

ANNUAL FINANCIAL REPORT
HENDERSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



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

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

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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
Henderson County, Tennessee
For the Year Ended June 30, 2019

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ The General Fund required material audit adjustments for proper financial statement presentation.

OFFICE OF ASSESSOR OF PROPERTY

- ◆ Deficiencies existed in the Office of Assessor of Property.

INTRODUCTORY SECTION

Henderson County Officials

June 30, 2019

Officials

Eddie Bray, County Mayor
Steve Vineyard, Road Supervisor
Steve Wilkinson, Director of Schools
John Cavness, Trustee
Gary Pope, Assessor of Property
Carolyn Holmes, County Clerk
Beverly Dunaway, Circuit, General Sessions, and Juvenile Courts Clerk
Leigh Milam, Clerk and Master
Doug Bartholomew, Register of Deeds
Brian Duke, Sheriff
Lee Wilkinson, Finance Director

Board of County Commissioners

Eddie Bray, County Mayor, Chairman
Terry Allen
Andy Anderson
Todd Beecham
Celia Barrow
Shana Duke
Jeff James
Mike Lefler

Tommy Page
Wanda Powers
Timothy Rogers
Joe Ross
Blake Stanfill
Harold Tyler
Aaron Wood

Board of Education

Tommy Gordon, Chairman
Jeff Camper
Steve Crownover
Bobby Harrington
David Leslie
Daniel Lewis
Dennis McDaniel

Financial Management Committee

Timothy Rogers, Chairman
Celia Barrow
Todd Beecham
Aaron Wood
Eddie Bray, County Mayor
Steve Vineyard, Road Supervisor
Steve Wilkinson, Director of Schools

Audit Committee

Tommy Page, Chairman
Aaron Wood
Dennis Ray McDaniel

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Henderson County Mayor and
Board of County Commissioners
Henderson 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 Henderson 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 Henderson County, Tennessee, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons 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 asset and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension assets, and schedules of county and school changes in the total OPEB liability and related ratios - other postemployment benefits plans, 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 Henderson County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Henderson County School Department (a discretely presented component unit), miscellaneous schedules, and the other information such as the introductory section and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

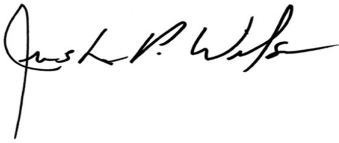
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Henderson County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Henderson County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019, on our consideration of Henderson 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 Henderson 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 Henderson County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 25, 2019

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Henderson County School Department</u>
<u>ASSETS</u>		
Cash	\$ 201,279	\$ 0
Equity in Pooled Cash and Investments	6,587,003	9,204,355
Accounts Receivable	218,055	8,971
Due from Other Governments	1,485,923	857,928
Due from Component Units	1,182,146	0
Property Taxes Receivable	6,325,021	3,439,208
Allowance for Uncollectible Property Taxes	(85,570)	(46,528)
Net Pension Asset - Agent Plan	1,844,060	1,385,467
Net Pension Asset - Teacher Retirement Plan	0	107,185
Net Pension Asset - Teacher Legacy Pension Plan	0	1,440,933
Cash Shortage	1,669	0
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	52,968
Capital Assets:		
Assets Not Depreciated:		
Land	2,527,826	1,151,661
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	12,091,498	15,850,992
Infrastructure	2,644,503	64,331
Other Capital Assets	3,858,197	765,101
Total Assets	<u>\$ 38,881,610</u>	<u>\$ 34,282,572</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 147,878	\$ 0
Pension Changes in Experience	50,319	335,138
Pension Changes in Assumptions	207,729	982,655
Pension Changes in Proportion	0	233,768
Pension Contributions after Measurement Date	248,711	1,650,223
OPEB Changes in Experience	18,559	57,524
OPEB Changes in Assumptions	10,827	44,776
OPEB Contributions after Measurement Date	2,489	118,499
Total Deferred Outflows of Resources	<u>\$ 686,512</u>	<u>\$ 3,422,583</u>
<u>LIABILITIES</u>		
Payroll Deductions Payable	\$ 0	\$ 623,126
Accrued Payroll	2,824	0
Accrued Interest Payable	115,761	0
Due to Primary Government	0	1,182,146
Noncurrent Liabilities:		
Due Within One Year - Debt	2,274,345	0
Due Within One Year - Other	208,185	0
Due in More Than One Year - Debt	19,804,980	0
Due in More Than One Year - Other	382,037	2,091,165
Total Liabilities	<u>\$ 22,788,132</u>	<u>\$ 3,896,437</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Henderson County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 6,085,198	\$ 3,308,805
Pension Changes in Experience	301,780	2,074,746
Pension Changes in Investment Earnings	64,103	357,961
Pension Changes in Proportion	0	9,804
OPEB Changes in Experience	21,272	695,534
OPEB Changes in Assumptions	9,476	101,524
Total Deferred Inflows of Resources	<u>\$ 6,481,829</u>	<u>\$ 6,548,374</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,428,670	\$ 17,832,085
Restricted for:		
General Government	40,844	0
Finance	39,373	0
Administration of Justice	519,995	0
Public Safety	212,774	0
Public Health and Welfare	156,448	0
Highway/Public Works	707,022	0
Debt Service	504,322	0
Education	0	110,294
Operation of Non-instructional Services	0	808,827
Pensions	1,844,060	2,933,585
Hybrid Retirement Stabilization Funds	0	52,968
Unrestricted	<u>(155,347)</u>	<u>5,522,585</u>
Total Net Position	<u>\$ 10,298,161</u>	<u>\$ 27,260,344</u>

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

Exhibit B

Henderson 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	Component Unit
					Total Governmental Activities	Henderson County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 2,357,464	\$ 147,731	\$ 1,006,803	\$ 0	\$ (1,202,930)	\$ 0
Finance	1,265,460	115,509	20,000	0	(1,129,951)	0
Administration of Justice	1,265,436	2,023,292	13,500	0	771,356	0
Public Safety	6,463,936	2,177,393	186,510	0	(4,100,033)	0
Public Health and Welfare	981,018	316,843	146,241	0	(517,934)	0
Social, Cultural, and Recreational Services	86,705	0	0	0	(86,705)	0
Agriculture and Natural Resources	110,541	0	3,000	0	(107,541)	0
Highways	2,961,500	13,084	2,395,923	249,182	(303,311)	0
Interest on Long-term Debt	771,479	0	461,905	0	(309,574)	0
Total Primary Government	\$ 16,263,539	\$ 4,793,852	\$ 4,233,882	\$ 249,182	\$ (6,986,623)	\$ 0
Component Unit:						
Henderson County School Department	\$ 35,669,726	\$ 744,173	\$ 5,119,879	\$ 0	\$ 0	\$ (29,805,674)
Total Component Unit	\$ 35,669,726	\$ 744,173	\$ 5,119,879	\$ 0	\$ 0	\$ (29,805,674)

(Continued)

Exhibit B

Henderson 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 Unit
					Government	Henderson County School Department
				Total Governmental Activities		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 5,352,606	\$ 3,399,570
Property Taxes Levied for Debt Service					899,062	0
Local Option Sales Taxes					177,802	3,627,242
Hotel/Motel Tax					101,124	0
Wheel Tax					992,904	0
Litigation Taxes					274,793	0
Business Tax					318,301	0
Other Local Taxes					94,306	179
Grants and Contributions Not Restricted to Specific Programs					219,426	24,208,539
Unrestricted Investment Income					159,674	13,663
Miscellaneous					108,650	113,521
Total General Revenues					<u>\$ 8,698,648</u>	<u>\$ 31,362,714</u>
Change in Net Position					\$ 1,712,025	\$ 1,557,040
Net Position, July 1, 2018					<u>8,586,136</u>	<u>25,703,304</u>
Net Position, June 30, 2019					<u>\$ 10,298,161</u>	<u>\$ 27,260,344</u>

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

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 201,279	\$ 201,279
Equity in Pooled Cash and Investments	3,607,435	766,706	1,105,333	1,107,529	6,587,003
Accounts Receivable	141,995	377	9,768	65,915	218,055
Due from Other Governments	1,078,313	390,393	0	17,217	1,485,923
Due from Other Funds	586	0	0	0	586
Property Taxes Receivable	4,682,543	246,686	924,847	470,945	6,325,021
Allowance for Uncollectible Property Taxes	(63,348)	(3,338)	(12,512)	(6,372)	(85,570)
Cash Shortage	1,669	0	0	0	1,669
Total Assets	\$ 9,449,193	\$ 1,400,824	\$ 2,027,436	\$ 1,856,513	\$ 14,733,966
<u>LIABILITIES</u>					
Accrued Payroll	\$ 732	\$ 2,092	\$ 0	\$ 0	\$ 2,824
Due to Other Funds	0	0	0	586	586
Total Liabilities	\$ 732	\$ 2,092	\$ 0	\$ 586	\$ 3,410
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 4,504,998	\$ 237,332	\$ 889,780	\$ 453,088	\$ 6,085,198
Deferred Delinquent Property Taxes	102,275	5,388	20,199	10,286	138,148
Other Deferred/Unavailable Revenue	361,341	171,650	0	8,600	541,591
Total Deferred Inflows of Resources	\$ 4,968,614	\$ 414,370	\$ 909,979	\$ 471,974	\$ 6,764,937

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 40,844	\$ 0	\$ 0	\$ 0	\$ 40,844
Restricted for Finance	39,373	0	0	0	39,373
Restricted for Administration of Justice	519,995	0	0	0	519,995
Restricted for Public Safety	181,826	0	0	30,948	212,774
Restricted for Public Health and Welfare	137,562	0	0	0	137,562
Restricted for Highways/Public Works	0	544,180	0	0	544,180
Restricted for Debt Service	0	0	352,593	99,413	452,006
Committed:					
Committed for General Government	408,962	0	0	0	408,962
Committed for Finance	0	0	0	82,997	82,997
Committed for Administration of Justice	0	0	0	165,715	165,715
Committed for Public Health and Welfare	0	0	0	503,008	503,008
Committed for Other Operations	83,049	0	0	0	83,049
Committed for Highways/Public Works	0	440,182	0	0	440,182
Committed for Debt Service	0	0	764,864	501,872	1,266,736
Assigned:					
Assigned for Other Operations	235,527	0	0	0	235,527
Unassigned	2,832,709	0	0	0	2,832,709
Total Fund Balances	<u>\$ 4,479,847</u>	<u>\$ 984,362</u>	<u>\$ 1,117,457</u>	<u>\$ 1,383,953</u>	<u>\$ 7,965,619</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,449,193</u>	<u>\$ 1,400,824</u>	<u>\$ 2,027,436</u>	<u>\$ 1,856,513</u>	<u>\$ 14,733,966</u>

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

Exhibit C-2

Henderson 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)		\$	7,965,619
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,527,826	
Add: buildings and improvements net of accumulated depreciation		12,091,498	
Add: infrastructure net of accumulated depreciation		2,644,503	
Add: other capital assets net of accumulated depreciation		<u>3,858,197</u>	21,122,024
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loan payable	\$	(1,182,146)	
Add: debt to be contributed by the School Department		1,182,146	
Less: bonds payable		(20,030,000)	
Less: capital leases payable		(101,645)	
Add: deferred amount on refunding		147,878	
Less: compensated absences payable		(208,936)	
Less: landfill closure/postclosure care costs		(79,530)	
Less: net OPEB liability		(223,235)	
Less: accrued interest payable		(115,761)	
Less: other deferred revenue - premium on debt		(765,534)	
Less: other deferred revenue - Henderson County Judges, Officials, and Executives Agent Plan		<u>(78,521)</u>	(21,455,284)
(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	\$	506,759	
Less: deferred inflows of resources related to pensions		(365,883)	
Add: deferred outflows of resources related to OPEB		31,875	
Less: deferred inflows of resources related to OPEB		<u>(30,748)</u>	142,003
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - Henderson County Employees Agent Plan			1,844,060
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>679,739</u>
Net position of governmental activities (Exhibit A)		\$	<u>10,298,161</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 5,554,060	\$ 246,006	\$ 1,915,271	\$ 0	\$ 555,084	\$ 8,270,421
Licenses and Permits	1,235	0	0	0	0	1,235
Fines, Forfeitures, and Penalties	604,808	0	0	0	40,024	644,832
Charges for Current Services	137,146	0	0	0	1,089,239	1,226,385
Other Local Revenues	345,478	46,106	60,590	5,885	307,948	766,007
Fees Received From County Officials	561,224	0	0	0	0	561,224
State of Tennessee	2,200,892	2,676,076	0	0	36,269	4,913,237
Federal Government	320,574	0	0	0	0	320,574
Other Governments and Citizens Groups	649,191	0	108,815	0	406,510	1,164,516
Total Revenues	\$ 10,374,608	\$ 2,968,188	\$ 2,084,676	\$ 5,885	\$ 2,435,074	\$ 17,868,431
<u>Expenditures</u>						
Current:						
General Government	\$ 1,533,039	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,533,039
Finance	678,313	0	0	0	580,615	1,258,928
Administration of Justice	573,368	0	0	0	465,951	1,039,319
Public Safety	5,754,293	0	0	1,680,003	18,121	7,452,417
Public Health and Welfare	108,136	0	0	0	822,424	930,560
Social, Cultural, and Recreational Services	81,336	0	0	0	0	81,336
Agriculture and Natural Resources	107,992	0	0	0	0	107,992
Other Operations	1,235,142	0	0	0	0	1,235,142
Highways	0	2,763,999	0	606,106	0	3,370,105
Debt Service:						
Principal on Debt	0	90,407	1,896,064	0	300,000	2,286,471
Interest on Debt	0	2,839	561,880	0	106,510	671,229
Other Debt Service	0	1,361	114,565	60,836	1,514	178,276

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 4,834	\$ 0	\$ 4,834
Total Expenditures	\$ 10,071,619	\$ 2,858,606	\$ 2,572,509	\$ 2,351,779	\$ 2,295,135	\$ 20,149,648
Excess (Deficiency) of Revenues Over Expenditures	\$ 302,989	\$ 109,582	\$ (487,833)	\$ (2,345,894)	\$ 139,939	\$ (2,281,217)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 2,310,000	\$ 0	\$ 2,310,000
Refunding Debt Issued	0	0	5,500,000	0	0	5,500,000
Premiums on Debt Sold	0	0	523,007	35,894	0	558,901
Insurance Recovery	59,207	8,885	0	0	414	68,506
Transfers In	0	0	40,000	0	0	40,000
Transfers Out	(40,000)	0	0	0	0	(40,000)
Payments to Refunded Debt Escrow Agent	0	0	(5,939,098)	0	0	(5,939,098)
Total Other Financing Sources (Uses)	\$ 19,207	\$ 8,885	\$ 123,909	\$ 2,345,894	\$ 414	\$ 2,498,309
Net Change in Fund Balances	\$ 322,196	\$ 118,467	\$ (363,924)	\$ 0	\$ 140,353	\$ 217,092
Fund Balance, July 1, 2018	4,157,651	865,895	1,481,381	0	1,243,600	7,748,527
Fund Balance, June 30, 2019	\$ 4,479,847	\$ 984,362	\$ 1,117,457	\$ 0	\$ 1,383,953	\$ 7,965,619

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

Exhibit C-4

Henderson 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)		\$ 217,092	
(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	\$ 2,824,681		
Less: current-year depreciation expense	<u>(1,412,538)</u>	1,412,143	
(2) 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	\$ 679,739		
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(519,186)</u>	160,553	
(3) The issuance of long-term debt (e.g., bonds, leases and other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: refunding bond proceeds	\$ (5,500,000)		
Less: bond proceeds	(2,310,000)		
Less: change in premium on debt issuances	(526,257)		
Less: change in discount on debt issued	(2,360)		
Less: change in deferred amount on refunding debt	(97,491)		
Add: principal payments on bonds	2,110,000		
Add: refunded principal on bonds	5,900,000		
Add: principal payments on capital leases	90,407		
Add: principal payments on other loan	86,064		
Less: contributions from the School Department for the other loan	<u>(86,064)</u>	(335,701)	
(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 accrued interest payable	\$ 36,339		
Change in landfill closure/postclosure care costs	712		
Change in compensated absences payable	(22,761)		
Change in net OPEB liability	(33,830)		
Change in deferred outflows related to OPEB	29,945		
Change in deferred inflows related to OPEB	(20,124)		
Change in net pension asset - Henderson County Employees Agent Plan	254,569		
Change in net pension liability - Henderson County Judges, Officials, and Executives Agent Plan	112,256		
Change in deferred outflows related to pensions	(55,627)		
Change in deferred inflows related to pensions	<u>(43,541)</u>	<u>257,938</u>	
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,712,025</u>	

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

Exhibit C-5

Henderson 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)	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	\$ 5,554,060	\$ 0	\$ 5,554,060	\$ 5,240,075	\$ 5,275,075	\$ 278,985
Licenses and Permits	1,235	0	1,235	1,500	1,500	(265)
Fines, Forfeitures, and Penalties	604,808	0	604,808	425,500	425,500	179,308
Charges for Current Services	137,146	0	137,146	79,500	79,500	57,646
Other Local Revenues	345,478	0	345,478	252,500	383,764	(38,286)
Fees Received From County Officials	561,224	0	561,224	460,000	460,000	101,224
State of Tennessee	2,200,892	0	2,200,892	2,085,284	2,458,898	(258,006)
Federal Government	320,574	0	320,574	32,000	419,378	(98,804)
Other Governments and Citizens Groups	649,191	0	649,191	300,000	680,282	(31,091)
Total Revenues	\$ 10,374,608	\$ 0	\$ 10,374,608	\$ 8,876,359	\$ 10,183,897	\$ 190,711
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 106,564	\$ 0	\$ 106,564	\$ 111,710	\$ 111,710	\$ 5,146
Board of Equalization	1,450	0	1,450	1,500	1,500	50
County Mayor/Executive	159,574	0	159,574	154,535	167,810	8,236
County Attorney	11,685	0	11,685	14,394	14,395	2,710
Election Commission	188,403	0	188,403	203,030	203,030	14,627
Register of Deeds	142,300	0	142,300	160,369	160,369	18,069
County Buildings	923,063	0	923,063	740,200	996,210	73,147
<u>Finance</u>						
Accounting and Budgeting	351,296	0	351,296	369,380	379,380	28,084
Property Assessor's Office	248,835	0	248,835	286,829	289,829	40,994
County Trustee's Office	40,531	0	40,531	48,128	48,128	7,597
County Clerk's Office	37,651	0	37,651	42,750	47,750	10,099

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	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	\$ 33,319	\$ 0	\$ 33,319	\$ 46,150	\$ 46,150	\$ 12,831
General Sessions Court	263,711	0	263,711	279,910	279,910	16,199
Drug Court	5,377	0	5,377	10,000	10,000	4,623
Chancery Court	209,346	0	209,346	212,008	212,008	2,662
Juvenile Court	61,615	0	61,615	69,120	69,120	7,505
<u>Public Safety</u>						
Sheriff's Department	2,304,162	0	2,304,162	2,264,416	2,373,416	69,254
Administration of the Sexual Offender Registry	1,231	0	1,231	3,800	3,800	2,569
Workhouse	2,063,424	0	2,063,424	2,098,751	2,118,751	55,327
Fire Prevention and Control	549,559	0	549,559	266,726	591,966	42,407
Civil Defense	128,019	0	128,019	146,339	146,339	18,320
Rescue Squad	20,965	0	20,965	15,000	21,000	35
County Coroner/Medical Examiner	42,915	0	42,915	58,015	58,015	15,100
Other Public Safety	644,018	0	644,018	592,394	695,994	51,976
<u>Public Health and Welfare</u>						
Local Health Center	40,996	0	40,996	84,864	84,864	43,868
Alcohol and Drug Programs	0	0	0	10,500	10,500	10,500
Other Local Health Services	3,000	0	3,000	7,000	7,000	4,000
Appropriation to State	11,420	0	11,420	11,420	11,420	0
Aid to Dependent Children	0	0	0	700	700	700
Waste Pickup	52,720	0	52,720	48,784	53,734	1,014
<u>Social, Cultural, and Recreational Services</u>						
Adult Activities	5,807	0	5,807	5,808	5,808	1
Senior Citizens Assistance	14,500	0	14,500	17,500	17,500	3,000
Libraries	48,274	0	48,274	44,000	48,500	226

