

# OFFICIAL STATEMENT

New Issue  
Book-Entry Only

Ratings: S&P "AA" Insured  
S&P "A+" Underlying

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).*

**\$21,810,000**

**CLAIBORNE COUNTY, TENNESSEE**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020**  
**(ULT)**

Dated: Date of Delivery

Due: April 1, as shown below

Claiborne County, Tennessee (the "County") will issue its \$21,810,000 General Obligation Refunding Bonds, Series 2020 (the "Bonds") in fully registered form, without coupons, and, when issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of \$5,000 or multiples thereof through DTC Participants. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2020, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined). Purchasers will not receive physical delivery of Bonds purchased by them. See "The Bonds-Book-Entry-Only System." Principal of and interest on the Bonds are payable by the County to the corporate trust office of U.S. Bank National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent").

The Bonds are being issued to refund outstanding indebtedness of the County in order to achieve debt service savings. The Bonds are not subject to optional redemption prior to their scheduled maturity. The Bonds are payable on April 1 of each year as follows:

Maturity (April 1)	Principal	Interest Rate	Price or Yield	CUSIP Number	Maturity (April 1)	Principal	Interest Rate	Price or Yield	CUSIP Number
2021	\$520,000	5.000%	1.130%	179468RZ8	2026	\$2,375,000	5.000%	1.350%	179468SE4
2022	2,370,000	5.000	1.190	179468SA2	2027	1,990,000	5.000	1.390	179468SF1
2023	2,640,000	5.000	1.200	179468SB0	2028	2,090,000	5.000	1.450	179468SG9
2024	2,785,000	5.000	1.250	179468SC8	2029	2,195,000	5.000	1.530	179468SH7
2025	2,540,000	5.000	1.270	179468SD6	2030	2,305,000	5.000	1.630	179468SJ3

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance Policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

*The Bonds are offered when, as and if issued, subject to the approval of the legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by James D. Estep, III, Esq., counsel to the County. Stephens Inc. is serving as Municipal Advisor to the County. The Bonds, in book-entry form, are expected to be available for delivery through Depository Trust Company in New York, New York, on or about April 30, 2020.*

April 8, 2020

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the “Official Statement”) by Claiborne County, Tennessee (the “County”), is an Official Statement with respect to the Bonds described herein that is deemed final by the County as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the County or by Stephens Inc. (the “Municipal Advisor”) to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the County or the Bonds must not be relied upon as having been authorized by the County or the Municipal Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Official Statement.

**In making an investment decision investors must rely on their own examination of the County and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.**

CUSIP data herein is subject to copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of The American Bankers Association by S&P Capital IQ. This information is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the County or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the County nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “Bond Insurance” and “Appendix E - Specimen Municipal Bond Insurance Policy”.**

*The material contained herein has been obtained from sources believed to be current and reliable, but the accuracy thereof is not guaranteed. The Official Statement contains statements which are based upon estimates, forecasts, and matters of opinion, whether or not expressly so described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, Resolution, and reports contained herein are made subject to all the provisions of said documents. The Official Statement is not to be construed as a contract with the purchasers of any of the Bonds.*

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**Claiborne County, Tennessee**  
**1740 Main Street**  
**Tazewell, Tennessee 37879**

**Officials**

Joe Brooks  
County Mayor

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**Board of Commissioners**

Brent Clark  
Whit Shuford  
Charlton Vass  
Nathan Epperson  
Juanita Honeycutt  
Kimberly Large  
Otis "Mike" Campbell

Stacey Crawford  
Nicholas Epperson  
Zach Mullins  
Anthony Rowe  
Mitchell Cosby  
Rosemary Barnett  
Carolyn Brooks

Steve Mason  
James Steve Brogan  
Sherry McCreary  
Shawn Peters  
David Mundy  
Stephen Murphy  
James Hatmaker

**County Officials**

County Clerk  
Finance/Budget Director  
Trustee

Karen Hurst  
Angelia Tucker  
Alice Alexander

**Counsel for the County**  
James D. Estep, III, Esq.  
Tazewell, Tennessee

**Bond Counsel**  
Bass, Berry & Sims PLC  
Nashville, Tennessee

**Registration and Paying Agent and Refunding Escrow Agent**  
U.S. Bank National Association  
Nashville, Tennessee

**Municipal Advisor**  
Stephens Inc.  
Nashville, Tennessee

**Underwriter**  
Janney Montgomery Scott LLC  
Philadelphia, Pennsylvania

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## Summary Statement

*This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.*

<b>ISSUER</b> .....	Claiborne County, Tennessee (the "County").
<b>ISSUES</b> .....	\$21,810,000 General Obligation Refunding Bonds, Series 2020 (the "Bonds").
<b>PURPOSE</b> .....	To refund the County's outstanding General Obligation Refunding Bonds, Series 2010A, dated March 30, 2010, maturing April 1, 2021 through April 1, 2030, inclusive, and General Obligation School Bonds, Series 2010 (Federally Taxable Build America Bonds), dated May 12, 2010 maturing June 1, 2021 through June 1, 2025, inclusive, and to pay issuance costs of the Bonds.
<b>SECURITY</b> .....	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.
<b>BOND INSURANCE</b> .....	Assured Guaranty Municipal Corp. ("AGM") has issued a commitment to issue a municipal bond insurance policy (the "Policy") covering the Bonds. The policy will guarantee the payment when due of principal of and interest on the Bonds. See "Bond Insurance" and "Appendix E - Specimen Municipal Bond Insurance Policy".
<b>DATED DATE</b> .....	Settlement Date.
<b>INTEREST DUE</b> .....	Each April 1 and October 1, commencing October 1, 2020.
<b>PRINCIPAL DUE</b> .....	April 1, 2021 through April 1, 2030.
<b>SETTLEMENT DATE</b> .....	April 30, 2020.
<b>OPTIONAL REDEMPTION</b> .....	The Bonds of both series are not subject to redemption at the option of the County prior to maturity.

**RATINGS** ..... The Bonds have been assigned an insured rating of “AA” based on the issuance of the Policy by AGM and an underlying rating of “A+” by S&P Global Ratings (“S&P”) based on documents and other information provided by the County. These ratings reflect only the view of S&P, and neither the Underwriter nor the County make any representations as to the appropriateness of such ratings.

There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by S&P if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the ratings may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the ratings may be obtained from S&P.

**TAX MATTERS** ..... In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County (i) interest on the Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “Tax Matters” herein).

**REGISTRATION AND PAYING  
AGENT AND REFUNDING**

**ESCROW AGENT**..... U.S. Bank National Association, Nashville, Tennessee.

**MUNICIPAL ADVISOR**..... Stephens Inc.

**UNDERWRITER**..... Janney Montgomery Scott LLC, Philadelphia, Pennsylvania.



## **Official Statement**

**Claiborne County, Tennessee**

**\$21,810,000 General Obligation Refunding Bonds, Series 2020**

### **Introduction**

The Official Statement, including the cover page and appendices hereto, is furnished in connection with the issuance by Claiborne County, Tennessee (the "County") of \$21,810,000 General Obligation Refunding Bonds, Series 2020 (the "Bonds").

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., Tennessee Code Annotated, and pursuant to Resolution adopted by the Board of County Commissioners of the County on February 24, 2020 (the "Resolution") authorizing the execution, terms, issuance and sale of the Bonds.

This Official Statement includes descriptions of, among other matters, the Bonds, the Resolution, and the County. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Resolution are qualified in their entirety by reference to the definitive documents, including the forms of the Bonds included in the Resolution. During the period of the offering of the Bonds, copies of the Resolution and any other documents described herein or in the Resolution may be obtained from the County. After delivery of the Bonds, copies of such documents will be available for inspection at the County Mayor's office. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution.

### **The Bonds**

#### **Description**

The Bonds are being issued for the purpose of providing funds to refund the County's General Obligation Refunding Bonds, Series 2010A, dated March 30, 2010, maturing April 1, 2021 through April 1, 2030, inclusive, and General Obligation School Bonds, Series 2010 (Federally Taxable Build America Bonds), dated May 12, 2010 maturing June 1, 2021 through June 1, 2025, inclusive (collectively, the "Refunded Bonds"); and to pay costs of issuing the Bonds.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated their date of issuance. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on April 1 and October 1 of each year (herein an "Interest Payment Date"), commencing October 1, 2020\*.

The Bonds will mature on the dates and in the amounts set forth on the cover page.

## **Registration and Payment**

The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds.

U.S. Bank National Association, Nashville, Tennessee (the "Registration Agent") will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the Interest Payment Date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: The County shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolution or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

## **Book-Entry-Only System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate for each maturity of each series of Bonds will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registration Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that County believes to be reliable, but County takes no responsibility for the accuracy thereof.

**THE COUNTY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.**

## **Optional Redemption\***

The Bonds are not subject to redemption prior to maturity at the option of the County.

## **Security and Sources of Payment**

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

Under Tennessee law, the County's legislative body is authorized to levy a tax on all taxable property within the County, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Bonds are issued, reference is hereby made to the respective Resolution.

## **Bond Insurance**

### *Bond Insurance Policy*

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### *Assured Guaranty Municipal Corp.*

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the

market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

#### *Current Financial Strength Ratings*

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

#### *Capitalization of AGM*

At December 31, 2019:

- The policyholders' surplus of AGM was approximately \$2,691 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$986 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,027 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

#### *Incorporation of Certain Documents by Reference*

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the

termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

#### *Miscellaneous Matters*

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

#### **Remedies of Bondholders**

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the County, including, but not limited to, the right to require the County to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the County to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

#### **Discharge and Satisfaction of Bonds**

The Bonds may be discharged and defeased in any one or more of the following ways:

(a) By depositing sufficient funds as and when required with the Registration Agent, to pay the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the County shall also pay or cause to be paid all other sums payable under the Resolution, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Bonds shall be fully discharged and satisfied.

If the County pays and discharges the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners of such Bonds shall thereafter be entitled only to payment out of the money or Defeasance Obligations.

Defeasance Obligations are direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

### **Plan of Financing**

#### **Sources and Uses of Funds**

The following table sets forth the sources and uses of funds in connection with the issuance of the Bonds.

##### **Sources of Funds**

Par Amount	\$21,810,000.00
Reoffering Premium	4,183,288.90
Transfer from Debt Service Funds	<u>37,970.83</u>
Total Sources	\$ <u>26,031,259.73</u>

##### **Uses of Funds**

Deposit to Escrow Fund	\$25,763,578.37
Costs of Issuance <sup>(1)</sup>	265,754.62
Rounding Amount	<u>1,926.74</u>
Total Uses	<u>26,031,259.73</u>

(1) Includes all fees and expenses, including municipal bond insurance premium, underwriter's discount and expenses

#### **Plan of Refunding**

The Bonds are being issued, in part, to refund the Refunded Bonds, as described under "THE BONDS – Description" herein. The purpose of the refunding is to achieve debt service savings for the County.

Pursuant to a Refunding Escrow Agreement (the "Escrow Agreement") between the County and U.S. Bank National Association, Nashville, Tennessee (the "Escrow Agent"), a portion of the proceeds of the Bonds will be used to purchase direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to maturity (the "Escrow Investments"). The Escrow Investments will be held in a separate fund established by the Escrow Agent with the interest earned and the principal amount of the Escrow Investments being sufficient to pay principal of and interest on the Refunded Bonds to and on their



earliest possible redemption date of April 1, 2020 and June 1, 2020. The principal of and the interest on the Escrow Investments will be available only for payment of the Refunded Bonds.

The Series 2010 Refunded Bonds were issued as direct payment Build America Bonds under applicable provisions of the Internal Revenue Code. Accordingly, the County has been entitled to receive from the U.S. Treasury a subsidy equal to 35% of the interest payable on the Refunded Bonds (as adjusted for federal sequestration). For the period commencing with the issuance of the Bonds and the defeasance of the Refunded Bonds as described in the preceding paragraph, the County will no longer be entitled to receive a subsidy with respect to interest payable on the Refunded Bonds.

### **Ratings**

S&P Global Ratings (the "Rating Agency") is expected to assign their municipal bond rating of "AA" to the Bonds with the understanding that upon delivery of the Bonds, a policy guaranteeing the payment when due of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Such rating reflects only the views of such organization and explanations of the significance of such rating should be obtained from such agency. Additionally, the Rating Agency has assigned the Bonds an underlying rating of "A+". An explanation of the significance of such ratings may be obtained from the Rating Agency. These ratings are not a recommendation to buy, sell or hold the Bonds. Generally, rating agencies base their ratings on information and materials furnished to the agencies and on investigations, studies and assumptions by the agencies. There is no assurance that these ratings will be maintained for any given period of time or that these ratings will not be revised downward or withdrawn entirely by the Rating Agency if, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of these ratings may have an adverse effect on the market price of the Bonds. Neither the County nor the Underwriter has undertaken any responsibility to oppose any revision or withdrawal of these ratings.

### **Continuing Disclosure**

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to (i) provide certain financial information and operating data relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2019 (the "Annual Report"), (ii) provide notice of the occurrence of certain enumerated events and (iii) provide notice of failure to timely provide any required financial information of the County. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://www.emma.msrb.org) and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule").

In the past five years, the County has not failed to comply in any material respect with any previous undertakings with regard to the Rule.

## **Future Issues**

The County has no additional debt planned or authorized for new capital projects at this time.

