

ANNUAL FINANCIAL REPORT
HAWKINS COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
HAWKINS COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

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Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in no findings.

INTRODUCTORY SECTION

Hawkins County Officials

June 30, 2019

Officials

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

Board of County Commissioners

Michael Herrell, Chairman
Danny Alvis
Nancy Barker
Jeff Barrett
Rick Brewer
George Bridwell
Larry Clonce
Glenda Davis
Mark DeWitte
Bob Edens
Dawson Fields

Keith Gibson
Valerie Goins
Charles Housewright
Raymond Jessee
Tom Kern
John Metz
Hannah Speaks
Donnie Talley
Charles Thacker
Syble Vaughan Trent

Board of Education

Bob Larkins, Chairman
Jackie Charles
Chris Christian
Kathy Cradic

Holly Helton
Tecky Hicks
Debbie Shedden

Audit Committee

Nancy Barker, Chair
Glenda Davis
Bob Edens
Keith Gibson
Charles Housewright
Hannah Speaks
Syble Vaughan Trent

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hawkins County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Hawkins County School Department (a discretely presented component unit), miscellaneous schedules and other information such as the introductory section is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also

presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

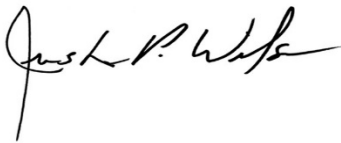
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Hawkins County School Department (a discretely presented component unit), schedule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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2020, on our consideration of Hawkins County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Hawkins 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 Hawkins County’s internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 28, 2020

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Hawkins County, Tennessee
Statement of Net Position
June 30, 2019

	Primary Government Governmental Activities	Component Unit Hawkins County School Department
<u>ASSETS</u>		
Cash	\$ 16,551	\$ 680
Equity in Pooled Cash and Investments	27,452,532	18,161,930
Accounts Receivable	167,696	344,518
Due from Other Governments	1,181,161	1,747,239
Due from Primary Government	0	323
Due from Component Units	9,781	0
Property Taxes Receivable	16,113,925	11,269,816
Allowance for Uncollectible Property Taxes	(569,511)	(398,253)
Prepaid Items	49,601	0
Cash Shortage	0	64,800
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	137,772
Net Pension Asset - Agent Plan	939,377	745,000
Net Pension Asset - Agent Plan - Legacy	0	44,468
Net Pension Asset - Teacher Retirement Plan	0	211,389
Net Pension Asset - Teacher Legacy Retirement Plan	0	2,501,062
Capital Assets:		
Assets Not Depreciated:		
Land	1,406,159	1,570,973
Construction in Progress	164,396	134,236
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	14,308,250	42,612,127
Other Capital Assets	2,725,122	2,850,150
Infrastructure	33,580,540	0
Total Assets	<u>\$ 97,545,580</u>	<u>\$ 81,998,230</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	\$ 1,842,797	\$ 0
Pension Changes in Experience	3,409	541,070
Pension Changes in Assumptions	458,210	1,852,899
Pension Contributions after Measurement Date	739,790	3,212,498
Pension Changes in Proportion	0	49,695
OPEB Changes in Experience	581,294	1,447,030
OPEB Changes in Assumptions	0	225,953
OPEB Contributions After Measurement Date	0	765,564
OPEB Changes in Proportion	0	804,095
Total Deferred Outflows of Resources	<u>\$ 3,625,500</u>	<u>\$ 8,898,804</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Hawkins County School Department</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 370,102	\$ 145,350
Accrued Payroll	2,759	81,845
Payroll Deductions Payable	100,624	326
Contracts Payable	3,305	0
Accrued Interest Payable	154,931	0
Due to Primary Government	0	9,781
Due to Component Units	323	0
Due to State of Tennessee	424	0
Derivative - Interest Rate Swap	2,047,762	0
Other Current Liabilities	88,013	2,815,603
Noncurrent Liabilities:		
Due Within One Year - Debt	3,461,083	0
Due Within One Year - Other	561,302	624,224
Due in More Than One Year - Debt	65,031,866	0
Due in More Than One Year - Other	5,427,996	17,124,696
Total Liabilities	<u>\$ 77,250,490</u>	<u>\$ 20,801,825</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 15,103,829	\$ 10,563,514
Pension Changes in Experience	559,863	3,830,210
Pension Changes in Investment Earnings	129,220	661,392
Pension Changes in Proportion	0	118,565
OPEB Changes in Experience	457,008	429,376
OPEB Changes in Assumptions	0	679,291
OPEB Changes in Proportion	0	190,615
Total Deferred Inflows of Resources	<u>\$ 16,249,920</u>	<u>\$ 16,472,963</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Hawkins County School Department</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 37,042,608	\$ 47,167,486
Restricted for:		
General Government	127,413	0
Finance	78,225	0
Administration of Justice	616,390	0
Public Safety	243,916	0
Public Health and Welfare	15,346	0
Highways	5,301,305	0
Debt Service	12,592,572	0
Education	0	4,442,632
Capital Projects	765,196	0
Pensions	939,377	3,639,691
Unrestricted	<u>(50,051,678)</u>	<u>(1,627,563)</u>
Total Net Position	<u>\$ 7,670,670</u>	<u>\$ 53,622,246</u>

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

Exhibit B

Hawkins County, Tennessee
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component
						Unit
					Hawkins County School Department	
Primary Government:						
Governmental Activities:						
General Government	\$ 3,801,216	\$ 391,335	\$ 68,959	\$ 25,032	\$ (3,315,890)	\$ 0
Finance	1,752,991	1,411,744	0	0	(341,247)	0
Administration of Justice	1,578,815	1,039,381	45,429	0	(494,005)	0
Public Safety	8,550,047	1,727,485	255,288	0	(6,567,274)	0
Public Health and Welfare	2,265,374	81,018	301,732	52,800	(1,829,824)	0
Social, Cultural, and Recreational Services	464,522	7,475	40,167	0	(416,880)	0
Agriculture and Natural Resources	198,335	0	0	0	(198,335)	0
Highways	5,565,635	213,061	2,738,267	339,322	(2,274,985)	0
Education	5,031	0	0	0	(5,031)	0
Interest on Long-term Debt	3,006,289	0	0	0	(3,006,289)	0
Total Primary Government	\$ 27,188,255	\$ 4,871,499	\$ 3,449,842	\$ 417,154	\$ (18,449,760)	\$ 0
Component Unit:						
Hawkins County School Department	\$ 63,279,732	\$ 1,005,045	\$ 6,867,162	\$ 0	\$ 0	\$ (55,407,525)
Total Component Unit	\$ 63,279,732	\$ 1,005,045	\$ 6,867,162	\$ 0	\$ 0	\$ (55,407,525)

(Continued)

Exhibit B

Hawkins County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
				Total	Hawkins County School Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 10,681,853	\$ 7,704,364
Property Taxes Levied for Highway/Public Works					1,511,192	0
Property Taxes Levied for Transportation					0	3,145,681
Property Taxes Levied for Debt Service					3,276,118	0
Local Option Sales Taxes					1,067,637	4,677,007
Wheel Tax					3,038,894	319,088
Litigation Tax - General					108,746	0
Litigation Tax - Jail, Workhouse, Courthouse					112,231	0
Litigation Tax - Courthouse Security					111,012	0
Litigation Tax - Special					70,424	0
Business Tax					357,248	0
Mixed Drink Tax					968	0
Mineral Severance Tax					76,519	0
Wholesale Beer Tax					79,918	0
Other Local Tax					0	1,440
Grants and Contributions Not Restricted to Specific Programs					1,910,474	40,845,183
Unrestricted Investment Income					675,625	35,138
Miscellaneous					7,785	331,847
Gain on Investments					0	6,884
Gain on Sale of Assets					276,355	30,421
Total General Revenues					\$ 23,362,999	\$ 57,097,053
Change in Fair Value of Derivatives - Interest Rate Swap					\$ (316,399)	\$ 0
Change in Net Position					\$ 4,596,840	\$ 1,689,528
Net Position, July 1, 2018					3,073,830	51,932,718
Net Position, June 30, 2019					\$ 7,670,670	\$ 53,622,246

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

Exhibit C-1

Hawkins County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 16,551	\$ 16,551
Equity in Pooled Cash and Investments	7,039,259	5,172,942	8,980,122	6,260,209	27,452,532
Accounts Receivable	48,676	260	18,795	98,570	166,301
Due from Other Governments	413,148	492,937	27,250	247,826	1,181,161
Due from Other Funds	75,073	0	0	5,843	80,916
Due from Component Units	9,781	0	0	0	9,781
Property Taxes Receivable	10,342,501	1,573,612	3,290,177	907,635	16,113,925
Allowance for Uncollectible Property Taxes	(365,533)	(55,616)	(116,284)	(32,078)	(569,511)
Prepaid Items	0	0	49,601	0	49,601
Total Assets	<u>\$ 17,562,905</u>	<u>\$ 7,184,135</u>	<u>\$ 12,249,661</u>	<u>\$ 7,504,556</u>	<u>\$ 44,501,257</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 182,028	\$ 110,802	\$ 0	\$ 77,272	\$ 370,102
Accrued Payroll	2,759	0	0	0	2,759
Payroll Deductions Payable	92,797	3,624	0	4,203	100,624
Contracts Payable	3,305	0	0	0	3,305
Due to Other Funds	5,843	0	0	73,678	79,521
Due to Component Units	0	0	323	0	323
Due to State of Tennessee	424	0	0	0	424
Other Current Liabilities	74,128	10,626	0	3,259	88,013
Total Liabilities	<u>\$ 361,284</u>	<u>\$ 125,052</u>	<u>\$ 323</u>	<u>\$ 158,412</u>	<u>\$ 645,071</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 9,694,184	\$ 1,474,971	\$ 3,083,933	\$ 850,741	\$ 15,103,829
Deferred Delinquent Property Taxes	246,065	37,438	78,279	21,593	383,375
Other Deferred/Unavailable Revenue	130,506	232,568	0	131,813	494,887
Total Deferred Inflows of Resources	<u>\$ 10,070,755</u>	<u>\$ 1,744,977</u>	<u>\$ 3,162,212</u>	<u>\$ 1,004,147</u>	<u>\$ 15,982,091</u>

FUND BALANCES

Nonspendable:					
Prepaid Items	\$ 0	\$ 0	\$ 49,601	\$ 0	\$ 49,601
Restricted:					
Restricted for General Government	81,516	0	0	0	81,516
Restricted for Finance	78,225	0	0	0	78,225
Restricted for Administration of Justice	616,390	0	0	0	616,390
Restricted for Public Safety	36,045	0	0	193,613	229,658
Restricted for Public Health and Welfare	15,346	0	0	35,669	51,015
Restricted for Other Operations	45,897	0	0	0	45,897
Restricted for Highways/Public Works	0	5,087,206	0	0	5,087,206
Restricted for Debt Service	0	0	9,037,525	3,579,399	12,616,924
Restricted for Capital Projects	0	0	0	746,302	746,302
Committed:					
Committed for General Government	6,633	0	0	0	6,633
Committed for Finance	30,391	0	0	0	30,391
Committed for Public Safety	88,667	0	0	0	88,667
Committed for Public Health and Welfare	6,632	0	0	1,480,078	1,486,710
Committed for Social, Cultural, and Recreational Services	2,000	0	0	0	2,000
Committed for Other Operations	2,099	0	0	0	2,099

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>					
Committed (Cont.):					
Committed for Highways/Public Works	\$ 0	\$ 226,900	\$ 0	\$ 0	\$ 226,900
Committed for Debt Service	0	0	0	306,936	306,936
Assigned:					
Assigned for General Government	183,014	0	0	0	183,014
Assigned for Finance	2,759	0	0	0	2,759
Assigned for Administration of Justice	4,600	0	0	0	4,600
Assigned for Public Safety	34,133	0	0	0	34,133
Assigned for Public Health and Welfare	4,132	0	0	0	4,132
Assigned for Social, Cultural, and Recreational Services	98,072	0	0	0	98,072
Unassigned	5,794,315	0	0	0	5,794,315
Total Fund Balances	<u>\$ 7,130,866</u>	<u>\$ 5,314,106</u>	<u>\$ 9,087,126</u>	<u>\$ 6,341,997</u>	<u>\$ 27,874,095</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,562,905</u>	<u>\$ 7,184,135</u>	<u>\$ 12,249,661</u>	<u>\$ 7,504,556</u>	<u>\$ 44,501,257</u>

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

Exhibit C-2

Hawkins County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 27,874,095
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,406,159	
Add: constriction in progress	164,396	
Add: infrastructure net of accumulated depreciation	33,580,540	
Add: buildings and improvements net of accumulated depreciation	14,308,250	
Add: other capital assets net of accumulated depreciation	<u>2,725,122</u>	52,184,467
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (19,081,523)	
Less: bonds payable	(48,240,000)	
Add: deferred amount on refunding	1,842,797	
Less: compensated absences payable	(748,402)	
Less: other deferred revenue - premium on debt	(1,171,426)	
Less: accrued interest on bonds and other loans payable	(154,931)	
Less: other post employment benefits liability	(5,240,896)	
Add: net pension asset	939,377	
Less: negative fair market value of interest rate swap	<u>(2,047,762)</u>	(73,902,766)
(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 and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 1,201,409	
Less: deferred inflows of resources related to pensions	(689,083)	
Add: deferred outflows of resources related to OPEB	581,294	
Less: deferred inflows of resources related to OPEB	<u>(457,008)</u>	636,612
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>878,262</u>
Net position of governmental activities (Exhibit A)		<u>\$ 7,670,670</u>

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

Exhibit C-3

Hawkins County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	Education Debt Service	Funds Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 12,751,730	\$ 1,604,072	\$ 3,536,145	\$ 2,746,190	\$ 20,638,137
Licenses and Permits	3,586	0	0	136,262	139,848
Fines, Forfeitures, and Penalties	157,328	0	0	61,003	218,331
Charges for Current Services	216,900	3,594	0	26,035	246,529
Other Local Revenues	95,485	4,850	501,709	1,026,168	1,628,212
Fees Received From County Officials	2,440,517	0	0	0	2,440,517
State of Tennessee	1,965,092	3,078,029	0	147,256	5,190,377
Federal Government	207,739	0	389,820	42,493	640,052
Other Governments and Citizens Groups	239,483	176,591	1,023,216	0	1,439,290
Total Revenues	\$ 18,077,860	\$ 4,867,136	\$ 5,450,890	\$ 4,185,407	\$ 32,581,293
<u>Expenditures</u>					
Current:					
General Government	\$ 2,987,651	\$ 0	\$ 0	\$ 969	\$ 2,988,620
Finance	1,578,896	0	0	0	1,578,896
Administration of Justice	1,644,245	0	0	24,021	1,668,266
Public Safety	8,088,746	0	0	128,749	8,217,495
Public Health and Welfare	596,604	0	0	2,260,331	2,856,935
Social, Cultural, and Recreational Services	439,079	0	0	0	439,079
Agriculture and Natural Resources	199,083	0	0	0	199,083
Other Operations	714,414	0	0	0	714,414
Highways	52,343	3,928,140	0	0	3,980,483
Debt Service:					
Principal on Debt	0	0	2,676,932	1,069,101	3,746,033
Interest on Debt	0	0	2,451,501	519,849	2,971,350
Other Debt Service	0	0	270,200	45,092	315,292

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 21,099	\$ 21,099
Total Expenditures	\$ 16,301,061	\$ 3,928,140	\$ 5,398,633	\$ 4,069,211	\$ 29,697,045
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,776,799	\$ 938,996	\$ 52,257	\$ 116,196	\$ 2,884,248
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 17,468,613	\$ 3,901,387	\$ 21,370,000
Premiums on Debt Sold	0	0	466,146	390,976	857,122
Insurance Recovery	63,349	4,157	0	0	67,506
Transfers In	0	0	106,214	0	106,214
Transfers Out	(106,214)	0	0	0	(106,214)
Payments to Refunded Debt Escrow Agent	0	0	(17,782,021)	(4,258,368)	(22,040,389)
Total Other Financing Sources (Uses)	\$ (42,865)	\$ 4,157	\$ 258,952	\$ 33,995	\$ 254,239
Net Change in Fund Balances	\$ 1,733,934	\$ 943,153	\$ 311,209	\$ 150,191	\$ 3,138,487
Fund Balance, July 1, 2018	5,396,932	4,370,953	8,775,917	6,191,806	24,735,608
Fund Balance, June 30, 2019	\$ 7,130,866	\$ 5,314,106	\$ 9,087,126	\$ 6,341,997	\$ 27,874,095

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

Exhibit C-4

Hawkins County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 3,138,487
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,026,410	
Less: current-year depreciation expense	<u>(2,736,967)</u>	(1,710,557)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: net book value of assets disposed		(467,308)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 878,262	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(853,916)</u>	24,346
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt related items.		
Add: principal payments on bonds	\$ 2,860,000	
Add: principal payments on other loans	886,033	
Add: debt principal refunded	21,940,000	
Less: issuance of refunding bonds	(21,370,000)	
Less: change in unamortized discount on debt	(5,031)	
Less: change in unamortized premium on debt issuances	(761,988)	
Less: change in deferred amount on refunding debt	(139,647)	
Less: change in fair value of derivatives - interest rate swap	<u>(316,399)</u>	3,092,968
(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	\$ 109,963	
Change in OPEB liability	(919,456)	
Change in compensated absences payable	33,781	
Change in net pension asset/liability	1,087,676	
Change in deferred outflows related to pensions	(136,390)	
Change in deferred inflows related to pensions	(291,730)	
Change in deferred outflows related to OPEB	581,294	
Change in deferred inflows related to OPEB	<u>53,766</u>	<u>518,904</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,596,840</u>

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

Exhibit C-5

Hawkins County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,751,730	\$ 0	\$ 0	\$ 12,751,730	\$ 12,031,726	\$ 12,031,726	\$ 720,004
Licenses and Permits	3,586	0	0	3,586	1,500	1,500	2,086
Fines, Forfeitures, and Penalties	157,328	0	0	157,328	162,030	162,030	(4,702)
Charges for Current Services	216,900	0	0	216,900	154,600	154,600	62,300
Other Local Revenues	95,485	0	0	95,485	57,400	59,400	36,085
Fees Received From County Officials	2,440,517	0	0	2,440,517	2,350,000	2,350,000	90,517
State of Tennessee	1,965,092	0	0	1,965,092	2,511,439	2,608,170	(643,078)
Federal Government	207,739	0	0	207,739	242,337	245,548	(37,809)
Other Governments and Citizens Groups	239,483	0	0	239,483	400,053	268,890	(29,407)
Total Revenues	\$ 18,077,860	\$ 0	\$ 0	\$ 18,077,860	\$ 17,911,085	\$ 17,881,864	\$ 195,996
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 135,747	\$ 0	\$ 0	\$ 135,747	\$ 130,426	\$ 142,304	\$ 6,557
Board of Equalization	7,008	0	0	7,008	8,912	8,912	1,904
Beer Board	2,091	0	0	2,091	3,017	3,017	926
Budget and Finance Committee	5,772	0	0	5,772	8,362	8,362	2,590
County Mayor/Executive	509,021	(13,140)	1,813	497,694	528,939	536,383	38,689
County Attorney	36,566	0	0	36,566	37,342	37,576	1,010
Election Commission	407,019	(19,825)	0	387,194	423,598	423,598	36,404
Register of Deeds	286,799	0	0	286,799	314,610	314,610	27,811
Planning	15,769	0	0	15,769	18,625	18,625	2,856
County Buildings	796,366	(16,800)	46,495	826,061	1,030,325	1,030,325	204,264
Other General Administration	783,986	(8,818)	0	775,168	838,136	809,411	34,243
Preservation of Records	1,507	0	0	1,507	10,200	10,200	8,693
<u>Finance</u>							
Property Assessor's Office	479,641	(38,750)	2,359	443,250	457,378	459,878	16,628
Reappraisal Program	146,556	0	0	146,556	153,055	150,555	3,999
County Trustee's Office	272,348	0	0	272,348	285,686	285,686	13,338
County Clerk's Office	680,351	(150)	400	680,601	714,403	714,403	33,802

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court Clerk	\$ 601,548	\$ (9,338)	\$ 3,800	\$ 596,010	\$ 612,551	\$ 622,199	\$ 26,189
Criminal Court	10,745	0	0	10,745	12,000	12,000	1,255
General Sessions Court	311,135	0	800	311,935	319,906	319,906	7,971
Drug Court	54,479	0	0	54,479	64,214	64,214	9,735
Chancery Court	303,097	0	0	303,097	296,438	308,902	5,805
Juvenile Court	157,144	0	0	157,144	164,369	164,369	7,225
Courtroom Security	206,097	0	0	206,097	143,676	233,853	27,756
<u>Public Safety</u>							
Sheriff's Department	3,872,154	(600)	2,121	3,873,675	4,112,320	4,142,320	268,645
Drug Enforcement	8,373	0	0	8,373	9,312	9,312	939
Administration of the Sexual Offender Registry	4,153	0	300	4,453	4,500	6,000	1,547
Jail	3,131,053	(11,706)	7,935	3,127,282	3,264,180	3,264,180	136,898
Juvenile Services	280,455	0	0	280,455	277,804	292,804	12,349
Fire Prevention and Control	262,870	0	0	262,870	267,060	267,060	4,190
Rescue Squad	73,500	0	24,500	98,000	98,000	98,000	0
Disaster Relief	0	0	0	0	6,000	6,000	6,000
Other Emergency Management	332,503	0	0	332,503	368,270	368,270	35,767
County Coroner/Medical Examiner	123,685	0	29,456	153,141	159,635	162,620	9,479
<u>Public Health and Welfare</u>							
Local Health Center	304,080	(3,000)	2,632	303,712	359,069	362,069	58,357
Ambulance/Emergency Medical Services	60,000	0	0	60,000	60,000	60,000	0
Other Local Health Services	220,448	0	0	220,448	493,100	488,672	268,224
Aid to Dependent Children	5,000	0	0	5,000	5,000	5,000	0
Other Public Health and Welfare	7,076	0	1,500	8,576	27,176	27,176	18,600
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	0	0	2,000	2,000	2,000	2,000	0
Senior Citizens Assistance	207,090	0	0	207,090	213,451	213,451	6,361
Libraries	106,860	0	0	106,860	106,860	106,860	0
Parks and Fair Boards	125,129	(2,698)	98,072	220,503	235,209	275,473	54,970

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	\$ 113,868	\$ 0	\$ 0	\$ 113,868	\$ 120,038	\$ 120,038	\$ 6,170
Forest Service	1,500	0	0	1,500	1,500	1,500	0
Soil Conservation	72,310	0	0	72,310	72,501	72,501	191
Flood Control	0	0	0	0	4,000	4,000	4,000
Storm Water Management	11,405	0	0	11,405	16,301	16,301	4,896
<u>Other Operations</u>							
Tourism	1,500	0	0	1,500	1,500	1,500	0
Industrial Development	224,858	0	0	224,858	398,954	267,791	42,933
Airport	69,845	(26,998)	0	42,847	98,850	98,850	56,003
Veterans' Services	83,376	0	0	83,376	86,069	86,069	2,693
Contributions to Other Agencies	26,950	0	0	26,950	26,950	26,950	0
Employee Benefits	22,717	0	0	22,717	78,600	55,417	32,700
Miscellaneous	285,168	(3,900)	3,900	285,168	267,018	299,285	14,117
<u>Highways</u>							
Litter and Trash Collection	52,343	0	0	52,343	79,341	79,341	26,998
<u>Interest on Debt</u>							
General Government	0	0	0	0	4,000	4,000	4,000
Total Expenditures	\$ 16,301,061	\$ (155,723)	\$ 228,083	\$ 16,373,421	\$ 17,900,736	\$ 17,970,098	\$ 1,596,677
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,776,799	\$ 155,723	\$ (228,083)	\$ 1,704,439	\$ 10,349	\$ (88,234)	\$ 1,792,673
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 63,349	\$ 0	\$ 0	\$ 63,349	\$ 0	\$ 38,372	\$ 24,977
Transfers Out	(106,214)	0	0	(106,214)	(105,639)	(106,214)	0
Total Other Financing Sources	\$ (42,865)	\$ 0	\$ 0	\$ (42,865)	\$ (105,639)	\$ (67,842)	\$ 24,977

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 1,733,934	\$ 155,723	\$ (228,083)	\$ 1,661,574	\$ (95,290)	\$ (156,076)	\$ 1,817,650
Fund Balance, July 1, 2018	5,396,932	(155,723)	0	5,241,209	5,179,185	5,179,185	62,024
Fund Balance, June 30, 2019	\$ 7,130,866	\$ 0	\$ (228,083)	\$ 6,902,783	\$ 5,083,895	\$ 5,023,109	\$ 1,879,674

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

Exhibit C-6

Hawkins County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,604,072	\$ 0	\$ 0	\$ 1,604,072	\$ 1,544,794	\$ 1,544,794	\$ 59,278
Charges for Current Services	3,594	0	0	3,594	1,400	1,400	2,194
Other Local Revenues	4,850	0	0	4,850	1,000	1,000	3,850
State of Tennessee	3,078,029	0	0	3,078,029	3,412,007	3,412,007	(333,978)
Other Governments and Citizens Groups	176,591	0	0	176,591	0	176,591	0
Total Revenues	\$ 4,867,136	\$ 0	\$ 0	\$ 4,867,136	\$ 4,959,201	\$ 5,135,792	\$ (268,656)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 193,303	\$ 0	\$ 0	\$ 193,303	\$ 228,822	\$ 228,822	\$ 35,519
Highway and Bridge Maintenance	2,498,565	0	111,216	2,609,781	3,749,000	3,925,591	1,315,810
Operation and Maintenance of Equipment	373,332	0	0	373,332	934,000	934,000	560,668
Other Charges	190,885	0	0	190,885	214,900	214,900	24,015
Employee Benefits	320,301	0	0	320,301	461,200	461,200	140,899
Capital Outlay	351,754	(1,121)	456,050	806,683	1,531,500	1,531,500	724,817
Total Expenditures	\$ 3,928,140	\$ (1,121)	\$ 567,266	\$ 4,494,285	\$ 7,119,422	\$ 7,296,013	\$ 2,801,728
Excess (Deficiency) of Revenues Over Expenditures	\$ 938,996	\$ 1,121	\$ (567,266)	\$ 372,851	\$ (2,160,221)	\$ (2,160,221)	\$ 2,533,072
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,157	\$ 0	\$ 0	\$ 4,157	\$ 0	\$ 0	\$ 4,157
Total Other Financing Sources	\$ 4,157	\$ 0	\$ 0	\$ 4,157	\$ 0	\$ 0	\$ 4,157
Net Change in Fund Balance	\$ 943,153	\$ 1,121	\$ (567,266)	\$ 377,008	\$ (2,160,221)	\$ (2,160,221)	\$ 2,537,229
Fund Balance, July 1, 2018	4,370,953	(1,121)	0	4,369,832	4,366,528	4,366,528	3,304
Fund Balance, June 30, 2019	\$ 5,314,106	\$ 0	\$ (567,266)	\$ 4,746,840	\$ 2,206,307	\$ 2,206,307	\$ 2,540,533

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

Exhibit D

Hawkins County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,277,439
Equity in Pooled Cash and Investments	79,833
Accounts Receivable	143
Due from Other Governments	898,710
Taxes Receivable	1,346,159
Allowance for Uncollectible Taxes	<u>(47,577)</u>
Total Assets	<u>\$ 3,554,707</u>
<u>LIABILITIES</u>	
Due to Other Funds	\$ 1,395
Due to Other Taxing Units	2,277,125
Due to Litigants, Heirs, and Others	<u>1,276,187</u>
Total Liabilities	<u>\$ 3,554,707</u>

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

HAWKINS COUNTY, TENNESSEE

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HAWKINS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Hawkins County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Hawkins County (the primary government) and its component units. The financial statements of the Hawkins County Emergency Communications District, Hawkins County Industrial Development Board, and the Hawkins County Library System, component units 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 Hawkins County School Department operates the public school system in the county, and the voters of Hawkins County elect its board. The school department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the county commission's approval. The school department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

The Hawkins County Industrial Development Board oversees industrial development and related services in the county industrial parks. The Hawkins County Industrial Development Board nominates, and the Hawkins County Commission confirms the board members. In a prior year, the county agreed to assume the liability for a note issued by the Industrial Development Board. Due to this financial burden relationship, the board is reported as a discretely presented component unit. In the current year, the Industrial Development Board did not have an audit performed since the majority of operational expenditures are administered by Hawkins County through the county's General Fund and included in the scope of the county's annual audit. The board maintains a separate checking account that is used for economic development expenses for which it receives reimbursements from the Northeast Tennessee Valley Regional Industrial Development Association and the Workforce Investment Act Youth Program. Total deposits and disbursements of \$143,651 and \$125,566, respectively, were channeled through this account during the year. In our opinion, these deposits and disbursements are not material to the component units' opinion unit.