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	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>Social, Cultural, and Recreational Services (Cont.)</u>						
Other Social, Cultural, and Recreational	\$ 12,755	\$ 0	\$ 12,755	\$ 28,500	\$ 28,500	\$ 15,745
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	66,568	0	66,568	75,225	75,225	8,657
Soil Conservation	14,388	0	14,388	20,010	20,010	5,622
Flood Control	27,036	0	27,036	28,900	28,900	1,864
<u>Other Operations</u>						
Tourism	10,008	0	10,008	19,800	29,800	19,792
Industrial Development	556,214	235,527	791,741	113,950	879,766	88,025
Veterans' Services	59,661	0	59,661	75,806	65,441	5,780
Other Charges	422,636	0	422,636	460,000	440,500	17,864
Employee Benefits	0	0	0	25,000	25,000	25,000
Miscellaneous	186,623	0	186,623	204,000	219,000	32,377
Total Expenditures	\$ 10,071,619	\$ 235,527	\$ 10,307,146	\$ 9,477,221	\$ 11,098,748	\$ 791,602
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 302,989	\$ (235,527)	\$ 67,462	\$ (600,862)	\$ (914,851)	\$ 982,313
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 59,207	\$ 0	\$ 59,207	\$ 0	\$ 0	\$ 59,207
Transfers In	0	0	0	136,000	0	0
Transfers Out	(40,000)	0	(40,000)	0	(45,000)	5,000
Total Other Financing Sources	\$ 19,207	\$ 0	\$ 19,207	\$ 136,000	\$ (45,000)	\$ 64,207
Net Change in Fund Balance						
Fund Balance, July 1, 2018	\$ 4,157,651	\$ (235,527)	\$ 86,669	\$ (464,862)	\$ (959,851)	\$ 1,046,520
Fund Balance, June 30, 2019	\$ 4,479,847	\$ (235,527)	\$ 4,244,320	\$ 2,735,138	\$ 2,240,149	\$ 2,004,171

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 246,006	\$ 242,331	\$ 242,331	\$ 3,675
Other Local Revenues	46,106	5,500	5,500	40,606
State of Tennessee	2,676,076	2,830,541	2,830,541	(154,465)
Total Revenues	<u>\$ 2,968,188</u>	<u>\$ 3,078,372</u>	<u>\$ 3,078,372</u>	<u>\$ (110,184)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 219,818	\$ 211,426	\$ 230,926	\$ 11,108
Highway and Bridge Maintenance	1,776,966	1,699,500	1,981,500	204,534
Operation and Maintenance of Equipment	340,493	550,000	550,000	209,507
Other Charges	150,551	158,500	158,500	7,949
Employee Benefits	23,923	51,000	51,000	27,077
Capital Outlay	252,248	861,000	594,949	342,701
<u>Principal on Debt</u>				
Highways and Streets	90,407	0	90,407	0
<u>Interest on Debt</u>				
Highways and Streets	2,839	0	2,839	0
<u>Other Debt Service</u>				
Highways and Streets	1,361	0	1,361	0
Total Expenditures	<u>\$ 2,858,606</u>	<u>\$ 3,531,426</u>	<u>\$ 3,661,482</u>	<u>\$ 802,876</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 109,582</u>	<u>\$ (453,054)</u>	<u>\$ (583,110)</u>	<u>\$ 692,692</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 8,885	\$ 0	\$ 0	\$ 8,885
Total Other Financing Sources	<u>\$ 8,885</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,885</u>
Net Change in Fund Balance	\$ 118,467	\$ (453,054)	\$ (583,110)	\$ 701,577
Fund Balance, July 1, 2018	865,895	800,000	800,000	65,895
Fund Balance, June 30, 2019	<u>\$ 984,362</u>	<u>\$ 346,946</u>	<u>\$ 216,890</u>	<u>\$ 767,472</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,383,554
Equity in Pooled Cash and Investments	66,744
Accounts Receivable	4,170
Due from Other Governments	777,098
Taxes Receivable	476,368
Allowance for Uncollectible Taxes	<u>(6,444)</u>
Total Assets	<u>\$ 2,701,490</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,313,825
Due to Litigants, Heirs, and Others	<u>1,387,665</u>
Total Liabilities	<u>\$ 2,701,490</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Henderson 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 Henderson County:

A. Reporting Entity

Henderson County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Henderson County (the primary government) and its component units. The financial statements of the Henderson County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this 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 Henderson County School Department operates the public school system in the county, and the voters of Henderson County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Henderson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Henderson County, and the Henderson 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 Henderson County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Henderson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of

the School Department are included in this report as listed in the table of contents. Complete financial statements of the Henderson County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Henderson County Emergency
Communications District
170 Justice Center Drive, Suite D
Lexington, TN 38351

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 Henderson 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 Henderson 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.

Henderson County issues all debt for the discretely presented Henderson 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 Henderson 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 outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Henderson County has no 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. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Henderson 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 funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Henderson 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.

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

General Capital Projects Fund – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, Henderson County reports the following fund type:

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 Henderson County, and the city school system’s share 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 Henderson 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 the transportation of students. Local taxes 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; 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 Henderson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Debt Service funds. Henderson County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to .70 percent of total taxes levied.

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

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

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

3. Restricted Assets

Restricted assets also consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Henderson 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 Henderson County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Henderson 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.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$25,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5 -15
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding, pension and OPEB changes in experience and assumptions, pension changes in proportionate share of contributions, as well as employer contributions made to the pension and OPEB plans after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that

qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension and OPEB changes in experience, pension changes in investment earnings, pension changes in proportionate share of contributions, OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation leave, which will be paid upon separation from county service. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The School Department has a formal leave policy; however, it does not provide for employees to receive compensation for unused accumulated vacation or sick leave.

7. 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 service expenditures.

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

8. Net Position and Fund Balance

In the government-wide financial statements, 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 \$4,024,838 of restricted net position, of which \$134,561 is restricted by enabling legislation.

As of June 30, 2019, Henderson County had \$7,301,546 in outstanding debt for capital purposes for the discretely presented Henderson 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 Lexington School System) based on an average daily attendance proration. This debt is a liability of Henderson County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Lexington School System. Therefore, Henderson County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

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

9. Minimum Fund Balance Policy

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, the following minimum policy exists and

consists of the sum of committed, assigned, and unassigned fund balance:

General and General Purpose School funds – ten percent of current year appropriations.

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

Discretely Presented Henderson 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 Henderson County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Henderson 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 Henderson 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, and the General Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

At June 30, 2019, Henderson County had outstanding encumbrances in the General Fund of \$235,527.

B. Cash Shortage – Prior Year

The audit of Henderson County for the 2016-2017 year reported a cash shortage of \$14,419 in the Finance Department. An investigation disclosed that the former deputy finance director improperly paid herself \$14,419 in salary payments for the period July 1, 2016, through March 20, 2017. As of June 30, 2019, the former deputy finance director has paid \$12,750, leaving an unpaid shortage of \$1,669.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Henderson County and the Henderson County School Department participate in an internal cash and investment pool through the Office of Trustee. The

county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase

agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2019.

B. TCRS Stabilization Trust

Legal Provisions. The Henderson 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 Henderson 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, 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 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 Henderson 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	\$ 16,420
Developed Market International Equity	N/A	N/A	7,416
Emerging Market International Equity	N/A	N/A	2,119
U.S. Fixed Income	N/A	N/A	10,594
Real Estate	N/A	N/A	5,296
Short-term Securities	N/A	N/A	529
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	10,594
Total			\$ 52,968

Investment by fair value level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost	NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
U.S. Equity Developed Market	\$ 16,420	\$ 16,420	0	0		0
International Equity Emerging Market	7,416	7,416	0	0		0
International Equity	2,119	2,119	0	0		0
U.S. Fixed Income	10,594	0	10,594	0		0
Real Estate	5,296	0	0	5,296		0
Short-term Securities	529	0	529	0		0
Private Equity and Strategic Lending	10,594	0	0	0		10,594
Total	\$ 52,968	\$ 25,955	\$ 11,123	\$ 5,296		10,594

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 Henderson 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 Henderson 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. Henderson 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 Henderson 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>

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	\$ 2,527,826	\$ 0	\$ 0	\$ 2,527,826
Total Capital Assets Not Depreciated	<u>\$ 2,527,826</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,527,826</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,049,527	\$ 60,635	\$ 0	\$ 19,110,162
Infrastructure	4,396,415	185,747	0	4,582,162
Other Capital Assets	7,738,670	2,578,299	14,000	10,302,969
Total Capital Assets Depreciated	<u>\$ 31,184,612</u>	<u>\$ 2,824,681</u>	<u>\$ 14,000</u>	<u>\$ 33,995,293</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,324,929	\$ 693,735	\$ 0	\$ 7,018,664
Infrastructure	1,763,148	174,511	0	1,937,659
Other Capital Assets	5,914,480	544,292	14,000	6,444,772
Total Accumulated Depreciation	<u>\$ 14,002,557</u>	<u>\$ 1,412,538</u>	<u>\$ 14,000</u>	<u>\$ 15,401,095</u>
Total Capital Assets Depreciated, Net	<u>\$ 17,182,055</u>	<u>\$ 1,412,143</u>	<u>\$ 0</u>	<u>\$ 18,594,198</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,709,881</u>	<u>\$ 1,412,143</u>	<u>\$ 0</u>	<u>\$ 21,122,024</u>

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

Governmental Activities:

General Government	\$ 66,406
Administration of Justice	142,737
Public Safety	766,332
Public Health and Welfare	34,039
Highway/Public Works	<u>403,024</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,412,538</u>

Discretely Presented Henderson County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,151,661	\$ 0	\$ 0	\$ 1,151,661
Total Capital Assets Not Depreciated	<u>\$ 1,151,661</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,151,661</u>
Capital Assets Depreciated:				
Building and Improvements	\$ 47,487,176	\$ 29,868	\$ 0	\$ 47,517,044
Infrastructure	99,606	0	0	99,606
Other Capital Assets	2,487,766	49,900	23,500	2,514,166
Total Capital Assets Depreciated	<u>\$ 50,074,548</u>	<u>\$ 79,768</u>	<u>\$ 23,500</u>	<u>\$ 50,130,816</u>
Less Accumulated Depreciation For:				
Building and Improvements	\$ 30,309,871	\$ 1,356,181	\$ 0	\$ 31,666,052
Infrastructure	30,295	4,980	0	35,275
Other Capital Assets	1,650,719	112,316	13,970	1,749,065
Total Accumulated Depreciation	<u>\$ 31,990,885</u>	<u>\$ 1,473,477</u>	<u>\$ 13,970</u>	<u>\$ 33,450,392</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,083,663</u>	<u>\$ (1,393,709)</u>	<u>\$ 9,530</u>	<u>\$ 16,680,424</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,235,324</u>	<u>\$ (1,393,709)</u>	<u>\$ 9,530</u>	<u>\$ 17,832,085</u>

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

Governmental Activities:

Instruction	\$ 1,008,682
Support Services	311,897
Operation of Noninstructional Services	<u>152,898</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,473,477</u>

D. Construction Commitments

At June 30, 2019, Henderson County had uncompleted construction contracts of approximately \$235,527 for industrial expansion projects. Funding for these future expenditures is expected to be received from state grants.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 586
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	7,629
Nonmajor governmental	General Purpose School	13,245

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

The receivable in the General Purpose School Fund totaling \$7,629 was in transit from the School Federal Projects Fund at June 30, 2019, and the receivable in the School Federal Projects Fund totaling \$8,735 was in transit from the General Purpose School Fund at June 30, 2019.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	School Department:	
Governmental Activities	Governmental Activities	\$ 1,182,146

The Due to the Primary Government from the School Department is the balance of the other loan payable issued by the county for the School Department. The School Department has agreed to contribute the funds necessary to retire the debt.

Interfund Transfers:

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

Primary Government

Transfer Out	Transfer In General Debt Service Fund	Purpose
General Fund	\$ 40,000	Debt retirement
Total	<u>\$ 40,000</u>	

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.

F. Capital Leases

On July 26, 2017, Henderson County entered into a three-year lease-purchase agreement for an asphalt compactor. The terms of the agreement require total lease payments of \$105,668 plus interest of 3.19 percent. Title to the equipment transfers to Henderson County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

On July 28, 2017, Henderson County entered into a three-year lease-purchase agreement for a freightliner. The terms of the agreement require total lease payments of \$166,250 plus interest of 2.39 percent. Title to the equipment transfers to Henderson County at the end of the lease period. The Highway/Public Works Fund is making the lease payments.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and Equipment	\$ 271,918
Less: Accumulated Depreciation	<u>(105,996)</u>
Total Book Value	<u>\$ 165,922</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30	Governmental Funds
2020	\$ 93,247
2021	<u>9,580</u>
Total Minimum Lease Payments	\$ 102,827
Less: Amount Representing Interest	<u>(1,182)</u>
Present Value of Minimum Lease Payments	<u>\$ 101,645</u>

G. Long-term Debt

Primary Government

General Obligation Bonds and Other Loan

Henderson County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit and taxing authority of the government. General obligation bonds were issued for original terms of up to 16 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 and Rural Debt Service funds.

Direct Borrowing and Direct Placements - Henderson 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. Other loans are direct obligations and pledge the full faith, credit,

and taxing authority of the government. Other loans outstanding were issued for original terms of up to 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 General Debt Service Fund.

General obligation bonds and the other loan 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	2 to 3.75%	4-1-33	\$ 7,310,000	\$ 5,585,000
General Obligation Bonds - Refunding	1 to 5	4-1-29	18,835,000	14,445,000
Direct Borrowing and Direct Placement:				
Other Loan	1.38	12-31-31	1,800,582	1,182,146
Capital Leases	2.39 to 3.19	7-28-20	271,918	101,645

In prior years, Henderson County entered into an agreement with the State of Tennessee to receive funding from the state revolving loan fund program. Under this agreement, the program loaned \$1,800,582 to the Henderson County School Department for wastewater facility improvements at four elementary schools. The loan is repayable at a 1.38 percent interest rate. In addition, the county pays an administrative fee in connection with this loan.

The annual requirements to amortize all general obligation bonds and the other loan 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	\$ 2,095,000	\$ 568,393	\$ 2,663,393
2021	1,940,000	554,438	2,494,438
2022	2,105,000	477,676	2,582,676
2023	2,105,000	417,864	2,522,864
2024	2,110,000	357,778	2,467,778
2025-2029	8,885,000	926,477	9,811,477
2030-2033	790,000	675,254	1,465,254
Total	\$ 20,030,000	\$ 3,977,880	\$ 24,007,880

Year Ending June 30	Other Loan - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 87,252	\$ 15,768	\$ 948	\$ 103,968
2021	88,464	14,556	876	103,896
2022	89,700	13,320	804	103,824
2023	90,948	12,072	732	103,752
2024	92,208	10,812	660	103,680
2025-2029	480,588	34,512	2,172	517,272
2030-2032	252,986	4,455	340	257,781
Total	\$ 1,182,146	\$ 105,495	\$ 6,532	\$ 1,294,173

There is \$1,718,742 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$721, based on the 2010 federal census. Total debt per capita, including bonds, the other loan, capital leases, and unamortized debt premiums totaled \$795, based on the 2010 federal census.

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

Description of Debt	Outstanding 6-30-19
<u>Other Loan - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Clean Water State Revolving Fund	\$ 1,182,146

Changes in Long-term Debt

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

Governmental Activities:	Bonds	Other Loan - Direct Placement	Capital Leases - Direct Placement
Balance, July 1, 2018	\$ 20,230,000	\$ 1,268,210	\$ 192,052
Additions	7,810,000	0	0
Reductions	(8,010,000)	(86,064)	(90,407)
Balance, June 30, 2019	<u>\$ 20,030,000</u>	<u>\$ 1,182,146</u>	<u>\$ 101,645</u>
Balance Due Within One Year	<u>\$ 2,095,000</u>	<u>\$ 87,252</u>	<u>\$ 92,093</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 21,313,791
Less: Balance Due Within One Year - Debt	(2,274,345)
Add: Unamortized Premium on Debt	<u>765,534</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 19,804,980</u>

Current Refunding

On May 31, 2019, Henderson County refunded two general obligation bond issues with a separate general obligation bond issue. The county issued \$5,500,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Because of the current refunding, total debt service payments over the next ten years will be reduced by \$502,284, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$433,850 was obtained.

H. Long-term Obligations

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

	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2018	\$ 186,175	\$ 80,242
Additions	262,196	0
Reductions	(239,435)	(712)
Balance, June 30, 2019	<u>\$ 208,936</u>	<u>\$ 79,530</u>
Balance Due Within One Year	<u>\$ 205,685</u>	<u>\$ 2,500</u>

	Net OPEB Liability	Net Pension Liability
Balance, July 1, 2018	\$ 189,405	\$ 190,777
Additions	38,909	237,665
Reductions	(5,079)	(349,921)
Balance, June 30, 2019	<u>\$ 223,235</u>	<u>\$ 78,521</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	\$ 590,222
Less: Balance Due Within One Year - Other	<u>(208,185)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 382,037</u>

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

Discretely Presented Henderson County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	Net OPEB Liability
Balance, July 1, 2018	\$ 2,619,757
Additions	359,942
Reductions	(888,534)
	<hr/>
Balance, June 30, 2019	\$ 2,091,165
	<hr/>
Balance Due Within One Year	\$ 0
	<hr/>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 2,091,165
Less: Balance Due Within One Year - Other	<u>0</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,091,165</u>

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

I. On-Behalf Payments – Discretely Presented Henderson County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Henderson County School Department. These payments are made by the state to the Local Education Group Insurance. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2019, were \$65,240. 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

Liability, Property, Casualty, and Workers' Compensation Insurance

Henderson County and the discretely presented School Department participate 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. Henderson County and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers'

compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Employee Health Insurance

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

The discretely presented Henderson County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *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, Henderson 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 attorneys for the county and the School Department advised that there were no pending lawsuits, unasserted claims, or assessments that would materially affect the county or School Department's financial statements.

D. Changes in Administration

On August 31, 2018, Dan Hughes left the Office of County Mayor and was succeeded by Eddie Bray on September 1, 2018.

On August 31, 2018, David Frizzell left the Office of Trustee and was succeeded by John Cavness on September 1, 2018.

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the city and county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Henderson County and the City of Lexington closed their sanitary landfill in 1997. The \$79,530 reported as postclosure care liability at June 30, 2019, represents the county's 50 percent share of the amounts based on what it would cost to perform all postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Beech River Regional Airport was established through a joint operations agreement between Decatur County, Henderson County, the City of Parsons, and the City of Lexington. The agreement created the Beech River Regional Airport Board to plan, develop, and maintain a regional airport that will economically benefit all residents of the two-county area. The board comprises nine members, two from each governmental unit and one appointed by the governmental entities on a one-year rotation basis. Each participant retains a 25 percent ownership in the airport; however, participants do not retain an equity interest in the airport. Henderson County made no contributions to the airport for the year ended June 30, 2019.

The Everett Horn Public Library is a joint venture between Henderson County and the City of Lexington. It is operated by an appointed seven-member board. The library is jointly funded by the county and the City of Lexington with additional revenues received from private contributions. During the year ended June 30, 2019, the county contributed \$48,274 to the library.

