt Service

General Government

Trustee's Commission	\$ 9,587	
Total General Government		9,587

Education

Other Debt Service	\$ 4,418	
Total Education		<u>4,418</u>

Total General Debt Service Fund \$ 1,929,129

General Capital Projects Fund

Capital Projects

Public Safety Projects

Building Construction	\$ 218,472	
Total Public Safety Projects		<u>\$ 218,472</u>

Total General Capital Projects Fund 218,472

Total Governmental Funds - Primary Government \$ 11,272,724

Exhibit K-8

Grundy County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,680,428	
Career Ladder Program		24,699	
Career Ladder Extended Contracts		7,800	
Homebound Teachers		19,528	
Educational Assistants		127,726	
Other Salaries and Wages		94,871	
Non-certified Substitute Teachers		144,394	
Social Security		301,510	
Pensions		445,357	
Life Insurance		390	
Medical Insurance		679,137	
Employer Medicare		70,614	
Travel		604	
Instructional Supplies and Materials		111,640	
Textbooks - Bound		29,314	
In Service/Staff Development		15,813	
Other Charges		7,918	
Regular Instruction Equipment		115	
Total Regular Instruction Program			\$ 6,761,858

Alternative Instruction Program

Teachers	\$	10,687	
Educational Assistants		14,244	
Social Security		1,500	
Pensions		2,010	
Life Insurance		36	
Medical Insurance		1,132	
Employer Medicare		351	
Other Supplies and Materials		595	
Total Alternative Instruction Program			30,555

Special Education Program

Teachers	\$	1,014,007	
Career Ladder Program		9,541	
Homebound Teachers		3,930	
Educational Assistants		212,220	
Speech Pathologist		107,079	
Certified Substitute Teachers		6,177	
Non-certified Substitute Teachers		11,271	
Social Security		79,726	
Pensions		115,375	
Life Insurance		531	
Medical Insurance		190,415	
Employer Medicare		18,646	
Contracts with Private Agencies		30,702	
Evaluation and Testing		870	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$	145	
Instructional Supplies and Materials		5,912	
Other Supplies and Materials		10,581	
Fee Waivers		105	
Other Charges		2,091	
Special Education Equipment		74,373	
Total Special Education Program			\$ 1,893,697

Career and Technical Education Program

Teachers	\$	442,252	
Educational Assistants		22,800	
Social Security		27,434	
Pensions		42,113	
Life Insurance		39	
Medical Insurance		75,880	
Employer Medicare		6,416	
Other Contracted Services		5,288	
Instructional Supplies and Materials		6,731	
Vocational Instruction Equipment		44,022	
Other Equipment		19,704	
Total Career and Technical Education Program			692,679

Support Services

Attendance

Supervisor/Director	\$	63,362	
Clerical Personnel		21,446	
Social Security		4,918	
Pensions		7,651	
Life Insurance		72	
Medical Insurance		8,841	
Employer Medicare		1,150	
Postal Charges		250	
Other Contracted Services		27,856	
Other Supplies and Materials		4,278	
In Service/Staff Development		5,642	
Total Attendance			145,466

Health Services

Supervisor/Director	\$	55,550	
Medical Personnel		51,124	
Other Salaries and Wages		174,873	
Social Security		17,025	
Pensions		25,282	
Life Insurance		195	
Medical Insurance		29,730	
Employer Medicare		3,982	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Travel	\$	1,073	
Other Contracted Services		2,595	
Drugs and Medical Supplies		4,643	
Other Supplies and Materials		9,503	
In Service/Staff Development		3,854	
Other Charges		3,259	
Total Health Services			\$ 382,688

Other Student Support

Guidance Personnel	\$	204,020	
Secretary(ies)		10,744	
Other Salaries and Wages		20,255	
Social Security		13,150	
Pensions		23,315	
Life Insurance		39	
Medical Insurance		20,345	
Employer Medicare		3,264	
Contracts with Government Agencies		24,743	
Evaluation and Testing		29,362	
Travel		6,999	
Other Contracted Services		7,455	
Other Supplies and Materials		4,729	
In Service/Staff Development		6,309	
Other Charges		15,570	
Other Equipment		3,398	
Total Other Student Support			393,697

Regular Instruction Program

Supervisor/Director	\$	141,596	
Career Ladder Program		2,000	
Social Security		8,565	
Pensions		13,039	
Medical Insurance		15,410	
Employer Medicare		2,003	
Library Books/Media		918	
In Service/Staff Development		5,801	
Other Equipment		8,445	
Total Regular Instruction Program			197,777

Special Education Program

Supervisor/Director	\$	61,530	
Career Ladder Program		1,000	
Psychological Personnel		51,547	
Secretary(ies)		36,011	
Other Salaries and Wages		65,486	
Social Security		13,425	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Pensions	\$	18,415	
Medical Insurance		21,736	
Employer Medicare		3,140	
Communication		6,774	
Travel		8,676	
Other Contracted Services		63,082	
Other Supplies and Materials		11,318	
In Service/Staff Development		12,122	
Other Charges		3,572	
Other Equipment		3,736	
Total Special Education Program			\$ 381,570