## **COVID-19**

The worldwide spread of COVID-19, a respiratory disease caused by a novel strain of coronavirus, has reached several areas in Tennessee, including the County, and is considered a Public Health Emergency of International Concern by the World Health Organization. The spread of COVID-19 has led to quarantine and other “social-distancing” measures in affected regions, including the State and the County, undertaken by government agencies, businesses, schools and other entities. The State’s Governor has ordered that all non-essential business in the State remain closed through mid-April. As such, the disease has significantly limited travel and commercial markets within the State and the County.

Given the evolving nature of the spread of the disease and the behavior of governments, businesses, and individuals in response thereto, the County is unable to predict (i) the extent or duration of the COVID-19 outbreak or other epidemic or pandemic, (ii) the extent or duration of existing and additional quarantines, business-closures, travel restrictions and other measures relating to COVID-19 or other epidemic or pandemic, (iii) whether and to what extent the COVID-19 outbreak or other epidemic or pandemic may adversely affect the operations of the County, or (iv) the impact of COVID-19 on the financial condition of the County. From an operations perspective, the County is working proactively to preserve effective staffing for all essential County operations. Financially, the County expects that tax collections derived from commercial activity (such as sales taxes) will be adversely affected while business closure and other social-distancing measures remain in place.

## **Litigation**

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation with its counsel, the County believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or by sovereign immunity or will not have a material adverse effect upon the County's financial condition.

As of the date of this Official Statement, the County has no knowledge or information concerning any pending or threatened litigation contesting the authority of the County to issue, sell or deliver the Bonds. The County has no knowledge or information of any actions pending or expected that would materially affect the County's ability to pay the debt service requirements of the Bonds.

## **Approval of Legal Proceedings**

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Bass, Berry & Sims PLC, Bond Counsel. A copy of the opinion will be available upon delivery of the Bonds. (See Appendix A). Certain legal matters will be passed upon for the County by James D. Estep, III, Esq., Counsel to the County.

## Tax Matters

### Federal

**General.** Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the Issuer and assuming compliance by the Issuer with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not a preference item for a bondholder under the federal alternative minimum tax on individuals.

The Code imposes requirements on the Bonds that the Issuer must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the Issuer does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The Issuer has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also "Changes in Federal and State Tax Law" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

**Bond Premium.** If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "Bond premium" on that Bond. The tax accounting treatment of Bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with Bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with Bond premium, it should consult its tax advisor regarding the tax accounting treatment of Bond premium.

**Original Issue Discount.** A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount

**Information Reporting and Backup Withholding.** Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

## **State Taxes**

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

## **Changes in Federal and State Tax Law**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date

subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

### **Municipal Advisor**

Stephens Inc. is serving as Municipal Advisor to the County in connection with the issuance of the Bonds. Stephens Inc., in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Bonds. The information set forth herein has been obtained by the County and other sources believed to be reliable. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

### **Underwriting**

Janney Montgomery Scott LLC, Philadelphia, Pennsylvania, acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$25,853,623.03, which is par, plus \$4,183,288.90 of original issue premium, less \$139,665.87 of underwriter's discount, from which the municipal bond insurance premium was paid.

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

### **Forward Looking Statements**

The statements contained in this Official Statement, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

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**Miscellaneous**

Any statement made in this Official Statement involving matters of opinion and estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement was duly authorized by the County.

**Certificate of County Mayor**

I, Joe Brooks, do hereby certify that I am the duly qualified and acting County Mayor of Claiborne County, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement dated April 8, 2020 issued in connection with the sale of the County's \$21,810,000 General Obligation Refunding Bonds, Series 2020 and to the best of my knowledge, information, and belief (a) the descriptions and statements contained in said Official Statement were at the time of acceptance of the winning bids and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of the acceptance of the winning bids and does not on the date hereof contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

WITNESS my official signature this 30<sup>th</sup> day of April, 2020.

/s/ Joe Brooks  
County Mayor

I, Karen Hurst, do hereby certify that I am the duly qualified and acting County Clerk of Claiborne County, Tennessee, and as such official, I do hereby certify that Rogers Anderson is the duly qualified and acting County Mayor of said County and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of said Claiborne County, Tennessee as of the date subscribed to the foregoing certificate.

/s/ Karen Hurst  
County Clerk

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**APPENDIX A**

Form of Legal Opinion of Bass, Berry & Sims PLC, Attorneys,  
Nashville, Tennessee relating to the Bonds.

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(Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC  
150 Third Avenue South, Suite 2800  
Nashville, Tennessee 37201

April 30, 2020

We have acted as bond counsel to Claiborne County, Tennessee (the "Issuer") in connection with the issuance of \$21,810,000 General Obligation Refunding Bonds, Series 2020, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolution of the Board of County Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is the valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the County.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

BASS, BERRY & SIMS PLC

**APPENDIX B**

Demographic and General Financial Information  
Related to the County

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## GENERAL INFORMATION

Claiborne County, Tennessee (the “County”) is situated in Northeast Tennessee on the Kentucky, Virginia, Tennessee border. It is bordered by Campbell, Union, Grainger and Hancock counties. The Town of Tazewell is the County seat and the largest city within the County is Harrogate. Tazewell is located 45 miles north of Knoxville. The land area of the County is approximately 280 square miles.

The 2018 U.S. Census population estimate for the County was 31,756. There are four incorporated cities within the County: Cumberland Gap, Harrogate, New Tazewell, and Tazewell. First known as the “Gateway to the West” and nestled at the foot of the Cumberland Mountains, the County is now known for its tourism, business climate, and the important role the County played in the early development of Tennessee.

The County is served by the Norfolk/Southern Railroad. Highway transportation is provided by State highways 32, 33, 90, and 132 and US Highway 25E. Interstate 81 and 40 are within 45 miles of the County. There are three motor freight companies and two air freight companies. The community air service is provided by the New Tazewell Municipal Airport, which has a 3,000 foot asphalt runway. The nearest commercial service is the McGhee Tyson Airport 56 miles south in Knoxville.

## DEMOGRAPHIC DATA

### Population

	<b>Claiborne</b>	
	<b><u>County</u></b>	<b><u>Tennessee</u></b>
1990 U.S. Census	26,182	4,890,626
2000 U.S. Census	29,936	5,703,719
2010 U.S. Census	32,215	6,355,311
2011 U.S. Census Estimate	32,088	6,399,291
2012 U.S. Census Estimate	31,748	6,453,898
2013 U.S. Census Estimate	31,617	6,494,340
2014 U.S. Census Estimate	31,541	6,541,223
2015 U.S. Census Estimate	31,535	6,591,170
2016 U.S. Census Estimate	31,597	6,646,010
2017 U.S. Census Estimate	31,635	6,708,799
2018 U.S. Census Estimate	31,756	6,771,631

Source: U.S. Census Bureau

## Income and Housing

	<b>Claiborne County</b>	<b>Tennessee</b>	<b>% of State</b>
2009 Per Capita Personal Income	\$26,958	\$34,260	78.7%
2010 Per Capita Personal Income	\$28,040	\$35,653	78.6%
2011 Per Capita Personal Income	\$29,507	\$37,627	78.4%
2012 Per Capita Personal Income	\$31,060	\$39,312	79.0%
2013 Per Capita Personal Income	\$31,055	\$39,427	78.8%
2014 Per Capita Personal Income	\$31,248	\$40,801	76.6%
2015 Per Capita Personal Income	\$32,689	\$42,593	76.7%
2016 Per Capita Personal Income	\$33,140	\$43,726	75.8%
2017 Per Capita Personal Income	\$33,910	\$44,950	75.4%
2018 Per Capita Personal Income	\$35,384	\$46,900	75.4%

Source: Bureau of Economic Analysis, CA1-3 Personal Income Summary

	<b>Claiborne County</b>	<b>Tennessee</b>	<b>% of State</b>
2009 Median Housing Value	\$105,000	\$148,000	70.9%
2010 Median Housing Value	\$120,000	\$149,900	80.1%
2011 Median Housing Value	\$115,000	\$150,925	76.2%
2012 Median Housing Value	\$121,500	\$160,000	75.9%
2013 Median Housing Value	\$115,750	\$165,000	70.2%
2014 Median Housing Value	\$105,700	\$166,000	63.7%
2015 Median Housing Value	\$117,750	\$175,000	67.3%
2016 Median Housing Value	\$123,000	\$185,000	66.5%
2017 Median Housing Value	\$120,950	\$196,500	61.6%
2018 Median Housing Value	\$124,700	\$210,000	59.4%

Source: Tennessee Housing Development Agency – This data reflects only the sales prices of new and existing homes that were sold in the respective years. This data may not be representative of the median value of all homes in the County.



## ECONOMIC DATA

There are two industrial districts in the County: Harrogate Industrial Park and Giles Industrial Park. The following includes the largest employers in the County, their product, and the number of employees.

<b>Employer</b>	<b>Number of Employees</b>	<b>Products/Services</b>
England, Inc.	1,050	Furniture
Claiborne County Board of Education	800	Public Education
Lincoln Memorial University	550	Higher Education
Tennessee Dtr Inc	500	Automotive Parts
Deroyal Industries, Inc.	500	Medical Supplies
Claiborne Medical Center	436	Healthcare
Homesteader, Inc.	185	Utility/Cargo Trailers
Volunteer Knit Apparel, Inc.	150	Cloth
County of Claiborne	150	Government
Walmart Inc.	150	Retail

Source: TN Department of Economic & Community Development

## Labor Force, Employment and Unemployment Data

The labor force, employment and unemployment in the County are presented below.

<b>Year</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Total Labor Force</b>	<b>Unemployment Percent</b>		
				<b>County</b>	<b>State</b>	<b>U.S.</b>
2010	12,148	1,471	13,619	10.8%	9.6%	9.6%
2011	12,180	1,505	13,685	11.0%	9.0%	8.9%
2012	12,027	1,307	13,334	9.8%	7.8%	8.1%
2013	11,614	1,392	13,006	10.7%	7.7%	7.4%
2014	11,540	1,086	12,626	8.6%	6.6%	6.2%
2015	11,647	904	12,551	7.2%	5.6%	5.3%
2016	11,888	786	12,674	6.2%	4.7%	4.9%
2017	12,085	609	12,694	4.8%	3.8%	4.3%
2018	12,428	545	12,973	4.2%	3.5%	3.9%
2019	12,850	549	13,399	4.1%	3.3%	3.7%
Dec-19	13,037	501	13,538	3.7%	3.3%	3.5%

Source: Bureau of Labor Statistics

## **Health Care Services**

Claiborne County is served by Claiborne County Hospital which is located in Tazewell. The hospital has 85 beds and 15 physicians on staff. Claiborne County Hospital was established in 1959 by a private act through Claiborne County and was built with County funds and grants through the Hill-Burton program. The hospital is governed by a nine member board appointed through Claiborne County Commission and managed by Mercy Health Partners. Services offered are general acute inpatient care, surgery, home health, hospice, long term care, sleep center, radiology including CT scans, mammography, and MRI and rehabilitation services including physical, occupational, and speech therapies.

## **Tourism**

***Lincoln Library and Museum*** - Located on the beautiful campus of Lincoln Memorial University in Harrogate, Tennessee, the Abraham Lincoln Library and Museum houses one of the most diverse Lincoln and Civil War collections in the country. Exhibited are many rare items - the cane Lincoln carried that fateful night at Ford's Theatre, two life masks, the tea set he and Mary Todd used in their home in Springfield, and numerous other artifacts. Approximately 30,000 books, manuscripts, pamphlets, photographs, paintings and sculptures tell the story of President Lincoln and the Civil War period in America's history.

***Norris Lake*** – Norris Dam was the first dam built by the Tennessee Valley Authority (“TVA”). Construction started on October 1, 1933 only a few months after the agency was created. The gates were closed on March 4, 1936 and Norris Reservoir was completely filled on January 22, 1937. The completed dam helped moderate the disastrous Ohio and Mississippi flood of 1937. The giant drum gates at the top of the spillway were raised for the first time to impound waters that would have swelled a flood more than 600 miles away. The initial cost of the project was over \$32 million.

Norris has the largest flood control storage of any TVA dam on a tributary of the Tennessee – at normal maximum pool the reservoir holds 2,040,000 acre feet of water. Norris’ two hydroelectric generators turned out the first TVA electric power in the eastern end of the Tennessee Valley and the transmission line from Norris to the Wilson dam provided the first elements of the distribution system that later spread through most of the valley and beyond.

Norris Lake extends 73 miles up the Clinch River and 56 miles up the Powell River. It has 750 miles of shoreline, and 50 miles of island shoreline giving a total of 800 miles of shoreline. The maximum width of the lake is 1.2 miles with surface area of 34,200 acres. Located in a ridge and valley region, Norris Lake abounds in secluded coves. On the wooded banks TVA established the first demonstration public parks. Later the parks were turned over to the state of Tennessee. Recreational use of the reservoir exceeds that of any other tributary lake. TVA acquired the entire shoreline of the reservoir.

## Higher Education

**Lincoln Memorial University** – LMU is a private university that opened in 1897, about 30 years after Lincoln’s death, to serve as a living memorial to Abraham Lincoln. LMU was founded to fulfill Lincoln’s wishes to thank the residents of East Tennessee for their support during the Civil War, and to create a university for them. LMU’s main campus is in the County in the town of Harrogate. The 1,000 acre wooded campus has 35 academic, administrative, and residential buildings, and offers 30 academic majors.