Complete financial statements for the Beech River Regional Airport and the Everett Horn Public Library can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Beech River Regional Airport
790 Hidden Hill Circle
Lexington, TN 38351

Everett Horn Public Library
702 West Church Street
Lexington, TN 38351

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Henderson County and non-certified employees of the discretely presented Henderson County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 57.1 percent, the non-certified employees of the discretely presented School Department comprised 42.9 percent of the plan based

on contribution data. In addition, certain other county employees are provided a defined benefit pension plan (Henderson County Judges, Officials, and Executives Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 100 percent of the Henderson County Judges, Officials, and Executives 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:

Henderson County Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	89
Inactive Employees Entitled to But Not Yet Receiving Benefits	299
Active Employees	326
Total	<u><u>714</u></u>

Henderson County Judges, Officials, and Executives Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	4
Inactive Employees Entitled to But Not Yet Receiving Benefits	4
Active Employees	11
Total	<u><u>19</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. Henderson 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 the Henderson County Plan was \$300,862 based on a rate of 3.14 percent of covered payroll. For the year ended June 30, 2018, the employer contribution for the Henderson County Judges, Officials, and Executives Plan was \$79,010 based on a rate of 8.37 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Henderson 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)

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

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

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

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

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

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

Henderson County Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 12,310,054	\$ 15,066,716	\$ (2,756,662)
Changes for the Year:			
Service Cost	\$ 694,135	\$ 0	\$ 694,135
Interest	928,445	0	928,445
Differences Between Expected and Actual Experience	(134,943)	0	(134,943)
Changes in Assumptions	0	0	0
Contributions-Employer	0	279,615	(279,615)
Contributions-Employees	0	448,301	(448,301)
Net Investment Income	0	1,263,131	(1,263,131)
Benefit Payments, Including Refunds of Employee Contributions	(396,095)	(396,095)	0
Administrative Expense	0	(30,545)	30,545
Other Changes	0	0	0
Net Changes	\$ 1,091,542	\$ 1,564,407	\$ (472,865)
Balance, June 30, 2018	\$ 13,401,596	\$ 16,631,123	\$ (3,229,527)

Henderson Judges, Officials, and Executives County Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 2,721,679	\$ 2,530,902	\$ 190,777
Changes for the Year:			
Service Cost	\$ 39,226	\$ 0	\$ 39,226
Interest	197,394	0	197,394
Differences Between Expected and Actual Experience	(19,861)	0	(19,861)
Changes in Assumptions	0	0	0
Contributions-Employer	0	74,051	(74,051)
Contributions-Employees	0	44,236	(44,236)
Net Investment Income	0	211,773	(211,773)
Benefit Payments, Including Refunds of Employee Contributions	(76,445)	(76,445)	0
Administrative Expense	0	(1,045)	1,045
Other Changes	0	0	0
Net Changes	\$ 140,314	\$ 252,570	\$ (112,256)
Balance, June 30, 2018	\$ 2,861,993	\$ 2,783,472	\$ 78,521

Henderson County Plan:

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	57.1%	\$ 7,652,311	\$ 9,496,371	\$ (1,844,060)
School Department	42.9%	5,749,285	7,134,752	(1,385,467)
Total		<u>\$ 13,401,596</u>	<u>\$ 16,631,123</u>	<u>\$ (3,229,527)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Henderson County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Henderson County Plan	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ (1,396,653) \$ (3,229,527) \$ (4,741,039)

	1% Decrease	Current Discount Rate	1% Increase
Henderson County Judges, Officials, and Executives Plan	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 380,014 \$ 78,521 \$ (179,737)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2019, the Henderson County Plan recognized pension expense of \$38,808 and the Henderson County Judges, Officials, and Executives Plan recognized (negative) pension expense of (\$58,663).

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

Henderson County Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 88,124	\$ 294,974
Net Difference Between Projected and Actual Earnings on Pension Plan		
Investments	0	89,276
Changes in Assumptions	295,048	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	300,862	N/A
Total	<u>\$ 684,034</u>	<u>\$ 384,250</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.

Henderson County Judges, Officials, and Executives Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 133,350
Net Difference Between Projected and Actual Earnings on Pension Plan		
Investments	0	13,126
Changes in Assumptions	39,257	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	79,010	N/A
Total	<u>\$ 118,267</u>	<u>\$ 146,476</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.

Henderson County Plan:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 388,492	\$ 219,407
School Department	<u>295,542</u>	<u>164,843</u>
Total	<u>\$ 684,034</u>	<u>\$ 384,250</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:

Henderson County Plan:

Year Ending June 30	Amount
2020	\$ 109,142
2021	6,590
2022	(120,192)
2023	(27,074)
2024	49,728
Thereafter	(19,272)

Henderson County Judges, Officials, and Executives Plan:

Year Ending June 30	Amount
2020	\$ (35,308)
2021	(43,896)
2022	(22,649)
2023	(5,366)
2024	0
Thereafter	0

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

Discretely Presented Henderson County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Henderson County and non-certified employees of the discretely presented Henderson County School Department are provided a defined benefit pension plan (Henderson County Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 57.1 percent and the non-certified employees of the discretely presented School Department comprised 42.9 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Henderson 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 \$47,335, which is 1.94 percent of covered payroll. In addition, employer contributions of \$50,294, which is 2.06 percent of covered payroll 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 (\$107,185) 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 (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department’s proportion of the net pension liability (asset) was based on the School Department’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the School Department’s proportion was .236337 percent. The proportion as of June 30, 2017, was .255287 percent.

Pension Expense. For the year ended June 30, 2019, the School Department recognized pension expense of \$36,974.

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	\$ 6,071	\$ 4,269
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,055
Changes in Assumptions	5,057	0
Changes in Proportion of Net Pension Liability (Asset)	5,412	1,055
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	47,335	N/A
Total	<u>\$ 63,875</u>	<u>\$ 11,379</u>

The School Department’s employer contributions of \$47,335, 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	\$ (417)
2021	(609)
2022	(1,472)
2023	110
2024	917
Thereafter	6,632

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

Actuarial Assumptions. The total pension liability (asset) 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 investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset 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	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 16,571 \$ (107,185) \$ (198,365)

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 Henderson 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 Henderson County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$1,471,727, 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 (Negative 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 (\$1,440,933) 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 .409482 percent. The proportion measured at June 30, 2017, was .412689 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2019, the School Department recognized (negative) pension expense of (\$335,001).

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	\$ 291,262	\$ 1,943,933
Changes in Assumptions	851,022	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	313,607
Changes in Proportion of Net Pension Liability (Asset)	228,356	8,749
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	<u>1,471,727</u>	N/A
Total	<u>\$ 2,842,367</u>	<u>\$ 2,266,289</u>

The School Department's employer contributions of \$1,471,727 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 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	\$ 374,513
2021	(382,692)
2022	(752,067)
2023	(135,403)
2024	0
Thereafter	0

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

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

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset 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 (Asset) \$ 11,107,619 \$ (1,440,933) \$ (11,823,112)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion, which is placed into the state’s 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher’s salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the School Department contributed \$118,889 and teachers contributed \$34,597 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

Henderson County and the discretely presented Henderson County School Department provide OPEB benefits to certain retirees under the state administered public entity risk pools. For reporting purposes, the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through State Administered Public Entity Risk Pools

Retirees of Henderson County and the Henderson County Highway Department (Hwy) are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. The primary government’s LGPs are combined for presentation purposes. Likewise, the School Department provides healthcare benefits to its employees under the Local

Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of the Henderson County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the School Department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

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

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

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	LGP and LEP - Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over a 32-year period to an ultimate trend rate of 3.53% with .28% added to approximate the effect of the excise tax
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 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 2.0 percent load for males and a -3.0 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 10.0 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.

Local Government OPEB Plan (Primary Government)

Plan description. Employees of Henderson County are provided with pre-65 retiree health insurance benefits through the Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP.

Benefits provided. Henderson County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Henderson County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

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

	Henderson County	Hwy Dept	Total
Retirees and Beneficiaries	0	0	0
Inactive, nonretired members	0	0	0
Active Members Eligible for Future Benefits	131	25	156
Active Members Not Eligible for Future Benefits	7	3	10
Total	138	28	166

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the county paid \$2,489 (Henderson County - \$2,255, Highway Dept - \$234) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Henderson County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2017	\$ 151,929	\$ 37,476	\$ 189,405
Changes for the Year:			
Service Cost	\$ 15,558	\$ 3,933	\$ 19,491
Interest	5,928	1,474	7,402
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(23,662)	20,513	(3,149)
Changes in Assumption and Other Inputs	7,629	4,387	12,016
Benefit Payments	(1,930)	0	(1,930)
Special Item	0	0	0
Net Changes	\$ 3,523	\$ 30,307	\$ 33,830
Balance June 30, 2018	\$ 155,452	\$ 67,783	\$ 223,235

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 \$26,498 (Henderson County – \$18,961, Highway Dept - \$7,537). At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (DO - Hwy \$18,559 and DI - Henderson County \$21,272)	\$ 18,559	\$ 21,272
Changes of Assumptions/Inputs (DO - County \$6,858, Hwy \$3,969 and DI - County \$7,247, Hwy \$2,229)	10,827	9,476
Net Difference Between Projected and Benefits paid after the measurement date (DO - County \$2,255, Hwy \$234)	<u>2,489</u>	<u>0</u>
Total	<u>\$ 31,875</u>	<u>\$ 30,748</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	County	Hwy	Total Amount
2020	\$ (2,525)	\$ 2,130	\$ (395)
2021	(2,525)	2,130	(395)
2022	(2,525)	2,130	(395)
2023	(2,525)	2,130	(395)
2024	(2,525)	2,130	(395)
Thereafter	(9,036)	9,649	613

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

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

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
County	\$ 168,409	\$ 155,452	\$ 143,425
Hwy	75,533	67,783	60,643
Total OPEB Liability	<u>\$ 243,942</u>	<u>\$ 223,235</u>	<u>\$ 204,068</u>

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

	1% Decrease 5.75 to 2.81%	Current Trend Rate 6.75 to 3.81%	1% Increase 7.75 to 4.81%
County	\$ 135,847	\$ 155,452	\$ 179,057
Hwy	57,086	67,783	80,786
Total OPEB Liability	<u>\$ 192,933</u>	<u>\$ 223,235</u>	<u>\$ 259,843</u>

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

Plan description. Employees of the Henderson 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 Henderson 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 Henderson County School Department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 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	18
Inactive, nonretired members	0
Active Members Eligible for Future Benefits	402
Active Members Not Eligible for Future Benefits	36
Total	<u><u>456</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 \$118,499 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Henderson County School Department 65.054%	State of TN 34.946%	Total OPEB Liability
Balance July 1, 2017	\$ 2,619,757	\$ 1,485,114	\$ 4,104,871
Changes for the Year:			
Service Cost	\$ 148,115	\$ 79,564	\$ 227,679
Interest	98,105	52,701	150,806
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(763,062)	(409,910)	(1,172,972)
Changes in Proportion	50,613	(50,613)	0
Changes in Assumption and Other Inputs	63,109	33,902	97,011
Benefit Payments	(125,472)	(67,402)	(192,874)
Net Changes	\$ (528,592)	\$ (361,758)	\$ (890,350)
Balance June 30, 2018	\$ 2,091,165	\$ 1,123,356	\$ 3,214,521

The Henderson 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 Henderson County School Department's proportionate share of the collective total OPEB Liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$88,561 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Henderson County School Department's proportionate share of the collective OPEB liability was 65.054% and the State of Tennessee's share was 34.946%.

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 \$177,466, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 695,534
Changes of Assumptions/Inputs	57,524	101,524
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	44,776	0
Benefits Paid After the Measurement Date of June 30, 2018	<u>118,499</u>	<u>0</u>
Total	<u>\$ 220,799</u>	<u>\$ 797,058</u>

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

<u>Year Ending June 30</u>	<u>School Department</u>
2020	\$ (68,753)
2021	(68,753)
2022	(68,753)
2023	(68,753)
2024	(68,753)
Thereafter	(350,993)

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% Decrease	Current Discount Rate	1% Increase
	2.62%	3.62%	4.62%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,246,597	\$ 2,091,165	\$ 1,944,185
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Current 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	\$ 1,853,554	\$ 2,091,165	\$ 2,374,250
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I. Office of Central Accounting, Budgeting, and Purchasing

Office of Director of Finance

Henderson County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. This act also provides for the creation of a Finance Department operated under the direction of the finance director.

J. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Henderson County. The Henderson County Financial Management Committee, with the assistance of the director of finance, established a purchasing system for the county that requires the issuance of purchase orders. The Financial Management Committee has also established that competitive bids are required to be solicited through newspaper advertisement on all purchases estimated to exceed \$25,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Henderson 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 - Henderson County Employees
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 478,864	\$ 543,125	\$ 582,639	\$ 611,784	\$ 694,135
Interest	652,941	718,253	791,784	841,237	928,445
Differences Between Actual and Expected Experience	32,965	67,018	(313,790)	69,974	(134,943)
Changes in Assumptions	0	0	0	413,068	0
Benefit Payments, Including Refunds of Employee Contributions	(340,827)	(375,581)	(399,405)	(461,426)	(396,095)
Net Change in Total Pension Liability	\$ 823,943	\$ 952,815	\$ 661,228	\$ 1,474,637	\$ 1,091,542
Total Pension Liability, Beginning	8,397,431	9,221,374	10,174,189	10,835,417	12,310,054
Total Pension Liability, Ending (a)	\$ 9,221,374	\$ 10,174,189	\$ 10,835,417	\$ 12,310,054	\$ 13,401,596
Plan Fiduciary Net Position					
Contributions - Employer	\$ 614,892	\$ 641,398	\$ 670,607	\$ 369,609	\$ 279,615
Contributions - Employee	349,768	378,628	397,144	434,842	448,301
Net Investment Income	1,564,166	355,817	332,851	1,517,812	1,263,131
Benefit Payments, Including Refunds of Employee Contributions	(340,827)	(375,581)	(399,405)	(461,426)	(396,095)
Administrative Expense	(10,654)	(15,239)	(23,258)	(27,960)	(30,545)
Other	0	0	4,472	0	0
Net Change in Plan Fiduciary Net Position	\$ 2,177,345	\$ 985,023	\$ 982,411	\$ 1,832,877	\$ 1,564,407
Plan Fiduciary Net Position, Beginning	9,089,060	11,266,405	12,251,428	13,233,839	15,066,716
Plan Fiduciary Net Position, Ending (b)	\$ 11,266,405	\$ 12,251,428	\$ 13,233,839	\$ 15,066,716	\$ 16,631,123
Net Pension Liability (Asset), Ending (a - b)	\$ (2,045,031)	\$ (2,077,239)	\$ (2,398,422)	\$ (2,756,662)	\$ (3,229,527)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	122.18%	120.42%	122.14%	122.39%	124.10%
Covered Payroll	\$ 6,995,362	\$ 7,570,158	\$ 7,917,431	\$ 8,635,752	\$ 8,904,930
Net Pension Liability (Asset) as a Percentage of Covered Payroll	29.23%	27.44%	30.29%	31.92%	36.27%

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

Henderson 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 - Henderson County Judges, Officials, and Executives
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 62,155	\$ 64,449	\$ 65,504	\$ 65,909	\$ 39,226
Interest	169,073	181,085	190,272	198,614	197,394
Differences Between Actual and Expected Experience	(350)	(48,277)	(68,421)	(166,167)	(19,861)
Changes in Assumptions	0	0	0	78,515	0
Benefit Payments, Including Refunds of Employee Contributions	(72,479)	(73,537)	(78,113)	(74,945)	(76,445)
Net Change in Total Pension Liability	\$ 158,399	\$ 123,720	\$ 109,242	\$ 101,926	\$ 140,314
Total Pension Liability, Beginning	2,228,392	2,386,791	2,510,511	2,619,753	2,721,679
Total Pension Liability, Ending (a)	\$ 2,386,791	\$ 2,510,511	\$ 2,619,753	\$ 2,721,679	\$ 2,861,993
Plan Fiduciary Net Position					
Contributions - Employer	\$ 45,045	70,139	70,304	71,517	74,051
Contributions - Employee	40,654	41,899	41,998	42,722	44,236
Net Investment Income	289,854	63,559	57,365	255,646	211,773
Benefit Payments, Including Refunds of Employee Contributions	(72,479)	(73,537)	(78,113)	(74,945)	(76,445)
Administrative Expense	(493)	(558)	(823)	(934)	(1,045)
Net Change in Plan Fiduciary Net Position	\$ 302,581	\$ 101,502	\$ 90,731	\$ 294,006	\$ 252,570
Plan Fiduciary Net Position, Beginning	1,742,082	2,044,663	2,146,165	2,236,896	2,530,902
Plan Fiduciary Net Position, Ending (b)	\$ 2,044,663	\$ 2,146,165	\$ 2,236,896	\$ 2,530,902	\$ 2,783,472
Net Pension Liability (Asset), Ending (a - b)	\$ 342,128	\$ 364,346	\$ 382,857	\$ 190,777	\$ 78,521
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.67%	85.49%	85.39%	92.99%	97.26%
Covered Payroll	\$ 813,084	\$ 837,985	\$ 839,951	\$ 854,441	\$ 884,719
Net Pension Liability (Asset) as a Percentage of Covered Payroll	42.08%	43.48%	45.58%	22.33%	8.88%

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

Exhibit E-3

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 614,892	\$ 641,398	\$ 670,607	\$ 369,609	\$ 279,615	\$ 300,862
Less Contributions in Relation to the Actuarially Determined Contribution	(614,892)	(641,398)	(670,607)	(369,609)	(279,615)	(300,862)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 6,995,362	\$ 7,570,158	\$ 7,917,431	\$ 8,635,752	\$ 8,904,930	\$ 9,581,592
Contributions as a Percentage of Covered Payroll	8.79%	8.47%	8.47%	4.28%	3.14%	3.14%

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

Henderson County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government - Henderson County Judges, Officials, and Executives
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 45,045	\$ 70,139	\$ 70,304	\$ 71,517	\$ 74,051	\$ 79,010
Less Contributions in Relation to the Actuarially Determined Contribution	(45,045)	(70,139)	(70,304)	(71,517)	(74,051)	(79,010)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 813,084	\$ 837,985	\$ 839,951	\$ 854,441	\$ 884,719	\$ 943,974
Contributions as a Percentage of Covered Payroll	5.54%	8.37%	8.37%	8.37%	8.37%	8.37%

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

Exhibit E-5

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

	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 14,864	\$ 26,981	\$ 67,022	\$ 33,680	\$ 47,335
Less Contributions in Relation to the Contractually Required Contribution	(23,782)	(43,114)	(67,022)	(82,612)	(47,335)
Contribution Deficiency (Excess)	\$ (8,918)	\$ (16,133)	\$ 0	\$ (48,932)	\$ 0
Covered Payroll	\$ 594,559	\$ 1,077,863	\$ 1,675,531	\$ 2,065,291	\$ 2,440,731
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 rate (1.94%) of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension Stabilization Reserve Trust.