Career and Technical Education Program

Supervisor/Director	\$	62,191	
Career Ladder Program		1,000	
Social Security		3,665	
Pensions		5,738	
Medical Insurance		8,841	
Employer Medicare		857	
Travel		956	
Total Career and Technical Education Program			83,248

Technology

Supervisor/Director	\$	24,257	
Other Salaries and Wages		73,761	
Social Security		5,985	
Pensions		4,679	
Life Insurance		49	
Employer Medicare		1,400	
Communication		2,468	
Internet Connectivity		88,211	
Travel		2,350	
Other Contracted Services		4,060	
Other Supplies and Materials		12,321	
In Service/Staff Development		765	
Other Charges		3,374	
Other Equipment		85,989	
Total Technology			309,669

Other Programs

On-behalf Payments to OPEB	\$	95,235	
Total Other Programs			95,235

Board of Education

Board and Committee Members Fees	\$	10,850	
Social Security		673	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Pensions	\$	122	
Unemployment Compensation		3,684	
Employer Medicare		157	
Audit Services		13,500	
Dues and Memberships		8,364	
Legal Services		55,660	
Liability Insurance		37,059	
Premiums on Corporate Surety Bonds		1,200	
Trustee's Commission		69,989	
Workers' Compensation Insurance		97,775	
In Service/Staff Development		534	
Other Charges		75,337	
Total Board of Education			\$ 374,904

Director of Schools

County Official/Administrative Officer	\$	84,917	
Career Ladder Program		1,000	
Clerical Personnel		22,156	
Other Salaries and Wages		31,288	
Social Security		8,616	
Pensions		14,008	
Life Insurance		914	
Medical Insurance		13,339	
Disability Insurance		1,310	
Employer Medicare		2,015	
Communication		30,605	
Dues and Memberships		2,095	
Postal Charges		269	
Travel		189	
In Service/Staff Development		4,275	
Other Charges		1,046	
Total Director of Schools			218,042

Office of the Principal

Principals	\$	448,541	
Career Ladder Program		3,000	
Assistant Principals		60,360	
Secretary(ies)		40,708	
Clerical Personnel		69,378	
Social Security		36,853	
Pensions		54,301	
Life Insurance		231	
Medical Insurance		81,001	
Employer Medicare		8,619	
Total Office of the Principal			802,992

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	41,228	
Accountants/Bookkeepers		37,753	
Secretary(ies)		19,949	
Other Salaries and Wages		12,006	
Social Security		6,809	
Pensions		9,108	
Life Insurance		117	
Employer Medicare		1,592	
Postal Charges		1,387	
Other Contracted Services		26,988	
Office Supplies		8,353	
In Service/Staff Development		2,656	
Total Fiscal Services			\$ 167,946

Human Services/Personnel

Supervisor/Director	\$	41,500	
Social Security		2,523	
Pensions		3,673	
Medical Insurance		6,734	
Employer Medicare		590	
Dues and Memberships		876	
Postal Charges		100	
Other Supplies and Materials		1,934	
In Service/Staff Development		816	
Total Human Services/Personnel			58,746

Operation of Plant

Custodial Personnel	\$	269,434	
Social Security		15,751	
Pensions		15,157	
Life Insurance		408	
Employer Medicare		3,684	
Maintenance and Repair Services - Equipment		56,999	
Other Contracted Services		20,070	
Custodial Supplies		85,858	
Electricity		397,815	
Natural Gas		94,383	
Water and Sewer		57,766	
Boiler Insurance		150	
Building and Contents Insurance		57,446	
Other Charges		7,617	
Total Operation of Plant			1,082,538

Maintenance of Plant

Supervisor/Director	\$	38,000	
Maintenance Personnel		108,428	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Social Security	\$	9,033	
Pensions		11,667	
Life Insurance		150	
Medical Insurance		7,833	
Employer Medicare		2,113	
Communication		1,691	
Maintenance and Repair Services - Equipment		30,996	
Other Contracted Services		1,129	
Other Supplies and Materials		101,185	
Other Charges		2,811	
Maintenance Equipment		6,000	
Other Equipment		26,912	
Total Maintenance of Plant			\$ 347,948

Transportation

Supervisor/Director	\$	43,606	
Mechanic(s)		41,929	
Bus Drivers		317,273	
Other Salaries and Wages		56,704	
In-service Training		2,370	
Social Security		28,562	
Pensions		36,747	
Life Insurance		717	
Medical Insurance		6,734	
Employer Medicare		6,680	
Communication		3,255	
Medical and Dental Services		1,993	
Travel		125	
Other Contracted Services		3,725	
Diesel Fuel		63,696	
Gasoline		21,732	
Tires and Tubes		12,545	
Vehicle Parts		73,670	
Other Supplies and Materials		6,018	
Vehicle and Equipment Insurance		31,075	
In Service/Staff Development		1,350	
Other Charges		7,014	
Transportation Equipment		96,171	
Total Transportation			863,691