The Hawkins County Library System operates public libraries in Hawkins County, and the county commission appoints its governing body. The Library System is funded primarily through contributions from Hawkins County and the various cities within the county. The financial statements of the Hawkins County Library System were not material to the component units' opinion unit and therefore have been omitted from this report.

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

Administrative Offices:

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

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

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

B. Government-wide and Fund Financial Statements

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

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

Hawkins County issues all debt for the discretely presented Hawkins County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2019.

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

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

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

Fund financial statements of Hawkins County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Hawkins County does not have any proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

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

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

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

Hawkins County reports the following major governmental funds:

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

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

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

Additionally, Hawkins County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund is used to account for the acquisition or construction of major capital facilities and other capital assets.

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

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

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

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

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hawkins County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the debt service funds. Hawkins County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, 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. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United State of America.

All other investments are reported at fair value. Other than the pension stabilization trust discussed in Note IV.A., no investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.85 percent of total taxes levied.

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

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

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

Most payables are disaggregated on the face of the financial statements. The Other Current Liabilities account reflected on the statement of Net Position for the primary government mainly represents remaining balances in the payroll tax deposit clearing account. Other Current Liabilities amounts for the discretely presented school department represent remaining balances in the insurance and retirement clearing accounts.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid

items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. **Restricted Assets**

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

5. **Capital Assets**

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

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

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

6. Deferred Outflows/Inflows of Resources

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

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

7. **Compensated Absences**

Primary Government

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

Discretely Presented School Department

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

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

The Hawkins County Board of Education also allows all employees to be paid for any unused sick pay benefits upon retirement at a rate of \$25 to \$40 per unused day based on total days accumulated. Otherwise the granting of unused sick leave has no guaranteed payment attached.

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

8. **Long-term Debt and Long-term Obligations**

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

systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

9. Net Position and Fund Balance

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

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

The government-wide Statement of Net Position reports \$20,679,740 of restricted net position for the primary government, of which \$1,020,836 is restricted by enabling legislation.

As of June 30, 2019, Hawkins County had \$52,399,536 in outstanding debt for capital purposes for the discretely presented Hawkins County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Rogersville School System and the City of Kingsport School System) based on an average daily attendance

proration. This debt is a liability of Hawkins County, but the capital assets acquired are reported in the financial statements of the school department, the City of Rogersville School System, and the City of Kingsport School System. Therefore, Hawkins County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission makes assignments for the general government and the Board of Education makes assignments for the school department. Assigned fund balance in the primary government's General Fund includes encumbrances of \$171,952, insurance recovery of \$23,952, employee vacation pay of \$25,000, and unclaimed property

refunds of \$105,806. Assigned fund balance in the school department's General Purpose School Fund includes encumbrances of \$367,731, fund balance assigned for textbooks totaling \$123,891, and fund balance appropriated for use in the 2019-20 budget totaling \$3,449,279.

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.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Hawkins County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Hawkins County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Hawkins County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

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

Hawkins County. For this purpose, Hawkins County recognizes benefit payments when due and payable in accordance with benefit terms. Hawkins County's OPEB plans are not administered through a trust.

Discretely Presented Hawkins 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 Hawkins 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 plans are 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 Hawkins County School Department

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

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

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Hawkins County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2019, Hawkins County and the discretely presented Hawkins County School Department had encumbrances in the following budgeted funds:

Funds	Amount
Primary Government	
Major Fund:	
General	\$ 228,083
Highway/Public Works	567,266
Nonmajor Governmental	506,848
Discretely Presented School Department	
Major Fund:	
General Purpose School	367,731
School Transportation	405,918
Nonmajor Governmental	58,233

B. Cash Shortage – Prior Year

The audit of Hawkins County for the 2017-18 year reported a cash shortage of \$64,800 in the Hawkins County School Department. An investigative report of the Comptroller’s Office dated August 22, 2018, reported that during the period of April 8, 2011, through December 12, 2017, former contracted certified operator Shawn Hatchett fraudulently claimed and received \$64,800 in fees from the Hawkins County Board of Education. That report is available at <https://www.comptroller.tn.gov/ia/>. On August 20, 2018, the Hawkins County Grand Jury indicted Shawn Hatchett on one count of Theft over \$60,000, one count of Forgery over \$60,000, and fifty-five counts of Violation of the Water Pollution Control Act. Trial for Mr. Hatchett has been set for February 24, 2020.

C. Results of Investigations by Comptroller’s Office

The Comptroller of the Treasury, Division of Investigations, is conducting multiple investigations related to allegations received involving various offices and departments in Hawkins County. Reports, if any, resulting from these investigations can be found on the Comptroller of the Treasury’s website, <https://www.comptroller.tn.gov/ia/> and may be disclosed in subsequent reports.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

and statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. 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.

Other than the TCRS Stabilization Trust discussed below, the county had no pooled and nonpooled investments as of June 30, 2019.

TCRS Stabilization Trust

Legal Provisions. The Hawkins County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

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

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

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

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

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

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

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

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

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

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3)

years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

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

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

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 42,710
Developed Market International Equity	N/A	N/A	19,288
Emerging Market International Equity	N/A	N/A	5,511
U.S. Fixed Income	N/A	N/A	27,554
Real Estate	N/A	N/A	13,777
Short-term Securities	N/A	N/A	1,378
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	27,554
Total			\$ 137,772

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 42,710	\$ 42,710	\$ 0	\$ 0	0
Developed Market					
International Equity	19,288	19,288	0	0	0
Emerging Market					
International Equity	5,511	5,511	0	0	0
U.S. Fixed Income	27,554	0	27,554	0	0
Real Estate	13,777	0	0	13,777	0
Short-term Securities	1,378	0	1,378	0	0
Private Equity and Strategic Lending	27,554	0	0	0	27,554
Total	\$ 137,772	\$ 67,509	\$ 28,932	\$ 13,777	27,554

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Hawkins County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Hawkins County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Hawkins County School Department places no limit on the amount the county may invest in one issuer.

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

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

B. Derivative Instrument

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

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

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2019, classified by type, and the change in fair value using a pay fixed, receive a percentage of LIBOR pricing model (Level 2 inputs of the GAAP fair value hierarchy) of such a derivative instrument for the year then ended as reported in the 2019 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at 6-30-2019</u>		6-30-2019
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Investment Derivative:					
Pay fixed interest rate swaps:					
\$16M Swap	Interest and Investment Earnings	\$ (316,399)	Debt	\$ (2,047,762)	\$16,000,000
Total		<u>\$ (316,399)</u>		<u>\$ (2,047,762)</u>	<u>\$16,000,000</u>

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

Derivative Swap Agreement Detail

\$16M Swap

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series V-B-1.

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.5325 percent and receives a variable payment computed as 58.75 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$16 million and the associated variable-rate bond has a \$16 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-A-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2029. As of June 30, 2019, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.5325 %
Variable payment from counterparty	% of LIBOR	<u>-1.0369</u>
Net interest rate swap payments		2.4956 %
Variable-rate bond coupon payments		<u>2.4853</u>
Synthetic interest rate on bonds		<u>4.9809 %</u>

Fair value. As of June 30, 2019, the swap had a negative fair value of \$2,047,762. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2019, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Raymond James Financial Products ("RJFP", formerly Morgan Keegan Financial Products) was rated "Baa1/BBB+" by Moody's and Standard and Poor's as of June 30, 2019, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/BBB+ by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

Swap payments and associated debt. As of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2020	\$ 1,275,000	\$ 397,654	\$ 399,290	\$ 2,071,944
2021	1,325,000	365,966	367,472	2,058,438
2022	1,400,000	333,036	334,405	2,067,441
2023	1,475,000	298,241	299,468	2,072,709
2024	1,550,000	261,582	262,658	2,074,240
2025-2029	8,975,000	690,925	693,766	10,359,691
Total	\$ 16,000,000	\$ 2,347,404	\$ 2,357,059	\$ 20,704,463

C. Capital Assets

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

Primary Government

Governmental Activities

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,406,159	\$ 0	\$ 0	\$ 1,406,159
Construction in Progress	0	164,396	0	164,396
Total Capital Assets Not Depreciated	\$ 1,406,159	\$ 164,396	\$ 0	\$ 1,570,555
Capital Assets Depreciated:				
Buildings and Improvements	\$ 21,743,950	\$ 32,468	\$ 0	\$ 21,776,418
Infrastructure	59,272,676	0	0	59,272,676
Other Capital Assets	11,131,542	829,546	1,066,510	10,894,578
Total Capital Assets Depreciated	\$ 92,148,168	\$ 862,014	\$ 1,066,510	\$ 91,943,672
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,910,819	\$ 557,349	\$ 0	\$ 7,468,168
Infrastructure	24,225,363	1,466,773	0	25,692,136
Other Capital Assets	8,055,813	712,845	599,202	8,169,456
Total Accumulated Depreciation	\$ 39,191,995	\$ 2,736,967	\$ 599,202	\$ 41,329,760
Total Capital Assets Depreciated, Net	\$ 52,956,173	\$ (1,874,953)	\$ 467,308	\$ 50,613,912
Governmental Activities Capital Assets, Net	\$ 54,362,332	\$ (1,710,557)	\$ 467,308	\$ 52,184,467

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

Governmental Activities:

General Government	\$ 268,531
Finance	5,240
Administration of Justice	11,294
Public Safety	579,410
Public Health and Welfare	221,223
Social, Cultural, and Recreational Services	10,778
Highway/Public Works	<u>1,640,491</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 2,736,967</u></u>

Discretely Presented Hawkins County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,570,973	\$ 0	\$ 0	\$ 1,570,973
Construction in Progress	697,273	207,293	770,330	134,236
Total Capital Assets Not Depreciated	<u>\$ 2,268,246</u>	<u>\$ 207,293</u>	<u>\$ 770,330</u>	<u>\$ 1,705,209</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 97,690,051	\$ 1,423,397	\$ 0	\$ 99,113,448
Other Capital Assets	9,649,079	328,655	278,239	9,699,495
Total Capital Assets Depreciated	<u>\$ 107,339,130</u>	<u>\$ 1,752,052</u>	<u>\$ 278,239</u>	<u>\$ 108,812,943</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 53,052,205	\$ 3,449,116	\$ 0	\$ 56,501,321
Other Capital Assets	6,535,824	568,203	254,682	6,849,345
Total Accumulated Depreciation	<u>\$ 59,588,029</u>	<u>\$ 4,017,319</u>	<u>\$ 254,682</u>	<u>\$ 63,350,666</u>
Total Capital Assets Depreciated, Net	<u>\$ 47,751,101</u>	<u>\$ (2,265,267)</u>	<u>\$ 23,557</u>	<u>\$ 45,462,277</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 50,019,347</u></u>	<u><u>\$ (2,057,974)</u></u>	<u><u>\$ 793,887</u></u>	<u><u>\$ 47,167,486</u></u>

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

Governmental Activities:

Instruction	\$ 3,412,866
Support Services	547,121
Operation of Non-instructional Services	<u>57,332</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,017,319</u>

D. Construction Commitments

At June 30, 2019, the General Fund had uncompleted construction contracts of approximately \$36,284 for roofing and elevator replacements, the Highway/Public Works Fund had uncompleted construction contracts of approximately \$559,560 for road paving, and the General Capital Projects Fund had uncompleted construction contracts of approximately \$18,370 for sewer engineering services. Funding for these future expenditures is expected to be provided from available fund balance.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 73,678
"	Agency	1,395
Nonmajor governmental	General	5,843
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	4,154
"	School Transportation	207

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit:	
General	School Department:	
Component Unit:	General Purpose School	\$ 9,781
School Department:	Primary Government:	
School Transportation	Education Debt Service	323

Interfund Transfers:

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

Primary Government

Transfer Out	Transfer In Education Debt Service Fund
General Fund	\$ 106,214

Transfers to the General Debt Service Fund are for Qualified School Construction Bond (QSCB) rebates.

Discretely Presented Hawkins County School Department

Transfer Out	Transfer In Nonmajor Governmental Funds
General Purpose School Fund	\$ 4,154

Transfers to the Nonmajor Governmental Funds are for expenditure reimbursements.

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

F. Long-term Debt

Primary Government

General Obligation Bonds and Other Loans

General Obligation Bonds - Hawkins County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other loans and bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds

outstanding were issued for original terms of up to 22 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service, Special Debt Service, or Education Debt Service funds.

Direct Borrowing and Direct Placements - Hawkins County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, other loans have been issued to refund other loans and bonds. Other loans are direct obligations and pledge the full faith and credit of the government. Other loans outstanding were issued for original terms of up to 21 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2019, will be retired from the Education Debt Service fund.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds -				
Refunding	1 to 5 %	6-30-36	\$ 40,101,353	\$ 38,840,678
General Obligation Bonds	.75 to 3.5	6-1-38	10,113,647	9,399,322
Direct Borrowing and				
Direct Placement:				
Other Loans - Public Building Authority	*	6-1-29	16,150,000	16,150,000
Other Loans - Qualified School Construction Bonds	0 to 1.515	9-15-27	4,973,000	2,377,528
Other Loans - Energy Efficient Schools Initiative	0 to 0.75	7-1-28	1,192,687	553,995

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

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

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-19	Interest Type	Interest Rate as of 6-30-19	Other Fees on Variable Rate Debt
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Sevier County Public
Building Authority

Series VII-A-1	\$ 16,150,000	\$ 16,150,000	Variable (1)	2.52 %	0.25 %
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(1) An interest rate swap agreement is associated with this loan. See Note IV.B., Derivative Instrument, for details of that swap agreement.

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2019, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 1,745,000	\$ 1,458,750	\$ 3,203,750
2021	1,765,000	1,450,480	3,215,480
2022	1,690,000	1,385,088	3,075,088
2023	1,760,000	1,319,037	3,079,037
2024	1,780,000	1,264,663	3,044,663
2025-2029	7,660,000	5,573,399	13,233,399
2030-2034	17,345,000	3,920,498	21,265,498
2035-2038	14,495,000	1,079,225	15,574,225
Total	\$ 48,240,000	\$ 17,451,140	\$ 65,691,140

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 1,716,083	\$ 530,086	\$ 40,375	\$ 2,286,544
2021	1,766,372	496,027	37,150	2,299,549
2022	1,816,088	460,066	33,800	2,309,954
2023	1,840,232	422,227	30,263	2,292,722
2024	1,915,543	382,474	26,538	2,324,555
2025-2029	10,027,205	914,149	70,063	11,011,417
Total	\$ 19,081,523	\$ 3,205,029	\$ 238,189	\$ 22,524,741

There is \$12,973,461 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$849, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and unamortized debt premium totaled \$1,205, based on the 2010 federal census.

During the year, the school department contributed \$1,023,216 to the county debt service funds to be applied toward the retirement of school related debt.

Changes in Long-term Debt

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

Governmental Activities:	Bonds	Other Loans - Direct Placement
	<u>Bonds</u>	<u>Placement</u>
Balance, July 1, 2018	\$ 50,290,000	\$ 21,347,556
Additions	21,370,000	0
Reductions	<u>(23,420,000)</u>	<u>(2,266,033)</u>
Balance, June 30, 2019	<u>\$ 48,240,000</u>	<u>\$ 19,081,523</u>
Balance Due Within One Year	<u>\$ 1,745,000</u>	<u>\$ 1,716,083</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 67,321,523
Less: Balance Due Within One Year - Debt	(3,461,083)
Add: Unamortized Premium on Debt	<u>1,171,426</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 65,031,866</u>

Current Refunding

On June 28, 2019, Hawkins County refunded the remaining balance of the Series B-15-A other loans and several general obligation bond issues with a separate general obligation bond issue and available fund balances. The county issued \$21,370,000 of general obligation refunding bonds and contributed \$395,000 from available fund balances to provide resources for payment of the refunded debt. The other loans and general obligation bond issues were called and redeemed on June 28, 2019. As a result, the refunded other loans and general obligations bonds have been removed from the county's long-term debt. Because of the refunding, total debt service payments over the next 19 years will be reduced by \$4,783,648, and an economic gain (difference between the present value of the debt service payments of the refunded debt and refunding bonds) of \$2,982,711 was obtained.

G. Long-term Obligations

Changes in Long-term Obligations

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

Governmental Activities:

	Compensated Absences	Net Pension Liability Agent Plan	Other Postemployment Benefits
Balance, July 1, 2018	\$ 782,183	\$ 148,299	\$ 4,321,440
Additions	641,732	81,657	1,150,260
Reductions	(675,513)	(229,956)	(230,804)
Balance, June 30, 2019	\$ 748,402	\$ 0	\$ 5,240,896
Balance Due Within One Year	\$ 561,302	\$ 0	\$ 0

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 5,989,298
Less: Balance Due Within One Year - Other	<u>(561,302)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other -Exhibit A	<u>\$ 5,427,996</u>

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

Discretely Presented Hawkins County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hawkins County School Department for the year ended June 30, 2019, was as follows:

Governmental Activities:

	Compensated Absences	Termination Benefits	Retirement Honorarium
Balance, July 1, 2018	\$ 1,795,221	\$ 270,290	\$ 577,779
Additions	637,611	58,783	24,437
Reductions	(562,892)	(107,189)	(23,554)
Balance, June 30, 2019	<u>\$ 1,869,940</u>	<u>\$ 221,884</u>	<u>\$ 578,662</u>
Balance Due Within One Year	<u>\$ 557,044</u>	<u>\$ 58,783</u>	<u>\$ 8,397</u>

	Net Pension Liability Agent Plan	Other Postemployment Benefits
Balance, July 1, 2018	\$ 124,160	\$ 14,800,100
Additions	64,761	4,158,495
Reductions	(188,921)	(3,880,161)
Balance, June 30, 2019	<u>\$ 0</u>	<u>\$ 15,078,434</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 17,748,920
Less: Balance Due Within One Year - Other	<u>(624,224)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 17,124,696</u>

These long-term obligations will be paid from the employing funds.

H. On-Behalf Payments

Discretely Presented Hawkins County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hawkins County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both 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, 2019, were \$206,185 and \$86,095, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government

Hawkins County provides commercial health insurance coverage for its employees. Settled claims did not exceed commercial insurance coverage during the past three years.

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

Discretely Presented Hawkins County School Department

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

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

B. **Accounting Changes**

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

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

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

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

C. Contingent Liabilities

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

D. Changes in Administration

On August 31, 2018, Melville Bailey left the Office of County Mayor and was succeeded by Jim Lee.

On January 30, 2019, Reba Bailey left the Office of Director of Schools and was succeeded by Matt Hixson.

E. Joint Ventures

Primary Government

The Third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Third Judicial District, Greene, Hamblen, Hancock, and Hawkins counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF

come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Hawkins County made no contributions to the DTF for the year ended June 30, 2019.

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

Discretely Presented School Department

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

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

Administrative Offices:

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

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

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

F. Jointly Governed Organization

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated, (TCA)*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center, and to further the economy and growth of the region served by the authority by developing, marketing, and promoting facilities for warehousing, distribution, light manufacturing, and agribusiness purposes. The authority is governed by a Board of Directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice-chairman, secretary, and treasurer of the Board of Directors, along with the center manager as an ex-officio member, is in charge of the daily operation of the center.

Hawkins County is a participant in the joint governance of the Alliance for Business and Training (AB&T), which administers funds received under the Workforce Innovation and Opportunity Act for the Northeast Tennessee Local Workforce Development Area. An interlocal consortium agreement between Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi, and Washington counties established the Northeast Tennessee Workforce Development Board and the governing structure of AB&T. The county mayors represent each county in the consortium. The Sullivan County Mayor serves as the chief local elected county official of the consortium by the majority approval of the local elected county officials in the consortium agreement and approves appointments of board members of the workforce development board following a nomination process specified in the agreement. The board has no financial activity but provides oversight for workforce development programs of the Development Area. Those programs are funded by grants passed through the state Department of Labor to AB&T.

Mayors of the participating counties, along with four members jointly appointed by the mayors serve as the governing board of AB&T. The consortium agreement calls for any liability for disallowed costs of the grant programs to be shared by member counties of the consortium based on each county's percent of the population of the local workforce development area. However, that contingent liability is to be mitigated by \$3 million of insurance coverage provided by AB&T to indemnify the counties pursuant to the consortium agreement.

Complete financial information for the Alliance for Business and Training can be obtained from the following address.

Alliance for Business and Training
386 Hwy 91
P.O. Box 249
Elizabethton, TN 37643

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

Public Employee Legacy Retirement Plan

General Information About the Pension Plan

Plan Description. Employees of Hawkins County and non-certified employees of the discretely presented Hawkins County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 55.77 percent, the non-certified employees of the discretely presented school department comprise 44.23 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

projected service credits. A variety of death benefits is available under various eligibility criteria.

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	439
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	603
Active Employees	596
 Total	 <u><u>1,638</u></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. Hawkins County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contribution for Hawkins County was \$1,299,371 based on a rate of 8.68 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hawkins County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined 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)

Hawkins County’s net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Hawkins County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 57,989,174	\$ 57,716,715	\$ 272,459
Changes for the Year:			
Service Cost	\$ 1,373,076	\$ 0	\$ 1,373,076
Interest	4,195,156	0	4,195,156
Differences Between Expected and Actual Experience	(750,034)	0	(750,034)
Changes in Assumptions	0	0	0
Contributions-Employer	0	1,318,159	(1,318,159)
Contributions-Employees	0	763,520	(763,520)
Net Investment Income	0	4,750,506	(4,750,506)
Benefit Payments, Including Refunds of Employee Contributions	(2,996,060)	(2,996,060)	0
Administrative Expense	0	(57,156)	57,156
Other Changes	0	5	(5)
Net Changes	\$ 1,822,138	\$ 3,778,974	\$ (1,956,836)
Balance, June 30, 2018	\$ 59,811,312	\$ 61,495,689	\$ (1,684,377)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	55.77%	\$ 33,356,769	\$ 34,296,146	\$ (939,377)
School Department	44.23%	26,454,543	27,199,543	(745,000)
Total		\$ 59,811,312	\$ 61,495,689	\$ (1,684,377)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Hawkins County calculated using the discount rate of 7.25 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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 5,511,150	\$ (1,684,377)	\$ (7,707,338)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, Hawkins County recognized pension expense of \$146,418.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Hawkins County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 6,112	\$ 1,003,878
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	231,701
Changes in Assumptions	821,607	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	1,299,371	N/A
Total	<u>\$ 2,127,090</u>	<u>\$ 1,235,579</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,201,409	\$ 689,083
School Department	<u>925,681</u>	<u>546,496</u>
Total	<u>\$ 2,127,090</u>	<u>\$ 1,235,579</u>

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

Year Ending June 30	Amount
2020	\$ 229,268
2021	(6,578)
2022	(510,300)
2023	(120,252)
2024	0
Thereafter	0

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

Payable to the Pension Plan

At June 30, 2019, Hawkins County reported a payable of \$38,148 for the outstanding amount of contributions due to the pension plan at year end.