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

Exhibit E-6

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 1,281,571	\$ 1,269,163	\$ 1,298,956	\$ 1,318,789	\$ 1,301,957	\$ 1,471,727
Less Contributions in Relation to the Contractually Required Contribution	(1,281,571)	(1,269,163)	(1,298,956)	(1,318,789)	(1,301,957)	(1,471,727)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 14,432,109	\$ 14,039,408	\$ 14,368,981	\$ 14,588,357	\$ 14,338,716	\$ 14,070,061
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

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.280246%	0.244964%	0.255287%	0.236337%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (11,512)	\$ (25,502)	\$ (67,354)	\$ (107,185)
Covered Payroll	\$ 594,559	\$ 1,077,863	\$ 1,675,531	\$ 2,065,291
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%

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

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

Exhibit E-8

Henderson County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Henderson 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)	0.367698%	0.375034%	0.398055%	0.412689%	0.409482%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (59,749)	\$ 153,627	\$ 2,487,623	\$ (135,025)	\$ (1,440,933)
Covered Payroll	\$ 14,432,109	\$ 14,039,408	\$ 14,368,981	\$ 14,588,357	\$ 14,338,716
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.41)%	1.09%	17.31%	(.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%

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

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

Exhibit E-9

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

Henderson County Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 16,462	\$ 15,558
Interest	4,567	5,928
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(23,662)
Changes in Assumptions or Other Inputs	(9,059)	7,629
Benefit Payments	0	(1,930)
Net Change in Total OPEB Liability	\$ 11,970	\$ 3,523
Total OPEB Liability, Beginning	139,959	151,929
Total OPEB Liability, Ending	<u>\$ 151,929</u>	<u>\$ 155,452</u>
Covered Employee Payroll	\$ 4,238,439	\$ 4,649,729
Net OPEB Liability as a Percentage of Covered Employee Payroll	3.58%	3.34%

Highway Department Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 3,721	\$ 3,933
Interest	1,140	1,474
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	20,513
Changes in Assumptions or Other Inputs	(2,713)	4,387
Benefit Payments	0	0
Net Change in Total OPEB Liability	\$ 2,148	\$ 30,307
Total OPEB Liability, Beginning	35,328	37,476
Total OPEB Liability, Ending	<u>\$ 37,476</u>	<u>\$ 67,783</u>
Covered Employee Payroll	\$ 872,611	\$ 754,693
Net OPEB Liability as a Percentage of Covered Employee Payroll	4.29%	8.98%

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

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

2017	2.92%
2018	3.56%
2019	3.62%

Exhibit E-10

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

	2017	2018
Total OPEB Liability		
Service Cost	\$ 246,796	\$ 227,679
Interest	124,270	150,806
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(1,172,972)
Changes in Assumptions or Other Inputs	(190,362)	97,011
Benefit Payments	(169,703)	(192,874)
Net Change in Total OPEB Liability	\$ 11,001	\$ (890,350)
Total OPEB Liability, Beginning	4,093,870	4,104,871
Total OPEB Liability, Ending	<u>\$ 4,104,871</u>	<u>\$ 3,214,521</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,485,114	\$ 1,123,356
Employer Proportionate Share of the Total OPEB Liability	2,619,757	2,091,165
Covered Employee Payroll	\$ 20,242,541	\$ 20,514,321
Net OPEB Liability as a Percentage of Covered Employee Payroll	12.94%	10.19%

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

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

2017	2.92%
2018	3.56%
2019	3.62 %

HENDERSON 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:

Henderson County Employees:

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 4.0%
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 Adjustments	2.25%

Changes in Assumptions: In 2017, the following assumptions were changed: (1) decreased the inflation rate from 3.0 to 2.5 percent; (2) decreased the investment rate from 7.5 to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 to 2.25 percent; (4) decreased the salary growth rate graded ranges from an average of 4.25 to 4.0 percent; and (5) modified the mortality assumptions.

(Continued)

Henderson County Judges, Officials, and Executives:

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 4.0%
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 Adjustments	2.25%

Changes in Assumptions: In 2017, the following assumptions were changed: (1) decreased the inflation rate from 3.0 to 2.5 percent; (2) decreased the investment rate from 7.5 to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 to 2.25 percent; (4) decreased the salary growth rate graded ranges from an average of 4.25 to 4.0 percent; and (5) modified the mortality assumptions.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Henderson County’s garbage collection operations.

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 Fund

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

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the accumulation of resources for, and the payment of, rural school debt.

Exhibit F-1

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

	Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Rural Debt Service	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 201,279	\$ 201,279	\$ 0	\$ 201,279
Equity in Pooled Cash and Investments	475,296	30,948	0	506,244	601,285	1,107,529
Accounts Receivable	17,896	0	48,019	65,915	0	65,915
Due from Other Governments	17,217	0	0	17,217	0	17,217
Property Taxes Receivable	470,945	0	0	470,945	0	470,945
Allowance for Uncollectible Property Taxes	(6,372)	0	0	(6,372)	0	(6,372)
Total Assets	\$ 974,982	\$ 30,948	\$ 249,298	\$ 1,255,228	\$ 601,285	\$ 1,856,513
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 586	\$ 586	\$ 0	\$ 586
Total Liabilities	\$ 0	\$ 0	\$ 586	\$ 586	\$ 0	\$ 586
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 453,088	\$ 0	\$ 0	\$ 453,088	\$ 0	\$ 453,088
Deferred Delinquent Property Taxes	10,286	0	0	10,286	0	10,286
Other Deferred/Unavailable Revenue	8,600	0	0	8,600	0	8,600
Total Deferred Inflows of Resources	\$ 471,974	\$ 0	\$ 0	\$ 471,974	\$ 0	\$ 471,974
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 30,948	\$ 0	\$ 30,948	\$ 0	\$ 30,948

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Rural Debt Service	
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Debt Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 99,413	\$ 99,413
Committed:						
Committed for Finance	0	0	82,997	82,997	0	82,997
Committed for Administration of Justice	0	0	165,715	165,715	0	165,715
Committed for Public Health and Welfare	503,008	0	0	503,008	0	503,008
Committed for Debt Service	0	0	0	0	501,872	501,872
Total Fund Balances	<u>\$ 503,008</u>	<u>\$ 30,948</u>	<u>\$ 248,712</u>	<u>\$ 782,668</u>	<u>\$ 601,285</u>	<u>\$ 1,383,953</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 974,982</u>	<u>\$ 30,948</u>	<u>\$ 249,298</u>	<u>\$ 1,255,228</u>	<u>\$ 601,285</u>	<u>\$ 1,856,513</u>

Exhibit F-2

Henderson 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	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Rural Debt Service Fund	
<u>Revenues</u>						
Local Taxes	\$ 555,084	\$ 0	\$ 0	\$ 555,084	\$ 0	\$ 555,084
Fines, Forfeitures, and Penalties	0	40,024	0	40,024	0	40,024
Charges for Current Services	25,461	0	1,063,778	1,089,239	0	1,089,239
Other Local Revenues	291,382	1,070	0	292,452	15,496	307,948
State of Tennessee	36,269	0	0	36,269	0	36,269
Other Governments and Citizens Groups	0	0	0	0	406,510	406,510
Total Revenues	\$ 908,196	\$ 41,094	\$ 1,063,778	\$ 2,013,068	\$ 422,006	\$ 2,435,074
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 580,615	\$ 580,615	\$ 0	\$ 580,615
Administration of Justice	0	0	465,951	465,951	0	465,951
Public Safety	0	18,121	0	18,121	0	18,121
Public Health and Welfare	822,424	0	0	822,424	0	822,424
Debt Service:						
Principal on Debt	0	0	0	0	300,000	300,000
Interest on Debt	0	0	0	0	106,510	106,510
Other Debt Service	0	0	0	0	1,514	1,514
Total Expenditures	\$ 822,424	\$ 18,121	\$ 1,046,566	\$ 1,887,111	\$ 408,024	\$ 2,295,135
Excess (Deficiency) of Revenues Over Expenditures	\$ 85,772	\$ 22,973	\$ 17,212	\$ 125,957	\$ 13,982	\$ 139,939

(Continued)

Exhibit F-2

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

	Special Revenue Funds			Total	Debt Service	Total
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees		Fund	
					Rural Debt Service	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 414	\$ 0	\$ 0	\$ 414	\$ 0	\$ 414
Total Other Financing Sources (Uses)	\$ 414	\$ 0	\$ 0	\$ 414	\$ 0	\$ 414
Net Change in Fund Balances	\$ 86,186	\$ 22,973	\$ 17,212	\$ 126,371	\$ 13,982	\$ 140,353
Fund Balance, July 1, 2018	416,822	7,975	231,500	656,297	587,303	1,243,600
Fund Balance, June 30, 2019	\$ 503,008	\$ 30,948	\$ 248,712	\$ 782,668	\$ 601,285	\$ 1,383,953

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 555,084	\$ 551,528	\$ 551,528	\$ 3,556
Charges for Current Services	25,461	0	0	25,461
Other Local Revenues	291,382	140,000	219,600	71,782
State of Tennessee	36,269	0	0	36,269
Total Revenues	<u>\$ 908,196</u>	<u>\$ 691,528</u>	<u>\$ 771,128</u>	<u>\$ 137,068</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Education/Information	\$ 822,424	\$ 702,775	\$ 852,375	\$ 29,951
Total Expenditures	<u>\$ 822,424</u>	<u>\$ 702,775</u>	<u>\$ 852,375</u>	<u>\$ 29,951</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 85,772</u>	<u>\$ (11,247)</u>	<u>\$ (81,247)</u>	<u>\$ 167,019</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 414	0	0	414
Total Other Financing Sources	<u>\$ 414</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 414</u>
Net Change in Fund Balance	\$ 86,186	\$ (11,247)	\$ (81,247)	\$ 167,433
Fund Balance, July 1, 2018	<u>416,822</u>	<u>380,000</u>	<u>380,000</u>	<u>36,822</u>
Fund Balance, June 30, 2019	<u>\$ 503,008</u>	<u>\$ 368,753</u>	<u>\$ 298,753</u>	<u>\$ 204,255</u>

Exhibit F-4

Henderson 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	\$ 40,024	\$ 24,000	\$ 24,000	\$ 16,024
Other Local Revenues	1,070	0	0	1,070
Total Revenues	<u>\$ 41,094</u>	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 17,094</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 18,121	\$ 24,000	\$ 24,000	\$ 5,879
Total Expenditures	<u>\$ 18,121</u>	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 5,879</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 22,973</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,973</u>
Net Change in Fund Balance	\$ 22,973	\$ 0	\$ 0	\$ 22,973
Fund Balance, July 1, 2018	7,975	25,000	25,000	(17,025)
Fund Balance, June 30, 2019	<u>\$ 30,948</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 5,948</u>

Exhibit F-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 15,496	\$ 5,000	\$ 5,000	\$ 10,496
Other Governments and Citizens Groups	406,510	0	400,000	6,510
Total Revenues	<u>\$ 422,006</u>	<u>\$ 5,000</u>	<u>\$ 405,000</u>	<u>\$ 17,006</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 300,000	\$ 310,000	\$ 308,486	\$ 8,486
<u>Interest on Debt</u>				
Education	106,510	112,500	112,500	5,990
<u>Other Debt Service</u>				
Education	1,514	0	1,514	0
Total Expenditures	<u>\$ 408,024</u>	<u>\$ 422,500</u>	<u>\$ 422,500</u>	<u>\$ 14,476</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 13,982</u>	<u>\$ (417,500)</u>	<u>\$ (17,500)</u>	<u>\$ 31,482</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 400,000	\$ 0	\$ 0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 400,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 13,982	\$ (17,500)	\$ (17,500)	\$ 31,482
Fund Balance, July 1, 2018	<u>587,303</u>	<u>580,000</u>	<u>580,000</u>	<u>7,303</u>
Fund Balance, June 30, 2019	<u>\$ 601,285</u>	<u>\$ 562,500</u>	<u>\$ 562,500</u>	<u>\$ 38,785</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Henderson 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	\$ 1,915,271	\$ 1,773,911	\$ 1,773,911	\$ 141,360
Other Local Revenues	60,590	20,000	20,000	40,590
Other Governments and Citizens Groups	108,815	0	108,815	0
Total Revenues	\$ 2,084,676	\$ 1,793,911	\$ 1,902,726	\$ 181,950
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,463,800	\$ 1,575,000	\$ 1,502,898	\$ 39,098
Education	432,264	360,000	574,650	142,386
<u>Interest on Debt</u>				
General Government	470,363	564,500	519,039	48,676
Education	91,517	62,000	107,461	15,944
<u>Other Debt Service</u>				
General Government	113,430	0	129,644	16,214
Education	1,135	0	1,405	270
Total Expenditures	\$ 2,572,509	\$ 2,561,500	\$ 2,835,097	\$ 262,588
Excess (Deficiency) of Revenues Over Expenditures	\$ (487,833)	\$ (767,589)	\$ (932,371)	\$ 444,538
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 5,500,000	\$ 0	\$ 5,500,000	\$ 0
Premiums on Debt Sold	523,007	0	523,007	0
Transfers In	40,000	100,000	95,225	(55,225)
Payments to Refunded Debt Escrow Agent	(5,939,098)	0	(5,939,098)	0
Total Other Financing Sources	\$ 123,909	\$ 100,000	\$ 179,134	\$ (55,225)
Net Change in Fund Balance	\$ (363,924)	\$ (667,589)	\$ (753,237)	\$ 389,313
Fund Balance, July 1, 2018	1,481,381	1,400,000	1,400,000	81,381
Fund Balance, June 30, 2019	\$ 1,117,457	\$ 732,411	\$ 646,763	\$ 470,694

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 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 - Lexington Fund – The City School ADA - Lexington Fund is used to account for the city school system's share of education revenues collected by the county, which must be apportioned between the Henderson County School System and the City of Lexington School System on an average daily attendance basis. These collections are remitted to the Lexington City School System 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, general sessions, and juvenile 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

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

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>City School ADA -</u>	<u>Constitu - tional Officers - Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,383,554	\$ 1,383,554
Equity in Pooled Cash and Investments	0	66,744	0	66,744
Accounts Receivable	0	59	4,111	4,170
Due from Other Governments	644,413	132,685	0	777,098
Property Taxes Receivable	0	476,368	0	476,368
Allowance for Uncollectible Property Taxes	0	(6,444)	0	(6,444)
Total Assets	<u>\$ 644,413</u>	<u>\$ 669,412</u>	<u>\$ 1,387,665</u>	<u>\$ 2,701,490</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 644,413	\$ 669,412	\$ 0	\$ 1,313,825
Due to Litigants, Heirs, and Others	0	0	1,387,665	1,387,665
Total Liabilities	<u>\$ 644,413</u>	<u>\$ 669,412</u>	<u>\$ 1,387,665</u>	<u>\$ 2,701,490</u>

Exhibit H-2

Henderson 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	\$ 3,540,187	\$ 3,540,187	\$ 0
Due from Other Governments	602,589	644,413	602,589	644,413
Total Assets	\$ 602,589	\$ 4,184,600	\$ 4,142,776	\$ 644,413
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 602,589	\$ 4,184,600	\$ 4,142,776	\$ 644,413
Total Liabilities	\$ 602,589	\$ 4,184,600	\$ 4,142,776	\$ 644,413
<u>City School ADA - Lexington Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 64,835	\$ 1,185,300	\$ 1,183,391	\$ 66,744
Accounts Receivable	177	59	177	59
Due from Other Governments	119,703	132,685	119,703	132,685
Taxes Receivable	476,405	476,368	476,405	476,368
Allowance for Uncollectible Taxes	(6,342)	(6,444)	(6,342)	(6,444)
Total Assets	\$ 654,778	\$ 1,787,968	\$ 1,773,334	\$ 669,412
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 654,778	\$ 1,787,968	\$ 1,773,334	\$ 669,412
Total Liabilities	\$ 654,778	\$ 1,787,968	\$ 1,773,334	\$ 669,412
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,771,158	\$ 6,961,962	\$ 7,349,566	\$ 1,383,554
Accounts Receivable	8,189	4,111	8,189	4,111
Total Assets	\$ 1,779,347	\$ 6,966,073	\$ 7,357,755	\$ 1,387,665
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,779,347	\$ 6,966,073	\$ 7,357,755	\$ 1,387,665
Total Liabilities	\$ 1,779,347	\$ 6,966,073	\$ 7,357,755	\$ 1,387,665
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,771,158	\$ 6,961,962	\$ 7,349,566	\$ 1,383,554
Equity in Pooled Cash and Investments	64,835	4,725,487	4,723,578	66,744
Accounts Receivable	8,366	4,170	8,366	4,170
Due from Other Governments	722,292	777,098	722,292	777,098
Taxes Receivable	476,405	476,368	476,405	476,368
Allowance for Uncollectible Taxes	(6,342)	(6,444)	(6,342)	(6,444)
Total Assets	\$ 3,036,714	\$ 12,938,641	\$ 13,273,865	\$ 2,701,490
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,257,367	\$ 5,972,568	\$ 5,916,110	\$ 1,313,825
Due to Litigants, Heirs, and Others	1,779,347	6,966,073	7,357,755	1,387,665
Total Liabilities	\$ 3,036,714	\$ 12,938,641	\$ 13,273,865	\$ 2,701,490

Henderson County School Department

This section presents combining and individual fund financial statements for the Henderson 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 of students.

Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 21,756,198	\$ 14,800	\$ 2,120,279	\$ (19,621,119)
Support Services	11,004,248	248,204	700,482	(10,055,562)
Operation of Non-instructional Services	2,909,280	481,169	2,299,118	(128,993)
Total Governmental Activities	\$ 35,669,726	\$ 744,173	\$ 5,119,879	\$ (29,805,674)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,399,570
Local Option Sales Taxes				3,627,242
Other Local Taxes				179
Grants and Contributions Not Restricted to Specific Programs				24,208,539
Unrestricted Investment Income				13,663
Miscellaneous				113,521
Total General Revenues				\$ 31,362,714
Change in Net Position				\$ 1,557,040
Net Position, July 1, 2018				25,703,304
Net Position, June 30, 2019				\$ 27,260,344

Exhibit I-2

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

	<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>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 7,812,998	\$ 303,830	\$ 1,071,163	\$ 9,187,991
Accounts Receivable	7,442	1,529	0	8,971
Due from Other Governments	731,394	0	126,534	857,928
Due from Other Funds	7,629	0	13,245	20,874
Property Taxes Receivable	2,394,157	1,045,051	0	3,439,208
Allowance for Uncollectible Property Taxes	(32,390)	(14,138)	0	(46,528)
Restricted Assets	52,968	0	0	52,968
Total Assets	\$ 10,974,198	\$ 1,336,272	\$ 1,210,942	\$ 13,521,412
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 621,011	\$ 0	\$ 2,115	\$ 623,126
Due to Other Funds	4,510	0	0	4,510
Total Liabilities	\$ 625,521	\$ 0	\$ 2,115	\$ 627,636
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,303,379	\$ 1,005,426	\$ 0	\$ 3,308,805
Deferred Delinquent Property Taxes	53,304	22,827	0	76,131
Other Deferred/Unavailable Revenue	319,913	0	0	319,913
Total Deferred Inflows of Resources	\$ 2,676,596	\$ 1,028,253	\$ 0	\$ 3,704,849
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 0	\$ 87,467	\$ 0	\$ 87,467

(Continued)

Exhibit I-2

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

	<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>Funds</u>	<u>Funds</u>
<u>FUND BALANCES (Cont.)</u>				
Restricted (Cont.):				
Restricted for Operation of Non-instructional Services	\$ 0	\$ 0	\$ 808,827	\$ 808,827
Restricted for Hybrid Retirement Stabilization Funds	52,968	0	0	52,968
Committed:				
Committed for Education	2,128,237	220,552	0	2,348,789
Assigned:				
Assigned for Education	0	0	400,000	400,000
Unassigned	5,490,876	0	0	5,490,876
Total Fund Balances	<u>\$ 7,672,081</u>	<u>\$ 308,019</u>	<u>\$ 1,208,827</u>	<u>\$ 9,188,927</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,974,198</u>	<u>\$ 1,336,272</u>	<u>\$ 1,210,942</u>	<u>\$ 13,521,412</u>