Central and Other

Supervisor/Director	\$	3,145	
Other Supplies and Materials		1,676	
Other Charges		130	
Total Central and Other			4,951

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Teachers	\$	313,596	
Other Salaries and Wages		9,958	
Social Security		20,059	
Pensions		26,256	
Life Insurance		39	
Employer Medicare		4,691	
Travel		10,816	
Other Contracted Services		17,990	
Instructional Supplies and Materials		50,466	
Library Books/Media		4,317	
Other Supplies and Materials		20,362	
In Service/Staff Development		5,681	
Other Charges		13,122	
Other Equipment		25,638	
Total Community Services			\$ 522,991

Early Childhood Education

Supervisor/Director	\$	44,899	
Teachers		157,556	
Educational Assistants		45,310	
Non-certified Substitute Teachers		4,039	
Social Security		14,495	
Pensions		22,331	
Life Insurance		78	
Medical Insurance		37,632	
Employer Medicare		3,390	
Communication		2,568	
Travel		16,768	
Instructional Supplies and Materials		62,803	
Other Supplies and Materials		4,080	
In Service/Staff Development		8,902	
Other Charges		65	
Other Equipment		55,835	
Total Early Childhood Education			480,751

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	89,000	
Total Regular Capital Outlay			89,000

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	240,638	
Total Education			240,638

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$ 6,086	
Total Education		\$ 6,086

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 750,000	
Total Education		750,000

Total General Purpose School Fund \$ 17,379,363

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 157,984	
Educational Assistants	129,462	
Other Salaries and Wages	5,151	
Certified Substitute Teachers	1,075	
Non-certified Substitute Teachers	10,559	
Social Security	18,754	
Pensions	20,397	
Life Insurance	188	
Medical Insurance	13,190	
Employer Medicare	4,386	
Instructional Supplies and Materials	85,754	
Other Supplies and Materials	22,767	
Other Charges	4,177	
Regular Instruction Equipment	124,183	
Total Regular Instruction Program		\$ 598,027

Special Education Program

Teachers	\$ 54,214	
Educational Assistants	202,181	
Other Salaries and Wages	194,888	
Social Security	29,378	
Pensions	25,632	
Medical Insurance	27,437	
Employer Medicare	6,871	
Other Contracted Services	31,000	
Instructional Supplies and Materials	22,501	
Other Supplies and Materials	1,014	
Special Education Equipment	341	
Total Special Education Program		595,457

Career and Technical Education Program

Instructional Supplies and Materials	\$ 1,940	
Other Supplies and Materials	3,711	
Vocational Instruction Equipment	30,082	
Total Career and Technical Education Program		35,733

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Other Salaries and Wages	\$	9,961	
Social Security		605	
Pensions		658	
Employer Medicare		141	
Travel		76	
Other Contracted Services		7,981	
Other Supplies and Materials		2,225	
In Service/Staff Development		11,709	
Other Charges		7,570	
Total Other Student Support			\$ 40,926

Regular Instruction Program

Supervisor/Director	\$	45,488	
Other Salaries and Wages		283,067	
Social Security		19,430	
Pensions		29,727	
Life Insurance		36	
Medical Insurance		44,506	
Employer Medicare		4,544	
Communication		336	
Operating Lease Payments		718	
Travel		625	
Other Supplies and Materials		2,956	
In Service/Staff Development		92,096	
Other Charges		4,880	
Other Equipment		4,558	
Total Regular Instruction Program			532,967

Special Education Program

In-service Training	\$	225	
Social Security		14	
Employer Medicare		3	
Travel		1,350	
Other Contracted Services		69,432	
Other Supplies and Materials		4,982	
In Service/Staff Development		15,734	
Other Charges		849	
Total Special Education Program			92,589

Career and Technical Education Program

In Service/Staff Development	\$	1,314	
Total Career and Technical Education Program			1,314

Transportation

Bus Drivers	\$	4,164	
Other Salaries and Wages		23,712	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Social Security	\$	1,728	
Pensions		1,823	
Employer Medicare		404	
Contracts with Parents		5,220	
Diesel Fuel		5,362	
Transportation Equipment		20,011	
Total Transportation			\$ 62,424