**Walters State Community College – Claiborne County Extension** – The Claiborne County Extension is located in New Tazewell. The facility contains seven classrooms, a biology lab, computer science lab, an Educast classroom, administrative offices, and a student lounge area. General education courses as well as select technology courses are available to over 300 credit students. Walters State Community College is a public two-year higher education institution founded in 1970. The main campus is located in Morristown, Tennessee. The college offers the following programs: Associate of Science, Associate of Arts, and Associate of Applied Science degrees. There are four principal campuses in Hamblen, Sevier, Greene, and Claiborne counties.

**Tazewell Campus of The Tennessee Technology Center at Morristown** – The Tennessee Technology Center at Morristown (TTC) is part of a statewide system of 26 vocational-technical schools and operates a satellite campus in Tazewell. TTC meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution’s primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. TTC Morristown serves the northeast region of the state. TTC Morristown main campus is located in Morristown. There are three satellite campuses for Morristown: Tazewell, Greeneville, and Sevierville.

## Public Education

Claiborne County schools include twelve schools: three high schools, two middle schools, and seven elementary schools.

<b>AVERAGE DAILY MEMBERSHIP</b>	
<b>School Year</b>	<b>Claiborne County Schools</b>
2008-2009	4,541
2009-2010	4,644
2010-2011	4,644
2011-2012	4,545
2012-2013	4,526
2013-2014	4,446
2014-2015	4,379
2015-2016	4,285
2016-2017	4,191
2017-2018	4,085

Source: Tennessee Department of Education.

**CLAIBORNE COUNTY, TENNESSEE**  
**GENERAL FINANCIAL INFORMATION**  
**SUMMARY OF OUTSTANDING DEBT**

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding 6/30/2019 <sup>(1)</sup>
<b>General Debt</b>					
<b><u>Bonds</u></b>					
5,010,000	General Obligation School Bonds, Series 2010 (BABs)	5/12/10	6/1/20	4.70%	330,000 <sup>(2)</sup>
34,505,000	General Obligation Bonds, Series 2010A	3/30/10	4/1/20	3.00%	100,000 <sup>(2)</sup>
3,935,000	General Obligation Refunding Bonds, Series 2012	7/26/12	6/30/22	2.00%	940,000
4,220,000	General Obligation Refunding Bonds, Series 2017	5/22/17	5/1/21	4.00%	3,070,000
21,810,000	Proposed GO Refunding Bonds, Series 2020	4/30/20	4/1/30	5.00%	21,810,000
<b>Total Bonds</b>					<b>\$26,250,000</b>
<b><u>Other Loans Payable - By School Department</u></b>					
\$147,722	Ball Field Lighting	5/1/07	4/30/22	2.5%	\$39,507
188,010	Ball Field Lighting	5/1/07	4/30/22	2.5%	\$50,282
<b>Total Other Loans</b>					<b>\$89,789</b>
<b><u>Capitalized Leases</u></b>					
142,803	Highway Equipment - Excavator	1/24/17	1/24/20	2.5%	\$63,103
<b>Total Capitalized Leases</b>					<b>\$63,103</b>
<b>TOTAL OUTSTANDING DEBT</b>					<b>\$26,402,892</b>

**DEBT STATEMENT**

(as of June 30, 2019)<sup>(1)</sup>

<b>Outstanding Debt</b>		
Total Outstanding Debt		\$26,402,892
<b>Gross Direct Debt</b>		\$26,402,892
Less: General Debt Service Fund Balance (as of June 30, 2019)		(847,621)
Less: Self-Supporting Debt (supported payments from School Funds and Highway Funds)		(152,892) <sup>(3)</sup>
<b>Net Direct Debt</b>		<b>\$25,402,379</b>
<b>Net Overlapping Debt</b> (as of June 30, 2019)		
Town of Cumberland Gap (Estimate)		\$3,400
City of Harrogate (Estimate)		1,863,000
City of New Tazewell		0
City of Tazewell		0
<b>Total Net Overlapping Debt</b>		<b>\$1,866,400</b>
<b>Overall Net Debt</b>		<b>\$27,268,779</b>

**DEBT RECORD**

**There is no record of a default on bond principal and interest from information available.**

(1) As of 6/30/2019 and adjusted for GO Refunding Bonds, Series 2020.

(2) Excludes bonds being refunded.

(3) The County's school debt is payable from the County's General Purpose School Fund, not the General Debt Service Fund. The County's highway capitalized leases are payable from the County's Highway Fund, not the General Debt Service Fund.

Source: Comprehensive Annual Financial Reports prepared by The Comptroller of the Treasury, Division of County Audit, for the year ending June 30, 2019.

**POPULATION OF THE COUNTY**

	<b>Claiborne</b>	
	<u>County</u>	<u>Tennessee</u>
1990 U.S. Census	26,182	4,890,626
2000 U.S. Census	29,936	5,703,719
2010 U.S. Census	32,215	6,355,311
2011 U.S. Census Estimate	32,088	6,399,291
2012 U.S. Census Estimate	31,748	6,453,898
2013 U.S. Census Estimate	31,617	6,494,340
2014 U.S. Census Estimate	31,541	6,541,223
2015 U.S. Census Estimate	31,535	6,591,170
2016 U.S. Census Estimate	31,597	6,646,010
2017 U.S. Census Estimate	31,635	6,708,799
2018 U.S. Census Estimate	31,756	6,771,631
Source: U.S. Census Bureau		

**PER CAPITA DEBT RATIOS**

Outstanding Debt	\$831.43
Gross Direct Debt	831.43
Net Direct Debt	799.92
Total Net Overlapping Debt	58.77
Overall Net Debt	858.70

**DEBT RATIOS**

	<b>Assessed</b>	<b>Estimated</b>
	<u>Value</u>	<u>Actual Value</u>
Property Values	\$548,116,884	\$1,969,261,391
Outstanding Debt to	4.82%	1.34%
Gross Direct Debt to	4.82%	1.34%
Net Direct Debt to	4.63%	1.29%
Total Net Overlapping Debt to	0.34%	0.09%
Overall Net Debt to	4.97%	1.38%

**DEBT TREND**

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Bonds	\$29,995,000	\$32,325,000	\$34,620,000	\$37,645,000	\$40,270,000
Notes	0	132,838	279,871	422,796	561,778
Other Loans	89,789	118,884	147,270	172,216	195,482
Capitalized Leases	63,103	393,843	499,956	484,018	324,488
Total Debt	<u>\$30,147,892</u>	<u>\$32,970,565</u>	<u>\$35,547,097</u>	<u>\$38,724,030</u>	<u>\$41,351,748</u>

Sources: Comprehensive Annual Financial Reports prepared by The Comptroller of the Treasury, Division of County Audit, for the years ending June 30, 2015 to 2019.

**DEBT SERVICE REQUIREMENTS**  
(as of June 30, 2019)<sup>(1)</sup>

Year No.	Year Ended June 30	Total Outstanding Principal	Less: Refunded Bonds	Plus: GO Refunding Bonds, Series 2020	Total Principal Requirements	Percent Principal Retired	Total Outstanding Interest	Less: Refunded Bonds	Plus: GO Refunding Bonds, Series 2020	Total Interest Requirements	Total Debt Service Requirements
1	2020	2,432,922	-	-	2,432,922		1,212,379	(56,956)		1,155,423	3,588,345
2	2021	2,485,564	(500,000)	520,000	2,505,564		1,123,746	(1,049,463)	1,002,654	1,076,938	3,582,502
3	2022	2,484,406	(2,310,000)	2,370,000	2,544,406		1,029,939	(1,026,688)	1,064,500	1,067,752	3,612,158
4	2023	2,410,000	(2,410,000)	2,640,000	2,640,000		930,463	(930,463)	946,000	946,001	3,586,001
5	2024	2,515,000	(2,515,000)	2,785,000	2,785,000	48.89%	829,337	(829,338)	814,000	814,000	3,599,000
6	2025	3,110,000	(3,110,000)	2,540,000	2,540,000		723,275	(723,275)	674,750	674,750	3,214,750
7	2026	2,715,000	(2,715,000)	2,375,000	2,375,000		592,375	(592,375)	547,750	547,750	2,922,750
8	2027	2,820,000	(2,820,000)	1,990,000	1,990,000		483,775	(483,775)	429,000	429,000	2,419,000
9	2028	2,940,000	(2,940,000)	2,090,000	2,090,000		370,975	(370,975)	329,500	329,500	2,419,500
10	2029	3,055,000	(3,055,000)	2,195,000	2,195,000	91.27%	253,375	(253,375)	225,000	225,000	2,420,000
11	2030	3,180,000	(3,180,000)	2,305,000	2,305,000	100.00%	131,175	(131,175)	115,250	115,250	2,420,250
		<u>30,147,892</u>	<u>(25,555,000)</u>	<u>21,810,000</u>	<u>26,402,892</u>		<u>7,680,814</u>	<u>(6,447,856)</u>	<u>6,148,404</u>	<u>7,381,362</u>	<u>33,784,254</u>

NOTE: The County's school debt is payable from the County's General Purpose School Fund, not the General Debt Service Fund.

(1) As of 6/30/2019 and adjusted for GO Refunding Bonds, Series 2020.

Source: Comprehensive Annual Financial Reports prepared by The Comptroller of the Treasury, Division of County Audit, for the year ending June 30, 2019.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

### **State Taxation of Property; Classifications of Taxable Property; Assessment Rates**

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the “*General Assembly*”) exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

### **County Taxation of Property**

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its values upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

### **Assessment of Property**

*County Assessments; County Board of Equalization.* The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.



The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

*State Assessments of Public Utility Property; State Board of Equalization.* The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

### **Periodic Reappraisal and Equalization**

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an on-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

## **Valuation for Property Tax Purposes**

*County Valuation of Property.* The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State board of equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

*State Valuation of Public Utility Property.* The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

## **Certified Tax Rate**

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

## **Tax Collection and Tax Lien**

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

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## PROPERTY VALUATION AND PROPERTY TAX

Fiscal Year Tax Year	2018-2019 2018	2017-2018 2017	2016-2017 2016	2015-2016 2015	2014-2015 2014
<b>ESTIMATED ACTUAL VALUES</b>					
Residential & Farm	\$1,517,243,500	\$1,506,607,500	\$1,609,367,245	\$1,546,094,752	\$1,532,075,863
Commercial & Industrial	241,716,400	240,771,400	253,397,352	248,057,076	228,679,191
Personal Tangible Property	144,122,980	145,472,853	130,201,209	129,895,494	131,299,525
Public Utilities	66,178,511	66,393,675	68,321,100	68,053,228	68,709,155
<b>Total Estimated Actual Values</b>	<u>\$1,969,261,391</u>	<u>\$1,959,245,428</u>	<u>\$2,061,286,906</u>	<u>\$1,992,100,550</u>	<u>\$1,960,763,734</u>
Annual Percentage Change	0.51%	-4.95%	3.47%	1.60%	3.10%
Estimated Per Capita Amount	\$62,012.26	\$61,984	\$65,311	\$63,207	\$62,065
<b>ASSESSED VALUES</b>					
Residential & Farm (at 25%)	\$379,310,875	\$376,651,875	\$381,262,570	\$378,561,300	\$375,128,773
Commercial & Industrial (at 40%)	96,682,135	96,304,135	96,032,695	97,178,840	89,587,360
Personal Tangible Property (at 30%)	43,236,954	43,641,908	37,154,387	38,165,894	38,609,489
Public Utilities (at 30%-55%)	28,886,920	28,980,839	29,822,160	29,705,234	29,991,546
<b>Total Assessed Values</b>	<u>\$548,116,884</u>	<u>\$545,578,757</u>	<u>\$544,271,812</u>	<u>\$543,611,268</u>	<u>\$533,317,168</u>
Annual Percentage Change	0.47%	0.24%	0.12%	1.93%	1.15%
Estimated Per Capita Amount	\$17,260	\$17,260	\$17,245	\$17,248	\$16,881
<b>Appraisal Ratio</b>	100.00%	100.00%	94.75%	97.94%	97.94%
<b>Assessed Values to Actual Values</b>	27.83%	27.85%	26.40%	27.29%	27.20%
<b>Property Tax Rate</b>					
County General	\$1.1126	\$1.0726	\$1.0949	\$0.9480	\$0.9480
Solid Waste/Sanitation	\$0.2256	\$0.2156	\$0.1956	\$0.2325	\$0.2325
Highway/Public Works	\$0.0100	\$0.0100	\$0.0100	\$0.0100	\$0.0100
General Purpose School	\$1.1700	\$1.2200	\$1.2200	\$1.2200	\$1.2200
Capital Projects Fund	\$0.0195	\$0.0195	\$0.0195	\$0.0195	\$0.0195
General Debt Service	\$0.0300	\$0.0300	\$0.0300	\$0.0300	\$0.0300
Industrial Board	<u>\$0.0100</u>	<u>\$0.0100</u>	<u>\$0.0100</u>	<u>\$0.0200</u>	<u>\$0.0200</u>
<b>Total Property Tax Rate</b>	<u>\$2.5777</u>	<u>\$2.5777</u>	<u>\$2.5800</u>	<u>\$2.4800</u>	<u>\$2.4800</u>
<b>Taxes Levied</b>					
Total Taxes Levied	\$14,128,809	\$14,063,384	\$14,042,213	\$13,481,559	\$13,226,266
<b>Collections</b>					
Current Fiscal Year	\$13,299,745	\$13,234,351	\$13,729,095	\$13,017,234	\$12,429,720
Percent Collected Current FY	94.13%	94.11%	97.77%	96.56%	93.98%

Sources: State Board of Equalization Tax Aggregate Report of Tennessee, 2014-2018 and County officials.