Exhibit I-3

Henderson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Discretely Presented Henderson 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)		\$ 9,188,927	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,151,661		
Add: buildings and improvements net of accumulated depreciation	15,850,992		
Add: infrastructure net of accumulated depreciation	64,331		
Add: other capital assets net of accumulated depreciation	<u>765,101</u>	17,832,085	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for the other loan	\$ (1,182,146)		
Less: net OPEB liability	<u>(2,091,165)</u>	(3,273,311)	
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as a component of pension and OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$ 3,201,784		
Less: deferred inflows of resources related to pensions	(2,442,511)		
Add: deferred outflows of resources related to OPEB	220,799		
Less: deferred inflows of resources related to OPEB	<u>(797,058)</u>	183,014	
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$ 1,385,467		
Add: net pension asset - teacher retirement plan	107,185		
Add: net pension asset - teacher legacy pension plan	<u>1,440,933</u>	2,933,585	
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>396,044</u>
Net position of governmental activities (Exhibit A)			<u>\$ 27,260,344</u>

Exhibit I-4

Henderson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Henderson 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	\$ 5,998,331	\$ 1,042,116	\$ 0	\$ 7,040,447
Licenses and Permits	1,804	0	0	1,804
Charges for Current Services	262,800	0	481,169	743,969
Other Local Revenues	135,608	2,327	11,942	149,877
State of Tennessee	24,478,057	0	0	24,478,057
Federal Government	956,332	0	3,852,759	4,809,091
Other Governments and Citizens Groups	7,500	0	0	7,500
Total Revenues	<u>\$ 31,840,432</u>	<u>\$ 1,044,443</u>	<u>\$ 4,345,870</u>	<u>\$ 37,230,745</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 20,105,480	\$ 0	\$ 1,467,161	\$ 21,572,641
Support Services	9,036,157	1,191,954	617,314	10,845,425
Operation of Non-Instructional Services	650,641	0	2,180,139	2,830,780
Capital Outlay	483,084	0	0	483,084
Debt Service:				
Other Debt Service	510,550	0	0	510,550
Total Expenditures	<u>\$ 30,785,912</u>	<u>\$ 1,191,954</u>	<u>\$ 4,264,614</u>	<u>\$ 36,242,480</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,054,520</u>	<u>\$ (147,511)</u>	<u>\$ 81,256</u>	<u>\$ 988,265</u>
Net Change in Fund Balances	\$ 1,054,520	\$ (147,511)	\$ 81,256	\$ 988,265
Fund Balance, July 1, 2018	<u>6,617,561</u>	<u>455,530</u>	<u>1,127,571</u>	<u>8,200,662</u>
Fund Balance, June 30, 2019	<u>\$ 7,672,081</u>	<u>\$ 308,019</u>	<u>\$ 1,208,827</u>	<u>\$ 9,188,927</u>

Exhibit I-5

Henderson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Henderson 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)		\$ 988,265
(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	\$ 79,768	
Less: current-year depreciation expense	<u>(1,473,477)</u>	(1,393,709)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: proceeds received on the disposal of capital assets	\$ (1,125)	
Less: book value of capital assets disposed	<u>(8,405)</u>	(9,530)
(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	\$ 396,044	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(398,898)</u>	(2,854)
(4) The contributions of long-term debt (e.g., other loans) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on other loan to primary government		86,064
(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 net OPEB liability	\$ 528,592	
Change in deferred outflows related to OPEB	98,953	
Change in deferred inflows related to OPEB	(686,513)	
Change in net pension asset - agent plan	218,296	
Change in net pension asset - teacher retirement plan	39,831	
Change in net pension asset - teacher legacy pension plan	1,305,908	
Change in deferred outflows related to pensions	(70,920)	
Change in deferred inflows related to pensions	<u>454,657</u>	<u>1,888,804</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,557,040</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>		<u>Nonmajor</u>
	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 261,569	\$ 809,594	\$ 1,071,163
Due from Other Governments	126,534	0	126,534
Due from Other Funds	13,245	0	13,245
Total Assets	<u>\$ 401,348</u>	<u>\$ 809,594</u>	<u>\$ 1,210,942</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 1,348	\$ 767	\$ 2,115
Total Liabilities	<u>\$ 1,348</u>	<u>\$ 767</u>	<u>\$ 2,115</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 808,827	\$ 808,827
Assigned:			
Assigned for Education	400,000	0	400,000
Total Fund Balances	<u>\$ 400,000</u>	<u>\$ 808,827</u>	<u>\$ 1,208,827</u>
Total Liabilities and Fund Balances	<u>\$ 401,348</u>	<u>\$ 809,594</u>	<u>\$ 1,210,942</u>

Exhibit I-7

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

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 481,169	\$ 481,169
Other Local Revenues	0	11,942	11,942
Federal Government	2,085,221	1,767,538	3,852,759
Total Revenues	<u>\$ 2,085,221</u>	<u>\$ 2,260,649</u>	<u>\$ 4,345,870</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,467,161	\$ 0	\$ 1,467,161
Support Services	617,314	0	617,314
Operation of Non-Instructional Services	1,632	2,178,507	2,180,139
Total Expenditures	<u>\$ 2,086,107</u>	<u>\$ 2,178,507</u>	<u>\$ 4,264,614</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (886)</u>	<u>\$ 82,142</u>	<u>\$ 81,256</u>
Net Change in Fund Balances	\$ (886)	\$ 82,142	\$ 81,256
Fund Balance, July 1, 2018	400,886	726,685	1,127,571
Fund Balance, June 30, 2019	<u>\$ 400,000</u>	<u>\$ 808,827</u>	<u>\$ 1,208,827</u>

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,998,331	\$ 5,734,600	\$ 5,734,600	\$ 263,731
Licenses and Permits	1,804	2,200	2,200	(396)
Charges for Current Services	262,800	270,000	270,000	(7,200)
Other Local Revenues	135,608	92,500	92,500	43,108
State of Tennessee	24,478,057	23,886,285	24,276,533	201,524
Federal Government	956,332	1,111,000	1,111,000	(154,668)
Other Governments and Citizens Groups	7,500	0	0	7,500
Total Revenues	\$ 31,840,432	\$ 31,096,585	\$ 31,486,833	\$ 353,599
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 15,626,068	\$ 15,461,000	\$ 16,431,000	\$ 804,932
Alternative Instruction Program	36,417	47,300	47,300	10,883
Special Education Program	2,584,822	2,682,500	2,728,500	143,678
Career and Technical Education Program	1,104,941	1,149,950	1,169,950	65,009
Adult Education Program	753,232	913,686	913,686	160,454
<u>Support Services</u>				
Attendance	90,172	99,625	105,125	14,953
Health Services	421,366	385,280	434,280	12,914
Other Student Support	941,196	862,500	973,000	31,804
Regular Instruction Program	1,177,237	1,148,500	1,327,720	150,483
Alternative Instruction Program	1,570	75,300	44,300	42,730
Special Education Program	275,819	322,000	336,000	60,181
Career and Technical Education Program	102,793	102,000	109,000	6,207
Technology	1,141,440	1,239,000	1,249,000	107,560
Adult Programs	120,765	134,237	134,237	13,472
Other Programs	65,240	0	71,028	5,788
Board of Education	465,926	616,650	616,650	150,724
Director of Schools	179,964	194,400	194,400	14,436
Office of the Principal	1,130,795	1,121,750	1,161,750	30,955
Fiscal Services	150,323	135,800	157,300	6,977
Operation of Plant	2,187,538	2,314,500	2,324,500	136,962
Maintenance of Plant	504,797	579,000	597,500	92,703
Transportation	79,216	153,500	135,500	56,284
<u>Operation of Non-Instructional Services</u>				
Food Service	83,574	85,825	88,825	5,251
Community Services	56,025	75,910	75,910	19,885
Early Childhood Education	511,042	505,284	520,284	9,242
<u>Capital Outlay</u>				
Regular Capital Outlay	483,084	955,000	759,000	275,916
<u>Principal on Debt</u>				
Education	0	85,000	0	0
<u>Interest on Debt</u>				
Education	0	145,000	0	0
<u>Other Debt Service</u>				
Education	510,550	300,000	530,000	19,450
Total Expenditures	\$ 30,785,912	\$ 31,890,497	\$ 33,235,745	\$ 2,449,833

(Continued)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,054,520	\$ (793,912)	\$ (1,748,912)	\$ 2,803,432
Net Change in Fund Balance	\$ 1,054,520	\$ (793,912)	\$ (1,748,912)	\$ 2,803,432
Fund Balance, July 1, 2018	6,617,561	5,903,500	5,903,500	714,061
Fund Balance, June 30, 2019	\$ 7,672,081	\$ 5,109,588	\$ 4,154,588	\$ 3,517,493

Exhibit I-9

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,085,221	\$ 2,090,615	\$ 2,108,603	\$ (23,382)
Total Revenues	\$ 2,085,221	\$ 2,090,615	\$ 2,108,603	\$ (23,382)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 791,552	\$ 595,606	\$ 897,371	\$ 105,819
Special Education Program	600,568	616,155	623,560	22,992
Career and Technical Education Program	75,041	66,337	75,337	296
<u>Support Services</u>				
Other Student Support	128,385	69,877	136,111	7,726
Regular Instruction Program	281,570	331,440	401,372	119,802
Special Education Program	55,371	66,829	66,829	11,458
Technology	189	0	210	21
Board of Education	246	0	304	58
Transportation	151,553	173,718	174,518	22,965
<u>Operation of Non-Instructional Services</u>				
Food Service	1,632	0	1,727	95
Total Expenditures	\$ 2,086,107	\$ 1,919,962	\$ 2,377,339	\$ 291,232
Excess (Deficiency) of Revenues Over Expenditures	\$ (886)	\$ 170,653	\$ (268,736)	\$ 267,850
Net Change in Fund Balance	\$ (886)	\$ 170,653	\$ (268,736)	\$ 267,850
Fund Balance, July 1, 2018	400,886	400,000	400,000	886
Fund Balance, June 30, 2019	\$ 400,000	\$ 570,653	\$ 131,264	\$ 268,736

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 481,169	\$ 550,000	\$ 550,000	\$ (68,831)
Other Local Revenues	11,942	0	0	11,942
Federal Government	1,767,538	1,401,700	1,401,700	365,838
Total Revenues	<u>\$ 2,260,649</u>	<u>\$ 1,951,700</u>	<u>\$ 1,951,700</u>	<u>\$ 308,949</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,178,507	\$ 2,263,700	\$ 2,283,700	\$ 105,193
Total Expenditures	<u>\$ 2,178,507</u>	<u>\$ 2,263,700</u>	<u>\$ 2,283,700</u>	<u>\$ 105,193</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 82,142</u>	<u>\$ (312,000)</u>	<u>\$ (332,000)</u>	<u>\$ 414,142</u>
Net Change in Fund Balance	\$ 82,142	\$ (312,000)	\$ (332,000)	\$ 414,142
Fund Balance, July 1, 2018	<u>726,685</u>	<u>650,000</u>	<u>650,000</u>	<u>76,685</u>
Fund Balance, June 30, 2019	<u>\$ 808,827</u>	<u>\$ 338,000</u>	<u>\$ 318,000</u>	<u>\$ 490,827</u>

Exhibit I-11

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,042,116	\$ 1,016,457	\$ 1,016,457	\$ 25,659
Other Local Revenues	2,327	0	0	2,327
Total Revenues	<u>\$ 1,044,443</u>	<u>\$ 1,016,457</u>	<u>\$ 1,016,457</u>	<u>\$ 27,986</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 20,562	\$ 27,000	\$ 27,000	\$ 6,438
Transportation	1,171,392	1,220,200	1,270,200	98,808
Total Expenditures	<u>\$ 1,191,954</u>	<u>\$ 1,247,200</u>	<u>\$ 1,297,200</u>	<u>\$ 105,246</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (147,511)</u>	<u>\$ (230,743)</u>	<u>\$ (280,743)</u>	<u>\$ 133,232</u>
Net Change in Fund Balance	\$ (147,511)	\$ (230,743)	\$ (280,743)	\$ 133,232
Fund Balance, July 1, 2018	<u>455,530</u>	<u>390,000</u>	<u>390,000</u>	<u>65,530</u>
Fund Balance, June 30, 2019	<u>\$ 308,019</u>	<u>\$ 159,257</u>	<u>\$ 109,257</u>	<u>\$ 198,762</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Henderson County, Tennessee
Schedule of Changes in Long-term Capital Leases, 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
<u>CAPITAL LEASES PAYABLE</u>									
<u>Payable through Highway/Public Works Fund</u>									
Caterpillar Asphalt Compactor	\$ 105,668	3.19	% 7-26-17	7-26-20	\$ 70,795	\$ 0	\$ 35,221	0	\$ 35,574
Freightliner	166,250	2.39	7-28-17	7-28-20	121,257	0	55,186	0	66,071
Total Capital Leases Payable					<u>\$ 192,052</u>	<u>\$ 0</u>	<u>\$ 90,407</u>	<u>0</u>	<u>\$ 101,645</u>
<u>OTHER LOAN PAYABLE</u>									
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>									
Clean Water State Revolving Fund	1,800,582	1.38	7-31-10	12-31-31	\$ 1,268,210	\$ 0	\$ 86,064	\$ 0	\$ 1,182,146
Total Other Loan Payable					<u>\$ 1,268,210</u>	<u>\$ 0</u>	<u>\$ 86,064</u>	<u>\$ 0</u>	<u>\$ 1,182,146</u>
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
G.O. Bonds, Series 2008	9,500,000	3.75 to 4.75	12-11-08	5-31-19	\$ 2,000,000	\$ 0	\$ 600,000	1,400,000	\$ 0
G.O. Bonds, Series 2009	5,400,000	1.75 to 4.15	11-10-09	5-31-19	4,850,000	0	350,000	4,500,000	0
G.O. Refunding Bonds, Series 2012	4,035,000	1 to 2.5	7-12-12	4-1-24	1,765,000	0	280,000	0	1,485,000
G.O. Refunding Bonds, Series 2015	9,300,000	2 to 3	6-10-15	4-1-29	8,040,000	0	580,000	0	7,460,000
G.O. Bonds, Series 2018	2,310,000	2.5 to 3.05	8-15-18	4-1-33	0	2,310,000	0	0	2,310,000
G.O. Refunding Bonds, Series 2019	5,500,000	3 to 5	5-31-19	3-1-29	0	5,500,000	0	0	5,500,000
Total Payable through General Debt Service Fund					<u>\$ 16,655,000</u>	<u>\$ 7,810,000</u>	<u>\$ 1,810,000</u>	<u>\$ 5,900,000</u>	<u>\$ 16,755,000</u>
<u>Payable through Rural Debt Service Fund</u>									
Rural School Bonds, Series 2013	5,000,000	2 to 3.75	8-1-13	4-1-29	\$ 3,575,000	\$ 0	\$ 300,000	0	\$ 3,275,000
Total Bonds Payable					<u>\$ 20,230,000</u>	<u>\$ 7,810,000</u>	<u>\$ 2,110,000</u>	<u>\$ 5,900,000</u>	<u>\$ 20,030,000</u>

Exhibit J-2

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

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2020	\$ 92,093	\$ 1,154	\$ 93,247
2021	9,552	28	9,580
Total	\$ 101,645	\$ 1,182	\$ 102,827

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2020	\$ 87,252	\$ 15,768	\$ 948	\$ 103,968
2021	88,464	14,556	876	103,896
2022	89,700	13,320	804	103,824
2023	90,948	12,072	732	103,752
2024	92,208	10,812	660	103,680
2025	93,480	9,540	588	103,608
2026	94,788	8,232	516	103,536
2027	96,096	6,924	432	103,452
2028	97,440	5,580	360	103,380
2029	98,784	4,236	276	103,296
2030	100,164	2,856	204	103,224
2031	101,556	1,464	120	103,140
2032	51,266	135	16	51,417
Total	\$ 1,182,146	\$ 105,495	\$ 6,532	\$ 1,294,173

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 2,095,000	568,393	\$ 2,663,393
2021	1,940,000	554,438	2,494,438
2022	2,105,000	477,676	2,582,676
2023	2,105,000	417,864	2,522,864
2024	2,110,000	357,778	2,467,778
2025	1,785,000	296,227	2,081,227
2026	1,780,000	240,566	2,020,566
2027	1,785,000	183,927	1,968,927
2028	1,775,000	128,379	1,903,379
2029	1,760,000	77,378	1,837,378
2030	190,000	23,802	213,802
2031	195,000	632,948	827,948
2032	200,000	12,252	212,252
2033	205,000	6,252	211,252
Total	\$ 20,030,000	\$ 3,977,880	\$ 24,007,880

Exhibit J-3

Henderson County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	General Debt Service	Debt retirement	<u>\$ 40,000</u>
Total Transfers			<u><u>\$ 40,000</u></u>

Exhibit J-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Dan Hughes (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	\$ 14,643	\$ 100,000	State Automobile Mutual Insurance Company
Eddie Bray (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	80,538	100,000 (5)	Auto-Owners Mutual Insurance Company
Road Supervisor	Section 8-24-102, <i>TCA</i>	92,044	100,000 (5)	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	106,000 (1)	100,000 (5)	"
Trustee:				
David Frizzell (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i> , and County Commission	14,178 (2)	950,000	Auto-Owners Mutual Insurance Company
John Cavness (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	63,391	1,225,787 (5)	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	76,069	50,000 (5)	Western Surety Company
Director of Finance	County Commission	76,068	100,000 (5)	"
County Clerk	Section 8-24-102, <i>TCA</i> , and County Commission	77,569 (2)	100,000 (5)	Auto-Owners Mutual Insurance Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i> , and County Commission	85,176 (2,3)	200,000 (5)	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and County Commission	85,176 (2,3)	200,000 (5)	"
Register of Deeds	Section 8-24-102, <i>TCA</i> and County Commission	77,569 (2)	100,000 (5)	"
Sheriff	Section 8-24-102, <i>TCA</i>	92,044 (4)	100,000 (5)	"
Employee Blanket Bonds:				
County Departments and Highway Department			400,000	Tennessee Risk Management Trust
School Department			400,000	"

- (1) Includes additional compensation of \$1,000 for the career ladder program.
- (2) Includes a certified public administrator supplement of \$1,500.
- (3) Includes additional compensation of \$7,607 for multiple courts.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) Also covered by \$400,000 insurance policy with Tennessee Risk Management Trust.