Total School Federal Projects Fund \$ 1,959,437

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	65,346	
Clerical Personnel		39,140	
Cafeteria Personnel		513,114	
In-service Training		30	
Social Security		37,885	
Pensions		38,727	
Life Insurance		1,053	
Medical Insurance		15,410	
Employer Medicare		8,860	
Communication		1,047	
Maintenance and Repair Services - Equipment		11,007	
Transportation - Other than Students		1,125	
Travel		301	
Other Contracted Services		7,539	
Food Preparation Supplies		900	
Food Supplies		545,408	
Office Supplies		2,263	
Uniforms		2,622	
USDA - Commodities		73,907	
In Service/Staff Development		281	
Other Charges		1,280	
Food Service Equipment		56,112	
Other Equipment		1,354	
Total Food Service			\$ 1,424,711

Total Central Cafeteria Fund 1,424,711

Total Governmental Funds - Grundy County School Department \$ 20,763,511

Exhibit K-9

Grundy County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2018

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 618,174
Total Cash Receipts	<u>\$ 618,174</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 611,992
Trustee's Commission	6,182
Total Cash Disbursements	<u>\$ 618,174</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2017	<u>0</u>
Cash Balance, June 30, 2018	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

Grundy County Mayor and
Board of County Commissioners
Grundy 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Grundy County's basic financial statements, and have issued our report thereon dated February 1, 2019. Our report on the governmental activities and the aggregate discretely presented component units' financial statements was qualified due to not including a liability for all Tennessee Consolidated Retirement System obligations.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2018-003, 2018-004, 2018-008, and 2018-009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grundy County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2018-001, 2018-002, 2018-005, 2018-006, and 2018-007.

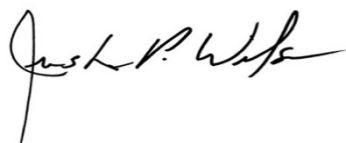
Grundy County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 1, 2019

JPW/kp



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Grundy 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 Grundy County's major federal programs for the year ended June 30, 2018. Grundy 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 Grundy 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 Grundy 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 Grundy County's compliance.

Opinion on Each Major Federal Program

In our opinion, Grundy 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 Grundy 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 Grundy 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 Grundy 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.

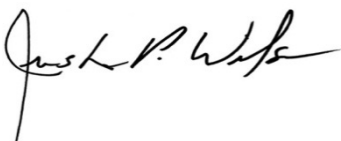
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on

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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Grundy County's basic financial statements. We issued our report thereon dated February 1, 2019. Our report on the governmental activities and the aggregate discretely presented component units' financial statements was qualified due to not including a liability for all Tennessee Consolidated Retirement System obligations. Our report on the business-type activities, each major fund, and the aggregate remaining fund information was unmodified. Our audit was conducted for the purpose of forming opinions on 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.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 1, 2019

JPW/kp

Grundy County, Tennessee, and the Grundy 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 (4):			
School Breakfast Program	10.553	N/A	\$ 479,515
National School Lunch Program	10.555	N/A	945,143 (5)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	25,000
Passed-through State Department of Agriculture:			
Child Nutrition Cluster (4):			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	73,907 (5)
Total U.S. Department of Agriculture			<u>\$ 1,523,565</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 and Non-Entitlement Grants in Hawaii	14.228	N/A	\$ 183,093
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-13-14	11,260
Total U.S. Department of Housing and Urban Development			<u>\$ 194,353</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(3)	\$ 75,250
Total U.S. Department of Justice			<u>\$ 75,250</u>
U.S. Department of Transportation:			
Passed-through State Department of Safety and Homeland Security:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	(3)	\$ 12,107
Total U.S. Department of Transportation			<u>\$ 12,107</u>
Appalachian Regional Commission:			
Direct Award:			
Appalachian Area Development	23.002	(3)	\$ 123,449
Total Appalachian Regional Commission			<u>\$ 123,449</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 944,015
Special Education Cluster (4):			
Special Education - Grants to States	84.027	N/A	757,477
Special Education - Preschool Grants	84.173	N/A	33,834
Career and Technical Education - Basic Grants to States	84.048	N/A	66,462
Special Education - Grants for Infants and Families	84.181	N/A	74,900
Twenty-first Century Community Learning Centers	84.287	N/A	166,604
Rural Education	84.358	N/A	25,686
Improving Teacher Quality State Grants	84.367	N/A	114,886
Student Support and Academic Enrichment Program	84.424	N/A	23,437
Total U.S. Department of Education			<u>\$ 2,207,301</u>

(Continued)