Discretely Presented Hawkins County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description – Hawkins County Legacy Plan. As noted above under the primary government, employees of Hawkins County and non-certified employees of the discretely presented Hawkins County School

Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 55.77 percent and the non-certified employees of the discretely presented school department comprise 44.23 percent of the plan based on contribution data.

The discretely presented Hawkins County School Department withdrew from the TCRS Hawkins County Plan effective July 1, 2015. Non-certified school employees hired after the date of withdrawal are not eligible to participate in the Hawkins County Plan. Employees active as of the withdrawal date will continue to accrue salary and services credit in TCRS. The employer remains responsible for the pension liability for employees and retirees that were active as of the withdrawal date.

Plan Description – Hawkins County Schools Hybrid Plan. Non-certified employees of the discretely presented Hawkins County School Department hired after July 1, 2015, are provided a defined benefit pension plan (Hawkins County Schools Hybrid Plan) through the Public Employee Retirement Plan, an agent 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 the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80 in which the member's age and service credits total 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 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.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	0
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	37
Active Employees	123
 Total	 <u>160</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. The school department makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation and statutory provisions. 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 Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Retirement Plan were \$44,592, which is 2.15 percent of covered payroll. In addition, employer contributions of \$27,721 were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). The school department's net pension liability (asset) was measured at June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% 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, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from the school department will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 84,417	\$ 107,290	\$ (22,873)
Changes for the Year:			
Service Cost	\$ 79,994	\$ 0	\$ 79,994
Interest	11,749	0	11,749
Changes in Benefit Terms	0	0	0
Differences Between Expected and Actual Experience	21,709	0	21,709
Changes in Assumptions	0	0	0
Contributions-Employer	0	58,503	(58,503)
Contributions-Employees	0	73,130	(73,130)
Net Investment Income	0	13,745	(13,745)
Benefit Payments, Including Refunds of Employee Contributions	(4,718)	(4,718)	0
Administrative Expense	0	(10,331)	10,331
Other Changes	0	0	0
Net Changes	\$ 108,734	\$ 130,329	\$ (21,595)
Balance, June 30, 2018	\$ 193,151	\$ 237,619	\$ (44,468)

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

	Current Discount Rate		
	1% Decrease 6.25%	7.25%	1% Increase 8.25%
Net Pension Liability	\$ 3,690	\$ (44,468)	\$ (80,982)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$18,304.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 20,845	\$ 3,645
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,635
Changes in Assumptions	2,390	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	44,592	N/A
Total	<u>\$ 67,827</u>	<u>\$ 6,280</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ending June 30	Amount
2020	\$ 1,365
2021	1,365
2022	1,255
2023	1,744
2024	2,092
Thereafter	9,134

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

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent

COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$98,241, which is 1.94 percent of covered payroll. In addition, employer contributions of \$103,167 were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$211,389) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .466100 percent. The proportion as of June 30, 2017, was .453865 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$71,449.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 11,972	\$ 8,420
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	11,941
Changes in Assumptions	9,973	0
Changes in Proportion of Net Pension Liability (Asset)	0	8,395
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	98,241	N/A
Total	<u>\$ 120,186</u>	<u>\$ 28,756</u>

The school department's employer contributions of \$98,241, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ (2,289)
2021	(2,668)
2022	(4,370)
2023	(1,250)
2024	341
Thereafter	3,424

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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	\$ 32,681	\$ (211,389)	\$ (391,212)

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

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

death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Hawkins County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$2,510,084, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$2,501,062) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .710748 percent. The proportion measured at June 30, 2017, was .722764 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$746,228).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ 505,550	\$ 3,374,130
Changes in Assumptions	1,477,139	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	544,335
Changes in Proportion of Net Pension Liability (Asset)	49,695	110,170
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	<u>2,510,084</u>	N/A
Total	<u>\$ 4,542,468</u>	<u>\$ 4,028,635</u>

The school department's employer contributions of \$2,510,084 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	<u>Amount</u>
2020	\$ 485,292
2021	(829,007)
2022	(1,413,117)
2023	(239,422)
2024	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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 \$ 19,279,759 \$ (2,501,062) \$ (20,521,656)

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

The discretely presented Hawkins County School Department offers its employees an optional deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of plan participants. The 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.

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state’s 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher’s salary into their deferred compensation plan. In addition, teachers are required to contribute a minimum of two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the school department contributed \$248,208 and teachers contributed 378,954 to this deferred compensation pension plan.

Non-certified personnel of the school department hired after July 1, 2015, are required to participate in a separate hybrid pension plan administered by TCRS. The school department is also required to contribute five percent of non-certified employees’ salaries to this Section 401(k) plan. The Section 401(k) plan assets remain the property of the participating employees and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year the school department contributed \$106,884 and employees contributed \$47,380 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

Hawkins County and the discretely presented Hawkins County School Department provide OPEB benefits to their retirees under various plans. These include OPEB provided through commercial plans for both the primary government and the school department as well as OPEB provided through state administered public entity risk pools for the school department. For reporting purposes the plans are all considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). All of the plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through Commercial Health Plan (Primary Government)

Plan Description. Hawkins County participates in a commercial postemployment health insurance plan administered by Blue Cross Blue Shield for its pre-65 retirees. Any employee hired before October 31, 2017, is eligible to participate in the Hawkins County postemployment health insurance plan. Enrollment is not available for employees hired on or after November 1, 2017. Benefits are established and may be amended by the county commission.

Benefits Provided. Employees eligible for retirement under the Tennessee Consolidated Retirement System may continue medical coverage under the county health insurance plan upon retirement provided that the retiree is not eligible for coverage under another health insurance plan. The county pays 70 percent of the retiree health insurance premiums. Retirees may stay on the plan until Medicare eligible. The spouse of a retiree may continue coverage under the plan. If the spouse was already in the plan at the time of retirement, the county will continue to pay 70 percent of the spouse's premium. Once the retiree becomes Medicare eligible, the spouse must pay the entire premium.

Employees Covered by Benefit Terms

At the actuarial valuation date of July 1, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	6
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	184
Total	<u>190</u>

Total OPEB Liability

The plan's total OPEB liability of \$5,240,896 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017, which was then rolled forward to the measurement date.

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

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.50%
Healthcare Cost Trend Rates	6.5% in 2017 decreasing 1% per year to ultimate rate of 4.5% by 2019
Retirees share of Benefit-related Cost	Discussed under Benefits Provided

The discount rate of 3.50 percent is based on the Bond Buyer's 20-Bond GO Index as of June 30, 2019.

Mortality rates were based on the 2017 PPA Mortality Table (Group Annuity 2000 Mortality Table projected using Projection Scale AA).

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2018	\$ 4,321,440
Changes for the Year:	
Service Cost	\$ 332,149
Interest	175,628
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	642,483
Changes in Assumption and Other Inputs	0
Benefit Payments	(25,485)
Implicit Rate Subsidy	(205,319)
Net Changes	<u>\$ 919,456</u>
Balance June 30, 2019	<u>\$ 5,240,896</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$515,200. At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 581,294	\$ 457,008
Changes of Assumptions/Inputs	0	
Net Difference Between Projected and Actual Investments	<u>0</u>	<u>0</u>
Total	<u>\$ 581,294</u>	<u>\$ 457,008</u>

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

Year Ending June 30	Amount
2020	\$ 7,423
2021	7,423
2022	7,423
2023	7,423
2024	7,423
Thereafter	87,170

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 calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 5,485,365	\$ 5,240,896	\$ 4,712,388

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability 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 (5.5% to 3.5%)	Current Trend Rate (6.5% to 4.5%)	1% Increase (7.5% to 5.5%)
Total OPEB Liability	\$ 4,575,741	\$ 5,240,896	\$ 5,655,746

OPEB Provided through Commercial Life Insurance Plan (Discretely Presented School Department)

Plan Description. Hawkins County School Department participates in a commercial postemployment life insurance plan administered by USABLE. Benefits are established and may be amended by the board of education.

Benefits Provided. Retirees with 10 or more years of service with Hawkins County are eligible for postemployment life insurance coverage. Premiums for the coverage are paid entirely by the school department. Retirees under age 65 are provided with \$50,000 of life insurance. At age 65, coverage lowers to \$33,333. At age 70, coverage terminates. Spouse coverage is not provided.

Employees Covered by Benefit Terms

As of July 1, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	216
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	1,082
 Total	 <u><u>1,298</u></u>

Total OPEB Liability

The plan’s total OPEB liability of \$764,644 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018, which was then rolled forward to the measurement date.

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

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.50%
Life Insurance Cost Trend Rates	0% for all years
Retirees share of Benefit-related Cost	None

The discount rate of 3.50 percent is based on the Bond Buyer’s 20-Bond GO Index as of June 30, 2019.

The mortality assumption is based on RP-2014 , base year 2006, adjusted to 2018 with Mortality Improvement Scale MP-2016.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2018	<u>\$ 567,925</u>
Changes for the Year:	
Service Cost	\$ 9,741
Interest	28,318
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	182,442
Changes in Assumption and Other Inputs	0
Benefit Payments	<u>(23,782)</u>
Net Changes	<u>\$ 196,719</u>
 Balance June 30, 2019	 <u><u>\$ 764,644</u></u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$38,059. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 156,746	\$ 323
Changes of Assumptions/Inputs	0	
Net Difference Between Projected and Actual Investments	0	0
Benefit Payment Subsequent to the Measurement Date	<u>0</u>	<u>0</u>
Total	<u><u>\$ 156,746</u></u>	<u><u>\$ 323</u></u>

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

Year Ending June 30	Amount
2020	\$ 25,645
2021	25,645
2022	25,645
2023	25,645
2024	25,645
Thereafter	28,198

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 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	Current Discount Rate	1% Increase
	2.50%	3.50%	4.50%
Total OPEB Liability	\$ 850,657	\$ 764,644	\$ 692,132

OPEB Provided through State Administered Public Entity Risk Pools

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

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

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

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	LEP - Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and decreasing over 32 years to a trend rate of 3.53 percent with 0.32% added to approximate the effect of the excise tax TNM- None. Premium subsidies provided by the state and the employer are assumed to remain unchanged for the entire plan.
Retirees Share of Benefit Related Cost	Discussed under each plan

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

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

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

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

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

Plan Description. Employees of the Hawkins 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 Hawkins County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The school department provides a direct subsidy ranging from \$151 to \$756 per month toward the cost of insurance for retired certified employees based on years of service and insurance coverage selected. The school department provides a direct subsidy ranging from \$305 to \$1,127 per month toward the cost of insurance for retired non-certified employees based on insurance coverage selected. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

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

	<u>School Department</u>
Retirees and Beneficiaries	81
Inactive, nonretired members	0
Active Members Eligible for Future Benefits	809
Active Members Not Eligible for Future Benefits	92
Total	<u><u>982</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$675,592 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Hawkins County School Department 77.0354%	State of TN 22.9646%	Total OPEB Liability
Balance July 1, 2017	\$ 10,721,235	\$ 4,329,661	\$ 15,050,896
Changes for the Year:			
Service Cost	\$ 631,606	\$ 188,285	\$ 819,891
Interest	421,663	125,700	547,363
Changes in Benefit Terms	(2,028,603)	(604,736)	(2,633,339)
Difference between Expected and Actuarial Experience	1,432,074	426,908	1,858,982
Changes in Proportion Changes in Assumption and Other Inputs	873,283	(873,283)	0
Benefit Payments	250,783	74,760	325,543
Net Changes	<u>(763,287)</u>	<u>(227,539)</u>	<u>(990,826)</u>
Balance June 30, 2018	<u>\$ 817,520</u>	<u>\$ (889,906)</u>	<u>\$ (72,386)</u>
	<u>\$ 11,538,755</u>	<u>\$ 3,439,755</u>	<u>\$ 14,978,510</u>

The Hawkins 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 Hawkins 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 is required by GASB Statement No. 75 to recognize revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department employees. The amount of the subsidy is equal to the nonemployer share of collective OPEB expenses. During the year, collective OPEB expenses for Hawkins County School employees was negative. Consequently, the school department has recorded the (negative) collective OPEB expense (\$1,115,387) and recorded negative operating grants and contributions revenues (\$344,506) for the nonemployer share of the collective OPEB expense.

During the year, the Hawkins County School Department's proportionate share of the collective OPEB liability was 77.0354 percent and the State of Tennessee's share was 22.9646 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized (negative) OPEB expense of (\$1,115,387), which includes expenses funded by nonemployer contributing entities. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ 1,290,284	\$ 0
Changes of Assumptions/Inputs	225,953	404,230
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	804,095	0
Benefits Paid After the Measurement Date of June 30, 2108	<u>675,592</u>	<u>0</u>
Total	<u>\$ 2,995,924</u>	<u>\$ 404,230</u>

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

<u>Year Ending</u> <u>June 30</u>	<u>School</u> <u>Department</u>
2020	\$ 204,453
2021	204,453
2022	204,453
2023	204,453
2024	204,453
Thereafter	893,839

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

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

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

Proportionate Share of the Collective Total OPEB Liability	\$ 12,337,016	\$ 11,538,755	\$ 10,779,901
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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	Curent Rate	1% Increase
	5.75 to 2.85%	6.75 to 3.85%	7.75 to 4.85%

Proportionate Share of the
Collective Total OPEB
Liability

\$ 10,353,811 \$ 11,538,755 \$ 12,925,666

Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Hawkins County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers, noncertified employees, and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Hawkins County School Department provides a direct subsidy to retired certified employees ranging from \$25 to \$50 per month based on years of service. The school department provides a direct subsidy to retired non-certified employees ranging from \$50 to \$100 per month based on years of service. The state, as a governmental nonemployer contributing entity contributes to the premiums of certain eligible retirees (teachers) of local education agencies based on years of service. The State of Tennessee provided a direct subsidy of \$50 for eligible retirees (teachers) with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$20 for eligible retirees with less than 20 years of service.

Employees Covered by Benefit Terms

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

	<u>School Department</u>
Retirees and Beneficiaries	155
Inactive, nonretired members	94
Active Members Eligible for Future Benefits	902
Active Members Not Eligible for Future Benefits	0
Total	<u><u>1,151</u></u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2019, the school department paid \$89,972 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Hawkins County School Department</u>	<u>State of TN</u>	<u>Total OPEB Liability</u>
	55.93%	44.07%	
Balance July 1, 2017	\$ 3,510,940	\$ 2,421,004	\$ 5,931,944
Changes for the Year:			
Service Cost	\$ 96,196	\$ 75,798	\$ 171,994
Interest	119,814	94,407	214,221
Changes in Benefit Terms	(149,355)	(117,685)	(267,040)
Difference between Expected and Actuarial Experience	(488,665)	(385,044)	(873,709)
Changes in Proportion	(193,326)	193,326	0
Changes in Assumption and Other Inputs	(23,800)	(18,754)	(42,554)
Benefit Payments	(96,768)	(76,248)	(173,016)
Net Changes	<u>\$ (735,905)</u>	<u>\$ (234,199)</u>	<u>\$ (970,104)</u>
Balance June 30, 2018	<u>\$ 2,775,035</u>	<u>\$ 2,186,805</u>	<u>\$ 4,961,840</u>

The Hawkins County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired teachers participating in the TNM. The Hawkins County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$1,930 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TMN for school department retirees.

During the year, the Hawkins County School Department's proportionate share of the collective OPEB liability for the TNM plan was 55.93 percent and the State of Tennessee's share was 44.07 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$55,683, which includes expenses funded by nonemployer contributing entities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 429,053
Changes of Assumptions/Inputs	0	275,061
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	0	190,615
Benefits Paid After the Measurement Date of June 30, 2018	<u>89,972</u>	<u>0</u>
Total	<u>\$ 89,972</u>	<u>\$ 894,729</u>

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

Year Ending June 30	School Department
2020	\$ (124,268)
2021	(124,268)
2022	(124,268)
2023	(124,268)
2024	(124,268)
Thereafter	(273,390)

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

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

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
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Proportionate Share of the Collective Total OPEB Liability	\$ 3,206,809	\$ 2,775,035	\$ 2,422,977
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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

I. Termination Benefits and Retirement Honorarium

The discretely presented school department offers a voluntary termination benefits plan to its employees. To be eligible, employees must have 30 years of credible service in the Tennessee Consolidated Retirement System and no less than ten years of service with the Hawkins County School System. Under the plan, employees who accept the benefit shall receive an annual amount equal to ten percent of their total compensation based on the highest annual salary of their last three years of employment. Benefits shall begin in July following retirement and continue until they reach the age of 62, or for a maximum of seven years, whichever is less. In the event an employee dies during the term of the agreement, the designated beneficiary shall continue to receive the payments for the remainder of the fiscal year of the employee's death. During

the year, 19 retirees participated in the program. The estimated cost of the cash payments reported in the government-wide Statement of Net Position is \$221,884. The school department determined this liability by calculating the total cash payments due over the next six years. Of that amount, \$58,783 is due within one year.

In addition to the previously mentioned retirement incentive, the discretely presented school department offers a retirement honorarium payment. To be eligible, certified employees must retire with at least ten years of service with the Hawkins County School Department. Under the terms of the plan, employees receive \$100 for each year of service with Hawkins County up to a maximum of 20 years. As of June 30, 2019, 315 employees met the requirement of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$578,662, of which \$8,397 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$23,554 in the General Purpose School Fund.

J. Purchasing Laws

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Hawkins County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 1,292,383	\$ 1,388,131	\$ 1,370,544	\$ 1,372,583	\$ 1,373,076
Interest	3,618,616	3,735,883	3,893,700	4,077,560	4,195,156
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(879,835)	(328,471)	15,277	(381,698)	(750,034)
Changes in Assumptions	0	0	0	1,369,345	0
Benefit Payments, Including Refunds of Employee Contributions	(2,552,469)	(2,574,232)	(2,773,213)	(2,886,987)	(2,996,060)
Net Change in Total Pension Liability	\$ 1,478,695	\$ 2,221,311	\$ 2,506,308	\$ 3,550,803	\$ 1,822,138
Total Pension Liability, Beginning	48,232,057	49,710,752	51,932,063	54,438,371	57,989,174
Total Pension Liability, Ending (a)	\$ 49,710,752	\$ 51,932,063	\$ 54,438,371	\$ 57,989,174	\$ 59,811,312
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,403,716	\$ 1,356,152	\$ 1,345,905	\$ 1,342,999	\$ 1,318,159
Contributions - Employee	766,561	783,114	775,293	819,476	763,520
Net Investment Income	7,260,957	1,554,198	1,364,232	5,914,668	4,750,506
Benefit Payments, Including Refunds of Employee Contributions	(2,552,469)	(2,574,232)	(2,773,213)	(2,886,987)	(2,996,060)
Administrative Expense	(28,022)	(37,272)	(51,442)	(53,513)	(57,156)
Other	0	0	0	0	5
Net Change in Plan Fiduciary Net Position	\$ 6,850,743	\$ 1,081,960	\$ 660,775	\$ 5,136,643	\$ 3,778,974
Plan Fiduciary Net Position, Beginning	43,986,594	50,837,337	51,919,297	52,580,072	57,716,715
Plan Fiduciary Net Position, Ending (b)	\$ 50,837,337	\$ 51,919,297	\$ 52,580,072	\$ 57,716,715	\$ 61,495,689
Net Pension Liability (Asset), Ending (a - b)	\$ (1,126,585)	\$ 12,766	\$ 1,858,299	\$ 272,459	\$ (1,684,377)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.27%	99.98%	96.59%	99.53%	102.82%
Covered Payroll	\$ 15,274,403	\$ 15,627,211	\$ 15,507,487	\$ 15,472,328	\$ 15,186,162
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(7.38%)	0.08%	11.98%	1.76%	(11.09%)

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit E-2

Hawkins County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Hawkins County Board of Education Hybrid Plan of TCRS
Discretely Presented Hawkins County School Department
For the Fiscal Year Ended June 30

	2016	2017	2018
Total Pension Liability			
Service Cost	\$ 26,012	\$ 51,610	\$ 79,994
Interest	1,951	5,558	11,749
Changes in Benefit Terms	0	0	0
Differences Between Actual and Expected Experience	(5,469)	1,681	21,709
Changes in Assumptions	0	3,074	0
Benefit Payments, Including Refunds of Employee Contributions	0	0	(4,718)
Net Change in Total Pension Liability	\$ 22,494	\$ 61,923	\$ 108,734
Total Pension Liability, Beginning	0	22,494	84,417
Total Pension Liability, Ending (a)	\$ 22,494	\$ 84,417	\$ 193,151
Plan Fiduciary Net Position			
Contributions - Employer	\$ 11,561	\$ 37,107	\$ 58,503
Contributions - Employee	14,451	46,384	73,130
Net Investment Income	327	7,092	13,745
Benefit Payments, Including Refunds of Employee Contributions	0	0	(4,718)
Administrative Expense	(2,563)	(7,069)	(10,331)
Other	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 23,776	\$ 83,514	\$ 130,329
Plan Fiduciary Net Position, Beginning	0	23,776	107,290
Plan Fiduciary Net Position, Ending (b)	\$ 23,776	\$ 107,290	\$ 237,619
Net Pension Liability (Asset), Ending (a - b)	\$ (1,282)	\$ (22,873)	\$ (44,468)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.70%	127.10%	123.02%
Covered Payroll	\$ 289,018	\$ 927,661	\$ 1,462,581
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(0.44%)	(2.47%)	(3.04%)

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers non-certified employees of the discretely presented school department.

Exhibit E-3

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 1,403,716	\$ 1,356,152	\$ 1,345,905	\$ 1,342,999	\$ 1,318,159	\$ 1,299,371
Less Contributions in Relation to the Actuarially Determined Contribution	(1,403,716)	(1,356,152)	(1,345,905)	(1,342,999)	(1,318,159)	(1,299,371)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 15,274,403	\$ 15,627,211	\$ 15,507,487	\$ 15,472,328	\$ 15,186,162	\$ 14,969,701
Contributions as a Percentage of Covered Payroll	9.19%	8.68%	8.68%	8.68%	8.68%	8.68%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit E-4

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

	2016	2017	2018	2019*
Actuarially Determined Contribution	\$ 5,780	\$ 10,483	\$ 22,886	\$ 44,592
Less Contributions in Relation to the Actuarially Determined Contribution	(11,561)	(37,107)	(58,503)	(44,592)
Contribution Deficiency (Excess)	\$ (5,781)	\$ (26,624)	\$ (35,617)	\$ 0
Covered Payroll	\$ 289,018	\$ 927,661	\$ 1,462,581	\$ 2,074,029
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	2.15%

* - In FY 2019 the School Department placed the actuarially determined contribution into the pension plan and placed \$27,721 into the Pension Stabilization Reserve Trust.

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers non-certified employees of the discretely presented school department.

Exhibit E-5

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 29,900	\$ 73,046	\$ 119,156	\$ 162,926	\$ 98,241
Less Contributions in Relation to the Contractually Required Contribution	(29,900)	(73,046)	(119,156)	(162,926)	(98,241)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 747,512	\$ 1,826,147	\$ 2,976,280	\$ 4,073,139	\$ 5,063,973
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%

* - In FY 2019 the school department placed the actuarially determined contribution into the pension plan and placed \$103,167 into the Pension Stabilization Reserve Trust.

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

Exhibit E-6

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 2,500,355	\$ 2,467,027	\$ 2,360,756	\$ 2,309,662	\$ 2,259,837	\$ 2,510,084
Less Contributions in Relation to the Contractually Required Contribution	(2,500,355)	(2,467,027)	(2,360,756)	(2,309,662)	(2,259,837)	(2,510,084)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 28,157,151	\$ 27,290,132	\$ 26,114,561	\$ 25,552,000	\$ 24,888,086	\$ 23,997,025
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%

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

Exhibit E-7

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.359770%	0.415032%	0.453865%	0.466100%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (14,473)	\$ (43,206)	\$ (119,745)	\$ (211,389)
Covered Payroll	\$ 747,512	\$ 1,826,147	\$ 2,976,280	\$ 4,073,139
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

Exhibit E-8

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.717381%	0.729000%	0.723435%	0.722764%	0.710748%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (116,571)	\$ 298,623	\$ 4,521,070	\$ (236,476)	\$ (2,501,062)
Covered Payroll	\$ 28,157,151	\$ 27,290,132	\$ 26,114,561	\$ 25,552,000	\$ 24,886,086
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

Exhibit E-9

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

	<u>2018</u>	<u>2019</u>
Total OPEB Liability		
Service Cost	\$ 308,392	\$ 332,149
Interest	176,978	175,628
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(564,540)	642,483
Changes in Assumptions or Other Inputs	0	0
Benefit Payments	(29,211)	(25,485)
Implicit Rate Subsidy	(205,319)	(205,319)
Net Change in Total OPEB Liability	<u>\$ (313,700)</u>	<u>\$ 919,456</u>
Total OPEB Liability, Beginning	<u>4,635,140</u>	<u>4,321,440</u>
Total OPEB Liability, Ending	<u><u>\$ 4,321,440</u></u>	<u><u>\$ 5,240,896</u></u>
Covered Employee Payroll	\$ 8,285,453	\$ 8,307,211
Net OPEB Liability as a Percentage of Covered Employee Payroll	52.16%	63.09%

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

Note 2: Changes in assumptions.