## TOP TAXPAYERS

<u>Business</u>	<u>Type of Business</u>	<u>Tax Year 2018 Assessed Value</u>	<u>Tax Year 2018 Taxes Levied</u>	<u>Assessed Value as a % of Total Assessment</u>
Powell Valley Electric Co-op	Utility	\$13,982,214	\$360,419	2.55%
Corrigan TLP, LLC	Lumber	6,911,475	178,157	1.26%
LA-Z-BOY Logistics	Furniture	19,871,094	153,665	3.63%
DTR of Tennessee	Automotive Parts	17,934,726	138,691	3.27%
Kopper-Glo Mining	Coal Mine	17,292,270	133,723	3.15%
England / Corsair	Furniture	13,874,587	107,294	2.53%
Ball Family Investments LP	Rental Properties	4,105,720	105,932	0.75%
Norfolk Southern	Railroad	3,940,706	101,579	0.72%
England / Corsair - Personal Property	Furniture	3,845,665	99,130	0.70%
Lincoln Memorial University	Education	3,524,575	90,851	0.64%

Sources: Claiborne County Trustee and Assessor of Property

## FUND BALANCES

	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
<b>GOVERNMENTAL</b>					
General Government Fund	\$2,200,421	\$2,046,724	\$2,244,801	\$1,914,471	\$2,225,276
Solid Waste/Sanitation	716,773	650,030	546,438	546,985	310,519
Highway/Public Funds	558,161	396,906	559,999	412,734	544,889
Special Revenue Fund	1,212,101	1,482,944	1,783,927	2,035,169	2,074,583
Highway Capital Projects Fund	184,195	141,326	114,889	693	2,245
School Department Fund	5,985,643	5,205,039	4,756,016	4,178,075	3,909,033
Debt Service Fund	847,621	722,349	614,709	505,167	586,206
<b>Total Governmental Funds</b>	<u>\$11,704,915</u>	<u>\$10,645,318</u>	<u>\$10,620,779</u>	<u>\$9,593,294</u>	<u>\$9,652,751</u>

Sources: Comprehensive Annual Financial Reports prepared by The Comptroller of the Treasury, Division of County Audit, for the years ending June 30, 2015 to 2019.

## LOCAL SALES TAX

	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
<b>Rate (Percent of retail sales)</b>	2.25%	2.25%	2.25%	2.25%	2.25%
<b>Distribution</b>					
General Purpose School	\$2,894,906	\$2,688,923	\$2,634,123	\$2,642,098	\$2,519,576
Cities Portion	1,967,700	1,899,502	1,825,209	1,893,251	1,790,341
<b>Total Amount Collected</b>	<u>\$4,862,606</u>	<u>\$4,588,425</u>	<u>\$4,459,332</u>	<u>\$4,535,349</u>	<u>\$4,309,917</u>
% of Increase	5.98%	2.89%	-1.68%	5.23%	7.17%

Sources: Comprehensive Annual Financial Reports prepared by The Comptroller of the Treasury, Division of County Audit, for the years ending June 30, 2015 to 2019.

## WHEEL TAX

	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
<b>Rate Per Vehicle</b>	\$50.00	\$50.00	\$50.00	\$25.00	\$25.00
General Debt Service	\$703,408	\$698,412	\$709,629	\$703,080	\$732,054
Highway Capital Projects Fund	703,258	698,662	769,627	282,833	0
<b>Total Amount Collected</b>	<u>\$1,406,666</u>	<u>\$1,397,074</u>	<u>\$1,479,256</u>	<u>\$985,913</u>	<u>\$732,054</u>

Sources: Comprehensive Annual Financial Reports prepared by The Comptroller of the Treasury, Division of County Audit, for the years ending June 30, 2015 to 2019.

## **GOVERNMENTAL STRUCTURE**

### **County Government**

The County government operates under the general laws and uniform structure for counties in Tennessee with a County Mayor and twenty-one County Commissioners that serve as the legislative body of the County as prescribed by state law. Other county officials are as follows:

- Director of Schools appointed by the County Board of Education and responsible for the public education system for grades kindergarten through the 12<sup>th</sup> grade.
- Highway Administrator elected by the voters and responsible for the county highway system.
- Sheriff elected by the voters and responsible for law enforcement and correction facilities
- Register of Deeds elected by the voters to record property records and deeds and other legally recorded documents
- Assessor of Property elected by the voters and responsible for assessing the property values of the county as recorded by the register of deeds for property tax purposes.
- County Trustee elected by the voters to serve as the county treasurer for receiving and disbursing of all county funds, invest of idle cash funds, collecting property taxes, in-lieu of tax payments, collecting delinquent property taxes less than two years behind, and maintaining property tax records and accounting system of the treasurer functions.
- County Clerk elected by the voters to collect vehicle license renewals, collect business taxes and other miscellaneous taxes, and maintain the minutes and records of the county commission.
- Circuit Court Clerk elected by the voters to record court records for all courts except the chancery court.
- Clerk and Master appointed by the chancery court judge to record chancery court records and collected property taxes that are more than two years in default.
- Election Administrative Officer appointed by the Election Commission to register voters in the county and conduct elections as authorized and required by state law.
- County Attorney is appointed by the County Commission to provide legal services to the county.

### **The County Financial System and Management of Funds**

According to the Tennessee Constitution (the “Constitution”), the Tennessee General Assembly (the “General Assembly”) shall serve as the legislative authority of the State of Tennessee. The Constitution requires the General Assembly to elect a comptroller of the treasury. In 1937, the General Assembly created the Department of Audit with the comptroller of the treasury as the administrative head (the “Comptroller”). See Tennessee Code Annotated 4-3-301 *et seq.* Since 1937, the comptroller has organized the Department of Audit with the following divisions:

- Office of Management Services
- Division of State Audit (“State Audit”)
- Division of County Audit (“County Audit”)
- Division of Municipal Audit (“Municipal Audit”)
- Division of Bond Finance
- Division of Local Finance (“DOLF”)
- Division of Property Assessments
- Offices of Research and Education Accountability
- Office of State Assessed Properties

- State Board of Equalization

### **Uniform Bookkeeping and Accounting System**

Under the authority of state law and with the staff of the various divisions, the Comptroller has developed a uniform system of bookkeeping and accounting in accordance with Governmental Accounting Standards Board, general accepted accounting principles, and AICPA Auditing Standards “for the use of all county officials and agencies handling the revenues of the state or of any political subdivision thereof.”

### **Annual Auditing of Counties**

The County Audit Division of the Comptroller of the Treasury conducts audits for 89 counties and approves or monitors the audits of the remaining six counties --- Shelby, Davidson, Knox, Hamilton, Washington and McMinn. The auditing standards are compiled in a 100 page manual for use by each auditor. The *Audit Manual --- Standards and Procedures* (the “Manual”) is revised annually to include changes to accounting standards and state laws. The introduction to the Manual states:

“This manual sets forth the standards and requirements for audits of Tennessee local governmental units and nongovernmental entities receiving sub-recipient funds from or through the state. By statutory authority, the comptroller of the treasury prescribes the standards and requirements for the audit of local governments and grantee agencies. Auditors on the comptroller’s staff, internal auditors, and certified public accountants must comply with the comptroller’s standards and requirements when conducting applicable audits.”

The Manual provides a guide for annual auditing and reporting of the 95 counties as to the compliance of the GASB, GAAP, AICPA auditing standards and the many state laws.

### **State-wide Uniform Chart of Accounts**

In 1976, the Division of County Audit and the Division of Municipal Audit along with various county and city officials developed a uniform chart of accounts to assist with the development of a state-side uniform computerized accounting, budgeting, payroll, and encumbrance financial system.

### **State-wide Computerized Financial System**

In 1977, the University of Tennessee’s Institute for Public Service and the Tennessee Valley Authority provided a grant to purchase a computer and establish a computerized financial system that meets the GASB and GAAP standards. This system started July 1, 1977 and presently provides a uniform computerized financial system (the “Financial System”) to 452 departments of cities and counties in Tennessee. The Financial System interfaces with the computer provided each state auditor for auditing 89 counties of the 95 counties in Tennessee

## **State-wide Computerized Property Assessments and Tax Payments**

The Financial System interfaces with the state administered uniform appraisal and property assessments computer system for billing and recording of property tax payments. The Division of Property Assessments of the Comptroller's office contracts with the 95 counties to reappraise all property in accordance with state laws approximately every five years using the uniform appraisal standards.

## **State Approval of Annual Budgets**

In accordance with state law, the Division of Local Finance of the Comptroller of the Treasury reviews and approves the annual budgets that have been approved by each county's legislative body. If the budget is not properly funded, it will be rejected. If the budget is not approved by October 1 of each year, the Division of Local Finance will notify the state treasurer to withhold state funds distributed to the county until the budget has been approved. It also, reviews and approves the issuance of capital outlay notes; reviews and reports on refinancing of outstanding obligations; and reviews and approves the issuance of swaps. Anytime a local government issues some form of obligations, the issue must be reported to the Division of Local Finance on a uniform state form.

# **CLAIBORNE COUNTY'S FINANCIAL SYSTEM**

## **General Government Financial System**

Tennessee laws provide that the County Mayor is responsible for the management of all governmental funds except the county school operation and the county highway operation. In addition to the basic financial system described by state law for counties, the County submitted a request to the General Assembly to enact Chapter 43 of the Private Acts of 2005 referred to as "Claiborne County Budget and Fiscal Procedures Act of 2005." This Act provides for additional policies and procedures for the receiving and disbursing of county funds, budgeting process, and the monthly reporting of the financial operation related to the General Fund, Special Revenue Fund, Debt Service Fund, and Non-major Governmental Funds --- Law Library Fund, Solid Waste/Sanitation Fund, Drug Control Fund, District Attorney General Fund, and Constitutional Officers Fees Fund.

The budgeting process of the County is coordinated by the Director of Finance and Budgets for the County Budget Committee that is responsible under the Act to develop the annual budget and submitting it to the County Commission for the annual approval.

## **County School System Financial System**

The County Board of Education and Director of Schools shall be responsible for the management of all school funds in accordance with state laws for public education. In addition to the state laws, the County Board of Education has enacted policies for the Fiscal Management of all school funds --- General Purpose School Fund, School Federal Projects Fund, Central Cafeteria Fund, and School Transportation Fund.

The annual school budget is prepared under the supervision of the Director of Schools and submitted to the County Board of Education to be approved and submitted to the County Commission for its consideration and approval.



## **County Highway Department Financial System**

The County Highway Administrator shall be responsible for the management of all funds for county highway purposes in accordance with state laws. The receiving and disbursing of funds for the county highway operation is recorded in the Highway Public Works Fund.

## **Summary of Financial System**

The County prepares and receives and disburses funds of budgets in accordance with state laws and the local private act and school policies. The County manages the funds using the state-wide uniform computerized budgeting, accounting, payroll, and encumbrance system that interfaces with the Division of County Audit computers assigned to individual auditors who audit the County's records in accordance with Comptroller of the Treasury's *Department of Audit – Audit Manual*. The computerized financial system also interfaces with the computer of the State Division of Property Assessments for billing and collecting of property taxes. With this computerized system of financial management of county funds, the Comptroller can implement new GASB, GAAP and AICPA Auditing standards uniformly throughout the state.

## **Selected Financial Information Regarding the County**

The County accounts for its financial resources on the basis of funds and account groups, each of which is considered a separate accounting entity. The General Fund is the general operating fund of the County. Other funds include Special Revenue Funds, the General Debt Service Fund, Capital Projects Funds, Internal Service Funds and Trust and Agency Funds. For additional information regarding the component units, see Notes to the General Purpose Financial Statements contained in Appendix C hereto.

Revenues received from ad valorem taxes levied on all taxable property within the boundaries of the County securing the payment of principal of and interest on the Bonds are deposited in the Debt Service Funds of the County. Such tax collections for the Bonds will be used exclusively to pay the principal of and interest on the Bonds. Included as Appendix C to this Offering Statement are the General Purpose Financial Statements and notes thereto for the fiscal year ended June 30, 2019. Potential purchasers should read Appendix C in its entirety for more complete information concerning the County's financial position.

The County uses the modified accrual basis of accounting for all Governmental Funds, Expendable Trust Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Funds where expenditures determine the eligibility for grants recognize revenue at the time of the expenditures. Grant proceeds received prior to meeting the aforementioned revenue recognition policy are recorded as deferred revenues. Principal and interest on general long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

The primary revenue susceptible to accrual are revenues received from the State of Tennessee. Sales tax collected and held by the State at year end on behalf of the County and its component units are also recognized as revenue.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when incurred.

For additional information regarding these funds, see Notes to the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2019 in Appendix C hereto.

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**APPENDIX C**

Comprehensive Annual Financial Report of the County for the  
Fiscal Year Ended June 30, 2019

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**ANNUAL FINANCIAL REPORT**  
**CLAIBORNE COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2019**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



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

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

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
*JAMES R. ARNETTE*  
*Director*

*MARK TREECE, CPA CGFM*  
*Audit Manager*

*AMY SOSVILLE, CPA*  
*Senior Auditor*

*VERNA DAVIS, CPA*  
*KALEE TRENT*  
*ANDREW WAY, CPA*  
*DOUG SANDIDGE, CISA, CFE*  
*State Auditors*

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

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# ***Summary of Audit Findings***

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

## ***Scope***

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

## ***Results***

Our report on the financial statements of Claiborne County is unmodified.