Grundy County, Tennessee, and the Grundy 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 Education:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	(3)	\$ 77,976
Passed-through State Department of Health:			
Maternal and Child Health Services Block Grant to the States	93.994	GG-14-40860-00	10,000
Total U.S. Department of Health and Human Services			<u>\$ 87,976</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 1,928
Emergency Management Performance Grants	97.042	(3)	9,600
Homeland Security Grant Program	97.067	(3)	34,500
Total U.S. Department of Homeland Security			<u>\$ 46,028</u>
Total Expenditures of Federal Awards			<u>\$ 4,270,029</u>
<u>State Grants</u>		<u>Contract Number</u>	
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(3)	\$ 309,771
Coordinated School Health - State Department of Education	N/A	(3)	98,337
Family Resource Center - State Department of Education	N/A	(3)	30,003
Read to be Ready Coaching Network - State Department of Education	N/A	(3)	8,170
CTE Equipment Grant - State Department of Education	N/A	(3)	42,971
Lottery for After-School Programs - State Department of Education	N/A	(3)	270,048
Safe Schools Act - State Department of Education	N/A	(3)	13,670
Transition School to Work Grant - State Department of Human Services	N/A	(3)	56,432
Student Ticket Subsidy Grant - State Arts Commission	N/A	(3)	1,540
Juvenile Services Program - State Department of Children's Services	N/A	(3)	4,500
Litter Program - State Department of Transportation	N/A	(3)	43,604
Rural Local Health Services - State Department of Health	N/A	(3)	16,436
Tourism Enhancement Grant Round 2 - State Department of Economic and Community Development	N/A	(3)	19,000
FastTrack Industrial Development Program - State Department of Economic and Community Development	N/A	(3)	21,281
Courtroom Security Grant - State Administrative Office of the Courts	N/A	(3)	7,932
Three Star Grant - State Department of Economic and Community Development	N/A	(3)	17,092
Total State Grants			<u>\$ 960,787</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) Grundy County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$1,498,565; Special Education Cluster total \$791,311.
- (5) Total for CFDA No. 10.555 is \$1,019,050.

Grundy 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 Grundy 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
<u>OFFICE OF COUNTY MAYOR</u>					
2017	189	2017-001	All eligible employees do not participate in the Tennessee Consolidated Retirement System	N/A	Not Corrected - See Explanation on Corrective Action Plan
2017	190	2017-002	Expenditures exceeded appropriations	N/A	Corrected
<u>OFFICE OF HIGHWAY SUPERINTENDENT</u>					
2017	190	2017-003	The Highway Department was not properly reimbursed for work performed for other governmental entities	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF DIRECTOR OF SCHOOLS</u>					
2017	191	2017-004	The School Federal Projects Fund had a cash overdraft of \$196,953 at June 30, 2017	N/A	Corrected
2017	191	2017-005	The Little Jackets Daycare did not properly account for cash maintained in its bank account	N/A	Corrected
2017	192	2017-006	The School Department had budget deficiencies	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF TRUSTEE</u>					
2017	193	2017-007	The checking system has not been implemented properly	N/A	Corrected
2017	194	2017-008	The trustee paid checks issued by the School Federal Projects Fund that exceeded available funds	N/A	Corrected
2017	195	2017-009	Commissions were not paid to the county monthly	N/A	Corrected
2017	195	2017-010	Monthly reports of taxes collected were not made on or before the tenth of the following month	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

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

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

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the governmental activities and the aggregate discretely presented component units is qualified. Our report on the business-type activities, each major fund, and the aggregate remaining fund information is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **YES**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
 - * CFDA Number: 84.010 Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF COUNTY MAYOR

FINDING 2018-001

ALL ELIGIBLE EMPLOYEES DO NOT PARTICIPATE IN THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

(Material Noncompliance Under *Government Auditing Standards*)

While performing tests to determine the completeness of county retirement participation data, we randomly chose 16 employees from the county's employment roster. This testing revealed eight full-time employees of Grundy County were eligible for participation but were not participating in the Tennessee Consolidated Retirement System (TCRS). Title 8, Chapters 34-37 of *Tennessee Code Annotated (TCA)*, establish and govern the TCRS. These statutes require mandatory participation in the TCRS for all employees of participating employers after a probationary period. In the prior year, we discovered this same deficiency, and county officials stated that they were unaware that participation in TCRS was mandatory; therefore, employees of the county have now been given the option of participating. The provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* became effective for the year ended June 30, 2015. This statement modifies the presentation and disclosures for pensions. The effects on the government-wide financial statements and note disclosures are not determinable at this time. Because of this potential misstatement, we have qualified our opinion on the governmental activities opinion unit and the aggregate discretely presented component units opinion unit since the primary government employees and the non-certified employees of the School Department participate in the same TCRS agent plan. This finding will be reported to the TCRS. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report and management's failure to implement their corrective action plan.

RECOMMENDATION

Grundy County officials should present government-wide financial statements and note disclosures in conformity with generally accepted accounting principles. The county should comply with provisions of Title 8, Chapters 34-37, *TCA*, regarding employee participation in the TCRS. County officials should contact the TCRS to determine a corrective action plan.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I concur with the finding. I would like the report to reflect the fact that this was an issue from 1970. We have limited funds and it created a budgetary issue. We have addressed the issue in our current budget.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2018-002

THE HIGHWAY DEPARTMENT WAS NOT PROPERLY REIMBURSED FOR WORK PERFORMED FOR OTHER GOVERNMENTAL ENTITIES

(Noncompliance Under *Government Auditing Standards*)

During the year, the Highway Department performed road repairs for the cities of Monteagle and Tracy City, Tennessee; however, the Highway Department was reimbursed only the costs of the materials used on the city projects. Section 54-7-202(d), *Tennessee Code Annotated*, provides that the county commission has the authority to authorize the Highway Department to perform work for other governmental entities; provided, the costs of the projects so authorized is reimbursed to the Highway Department. Without charging the cities for the Highway Department’s costs of providing labor and equipment, the department is not recovering its actual costs. This deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The Highway Department should recover the actual costs of performing work for other governmental entities.