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

2017	3.58%
2018	3.87%
2019	3.50%

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

Exhibit E-10

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

	2018	2019
Total OPEB Liability		
Service Cost	\$ 34,860	\$ 9,741
Interest	17,234	28,318
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(425)	182,442
Changes in Assumptions or Other Inputs	0	0
Benefit Payments	(27,868)	(23,782)
Net Change in Total OPEB Liability	\$ 23,801	\$ 196,719
Total OPEB Liability, Beginning	544,124	567,925
Total OPEB Liability, Ending	<u>\$ 567,925</u>	<u>\$ 764,644</u>
Covered Employee Payroll	\$ 36,367,068	\$ 36,590,600
Net OPEB Liability as a Percentage of Covered Employee Payroll	1.56%	2.09%

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

Note 2: Changes in assumptions. The following are the discount rates used in each period:

2017	3.00%
2018	3.05%
2019	3.50%

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

Exhibit E-11

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

	2017	2018
Total OPEB Liability		
Service Cost	\$ 877,677	\$ 819,891
Interest	458,702	547,363
Changes in Benefit Terms	0	(2,633,339)
Differences Between Actual and Expected Experience	0	1,858,982
Changes in Assumptions or Other Inputs	(655,917)	325,543
Benefit Payments	(921,688)	(990,826)
Net Change in Total OPEB Liability	\$ (241,226)	\$ (72,386)
Total OPEB Liability, Beginning	15,292,122	15,050,896
 Total OPEB Liability, Ending	 \$ 15,050,896	 \$ 14,978,510
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 4,329,661	 \$ 3,439,755
Employer Proportionate Share of the Total OPEB Liability	10,721,235	11,538,755
 Covered Employee Payroll	 \$ 36,367,068	 \$ 36,590,600
Net OPEB Liability as a Percentage of Covered Employee Payroll	29.48%	31.53%

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%

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

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

Exhibit E-12

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

	2017	2018
Total OPEB Liability		
Service Cost	\$ 208,059	\$ 171,994
Interest	187,101	214,221
Changes in Benefit Terms	0	(267,040)
Differences Between Actual and Expected Experience	0	(873,709)
Changes in Assumptions or Other Inputs	(580,688)	(42,554)
Benefit Payments	(164,100)	(173,016)
Net Change in Total OPEB Liability	\$ (349,628)	\$ (970,104)
Total OPEB Liability, Beginning	<u>6,281,572</u>	<u>5,931,944</u>
Total OPEB Liability, Ending	<u>\$ 5,931,944</u>	<u>\$ 4,961,840</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 2,421,004	\$ 2,186,805
Employer Proportionate Share of the Total OPEB Liability	3,510,940	2,775,035
Covered Employee Payroll	\$ N/A	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A

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

Note 2: Changes in assumptions. The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%

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

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.25%

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Funds

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

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

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

Capital Projects Funds

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 and the issuance of debt on behalf of the Hawkins County School Department.

Exhibit F-1

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

	Special Revenue Funds				Debt Service Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Debt Service
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 16,551	\$ 16,551	\$ 0
Equity in Pooled Cash and Investments	1,443,893	191,747	0	1,635,640	2,939,621
Accounts Receivable	33,680	0	57,127	90,807	7,763
Due from Other Governments	227,990	16,124	0	244,114	646
Due from Other Funds	5,843	0	0	5,843	0
Property Taxes Receivable	0	0	0	0	113,454
Allowance for Uncollectible Property Taxes	0	0	0	0	(4,009)
Total Assets	<u>\$ 1,711,406</u>	<u>\$ 207,871</u>	<u>\$ 73,678</u>	<u>\$ 1,992,955</u>	<u>\$ 3,057,475</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 70,642	\$ 0	\$ 0	\$ 70,642	\$ 0
Payroll Deductions Payable	4,203	0	0	4,203	0
Due to Other Funds	0	0	73,678	73,678	0
Other Current Liabilities	3,259	0	0	3,259	0
Total Liabilities	<u>\$ 78,104</u>	<u>\$ 0</u>	<u>\$ 73,678</u>	<u>\$ 151,782</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 106,343
Deferred Delinquent Property Taxes	0	0	0	0	2,699
Other Deferred/Unavailable Revenue	117,555	14,258	0	131,813	0
Total Deferred Inflows of Resources	<u>\$ 117,555</u>	<u>\$ 14,258</u>	<u>\$ 0</u>	<u>\$ 131,813</u>	<u>\$ 109,042</u>

(Continued)

Exhibit F-1

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

	Special Revenue Funds			Debt Service Funds	
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Debt Service
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 193,613	\$ 0	\$ 193,613	\$ 0
Restricted for Public Health and Welfare	35,669	0	0	35,669	0
Restricted for Debt Service	0	0	0	0	2,641,497
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	1,480,078	0	0	1,480,078	0
Committed for Debt Service	0	0	0	0	306,936
Total Fund Balances	<u>\$ 1,515,747</u>	<u>\$ 193,613</u>	<u>\$ 0</u>	<u>\$ 1,709,360</u>	<u>\$ 2,948,433</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,711,406</u>	<u>\$ 207,871</u>	<u>\$ 73,678</u>	<u>\$ 1,992,955</u>	<u>\$ 3,057,475</u>

(Continued)

Exhibit F-1

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

	<u>Debt Service Funds (Cont.)</u>		<u>Capital</u>	<u>Total</u>
	<u>Special</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Debt</u>			<u>General</u>
	<u>Service</u>		<u>Capital</u>	<u>Governmental</u>
			<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 16,551
Equity in Pooled Cash and Investments	934,836	3,874,457	750,112	6,260,209
Accounts Receivable	0	7,763	0	98,570
Due from Other Governments	3,066	3,712	0	247,826
Due from Other Funds	0	0	0	5,843
Property Taxes Receivable	0	113,454	794,181	907,635
Allowance for Uncollectible Property Taxes	0	(4,009)	(28,069)	(32,078)
Total Assets	\$ 937,902	\$ 3,995,377	\$ 1,516,224	\$ 7,504,556
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 6,630	\$ 77,272
Payroll Deductions Payable	0	0	0	4,203
Due to Other Funds	0	0	0	73,678
Other Current Liabilities	0	0	0	3,259
Total Liabilities	\$ 0	\$ 0	\$ 6,630	\$ 158,412
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 0	\$ 106,343	\$ 744,398	\$ 850,741
Deferred Delinquent Property Taxes	0	2,699	18,894	21,593
Other Deferred/Unavailable Revenue	0	0	0	131,813
Total Deferred Inflows of Resources	\$ 0	\$ 109,042	\$ 763,292	\$ 1,004,147

(Continued)

Exhibit F-1

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

	<u>Debt Service Funds (Cont.)</u>		<u>Capital</u>	<u>Total</u>
	<u>Special</u>		<u>Projects Fund</u>	
	<u>Debt</u>		<u>General</u>	<u>Nonmajor</u>
	<u>Service</u>	<u>Total</u>	<u>Capital</u>	<u>Governmental</u>
			<u>Projects</u>	<u>Funds</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 0	\$ 0	\$ 193,613
Restricted for Public Health and Welfare	0	0	0	35,669
Restricted for Debt Service	937,902	3,579,399	0	3,579,399
Restricted for Capital Projects	0	0	746,302	746,302
Committed:				
Committed for Public Health and Welfare	0	0	0	1,480,078
Committed for Debt Service	0	306,936	0	306,936
Total Fund Balances	<u>\$ 937,902</u>	<u>\$ 3,886,335</u>	<u>\$ 746,302</u>	<u>\$ 6,341,997</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 937,902</u>	<u>\$ 3,995,377</u>	<u>\$ 1,516,224</u>	<u>\$ 7,504,556</u>

Exhibit F-2

Hawkins County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds				Debt Service
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service
<u>Revenues</u>					
Local Taxes	\$ 1,410,681	\$ 0	\$ 0	\$ 1,410,681	\$ 251,424
Licenses and Permits	136,262	0	0	136,262	0
Fines, Forfeitures, and Penalties	0	61,003	0	61,003	0
Charges for Current Services	1,844	0	24,191	26,035	0
Other Local Revenues	852,252	0	0	852,252	173,916
State of Tennessee	147,256	0	0	147,256	0
Federal Government	0	12,191	0	12,191	5,266
Total Revenues	\$ 2,548,295	\$ 73,194	\$ 24,191	\$ 2,645,680	\$ 430,606
<u>Expenditures</u>					
Current:					
General Government	\$ 969	\$ 0	\$ 0	\$ 969	\$ 0
Administration of Justice	0	0	24,021	24,021	0
Public Safety	0	128,579	170	128,749	0
Public Health and Welfare	2,260,331	0	0	2,260,331	0
Debt Service:					
Principal on Debt	0	0	0	0	684,101
Interest on Debt	0	0	0	0	415,024
Other Debt Service	0	0	0	0	19,690
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 2,261,300	\$ 128,579	\$ 24,191	\$ 2,414,070	\$ 1,118,815

(Continued)

Exhibit F-2

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

	Special Revenue Funds				Debt Service
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service
Excess (Deficiency) of Revenues Over Expenditures	\$ 286,995	\$ (55,385)	\$ 0	\$ 231,610	\$ (688,209)
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,555,476
Premiums on Debt Sold	0	0	0	0	114,497
Payments to Refunded Debt Escrow Agent	0	0	0	0	(1,656,419)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,554
Net Change in Fund Balances	\$ 286,995	\$ (55,385)	\$ 0	\$ 231,610	\$ (674,655)
Fund Balance, July 1, 2018	1,228,752	248,998	0	1,477,750	3,623,088
Fund Balance, June 30, 2019	\$ 1,515,747	\$ 193,613	\$ 0	\$ 1,709,360	\$ 2,948,433

(Continued)

Exhibit F-2

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

	<u>Debt Service Funds (Cont.)</u>		<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>Special</u> <u>Debt</u> <u>Service</u>	<u>Total</u>	<u>General</u> <u>Capital</u> <u>Projects</u>	
<u>Revenues</u>				
Local Taxes	\$ 342,214	\$ 593,638	\$ 741,871	\$ 2,746,190
Licenses and Permits	0	0	0	136,262
Fines, Forfeitures, and Penalties	0	0	0	61,003
Charges for Current Services	0	0	0	26,035
Other Local Revenues	0	173,916	0	1,026,168
State of Tennessee	0	0	0	147,256
Federal Government	25,036	30,302	0	42,493
Total Revenues	\$ 367,250	\$ 797,856	\$ 741,871	\$ 4,185,407
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 969
Administration of Justice	0	0	0	24,021
Public Safety	0	0	0	128,749
Public Health and Welfare	0	0	0	2,260,331
Debt Service:				
Principal on Debt	385,000	1,069,101	0	1,069,101
Interest on Debt	104,825	519,849	0	519,849
Other Debt Service	25,402	45,092	0	45,092
Capital Projects	0	0	21,099	21,099
Total Expenditures	\$ 515,227	\$ 1,634,042	\$ 21,099	\$ 4,069,211

(Continued)

Exhibit F-2

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

	<u>Debt Service Funds (Cont.)</u>		<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>Special</u> <u>Debt</u> <u>Service</u>	<u>Total</u>	<u>General</u> <u>Capital</u> <u>Projects</u>	
Excess (Deficiency) of Revenues Over Expenditures	\$ (147,977)	\$ (836,186)	\$ 720,772	\$ 116,196
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 2,345,911	\$ 3,901,387	\$ 0	\$ 3,901,387
Premiums on Debt Sold	276,479	390,976	0	390,976
Payments to Refunded Debt Escrow Agent	(2,601,949)	(4,258,368)	0	(4,258,368)
Total Other Financing Sources (Uses)	\$ 20,441	\$ 33,995	\$ 0	\$ 33,995
Net Change in Fund Balances	\$ (127,536)	\$ (802,191)	\$ 720,772	\$ 150,191
Fund Balance, July 1, 2018	1,065,438	4,688,526	25,530	6,191,806
Fund Balance, June 30, 2019	\$ 937,902	\$ 3,886,335	\$ 746,302	\$ 6,341,997

Exhibit F-3

Hawkins County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Solid Waste/Sanitation Fund
 For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,410,681	\$ 0	\$ 0	\$ 1,410,681	\$ 1,190,000	\$ 1,190,000	\$ 220,681
Licenses and Permits	136,262	0	0	136,262	137,500	137,500	(1,238)
Charges for Current Services	1,844	0	0	1,844	2,000	2,000	(156)
Other Local Revenues	852,252	0	0	852,252	430,000	775,698	76,554
State of Tennessee	147,256	0	0	147,256	127,500	127,500	19,756
Total Revenues	\$ 2,548,295	\$ 0	\$ 0	\$ 2,548,295	\$ 1,887,000	\$ 2,232,698	\$ 315,597
<u>Expenditures</u>							
<u>General Government</u>							
Other Boards and Committees	\$ 969	\$ 0	\$ 0	\$ 969	\$ 6,129	\$ 6,129	\$ 5,160
<u>Public Health and Welfare</u>							
Sanitation Management	81,458	0	0	81,458	64,215	86,590	5,132
Waste Pickup	957,876	0	0	957,876	673,792	1,007,490	49,614
Convenience Centers	424,930	(78,648)	59,240	405,522	463,954	463,954	58,432
Other Waste Collection	0	0	0	0	33,964	0	0
Recycling Center	119,838	0	4,507	124,345	217,370	251,334	126,989
Landfill Operation and Maintenance	642,928	0	0	642,928	632,500	648,488	5,560
Other Waste Disposal	33,301	0	0	33,301	36,000	36,000	2,699
<u>Interest on Debt</u>							
General Government	0	0	0	0	1,000	1,000	1,000
Total Expenditures	\$ 2,261,300	\$ (78,648)	\$ 63,747	\$ 2,246,399	\$ 2,128,924	\$ 2,500,985	\$ 254,586
Excess (Deficiency) of Revenues Over Expenditures	\$ 286,995	\$ 78,648	\$ (63,747)	\$ 301,896	\$ (241,924)	\$ (268,287)	\$ 570,183
Net Change in Fund Balance	\$ 286,995	\$ 78,648	\$ (63,747)	\$ 301,896	\$ (241,924)	\$ (268,287)	\$ 570,183
Fund Balance, July 1, 2018	1,228,752	(78,648)	0	1,150,104	1,140,990	1,140,990	9,114
Fund Balance, June 30, 2019	\$ 1,515,747	\$ 0	\$ (63,747)	\$ 1,452,000	\$ 899,066	\$ 872,703	\$ 579,297

Exhibit F-4

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 61,003	\$ 63,000	\$ 63,000	\$ (1,997)
Federal Government	12,191	25,000	25,000	(12,809)
Total Revenues	<u>\$ 73,194</u>	<u>\$ 88,000</u>	<u>\$ 88,000</u>	<u>\$ (14,806)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 128,579	\$ 210,000	\$ 210,000	\$ 81,421
Total Expenditures	<u>\$ 128,579</u>	<u>\$ 210,000</u>	<u>\$ 210,000</u>	<u>\$ 81,421</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (55,385)</u>	<u>\$ (122,000)</u>	<u>\$ (122,000)</u>	<u>\$ 66,615</u>
Net Change in Fund Balance	\$ (55,385)	\$ (122,000)	\$ (122,000)	\$ 66,615
Fund Balance, July 1, 2018	<u>248,998</u>	<u>246,726</u>	<u>246,726</u>	<u>2,272</u>
Fund Balance, June 30, 2019	<u>\$ 193,613</u>	<u>\$ 124,726</u>	<u>\$ 124,726</u>	<u>\$ 68,887</u>

Exhibit F-5

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 251,424	\$ 198,774	\$ 198,774	\$ 52,650
Other Local Revenues	173,916	15,000	15,000	158,916
Federal Government	5,266	4,611	4,611	655
Total Revenues	<u>\$ 430,606</u>	<u>\$ 218,385</u>	<u>\$ 218,385</u>	<u>\$ 212,221</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 684,101	\$ 684,101	\$ 684,101	\$ 0
<u>Interest on Debt</u>				
General Government	415,024	415,025	415,025	1
<u>Other Debt Service</u>				
General Government	19,690	9,650	23,203	3,513
Total Expenditures	<u>\$ 1,118,815</u>	<u>\$ 1,108,776</u>	<u>\$ 1,122,329</u>	<u>\$ 3,514</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (688,209)</u>	<u>\$ (890,391)</u>	<u>\$ (903,944)</u>	<u>\$ 215,735</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 1,555,476	\$ 0	\$ 1,555,476	\$ 0
Premiums on Debt Sold	114,497	0	114,497	0
Payments to Refunded Debt Escrow Agent	(1,656,419)	0	(1,656,419)	0
Total Other Financing Sources	<u>\$ 13,554</u>	<u>\$ 0</u>	<u>\$ 13,554</u>	<u>\$ 0</u>
Net Change in Fund Balance	<u>\$ (674,655)</u>	<u>\$ (890,391)</u>	<u>\$ (890,390)</u>	<u>\$ 215,735</u>
Fund Balance, July 1, 2018	<u>3,623,088</u>	<u>3,619,256</u>	<u>3,619,256</u>	<u>3,832</u>
Fund Balance, June 30, 2019	<u><u>\$ 2,948,433</u></u>	<u><u>\$ 2,728,865</u></u>	<u><u>\$ 2,728,866</u></u>	<u><u>\$ 219,567</u></u>

Exhibit F-6

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Debt Service Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 342,214	\$ 335,000	\$ 335,000	\$ 7,214
Federal Government	25,036	21,923	21,923	3,113
Total Revenues	\$ 367,250	\$ 356,923	\$ 356,923	\$ 10,327
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Highways and Streets	\$ 385,000	\$ 385,000	\$ 385,000	\$ 0
<u>Interest on Debt</u>				
Highways and Streets	104,825	104,825	104,825	0
<u>Other Debt Service</u>				
Highways and Streets	25,402	7,000	27,441	2,039
Total Expenditures	\$ 515,227	\$ 496,825	\$ 517,266	\$ 2,039
Excess (Deficiency) of Revenues Over Expenditures	\$ (147,977)	\$ (139,902)	\$ (160,343)	\$ 12,366
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 2,345,911	\$ 0	\$ 2,345,911	\$ 0
Premiums on Debt Sold	276,479	0	276,479	0
Payments to Refunded Debt Escrow Agent	(2,601,949)	0	(2,601,949)	0
Total Other Financing Sources	\$ 20,441	\$ 0	\$ 20,441	\$ 0
Net Change in Fund Balance	\$ (127,536)	\$ (139,902)	\$ (139,902)	\$ 12,366
Fund Balance, July 1, 2018	1,065,438	1,065,438	1,065,438	0
Fund Balance, June 30, 2019	\$ 937,902	\$ 925,536	\$ 925,536	\$ 12,366

Exhibit F-7

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 741,871	\$ 0	\$ 741,871	\$ 743,899	\$ 749,899	\$ (8,028)
Total Revenues	\$ 741,871	\$ 0	\$ 741,871	\$ 743,899	\$ 749,899	\$ (8,028)
<u>Expenditures</u>						
<u>Capital Projects</u>						
General Administration Projects	\$ 6,630	\$ 18,370	\$ 25,000	\$ 280,000	\$ 280,000	\$ 255,000
Public Safety Projects	0	424,731	424,731	425,000	425,000	269
Other General Government Projects	14,469	0	14,469	9,000	15,000	531
Total Expenditures	\$ 21,099	\$ 443,101	\$ 464,200	\$ 714,000	\$ 720,000	\$ 255,800
Excess (Deficiency) of Revenues Over Expenditures	\$ 720,772	\$ (443,101)	\$ 277,671	\$ 29,899	\$ 29,899	\$ 247,772
Net Change in Fund Balance	\$ 720,772	\$ (443,101)	\$ 277,671	\$ 29,899	\$ 29,899	\$ 247,772
Fund Balance, July 1, 2018	25,530	0	25,530	0	0	25,530
Fund Balance, June 30, 2019	\$ 746,302	\$ (443,101)	\$ 303,201	\$ 29,899	\$ 29,899	\$ 273,302

Major Governmental Fund

Education Debt Service Fund

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

Exhibit G

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,536,145	\$ 3,428,128	\$ 3,428,128	\$ 108,017
Other Local Revenues	501,709	82,000	82,000	419,709
Federal Government	389,820	361,031	361,031	28,789
Other Governments and Citizens Groups	1,023,216	707,568	1,104,768	(81,552)
Total Revenues	<u>\$ 5,450,890</u>	<u>\$ 4,578,727</u>	<u>\$ 4,975,927</u>	<u>\$ 474,963</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 2,676,932	\$ 2,281,933	\$ 2,676,933	\$ 1
<u>Interest on Debt</u>				
Education	2,451,501	2,410,602	2,452,802	1,301
<u>Other Debt Service</u>				
Education	270,200	145,425	277,163	6,963
Total Expenditures	<u>\$ 5,398,633</u>	<u>\$ 4,837,960</u>	<u>\$ 5,406,898</u>	<u>\$ 8,265</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 52,257</u>	<u>\$ (259,233)</u>	<u>\$ (430,971)</u>	<u>\$ 483,228</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 17,468,613	\$ 0	\$ 17,468,613	\$ 0
Premiums on Debt Sold	466,146	0	466,146	0
Transfers In	106,214	105,639	105,639	575
Payments to Refunded Debt Escrow Agent	(17,782,021)	0	(17,782,021)	0
Total Other Financing Sources	<u>\$ 258,952</u>	<u>\$ 105,639</u>	<u>\$ 258,377</u>	<u>\$ 575</u>
Net Change in Fund Balance	\$ 311,209	\$ (153,594)	\$ (172,594)	\$ 483,803
Fund Balance, July 1, 2018	8,775,917	8,763,021	8,763,021	12,896
Fund Balance, June 30, 2019	<u>\$ 9,087,126</u>	<u>\$ 8,609,427</u>	<u>\$ 8,590,427</u>	<u>\$ 496,699</u>

Fiduciary Funds

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

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

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

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

Exhibit H-1

Hawkins County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	Agency Funds				Total
	Cities - Sales Tax	City School ADA - Rogersville	City School ADA - Kingsport	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	0	\$ 1,277,439	\$ 1,277,439
Equity in Pooled Cash and Investments	0	45,397	34,436	0	79,833
Accounts Receivable	0	0	0	143	143
Due from Other Governments	760,976	78,373	59,361	0	898,710
Taxes Receivable	0	766,031	580,128	0	1,346,159
Allowance for Uncollectible Taxes	0	(27,074)	(20,503)	0	(47,577)
Total Assets	<u>\$ 760,976</u>	<u>\$ 862,727</u>	<u>\$ 653,422</u>	<u>\$ 1,277,582</u>	<u>\$ 3,554,707</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 1,395	\$ 1,395
Due to Other Taxing Units	760,976	862,727	653,422	0	2,277,125
Due to Litigants, Heirs, and Others	0	0	0	1,276,187	1,276,187
Total Liabilities	<u>\$ 760,976</u>	<u>\$ 862,727</u>	<u>\$ 653,422</u>	<u>\$ 1,277,582</u>	<u>\$ 3,554,707</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,411,559	\$ 4,411,559	\$ 0
Due from Other Governments	728,903	760,976	728,903	760,976
Total Assets	\$ 728,903	\$ 5,172,535	\$ 5,140,462	\$ 760,976
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 728,903	\$ 5,172,535	\$ 5,140,462	\$ 760,976
Total Liabilities	\$ 728,903	\$ 5,172,535	\$ 5,140,462	\$ 760,976
<u>City School ADA - Rogersville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 43,552	\$ 1,206,239	\$ 1,204,394	\$ 45,397
Due from Other Governments	71,434	78,373	71,434	78,373
Taxes Receivable	731,111	766,031	731,111	766,031
Allowance for Uncollectible Taxes	(20,745)	(27,074)	(20,745)	(27,074)
Total Assets	\$ 825,352	\$ 2,023,569	\$ 1,986,194	\$ 862,727
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 825,352	\$ 2,023,569	\$ 1,986,194	\$ 862,727
Total Liabilities	\$ 825,352	\$ 2,023,569	\$ 1,986,194	\$ 862,727
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 34,156	\$ 913,660	\$ 913,380	\$ 34,436
Due from Other Governments	56,241	59,361	56,241	59,361
Taxes Receivable	565,282	580,128	565,282	580,128
Allowance for Uncollectible Taxes	(16,040)	(20,503)	(16,040)	(20,503)
Total Assets	\$ 639,639	\$ 1,532,646	\$ 1,518,863	\$ 653,422
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 639,639	\$ 1,532,646	\$ 1,518,863	\$ 653,422
Total Liabilities	\$ 639,639	\$ 1,532,646	\$ 1,518,863	\$ 653,422

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 3,227,202	\$ 12,520,399	\$ 14,470,162	\$ 1,277,439
Accounts Receivable	576	143	576	143
Total Assets	<u>\$ 3,227,778</u>	<u>\$ 12,520,542</u>	<u>\$ 14,470,738</u>	<u>\$ 1,277,582</u>
<u>Liabilities</u>				
Due to Other Funds	\$ 1,744	\$ 1,395	\$ 1,744	\$ 1,395
Due to Litigants, Heirs, and Others	3,226,034	12,519,147	14,468,994	1,276,187
Total Liabilities	<u>\$ 3,227,778</u>	<u>\$ 12,520,542</u>	<u>\$ 14,470,738</u>	<u>\$ 1,277,582</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 3,227,202	\$ 12,520,399	\$ 14,470,162	\$ 1,277,439
Equity in Pooled Cash and Investments	77,708	6,531,458	6,529,333	79,833
Accounts Receivable	576	143	576	143
Due from Other Governments	856,578	898,710	856,578	898,710
Taxes Receivable	1,296,393	1,346,159	1,296,393	1,346,159
Allowance for Uncollectible Taxes	(36,785)	(47,577)	(36,785)	(47,577)
Total Assets	<u>\$ 5,421,672</u>	<u>\$ 21,249,292</u>	<u>\$ 23,116,257</u>	<u>\$ 3,554,707</u>
<u>Liabilities</u>				
Due to Other Funds	\$ 1,744	\$ 1,395	\$ 1,744	\$ 1,395
Due to Other Taxing Units	2,193,894	8,728,750	8,645,519	2,277,125
Due to Litigants, Heirs, and Others	3,226,034	12,519,147	14,468,994	1,276,187
Total Liabilities	<u>\$ 5,421,672</u>	<u>\$ 21,249,292</u>	<u>\$ 23,116,257</u>	<u>\$ 3,554,707</u>