Exhibit J-5

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

	<u>Special Revenue Funds</u>				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,388,593	\$ 441,383	\$ 0	\$ 0	\$ 231,199
Trustee's Collections - Prior Year	119,529	12,023	0	0	6,297
Circuit Clerk/Clerk and Master Collections - Prior Years	36,113	3,632	0	0	1,902
Interest and Penalty	24,307	2,421	0	0	1,281
Payments in-Lieu-of Taxes - T.V.A.	6,277	631	0	0	331
Payments in-Lieu-of Taxes - Local Utilities	70,261	7,066	0	0	3,701
<u>County Local Option Taxes</u>					
Local Option Sales Tax	90,197	85,456	0	0	0
Hotel/Motel Tax	107,012	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	201,772	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	73,021	0	0	0	0
Business Tax	318,301	0	0	0	0
Mixed Drink Tax	232	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	24,574	2,472	0	0	1,295
Wholesale Beer Tax	93,871	0	0	0	0
Total Local Taxes	<u>\$ 5,554,060</u>	<u>\$ 555,084</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 246,006</u>
<u>Licenses and Permits</u>					
<u>Permits</u>					
Beer Permits	\$ 1,235	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	<u>\$ 1,235</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 37,164	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,615	0	0	0	0
Drug Control Fines	6,949	0	8,036	0	0
DUI Treatment Fines	1,184	0	0	0	0
Data Entry Fee - Circuit Court	27,335	0	0	0	0
<u>General Sessions Court</u>					
Fines	72,652	0	0	0	0
Officers Costs	58,520	0	0	0	0
Game and Fish Fines	476	0	0	0	0
Drug Control Fines	2,738	0	2,985	0	0
Drug Court Fees	5,164	0	0	0	0
Jail Fees	54,478	0	0	0	0
DUI Treatment Fines	11,210	0	0	0	0
<u>Juvenile Court</u>					
Fines	1,898	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	559	0	0	0	0
Data Entry Fee - Chancery Court	2,524	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	29,003	0	0
Courtroom Security Fee	320,342	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 604,808	\$ 0	\$ 40,024	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Waste Tire Disposal	\$ 0	\$ 25,461	\$ 0	\$ 0	\$ 0
<u>Fees</u>					
Copy Fees	46	0	0	0	0
Telephone Commissions	100,661	0	0	0	0
Vending Machine Collections	1,386	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	1,063,778	0
Data Processing Fee - Register	8,212	0	0	0	0
Data Processing Fee - Sheriff	12,530	0	0	0	0
Sexual Offender Registration Fee - Sheriff	7,100	0	0	0	0
Data Processing Fee - County Clerk	6,821	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	390	0	0	0	0
Total Charges for Current Services	\$ 137,146	\$ 25,461	\$ 0	\$ 1,063,778	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 77,703	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	36,742	0	0	0	0
Sale of Materials and Supplies	6,975	0	0	0	13,084
Commissary Sales	149,500	0	0	0	0
Sale of Recycled Materials	0	291,382	0	0	0
Miscellaneous Refunds	69,485	0	1,070	0	588
<u>Nonrecurring Items</u>					
Sale of Equipment	3,075	0	0	0	26,173
Damages Recovered from Individuals	1,426	0	0	0	6,261

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 572	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	<u>\$ 345,478</u>	<u>\$ 291,382</u>	<u>\$ 1,070</u>	<u>\$ 0</u>	<u>\$ 46,106</u>
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
Circuit Court Clerk	\$ 231,892	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	108,252	0	0	0	0
<u>Fees In-Lieu-of Salary</u>					
Clerk and Master	82,836	0	0	0	0
Register	94,305	0	0	0	0
Sheriff	43,939	0	0	0	0
Total Fees Received From County Officials	<u>\$ 561,224</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	249,182
Litter Program	41,440	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	40,231	0	0	0	0
Beer Tax	17,959	0	0	0	0
Vehicle Certificate of Title Fees	4,556	0	0	0	0
Alcoholic Beverage Tax	76,034	0	0	0	0
State Revenue Sharing - Telecommunications	30,702	0	0	0	0

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Contracted Prisoner Boarding	\$ 1,555,529	\$ 0	\$ 0	\$ 0	\$ 0
Gasoline and Motor Fuel Tax	0	0	0	0	2,407,526
Petroleum Special Tax	0	0	0	0	19,368
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	381,693	36,269	0	0	0
Other State Revenues	24,084	0	0	0	0
Total State of Tennessee	<u>\$ 2,200,892</u>	<u>\$ 36,269</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,676,076</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 30,000	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	290,574	0	0	0	0
Total Federal Government	<u>\$ 320,574</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 390,282	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other</u>					
Other	258,909	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 649,191</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 10,374,608</u>	<u>\$ 908,196</u>	<u>\$ 41,094</u>	<u>\$ 1,063,778</u>	<u>\$ 2,968,188</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>		<u>Total</u>
	<u>General</u>	<u>Rural</u>	<u>General</u>	<u>Capital</u>	
	<u>Debt</u>	<u>Debt</u>	<u>Capital</u>	<u>Projects</u>	
	<u>Service</u>	<u>Service</u>			
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 866,789	\$ 0	\$ 0	\$ 0	\$ 5,927,964
Trustee's Collections - Prior Year	23,654	0	0	0	161,503
Circuit Clerk/Clerk and Master Collections - Prior Years	7,133	0	0	0	48,780
Interest and Penalty	4,820	0	0	0	32,829
Payments in-Lieu-of Taxes - T.V.A.	1,240	0	0	0	8,479
Payments in-Lieu-of Taxes - Local Utilities	13,877	0	0	0	94,905
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	175,653
Hotel/Motel Tax	0	0	0	0	107,012
Wheel Tax	992,904	0	0	0	992,904
Litigation Tax - General	0	0	0	0	201,772
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	73,021
Business Tax	0	0	0	0	318,301
Mixed Drink Tax	0	0	0	0	232
<u>Statutory Local Taxes</u>					
Bank Excise Tax	4,854	0	0	0	33,195
Wholesale Beer Tax	0	0	0	0	93,871
Total Local Taxes	\$ 1,915,271	\$ 0	\$ 0	\$ 0	\$ 8,270,421
<u>Licenses and Permits</u>					
<u>Permits</u>					
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,235
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,235

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital</u>	<u>Total</u>
	<u>General</u>	<u>Rural</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>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	\$ 37,164
Officers Costs	0	0	0	1,615
Drug Control Fines	0	0	0	14,985
DUI Treatment Fines	0	0	0	1,184
Data Entry Fee - Circuit Court	0	0	0	27,335
<u>General Sessions Court</u>				
Fines	0	0	0	72,652
Officers Costs	0	0	0	58,520
Game and Fish Fines	0	0	0	476
Drug Control Fines	0	0	0	5,723
Drug Court Fees	0	0	0	5,164
Jail Fees	0	0	0	54,478
DUI Treatment Fines	0	0	0	11,210
<u>Juvenile Court</u>				
Fines	0	0	0	1,898
<u>Chancery Court</u>				
Officers Costs	0	0	0	559
Data Entry Fee - Chancery Court	0	0	0	2,524
<u>Judicial District Drug Program</u>				
Drug Task Force Forfeitures and Seizures	0	0	0	29,003
Courtroom Security Fee	0	0	0	320,342
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 644,832

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital</u>	<u>Total</u>				
	<u>General</u>	<u>Rural</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>Charges for Current Services</u>								
<u>General Service Charges</u>								
Surcharge - Waste Tire Disposal	\$	0	\$	0	\$	25,461		
<u>Fees</u>								
Copy Fees		0		0		46		
Telephone Commissions		0		0		100,661		
Vending Machine Collections		0		0		1,386		
Constitutional Officers' Fees and Commissions		0		0		1,063,778		
Data Processing Fee - Register		0		0		8,212		
Data Processing Fee - Sheriff		0		0		12,530		
Sexual Offender Registration Fee - Sheriff		0		0		7,100		
Data Processing Fee - County Clerk		0		0		6,821		
Vehicle Insurance Coverage and Reinstatement Fees		0		0		390		
Total Charges for Current Services	\$	0	\$	0	\$	1,226,385		
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$	60,590	\$	15,496	\$	5,885	\$	159,674
Lease/Rentals		0		0		0		36,742
Sale of Materials and Supplies		0		0		0		20,059
Commissary Sales		0		0		0		149,500
Sale of Recycled Materials		0		0		0		291,382
Miscellaneous Refunds		0		0		0		71,143
<u>Nonrecurring Items</u>								
Sale of Equipment		0		0		0		29,248
Damages Recovered from Individuals		0		0		0		7,687

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital</u>	<u>Total</u>
	<u>General</u>	<u>Rural</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>Other Local Revenues (Cont.)</u>				
<u>Other Local Revenues</u>				
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 572
Total Other Local Revenues	\$ 60,590	\$ 15,496	\$ 5,885	\$ 766,007
<u>Fees Received From County Officials</u>				
<u>Excess Fees</u>				
Circuit Court Clerk	\$ 0	\$ 0	\$ 0	\$ 231,892
Trustee	0	0	0	108,252
<u>Fees In-Lieu-of Salary</u>				
Clerk and Master	0	0	0	82,836
Register	0	0	0	94,305
Sheriff	0	0	0	43,939
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 561,224
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 13,500
<u>Public Works Grants</u>				
State Aid Program	0	0	0	249,182
Litter Program	0	0	0	41,440
<u>Other State Revenues</u>				
Income Tax	0	0	0	40,231
Beer Tax	0	0	0	17,959
Vehicle Certificate of Title Fees	0	0	0	4,556
Alcoholic Beverage Tax	0	0	0	76,034
State Revenue Sharing - Telecommunications	0	0	0	30,702

(Continued)

Exhibit J-5

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

	<u>Debt Service Funds</u>		<u>Capital</u>	<u>Total</u>
	<u>General</u>	<u>Rural</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>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Contracted Prisoner Boarding	\$ 0	\$ 0	\$ 0	\$ 1,555,529
Gasoline and Motor Fuel Tax	0	0	0	2,407,526
Petroleum Special Tax	0	0	0	19,368
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	417,962
Other State Revenues	0	0	0	24,084
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 4,913,237
<u>Federal Government</u>				
<u>Federal Through State</u>				
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 30,000
Other Federal through State	0	0	0	290,574
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 320,574
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 108,815	\$ 406,510	\$ 0	\$ 905,607
<u>Other</u>				
Other	0	0	0	258,909
Total Other Governments and Citizens Groups	\$ 108,815	\$ 406,510	\$ 0	\$ 1,164,516
Total	\$ 2,084,676	\$ 422,006	\$ 5,885	\$ 17,868,431

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transpor - tation	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,243,861	\$ 0	\$ 0	\$ 979,450	\$ 3,223,311
Trustee's Collections - Prior Year	60,802	0	0	26,673	87,475
Circuit Clerk/Clerk and Master Collections - Prior Years	18,460	0	0	8,060	26,520
Interest and Penalty	12,410	0	0	5,366	17,776
Payments in-Lieu-of Taxes - T.V.A.	3,576	0	0	1,401	4,977
Payments in-Lieu-of Taxes - Local Utilities	35,914	0	0	15,681	51,595
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,610,556	0	0	0	3,610,556
Mixed Drink Tax	194	0	0	0	194
<u>Statutory Local Taxes</u>					
Bank Excise Tax	12,558	0	0	5,485	18,043
Total Local Taxes	\$ 5,998,331	\$ 0	\$ 0	\$ 1,042,116	\$ 7,040,447
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,600	\$ 0	\$ 0	\$ 0	\$ 1,600
<u>Permits</u>					
Other Permits	204	0	0	0	204
Total Licenses and Permits	\$ 1,804	\$ 0	\$ 0	\$ 0	\$ 1,804
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 14,800	\$ 0	\$ 0	\$ 0	\$ 14,800
Contract for Instructional Services with Other LEA's	248,000	0	0	0	248,000

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transpor - tation	
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Receipts from Individual Schools	\$ 0	\$ 0	\$ 481,169	\$ 0	\$ 481,169
Total Charges for Current Services	\$ 262,800	\$ 0	\$ 481,169	\$ 0	\$ 743,969
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,675	\$ 0	\$ 10,988	\$ 0	\$ 13,663
Miscellaneous Refunds	72,243	0	954	2,327	75,524
<u>Nonrecurring Items</u>					
Sale of Equipment	39,122	0	0	0	39,122
Contributions and Gifts	12,920	0	0	0	12,920
<u>Other Local Revenues</u>					
Other Local Revenues	8,648	0	0	0	8,648
Total Other Local Revenues	\$ 135,608	\$ 0	\$ 11,942	\$ 2,327	\$ 149,877
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 65,240	\$ 0	\$ 0	\$ 0	\$ 65,240
<u>State Education Funds</u>					
Basic Education Program	22,493,185	0	0	0	22,493,185
Early Childhood Education	511,043	0	0	0	511,043
School Food Service	19,898	0	0	0	19,898
Driver Education	21,775	0	0	0	21,775
Other State Education Funds	245,127	0	0	0	245,127

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transpor - tation	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Coordinated School Health	\$ 108,037	\$ 0	\$ 0	\$ 0	\$ 108,037
Career Ladder Program	120,263	0	0	0	120,263
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	893,489	0	0	0	893,489
Total State of Tennessee	\$ 24,478,057	\$ 0	\$ 0	\$ 0	\$ 24,478,057
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,068,604	\$ 0	\$ 1,068,604
USDA - Commodities	0	0	170,396	0	170,396
Breakfast	0	0	489,895	0	489,895
USDA - Other	0	0	38,643	0	38,643
Adult Education State Grant Program	853,042	0	0	0	853,042
Vocational Education - Basic Grants to States	0	84,947	0	0	84,947
Title I Grants to Local Education Agencies	0	802,222	0	0	802,222
Special Education - Grants to States	4,102	781,292	0	0	785,394
Special Education Preschool Grants	0	24,480	0	0	24,480
English Language Acquisition Grants	0	639	0	0	639
Rural Education	0	47,424	0	0	47,424
Eisenhower Professional Development State Grants	0	107,675	0	0	107,675
Other Federal through State	43,240	236,542	0	0	279,782
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	55,948	0	0	0	55,948
Total Federal Government	\$ 956,332	\$ 2,085,221	\$ 1,767,538	\$ 0	\$ 4,809,091

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transpor - tation	
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 7,500	\$ 0	\$ 0	\$ 0	\$ 7,500
Total Other Governments and Citizens Groups	\$ 7,500	\$ 0	\$ 0	\$ 0	\$ 7,500
Total	\$ 31,840,432	\$ 2,085,221	\$ 2,260,649	\$ 1,044,443	\$ 37,230,745

Exhibit J-7

Henderson 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	\$	83,500	
Social Security		4,725	
Medical Insurance		4,006	
Employer Medicare		1,053	
Audit Services		11,492	
Travel		1,788	
Total County Commission			\$ 106,564

Board of Equalization

Board and Committee Members Fees	\$	1,450	
Total Board of Equalization			1,450

County Mayor/Executive

County Official/Administrative Officer	\$	95,181	
Secretary(ies)		27,027	
Social Security		7,058	
Pensions		8,753	
Medical Insurance		10,321	
Unemployment Compensation		141	
Employer Medicare		1,651	
Communication		273	
Dues and Memberships		1,700	
Legal Notices, Recording, and Court Costs		24	
Postal Charges		589	
Travel		2,362	
Office Supplies		2,365	
Premiums on Corporate Surety Bonds		50	
Other Charges		2,079	
Total County Mayor/Executive			159,574

County Attorney

Social Security	\$	266	
Medical Insurance		3,948	
Unemployment Compensation		76	
Employer Medicare		62	
Legal Services		7,333	
Total County Attorney			11,685

Election Commission

County Official/Administrative Officer	\$	68,462	
Clerical Personnel		29,413	
Part-time Personnel		11,489	
Election Commission		4,215	
Election Workers		15,980	
In-service Training		5,270	
Social Security		6,132	
Pensions		6,625	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Medical Insurance	\$	7,896	
Unemployment Compensation		207	
Employer Medicare		1,435	
Communication		5,348	
Data Processing Services		3,045	
Dues and Memberships		350	
Legal Notices, Recording, and Court Costs		1,575	
Maintenance Agreements		797	
Postal Charges		1,376	
Printing, Stationery, and Forms		2,152	
Other Contracted Services		13,970	
Office Supplies		2,602	
Other Supplies and Materials		64	
Total Election Commission			\$ 188,403

Register of Deeds

County Official/Administrative Officer	\$	77,569	
Secretary(ies)		38,333	
Social Security		7,186	
Pensions		7,523	
Unemployment Compensation		70	
Employer Medicare		1,681	
Data Processing Services		6,336	
Dues and Memberships		722	
Postal Charges		70	
Office Supplies		2,810	
Total Register of Deeds			142,300

County Buildings

Supervisor/Director	\$	14,962	
Custodial Personnel		76,014	
Social Security		5,315	
Pensions		2,816	
Medical Insurance		17,700	
Unemployment Compensation		170	
Employer Medicare		1,236	
Communication		52,601	
Contributions		101,050	
Licenses		175	
Maintenance Agreements		87,509	
Maintenance and Repair Services - Buildings		178,935	
Maintenance and Repair Services - Equipment		1,892	
Maintenance and Repair Services - Vehicles		1,799	
Pest Control		8,485	
Postal Charges		11,081	
Custodial Supplies		385	
Gasoline		2,593	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Utilities	\$ 346,344	
Other Charges	12,001	
Total County Buildings	\$ 923,063	

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$ 76,068	
Accountants/Bookkeepers	195,521	
Social Security	15,422	
Pensions	8,481	
Medical Insurance	14,405	
Unemployment Compensation	496	
Employer Medicare	3,607	
Communication	137	
Data Processing Services	24,041	
Postal Charges	264	
Printing, Stationery, and Forms	3,333	
Travel	938	
Office Supplies	3,166	
Premiums on Corporate Surety Bonds	700	
Other Charges	2,343	
Office Equipment	2,374	
Total Accounting and Budgeting	351,296	

Property Assessor's Office

County Official/Administrative Officer	\$ 76,069	
Clerical Personnel	111,297	
Part-time Personnel	1,400	
Social Security	11,060	
Pensions	9,903	
Medical Insurance	13,901	
Unemployment Compensation	342	
Employer Medicare	2,586	
Contracts with Private Agencies	3,579	
Data Processing Services	11,776	
Dues and Memberships	1,700	
Maintenance Agreements	108	
Maintenance and Repair Services - Vehicles	305	
Travel	809	
Other Contracted Services	240	
Gasoline	1,679	
Office Supplies	1,531	
Office Equipment	550	
Total Property Assessor's Office	248,835	

County Trustee's Office

Data Processing Services	\$ 14,317	
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(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Dues and Memberships	\$	612	
Legal Notices, Recording, and Court Costs		151	
Maintenance Agreements		3,800	
Postal Charges		1,357	
Other Contracted Services		7,963	
Office Supplies		2,189	
Office Equipment		10,142	
Total County Trustee's Office			\$ 40,531

County Clerk's Office

Data Processing Services	\$	24,648	
Dues and Memberships		707	
Legal Notices, Recording, and Court Costs		57	
Postal Charges		9,761	
Office Supplies		2,478	
Total County Clerk's Office			37,651

Administration of Justice

Circuit Court

Jury and Witness Expense	\$	10,680	
Communication		1,417	
Dues and Memberships		707	
Legal Notices, Recording, and Court Costs		36	
Maintenance Agreements		10,799	
Office Supplies		9,680	
Total Circuit Court			33,319

General Sessions Court

Judge(s)	\$	126,841	
Secretary(ies)		45,175	
Social Security		9,969	
Pensions		12,035	
Medical Insurance		4,479	
Unemployment Compensation		70	
Employer Medicare		2,331	
Contracts with Private Agencies		46,680	
Other Contracted Services		15,528	
Office Supplies		603	
Total General Sessions Court			263,711

Drug Court

Drugs and Medical Supplies	\$	5,377	
Total Drug Court			5,377

Chancery Court

County Official/Administrative Officer	\$	85,176	
Clerical Personnel		70,828	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Social Security	\$	9,193	
Pensions		9,228	
Medical Insurance		9,354	
Unemployment Compensation		140	
Employer Medicare		2,150	
Data Processing Services		8,910	
Dues and Memberships		807	
Legal Notices, Recording, and Court Costs		10,333	
Office Supplies		2,422	
Office Equipment		805	
Total Chancery Court			\$ 209,346

Juvenile Court

Guidance Personnel	\$	43,816	
In-service Training		438	
Social Security		2,220	
Pensions		1,376	
Medical Insurance		4,302	
Unemployment Compensation		70	
Employer Medicare		519	
Contracts with Other Public Agencies		7,875	
Travel		578	
Office Supplies		421	
Total Juvenile Court			61,615

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	92,044	
Deputy(ies)		1,415,968	
Salary Supplements		12,600	
Clerical Personnel		46,416	
Overtime Pay		26,776	
In-service Training		15,183	
Social Security		94,445	
Pensions		54,181	
Medical Insurance		114,135	
Unemployment Compensation		2,817	
Employer Medicare		22,088	
Communication		49,365	
Dues and Memberships		2,000	
Evaluation and Testing		4,185	
Maintenance Agreements		15,146	
Maintenance and Repair Services - Equipment		13,542	
Maintenance and Repair Services - Vehicles		55,189	
Postal Charges		3,154	
Travel		528	
Other Contracted Services		6,750	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Gasoline	\$	87,272	
Office Supplies		6,463	
Tires and Tubes		10,056	
Uniforms		11,676	
Other Charges		6,769	
Motor Vehicles		105,062	
Office Equipment		9,486	
Other Equipment		20,866	
Total Sheriff's Department			\$ 2,304,162