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

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY CLERK**

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

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### **OFFICE OF SHERIFF**

- ◆ An investigation of the sheriff's department revealed that inmates and sheriff's litter patrol officers sold scrap metal for personal gain totaling at least \$23,763.18.
- ◆ The work release program was not operating in compliance with state statutes.

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### **OFFICES OF SHERIFF, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND GENERAL SESSIONS JUDGE**

- ◆ Accrued leave balances exceeded the maximum balance provided by the county's personnel policy.

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### **OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS**

- ◆ Duties were not segregated adequately.

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# INTRODUCTORY SECTION

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Claiborne County Officials  
June 30, 2019

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**Officials**

Joe Brooks, County Mayor  
Ronald Pittman, Road Superintendent  
Dr. Joseph Miller, Director of Schools  
Alice Alexander, Trustee  
Shane Breeding, Assessor of Property  
Karen Hurst, County Clerk  
Jackie Rosenbalm, Circuit, General Sessions, and Juvenile Courts Clerk  
Rita Jones, Clerk and Master  
Kimberly Harmon-Reece, Register of Deeds  
Bob Brooks, Sheriff  
Angelia Tucker, Finance Director

**Board of County Commissioners**

Mike Campbell, Chairman	
Rosemary Barnett	Kimberly Large
Steve Brogan	Steve Mason
Carolyn Brooks	Sherry McCreary
Brent Clark	Zach Mullins
Mitchell Cosby	David Mundy
Stacey Crawford	Steven Murphy
Nathan Epperson	Shawn Peters
Nicholas Epperson	Anthony Rowe
James Hatmaker	Whitt Shuford
Juanita Honeycutt	Charlton Vass

**Board of Education**

Wade Breeding, Chairman	Linda Fultz
Shane Bunch	Terry Keck
Justin Cosby	Neta Munsey
Shannon England	

**Financial Management Committee**

Joe Brooks, County Mayor	Mike Campbell
Ronald Pittman, Road Superintendent	Mitchell Cosby
Dr. Joseph Miller, Director of Schools	Anthony Rowe
	Whitt Shuford

## Claiborne County Officials (Cont.)

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### **Audit Committee**

Carolyn Brooks, Chairman  
Rosemary Barnett  
Steve Brogan

Brent Clark  
Sherry McCreary

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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## Independent Auditor's Report

Claiborne County Mayor and  
Board of County Commissioners  
Claiborne 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 Claiborne 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 Claiborne County, Tennessee, as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Claiborne 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 Claiborne County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of



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

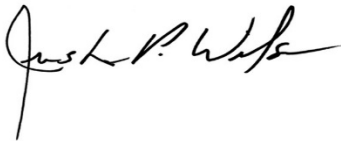
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Claiborne County School Department (a discretely presented component unit), schedule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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2020, on our consideration of Claiborne 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 Claiborne 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 Claiborne County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 3, 2020

JPW/tg

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Claiborne County School Department</u>
<u>ASSETS</u>		
Cash	\$ 179,136	\$ 3,689,155
Equity in Pooled Cash and Investments	4,267,252	5,181,600
Accounts Receivable	84,924	27,962
Allowance for Uncollectibles	(3,862)	0
Due from Other Governments	894,958	1,031,318
Due from Component Units	89,789	0
Property Taxes Receivable	7,934,295	7,142,559
Allowance for Uncollectible Property Taxes	(379,462)	(330,166)
Restricted Assets:		
Other Restricted Assets	967,967	0
Amounts Accumulated for Pension Benefits	0	49,577
Net Pension Asset - Agent Plan	1,185,715	861,799
Net Pension Asset - Teacher Legacy Plan	0	1,718,239
Net Pension Asset - Teacher Retirement Plan	0	116,962
Capital Assets:		
Assets Not Depreciated:		
Land	1,054,592	1,224,296
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	16,879,870	29,384,684
Other Capital Assets	2,055,348	1,453,587
Infrastructure - Roads, Streets, and Bridges	17,326,504	0
Total Assets	<u>\$ 52,537,026</u>	<u>\$ 51,551,572</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 3,702	\$ 0
Pension Changes in Experience	0	353,939
Pension Changes in Assumptions	468,664	1,360,951
Pension Contributions - Subsequent to Measurement Date	366,017	2,041,306
Pension Other Deferrals	0	94,670
OPEB Changes in Experience	0	8,577
OPEB Changes in Assumptions	0	4,018,183
Total Deferred Outflow of Resources	<u>\$ 838,383</u>	<u>\$ 7,877,626</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 399,669	\$ 713,049
Accrued Payroll	33,797	0
Accrued Interest Payable	255,719	0
Due to Primary Government	0	89,789
Other Current Liabilities	0	2,995,018
Noncurrent Liabilities:		
Due Within One Year - Debt	2,432,922	0
Due Within One Year - Other	252,066	0
Due in More Than One Year - Debt	28,162,157	0
Due in More Than One Year - Other	753,835	26,150,114
Total Liabilities	<u>\$ 32,290,165</u>	<u>\$ 29,947,970</u>

(Continued)

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

	Primary Government Governmental Activities	Component Unit Claiborne County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 7,330,602	\$ 6,624,692
Pension Changes in Experience	464,655	2,660,420
Pension Changes in Investment Earnings	82,332	440,408
Pension Other Deferrals	0	16,427
OPEB Changes in Experience	0	195,788
Total Deferred Inflows of Resources	<u>\$ 7,877,589</u>	<u>\$ 9,937,735</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 32,915,339	\$ 32,062,567
Restricted for:		
General Government	72,343	0
Finance	284,328	0
Administration of Justice	129,667	0
Public Safety	173,279	0
Public Health and Welfare	485,822	0
Highways	623,786	0
Debt Service	596,358	0
Education	0	1,331,499
Capital Projects	187,091	15,904
Pensions	1,185,715	2,746,577
Other Purposes	967,967	0
Unrestricted	<u>(24,414,040)</u>	<u>(16,613,054)</u>
Total Net Position	<u>\$ 13,207,655</u>	<u>\$ 19,543,493</u>

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

Exhibit B

Claiborne 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
					Governmental Total	Claiborne County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 2,046,476	\$ 208,177	\$ 15,164	\$ 0	\$ (1,823,135)	\$ 0
Finance	1,272,596	870,372	0	0	(402,224)	0
Administration of Justice	956,140	651,293	0	0	(304,847)	0
Public Safety	6,181,873	1,180,963	53,826	35,843	(4,911,241)	0
Public Health and Welfare	3,377,550	521,239	184,057	309,843	(2,362,411)	0
Social, Cultural, and Recreational Services	192,948	0	0	0	(192,948)	0
Agriculture and Natural Resources	140,024	0	0	0	(140,024)	0
Highways	4,559,929	0	2,403,297	582,677	(1,573,955)	0
Interest on Long-term Debt	1,169,513	0	0	0	(1,169,513)	0
<b>Total Primary Government</b>	<b>\$ 19,897,049</b>	<b>\$ 3,432,044</b>	<b>\$ 2,656,344</b>	<b>\$ 928,363</b>	<b>\$ (12,880,298)</b>	<b>\$ 0</b>
Component Unit:						
School Department	\$ 43,874,617	\$ 549,046	\$ 6,314,022	\$ 0	\$ 0	\$ (37,011,549)
<b>Total Component Unit</b>	<b>\$ 43,874,617</b>	<b>\$ 549,046</b>	<b>\$ 6,314,022</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (37,011,549)</b>

(Continued)

Exhibit B

Claiborne 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
					Governmental Total Activities	Claiborne County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 6,232,786	\$ 6,587,174
Property Taxes Levied for Solid Waste/Sanitation					1,266,535	0
Property Taxes Levied for Highways					56,184	0
Property Taxes Levied for Debt Service					169,051	0
Property Taxes Levied for Highway Capital Projects					109,651	0
Local Option Sales Taxes					0	2,914,717
Wheel Tax					1,406,666	0
Coal Severance Tax					111,195	111,195
General Litigation Tax					158,675	0
Wholesale Beer Tax					66,415	0
Mineral Severance Tax					36,884	0
Hotel/Motel Tax					44,636	0
Other Taxes					279,734	7,335
Grants and Contributions Not Restricted to Specific Programs					4,249,187	26,902,261
Unrestricted Investment Income					258,575	31,672
Gain on Investments					0	2,503
Miscellaneous					31,157	414,054
<b>Total General Revenues</b>					<b>\$ 14,477,331</b>	<b>\$ 36,970,911</b>
Change in Net Position					\$ 1,597,033	\$ (40,638)
Net Position, July 1, 2018					11,610,622	19,584,131
Net Position, June 30, 2019					<b>\$ 13,207,655</b>	<b>\$ 19,543,493</b>

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

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 400	\$ 0	\$ 0	\$ 178,736	\$ 179,136
Equity in Pooled Cash and Investments	1,997,669	762,553	367,723	848,564	290,743	4,267,252
Accounts Receivable	39,852	45,072	0	0	0	84,924
Allowance for Uncollectibles	0	(3,862)	0	0	0	(3,862)
Due from Other Governments	318,632	40	576,286	0	0	894,958
Due from Other Funds	3,119	0	0	0	0	3,119
Property Taxes Receivable	6,345,783	1,236,657	58,667	176,002	117,186	7,934,295
Allowance for Uncollectible Property Taxes	(302,808)	(60,148)	(2,762)	(8,287)	(5,457)	(379,462)
Restricted Assets	0	0	0	0	967,967	967,967
Total Assets	<u>\$ 8,402,247</u>	<u>\$ 1,980,712</u>	<u>\$ 999,914</u>	<u>\$ 1,016,279</u>	<u>\$ 1,549,175</u>	<u>\$ 13,948,327</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 130,973	\$ 85,445	\$ 141,069	\$ 1,300	\$ 40,882	\$ 399,669
Accrued Payroll	0	0	33,797	0	0	33,797
Due to Other Funds	0	2,619	0	0	500	3,119
Total Liabilities	<u>\$ 130,973</u>	<u>\$ 88,064</u>	<u>\$ 174,866</u>	<u>\$ 1,300</u>	<u>\$ 41,382</u>	<u>\$ 436,585</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 5,864,482	\$ 1,140,316	\$ 54,301	\$ 162,902	\$ 108,601	\$ 7,330,602
Deferred Delinquent Property Taxes	165,261	33,510	1,485	4,456	2,896	207,608
Other Deferred/Unavailable Revenue	41,110	2,049	211,101	0	0	254,260
Total Deferred Inflows of Resources	<u>\$ 6,070,853</u>	<u>\$ 1,175,875</u>	<u>\$ 266,887</u>	<u>\$ 167,358</u>	<u>\$ 111,497</u>	<u>\$ 7,792,470</u>

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 72,343	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72,343
Restricted for Finance	106,092	0	0	0	178,236	284,328
Restricted for Administration of Justice	129,667	0	0	0	0	129,667
Restricted for Public Safety	107,381	0	0	0	65,898	173,279
Restricted for Public Health and Welfare	153,493	296,770	0	0	0	450,263
Restricted for Highways/Public Works	0	0	411,200	0	0	411,200
Restricted for Debt Service	0	0	0	847,621	0	847,621
Restricted for Capital Projects	0	0	0	0	184,195	184,195
Restricted for Other Purposes	0	0	0	0	967,967	967,967
Committed:						
Committed for Public Health and Welfare	0	420,003	0	0	0	420,003
Committed for Highways/Public Works	0	0	146,961	0	0	146,961
Assigned:						
Assigned for Other Operations	882,941	0	0	0	0	882,941
Unassigned	748,504	0	0	0	0	748,504
Total Fund Balances	\$ 2,200,421	\$ 716,773	\$ 558,161	\$ 847,621	\$ 1,396,296	\$ 5,719,272
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 8,402,247	\$ 1,980,712	\$ 999,914	\$ 1,016,279	\$ 1,549,175	\$ 13,948,327

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



Exhibit C-2

Claiborne 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)		\$	5,719,272
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,054,592	
Add: infrastructure net of accumulated depreciation		17,326,504	
Add: buildings and improvements net of accumulated depreciation		16,879,870	
Add: other capital assets net of accumulated depreciation		<u>2,055,348</u>	37,316,314
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(63,103)	
Less: bonds payable		(29,995,000)	
Less: other loans payable		(89,789)	
Add: due from component unit for loans payable		89,789	
Add: deferred amount on refunding		3,702	
Less: compensated absences payable		(287,172)	
Less: landfill closure/postclosure care costs		(718,729)	
Less: accrued interest on bonds, notes, and other loans		(255,719)	
Less: other deferred revenue - premium on debt		<u>(447,187)</u>	(31,763,208)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expenses in future years:			
Add: deferred outflows of resources related to pensions	\$	834,681	
Less: deferred inflows of resources related to pensions		<u>(546,987)</u>	287,694
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			1,185,715
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>461,868</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>13,207,655</u></u>