Hawkins County School Department

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

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

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

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

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

Exhibit I-1

Hawkins County, Tennessee
Statement of Activities
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 38,093,866	\$ 0	\$ 3,246,340	\$ 0	\$ (34,847,526)
Support Services	21,262,409	135,220	0	0	(21,127,189)
Operation of Non-instructional Services	3,923,457	869,825	3,620,822	0	567,190
Total Governmental Activities	\$ 63,279,732	\$ 1,005,045	\$ 6,867,162	\$ 0	\$ (55,407,525)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 7,704,364
Property Taxes Levied for Transportation					3,145,681
Local Option Sales Taxes					4,677,007
Wheel Tax					319,088
Other Local Tax					1,440
Grants and Contributions Not Restricted for Specific Programs					40,845,183
Unrestricted Investment Income					35,138
Miscellaneous					331,847
Gain on Investments					6,884
Gain on Sale of Assets					30,421
Total General Revenues					\$ 57,097,053
Change in Net Position					\$ 1,689,528
Net Position, July 1, 2018					51,932,718
Net Position, June 30, 2019					\$ 53,622,246

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Transpor -</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>tation</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 680	\$ 680
Equity in Pooled Cash and Investments	13,890,362	1,462,056	2,809,512	18,161,930
Accounts Receivable	97,012	2,966	244,540	344,518
Due from Other Governments	1,190,936	0	556,303	1,747,239
Due from Other Funds	0	0	4,361	4,361
Due from Primary Government	0	323	0	323
Property Taxes Receivable	7,995,676	3,274,140	0	11,269,816
Allowance for Uncollectible Property Taxes	(282,590)	(115,663)	0	(398,253)
Cash Shortage	64,800	0	0	64,800
Restricted Assets	136,208	1,485	79	137,772
Total Assets	<u>\$ 23,092,404</u>	<u>\$ 4,625,307</u>	<u>\$ 3,615,475</u>	<u>\$ 31,333,186</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 138,962	\$ 2,990	\$ 3,398	\$ 145,350
Accrued Payroll	10,388	15,444	56,013	81,845
Payroll Deductions Payable	0	191	135	326
Due to Other Funds	4,154	207	0	4,361
Due to Primary Government	9,781	0	0	9,781
Other Current Liabilities	2,815,603	0	0	2,815,603
Total Liabilities	<u>\$ 2,978,888</u>	<u>\$ 18,832</u>	<u>\$ 59,546</u>	<u>\$ 3,057,266</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 7,494,469	\$ 3,069,045	\$ 0	\$ 10,563,514

(Continued)

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Purpose School</u>	<u>School Transportation</u>	<u>Other Governmental Funds</u>	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>				
Deferred Delinquent Property Taxes	\$ 190,230	\$ 77,819	\$ 0	\$ 268,049
Other Deferred/Unavailable Revenue	401,015	0	0	401,015
Total Deferred Inflows of Resources	<u>\$ 8,085,714</u>	<u>\$ 3,146,864</u>	<u>\$ 0</u>	<u>\$ 11,232,578</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 0	\$ 1,308,906	\$ 3,055,907	\$ 4,364,813
Restricted for Hybrid Retirement Stabilization Funds	136,208	1,485	79	137,772
Committed:				
Committed for Education	0	149,220	499,943	649,163
Assigned:				
Assigned for Education	3,804,790	0	0	3,804,790
Assigned for Capital Projects	136,111	0	0	136,111
Unassigned	7,950,693	0	0	7,950,693
Total Fund Balances	<u>\$ 12,027,802</u>	<u>\$ 1,459,611</u>	<u>\$ 3,555,929</u>	<u>\$ 17,043,342</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,092,404</u>	<u>\$ 4,625,307</u>	<u>\$ 3,615,475</u>	<u>\$ 31,333,186</u>

Exhibit I-3

Hawkins County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Hawkins County School Department
June 30, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 17,043,342	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,570,973	
Add: construction in progress		134,236	
Add: building and improvements net of accumulated depreciation		42,612,127	
Add: other capital assets net of accumulated depreciation		<u>2,850,150</u>	47,167,486
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(1,869,940)	
Less: termination benefits payable		(221,884)	
Less: retirement honorarium payable		(578,662)	
Less: other postemployment benefits liability		<u>(15,078,434)</u>	(17,748,920)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			669,064
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years:			
Add: deferred outflows of resources related to pensions	\$	5,656,162	
Less: deferred inflows of resources related to pensions		(4,610,167)	
Add: deferred outflows of resources related to OPEB		3,242,642	
Less: deferred inflows of resources related to OPEB		<u>(1,299,282)</u>	2,989,355
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent legacy plan	\$	44,468	
Add: net pension asset - agent plan		745,000	
Add: net pension asset - teacher retirement plan		211,389	
Add: net pension asset - teacher legacy retirement plan		<u>2,501,062</u>	<u>3,501,919</u>
Net position of governmental activities (Exhibit A)			<u>\$ 53,622,246</u>

Exhibit I-4

Hawkins County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2019

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Transpor - tation	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 12,660,185	\$ 3,307,617	\$ 0	\$ 15,967,802
Licenses and Permits	3,450	0	0	3,450
Charges for Current Services	93,872	48,975	817,027	959,874
Other Local Revenues	405,040	25,778	35,732	466,550
State of Tennessee	40,212,697	0	32,214	40,244,911
Federal Government	135,654	0	7,860,206	7,995,860
Total Revenues	\$ 53,510,898	\$ 3,382,370	\$ 8,745,179	\$ 65,638,447
<u>Expenditures</u>				
Current:				
Instruction	\$ 33,600,529	\$ 0	\$ 3,458,945	\$ 37,059,474
Support Services	18,370,963	3,004,448	1,696,106	23,071,517
Operation of Non-Instructional Services	411,352	0	3,738,248	4,149,600
Capital Outlay	1,156,933	0	0	1,156,933
Debt Service:				
Other Debt Service	434,847	588,369	0	1,023,216
Total Expenditures	\$ 53,974,624	\$ 3,592,817	\$ 8,893,299	\$ 66,460,740
Excess (Deficiency) of Revenues Over Expenditures	\$ (463,726)	\$ (210,447)	\$ (148,120)	\$ (822,293)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 65,687	\$ 1,919	\$ 625	\$ 68,231
Transfers In	0	0	4,154	4,154
Transfers Out	(4,154)	0	0	(4,154)
Total Other Financing Sources (Uses)	\$ 61,533	\$ 1,919	\$ 4,779	\$ 68,231

(Continued)

Exhibit I-4

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

	Major Funds		Nonmajor Funds	Total
	General Purpose School	School Transpor - tation	Other Govern- mental Funds	Governmental Funds
Net Change in Fund Balances	\$ (402,193)	\$ (208,528)	\$ (143,341)	\$ (754,062)
Fund Balance, July 1, 2018	12,429,995	1,668,139	3,699,270	17,797,404
Fund Balance, June 30, 2019	\$ 12,027,802	\$ 1,459,611	\$ 3,555,929	\$ 17,043,342

Exhibit I-5

Hawkins County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(754,062)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,189,015	
Less: current-year depreciation expense		<u>(4,017,319)</u>	(2,828,304)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of assets disposed			(23,557)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$	669,064	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(703,395)</u>	(34,331)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(74,719)	
Change in termination benefits payable		48,406	
Change in retirement honorarium payable		(883)	
Change in OPEB liability		(278,334)	
Change in net pension asset/liability		3,246,985	
Change in deferred outflows related to pensions		(187,487)	
Change in deferred inflows related to pensions		743,294	
Change in deferred outflows related to OPEB		2,404,536	
Change in deferred inflows related to OPEB		<u>(572,016)</u>	<u>5,329,782</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,689,528</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 680	\$ 680
Equity in Pooled Cash and Investments	2,623	2,806,889	2,809,512
Accounts Receivable	0	244,540	244,540
Due from Other Governments	556,303	0	556,303
Due from Other Funds	207	4,154	4,361
Restricted Assets	0	79	79
Total Assets	<u>\$ 559,133</u>	<u>\$ 3,056,342</u>	<u>\$ 3,615,475</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 3,177	\$ 221	\$ 3,398
Accrued Payroll	56,013	0	56,013
Payroll Deductions Payable	0	135	135
Total Liabilities	<u>\$ 59,190</u>	<u>\$ 356</u>	<u>\$ 59,546</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 3,055,907	\$ 3,055,907
Restricted for Hybrid Retirement Stabilization Funds	0	79	79
Committed:			
Committed for Education	499,943	0	499,943
Total Fund Balances	<u>\$ 499,943</u>	<u>\$ 3,055,986</u>	<u>\$ 3,555,929</u>
Total Liabilities and Fund Balances	<u>\$ 559,133</u>	<u>\$ 3,056,342</u>	<u>\$ 3,615,475</u>

Exhibit I-7

Hawkins County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2019

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 817,027	\$ 817,027
Other Local Revenues	0	35,732	35,732
State of Tennessee	0	32,214	32,214
Federal Government	5,006,159	2,854,047	7,860,206
Total Revenues	<u>\$ 5,006,159</u>	<u>\$ 3,739,020</u>	<u>\$ 8,745,179</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,458,945	\$ 0	\$ 3,458,945
Support Services	1,696,106	0	1,696,106
Operation of Non-Instructional Services	46,932	3,691,316	3,738,248
Total Expenditures	<u>\$ 5,201,983</u>	<u>\$ 3,691,316</u>	<u>\$ 8,893,299</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (195,824)</u>	<u>\$ 47,704</u>	<u>\$ (148,120)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 625	\$ 625
Transfers In	0	4,154	4,154
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 4,779</u>	<u>\$ 4,779</u>
Net Change in Fund Balances	<u>\$ (195,824)</u>	<u>\$ 52,483</u>	<u>\$ (143,341)</u>
Fund Balance, July 1, 2018	695,767	3,003,503	3,699,270
Fund Balance, June 30, 2019	<u><u>\$ 499,943</u></u>	<u><u>\$ 3,055,986</u></u>	<u><u>\$ 3,555,929</u></u>

Exhibit I-8

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
General Purpose School Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,660,185	\$ 0	\$ 0	\$ 12,660,185	\$ 12,136,941	\$ 12,136,941	\$ 523,244
Licenses and Permits	3,450	0	0	3,450	4,000	4,000	(550)
Charges for Current Services	93,872	0	0	93,872	80,000	90,000	3,872
Other Local Revenues	405,040	0	0	405,040	456,213	475,372	(70,332)
State of Tennessee	40,212,697	0	0	40,212,697	39,672,102	40,207,276	5,421
Federal Government	135,654	0	0	135,654	120,000	120,400	15,254
Total Revenues	\$ 53,510,898	\$ 0	\$ 0	\$ 53,510,898	\$ 52,469,256	\$ 53,033,989	\$ 476,909
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 27,523,075	\$ 0	\$ 0	\$ 27,523,075	\$ 28,234,718	\$ 28,261,192	\$ 738,117
Alternative Instruction Program	312,211	0	0	312,211	311,953	319,883	7,672
Special Education Program	4,269,624	0	0	4,269,624	4,529,857	4,529,927	260,303
Career and Technical Education Program	1,495,619	0	0	1,495,619	1,498,358	1,510,630	15,011
<u>Support Services</u>							
Attendance	252,480	0	0	252,480	253,824	256,175	3,695
Health Services	1,045,662	0	13,800	1,059,462	1,048,286	1,061,686	2,224
Other Student Support	2,744,261	0	0	2,744,261	2,804,503	2,856,321	112,060
Regular Instruction Program	1,314,373	(54)	0	1,314,319	1,447,876	1,450,876	136,557
Special Education Program	397,987	0	64,687	462,674	454,759	521,946	59,272
Career and Technical Education Program	53,889	0	0	53,889	56,063	56,063	2,174
Technology	782,964	(4,726)	1,449	779,687	992,406	992,406	212,719
Other Programs	292,280	0	0	292,280	0	292,280	0
Board of Education	1,514,076	(27,500)	24,500	1,511,076	1,640,135	1,660,188	149,112
Director of Schools	450,209	0	4,800	455,009	470,258	486,036	31,027
Office of the Principal	3,668,398	0	0	3,668,398	3,747,596	3,747,596	79,198
Fiscal Services	344,501	0	0	344,501	354,286	354,286	9,785
Human Services/Personnel	105,390	0	0	105,390	105,487	105,487	97
Operation of Plant	3,964,624	(212)	5,343	3,969,755	4,120,258	4,120,258	150,503

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 1,414,809	\$ (1,048)	\$ 117,041	\$ 1,530,802	\$ 1,362,639	\$ 1,684,241	\$ 153,439
Transportation	25,060	0	0	25,060	55,828	55,828	30,768
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	411,352	0	0	411,352	395,378	413,548	2,196
<u>Capital Outlay</u>							
Regular Capital Outlay	1,156,933	(139,412)	136,111	1,153,632	1,370,000	1,370,000	216,368
<u>Other Debt Service</u>							
Education	434,847	0	0	434,847	515,773	515,773	80,926
Total Expenditures	\$ 53,974,624	\$ (172,952)	\$ 367,731	\$ 54,169,403	\$ 55,770,241	\$ 56,622,626	\$ 2,453,223
Excess (Deficiency) of Revenues Over Expenditures							
	\$ (463,726)	\$ 172,952	\$ (367,731)	\$ (658,505)	\$ (3,300,985)	\$ (3,588,637)	\$ 2,930,132
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 65,687	\$ 0	\$ 0	\$ 65,687	\$ 0	\$ 64,687	\$ 1,000
Transfers Out	(4,154)	0	0	(4,154)	0	(4,154)	0
Total Other Financing Sources	\$ 61,533	\$ 0	\$ 0	\$ 61,533	\$ 0	\$ 60,533	\$ 1,000
Net Change in Fund Balance							
Fund Balance, July 1, 2018	\$ (402,193)	\$ 172,952	\$ (367,731)	\$ (596,972)	\$ (3,300,985)	\$ (3,528,104)	\$ 2,931,132
	12,429,995	(172,952)	0	12,257,043	11,584,247	11,584,247	672,796
Fund Balance, June 30, 2019	\$ 12,027,802	\$ 0	\$ (367,731)	\$ 11,660,071	\$ 8,283,262	\$ 8,056,143	\$ 3,603,928

Exhibit I-9

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
School Federal Projects Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 5,006,159	\$ 0	\$ 5,006,159	\$ 4,448,658	\$ 6,667,261	\$ (1,661,102)
Total Revenues	\$ 5,006,159	\$ 0	\$ 5,006,159	\$ 4,448,658	\$ 6,667,261	\$ (1,661,102)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,002,252	\$ 0	\$ 2,002,252	\$ 1,364,269	\$ 2,201,502	\$ 199,250
Special Education Program	1,358,542	0	1,358,542	1,535,261	1,709,251	350,709
Career and Technical Education Program	98,151	0	98,151	92,417	110,191	12,040
<u>Support Services</u>						
Health Services	73,600	0	73,600	75,329	75,329	1,729
Other Student Support	345,058	0	345,058	598,271	647,837	302,779
Regular Instruction Program	865,422	0	865,422	564,134	1,408,222	542,800
Special Education Program	206,206	0	206,206	131,977	415,167	208,961
Career and Technical Education Program	3,903	0	3,903	6,000	3,914	11
Transportation	201,917	(195,561)	6,356	6,000	18,348	11,992
<u>Operation of Non-Instructional Services</u>						
Community Services	46,932	0	46,932	75,000	77,500	30,568
Total Expenditures	\$ 5,201,983	\$ (195,561)	\$ 5,006,422	\$ 4,448,658	\$ 6,667,261	\$ 1,660,839
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (195,824)	\$ 195,561	\$ (263)	\$ 0	\$ 0	\$ (263)
Net Change in Fund Balance						
Fund Balance, July 1, 2018	\$ 695,767	(195,561)	500,206	500,395	500,395	(189)
Fund Balance, June 30, 2019	\$ 499,943	\$ 0	\$ 499,943	\$ 500,395	\$ 500,395	\$ (452)

Exhibit I-10

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 817,027	\$ 0	\$ 0	\$ 817,027	\$ 985,000	\$ 985,000	\$ (167,973)
Other Local Revenues	35,732	0	0	35,732	7,000	7,000	28,732
State of Tennessee	32,214	0	0	32,214	32,000	32,000	214
Federal Government	2,854,047	0	0	2,854,047	3,010,602	3,010,602	(156,555)
Total Revenues	\$ 3,739,020	\$ 0	\$ 0	\$ 3,739,020	\$ 4,034,602	\$ 4,034,602	\$ (295,582)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 3,691,316	\$ (775)	\$ 58,233	\$ 3,748,774	\$ 4,152,848	\$ 4,152,848	\$ 404,074
Total Expenditures	\$ 3,691,316	\$ (775)	\$ 58,233	\$ 3,748,774	\$ 4,152,848	\$ 4,152,848	\$ 404,074
Excess (Deficiency) of Revenues Over Expenditures	\$ 47,704	\$ 775	\$ (58,233)	\$ (9,754)	\$ (118,246)	\$ (118,246)	\$ 108,492
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 625	\$ 0	\$ 0	\$ 625	\$ 0	\$ 0	\$ 625
Transfers In	4,154	0	0	4,154	0	0	4,154
Total Other Financing Sources	\$ 4,779	\$ 0	\$ 0	\$ 4,779	\$ 0	\$ 0	\$ 4,779
Net Change in Fund Balance	\$ 52,483	\$ 775	\$ (58,233)	\$ (4,975)	\$ (118,246)	\$ (118,246)	\$ 113,271
Fund Balance, July 1, 2018	3,003,503	(775)	0	3,002,728	2,971,056	2,971,056	31,672
Fund Balance, June 30, 2019	\$ 3,055,986	\$ 0	\$ (58,233)	\$ 2,997,753	\$ 2,852,810	\$ 2,852,810	\$ 144,943

Exhibit I-11

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
School Transportation Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,307,617	\$ 0	\$ 3,307,617	\$ 3,181,748	\$ 3,181,748	\$ 125,869
Charges for Current Services	48,975	0	48,975	55,000	55,000	(6,025)
Other Local Revenues	25,778	0	25,778	20,000	20,000	5,778
Total Revenues	\$ 3,382,370	\$ 0	\$ 3,382,370	\$ 3,256,748	\$ 3,256,748	\$ 125,622
<u>Expenditures</u>						
<u>Support Services</u>						
Board of Education	\$ 63,293	\$ 0	\$ 63,293	\$ 75,000	\$ 75,000	\$ 11,707
Transportation	2,941,155	405,918	3,347,073	3,504,572	3,482,529	135,456
<u>Other Debt Service</u>						
Education	588,369	0	588,369	216,300	588,692	323
Total Expenditures	\$ 3,592,817	\$ 405,918	\$ 3,998,735	\$ 3,795,872	\$ 4,146,221	\$ 147,486
Excess (Deficiency) of Revenues Over Expenditures	\$ (210,447)	\$ (405,918)	\$ (616,365)	\$ (539,124)	\$ (889,473)	\$ 273,108
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 1,919	\$ 0	\$ 1,919	\$ 0	\$ 1,919	\$ 0
Total Other Financing Sources	\$ 1,919	\$ 0	\$ 1,919	\$ 0	\$ 1,919	\$ 0
Net Change in Fund Balance	\$ (208,528)	\$ (405,918)	\$ (614,446)	\$ (539,124)	\$ (887,554)	\$ 273,108
Fund Balance, July 1, 2018	1,668,139	0	1,668,139	1,661,312	1,661,312	6,827
Fund Balance, June 30, 2019	\$ 1,459,611	\$ (405,918)	\$ 1,053,693	\$ 1,122,188	\$ 773,758	\$ 279,935

MISCELLANEOUS SCHEDULES

Exhibit J-1

Hawkins County, Tennessee
 Schedule of Changes in Other Loans and Bonds
 For the Year Ended June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-19
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Refunding Series D-7-B - Series B-15-A	\$ (1)	4.39	% 5-15-08	6-30-22	\$ 1,550,000	\$ 0	\$ 355,000	\$ 1,195,000	\$ 0
Justice Center and Courthouse Improvements - Series B-15-A	(1)	4.39	5-15-08	6-30-22	255,000	0	70,000	185,000	0
Total Payable through General Debt Service Fund					\$ 1,805,000	\$ 0	\$ 425,000	\$ 1,380,000	\$ 0
<u>Payable through Education Debt Service Fund</u>									
Series VII-A-1 - Refunding	16,150,000	(2)	8-28-08	6-1-29	\$ 16,150,000	\$ 0	\$ 0	\$ 0	\$ 16,150,000
Qualified School Construction Bonds	2,640,000	1.51	12-17-09	7-1-26	1,349,602	0	164,732	0	1,184,870
Qualified School Construction Bonds	2,333,000	0	10-1-10	9-15-27	1,338,233	0	145,575	0	1,192,658
Energy Efficient Schools Initiative	740,278	0	1-11-11	10-1-18	35,238	0	35,238	0	0 (3)
Energy Efficient Schools Initiative	767,272	0	9-28-11	2-1-22	281,328	0	76,728	0	204,600 (4)
Energy Efficient Schools Initiative	158,556	0.75	6-28-16	7-1-28	134,172	0	12,864	0	121,308
Energy Efficient Schools Initiative	266,859	0.75	9-16-16	12-1-27	253,983	0	25,896	0	228,087
Total Payable through Education Debt Service Fund					\$ 19,542,556	\$ 0	\$ 461,033	\$ 0	\$ 19,081,523
Total Other Loans Payable					\$ 21,347,556	\$ 0	\$ 886,033	\$ 1,380,000	\$ 19,081,523
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
General Obligation Bonds, Series 2010 BABs	265,000	1 to 4.95	6-22-10	5-1-25	\$ 145,000	\$ 0	\$ 20,000	\$ 125,000	\$ 0
General Obligation Bonds, Series 2010 BABs	330,000	1 to 4.95	6-22-10	5-1-25	165,000	0	20,000	145,000	0
General Obligation Bonds, Series 2014	9,460,000	2 to 3.5	12-19-14	6-1-36	9,205,000	0	75,000	0	9,130,000
General Obligation Bonds, Series 2016	653,647	.75 to 1.2	5-26-16	6-1-21	400,036	0	130,714	0	269,322
General Obligation Refunding Bonds, Series 2016	1,660,204	2	5-26-16	6-1-25	1,634,665	0	13,387	0	1,621,278
General Obligation Refunding Bonds, Series 2019	1,555,476	5	6-28-19	6-1-25	0	1,555,476	0	0	1,555,476
Total Payable through General Debt Service Fund					\$ 11,549,701	\$ 1,555,476	\$ 259,101	\$ 270,000	\$ 12,576,076

(Continued)

Exhibit J-1

Hawkins County, Tennessee
 Schedule of Changes in Other Loans and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-19
BONDS PAYABLE (Cont.)									
<u>Payable through Special Debt Service Fund</u>									
General Obligation Bonds, Series 2010 BABs	\$ 2,500,000	1.45 to 4.95 %	6-22-10	5-1-25	\$ 1,475,000	\$ 0	\$ 185,000	\$ 1,290,000	\$ 0
General Obligation Highway Bonds, Series 2013	2,500,000	2 to 3.25	7-10-13	6-1-25	1,500,000	0	200,000	1,300,000	0
General Obligation Refunding Bonds, Series 2019	2,345,911	5	6-28-19	6-1-25	0	2,345,911	0	0	2,345,911
Total Payable through Special Debt Service Fund					<u>\$ 2,975,000</u>	<u>\$ 2,345,911</u>	<u>\$ 385,000</u>	<u>\$ 2,590,000</u>	<u>\$ 2,345,911</u>
<u>Payable through Education Debt Service Fund</u>									
General Obligation School Bonds, Series 2009 BABs	17,700,000	5.8 to 6.25	8-28-09	6-1-38	\$ 17,700,000	\$ 0	\$ 0	17,700,000	\$ 0
General Obligation Bonds, Series 2010 BABs	505,000	3.55 to 4.2	6-22-10	5-1-20	260,000	0	260,000	0	0
General Obligation School Bonds, Series 2011	410,000	3	4-7-11	5-1-21	310,000	0	310,000	0	0
General Obligation Refunding Bonds, Series 2011	7,380,000	2 to 3	4-7-11	5-1-19	1,140,000	0	1,140,000	0	0
General Obligation Refunding Bonds, Series 2015	9,655,000	1 to 3.5	7-20-15	6-30-36	9,420,000	0	65,000	0	9,355,000
General Obligation Refunding Bonds, Series 2016	7,416,149	2 to 2.5	5-26-16	6-30-33	6,935,299	0	440,899	0	6,494,400
General Obligation Refunding Bonds, Series 2019	17,468,613	3 to 5	6-28-19	6-1-38	0	17,468,613	0	0	17,468,613
Total Payable through Education Debt Service Fund					<u>\$ 35,765,299</u>	<u>\$ 17,468,613</u>	<u>\$ 2,215,899</u>	<u>\$ 17,700,000</u>	<u>\$ 33,318,013</u>
Total Bonds Payable					<u>\$ 50,290,000</u>	<u>\$ 21,370,000</u>	<u>\$ 2,860,000</u>	<u>\$ 20,560,000</u>	<u>\$ 48,240,000</u>

- (1) The total amount approved for the Series B-15-A loan agreement was \$27,745,000.
- (2) The entire amount of the PBA Loan Series V-B-1 was swapped to a synthetic fixed rate by execution of a swap agreement in a prior-year.
 Also, in a prior-year, the Series V-B-1 loan agreement was refunded with proceeds from the Series VII-A-1 loan agreement.
- (3) The balance for this loan was incorrectly reported as \$64,266 in the prior year's annual financial report.
- (4) The balance for this loan was incorrectly reported as \$252,300 in the prior year's annual financial report.