MANAGEMENT’S RESPONSE – HIGHWAY SUPERINTENDENT

I concur with the finding.

FINDING 2018-003

SOME BUDGET AMENDMENTS WERE POSTED IN THE HIGHWAY/PUBLIC WORKS FUND THAT WERE NOT APPROVED BY THE COUNTY COMMISSION

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

Some budget amendments were posted in the Highway/Public Works Fund that were not approved by the county commission. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized only those budget amendments approved by the county commission in the financial statements of this report. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

Budget amendments should be accurately posted to the accounting records after approval by the county commission.

MANAGEMENT’S RESPONSE – HIGHWAY SUPERINTENDENT

I concur with the finding.

FINDING 2018-004

SEVERAL DEFICIENCIES WERE REPORTED AT THE GRUNDY COUNTY HIGHWAY DEPARTMENT

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

On August 23, 2018, the Comptroller’s Division of Investigations issued an investigative report on the Grundy County Highway Department. This report disclosed that the Highway Department performed work on some private properties and cemeteries, maintained a portion of a private road for a department employee, and allowed employees to work on personal vehicles in the Highway Department garage during work hours. This report is available at www.comptroller.tn.gov/ia.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2018-005

THE SCHOOL DEPARTMENT WAS ASSESSED A PENALTY OF \$34,060 BY THE INTERNAL REVENUE SERVICE FOR NONCOMPLIANCE WITH THE AFFORDABLE CARE ACT

(Noncompliance Under *Government Auditing Standards*)

During the year, the School Department paid a penalty of \$34,060 to the Internal Revenue Service for failure to comply with the Affordable Care Act for the 2015 fiscal year. The School Department provides health insurance coverage to its employees; however, this coverage was not in compliance with federal regulations for certain employees. This deficiency resulted from a lack of management oversight.

RECOMMENDATION

The School Department should ensure the health insurance coverage provided to its employees complies with the Affordable Care Act.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

I concur with the finding.

THE SCHOOL DEPARTMENT HAD BUDGET DEFICIENCIES

(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in the budget operations of the School Department:

- A. Expenditures exceeded appropriations by \$5,999 in the Career and Technical Education Program major appropriation category (the legal level of control) of the General Purpose School Fund.
- B. Expenditures in several salary accounts exceeded line-item appropriations in the General Purpose School and School Federal Projects funds by amounts ranging from \$1 to \$9,638.
- C. Budget amendments for the month of June were not approved by the county commission. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized only those budget amendments approved by the county commission in the financial statements of this report.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various county departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

Also, the budget resolution approved by the county commission states that “the salary, wages, or remuneration of each officer, employee, or agent of the county shall not be in excess of the amounts set forth in the estimate of expenditures that accompanies this resolution.” Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the county commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the county commission and board of education, which resulted in unauthorized expenditures, management’s failure to correct the finding noted in the prior-year audit report, and management’s failure to implement their corrective action plan.

RECOMMENDATION

Expenditures should be held within appropriations approved by the county commission and board of education. Budget amendments should be approved by the county commission.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

I concur with the finding.

OFFICE OF TRUSTEE

FINDING 2018-007

MONTHLY REPORTS OF TAXES COLLECTED WERE NOT MADE ON OR BEFORE THE TENTH OF THE FOLLOWING MONTH

(Noncompliance Under *Government Auditing Standards*)

The trustee did not provide the county mayor with reports of taxes collected by the tenth day of the month as required by state statute. Section 67-5-1902(a), *Tennessee Code Annotated* states “On or before the tenth day in each month, the trustee shall report to and make settlement for all taxes collected during the preceding month, with the county mayor...”. During the year examined, all monthly reports of taxes collected by the trustee were issued from 12 to 61 days after the tenth day of the month. This deficiency is the result of a lack of management oversight, management’s failure to correct the finding noted in the prior-year audit report, and management’s failure to implement their corrective action plan.

RECOMMENDATION

Reports should be furnished to the county mayor on or before the tenth of the month in compliance with state statute.

MANAGEMENT’S RESPONSE – TRUSTEE

I concur with the finding. This issue began in the previous fiscal year when I began using a new vendor to process the credit card payments and the Trustee’s Office worked diligently to correct the issue with the vendors processing information. I spoke with the Comptroller’s Office in an attempt to receive advice on how to correct this matter. This issue began at the end of the previous fiscal year and carried into the next fiscal year to correct this issue with the assistance of CTAS and the Comptroller’s Office. The Trustee’s Office resolved this issue and has been in compliance since August 2018.