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

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 6,976,976	\$ 1,285,925	\$ 228,158	\$ 875,334	\$ 814,771	\$ 10,181,164
Licenses and Permits	9,660	0	0	0	0	9,660
Fines, Forfeitures, and Penalties	130,626	0	0	0	26,521	157,147
Charges for Current Services	98,200	496,862	0	0	487,763	1,082,825
Other Local Revenues	642,610	36,649	3,901	3,046,875	12,426	3,742,461
Fees Received From County Officials	999,289	0	0	0	0	999,289
State of Tennessee	1,950,759	14,826	2,977,758	0	0	4,943,343
Federal Government	358,686	0	283,528	0	0	642,214
Other Governments and Citizens Groups	102	0	0	0	0	102
<b>Total Revenues</b>	<b>\$ 11,166,908</b>	<b>\$ 1,834,262</b>	<b>\$ 3,493,345</b>	<b>\$ 3,922,209</b>	<b>\$ 1,341,481</b>	<b>\$ 21,758,205</b>
<u>Expenditures</u>						
Current:						
General Government	\$ 1,102,973	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,102,973
Finance	925,447	0	0	0	411,537	1,336,984
Administration of Justice	936,902	0	0	0	44,137	981,039
Public Safety	6,189,233	0	0	0	61,482	6,250,715
Public Health and Welfare	316,157	1,767,519	0	0	279,647	2,363,323
Social, Cultural, and Recreational Services	178,113	0	0	0	0	178,113
Agriculture and Natural Resources	141,395	0	0	0	0	141,395
Other Operations	1,125,291	0	0	0	750	1,126,041
Highways	0	0	3,146,090	0	0	3,146,090
Debt Service:						
Principal on Debt	0	0	0	2,822,673	0	2,822,673
Interest on Debt	0	0	0	1,303,533	0	1,303,533
Other Debt Service	0	0	0	7,537	0	7,537

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 166,406	\$ 0	\$ 0	\$ 0	\$ 567,496	\$ 733,902
Total Expenditures	\$ 11,081,917	\$ 1,767,519	\$ 3,146,090	\$ 4,133,743	\$ 1,365,049	\$ 21,494,318
<u>Excess (Deficiency) of Revenues Over Expenditures</u>						
	\$ 84,991	\$ 66,743	\$ 347,255	\$ (211,534)	\$ (23,568)	\$ 263,887
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 15,106	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,106
Transfers In	53,600	0	0	336,806	0	390,406
Transfers Out	0	0	(186,000)	0	(204,406)	(390,406)
Total Other Financing Sources (Uses)	\$ 68,706	\$ 0	\$ (186,000)	\$ 336,806	\$ (204,406)	\$ 15,106
<u>Net Change in Fund Balances</u>						
Fund Balance, July 1, 2018	\$ 2,046,724	\$ 650,030	\$ 396,906	\$ 722,349	\$ 1,624,270	\$ 5,440,279
Fund Balance, June 30, 2019	\$ 2,200,421	\$ 716,773	\$ 558,161	\$ 847,621	\$ 1,396,296	\$ 5,719,272

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

Exhibit C-4

Claiborne 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)	\$	278,993
(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	\$	182,519
Less: current-year depreciation expense	<u>(1,944,374)</u>	(1,761,855)
(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	\$	461,868
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(712,002)</u>	(250,134)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Add: change in unamortized premium on debt issuances	\$	125,968
Add: principal payments on bonds		2,330,000
Add: principal payments on notes		132,838
Add: principal payments on capital leases		330,740
Add: principal payment on other loans		29,095
Less: principal payment on other loans contributed by the school department		(29,095)
Less: change in deferred amount on refunding debt	<u>(51,745)</u>	2,867,801
(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	\$	8,052
Change in compensated absences payable		(15,848)
Change in landfill closure/postclosure care costs		61,904
Change in net pension liability/asset - agent plan		728,086
Change in deferred outflows related to pensions		(208,127)
Change in deferred inflows related to pension	<u>(111,839)</u>	462,228
Change in net position of governmental activities (Exhibit B)	\$	<u>1,597,033</u>

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

Exhibit C-5

Claiborne County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,976,976	\$ 7,340,000	\$ 6,865,000	\$ 111,976
Licenses and Permits	9,660	9,000	9,000	660
Fines, Forfeitures, and Penalties	130,626	145,700	145,700	(15,074)
Charges for Current Services	98,200	77,200	77,200	21,000
Other Local Revenues	642,610	535,075	615,075	27,535
Fees Received From County Officials	999,289	1,377,000	967,746	31,543
State of Tennessee	1,950,759	2,211,725	1,823,425	127,334
Federal Government	358,686	69,900	944,900	(586,214)
Other Governments and Citizens Groups	102	6,500	6,500	(6,398)
<b>Total Revenues</b>	<b>\$ 11,166,908</b>	<b>\$ 11,772,100</b>	<b>\$ 11,454,546</b>	<b>\$ (287,638)</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 146,201	\$ 154,443	\$ 156,973	\$ 10,772
Board of Equalization	6,982	7,125	7,125	143
Beer Board	450	1,200	1,200	750
Budget and Finance Committee	25,629	33,273	33,273	7,644
County Mayor/Executive	168,916	173,604	173,604	4,688
County Attorney	57,275	57,657	57,657	382
Election Commission	262,481	285,174	285,174	22,693
Register of Deeds	167,586	198,343	198,343	30,757
Development	4,577	5,000	5,000	423
Planning	20,069	31,015	31,015	10,946
County Buildings	223,219	256,781	256,781	33,562
Preservation of Records	19,588	20,822	20,822	1,234
<u>Finance</u>				
Accounting and Budgeting	429,825	494,230	510,014	80,189
Property Assessor's Office	226,981	238,380	238,380	11,399
Reappraisal Program	77,937	91,308	91,308	13,371
County Trustee's Office	87,259	279,423	100,302	13,043
County Clerk's Office	103,445	374,634	113,924	10,479
<u>Administration of Justice</u>				
Circuit Court	401,020	418,820	438,121	37,101
General Sessions Court	227,621	232,955	232,955	5,334
Chancery Court	246,459	265,064	265,064	18,605
District Attorney General	33,020	38,421	38,421	5,401
Office of Public Defender	28,782	28,816	28,816	34
<u>Public Safety</u>				
Sheriff's Department	2,385,307	2,869,821	2,491,230	105,923
Administration of the Sexual Offender Registry	750	2,000	2,000	1,250
Workhouse	3,367,799	2,942,344	3,455,737	87,938
Juvenile Services	61,093	61,839	61,839	746
Fire Prevention and Control	156,038	157,400	157,400	1,362
Civil Defense	79,010	122,318	122,318	43,308
Rescue Squad	22,000	22,000	22,000	0
Other Emergency Management	51,377	51,377	51,377	0
County Coroner/Medical Examiner	65,859	47,600	71,600	5,741

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 138,022	\$ 175,737	\$ 178,375	\$ 40,353
Rabies and Animal Control	20,000	20,000	20,000	0
Other Local Health Services	106,896	168,125	168,125	61,229
Sanitation Education/Information	51,239	53,417	53,417	2,178
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	7,500	7,500	7,500	0
Senior Citizens Assistance	57,076	61,350	61,719	4,643
Libraries	113,537	117,344	115,544	2,007
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	92,036	98,046	98,046	6,010
Forest Service	2,000	2,000	2,000	0
Soil Conservation	47,359	47,730	47,730	371
<u>Other Operations</u>				
Industrial Development	66,010	60,000	70,000	3,990
Housing and Urban Development	507,880	1,115,638	1,115,638	607,758
Other Economic and Community Development	34,457	47,915	47,915	13,458
Veterans' Services	19,473	21,401	21,401	1,928
Other Charges	457,421	558,788	474,400	16,979
Employee Benefits	1,680	0	1,800	120
Miscellaneous	38,370	45,000	45,000	6,630
<u>Capital Projects</u>				
Public Safety Projects	166,406	336,000	336,000	169,594
Total Expenditures	\$ 11,081,917	\$ 12,899,178	\$ 12,584,383	\$ 1,502,466
Excess (Deficiency) of Revenues Over Expenditures	\$ 84,991	\$ (1,127,078)	\$ (1,129,837)	\$ 1,214,828
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 15,106	\$ 0	\$ 15,107	\$ (1)
Transfers In	53,600	53,752	53,752	(152)
Total Other Financing Sources	\$ 68,706	\$ 53,752	\$ 68,859	\$ (153)
Net Change in Fund Balance	\$ 153,697	\$ (1,073,326)	\$ (1,060,978)	\$ 1,214,675
Fund Balance, July 1, 2018	2,046,724	1,851,642	1,851,642	195,082
Fund Balance, June 30, 2019	\$ 2,200,421	\$ 778,316	\$ 790,664	\$ 1,409,757

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

Exhibit C-6

Claiborne County, Tennessee  
Statement 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	\$ 1,285,925	\$ 1,282,300	\$ 1,282,300	\$ 3,625
Charges for Current Services	496,862	460,000	460,000	36,862
Other Local Revenues	36,649	25,000	25,000	11,649
State of Tennessee	14,826	63,000	63,000	(48,174)
Total Revenues	<u>\$ 1,834,262</u>	<u>\$ 1,830,300</u>	<u>\$ 1,830,300</u>	<u>\$ 3,962</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,767,519	\$ 1,998,435	\$ 1,998,435	\$ 230,916
Total Expenditures	<u>\$ 1,767,519</u>	<u>\$ 1,998,435</u>	<u>\$ 1,998,435</u>	<u>\$ 230,916</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 66,743</u>	<u>\$ (168,135)</u>	<u>\$ (168,135)</u>	<u>\$ 234,878</u>
Net Change in Fund Balance	\$ 66,743	\$ (168,135)	\$ (168,135)	\$ 234,878
Fund Balance, July 1, 2018	<u>650,030</u>	<u>657,831</u>	<u>657,831</u>	<u>(7,801)</u>
Fund Balance, June 30, 2019	<u>\$ 716,773</u>	<u>\$ 489,696</u>	<u>\$ 489,696</u>	<u>\$ 227,077</u>

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

Exhibit C-7

Claiborne 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	\$ 228,158	\$ 467,400	\$ 467,400	\$ (239,242)
Other Local Revenues	3,901	400	4,300	(399)
State of Tennessee	2,977,758	3,065,934	3,097,361	(119,603)
Federal Government	283,528	0	305,248	(21,720)
Total Revenues	<u>\$ 3,493,345</u>	<u>\$ 3,533,734</u>	<u>\$ 3,874,309</u>	<u>\$ (380,964)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 146,252	\$ 147,460	\$ 147,060	\$ 808
Highway and Bridge Maintenance	2,160,024	1,942,543	2,286,128	126,104
Operation and Maintenance of Equipment	339,858	343,608	358,608	18,750
Other Charges	71,975	76,200	72,454	479
Employee Benefits	33,868	35,000	33,868	0
Capital Outlay	394,113	935,323	790,191	396,078
Total Expenditures	<u>\$ 3,146,090</u>	<u>\$ 3,480,134</u>	<u>\$ 3,688,309</u>	<u>\$ 542,219</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 347,255</u>	<u>\$ 53,600</u>	<u>\$ 186,000</u>	<u>\$ 161,255</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (186,000)	\$ (53,600)	\$ (186,000)	\$ 0
Total Other Financing Sources	<u>\$ (186,000)</u>	<u>\$ (53,600)</u>	<u>\$ (186,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 161,255	\$ 0	\$ 0	\$ 161,255
Fund Balance, July 1, 2018	<u>396,906</u>	<u>605,700</u>	<u>605,700</u>	<u>(208,794)</u>
Fund Balance, June 30, 2019	<u>\$ 558,161</u>	<u>\$ 605,700</u>	<u>\$ 605,700</u>	<u>\$ (47,539)</u>

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



Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,574,951
Equity in Pooled Cash and Investments	564,387
Accounts Receivable	60
Due from Other Governments	360,316
Property Tax Receivable	58,667
Allowance for Uncollectible Property Taxes	<u>(2,762)</u>
Total Assets	<u>\$ 2,555,619</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 360,316
Due to Litigants, Heirs, and Others	1,674,950
Other Current Liabilities	<u>520,353</u>
Total Liabilities	<u>\$ 2,555,619</u>

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

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**CLAIBORNE COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Claiborne 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 Claiborne County:

**A. Reporting Entity**

Claiborne County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Claiborne County (the primary government) and its component units. Although required by GAAP, the financial statements of the Claiborne County Economic and Community Development Board and the financial statements of the Claiborne County Emergency Communications District, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore the effect of their omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationship 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 Claiborne County School Department operates the public school system in the county, and the voters of Claiborne 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 Claiborne County Economic and Community Development Board (formerly known as the Industrial Development Board) is a non-profit corporation incorporated under the provisions of the State of Tennessee, and the Claiborne County Commission appoints its governing body. The board is funded primarily through the sale and lease of industrial park properties, property taxes, grants, and contributions. Before the issuance of most debt instruments, the board obtains the approval of the county commission. The function of the board is to attract and promote new industry in the county. The financial statements of the Claiborne County Economic and Community Development Board were not material to the component units' opinion unit and therefore have been omitted from this report.

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

The Claiborne 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 Claiborne County Economic and Community Development Board and the Claiborne County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Claiborne County Economic and  
Community Development Board  
3222 Highway 25 East  
Suite 1  
Tazewell, TN 37879

Claiborne County Emergency Communications  
District  
P.O. Box 911  
Tazewell, TN 37879

**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 Claiborne 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 Claiborne 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.

Claiborne County issues most debt for the discretely presented Claiborne 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, the proprietary fund (internal service), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Claiborne County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Claiborne County has no proprietary funds to report. The Claiborne County School Department has one proprietary fund, an internal service fund.

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

statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

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

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

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

Claiborne County reports the following major governmental funds:

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

**Solid Waste/Sanitation Fund** – This special revenue fund accounts for transactions relating to the disposal of Claiborne County’s solid waste. Local taxes and general service charges are the foundational revenues of this fund.