Exhibit J-2

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

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2020	\$ 1,716,083	\$ 530,086	\$ 40,375	\$ 2,286,544
2021	1,766,372	496,027	37,150	2,299,549
2022	1,816,088	460,066	33,800	2,309,954
2023	1,840,232	422,227	30,263	2,292,722
2024	1,915,543	382,474	26,538	2,324,555
2025	1,990,844	340,842	22,625	2,354,311
2026	2,082,371	297,309	18,525	2,398,205
2027	2,031,584	214,605	14,238	2,260,427
2028	1,929,002	61,381	9,700	2,000,083
2029	1,993,404	12	4,975	1,998,391
Total	\$ 19,081,523	\$ 3,205,029	\$ 238,189	\$ 22,524,741

Year Ending June 30	Bonds		Total
	Principal	Interest	
2020	\$ 1,745,000	\$ 1,458,750	\$ 3,203,750
2021	1,765,000	1,450,480	3,215,480
2022	1,690,000	1,385,088	3,075,088
2023	1,760,000	1,319,037	3,079,037
2024	1,780,000	1,264,663	3,044,663
2025	1,825,000	1,208,487	3,033,487
2026	1,410,000	1,150,038	2,560,038
2027	1,425,000	1,111,237	2,536,237
2028	1,480,000	1,072,125	2,552,125
2029	1,520,000	1,031,512	2,551,512
2030	3,225,000	987,813	4,212,813
2031	3,335,000	889,538	4,224,538
2032	3,465,000	788,867	4,253,867
2033	3,565,000	681,895	4,246,895
2034	3,755,000	572,385	4,327,385
2035	3,885,000	453,450	4,338,450
2036	4,015,000	327,575	4,342,575
2037	3,250,000	197,850	3,447,850
2038	3,345,000	100,350	3,445,350
Total	\$ 48,240,000	\$ 17,451,140	\$ 65,691,140

Exhibit J-3

Hawkins County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Hawkins County School Department

For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Education Debt Service	Transfer QSCB rebate	<u>\$ 106,214</u>
Total Transfers Primary Government			<u><u>\$ 106,214</u></u>
<u>DISCRETELY PRESENTED HAWKINS COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Reimburse expenses	<u>\$ 4,154</u>
Total Transfers Discretely Presented Hawkins County School Department			<u><u>\$ 4,154</u></u>

Exhibit J-4

Hawkins County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Melville Bailey (7-1-18 through 8-31-18)	Section 8-24-102, TCA	\$ 16,996	\$ 100,000	RLI Insurance Company
Jim Lee (9-1-18 through 6-30-19)	Section 8-24-102, TCA	84,982	100,000	Liberty Mutual Insurance Company
Road Superintendent	Section 8-24-102, TCA	94,122	100,000	Liberty Mutual Insurance Company
Director of Schools:				
Reba Bailey (7-1-18 through 1-30-19)	State Board of Education and County Board of Education	55,724 (1)	(5)	
Matt Hixson (1-31-19 through 6-30-19)	State Board of Education and County Board of Education	43,750 (2)	(5)	
Trustee	Section 8-24-102, TCA	85,566	2,083,000	Liberty Mutual Insurance Company
Assessor of Property	Section 8-24-102, TCA	85,566	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	85,566	100,000	Liberty Mutual Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	85,566	100,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	85,566 (3)	150,000	RLI Insurance Company
Register of Deeds	Section 8-24-102, TCA	85,566	100,000	Liberty Mutual Insurance Company
Sheriff	Section 8-24-102, TCA, and County Commission	94,122 (4)	100,000	"
Employee Blanket Bonds				
	Public Employee Dishonesty - County Departments		150,000	Local Government Property and Casualty Fund
	Public Employee Dishonesty - School Department		400,000	Tennessee Risk Management Trust

(1) Does not include a chief executive officer training supplement of \$1,000 and a travel allowance totaling \$3,600.

(2) Does not include a chief executive officer training supplement of \$400, a travel allowance totaling \$3,000, and a relocation allowance of \$8,000.

(3) Does not include special commissioner fees of \$24,021.

(4) Does not include \$3,000 for serving as workhouse superintendent or \$600 for a law enforcement training supplement.

(5) Official bonded through \$400,000 blanket bond.

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 9,450,069	\$ 0	\$ 0	\$ 0	\$ 1,437,814	\$ 103,549
Trustee's Collections - Prior Year	233,558	0	0	0	36,924	21,299
Trustee's Collections - Bankruptcy	1,889	0	0	0	314	168
Circuit Clerk/Clerk and Master Collections - Prior Years	214,428	0	0	0	33,433	9,445
Interest and Penalty	48,859	0	0	0	7,669	3,687
Pickup Taxes	2,633	0	0	0	442	255
Payments in-Lieu-of Taxes - T.V.A.	1,644	0	0	0	250	18
Payments in-Lieu-of Taxes - Other	55,316	0	0	0	8,416	607
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	1,053,433	0	0	0	0
Wheel Tax	2,354,466	0	0	0	0	0
Litigation Tax - General	108,746	0	0	0	0	0
Litigation Tax - Special Purpose	70,424	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	112,231
Litigation Tax - Courthouse Security	111,012	0	0	0	0	0
Business Tax	0	357,248	0	0	0	0
Mixed Drink Tax	968	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	76,519	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	17,800	0	0	0	2,291	165
Wholesale Beer Tax	79,918	0	0	0	0	0
Total Local Taxes	\$ 12,751,730	\$ 1,410,681	\$ 0	\$ 0	\$ 1,604,072	\$ 251,424

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 136,262	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	1,686	0	0	0	0	0
Other Permits	1,900	0	0	0	0	0
Total Licenses and Permits	\$ 3,586	\$ 136,262	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 6,681	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	5,910	0	0	0	0	0
Drug Control Fines	21,000	0	2,143	0	0	0
Drug Court Fees	684	0	0	0	0	0
DUI Treatment Fines	119	0	0	0	0	0
Data Entry Fee - Circuit Court	1,187	0	0	0	0	0
Courtroom Security Fee	159	0	0	0	0	0
<u>Criminal Court</u>						
Jail Fees	842	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	13,839	0	0	0	0	0
Fines for Littering	24	0	0	0	0	0
Officers Costs	32,591	0	0	0	0	0
Game and Fish Fines	217	0	0	0	0	0
Drug Control Fines	1,741	0	19,612	0	0	0
Drug Court Fees	5,772	0	0	0	0	0
Jail Fees	22,839	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
DUI Treatment Fines	\$ 4,065	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - General Sessions Court	15,194	0	0	0	0	0
Courtroom Security Fee	98	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	3,818	0	0	0	0	0
Officers Costs	8,229	0	0	0	0	0
Jail Fees	62	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,370	0	0	0	0	0
Courtroom Security Fee	258	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	528	0	0	0	0	0
Data Entry Fee - Chancery Court	9,620	0	0	0	0	0
Courtroom Security Fee	6	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	39,248	0	0	0
Other Fines, Forfeitures, and Penalties	475	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 157,328	\$ 0	\$ 61,003	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Waste Tire Disposal	\$ 0	\$ 1,844	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	7,422	0	0	0	0	0
Work Release Charges for Board	20,203	0	0	0	0	0
Other General Service Charges	0	0	0	0	3,594	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Recreation Fees	\$ 7,475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Copy Fees	4,248	0	0	0	0	0
Greenbelt Late Application Fee	253	0	0	0	0	0
Telephone Commissions	146,046	0	0	0	0	0
Vending Machine Collections	98	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	170	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	24,021	0	0
Data Processing Fee - Register	15,456	0	0	0	0	0
Data Processing Fee - Sheriff	2,837	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,550	0	0	0	0	0
Data Processing Fee - County Clerk	4,797	0	0	0	0	0
Subscription and Document Retrieval Fee - Circuit	2,580	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	935	0	0	0	0	0
Total Charges for Current Services	\$ 216,900	\$ 1,844	\$ 0	\$ 24,191	\$ 3,594	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 173,916
Lease/Rentals	4,975	0	0	0	0	0
Sale of Materials and Supplies	306	0	0	0	0	0
Commissary Sales	20,373	0	0	0	0	0
Sale of Gasoline	31,620	0	0	0	0	0
Sale of Maps	2,143	0	0	0	0	0
Sale of Recycled Materials	340	71,752	0	0	1,255	0
Miscellaneous Refunds	26,776	0	0	0	3,595	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	\$ 0	\$ 780,500	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Property	4,443	0	0	0	0	0
Contributions and Gifts	2,000	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	2,509	0	0	0	0	0
Total Other Local Revenues	\$ 95,485	\$ 852,252	\$ 0	\$ 0	\$ 4,850	\$ 173,916
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 614,413	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	136,647	0	0	0	0	0
General Sessions Court Clerk	389,968	0	0	0	0	0
Clerk and Master	255,929	0	0	0	0	0
Juvenile Court Clerk	51,153	0	0	0	0	0
Register	190,728	0	0	0	0	0
Sheriff	27,007	0	0	0	0	0
Trustee	774,672	0	0	0	0	0
Total Fees Received From County Officials	\$ 2,440,517	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Airport Maintenance Program	\$ 3,283	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	40,167	0	0	0	0	0
Solid Waste Grants	0	33,007	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	\$ 34,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	224,773	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	339,322	0
Litter Program	26,257	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	39,546	0	0	0	0	0
Beer Tax	17,959	0	0	0	0	0
Vehicle Certificate of Title Fees	4,829	0	0	0	0	0
Alcoholic Beverage Tax	0	114,249	0	0	0	0
State Revenue Sharing - Telecommunications	64,828	0	0	0	0	0
Emergency Hospital - Prisoners	24,132	0	0	0	0	0
Prisoner Transportation	269	0	0	0	0	0
Contracted Prisoner Boarding	1,289,691	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,697,699	0
Petroleum Special Tax	0	0	0	0	41,008	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	126,586	0	0	0	0	0
Other State Revenues	53,408	0	0	0	0	0
Total State of Tennessee	\$ 1,965,092	\$ 147,256	\$ 0	\$ 0	\$ 3,078,029	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 41,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	46,189	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	\$ 106,214	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,266
Other Direct Federal Revenue	14,336	0	12,191	0	0	0
Total Federal Government	\$ 207,739	\$ 0	\$ 12,191	\$ 0	\$ 0	\$ 5,266
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 184,617	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	50,844	0	0	0	176,591	0
<u>Citizens Groups</u>						
Donations	2,000	0	0	0	0	0
<u>Other</u>						
Other	2,022	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 239,483	\$ 0	\$ 0	\$ 0	\$ 176,591	\$ 0
Total	\$ 18,077,860	\$ 2,548,295	\$ 73,194	\$ 24,191	\$ 4,867,136	\$ 430,606

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital</u>	<u>Total</u>
	<u>Special</u> <u>Debt</u> <u>Service</u>	<u>Education</u> <u>Debt</u> <u>Service</u>	<u>Projects Fund</u> <u>General</u> <u>Capital</u> <u>Projects</u>	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 0	\$ 3,006,254	\$ 725,753	\$ 14,723,439
Trustee's Collections - Prior Year	0	77,157	0	368,938
Trustee's Collections - Bankruptcy	0	706	11	3,088
Circuit Clerk/Clerk and Master Collections - Prior Years	0	69,905	9,839	337,050
Interest and Penalty	0	16,043	738	76,996
Pickup Taxes	0	955	0	4,285
Payments in-Lieu-of Taxes - T.V.A.	0	523	126	2,561
Payments in-Lieu-of Taxes - Other	0	17,597	4,247	86,183
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	0	0	1,053,433
Wheel Tax	342,214	342,214	0	3,038,894
Litigation Tax - General	0	0	0	108,746
Litigation Tax - Special Purpose	0	0	0	70,424
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	112,231
Litigation Tax - Courthouse Security	0	0	0	111,012
Business Tax	0	0	0	357,248
Mixed Drink Tax	0	0	0	968
Mineral Severance Tax	0	0	0	76,519
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	4,791	1,157	26,204
Wholesale Beer Tax	0	0	0	79,918
Total Local Taxes	\$ 342,214	\$ 3,536,145	\$ 741,871	\$ 20,638,137

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital</u>	<u>Total</u>
	<u>Special</u> <u>Debt</u> <u>Service</u>	<u>Education</u> <u>Debt</u> <u>Service</u>	<u>Projects Fund</u> <u>General</u> <u>Capital</u> <u>Projects</u>	
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 136,262
<u>Permits</u>				
Beer Permits	0	0	0	1,686
Other Permits	0	0	0	1,900
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 139,848
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	\$ 6,681
Officers Costs	0	0	0	5,910
Drug Control Fines	0	0	0	23,143
Drug Court Fees	0	0	0	684
DUI Treatment Fines	0	0	0	119
Data Entry Fee - Circuit Court	0	0	0	1,187
Courtroom Security Fee	0	0	0	159
<u>Criminal Court</u>				
Jail Fees	0	0	0	842
<u>General Sessions Court</u>				
Fines	0	0	0	13,839
Fines for Littering	0	0	0	24
Officers Costs	0	0	0	32,591
Game and Fish Fines	0	0	0	217
Drug Control Fines	0	0	0	21,353
Drug Court Fees	0	0	0	5,772
Jail Fees	0	0	0	22,839

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>		
	Special Debt Service	Education Debt Service	General Capital Projects		Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
DUI Treatment Fines	\$ 0	\$ 0	\$ 0	\$ 0	4,065
Data Entry Fee - General Sessions Court	0	0	0	0	15,194
Courtroom Security Fee	0	0	0	0	98
<u>Juvenile Court</u>					
Fines	0	0	0	0	3,818
Officers Costs	0	0	0	0	8,229
Jail Fees	0	0	0	0	62
Data Entry Fee - Juvenile Court	0	0	0	0	1,370
Courtroom Security Fee	0	0	0	0	258
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	528
Data Entry Fee - Chancery Court	0	0	0	0	9,620
Courtroom Security Fee	0	0	0	0	6
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	39,248
Other Fines, Forfeitures, and Penalties	0	0	0	0	475
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	218,331
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Waste Tire Disposal	\$ 0	\$ 0	\$ 0	\$ 0	1,844
Patient Charges	0	0	0	0	7,422
Work Release Charges for Board	0	0	0	0	20,203
Other General Service Charges	0	0	0	0	3,594

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital</u>	<u>Total</u>
	<u>Special</u> <u>Debt</u> <u>Service</u>	<u>Education</u> <u>Debt</u> <u>Service</u>	<u>General</u> <u>Capital</u> <u>Projects</u>	
<u>Charges for Current Services (Cont.)</u>				
<u>Fees</u>				
Recreation Fees	\$ 0	\$ 0	\$ 0	\$ 7,475
Copy Fees	0	0	0	4,248
Greenbelt Late Application Fee	0	0	0	253
Telephone Commissions	0	0	0	146,046
Vending Machine Collections	0	0	0	98
Constitutional Officers' Fees and Commissions	0	0	0	170
Special Commissioner Fees/Special Master Fees	0	0	0	24,021
Data Processing Fee - Register	0	0	0	15,456
Data Processing Fee - Sheriff	0	0	0	2,837
Sexual Offender Registration Fee - Sheriff	0	0	0	4,550
Data Processing Fee - County Clerk	0	0	0	4,797
Subscription and Document Retrieval Fee - Circuit	0	0	0	2,580
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	935
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 246,529
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 501,709	\$ 0	\$ 675,625
Lease/Rentals	0	0	0	4,975
Sale of Materials and Supplies	0	0	0	306
Commissary Sales	0	0	0	20,373
Sale of Gasoline	0	0	0	31,620
Sale of Maps	0	0	0	2,143
Sale of Recycled Materials	0	0	0	73,347
Miscellaneous Refunds	0	0	0	30,371

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>		
	Special Debt Service	Education Debt Service	General Capital Projects		Total
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items</u>					
Sale of Equipment	\$ 0	\$ 0	\$ 0	\$ 0	780,500
Sale of Property	0	0	0	0	4,443
Contributions and Gifts	0	0	0	0	2,000
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	2,509
Total Other Local Revenues	\$ 0	\$ 501,709	\$ 0	\$ 0	1,628,212
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	614,413
Circuit Court Clerk	0	0	0	0	136,647
General Sessions Court Clerk	0	0	0	0	389,968
Clerk and Master	0	0	0	0	255,929
Juvenile Court Clerk	0	0	0	0	51,153
Register	0	0	0	0	190,728
Sheriff	0	0	0	0	27,007
Trustee	0	0	0	0	774,672
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	2,440,517
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Airport Maintenance Program	\$ 0	\$ 0	\$ 0	\$ 0	3,283
Aging Programs	0	0	0	0	40,167
Solid Waste Grants	0	0	0	0	33,007

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital</u>	
	<u>Special</u>	<u>Education</u>	<u>Projects Fund</u>	
	<u>Debt</u>	<u>Debt</u>	<u>General</u>	
	<u>Service</u>	<u>Service</u>	<u>Capital</u>	
			<u>Projects</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>				
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	\$ 0	\$ 0	\$ 0	\$ 34,200
<u>Health and Welfare Grants</u>				
Other Health and Welfare Grants	0	0	0	224,773
<u>Public Works Grants</u>				
State Aid Program	0	0	0	339,322
Litter Program	0	0	0	26,257
<u>Other State Revenues</u>				
Income Tax	0	0	0	39,546
Beer Tax	0	0	0	17,959
Vehicle Certificate of Title Fees	0	0	0	4,829
Alcoholic Beverage Tax	0	0	0	114,249
State Revenue Sharing - Telecommunications	0	0	0	64,828
Emergency Hospital - Prisoners	0	0	0	24,132
Prisoner Transportation	0	0	0	269
Contracted Prisoner Boarding	0	0	0	1,289,691
Gasoline and Motor Fuel Tax	0	0	0	2,697,699
Petroleum Special Tax	0	0	0	41,008
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	126,586
Other State Revenues	0	0	0	53,408
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 5,190,377
<u>Federal Government</u>				
<u>Federal Through State</u>				
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 41,000
Other Federal through State	0	0	0	46,189

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital</u>	
	Special	Education	Projects	Total
	Debt	Debt	Capital	
	Service	Service	Projects	
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue</u>				
Tax Credit Bond Rebate	\$ 25,036	\$ 389,820	\$ 0	\$ 526,336
Other Direct Federal Revenue	0	0	0	26,527
Total Federal Government	\$ 25,036	\$ 389,820	\$ 0	\$ 640,052
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 0	\$ 1,023,216	\$ 0	\$ 1,207,833
Contracted Services	0	0	0	227,435
<u>Citizens Groups</u>				
Donations	0	0	0	2,000
<u>Other</u>				
Other	0	0	0	2,022
Total Other Governments and Citizens Groups	\$ 0	\$ 1,023,216	\$ 0	\$ 1,439,290
Total	\$ 367,250	\$ 5,450,890	\$ 741,871	\$ 32,581,293

Exhibit J-6

Hawkins County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2019

	<u>Special Revenue Funds</u>					Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,299,543	\$ 0	\$ 0	\$ 2,979,498	\$	10,279,041
Trustee's Collections - Prior Year	221,192	0	0	92,925		314,117
Trustee's Collections - Bankruptcy	1,700	0	0	604		2,304
Circuit Clerk/Clerk and Master Collections - Prior Years	173,305	0	0	71,035		244,340
Interest and Penalty	39,746	0	0	16,608		56,354
Pickup Taxes	2,430	0	0	901		3,331
Payments in-Lieu-of Taxes - T.V.A.	1,485	0	0	520		2,005
Payments in-Lieu-of Taxes - Other	49,963	0	0	17,512		67,475
<u>County Local Option Taxes</u>						
Local Option Sales Tax	4,661,896	0	0	0		4,661,896
Wheel Tax	195,842	0	0	123,246		319,088
Mixed Drink Tax	1,440	0	0	0		1,440
<u>Statutory Local Taxes</u>						
Bank Excise Tax	11,643	0	0	4,768		16,411
Total Local Taxes	<u>\$ 12,660,185</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,307,617</u>	<u>\$</u>	<u>15,967,802</u>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 3,450	\$ 0	\$ 0	\$ 0	\$	3,450
Total Licenses and Permits	<u>\$ 3,450</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>	<u>3,450</u>
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	\$ 0	\$ 0	\$ 500,331	\$ 0	\$	500,331

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>					Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation		
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
Lunch Payments - Adults	\$ 0	\$ 0	\$ 68,390	\$ 0	\$ 68,390	
Income from Breakfast	0	0	92,608	0	92,608	
A la Carte Sales	0	0	24,458	0	24,458	
Receipts from Individual Schools	84,826	0	0	48,975	133,801	
Other Charges for Services	9,046	0	131,240	0	140,286	
Total Charges for Current Services	\$ 93,872	\$ 0	\$ 817,027	\$ 48,975	\$ 959,874	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 6,808	\$ 0	\$ 35,143	\$ 71	\$ 42,022	
Lease/Rentals	43,752	0	0	0	43,752	
Sale of Recycled Materials	1,288	0	0	0	1,288	
Miscellaneous Refunds	314,421	0	150	17,276	331,847	
<u>Nonrecurring Items</u>						
Sale of Equipment	21,656	0	439	8,326	30,421	
Damages Recovered from Individuals	26	0	0	105	131	
Contributions and Gifts	16,909	0	0	0	16,909	
<u>Other Local Revenues</u>						
Other Local Revenues	180	0	0	0	180	
Total Other Local Revenues	\$ 405,040	\$ 0	\$ 35,732	\$ 25,778	\$ 466,550	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 292,280	\$ 0	\$ 0	\$ 0	\$ 292,280	

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>					Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation		
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 37,005,217	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,005,217
Early Childhood Education	412,669	0	0	0	0	412,669
School Food Service	0	0	32,214	0	0	32,214
Driver Education	17,362	0	0	0	0	17,362
Other State Education Funds	240,817	0	0	0	0	240,817
Coordinated School Health	118,000	0	0	0	0	118,000
Family Resource Centers	29,612	0	0	0	0	29,612
Career Ladder Program	128,449	0	0	0	0	128,449
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	1,356,948	0	0	0	0	1,356,948
Other State Grants	12,412	0	0	0	0	12,412
Other State Revenues	598,931	0	0	0	0	598,931
Total State of Tennessee	<u>\$ 40,212,697</u>	<u>\$ 0</u>	<u>\$ 32,214</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,244,911</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,896,423	\$ 0	\$ 0	\$ 1,896,423
USDA - Commodities	0	0	255,062	0	0	255,062
Breakfast	0	0	672,890	0	0	672,890
USDA - Other	0	0	29,672	0	0	29,672
Vocational Education - Basic Grants to States	0	140,921	0	0	0	140,921
Title I Grants to Local Education Agencies	0	2,393,677	0	0	0	2,393,677
Special Education - Grants to States	0	1,622,722	0	0	0	1,622,722
Special Education Preschool Grants	0	15,625	0	0	0	15,625

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
English Language Acquisition Grants	\$ 0	\$ 2,592	\$ 0	\$ 0	\$ 2,592
Education for Homeless Children and Youth	0	21,612	0	0	21,612
Eisenhower Professional Development State Grants	0	135,202	0	0	135,202
Other Federal through State	1,474	673,808	0	0	675,282
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	134,180	0	0	0	134,180
Total Federal Government	<u>\$ 135,654</u>	<u>\$ 5,006,159</u>	<u>\$ 2,854,047</u>	<u>\$ 0</u>	<u>\$ 7,995,860</u>
Total	<u>\$ 53,510,898</u>	<u>\$ 5,006,159</u>	<u>\$ 3,739,020</u>	<u>\$ 3,382,370</u>	<u>\$ 65,638,447</u>

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	25,250	
Other Per Diem and Fees		9,800	
Social Security		2,681	
Pensions		1,302	
Medical Insurance		57,782	
Audit Services		21,597	
Printing, Stationery, and Forms		479	
Travel		16,656	
Tuition		200	
Total County Commission			\$ 135,747

Board of Equalization

Board and Committee Members Fees	\$	6,510	
Social Security		498	
Total Board of Equalization			7,008

Beer Board

Board and Committee Members Fees	\$	1,750	
Social Security		134	
Pensions		91	
Other Charges		116	
Total Beer Board			2,091

Budget and Finance Committee

Board and Committee Members Fees	\$	5,200	
Social Security		398	
Pensions		174	
Total Budget and Finance Committee			5,772

County Mayor/Executive

County Official/Administrative Officer	\$	101,978	
Accountants/Bookkeepers		208,989	
Part-time Personnel		34,381	
Other Salaries and Wages		4,973	
Social Security		22,331	
Pensions		26,686	
Life Insurance		329	
Medical Insurance		59,563	
Unemployment Compensation		397	
Communication		3,674	
Maintenance Agreements		18,764	
Rentals		4,386	
Travel		2,478	
Other Contracted Services		1,570	
Office Supplies		9,645	
Data Processing Equipment		6,500	
Office Equipment		2,377	
Total County Mayor/Executive			509,021

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	27,657	
Social Security		1,901	
Pensions		2,401	
Life Insurance		25	
Medical Insurance		4,540	
Unemployment Compensation		42	
Total County Attorney			\$ 36,566