Administration of the Sexual Offender Registry

Office Supplies	\$	261	
Other Charges		970	
Total Administration of the Sexual Offender Registry			1,231

Workhouse

Guards	\$	1,010,275	
Clerical Personnel		37,827	
Custodial Personnel		49,529	
Overtime Pay		14,781	
Other Salaries and Wages		49,074	
In-service Training		1,913	
Social Security		68,501	
Pensions		36,466	
Medical Insurance		98,052	
Unemployment Compensation		2,976	
Employer Medicare		16,020	
Evaluation and Testing		1,815	
Medical and Dental Services		346,599	
Custodial Supplies		25,498	
Food Supplies		291,760	
Office Supplies		1,093	
Uniforms		3,234	
Other Charges		8,011	
Total Workhouse			2,063,424

Fire Prevention and Control

County Official/Administrative Officer	\$	61,977	
Assistant(s)		39,880	
Part-time Personnel		18,312	
In-service Training		1,287	
Social Security		7,097	
Pensions		3,219	
Medical Insurance		8,604	
Unemployment Compensation		301	
Employer Medicare		1,660	
Communication		2,067	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Dues and Memberships	\$	150	
Maintenance and Repair Services - Buildings		596	
Maintenance and Repair Services - Equipment		11,648	
Maintenance and Repair Services - Vehicles		27,831	
Travel		828	
Gasoline		10,354	
Instructional Supplies and Materials		294	
Office Supplies		1,409	
Uniforms		713	
Other Supplies and Materials		1,097	
Trustee's Commission		558	
Motor Vehicles		29,796	
Other Equipment		319,881	
Total Fire Prevention and Control			\$ 549,559

Civil Defense

Other Salaries and Wages	\$	89,842	
In-service Training		365	
Social Security		5,207	
Pensions		2,610	
Medical Insurance		5,721	
Unemployment Compensation		206	
Employer Medicare		1,218	
Communication		7,318	
Contracts with Private Agencies		8,843	
Maintenance Agreements		480	
Maintenance and Repair Services - Buildings		268	
Maintenance and Repair Services - Vehicles		615	
Travel		1,299	
Other Contracted Services		54	
Gasoline		2,108	
Office Supplies		1,251	
Office Equipment		614	
Total Civil Defense			128,019

Rescue Squad

Contributions	\$	20,965	
Total Rescue Squad			20,965

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	42,915	
Total County Coroner/Medical Examiner			42,915

Other Public Safety

County Official/Administrative Officer	\$	46,101	
Dispatchers/Radio Operators		373,994	
Clerical Personnel		40,962	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Part-time Personnel	\$	17,358	
Overtime Pay		1,436	
In-service Training		498	
Social Security		29,133	
Pensions		14,516	
Medical Insurance		96,697	
Unemployment Compensation		998	
Employer Medicare		6,813	
Maintenance and Repair Services - Equipment		2,988	
Other Equipment		12,524	
		<hr/>	
Total Other Public Safety	\$		644,018

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	5,400	
Other Salaries and Wages		21,254	
Social Security		1,263	
Pensions		657	
Medical Insurance		1,988	
Unemployment Compensation		176	
Employer Medicare		295	
Communication		6,558	
Maintenance and Repair Services - Equipment		240	
Postal Charges		194	
Travel		592	
Custodial Supplies		182	
Drugs and Medical Supplies		956	
Office Supplies		822	
Other Charges		29	
Office Equipment		390	
		<hr/>	
Total Local Health Center			40,996

Other Local Health Services

Contributions	\$	3,000	
		<hr/>	
Total Other Local Health Services			3,000

Appropriation to State

Contracts with Government Agencies	\$	11,420	
		<hr/>	
Total Appropriation to State			11,420

Waste Pickup

Supervisor/Director	\$	25,154	
Part-time Personnel		6,250	
Social Security		2,000	
Pensions		1,025	
Unemployment Compensation		80	
Employer Medicare		475	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Advertising	\$	90	
Maintenance and Repair Services - Vehicles		754	
Gasoline		2,612	
Instructional Supplies and Materials		12,158	
Other Supplies and Materials		661	
Other Charges		1,461	
Total Waste Pickup			\$ 52,720

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$	5,807	
Total Adult Activities			5,807

Senior Citizens Assistance

Contributions	\$	14,500	
Total Senior Citizens Assistance			14,500

Libraries

Contributions	\$	48,274	
Total Libraries			48,274

Other Social, Cultural, and Recreational

Contributions	\$	12,755	
Total Other Social, Cultural, and Recreational			12,755

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	19,795	
Supervisor/Director		22,659	
Other Salaries and Wages		132	
Social Security		3,380	
Pensions		6,791	
Medical Insurance		6,709	
Unemployment Compensation		6	
Communication		4,949	
Maintenance Agreements		735	
Postal Charges		194	
Travel		300	
Office Supplies		865	
Workers' Compensation Insurance		53	
Total Agricultural Extension Service			66,568

Soil Conservation

Secretary(ies)	\$	12,823	
Social Security		795	
Pensions		332	
Unemployment Compensation		104	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Employer Medicare	\$	274	
Office Supplies		60	
Total Soil Conservation			\$ 14,388

Flood Control

Other Contracted Services	\$	27,036	
Total Flood Control			27,036

Other Operations

Tourism

Communication	\$	150	
Contributions		1,750	
Other Charges		8,108	
Total Tourism			10,008

Industrial Development

Contributions	\$	21,500	
Other Charges		534,714	
Total Industrial Development			556,214

Veterans' Services

Supervisor/Director	\$	35,973	
Secretary(ies)		14,076	
Social Security		3,042	
Pensions		1,082	
Medical Insurance		708	
Unemployment Compensation		220	
Employer Medicare		711	
Travel		2,328	
Office Supplies		906	
Other Charges		615	
Total Veterans' Services			59,661

Other Charges

Building and Contents Insurance	\$	113,146	
Liability Insurance		126,956	
Vehicle and Equipment Insurance		87,777	
Workers' Compensation Insurance		94,757	
Total Other Charges			422,636

Miscellaneous

Dues and Memberships	\$	7,391	
Legal Notices, Recording, and Court Costs		74	
Office Supplies		2,097	
Premiums on Corporate Surety Bonds		13,684	
Trustee's Commission		110,852	
Other Charges		880	
Airport Improvement		51,645	
Total Miscellaneous			186,623

Total General Fund \$ 10,071,619

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$	96,422	
Part-time Personnel		175,203	
Overtime Pay		4,742	
Social Security		16,805	
Pensions		4,031	
Medical Insurance		8,389	
Unemployment Compensation		1,184	
Employer Medicare		3,930	
Communication		3,140	
Contracts with Private Agencies		361,691	
Dues and Memberships		100	
Maintenance Agreements		456	
Maintenance and Repair Services - Buildings		5,383	
Maintenance and Repair Services - Equipment		23,378	
Maintenance and Repair Services - Vehicles		5,537	
Pest Control		1,290	
Travel		258	
Custodial Supplies		2,648	
Gasoline		8,896	
Office Supplies		1,646	
Tires and Tubes		1,965	
Utilities		21,104	
Trustee's Commission		10,348	
Landfill Closure/Postclosure Care Costs		2,500	
Other Charges		20,899	
Other Equipment		40,479	
Total Sanitation Education/Information			\$ 822,424

Total Solid Waste/Sanitation Fund \$ 822,424

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	3,000	
Towing Services		812	
Trustee's Commission		109	
Motor Vehicles		14,200	
Total Drug Enforcement			\$ 18,121

Total Drug Control Fund 18,121

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	276,687	
Total County Trustee's Office			\$ 276,687

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 303,928	
Total County Clerk's Office		\$ 303,928

Administration of Justice

Circuit Court Clerk

Constitutional Officers' Operating Expenses	\$ 465,951	
Total Circuit Court Clerk		<u>465,951</u>

Total Constitutional Officers - Fees Fund \$ 1,046,566

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 92,044	
Secretary(ies)	59,495	
Overtime Pay	779	
Social Security	10,553	
Pensions	9,374	
Medical Insurance	38,248	
Unemployment Compensation	420	
Employer Medicare	869	
Dues and Memberships	3,396	
Maintenance and Repair Services - Office Equipment	127	
Office Supplies	4,049	
Other Charges	464	
Total Administration		\$ 219,818

Highway and Bridge Maintenance

Equipment Operators	\$ 187,920	
Truck Drivers	238,478	
Laborers	124,302	
Overtime Pay	11,556	
Social Security	34,505	
Pensions	17,646	
Medical Insurance	84,111	
Unemployment Compensation	4,903	
Employer Medicare	8,070	
Evaluation and Testing	490	
Other Contracted Services	72,847	
Asphalt - Liquid	587,978	
Crushed Stone	348,492	
Pipe	42,738	
Wood Products	5,103	
Other Supplies and Materials	7,827	
Total Highway and Bridge Maintenance		1,776,966

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Foremen	\$	2,601	
Mechanic(s)		36,802	
Overtime Pay		716	
Social Security		2,471	
Pensions		85	
Medical Insurance		6,294	
Unemployment Compensation		235	
Employer Medicare		578	
Maintenance and Repair Services - Equipment		2,910	
Diesel Fuel		104,374	
Equipment and Machinery Parts		113,161	
Gasoline		19,807	
Lubricants		11,204	
Tires and Tubes		36,819	
Other Supplies and Materials		<u>2,436</u>	
Total Operation and Maintenance of Equipment			\$ 340,493

Other Charges

Communication	\$	7,409	
Maintenance and Repair Services - Buildings		2,684	
Custodial Supplies		6,746	
Utilities		8,714	
Liability Insurance		43,490	
Trustee's Commission		29,508	
Workers' Compensation Insurance		<u>52,000</u>	
Total Other Charges			150,551

Employee Benefits

Employee and Dependent Insurance	\$	<u>23,923</u>	
Total Employee Benefits			23,923

Capital Outlay

Highway Equipment	\$	52,517	
Motor Vehicles		5,018	
State Aid Projects		<u>194,713</u>	
Total Capital Outlay			252,248

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	<u>90,407</u>	
Total Highways and Streets			90,407

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	<u>2,839</u>	
Total Highways and Streets			2,839

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Other Debt Service

Highways and Streets

Other Debt Service	\$ 1,361	
Total Highways and Streets		\$ 1,361

Total Highway/Public Works Fund \$ 2,858,606

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 1,463,800	
Total General Government		\$ 1,463,800

Education

Principal on Bonds	\$ 346,200	
Principal on Other Loans	86,064	
Total Education		432,264

Interest on Debt

General Government

Interest on Bonds	\$ 470,363	
Total General Government		470,363

Education

Interest on Bonds	\$ 74,561	
Interest on Other Loans	16,956	
Total Education		91,517

Other Debt Service

General Government

Fiscal Agent Charges	\$ 735	
Trustee's Commission	28,786	
Underwriter's Discount	11,099	
Other Debt Issuance Charges	72,810	
Total General Government		113,430

Education

Fiscal Agent Charges	\$ 1,135	
Total Education		1,135

Total General Debt Service Fund 2,572,509

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 300,000	
Total Education		\$ 300,000

(Continued)

Exhibit J-7

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

Rural Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Bonds	\$ 106,510	
Total Education		\$ 106,510

Other Debt Service

Education

Fiscal Agent Charges	\$ 1,359	
Trustee's Commission	155	
Total Education		1,514

Total Rural Debt Service Fund		\$ 408,024
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General Capital Projects Fund

Public Safety

Fire Prevention and Control

Other Equipment	\$ 1,680,003	
Total Fire Prevention and Control		\$ 1,680,003

Highways

Capital Outlay

Highway Equipment	\$ 606,106	
Total Capital Outlay		606,106

Other Debt Service

General Government

Underwriter's Discount	\$ 20,861	
Other Debt Issuance Charges	39,975	
Total General Government		60,836

Capital Projects

General Administration Projects

Contributions	\$ 4,775	
Trustee's Commission	59	
Total General Administration Projects		4,834

Total General Capital Projects Fund		2,351,779
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Total Governmental Funds - Primary Government		<u>\$ 20,149,648</u>
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Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,172,578	
Career Ladder Program	55,000	
Career Ladder Extended Contracts	25,263	
Homebound Teachers	26,276	
Clerical Personnel	434,660	
Educational Assistants	211,177	
Other Salaries and Wages	438,933	
Non-certified Substitute Teachers	224,099	
Social Security	660,551	
Pensions	1,081,794	
Medical Insurance	1,470,310	
Employer Medicare	155,668	
Tuition	53,476	
Other Contracted Services	70,207	
Instructional Supplies and Materials	210,744	
Textbooks - Bound	250,637	
Other Charges	84,695	
Total Regular Instruction Program		\$ 15,626,068

Alternative Instruction Program

Educational Assistants	\$ 30,070	
Social Security	1,864	
Pensions	547	
Employer Medicare	436	
Other Equipment	3,500	
Total Alternative Instruction Program		36,417

Special Education Program

Teachers	\$ 1,405,841	
Career Ladder Program	10,000	
Homebound Teachers	4,422	
Educational Assistants	295,486	
Speech Pathologist	163,369	
Other Salaries and Wages	19,231	
Non-certified Substitute Teachers	65,701	
Social Security	107,808	
Pensions	167,236	
Medical Insurance	209,446	
Employer Medicare	25,718	
Contracts with Private Agencies	83,618	
Maintenance and Repair Services - Equipment	1,154	
Instructional Supplies and Materials	7,049	
Other Supplies and Materials	3,039	
Special Education Equipment	15,704	
Total Special Education Program		2,584,822

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Teachers	\$	751,369	
Career Ladder Program		6,000	
Non-certified Substitute Teachers		13,770	
Social Security		42,602	
Pensions		75,898	
Medical Insurance		115,452	
Employer Medicare		9,963	
Instructional Supplies and Materials		40,153	
Other Supplies and Materials		24,742	
Vocational Instruction Equipment		24,992	
Total Career and Technical Education Program	\$		1,104,941

Adult Education Program

Teachers	\$	304,401	
Other Salaries and Wages		277,958	
Social Security		31,447	
Pensions		28,931	
Medical Insurance		56,172	
Employer Medicare		7,945	
Contracts with Private Agencies		18,830	
Travel		5,643	
Instructional Supplies and Materials		1,976	
Other Supplies and Materials		17,775	
Regular Instruction Equipment		2,154	
Total Adult Education Program			753,232

Support Services

Attendance

Supervisor/Director	\$	66,116	
Career Ladder Program		1,000	
Social Security		3,783	
Pensions		7,020	
Medical Insurance		11,224	
Employer Medicare		885	
Other Charges		144	
Total Attendance			90,172

Health Services

Supervisor/Director	\$	73,918	
Career Ladder Program		1,000	
Medical Personnel		254,014	
Social Security		18,500	
Pensions		16,746	
Medical Insurance		34,786	
Employer Medicare		4,327	
Travel		4,584	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Instructional Supplies and Materials	\$	5,552	
Other Supplies and Materials		4,599	
In Service/Staff Development		2,340	
Other Charges		1,000	
Total Health Services			\$ 421,366

Other Student Support

Career Ladder Program	\$	1,500	
Guidance Personnel		603,970	
School Resource Officer		120,000	
Other Salaries and Wages		8,532	
Social Security		35,658	
Pensions		63,541	
Medical Insurance		62,590	
Employer Medicare		8,339	
Evaluation and Testing		29,055	
Travel		5,472	
Other Charges		2,539	
Total Other Student Support			941,196

Regular Instruction Program

Supervisor/Director	\$	254,088	
Career Ladder Program		6,500	
Librarians		449,609	
Social Security		40,896	
Pensions		73,662	
Medical Insurance		82,011	
Employer Medicare		9,564	
Travel		17,445	
Other Contracted Services		34,640	
Library Books/Media		37,000	
Other Supplies and Materials		147,065	
In Service/Staff Development		24,200	
Other Charges		557	
Total Regular Instruction Program			1,177,237

Alternative Instruction Program

Supervisor/Director	\$	530	
Social Security		33	
Pensions		55	
Employer Medicare		8	
Instructional Supplies and Materials		506	
Other Supplies and Materials		438	
Total Alternative Instruction Program			1,570

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	74,756	
Career Ladder Program		2,000	
Psychological Personnel		56,367	
Assessment Personnel		54,860	
Social Security		11,292	
Pensions		19,663	
Medical Insurance		9,379	
Employer Medicare		2,641	
Communication		10,437	
Travel		15,040	
Other Supplies and Materials		5,044	
In Service/Staff Development		10,801	
Other Charges		2,688	
Other Equipment		851	
Total Special Education Program			\$ 275,819

Career and Technical Education Program

Supervisor/Director	\$	75,122	
Career Ladder Program		2,000	
Social Security		4,555	
Pensions		8,067	
Medical Insurance		4,844	
Employer Medicare		1,065	
Travel		4,630	
Other Supplies and Materials		600	
Other Charges		1,910	
Total Career and Technical Education Program			102,793

Technology

Career Ladder Program	\$	1,000	
Instructional Computer Personnel		78,496	
Other Salaries and Wages		135,632	
Social Security		11,773	
Pensions		12,574	
Medical Insurance		37,966	
Employer Medicare		2,753	
Communication		359	
Data Processing Services		35,000	
Internet Connectivity		81,368	
Travel		6,206	
Instructional Supplies and Materials		285,115	
In Service/Staff Development		4,011	
Other Charges		66,128	
Regular Instruction Equipment		328,059	
Other Equipment		55,000	
Total Technology			1,141,440

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

Supervisor/Director	\$	70,000	
Social Security		4,153	
Pensions		7,322	
Medical Insurance		4,844	
Employer Medicare		971	
Communication		687	
Travel		2,201	
Other Contracted Services		19,825	
In Service/Staff Development		9,112	
Other Equipment		1,650	
Total Adult Programs			\$ 120,765

Other Programs

On-behalf Payments to OPEB	\$	65,240	
Total Other Programs			65,240

Board of Education

Board and Committee Members Fees	\$	44,400	
Social Security		2,463	
Medical Insurance		8,683	
Unemployment Compensation		6,280	
Employer Medicare		576	
Audit Services		19,500	
Dues and Memberships		13,368	
Legal Services		9,300	
Travel		2,929	
Other Contracted Services		6,000	
Trustee's Commission		130,729	
Workers' Compensation Insurance		220,961	
In Service/Staff Development		263	
Other Charges		474	
Total Board of Education			465,926

Director of Schools

County Official/Administrative Officer	\$	105,000	
Career Ladder Program		1,000	
Social Security		6,226	
Pensions		11,088	
Medical Insurance		9,446	
Employer Medicare		1,456	
Communication		26,170	
Dues and Memberships		2,512	
Postal Charges		2,666	
Travel		4,345	
Office Supplies		9,881	
Other Charges		174	
Total Director of Schools			179,964

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	655,357	
Career Ladder Program		5,000	
Assistant Principals		229,649	
Social Security		52,199	
Pensions		93,095	
Medical Insurance		78,782	
Employer Medicare		12,208	
In Service/Staff Development		4,505	
Total Office of the Principal			\$ 1,130,795

Fiscal Services

Internal Audit Personnel	\$	29,745	
Clerical Personnel		50,908	
Social Security		4,587	
Pensions		2,854	
Medical Insurance		12,155	
Employer Medicare		1,073	
Maintenance and Repair Services - Equipment		18,022	
Office Supplies		28	
Regular Instruction Equipment		30,951	
Total Fiscal Services			150,323