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

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

Additionally, Claiborne County reports the following fund types:

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

**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 Claiborne County, assets held in a custodial capacity for the Claiborne County Economic and Community Development Board, and restricted revenues held for the benefit of the Office of the District Attorney General. 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 Claiborne County School Department reports the following major governmental fund:

**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.

Additionally, the Claiborne County School Department reports the following fund types:

**Special Revenue Funds** – These funds 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.

**Internal Service Fund** – The Employee Insurance Fund is used to account for transactions pertaining to the school department's self-insured group medical plan.

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



Proprietary funds distinguish operating revenues and expenses from nonoperating items. The school department has one proprietary fund, an internal service fund, used to account for the employees' health insurance. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges for services. Operating expenses for the internal service fund include administrative expenses and employee benefits.

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

**1. Deposits and Investments**

For purposes of the Statement of Cash Flows for the school department's internal service fund, cash consists of demand deposits.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Claiborne County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Income from these pooled investments is assigned to the General, Solid Waste/Sanitation, General Debt Service, and the school department's General Purpose School and Central Cafeteria funds per percentages established in the budgetary process. Claiborne 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 the stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and

conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United State of America.

All other investments are reported at fair value. No investments 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 and solid waste receivables are shown with an allowance for uncollectibles. Solid waste receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.5 percent of total taxes levied.

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

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

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

Most payables are disaggregated on the face of the financial statements. The Other Current Liabilities account reflected in the discretely presented school department's General Purpose School Fund represents the remaining balance in the teachers' payroll clearing accounts for July and August payrolls.

**3. Restricted Assets**

Pursuant to terms of the transaction agreement governing the sale and lease of assets of the Claiborne County Hospital and Nursing Home, an escrow account was established to account for the net proceeds received by the county. The escrow account was established to limit access to the funds and to ensure that the funds are used for purposes specified in the agreement. The balance in that account at year end is reported as restricted assets in the Other Special Revenue Fund. See Note IV.D., for further discussion of the sale/lease and restrictions on the use of funds in the escrow account.

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 Claiborne 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 Claiborne County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Claiborne 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 on the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	5 - 20
Infrastructure:	
Roads (based on surface type)	30, 40, or 50
Bridges	40

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

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

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

receivables for revenues, which do not meet the availability criteria for governmental funds.

**6. Compensated Absences**

Primary Government

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

Discretely Presented Claiborne County School Department

Vacation for employees of the school department does not vest or accumulate and must be used within the year. The granting of sick leave has no guaranteed payment attached and therefore requires no accrual.

**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 amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial

statements. Liabilities and expenditures for other long-term obligations, including compensated absences, other postemployment benefits, and landfill closure/postclosure care costs are recognized to the extent that the liabilities have matured (come due for payment) each period.

## 8. Net Position and Fund Balance

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

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

The government-wide Statement of Net Position, Governmental Activities, reports \$4,706,356 of restricted net position, of which \$310,255 is restricted by enabling legislation.

On the government-wide Statement of Net Position (Exhibit A), the amount Restricted for Other Purposes for the primary government (\$967,967), represents proceeds from the sale and lease of assets of the Claiborne County Hospital and Nursing Home, which are restricted for specific uses set forth in the transaction agreement.

As of June 30, 2019, Claiborne County had \$25,914,789 in outstanding debt for capital purposes for the discretely presented Claiborne County School Department. This debt is a liability of Claiborne County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Claiborne 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 makes assignments for the general government. The Board of Education makes assignments for the school department. Assigned fund balance in the General Fund represents amounts appropriated for use in the 2019-20 fiscal year budget (\$882,941). Assigned fund balance in the General Purpose School Fund of the discretely presented school department consists primarily of amounts appropriated for use in the 2019-20 fiscal year budget (\$1,525,624) and an amount assigned for debt service (\$565,104).

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 has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

**E. Pensions 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 Claiborne County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Claiborne 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 Claiborne 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**

**Discretely Presented Claiborne 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 Claiborne 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 Claiborne 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 Claiborne 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) and the Other Special Revenue Fund, which are not budgeted. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may

not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

**B. Criminal Charges Against Former Sheriff and Employees**

As reported in the prior annual financial report, on August 22, 2018, former Claiborne County Sheriff David Ray was indicted by the Claiborne County Grand Jury and charged with seven counts of official misconduct, one count of use of inmates for personal gain, one count of forgery, and six counts of attempted sales tax evasion. Sheriff Ray left office on August 31, 2018. Those charges against the former sheriff are scheduled for trial on July 20, 2020.

Also as reported in the prior annual financial report, two employees of the Sheriff's Office were indicted by the Claiborne County Grand Jury on August 22, 2018. Those employees have since pleaded guilty to certain charges. Larry Martin pleaded guilty to one count of felon in possession of a handgun, resulting in two years judicial diversion and two years supervised probation. Larry Roberts pleaded guilty to one count of official misconduct, resulting in a sentence of two years unsupervised probation.

**C. Investigation of Sheriff's Office Scrap Metal Sales**

On February 8, 2019, the state Comptroller's Division of Investigations issued an investigative report on the Claiborne County Sheriff's Department. The report disclosed that inmates and sheriff's litter patrol officers received cash from sales of scrap metal during the period July 1, 2016, through June 30, 2018, totaling at least \$23,763.18. This report is available at <http://www.comptroller.tn.gov/ia/>.

**D. County Clerk Investigation**

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

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Claiborne County and the Claiborne 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. The primary

oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Other than the school department's investment in the TCRS Stabilization Trust as discussed below, the county had no pooled or nonpooled investments as of June 30, 2019.

### **TCRS Stabilization Trust**

**Legal Provisions.** The Claiborne 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 Claiborne County School Department may not impose any restrictions on investments placed by the trust on their behalf.

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

Investments are reported at fair value or amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last

reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the 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 Claiborne 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	\$ 15,369
Developed Market International Equity	N/A	N/A	6,941
Emerging Market International Equity	N/A	N/A	1,983
U.S. Fixed Income	N/A	N/A	9,915
Real Estate	N/A	N/A	4,958
Short-term Securities	N/A	N/A	496
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	9,915
Total			\$ 49,577

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Cost
					NAV
U.S. Equity	\$ 15,369	\$ 15,369	\$ 0	\$ 0	0
Developed Market					
International Equity	6,941	6,941	0	0	0
Emerging Market					
International Equity	1,983	1,983	0	0	0
U.S. Fixed Income	9,915	0	9,915	0	0
Real Estate	4,958	0	0	4,958	0
Short-term Securities	496	0	496	0	0
Private Equity and Strategic Lending	9,915	0	0	0	9,915
Total	\$ 49,577	\$ 24,293	\$ 10,411	\$ 4,958	9,915

**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 Claiborne 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 Claiborne 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. Claiborne 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 Claiborne County School Department to pay retirement benefits of the school department employees.

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

**B. Capital Assets**

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

**Primary Government - Governmental Activities:**

	Balance 7-1-18	Increases	Balance 6-30-19
Capital Assets Not Depreciated:			
Land	\$ 1,054,592	\$ 0	\$ 1,054,592
Total Capital Assets Not Depreciated	<u>\$ 1,054,592</u>	<u>\$ 0</u>	<u>\$ 1,054,592</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 33,577,732	\$ 12,901	\$ 33,590,633
Roads and Bridges	29,189,986	0	29,189,986
Other Capital Assets	<u>6,479,767</u>	<u>169,618</u>	<u>6,649,385</u>
Total Capital Assets Depreciated	<u>\$ 69,247,485</u>	<u>\$ 182,519</u>	<u>\$ 69,430,004</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 15,884,581	\$ 826,182	\$ 16,710,763
Roads and Bridges	11,167,148	696,334	11,863,482
Other Capital Assets	<u>4,172,179</u>	<u>421,858</u>	<u>4,594,037</u>
Total Accumulated Depreciation	<u>\$ 31,223,908</u>	<u>\$ 1,944,374</u>	<u>\$ 33,168,282</u>
Total Capital Assets Depreciated, Net	<u>\$ 38,023,577</u>	<u>\$ (1,761,855)</u>	<u>\$ 36,261,722</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,078,169</u>	<u>\$ (1,761,855)</u>	<u>\$ 37,316,314</u>

There were no decreases in capital assets to report during the year ended June 30, 2019.



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

**Governmental Activities:**

General Government	\$ 305,325
Public Safety	115,229
Public Health and Welfare	608,444
Highways/Public Works	<u>915,376</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,944,374</u>
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**Discretely Presented Claiborne County School Department -  
Governmental Activities:**

	Balance 7-1-18	Increases	Balance 6-30-19
Capital Assets Not Depreciated:			
Land	\$ 1,224,296	\$ 0	\$ 1,224,296
Total Capital Assets Not Depreciated	<u>\$ 1,224,296</u>	<u>\$ 0</u>	<u>\$ 1,224,296</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 52,744,268	\$ 145,026	\$ 52,889,294
Other Capital Assets	3,889,825	44,699	3,934,524
Total Capital Assets Depreciated	<u>\$ 56,634,093</u>	<u>\$ 189,725</u>	<u>\$ 56,823,818</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 22,168,869	\$ 1,335,741	\$ 23,504,610
Other Capital Assets	2,263,716	217,221	2,480,937
Total Accumulated Depreciation	<u>\$ 24,432,585</u>	<u>\$ 1,552,962</u>	<u>\$ 25,985,547</u>
Total Capital Assets Depreciated, Net	<u>\$ 32,201,508</u>	<u>\$ (1,363,237)</u>	<u>\$ 30,838,271</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,425,804</u>	<u>\$ (1,363,237)</u>	<u>\$ 32,062,567</u>

There were no decreases in capital assets to report during the year ended June 30, 2019.

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

**Governmental Activities:**

Instruction	\$ 1,297,340
Support Services	<u>255,622</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,552,962</u></u>

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

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

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 500
"	Solid Waste / Sanitation	2,619

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

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

The amount reflected on the government-wide financial statements as Due to Primary Government from the discretely presented school department represents \$89,789 for debt issued by the primary government, which is being retired by the school department. Of that amount, \$59,970 is not expected to be received within one year.

**Interfund Transfers:**

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

**Primary Government**

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
Highway/Public Works Fund	\$ 53,600	\$ 132,400
Nonmajor governmental funds	0	204,406
Total	<u>\$ 53,600</u>	<u>\$ 336,806</u>

Transfers to the General Debt Service Fund represent contributions toward retirement of long-term debt principal and interest.

**Discretely Presented Claiborne County School Department**

Transfer Out	Transfer In
	Internal Service Fund
General Purpose School Fund	<u>\$ 400,000</u>
Total	<u>\$ 400,000</u>

Transfers to the internal service fund represent contributions in excess of premiums for the self-insured health program.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**D. Sale/Lease of Claiborne County Hospital and Nursing Home**

On March 25, 2014, the county entered into a transaction agreement with Claiborne Medical Center (CMC) related to the assets, liabilities, and operation of Claiborne County Hospital and Nursing Home. The agreement provided for the purchase of certain hospital and nursing home assets and liabilities by CMC, and an operating lease agreement for the land and buildings associated with the hospital and nursing home. The combined sale and lease price was paid at the time of closing and no other payments of rent are due during the entire lease term, including renewal terms. A portion of the

proceeds from the sale/lease was used to defease outstanding county hospital and nursing home bonds as discussed in Note IV.F. Long-term Debt. Pursuant to the agreement, the sale/lease proceeds were placed in an escrow account in the name of the county (see Note I.D.3. Restricted Assets). Disbursements are made from the escrow account to Claiborne County, CMC, or their designees for certain agreed upon healthcare related costs provided for in the transaction agreement. When escrow funds are no longer sufficient to cover such agreed upon costs, amounts due to CMC, pursuant to the agreement, shall be payable from the general revenues of the county.

The lease agreement for the land and buildings was effective April 1, 2014, for an initial term of ten years with automatic extension for three additional five-year extension terms, unless CMC gives written notice of non-renewal no less than 18 months prior to the expiration of the lease term or the renewal term, as applicable. At the end of the 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> years during the lease term, 25 percent of the then-existing balance of the escrow funds, less the amount of the then-existing pending/future obligations, will be released to the county for deposit into a Healthcare Fund to be used exclusively for financial obligations of the county specified in the transaction agreement, and for the promotion and advancement of health-related needs of residents of Claiborne County. At the end of the ten-year term, any remaining balance in escrow will be released and deposited into the Healthcare Fund.

Terms of the transaction agreement included requirements for CMC to assume operations of the Claiborne County Ambulance Service with the county to provide, from the escrow account, \$165,000 per year, and one new ambulance per year in subsidy for the Ambulance Service operations. Upon exhaustion of the escrow funds and Healthcare Fund, the Ambulance Service subsidy shall be payable from general county revenues. CMC may elect to discontinue their operation of the Ambulance Service at any time during the lease term with 90 days' notice.

The aggregate amount of unpaid ambulance subsidy over the remaining lease term is considered a pending/future obligation. The estimate of the aggregate amount of unpaid ambulance subsidy for the remaining seven years of the lease term exceeds the escrow balance as of June 30, 2019. Therefore, 25 percent of the escrow was not released to the county.

The carrying value of the leased property was \$9,129,666 at June 30, 2019. The original cost was \$20,702,557 and accumulated depreciation was \$11,572,891. There are no future minimum lease payments associated with this agreement.