FINDING 2018-008

THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

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

The software application used by the office generated four audit logs that displayed changes made by users. Because these logs provide the only audit trail of these changes, they should be routinely reviewed for inappropriate activity. Although the official was aware of the importance of these logs, they were not consistently reviewed.

RECOMMENDATION

Management should review all audit logs at least monthly. Any unusual transactions should be investigated.

MANAGEMENT'S RESPONSE – TRUSTEE

This issue was corrected in the month of September 2018; therefore, the office complies at this time, and this has been reviewed by the Comptroller's Office. The trustee prints the audit reports and confirms the changes made by the office staff each month.

AUDITOR'S COMMENT

While the auditor observed improvements, the review process will be evaluated during the next audit cycle.

OFFICE OF REGISTER OF DEEDS

FINDING 2018-009

A USERNAME AND PASSWORD WERE SHARED BY TWO EMPLOYEES OF THE OFFICE

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

Because an employee had not been assigned a unique username and password, work was performed using another employee's account. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees shared accounts. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. After this was brought to management's attention in April 2018, all users were assigned unique usernames and passwords.

RECOMMENDATION

Each employee should access the application using a unique username and password to ensure transactions are properly identified to that employee. Usernames and passwords should be confidential and should not be shared among employees.

MANAGEMENT'S RESPONSE – REGISTER OF DEEDS

We concur with this finding. We immediately took the appropriate action to correct this problem.

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.

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

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF COUNTY MAYOR

2018-001	All Eligible Employees do not Participate in the Tennessee Consolidated Retirement System	203
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OFFICE OF HIGHWAY SUPERINTENDENT

2018-002	The Highway Department was not Properly Reimbursed for Work Performed for Other Governmental Entities	204
2018-003	Some Budget Amendments were Posted in the Highway/Public Works Fund that were not Approved by the County Commission	204

OFFICE OF DIRECTOR OF SCHOOLS

2018-005	The School Department was Assessed a Penalty of \$34,060 by the Internal Revenue Service for Noncompliance with the Affordable Care Act	206
2018-006	The School Department had Budget Deficiencies	207

OFFICE OF TRUSTEE

2018-007	Monthly Reports of Taxes Collected were not made on or Before the Tenth of the Following Month	208
2018-008	The Office did not Review its Software Audit Logs	209

OFFICE OF REGISTER OF DEEDS

2018-009	A Username and Password were Shared by Two Employees of the Office	210
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GRUNDY COUNTY MAYOR

Michael Brady, County Mayor

P.O. Box 177

Altamont, TN 37301

(931)692-3718

(931)692-3721 - fax

Corrective Action Plan

FINDING: **ALL ELIGIBLE EMPLOYEES DO NOT PARTICIPATE IN
THE TENNESSEE CONSOLIDATED RETIREMENT
SYSTEM**

Response and Corrective Action Plan Prepared by:
Michael Brady, County Mayor

Person Responsible for Implementing the Corrective Action:
Michael Brady, County Mayor

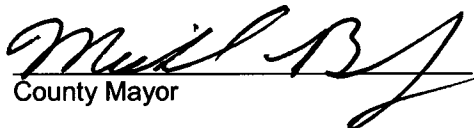
Anticipated Completion Date of Corrective Action:
Finding has already been corrected (November 1, 2018)

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
This was a budgetary issue.

Planned Corrective Action:
The finding has already been corrected. This has created a budgetary issue for our county, therefore we had to address the issue in our current (2018-2019) budget. We have implement and corrected the finding starting November 1, 2018.

Signature:


County Mayor

Brundy County Tennessee

Office of the Highway Department

Johnny Ray Fults, Superintendent

Tracy City, Tennessee 37387

P. O. Box 218

Phone (931) 592-3751

Corrective Action Plan

FINDING: THE HIGHWAY DEPARTMENT WAS NOT PROPERLY REIMBURSED FOR WORK PERFORMED FOR OTHER GOVERNMENTAL ENTITIES

Response and Corrective Action Plan Prepared by:
Johnny Ray Fults, Road Superintendent

Person Responsible for Implementing the Corrective Action:
Johnny Ray Fults, Road Superintendent

Anticipated Completion Date of Corrective Action:
September 1, 2018

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
The previous Administration chose not to correct

Planned Corrective Action:
We plan to charge for material & Labor for work completed for other government entities

FINDING: SOME BUDGET AMENDMENTS WERE POSTED IN THE HIGHWAY/PUBLIC WORKS FUND THAT WERE NOT APPROVED BY THE COUNTY COMMISSION

Response and Corrective Action Plan Prepared by:
Johnny Ray Fults, Road Superintendent

Person Responsible for Implementing the Corrective Action:

Johnny Ray Fults, Road Superintendent

Anticipated Completion Date of Corrective Action:

September 1, 2018

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

We will make sure that any and all budget amendments are properly approved and posted.