Operation of Plant

Custodial Personnel	\$	580,668	
Social Security		33,097	
Pensions		11,837	
Medical Insurance		36,250	
Employer Medicare		7,920	
Janitorial Services		104,508	
Maintenance and Repair Services - Buildings		175	
Disposal Fees		29,020	
Other Contracted Services		20,407	
Custodial Supplies		107,000	
Utilities		970,964	
Building and Contents Insurance		285,492	
Other Charges		200	
Total Operation of Plant			2,187,538

Maintenance of Plant

Supervisor/Director	\$	43,693	
Maintenance Personnel		135,619	
Social Security		10,085	
Pensions		5,630	
Medical Insurance		24,823	
Employer Medicare		2,359	
Maintenance and Repair Services - Buildings		215,125	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Maintenance and Repair Services - Equipment	\$	8,874	
Maintenance and Repair Services - Vehicles		9,310	
Pest Control		17,985	
Other Contracted Services		6,392	
Gasoline		15,876	
Utilities		935	
Other Supplies and Materials		5,000	
Other Charges		3,048	
Maintenance Equipment		43	
Total Maintenance of Plant			\$ 504,797

Transportation

Bus Drivers	\$	40,933	
Social Security		2,538	
Pensions		1	
Employer Medicare		594	
Contracts with Vehicle Owners		2,019	
Contributions		342	
Maintenance and Repair Services - Vehicles		4,081	
Diesel Fuel		3,905	
Gasoline		23,823	
Other Charges		980	
Total Transportation			79,216

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	36,227	
Clerical Personnel		26,000	
Social Security		2,246	
Pensions		1,138	
Employer Medicare		525	
Dues and Memberships		1,775	
Travel		6,351	
Other Supplies and Materials		169	
Food Service Equipment		9,143	
Total Food Service			83,574

Community Services

Supervisor/Director	\$	12,052	
Teachers		24,052	
Educational Assistants		10,394	
Social Security		2,883	
Pensions		3,722	
Employer Medicare		674	
Instructional Supplies and Materials		614	
Other Supplies and Materials		609	
In Service/Staff Development		1,025	
Total Community Services			56,025

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$	255,517	
Educational Assistants		84,348	
Social Security		19,540	
Pensions		28,145	
Medical Insurance		38,772	
Employer Medicare		4,570	
Communication		2,980	
Travel		17,277	
Food Supplies		5,117	
Instructional Supplies and Materials		3,850	
Other Supplies and Materials		41,373	
Other Equipment		9,553	
Total Early Childhood Education			\$ 511,042

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	311,474	
Site Development		157,273	
Other Capital Outlay		14,337	
Total Regular Capital Outlay			483,084

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	510,550	
Total Education			510,550

Total General Purpose School Fund \$ 30,785,912

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	79,461	
Educational Assistants		381,893	
Other Salaries and Wages		109,969	
Social Security		33,192	
Pensions		26,238	
Medical Insurance		48,890	
Employer Medicare		7,762	
Instructional Supplies and Materials		42,112	
Other Supplies and Materials		60,388	
Other Charges		1,647	
Total Regular Instruction Program			\$ 791,552

Special Education Program

Teachers	\$	46,444	
Educational Assistants		428,961	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	26,788	
Pensions		19,931	
Medical Insurance		68,826	
Employer Medicare		6,265	
Other Supplies and Materials		43	
Special Education Equipment		3,310	
Total Special Education Program			\$ 600,568

Career and Technical Education Program

Instructional Supplies and Materials	\$	5,000	
Other Supplies and Materials		16,484	
Other Charges		1,500	
Vocational Instruction Equipment		52,057	
Total Career and Technical Education Program			75,041

Support Services

Other Student Support

Other Salaries and Wages	\$	2,026	
Social Security		110	
Pensions		177	
Employer Medicare		26	
Evaluation and Testing		12,783	
Travel		14,151	
Other Contracted Services		18,120	
Other Supplies and Materials		67,312	
In Service/Staff Development		4,794	
Other Charges		8,886	
Total Other Student Support			128,385

Regular Instruction Program

Supervisor/Director	\$	74,174	
Secretary(ies)		3,360	
Other Salaries and Wages		118,118	
Social Security		11,715	
Pensions		20,114	
Medical Insurance		4,844	
Employer Medicare		2,740	
Travel		1,216	
Other Supplies and Materials		13,205	
In Service/Staff Development		32,084	
Total Regular Instruction Program			281,570

Special Education Program

Secretary(ies)	\$	24,659	
Clerical Personnel		19,160	
Social Security		2,558	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Pensions	\$	1,376	
Medical Insurance		4,382	
Employer Medicare		598	
Travel		1,043	
In Service/Staff Development		1,595	
Total Special Education Program			\$ 55,371

Technology

In Service/Staff Development	\$	189	
Total Technology			189

Board of Education

Criminal Investigation of Applicants - TBI	\$	246	
Total Board of Education			246

Transportation

Bus Drivers	\$	127,493	
Social Security		7,445	
Pensions		1,350	
Medical Insurance		10,775	
Employer Medicare		1,741	
Maintenance and Repair Services - Vehicles		1,154	
Diesel Fuel		1,595	
Total Transportation			151,553

Operation of Non-Instructional Services

Food Service

Food Supplies	\$	1,632	
Total Food Service			1,632

Total School Federal Projects Fund \$ 2,086,107

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	766,896	
Social Security		44,387	
Pensions		21,095	
Medical Insurance		84,866	
Employer Medicare		10,381	
Communication		4,108	
Travel		468	
Food Supplies		906,823	
Uniforms		4,507	
USDA - Commodities		170,396	
Other Supplies and Materials		134,196	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Service Equipment	\$ 516	
Other Equipment	29,868	
Total Food Service		<u>\$ 2,178,507</u>

Total Central Cafeteria Fund \$ 2,178,507

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$ 20,562	
Total Board of Education		\$ 20,562

Transportation

Supervisor/Director	\$ 20,000	
Bus Drivers	90,785	
Social Security	6,869	
Pensions	628	
Employer Medicare	1,606	
Contracts with Vehicle Owners	771,997	
Maintenance and Repair Services - Vehicles	81,551	
Other Contracted Services	11,526	
Diesel Fuel	170,392	
Gasoline	48	
Other Charges	13,301	
Transportation Equipment	2,689	
Total Transportation		<u>1,171,392</u>

Total School Transportation Fund 1,191,954

Total Governmental Funds - Henderson County School Department \$ 36,242,480

Exhibit J-9

Henderson 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 - Lexington Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 446,463	\$ 446,463
Trustee's Collections - Prior Year	0	11,826	11,826
Circuit/Clerk and Master Collections - Prior Years	3,540,187	3,445	3,543,632
Interest and Penalty	0	2,486	2,486
Payments in-Lieu-of Taxes - Local Utilities	0	7,158	7,158
Local Option Sales Tax	0	711,054	711,054
Mixed Drink Tax	0	43	43
Bank Excise Tax	0	2,507	2,507
Marriage Licenses	0	318	318
Total Cash Receipts	<u>\$ 3,540,187</u>	<u>\$ 1,185,300</u>	<u>\$ 4,725,487</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,504,785	\$ 1,166,867	\$ 4,671,652
Trustee's Commission	35,402	16,524	51,926
Total Cash Disbursements	<u>\$ 3,540,187</u>	<u>\$ 1,183,391</u>	<u>\$ 4,723,578</u>
Excess of Cash Receipts			
Over (Under) Cash Disbursements	\$ 0	\$ 1,909	\$ 1,909
Cash Balance, July 1, 2018	0	64,835	64,835
Cash Balance, June 30, 2019	<u>\$ 0</u>	<u>\$ 66,744</u>	<u>\$ 66,744</u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

Henderson County Mayor and
Board of County Commissioners
Henderson 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 Henderson County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Henderson County's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 25, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a material weakness: 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henderson 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2019-002.

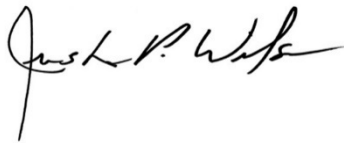
Henderson County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 25, 2019

JPW/yu



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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Henderson 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 Henderson County's major federal programs for the year ended June 30, 2019. Henderson 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 Henderson 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 Henderson 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 Henderson County's compliance.

Opinion on Each Major Federal Program

In our opinion, Henderson 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 Henderson 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 Henderson 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 Henderson 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.

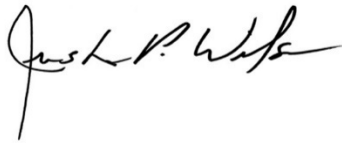
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 Henderson County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Henderson County's basic financial statements. We issued our report thereon dated October 25, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 25, 2019

JPW/yu

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (3)			
School Breakfast Program	10.553	N/A	\$ 489,895
National School Lunch Program	10.555	N/A	1,068,604 (5)
Summer Food Service Program for Children	10.559	N/A	38,643
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	170,396 (5)
Cooperative Forestry Assistance	10.664	(4)	3,000
Total U.S. Department of Agriculture			<u>\$ 1,770,538</u>
U.S. Department of Housing and Urban Development:			
Passed through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(4)	\$ 278,374
Total U.S. Department of Housing and Urban Development			<u>\$ 278,374</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention	16.540	(4)	\$ 14,000
Total U.S. Department of Justice			<u>\$ 14,000</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(4)	\$ 803,535
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	802,222
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	786,518
Special Education - Preschool Grants	84.173	N/A	24,480
Career and Technical Education - Basic Grants to States	84.048	N/A	84,947
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	167,809
Rural Education	84.358	N/A	50,116
English Language Acquisition State Grants	84.365	N/A	639
Supporting Effective Instruction State Grant	84.367	N/A	107,674
Student Support and Academic Enrichment Program	84.424		56,599.00
Total U.S. Department of Education			<u>\$ 2,884,539</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	N/A	\$ 52,443
Total U.S. Department of Health and Human Services			<u>\$ 52,443</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-07119	\$ 30,000
Total U.S. Department of Homeland Security			<u>\$ 30,000</u>
Total Expenditures of Federal Awards			<u>\$ 5,029,894</u>

(Continued)

Henderson County, Tennessee, and the Henderson 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	Contract Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(4)	\$ 41,440
Coordinated School Health - State Department of Education	N/A	(4)	108,037
Adult Education - State Department of Labor and Workforce Development	N/A	(4)	49,507
Lottery for Education: After School Programs - State Department of Education	N/A	(4)	56,025
Safe Schools - State Department of Education	N/A	(4)	45,490
School Safety Grant - State Department of Education	N/A	(4)	113,730
Early Childhood Education - State Department of Education	N/A	(4)	511,043
Read to be Ready Coaching Network Grant - State Department of Education	N/A	(4)	8,339
Fasttrack Infrastructure Development Program - State Department of Economic & Community Development	N/A	(4)	303,735
Local Health Services - State Department of Health	N/A	GG1959418	23,948
Courtroom Security Grant - Administrative Office of the Courts	N/A	(4)	30,510
Access to Health through Healthy Active Built Environments - State Department of Health	N/A	Z-19-195381	20,000
Used Oil Collection and Recycling Equipment Grant Program - State Department of Environment and Conservation	N/A	57181	<u>36,269</u>
Total State Grants			<u><u>\$ 1,348,073</u></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) Henderson County elected not to use the 10% de minimis cost rate permitted by the Uniform Guidance.
- (3) Child Nutrition Cluster total \$1,767,538; Special Education Cluster total \$810,998.
- (4) Information not available.
- (5) Total for CFDA No. 10.555 is \$1,239,000.

SCHOOL-WIDE PROGRAM

The following amounts were consolidated for School-wide purposes:

Program Title	Federal CFDA Number	Amount Provided to School-wide Program
Title I Grants to Local Educational Agencies	84.010	\$ 802,222
Special Education Cluster	84.027	810,998
Career and Technical Education - Basic Grants to States	84.048	84,947
Rural Education	84.358	50,116
Supporting Effective Instruction State Grant	84.367	107,674
Student Support and Academic Enrichment Program	84.424	<u>59,599</u>
Total amounts consolidated for School-wide Program		<u><u>\$ 1,915,556</u></u>

Henderson 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 Henderson 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
<u>OFFICE OF FINANCE DIRECTOR</u>					
2018	183	2018-001	The Office had Deficiencies in Budget Operations	N/A	Corrected
2018	184	2018-002	The School Federal Projects Fund had a Cash Overdraft of \$68,390 at June 30, 2018	N/A	Corrected
2018	185	2018-003	Competitive Bids were not Solicited for the Purchase of Patrol Cars	N/A	Corrected
2018	186	2018-004	The Office did not file a Report on Debt Obligation with the State Comptroller's Office in a Timely Manner	N/A	Corrected
<u>OFFICE OF ASSESSOR OF PROPERTY</u>					
2018	186	2018-005	An Investigation of the Assessor of Property's Office Disclosed Deficiencies Related to Property Assessments and Payroll Records	N/A	Corrected

Prior-year Federal Awards Findings

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

HENDERSON 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 Henderson County is unmodified. | |
| 2. Internal Control Over Financial Reporting: | |
| * Material weakness identified? | YES |
| * Significant deficiency identified? | NO |
| 3. Noncompliance material to the financial statements noted? | NO |

Federal Awards:

- | | |
|---|--|
| 4. Internal Control Over Major Federal Programs: | |
| * Material weakness identified? | NO |
| * Significant deficiency identified? | NONE REPORTED |
| 5. Type of report auditor issued on compliance for major programs. | UNMODIFIED |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | NO |
| 7. Identification of Major Federal Programs: | |
| * CFDA Numbers: 10.553, 10.555, and 10.559 | Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children |
| * CFDA Numbers: 84.010 | Title I Grants to Local Educational Agencies |
| 8. Dollar threshold used to distinguish between Type A and Type B Programs. | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | YES |

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF FINANCE DIRECTOR

FINDING 2019-001

THE GENERAL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2019, certain general ledger account balances in the General Fund were not materially correct, and audit adjustments totaling \$633,062 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Henderson County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Henderson County should have appropriate processes in place to ensure its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

Management acknowledges this finding. Depending on the time-frame in which revenue is anticipated and/or received determines the appropriate classification for receivables and deferred revenue. Outside influences or parties can cause small delays with our receivables. This finding pertains to one fund; however, the department manages in excess of ten funds. Management notes a significant improvement with the bookkeeping efforts in comparison to previous audits.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2019-002

DEFICIENCIES EXISTED IN THE OFFICE OF ASSESSOR OF PROPERTY

(Noncompliance Under *Government Auditing Standards*)

The following deficiencies were noted by the Division of Property Assessments during their review of the Office of Assessor of Property:

- A. The assessor did not adequately perform visual inspections required to maintain accurate property record cards. In many cases, data found on the property record cards in Henderson County, did not accurately represent what was actually on the property. Also, four of the eight newly constructed homes tested were not properly prorated on the appraisal records. In addition, Division of Property Assessment staff discovered that many newly constructed homes were not picked up on the assessment records. Section 67-5-1601, *Tennessee Code Annotated*, requires the assessor to complete an on-site review of each parcel of real property over a five-year cycle. This deficiency can be attributed to the failure of management to maintain an adequate system of internal controls to ensure accurate reporting of on-site reviews. This deficiency resulted in inaccurate property records and affected the assessment of some properties
- B. In seven of 14 instances examined, the assessor did not properly compute rollback calculations on properties whose acreage or usage changed. Section 67-5-1008(d)(1), *TCA*, requires the assessor to compute the amount of taxes saved by the difference in the present use and the value assessment for Greenbelt properties. This deficiency is the result of management's failure to properly comply with state statutes and will result in the loss of county tax revenue since the property no longer qualifies for Greenbelt classification.
- C. The assessor did not adequately maintain assessment maps. During the monitoring of the assessor's mapping process, numerous errors were discovered. Mapping procedures are outlined in the Division of Property Assessment's *Basic Mapping Manual*. This deficiency can be attributed to management's failure to follow proper mapping procedures and a lack of internal controls to ensure accurate assessments. These errors could result in the inaccurate assessment of properties.

RECOMMENDATION

The assessor should ensure that visual inspections are properly performed and accurately reflect the property. In addition, new construction should be properly picked up and prorated on the assessment records. Rollback calculations should be calculated for properties whose acreage or use value changes from the previous year. The rollback calculation should be sent to the trustee when property is disqualified from Greenbelt. The assessor should have an adequate system of internal controls to ensure properties are properly mapped for a fair and equitable assessment

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

We concur. See management's corrective action plan for further explanation.

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.

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

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF FINANCE DIRECTOR

2019-001	The General Fund Required Material Audit Adjustments for Proper Financial Statement Presentation	192
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OFFICE OF ASSESSOR OF PROPERTY

2019-002	Deficiencies Existed in the Office of Assessor of Property	193-194
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HENDERSON COUNTY FINANCE DEPT.

17 Monroe St, 2nd Floor, PO Box 495

Lexington, TN 38351

Phone: (731) 968-5550 | Fax: (731) 968-4475 | www.hendersoncountyttn.gov

Corrective Action Plan

FINDING: THE GENERAL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

Response and Corrective Action Plan Prepared by:

Lee Wilkinson, Finance Director

Person Responsible for Implementing the Corrective Action:

Lee Wilkinson, Finance Director

Anticipated Completion Date of Corrective Action:

During the current fiscal year (before June 30, 2020)

Repeat Finding:

No

Reason Correction Action was Not Taken in the Prior Year:

Not applicable

Planned Corrective Action:

Management will work with CTAS and/or auditors to modify our receivables spreadsheet, which is used for projecting revenues. We are also in the process of modernizing our Finance software.

SIGNATURE:

A handwritten signature in blue ink, appearing to be 'Lee Wilkinson', written over a horizontal line.



HENDERSON COUNTY PROPERTY ASSESSOR

17 Monroe Street
LEXINGTON, TENNESSEE 38351

Gary Pope, Assessor of Property

Corrective Action Plan

FINDING: DEFICIENCIES EXISTED IN THE OFFICE OF ASSESSOR OF PROPERTY

Response and Corrective Action Plan Prepared by:

Gary Pope, Property Assessor

Person Responsible for Implementing the Corrective Action:

Gary Pope, Property Assessor and staff

Anticipated Completion Date of Corrective Action:

Corrective action will be starting as of the date of this plan.

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

Not Applicable

Planned Corrective Action:

Regarding visual inspection of new construction, I will make it a priority to train my staff to go behind each house to find extra features we are missing in roadside inspections. Staff will observe the property on foot from multiple angles to make sure no hidden additions are being missed. In addition, field notes will be keyed in within two days to ensure accuracy.

To compensate for my office's inability to require permits within the county, we will acquire and review copies of permits from the electric system, septic tank permits, 911 service, and any other sources that we can locate to catch new construction as early and accurately as possible.



HENDERSON COUNTY PROPERTY ASSESSOR

17 Monroe Street
LEXINGTON, TENNESSEE 38351

Gary Pope, Assessor of Property

As an added check, my office will review our process for checking the accuracy of the field reviewers' work, creating another point where inaccuracies and errors in data entry can be caught and corrected.

With regards to rollback taxes, we will continue attempting to address issues that have been ongoing with these. Many of these issues stemmed from our rollback worker being out of the office for five weeks with a broken ankle, leading to our previous mapper taking over temporarily. Our previous mapper did not land grade correctly many times and did not let anyone else know in the office what would happen with split deeds.

With regards to mapping issues, my office has been slowly improving our maps after a period of time where our primary mapper was not up to the job. When I took over this office, my mapping employee started to become a problem for the office with work that was poor quality and inaccurate. During her employment, she resisted efforts to correct her work or to provide her with adequate training on our transition to the new software system. After attempting to work with her for almost eight years, she has been let go from this office. We now have a new mapper who I believe will be dedicated to the job and will help us improve our maps and correct the flaws introduced by our previous mapper's faulty work.

Gary L. Pope