Election Commission

Assistant(s)	\$	9,000	
Supervisor/Director		77,009	
Deputy(ies)		52,916	
Part-time Personnel		17,657	
Overtime Pay		7,908	
Other Salaries and Wages		11,565	
Election Commission		10,020	
Election Workers		65,678	
Social Security		13,192	
Pensions		12,742	
Life Insurance		154	
Medical Insurance		25,373	
Unemployment Compensation		179	
Communication		1,407	
Dues and Memberships		400	
Operating Lease Payments		1,821	
Legal Notices, Recording, and Court Costs		4,855	
Maintenance Agreements		10,500	
Postal Charges		573	
Rentals		4,385	
Travel		10,645	
Other Contracted Services		15,494	
Office Supplies		2,928	
Other Supplies and Materials		1,300	
In Service/Staff Development		3,400	
Other Charges		167	
Data Processing Equipment		25,926	
Other Equipment		19,825	
Total Election Commission			407,019

Register of Deeds

County Official/Administrative Officer	\$	85,566	
Deputy(ies)		103,682	
Part-time Personnel		6,292	
Social Security		13,347	
Pensions		16,256	
Life Insurance		241	
Medical Insurance		34,900	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Unemployment Compensation	\$	218	
Communication		1,441	
Maintenance Agreements		484	
Rentals		815	
Other Contracted Services		12,378	
Office Supplies		2,323	
Office Equipment		8,856	
Total Register of Deeds			\$ 286,799

Planning

Board and Committee Members Fees	\$	1,550	
Social Security		119	
Contracts with Government Agencies		14,100	
Total Planning			15,769

County Buildings

Supervisor/Director	\$	31,303	
Custodial Personnel		74,440	
Maintenance Personnel		24,864	
Social Security		8,488	
Pensions		11,242	
Life Insurance		286	
Medical Insurance		41,375	
Unemployment Compensation		280	
Architects		11,691	
Communication		17,422	
Contracts with Government Agencies		14,303	
Janitorial Services		10,521	
Laundry Service		1,648	
Maintenance Agreements		13,900	
Maintenance and Repair Services - Buildings		39,983	
Maintenance and Repair Services - Equipment		920	
Maintenance and Repair Services - Office Equipment		513	
Maintenance and Repair Services - Vehicles		2,204	
Pest Control		4,994	
Rentals		21,873	
Travel		21	
Permits		395	
Other Contracted Services		68,540	
Custodial Supplies		11,344	
Gasoline		2,297	
Small Tools		342	
Uniforms		474	
Utilities		211,899	
Other Supplies and Materials		16,575	
Building Improvements		151,684	
Data Processing Equipment		436	
Other Equipment		109	
Total County Buildings			796,366

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Bank Charges	\$	180	
Dues and Memberships		12,192	
Evaluation and Testing		2,530	
Legal Notices, Recording, and Court Costs		1,415	
Postal Charges		51,451	
Rentals		7,133	
Other Contracted Services		13,573	
Duplicating Supplies		5,198	
Other Supplies and Materials		978	
Building and Contents Insurance		4,761	
Liability Insurance		387,614	
Premiums on Corporate Surety Bonds		6,016	
Workers' Compensation Insurance		267,514	
Liability Claims		7,936	
Other Charges		413	
Other Equipment		15,082	
Total Other General Administration			\$ 783,986

Preservation of Records

Communication	\$	1,507	
Total Preservation of Records			1,507

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	85,566	
Deputy(ies)		185,894	
Social Security		18,962	
Pensions		23,563	
Life Insurance		332	
Medical Insurance		44,392	
Unemployment Compensation		252	
Communication		6,325	
Data Processing Services		21,987	
Legal Notices, Recording, and Court Costs		96	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Vehicles		7,550	
Rentals		2,505	
Towing Services		170	
Travel		1,357	
Tuition		100	
Other Contracted Services		30,300	
Gasoline		3,933	
Office Supplies		4,952	
Tires and Tubes		505	
Other Charges		18	
Motor Vehicles		24,385	
Office Equipment		13,497	
Total Property Assessor's Office			479,641

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Supervisor/Director	\$	42,930	
Deputy(ies)		61,967	
Social Security		7,349	
Pensions		9,105	
Life Insurance		150	
Medical Insurance		14,934	
Unemployment Compensation		126	
Data Processing Services		7,553	
Postal Charges		1,458	
Travel		284	
Office Supplies		700	
Total Reappraisal Program			\$ 146,556

County Trustee's Office

County Official/Administrative Officer	\$	85,566	
Deputy(ies)		87,750	
Temporary Personnel		15,313	
Social Security		13,668	
Pensions		15,044	
Life Insurance		196	
Medical Insurance		14,934	
Unemployment Compensation		210	
Communication		1,674	
Dues and Memberships		160	
Legal Notices, Recording, and Court Costs		143	
Maintenance and Repair Services - Office Equipment		18,682	
Rentals		499	
Travel		2,541	
Tuition		100	
Other Contracted Services		7,403	
Office Supplies		4,205	
Data Processing Equipment		2,340	
Other Capital Outlay		1,920	
Total County Trustee's Office			272,348

County Clerk's Office

County Official/Administrative Officer	\$	85,566
Deputy(ies)		375,422
Part-time Personnel		9,697
Social Security		32,914
Pensions		39,500
Life Insurance		628
Medical Insurance		64,487
Unemployment Compensation		595
Communication		3,798
Dues and Memberships		150
Legal Notices, Recording, and Court Costs		99

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Maintenance and Repair Services - Office Equipment	\$	30,991	
Rentals		2,513	
Travel		4,140	
Other Contracted Services		10,246	
Office Supplies		4,766	
Other Supplies and Materials		4,577	
Office Equipment		10,262	
Total County Clerk's Office			\$ 680,351

Administration of Justice

Circuit Court Clerk

County Official/Administrative Officer	\$	85,566	
Deputy(ies)		295,631	
Part-time Personnel		22,790	
Other Salaries and Wages		2,689	
Social Security		28,414	
Pensions		31,815	
Life Insurance		585	
Medical Insurance		55,750	
Unemployment Compensation		662	
Communication		4,180	
Dues and Memberships		120	
Legal Notices, Recording, and Court Costs		201	
Maintenance Agreements		42,247	
Rentals		2,502	
Travel		986	
Office Supplies		14,710	
Other Supplies and Materials		253	
Data Processing Equipment		10,175	
Office Equipment		2,272	
Total Circuit Court Clerk			601,548

Criminal Court

Jury and Witness Expense	\$	10,745	
Total Criminal Court			10,745

General Sessions Court

Judge(s)	\$	166,864	
Secretary(ies)		27,980	
Clerical Personnel		28,714	
Social Security		13,766	
Pensions		19,405	
Life Insurance		150	
Medical Insurance		44,686	
Unemployment Compensation		84	
Communication		864	
Dues and Memberships		583	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Evaluation and Testing	\$	1,000	
Maintenance and Repair Services - Office Equipment		825	
Rentals		1,260	
Travel		1,688	
Office Supplies		839	
Data Processing Equipment		2,427	
Total General Sessions Court			\$ 311,135

Drug Court

Other Salaries and Wages	\$	31,537	
Social Security		2,232	
Pensions		2,737	
Life Insurance		50	
Medical Insurance		5,105	
Unemployment Compensation		42	
Communication		224	
Internet Connectivity		118	
Travel		857	
Other Contracted Services		8,500	
Other Supplies and Materials		1,240	
Workers' Compensation Insurance		126	
Other Charges		821	
Data Processing Equipment		890	
Total Drug Court			54,479

Chancery Court

County Official/Administrative Officer	\$	85,566	
Deputy(ies)		107,556	
Part-time Personnel		1,790	
Other Salaries and Wages		2,264	
Social Security		13,761	
Pensions		16,147	
Life Insurance		212	
Medical Insurance		34,980	
Unemployment Compensation		260	
Communication		875	
Dues and Memberships		120	
Legal Notices, Recording, and Court Costs		338	
Maintenance Agreements		21,277	
Rentals		3,865	
Travel		91	
Tuition		100	
Other Contracted Services		3,924	
Office Supplies		4,233	
Data Processing Equipment		2,578	
Office Equipment		3,160	
Total Chancery Court			303,097

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Judge(s)	\$	66,746	
Secretary(ies)		28,791	
Clerical Personnel		22,253	
Social Security		8,222	
Pensions		10,224	
Life Insurance		150	
Medical Insurance		19,573	
Unemployment Compensation		84	
Dues and Memberships		235	
Travel		237	
Other Supplies and Materials		257	
In Service/Staff Development		372	
Total Juvenile Court			\$ 157,144

Courtroom Security

Deputy(ies)	\$	77,654	
Overtime Pay		283	
Social Security		5,452	
Pensions		6,765	
Life Insurance		119	
Medical Insurance		15,149	
Unemployment Compensation		100	
Evaluation and Testing		300	
Law Enforcement Supplies		410	
Liability Insurance		3,126	
Workers' Compensation Insurance		4,575	
In Service/Staff Development		892	
Other Equipment		91,272	
Total Courtroom Security			206,097

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	94,122	
Deputy(ies)		1,166,862	
Detective(s)		441,649	
Captain(s)		57,896	
Lieutenant(s)		188,472	
Sergeant(s)		211,689	
Salary Supplements		37,200	
Secretary(ies)		90,204	
Part-time Personnel		15,978	
School Resource Officer		114,142	
Overtime Pay		106,033	
Other Salaries and Wages		30,485	
Social Security		176,481	
Pensions		213,368	
Life Insurance		3,119	

(Continued)

Exhibit J-7

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

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

Medical Insurance	\$	490,202	
Unemployment Compensation		2,863	
Communication		16,594	
Contributions		6,917	
Dues and Memberships		725	
Evaluation and Testing		1,175	
Maintenance Agreements		4,270	
Maintenance and Repair Services - Equipment		192	
Maintenance and Repair Services - Office Equipment		7,914	
Maintenance and Repair Services - Vehicles		102,688	
Rentals		975	
Towing Services		1,935	
Travel		274	
Other Contracted Services		4,923	
Data Processing Supplies		142	
Gasoline		151,991	
Law Enforcement Supplies		19,487	
Office Supplies		2,366	
Tires and Tubes		23,021	
Uniforms		12,106	
Other Supplies and Materials		3,485	
Liability Insurance		4,168	
Workers' Compensation Insurance		6,700	
In Service/Staff Development		28,109	
Other Charges		591	
Data Processing Equipment		3,236	
Law Enforcement Equipment		24,908	
Office Equipment		2,497	
Total Sheriff's Department			\$ 3,872,154

Drug Enforcement

Salary Supplements	\$	7,211	
Social Security		536	
Pensions		626	
Total Drug Enforcement			8,373

Administration of the Sexual Offender Registry

Communication	\$	769	
Office Supplies		104	
Other Charges		3,280	
Total Administration of the Sexual Offender Registry			4,153

Jail

Lieutenant(s)	\$	44,175	
Guards		1,137,303	
Cafeteria Personnel		69,943	
Part-time Personnel		35,353	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Overtime Pay	\$	91,024	
Other Salaries and Wages		42,115	
Social Security		99,781	
Pensions		104,716	
Life Insurance		2,048	
Medical Insurance		232,641	
Unemployment Compensation		2,791	
Communication		6,318	
Evaluation and Testing		2,900	
Maintenance Agreements		1,321	
Maintenance and Repair Services - Buildings		17,868	
Maintenance and Repair Services - Equipment		17,077	
Maintenance and Repair Services - Office Equipment		8,100	
Maintenance and Repair Services - Vehicles		10,581	
Medical and Dental Services		320,864	
Postal Charges		2,504	
Rentals		115	
Transportation - Other than Students		643	
Other Contracted Services		13,971	
Custodial Supplies		29,207	
Data Processing Supplies		612	
Food Preparation Supplies		16,418	
Food Supplies		356,745	
Office Supplies		3,171	
Prisoners Clothing		5,448	
Small Tools		5,830	
Uniforms		15,906	
Utilities		164,775	
Other Supplies and Materials		35,537	
Medical Claims		194,036	
In Service/Staff Development		4,422	
Other Charges		64	
Building Improvements		9,136	
Data Processing Equipment		2,051	
Food Service Equipment		15,497	
Law Enforcement Equipment		4,627	
Office Equipment		2,885	
Other Equipment		198	
Other Capital Outlay		336	
Total Jail			\$ 3,131,053

Juvenile Services

Supervisor/Director	\$	38,923
Youth Service Officer(s)		33,519
Social Security		5,151
Pensions		6,288
Life Insurance		100

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Juvenile Services (Cont.)

Medical Insurance	\$	10,981	
Unemployment Compensation		84	
Communication		2,824	
Contracts with Other Public Agencies		161,817	
Evaluation and Testing		7,048	
Maintenance and Repair Services - Office Equipment		4,796	
Rentals		2,682	
Travel		252	
Office Supplies		2,469	
Other Supplies and Materials		667	
Office Equipment		2,854	
Total Juvenile Services			\$ 280,455

Fire Prevention and Control

Contributions	\$	262,060	
In Service/Staff Development		810	
Total Fire Prevention and Control			262,870

Rescue Squad

Contributions	\$	73,500	
Total Rescue Squad			73,500

Other Emergency Management

Supervisor/Director	\$	42,814	
Part-time Personnel		231	
Other Salaries and Wages		5,323	
Social Security		3,405	
Pensions		4,178	
Life Insurance		50	
Medical Insurance		4,809	
Unemployment Compensation		43	
Communication		4,803	
Contributions		194,600	
Operating Lease Payments		19,126	
Maintenance and Repair Services - Equipment		25,834	
Maintenance and Repair Services - Vehicles		1,158	
Rentals		1,198	
Travel		319	
Other Contracted Services		11,500	
Gasoline		2,538	
Office Supplies		469	
Uniforms		293	
Other Supplies and Materials		730	
Workers' Compensation Insurance		8,382	
Other Charges		18	
Communication Equipment		415	
Other Equipment		267	
Total Other Emergency Management			332,503

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	32,100	
Contracts with Government Agencies		85,290	
Other Supplies and Materials		225	
Other Charges		6,070	
Total County Coroner/Medical Examiner			\$ 123,685

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	131,440	
Social Security		8,866	
Pensions		10,719	
Life Insurance		200	
Medical Insurance		29,837	
Unemployment Compensation		219	
Communication		17,464	
Contracts with Government Agencies		7,931	
Dues and Memberships		375	
Maintenance and Repair Services - Equipment		2,426	
Pest Control		1,276	
Postal Charges		1,844	
Travel		6,526	
Other Contracted Services		56,900	
Custodial Supplies		5,746	
Drugs and Medical Supplies		844	
Office Supplies		8,014	
Other Supplies and Materials		3,067	
Workers' Compensation Insurance		907	
Other Charges		732	
Other Capital Outlay		8,747	
Total Local Health Center			304,080

Ambulance/Emergency Medical Services

Contributions	\$	60,000	
Total Ambulance/Emergency Medical Services			60,000

Other Local Health Services

Other Salaries and Wages	\$	151,712	
Social Security		10,690	
Pensions		11,161	
Life Insurance		233	
Medical Insurance		31,358	
Unemployment Compensation		371	
Travel		7,602	
Other Supplies and Materials		1,818	
Liability Insurance		4,456	
Workers' Compensation Insurance		1,047	
Total Other Local Health Services			220,448

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Aid to Dependent Children

Other Charges	\$ 5,000	
Total Aid to Dependent Children		\$ 5,000

Other Public Health and Welfare

Other Supplies and Materials	\$ 7,076	
Total Other Public Health and Welfare		7,076

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 28,151	
Social Workers	18,683	
Bus Drivers	16,719	
Secretary(ies)	22,253	
Social Security	5,975	
Pensions	5,343	
Life Insurance	150	
Medical Insurance	15,958	
Unemployment Compensation	210	
Communication	6,598	
Contracts with Government Agencies	16,036	
Contributions	46,060	
Rentals	1,220	
Transportation - Other than Students	8,700	
Travel	3,175	
Other Contracted Services	2,496	
Custodial Supplies	998	
Gasoline	470	
Office Supplies	399	
Utilities	6,806	
Workers' Compensation Insurance	164	
Other Charges	526	
Total Senior Citizens Assistance		207,090

Libraries

Contributions	\$ 106,860	
Total Libraries		106,860

Parks and Fair Boards

Custodial Personnel	\$ 26,283	
Maintenance Personnel	20,598	
Temporary Personnel	7,318	
Part-time Personnel	4,343	
Other Salaries and Wages	4,109	
Social Security	4,542	
Pensions	4,069	
Life Insurance	93	
Medical Insurance	8,059	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Unemployment Compensation	\$	124	
Communication		1,136	
Maintenance and Repair Services - Equipment		2,236	
Maintenance and Repair Services - Vehicles		1,919	
Rentals		1,732	
Other Contracted Services		2,469	
Crushed Stone		1,317	
Custodial Supplies		3,886	
Electricity		7,723	
Gasoline		6,424	
Propane Gas		259	
Small Tools		1,062	
Tires and Tubes		746	
Water and Sewer		1,193	
Other Supplies and Materials		5,089	
Other Equipment		4,214	
Other Capital Outlay		4,186	
Total Parks and Fair Boards			\$ 125,129

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	5,430	
Salary Supplements		97,966	
Social Security		415	
Unemployment Compensation		3	
Communication		1,512	
Rentals		1,343	
Travel		1,825	
Workers' Compensation Insurance		22	
Other Charges		2,352	
Other Equipment		3,000	
Total Agricultural Extension Service			113,868

Forest Service

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

Soil Conservation

Clerical Personnel	\$	25,592	
Part-time Personnel		18,663	
Social Security		2,159	
Pensions		2,221	
Life Insurance		50	
Medical Insurance		10,589	
Unemployment Compensation		116	
Contracts with Other Public Agencies		3,920	
Contributions		9,000	
Total Soil Conservation			72,310

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Storm Water Management

Part-time Personnel	\$	6,304	
Social Security		482	
Unemployment Compensation		38	
Dues and Memberships		330	
Permits		3,960	
Other Supplies and Materials		50	
Workers' Compensation Insurance		241	
Total Storm Water Management			\$ 11,405

Other Operations

Tourism

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

Industrial Development

Secretary(ies)	\$	35,187	
Part-time Personnel		10,137	
Other Salaries and Wages		44,051	
Social Security		6,305	
Pensions		4,430	
Life Insurance		79	
Medical Insurance		2,378	
Unemployment Compensation		99	
Accounting Services		4,000	
Advertising		470	
Communication		508	
Contributions		31,360	
Dues and Memberships		75	
Maintenance and Repair Services - Buildings		1,243	
Maintenance and Repair Services - Equipment		3,568	
Rentals		1,816	
Travel		5,216	
Other Contracted Services		52,340	
Electricity		11,665	
Gasoline		850	
Office Supplies		1,165	
Other Supplies and Materials		932	
Workers' Compensation Insurance		911	
Other Charges		44	
Maintenance Equipment		5,570	
Office Equipment		459	
Total Industrial Development			224,858

Airport

Communication	\$	2,255	
Maintenance and Repair Services - Equipment		400	
Permits		450	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Other Contracted Services	\$	2,607	
Crushed Stone		260	
Gasoline		29,290	
Other Supplies and Materials		1,507	
Airport Improvement		26,998	
Other Capital Outlay		6,078	
Total Airport			\$ 69,845

Veterans' Services

Supervisor/Director	\$	34,104	
Secretary(ies)		29,089	
Social Security		4,640	
Pensions		5,485	
Life Insurance		82	
Medical Insurance		4,807	
Unemployment Compensation		84	
Communication		482	
Dues and Memberships		65	
Maintenance and Repair Services - Office Equipment		100	
Rentals		525	
Travel		2,765	
Other Contracted Services		449	
Office Supplies		699	
Total Veterans' Services			83,376

Contributions to Other Agencies

Contributions	\$	26,950	
Total Contributions to Other Agencies			26,950

Employee Benefits

Medical Insurance	\$	22,717	
Total Employee Benefits			22,717

Miscellaneous

Contracts with Other Public Agencies	\$	10,980	
Contributions		30,380	
Operating Lease Payments		1,250	
Legal Services		10,906	
Other Contracted Services		3,900	
Other Supplies and Materials		691	
Trustee's Commission		226,961	
Other Charges		100	
Total Miscellaneous			285,168

Highways

Litter and Trash Collection

Overtime Pay	\$	487	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Other Salaries and Wages	\$	21,724	
Social Security		1,540	
Pensions		1,928	
Life Insurance		50	
Medical Insurance		4,679	
Unemployment Compensation		42	
Communication		21	
Contracts with Other Public Agencies		8,000	
Maintenance and Repair Services - Vehicles		2,762	
Travel		61	
Gasoline		3,121	
Other Supplies and Materials		4,961	
Workers' Compensation Insurance		2,967	
Total Litter and Trash Collection			\$ 52,343

Total General Fund \$ 16,301,061

Solid Waste/Sanitation Fund

General Government

Other Boards and Committees

Board and Committee Members Fees	\$	900	
Social Security		69	
Total Other Boards and Committees			\$ 969

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	33,141	
Other Salaries and Wages		3,775	
Social Security		2,597	
Pensions		1,775	
Life Insurance		44	
Medical Insurance		5,863	
Unemployment Compensation		93	
Communication		666	
Dues and Memberships		125	
Evaluation and Testing		280	
Maintenance and Repair Services - Vehicles		1,323	
Travel		2,339	
Gasoline		823	
Uniforms		95	
Trustee's Commission		16,277	
Workers' Compensation Insurance		1,242	
Motor Vehicles		11,000	
Total Sanitation Management			81,458

Waste Pickup

Truck Drivers	\$	113,159	
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(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Overtime Pay	\$	11,039	
Social Security		8,983	
Pensions		10,780	
Life Insurance		200	
Medical Insurance		11,172	
Unemployment Compensation		168	
Communication		365	
Maintenance and Repair Services - Vehicles		19,336	
Other Contracted Services		58,830	
Equipment and Machinery Parts		520	
Gasoline		60,867	
Lubricants		3,767	
Tires and Tubes		7,027	
Uniforms		499	
Vehicle Parts		4,262	
Other Supplies and Materials		3,246	
Workers' Compensation Insurance		15,943	
Other Charges		145	
Motor Vehicles		627,568	
Total Waste Pickup			\$ 957,876

Convenience Centers

Laborers	\$	221,153	
Overtime Pay		2,615	
Social Security		14,843	
Pensions		15,035	
Life Insurance		276	
Medical Insurance		35,366	
Unemployment Compensation		645	
Communication		5,607	
Operating Lease Payments		3,100	
Maintenance and Repair Services - Equipment		9,748	
Rentals		11,914	
Other Contracted Services		884	
Crushed Stone		1,861	
Uniforms		871	
Utilities		8,279	
Other Supplies and Materials		1,822	
Workers' Compensation Insurance		12,263	
Other Capital Outlay		78,648	
Total Convenience Centers			424,930

Recycling Center

Laborers	\$	56,159	
Overtime Pay		785	
Social Security		3,708	
Pensions		4,120	

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Life Insurance	\$	108	
Medical Insurance		19,052	
Unemployment Compensation		139	
Communication		912	
Maintenance and Repair Services - Buildings		718	
Maintenance and Repair Services - Equipment		8,207	
Maintenance and Repair Services - Office Equipment		499	
Maintenance and Repair Services - Vehicles		1,027	
Rentals		1,000	
Travel		321	
Other Contracted Services		206	
Gasoline		6,058	
Office Supplies		238	
Propane Gas		433	
Tires and Tubes		626	
Uniforms		199	
Utilities		5,936	
Other Supplies and Materials		4,048	
Workers' Compensation Insurance		4,800	
Other Charges		37	
Office Equipment		290	
Other Capital Outlay		212	
Total Recycling Center			\$ 119,838
<u>Landfill Operation and Maintenance</u>			
Contracts for Landfill Facilities	\$	606,740	
Surcharge		36,188	
Total Landfill Operation and Maintenance			642,928
<u>Other Waste Disposal</u>			
Disposal Fees	\$	33,301	
Total Other Waste Disposal			<u>33,301</u>
Total Solid Waste/Sanitation Fund			\$ 2,261,300

Drug Control Fund

Public Safety

Drug Enforcement

Overtime Pay	\$	60,319	
Other Fringe Benefits		13,131	
Communication		5,125	
Confidential Drug Enforcement Payments		27,900	
Maintenance Agreements		501	
Maintenance and Repair Services - Vehicles		3,194	
Veterinary Services		796	
Other Contracted Services		3,515	
Animal Food and Supplies		450	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Electricity	\$	853	
Uniforms		1,588	
Refunds		8,365	
Trustee's Commission		664	
In Service/Staff Development		2,152	
Other Charges		26	
Total Drug Enforcement			\$ 128,579

Total Drug Control Fund \$ 128,579

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	24,021	
Total Chancery Court			\$ 24,021

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	170	
Total Sheriff's Department			170

Total Constitutional Officers - Fees Fund 24,191

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	94,122	
Secretary(ies)		61,402	
Communication		2,121	
Dues and Memberships		4,708	
Laundry Service		2,403	
Maintenance Agreements		6,057	
Printing, Stationery, and Forms		642	
Rentals		1,861	
Travel		695	
Other Contracted Services		1,505	
Custodial Supplies		30	
Electricity		12,756	
Natural Gas		1,252	
Office Supplies		3,099	
Water and Sewer		650	
Total Administration			\$ 193,303

Highway and Bridge Maintenance

Foremen	\$	36,920	
Equipment Operators		157,420	
Truck Drivers		169,533	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Laborers	\$	225,939	
Temporary Personnel		297,383	
Overtime Pay		42,064	
Laundry Service		15,867	
Rentals		12,330	
Other Contracted Services		773,788	
Asphalt - Hot Mix		33,298	
Asphalt - Liquid		245,418	
Crushed Stone		416,347	
Pipe - Metal		30,497	
Road Signs		10,241	
Salt		26,679	
Wood Products		5	
Other Supplies and Materials		4,424	
Other Charges		412	
Total Highway and Bridge Maintenance			\$ 2,498,565

Operation and Maintenance of Equipment

Foremen	\$	8,904	
Mechanic(s)		72,200	
Overtime Pay		2,051	
Laundry Service		3,432	
Maintenance and Repair Services - Buildings		225	
Maintenance and Repair Services - Vehicles		23,045	
Rentals		2,955	
Towing Services		895	
Diesel Fuel		88,647	
Equipment and Machinery Parts		64,711	
Garage Supplies		1,452	
Gasoline		54,471	
Lubricants		11,956	
Small Tools		1,260	
Tires and Tubes		28,449	
Other Supplies and Materials		3,877	
Other Charges		230	
Other Equipment		4,572	
Total Operation and Maintenance of Equipment			373,332

Other Charges

Bank Charges	\$	180	
Evaluation and Testing		895	
Trustee's Commission		58,177	
Workers' Compensation Insurance		131,633	
Total Other Charges			190,885

Employee Benefits

Social Security	\$	84,249	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Pensions	\$	77,016	
Life Insurance		1,534	
Medical Insurance		147,682	
Unemployment Compensation		9,820	
Total Employee Benefits			\$ 320,301

Capital Outlay

Communication Equipment	\$	2,010	
Highway Equipment		16,936	
State Aid Projects		330,051	
Other Capital Outlay		2,757	
Total Capital Outlay			351,754

Total Highway/Public Works Fund \$ 3,928,140

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	259,101	
Principal on Other Loans		425,000	
Total General Government			\$ 684,101

Interest on Debt

General Government

Interest on Bonds	\$	338,749	
Interest on Other Loans		76,275	
Total General Government			415,024

Other Debt Service

General Government

Fiscal Agent Charges	\$	1,450	
Trustee's Commission		4,687	
Underwriter's Discount		2,854	
Other Debt Issuance Charges		10,699	
Total General Government			19,690

Total General Debt Service Fund 1,118,815

Special Debt Service Fund

Principal on Debt

Highways and Streets

Principal on Bonds	\$	385,000	
Total Highways and Streets			\$ 385,000

Interest on Debt

Highways and Streets

Interest on Bonds	\$	104,825	
Total Highways and Streets			104,825

(Continued)

Exhibit J-7

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

Special Debt Service Fund (Cont.)