Signature:



Highway Superintendent



GRUNDY COUNTY BOARD OF EDUCATION

Mrs. Glenda Dykes, Director of Schools

1376 Main Street

PO Box 97

ALTAMONT, TENNESSEE 37301

Telephone: (931) 692-3467

Facsimile: (931) 692-2188

Corrective Action Plan

FINDING: THE SCHOOL DEPARTMENT WAS ASSESSED A PENALTY OF \$34,060 BY THE INTERNAL REVENUE SERVICE FOR NONCOMPLIANCE WITH THE AFFORDABLE CARE ACT

Response and Corrective Action Plan Prepared by:

Glenda M. Dykes, Director of Schools and Mrs. Phyllis Lusk, GCBOE Chairwoman

Person Responsible for Implementing the Corrective Action:

Glenda M. Dykes, Director of Schools

Anticipated Completion Date of Corrective Action:

N/A

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

The GCBOE would like *to* correct this deficiency; however, because of fiscal restraints we are unable *to do so* at this time.

FINDING: THE SCHOOL DEPARTMENT HAD BUDGET DEFICIENCIES

Response and Corrective Action Plan Prepared by:

Glenda M. Dykes, Director of Schools and Mrs. Phyllis Lusk, GCBOE Chairwoman

Person Responsible for Implementing the Corrective Action:

Glenda M. Dykes, Director of Schools

Anticipated Completion Date of Corrective Action:

Beginning August 1, 2018

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

Corrective action was not taken the prior year due to being under a different director and different financial manager.

Planned Corrective Action:

The Director will present all budget amendments to the Grundy County Commissioners in a timely manner each month.

Signature:

Glenda M. Dykes 1-30-19
Director of Schools

Corrective Action Plan

FINDING: MONTHLY REPORTS OF TAXES COLLECTED WERE NOT
MADE ON OR BEFORE THE TENTH OF THE FOLLOWING
MONTH

Response and Corrective Action Plan Prepared by:
Tyler McCullough Grundy County Trustee

Person Responsible for Implementing the Corrective Action:
Tyler McCullough Grundy County Trustee

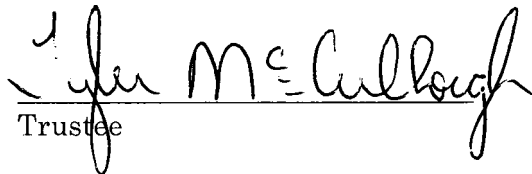
Anticipated Completion Date of Corrective Action:
August 2018

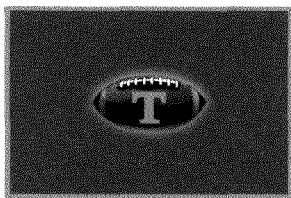
Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Issue originated in the previous physical year and steps were taken to correct the issue, the problem originated with the way we received information from a vendor, with the assistance of the Comptroller's Office we have resolved this issue, we have been in compliance since August 2018.

Planned Corrective Action:
There was an issue with the vendor that we were using to collect credit card payments. That issue has been resolved and the Trustee's Office is and has been in compliance since September 2018.

Signature:


Trustee



Tyler McCullough
Grundy County Trustee

P.O. Box 32
Altamont, TN 37301
Office: 931-692-3369
Fax: 931-692-3627
E-mail: grundytrustee@gmail.com

Corrective Action Plan

FINDING: THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

Response and Corrective Action Plan Prepared by:

Tyler McCullough Grundy County Trustee

Person Responsible for Implementing the Corrective Action:

Tyler McCullough Trustee

Anticipated Completion Date of Corrective Action:

9-1-2018

Repeat Finding:

No

Planned Corrective Action: This issue was corrected in the month of September 2018 therefore the Trustee's Office is in compliance with the Comptroller's Office at this time and has been reviewed by the Comptroller's Office during the final exit exam. The trustee prints the audit reports and confirms the changes made by office staff each month .

Signature:

Tyler McCullough

Grundy County Register of Deeds
Gayle VanHooser
P O Box 35
Altamont TN 37301
931-692-3621
gayle.vanhooser@vcourthouse.net

Corrective Action Plan

FINDING: A USERNAME AND PASSWORD WERE SHARED BY
TWO EMPLOYEES OF THE OFFICE

Response and Corrective Action Plan Prepared by:
Gayle VanHooser, Grundy County Register of Deeds

Person Responsible for Implementing the Corrective Action:
Gayle VanHooser, Grundy County Register of Deeds

Anticipated Completion Date of Corrective Action:
Finding was corrected in April 2018

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action: All users are assigned unique usernames and passwords that are not shared for any reason.

Signature: _____



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 Grundy County.

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

Grundy 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 Grundy 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.