Other Debt Service

Highways and Streets

Fiscal Agent Charges	\$	1,523	
Trustee's Commission		3,438	
Underwriter's Discount		4,304	
Other Debt Issuance Charges		16,137	
Total Highways and Streets			\$ 25,402

Total Special Debt Service Fund \$ 515,227

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$	2,215,899	
Principal on Other Loans		461,033	
Total Education			\$ 2,676,932

Interest on Debt

Education

Interest on Bonds	\$	1,596,861	
Interest on Other Loans		854,640	
Total Education			2,451,501

Other Debt Service

Education

Fiscal Agent Charges	\$	6,847	
Trustee's Commission		68,519	
Underwriter's Discount		32,050	
Other Debt Issuance Charges		120,688	
Other Debt Service		42,096	
Total Education			270,200

Total Education Debt Service Fund 5,398,633

General Capital Projects Fund

Capital Projects

General Administration Projects

Engineering Services	\$	6,630	
Total General Administration Projects			\$ 6,630

Other General Government Projects

Trustee's Commission	\$	14,469	
Total Other General Government Projects			14,469

Total General Capital Projects Fund 21,099

Total Governmental Funds - Primary Government \$ 29,697,045

Exhibit J-8

Hawkins County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	18,535,760	
Career Ladder Program		65,712	
Career Ladder Extended Contracts		15,309	
Homebound Teachers		96,244	
Educational Assistants		872,791	
Other Salaries and Wages		8,628	
Certified Substitute Teachers		56,923	
Non-certified Substitute Teachers		163,391	
Social Security		1,134,662	
Pensions		1,867,117	
Life Insurance		67,066	
Medical Insurance		3,450,904	
Employer Medicare		267,696	
Other Contracted Services		12,566	
Instructional Supplies and Materials		228,024	
Textbooks - Bound		477,036	
Other Supplies and Materials		1,833	
Fee Waivers		114,330	
Other Charges		600	
Regular Instruction Equipment		86,483	
Total Regular Instruction Program			\$ 27,523,075

Alternative Instruction Program

Teachers	\$	197,203	
Career Ladder Program		1,000	
Educational Assistants		20,780	
Non-certified Substitute Teachers		5,724	
Social Security		13,074	
Pensions		20,464	
Life Insurance		863	
Medical Insurance		35,753	
Employer Medicare		3,058	
Instructional Supplies and Materials		1,379	
Other Supplies and Materials		122	
Other Charges		104	
Other Equipment		12,687	
Total Alternative Instruction Program			312,211

Special Education Program

Teachers	\$	2,299,411	
Career Ladder Program		10,930	
Career Ladder Extended Contracts		982	
Homebound Teachers		100,398	
Educational Assistants		501,931	
Speech Pathologist		195,112	
Certified Substitute Teachers		4,554	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Non-certified Substitute Teachers	\$	32,877	
Social Security		178,458	
Pensions		290,843	
Life Insurance		13,468	
Medical Insurance		598,543	
Employer Medicare		42,044	
Instructional Supplies and Materials		73	
Total Special Education Program			\$ 4,269,624

Career and Technical Education Program

Teachers	\$	1,092,988	
Career Ladder Program		2,000	
Certified Substitute Teachers		2,553	
Non-certified Substitute Teachers		14,101	
Social Security		64,020	
Pensions		104,145	
Life Insurance		3,586	
Medical Insurance		189,439	
Employer Medicare		14,999	
Instructional Supplies and Materials		5,330	
Other Supplies and Materials		2,458	
Total Career and Technical Education Program			1,495,619

Support Services

Attendance

Supervisor/Director	\$	71,473	
Secretary(ies)		26,594	
Other Salaries and Wages		65,046	
Social Security		9,352	
Pensions		14,959	
Life Insurance		557	
Medical Insurance		27,752	
Employer Medicare		2,187	
Travel		4,388	
Other Contracted Services		20,500	
Other Supplies and Materials		3,654	
In Service/Staff Development		5,018	
Attendance Equipment		1,000	
Total Attendance			252,480

Health Services

Supervisor/Director	\$	96,654	
Medical Personnel		429,093	
Other Salaries and Wages		146,741	
Social Security		37,265	
Pensions		64,644	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Life Insurance	\$	2,849	
Medical Insurance		172,158	
Employer Medicare		8,716	
Maintenance and Repair Services - Equipment		1,474	
Travel		4,391	
Other Contracted Services		880	
Drugs and Medical Supplies		20,278	
Other Supplies and Materials		21,724	
In Service/Staff Development		3,490	
Other Charges		21,340	
Health Equipment		13,965	
Total Health Services			\$ 1,045,662

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		1,187,875	
Career Ladder Extended Contracts		5,742	
Secretary(ies)		41,938	
Other Salaries and Wages		543,513	
Social Security		102,330	
Pensions		166,944	
Life Insurance		5,410	
Medical Insurance		316,961	
Employer Medicare		23,934	
Contracts with Government Agencies		39,014	
Evaluation and Testing		103,496	
Travel		823	
Other Contracted Services		137,459	
Other Supplies and Materials		44,685	
In Service/Staff Development		1,109	
Other Charges		19,028	
Total Other Student Support			2,744,261

Regular Instruction Program

Supervisor/Director	\$	294,999	
Career Ladder Program		6,000	
Librarians		597,996	
Educational Assistants		34,258	
Social Security		54,212	
Pensions		95,642	
Life Insurance		2,641	
Medical Insurance		143,348	
Employer Medicare		12,732	
Travel		12,527	
Other Contracted Services		3,000	
Library Books/Media		44,158	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Periodicals	\$	3,032	
Other Supplies and Materials		1,692	
In Service/Staff Development		8,082	
Other Charges		54	
Total Regular Instruction Program			\$ 1,314,373

Special Education Program

Supervisor/Director	\$	117,911	
Career Ladder Program		4,965	
Psychological Personnel		54,984	
Assessment Personnel		46,816	
Secretary(ies)		34,733	
Other Salaries and Wages		18,716	
In-service Training		1,800	
Social Security		16,152	
Pensions		28,319	
Life Insurance		777	
Medical Insurance		48,065	
Employer Medicare		3,777	
Travel		1,993	
Other Contracted Services		16,846	
Other Charges		2,133	
Total Special Education Program			397,987

Career and Technical Education Program

Supervisor/Director	\$	39,286	
Social Security		2,261	
Pensions		4,109	
Life Insurance		72	
Medical Insurance		7,360	
Employer Medicare		529	
In Service/Staff Development		272	
Total Career and Technical Education Program			53,889

Technology

Supervisor/Director	\$	33,560	
Other Salaries and Wages		177,144	
Social Security		12,238	
Pensions		16,952	
Life Insurance		705	
Medical Insurance		31,384	
Employer Medicare		2,862	
Consultants		13,400	
Maintenance and Repair Services - Equipment		10,970	
Internet Connectivity		136,752	
Travel		243	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Technology (Cont.)

Other Contracted Services	\$	68,853	
Office Supplies		192	
Cabling		2,880	
Software		11,018	
Other Supplies and Materials		3,283	
In Service/Staff Development		2,393	
Other Charges		2,000	
Other Equipment		256,135	
Total Technology			\$ 782,964

Other Programs

On-behalf Payments to OPEB	\$	292,280	
Total Other Programs			292,280

Board of Education

Secretary to Board	\$	1,900	
Other Salaries and Wages		12,600	
Social Security		760	
Pensions		718	
Life Insurance		22,330	
Medical Insurance		387,841	
Unemployment Compensation		28,912	
Employer Medicare		208	
Audit Services		24,500	
Consultants		3,000	
Dues and Memberships		14,825	
Legal Services		27,445	
Liability Insurance		373,138	
Trustee's Commission		239,262	
Workers' Compensation Insurance		341,199	
Liability Claims		18,957	
In Service/Staff Development		14,106	
Other Charges		2,375	
Total Board of Education			1,514,076

Director of Schools

County Official/Administrative Officer	\$	99,474	
Career Ladder Program		700	
Secretary(ies)		67,712	
Other Salaries and Wages		23,272	
Social Security		11,254	
Pensions		17,510	
Life Insurance		429	
Medical Insurance		25,076	
Employer Medicare		2,632	
Communication		174,068	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Postal Charges	\$	4,000	
Travel		1,166	
Other Contracted Services		7,822	
Office Supplies		4,335	
Other Supplies and Materials		600	
In Service/Staff Development		5,200	
Other Charges		4,959	
Total Director of Schools			\$ 450,209

Office of the Principal

Principals	\$	1,254,704	
Career Ladder Program		10,000	
Career Ladder Extended Contracts		8,851	
Assistant Principals		659,180	
Secretary(ies)		494,228	
Other Salaries and Wages		270,195	
Social Security		154,248	
Pensions		266,412	
Life Insurance		10,035	
Medical Insurance		504,460	
Employer Medicare		36,085	
Total Office of the Principal			3,668,398

Fiscal Services

Supervisor/Director	\$	64,764	
Accountants/Bookkeepers		128,940	
Secretary(ies)		27,182	
Social Security		12,580	
Pensions		19,173	
Life Insurance		864	
Medical Insurance		42,472	
Employer Medicare		2,942	
Travel		26	
Other Contracted Services		41,006	
Office Supplies		1,612	
In Service/Staff Development		2,580	
Other Charges		84	
Administration Equipment		276	
Total Fiscal Services			344,501

Human Services/Personnel

Supervisor/Director	\$	39,286	
Secretary(ies)		26,594	
Social Security		4,012	
Pensions		6,418	
Life Insurance		215	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Medical Insurance	\$	2,792	
Employer Medicare		938	
Advertising		180	
Travel		455	
Other Contracted Services		21,118	
Office Supplies		999	
In Service/Staff Development		2,383	
Total Human Services/Personnel			\$ 105,390

Operation of Plant

Custodial Personnel	\$	1,189,858	
Other Salaries and Wages		74,587	
Social Security		71,075	
Pensions		99,703	
Life Insurance		7,926	
Medical Insurance		276,886	
Employer Medicare		16,780	
Other Contracted Services		425,205	
Custodial Supplies		105,900	
Electricity		1,340,893	
Natural Gas		179,968	
Water and Sewer		174,552	
Other Supplies and Materials		1,041	
Other Charges		250	
Total Operation of Plant			3,964,624

Maintenance of Plant

Supervisor/Director	\$	55,988	
Secretary(ies)		26,004	
Maintenance Personnel		614,400	
Social Security		40,469	
Pensions		57,287	
Life Insurance		2,907	
Medical Insurance		110,062	
Employer Medicare		9,464	
Maintenance and Repair Services - Equipment		899	
Other Contracted Services		166,472	
Other Supplies and Materials		57,853	
Other Charges		315	
Administration Equipment		185,151	
Maintenance Equipment		87,538	
Total Maintenance of Plant			1,414,809

Transportation

Other Salaries and Wages	\$	20,871	
Social Security		1,114	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Pensions	\$	1,558	
Employer Medicare		261	
Contracts with Parents		1,256	
Total Transportation			\$ 25,060

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	177,797	
Clerical Personnel		10,252	
Educational Assistants		48,931	
Certified Substitute Teachers		1,035	
Non-certified Substitute Teachers		4,568	
Social Security		13,320	
Pensions		21,038	
Life Insurance		1,207	
Medical Insurance		66,428	
Employer Medicare		3,133	
Other Contracted Services		7,700	
Instructional Supplies and Materials		25,398	
Other Supplies and Materials		1,522	
In Service/Staff Development		15,723	
Regular Instruction Equipment		13,300	
Total Early Childhood Education			411,352

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	1,149,168	
Other Capital Outlay		7,765	
Total Regular Capital Outlay			1,156,933

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	434,847	
Total Education			434,847

Total General Purpose School Fund \$ 53,974,624

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	99,076	
Educational Assistants		337,373	
Other Salaries and Wages		29,959	
Certified Substitute Teachers		469	
Non-certified Substitute Teachers		713	
Social Security		25,588	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Pensions	\$	36,851	
Life Insurance		3,974	
Medical Insurance		141,800	
Employer Medicare		5,985	
Instructional Supplies and Materials		505,877	
Other Supplies and Materials		76,189	
Other Charges		1,194	
Regular Instruction Equipment		737,204	
Total Regular Instruction Program			\$ 2,002,252

Special Education Program

Teachers	\$	403,107	
Educational Assistants		489,126	
Speech Pathologist		60,209	
Social Security		53,275	
Pensions		82,267	
Life Insurance		6,508	
Medical Insurance		189,794	
Employer Medicare		12,726	
Maintenance and Repair Services - Equipment		750	
Instructional Supplies and Materials		33,048	
Other Supplies and Materials		5,056	
Special Education Equipment		22,676	
Total Special Education Program			1,358,542

Career and Technical Education Program

Instructional Supplies and Materials	\$	8,845	
Other Supplies and Materials		4,256	
Other Charges		1,084	
Vocational Instruction Equipment		83,966	
Total Career and Technical Education Program			98,151

Support Services

Health Services

Other Salaries and Wages	\$	50,374	
Social Security		2,507	
Pensions		5,269	
Life Insurance		144	
Medical Insurance		14,720	
Employer Medicare		586	
Total Health Services			73,600

Other Student Support

Bus Drivers	\$	135	
Other Salaries and Wages		191,367	
Social Security		11,061	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Pensions	\$	19,862	
Life Insurance		432	
Medical Insurance		29,439	
Employer Medicare		2,587	
Travel		30,266	
Other Supplies and Materials		38,866	
In Service/Staff Development		11,008	
Other Charges		7,204	
Other Equipment		2,831	
Total Other Student Support			\$ 345,058

Regular Instruction Program

Supervisor/Director	\$	72,551	
Secretary(ies)		26,778	
Clerical Personnel		3,209	
Other Salaries and Wages		63,652	
Social Security		7,838	
Pensions		13,349	
Life Insurance		360	
Medical Insurance		12,198	
Employer Medicare		2,315	
Travel		3,686	
Other Contracted Services		138,382	
Library Books/Media		19,316	
Other Supplies and Materials		336,304	
In Service/Staff Development		162,922	
Other Equipment		2,562	
Total Regular Instruction Program			865,422

Special Education Program

Supervisor/Director	\$	31,428	
Assessment Personnel		55,151	
In-service Training		600	
Social Security		5,390	
Pensions		9,119	
Life Insurance		144	
Employer Medicare		1,261	
Travel		19,814	
Other Contracted Services		884	
Other Supplies and Materials		13,594	
In Service/Staff Development		58,203	
Other Charges		2,456	
Other Equipment		8,162	
Total Special Education Program			206,206

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Career and Technical Education Program

In Service/Staff Development	\$ 3,903	
Total Career and Technical Education Program		\$ 3,903

Transportation

Bus Drivers	\$ 5,136	
Social Security	318	
Pensions	272	
Employer Medicare	74	
Contracts with Parents	556	
Transportation Equipment	195,561	
Total Transportation		201,917

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$ 3,167	
Teachers	13,544	
Educational Assistants	8,340	
Part-time Personnel	3,346	
Social Security	1,629	
Pensions	2,654	
Employer Medicare	381	
Instructional Supplies and Materials	11,425	
Other Supplies and Materials	726	
Other Charges	967	
Other Equipment	753	
Total Community Services		46,932

Total School Federal Projects Fund		\$ 5,201,983
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 58,862
Accountants/Bookkeepers	26,563
Clerical Personnel	50,880
Cafeteria Personnel	1,059,595
Other Salaries and Wages	76,480
Social Security	67,837
Pensions	96,890
Life Insurance	13,177
Medical Insurance	465,223
Employer Medicare	15,900
Communication	1,800
Maintenance and Repair Services - Equipment	57,510
Travel	2,945
Other Contracted Services	189,883

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Preparation Supplies	\$	136,236	
Food Supplies		1,057,509	
Office Supplies		3,121	
Uniforms		4,403	
USDA - Commodities		255,062	
In Service/Staff Development		3,411	
Other Charges		354	
Food Service Equipment		47,675	
Total Food Service			\$ 3,691,316

Total Central Cafeteria Fund

\$ 3,691,316

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	63,293	
Total Board of Education			\$ 63,293

Transportation

Supervisor/Director	\$	52,072	
Mechanic(s)		253,850	
Bus Drivers		1,321,122	
Clerical Personnel		64,580	
Other Salaries and Wages		52,876	
Social Security		99,055	
Pensions		139,482	
Life Insurance		10,296	
Medical Insurance		300,750	
Employer Medicare		23,645	
Communication		2,770	
Maintenance and Repair Services - Vehicles		22,444	
Medical and Dental Services		6,185	
Travel		95	
Other Contracted Services		9,784	
Gasoline		314,505	
Lubricants		5,010	
Tires and Tubes		54,294	
Vehicle Parts		126,733	
Other Supplies and Materials		4,130	
In Service/Staff Development		1,795	
Other Charges		18,074	
Transportation Equipment		57,608	
Total Transportation			2,941,155

(Continued)

Exhibit J-8

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

School Transportation Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government

\$ 588,369

Total Education

\$ 588,369

Total School Transportation Fund

\$ 3,592,817

Total Governmental Funds - Hawkins County School Department

\$ 66,460,740

Exhibit J-9

Hawkins County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2019

	Cities - Sales Tax Fund	City School ADA - Rogersville Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 699,581	\$ 529,870	\$ 1,229,451
Trustee's Collections - Prior Years	0	21,204	16,061	37,265
Trustee's Collections - Bankruptcy	0	152	115	267
Circuit/Clerk and Master Collections - Prior Year	0	16,477	12,548	29,025
Interest and Penalty	0	3,809	2,884	6,693
Pick-up Taxes	0	232	176	408
Local Option Sales Tax	4,411,559	444,502	336,671	5,192,732
Wheel Tax	0	18,817	14,226	33,043
Bank Excise Tax	0	1,116	845	1,961
Marriage Licenses	0	332	251	583
Other Local Revenues	0	17	13	30
Total Cash Receipts	\$ 4,411,559	\$ 1,206,239	\$ 913,660	\$ 6,531,458
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 4,367,444	\$ 1,184,584	\$ 898,377	\$ 6,450,405
Trustee's Commissions	44,115	19,810	15,003	78,928
Total Cash Disbursements	\$ 4,411,559	\$ 1,204,394	\$ 913,380	\$ 6,529,333
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ 1,845	\$ 280	\$ 2,125
Cash Balance, July 1, 2018	0	43,552	34,156	77,708
Cash Balance, June 30, 2019	\$ 0	\$ 45,397	\$ 34,436	\$ 79,833

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

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Hawkins County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated January 28, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

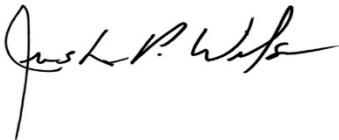
Compliance and Other Matters

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 28, 2020

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Hawkins County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hawkins County's major federal programs for the year ended June 30, 2019. Hawkins County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the 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 Hawkins County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Hawkins County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Hawkins County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Hawkins County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hawkins County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Hawkins County's internal control over compliance.

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

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

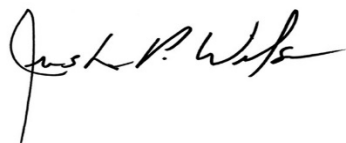
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Hawkins County's basic financial statements. We issued our report thereon dated January 28, 2020, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 28, 2020

JPW/tg

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (6)			
School Breakfast Program	10.553	N/A	\$ 672,890
National School Lunch Program	10.555	N/A	1,896,423 (4)
Fresh Fruit and Vegetable Program	10.582	N/A	29,672
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (6)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	255,062 (4)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-19-59314-00	45,629 (5)
Total U.S. Department of Agriculture			<u>\$ 2,899,676</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-0617139	\$ 25,062
Alcohol Open Container Requirements	20.607	Z-19-THS-123	40,525
Total U.S. Department of Transportation			<u>\$ 65,587</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 2,393,943
Special Education Cluster: (6)			
Special Education - Grants to States	84.027	N/A	1,818,283
Special Education - Preschool Grants	84.173	N/A	15,625
Career and Technical Education - Basic Grants to States	84.048	N/A	140,921
Education for Homeless Children & Youth	84.196	N/A	21,612
Twenty-first Century Community Learning Centers	84.287	N/A	46,934
Mathematics and Science Partnerships	84.366	N/A	463,822
Improving Teacher Quality State Grants	84.367	N/A	135,202
Student Support and Academic Enrichment Program	84.424	N/A	89,543
Passed-through Greeneville City School Department:			
English Language Acquisition State Grants	84.365	N/A	2,592
Total U.S. Department of Education			<u>\$ 5,128,477</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-19-59314-00	\$ 4,990 (5)
Family Planning Services	93.217	GG-19-59314-00	8,113 (5)
National State Based Tobacco Control Programs	93.305	GG-19-59314-00	4,580 (5)
CCDF Cluster: (6)			
Child Care and Development Block Grant	93.575	(3)	73,508
Medicaid Cluster: (6)			
Medical Assistance Program	93.778	GG-19-59314-00	22,606 (5)
Maternal and Child Health Services Block Grant to the States	93.994	GG-19-59314-00	9,800 (5)
Total U.S. Department of Health and Human Services			<u>\$ 123,597</u>

(Continued)

Hawkins County, Tennessee, and the Hawkins 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 Homeland Security: Passed-through State Department of Military: Emergency Management Performance Grants	97.042	(3)	\$ 40,761
Total U.S. Department of Homeland Security			<u>\$ 40,761</u>
Total Expenditures of Federal Grants			<u>\$ 8,258,098</u>
<u>State Grants</u>		<u>Contract Number</u>	
Family Resource Center - State Department of Education	N/A	(3)	\$ 29,612
Early Childhood Education Project - State Department of Education	N/A	(3)	412,669
Drivers Education - State Department of Education	N/A	(3)	17,362
Read to Be Ready - Coaching Network	N/A	(3)	9,956
Coordinated School Health - State Department of Education	N/A	(3)	118,000
Kindergarten Entry Inventory - State Department of Education	N/A	(3)	3,000
Safe Schools Act - State Department of Education	N/A	(3)	233,173
Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(3)	3,000
Court Security Grant Program - Administrative Office of the Courts	N/A	(3)	81,157
Aging Program - State Office on Aging	N/A	(3)	40,167
Airport Programs - State Department of Transportation	N/A	(3)	3,283
State Aid Program - State Department of Transportation	N/A	(3)	339,322
Drug Court Discretionary Grant Program - State Department of Mental Health	N/A	(3)	45,429
Litter Program - State Department of Transportation	N/A	(3)	26,257
Special Needs Grant - State Department of Health	N/A	(3)	52,800
Health Department Programs - State Department of Health	N/A	GG-19-59314-00	<u>124,731</u>
Total State Grants			<u>\$ 1,539,918</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) Hawkins County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$2,151,485.
- (5) Total for federal GG-19-59314-00 is \$95,718. Total state and federal is \$220,449.
- (6) Child Nutrition Cluster total \$2,824,375; Special Education Cluster total \$1,833,908;
CCDF Cluster total \$73,508; Medicaid Cluster total \$22,606.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Hawkins County, Tennessee, for the year ended June 30, 2019.

Prior-year Financial Statement Findings

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

2018	232	2018-001	A Cash Shortage of \$64,800 Existed in the School Department at June 30, 2018	N/A	Corrected
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OFFICE OF SHERIFF

2018	233	2018-002	The Office had Accounting Deficiencies	N/A	Corrected
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Prior-year Federal Awards Findings

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

HAWKINS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Hawkins County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education-Grants to States, Special Education-Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

There were no findings relating to the financial statements of Hawkins County, Tennessee, as a result of our examination for the year ended June 30, 2019.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

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

The audit of Hawkins County did not report any findings and recommendations. Therefore, no management corrective action plans are 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).

BEST PRACTICE

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

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

HAWKINS COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING

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

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