**E. Capital Leases**

On January 24, 2017, Claiborne County entered into a three-year lease-purchase agreement for a highway department excavator. The terms of the lease require total lease payments of \$142,803 plus interest of 2.5 percent.

Title to the equipment in this agreement transferred to Claiborne County when the lease was signed. The lease payments are made from the General Debt Service Fund.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 142,803
Less: Accumulated Depreciation	<u>(23,800)</u>
Total Book Value	<u><u>\$ 119,003</u></u>

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

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2020	\$ 63,803
Total Minimum Lease Payments	\$ 63,803
Less: Amount Representing Interest	<u>(700)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 63,103</u></u>

**F. Long-term Debt**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

General Obligation Bonds - Claiborne County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Claiborne 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. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. The county had no outstanding capital outlay notes at June 30, 2019. Other loans outstanding were issued for original terms of up to 15 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, other loans, and capital leases outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	1 to 5.3	%	6-1-25	\$ 5,010,000	\$ 2,580,000
General Obligation Bonds - Refunding	2 to 4.125		4-1-30	39,425,000	27,415,000
Direct Borrowing and Direct Placement:					
Other Loans Fixed Rate	2.5		4-30-22	335,732	89,789
Capital Leases	2.5		1-24-20	142,803	63,103

Included in amounts outstanding are various general obligation debts Claiborne County has issued for the benefit of the Claiborne County School Department component unit. The Claiborne County School Department contributes funds annually to the county to apply toward retirement of debt based on budgetary appropriations. During the year, the school department contributed \$3,040,791 to the county's General Debt Service Fund for retirement of those general obligation debt issues.

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 2,340,000	\$ 1,209,822	\$ 3,549,822
2021	2,455,000	1,122,662	3,577,662
2022	2,455,000	1,029,587	3,484,587
2023	2,410,000	930,463	3,340,463
2024	2,515,000	829,337	3,344,337
2025-2029	14,640,000	2,423,775	17,063,775
2030	3,180,000	131,175	3,311,175
<b>Total</b>	<b>\$ 29,995,000</b>	<b>\$ 7,676,821</b>	<b>\$ 37,671,821</b>

Year Ending June 30	Other Loans - Direct Placement		
	Principal	Interest	Total
2020	\$ 29,819	\$ 1,857	\$ 31,676
2021	30,564	1,084	31,648
2022	29,406	352	29,758
<b>Total</b>	<b>\$ 89,789</b>	<b>\$ 3,293</b>	<b>\$ 93,082</b>

There is \$847,621 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$931, based on the 2010 federal census. Total debt per capita, including bonds, other loans, capital leases, and unamortized debt premiums, totaled \$950, based on the 2010 federal census.

In addition to the annual contributions made by the school department to the General Debt Service Fund, which are dependent upon budgetary appropriations discussed previously, the school department has committed to service certain other debt issued by the county. The school department is currently committed to contributing funds to service specific debt instruments issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the school department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Outstanding 6-30-19
<u>Other Loans Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Ball field lighting projects at schools	\$ 89,789

Changes in Long-term Debt

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

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2018	\$ 32,325,000	\$ 132,838	\$ 118,884
Reductions	(2,330,000)	(132,838)	(29,095)
Balance, June 30, 2019	<u>\$ 29,995,000</u>	<u>\$ 0</u>	<u>\$ 89,789</u>
Balance Due Within One Year	<u>\$ 2,340,000</u>	<u>\$ 0</u>	<u>\$ 29,819</u>
	<u>Capital Leases - Direct Placement</u>		
Balance, July 1, 2018	\$ 393,843		
Reductions	(330,740)		
Balance, June 30, 2019	<u>\$ 63,103</u>		
Balance Due Within One Year	<u>\$ 63,103</u>		

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 30,147,892
Less: Balance Due Within One Year	(2,432,922)
Add: Unamortized Premium on Debt	<u>447,187</u>

Noncurrent Liabilities - Due in More Than One Year -Debt - Exhibit A	<u>\$ 28,162,157</u>
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Defeasance of Prior Debt

In prior years, Claiborne County defeased certain hospital refunding bonds by placing a portion of the proceeds received from the sale/lease of the Claiborne County Hospital and Nursing home into an irrevocable trust to provide for all future debt service payments on the debt. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased debt are not included in the county's financial statements. At June 30, 2019, the following outstanding bonds were considered defeased:



	<u>Amount</u>	<u>Call Date</u>
Refunding Series 2010A - Hospital	\$ 2,795,000	4-1-20
Refunding Series 2010B - Hospital	250,000	4-1-20

**G. Long-term Obligations**

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Compensated Absences</u>	<u>Landfill Closure/ Postclosure Care Costs</u>
Balance, July 1, 2018	\$ 271,324	\$ 780,633
Additions	188,446	0
Reductions	(172,598)	(61,904)
Balance, June 30, 2019	<u>\$ 287,172</u>	<u>\$ 718,729</u>
Balance Due Within One Year	<u>\$ 186,662</u>	<u>\$ 65,404</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 1,005,901
Less: Balance Due Within One Year	<u>(252,066)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 753,835</u>

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

**Discretely Presented Claiborne County School Department**

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2018	\$ 20,769,050
Additions	6,280,137
Reductions	<u>(899,073)</u>
Balance, June 30, 2019	<u>\$ 26,150,114</u>
Balance Due Within One Year	<u>\$ 0</u>

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

**H. Pledges of Receivables and Future Revenues**

In 2003, the Claiborne County Commission voted to levy a motor vehicle privilege tax. The county pledged the tax revenues for jail construction and ADA required renovations to the courthouse.

Proceeds of the tax are placed in the General Debt Service Fund and are currently being expended to retire principal and interest on debt associated with the construction of the judicial complex. During the year, revenues generated by the wheel tax totaled \$703,408, and principal and interest expenditures funded by the wheel tax totaled \$612,844. Since its inception, wheel tax revenues for jail debt totals \$10,405,368 and expenditures for jail debt totals \$10,153,808.

In 2017, the county commission voted to levy an additional motor vehicle privilege tax. The county pledged the tax revenues for paving roads and the purchase of highway equipment.

Proceeds of the additional vehicle privilege tax are placed in the Highway Capital Projects Fund and are currently being expended to fund highway paving projects and purchases of highway equipment. During the year, revenues generated by the wheel tax totaled \$703,258 and expenditures of the Highway Capital Projects Fund for paving roads and equipment purchases totaled \$676,773. Since its inception, wheel tax revenues for paving roads and the purchase of highway equipment totals \$2,454,380 and expenditures for paving roads and equipment purchases totals \$2,395,685.

V. **OTHER INFORMATION**

A. **Risk Management**

**Primary Government**

It is the policy of the county to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, casualty, workers' compensation, employee health and accident, and environmental. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Retirees are not permitted to remain on the county's health insurance program.

**Discretely Presented Claiborne County School Department**

The school department has chosen to establish the Employee Health Insurance Fund for risks associated with the employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. Certified employees are covered under one plan, while non-certified employees can choose between two plans. The school department has purchased excess risk insurance coverage for claims exceeding \$95,000 per claimant and \$6,633,435 for all claims in a single year. All three plans are covered by this excess risk plan. The stop loss policy has a maximum reimbursement of \$1,000,000 per claim year.

All full-time certified employees and certain other employees of the Claiborne County School Department are eligible to participate. A premium charge is allocated to each fund that accounts for covered employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$35,922 at June 30, 2019, and is reported as net position of the Employee Health Insurance Fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2017-2018	\$ 679,627	\$ 4,142,523	\$ (4,191,971)	\$ 630,179
2018-2019	630,179	4,587,316	(4,559,327)	658,168

Current year claims and estimates are presented net of stop/loss recoveries (\$499,195) and contracted prescription drug rebates (\$411,533) for the 2018-2019 year.

The school department continues to carry commercial insurance for all other risks of loss, including general liability, property, casualty, and workers' compensation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**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, Claiborne County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

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

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

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

**C. Contingent Liabilities**

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**D. Change in Administration**

On July 13, 2018, Frances Cardwell left the Office of Clerk and Master and was succeeded by Rita Jones.

On August 31, 2018, Jack Daniels left the Office of County Mayor and was succeeded by Joe Brooks; David Ray left the Office of Sheriff and was succeeded by Bob Brooks; and Evelyn Hill left the Office of County Clerk and was succeeded by Karen Hurst.

On November 19, 2018, Sam Owens left his position as finance director. Angelia Tucker, deputy finance director, immediately began serving as Finance Director, and was appointed finance director by the financial management committee on January 28, 2019.

**E. Landfill Closure/Postclosure Care Costs**

Claiborne County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated 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 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. Claiborne County closed its sanitary landfill in 1998. The \$718,729 reported as postclosure care liability at June 30, 2019, represents 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 Venture**

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District; Scott, Campbell, Fentress, Claiborne, and Union counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by the board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Claiborne County made no contributions to the DTF for the year ended June 30, 2019, and does not have an equity interest in the joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General  
Eighth Judicial District Drug Task Force  
P.O. Box 10  
Huntsville, TN 37756

**G. Jointly Governed Organization**

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

## H. Retirement Commitments

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

#### Primary Government

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

*Plan Description.* Employees of Claiborne County and non-certified employees of the discretely presented Claiborne County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 57.91 percent, the non-certified employees of the discretely presented school department comprise 42.09 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://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.

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	428
Inactive Employees Entitled to But Not Yet Receiving Benefits	871
Active Employees	524
Total	1,823

*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. Claiborne 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 Claiborne County was \$633,122 based on a rate of 5.52 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Claiborne 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)**

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

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

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

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The



demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity 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 Claiborne County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state

statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 47,895,757	\$ 48,724,644	\$ (828,887)
Changes for the Year:			
Service Cost	\$ 920,613	\$ 0	\$ 920,613
Interest	3,430,372	0	3,430,372
Differences Between Expected and Actual Experience	(475,984)	0	(475,984)
Changes in Assumptions	0	0	0
Contributions-Employer	0	613,930	(613,930)
Contributions-Employees	0	563,291	(563,291)
Net Investment Income	0	3,966,624	(3,966,624)
Benefit Payments, Including Refunds of Employee Contributions	(3,001,799)	(3,001,799)	0
Administrative Expense	0	(50,217)	50,217
Other Changes	0	0	0
Net Changes	\$ 873,202	\$ 2,091,829	\$ (1,218,627)
Balance, June 30, 2018	\$ 48,768,959	\$ 50,816,473	\$ (2,047,514)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	57.91%	\$ 28,242,104	\$ 29,427,820	\$ (1,185,715)
School Department	42.09%	20,526,855	21,388,653	(861,799)
Total		\$ 48,768,959	\$ 50,816,473	\$ (2,047,514)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Claiborne County calculated using the discount rate of 7.25 percent,

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 3,030,906	\$ (2,047,514)	\$ (6,201,181)

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

*Pension Expense.* For the year ended June 30, 2019, Claiborne County recognized (negative) pension expense of (\$27,902).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 802,375
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	142,173
Changes in Assumptions	809,298	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	633,122	N/A
Total	<u>\$ 1,442,420</u>	<u>\$ 944,548</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 834,681	\$ 546,987
School Department	607,739	397,561
Total	<u>\$ 1,442,420</u>	<u>\$ 944,548</u>

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

Year Ending June 30	Amount
2020	\$ 385,038
2021	141,669
2022	(561,551)
2023	(100,410)
2024	0
Thereafter	0

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

**Discretely Presented Claiborne County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Claiborne County and non-certified employees of the discretely presented Claiborne County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 57.91 percent and the non-certified employees of the discretely presented school department comprise 42.09 percent of the plan based on contribution data.

## **Certified Employees**

### **Teacher Retirement Plan**

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

*Plan Description.* Teachers of the Claiborne 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](http://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 \$47,970, which is 1.94 percent of covered payroll. In addition, employer contributions of \$48,215 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 (\$116,962) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .257894 percent. The proportion as of June 30, 2017, was .299465 percent.

*Pension Expense.* For the year ended June 30, 2019, the school department recognized pension expense of \$41,264.

*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	\$ 6,624	\$ 4,659
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,607
Changes in Assumptions	5,518	0
Changes in Proportion of Net Pension Liability (Asset)	16,191	189
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	47,970	N/A
Total	<u>\$ 76,303</u>	<u>\$ 11,455</u>

The school department's employer contributions of \$47,970, 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	\$ 465
2021	255
2022	(687)
2023	1,040
2024	1,920
Thereafter	13,887

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

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

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

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

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

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



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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability      \$      18,082      \$      (116,962)      \$      (216,458)

*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 Claiborne 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](http://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 Claiborne County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$1,726,231, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liability (Assets).* At June 30, 2019, the school department reported a liability (asset) of (\$1,718,239) 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 .488287 percent. The proportion measured at June 30, 2017, was .489426 percent.

*Pension Expense.* For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$481,902).

*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	\$ 347,315	\$ 2,318,041
Changes in Assumptions	1,014,800	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	373,960
Changes in Proportion of Net Pension Liability (Asset)	78,479	16,238
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	<u>1,726,231</u>	N/A
Total	<u>\$ 3,166,825</u>	<u>\$ 2,708,239</u>

The school department's employer contributions of \$1,726,231 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	\$ 364,157
2021	(538,771)
2022	(933,399)
2023	(159,631)
2024	0
Thereafter	0

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability    \$ 13,245,269    \$ (1,718,239)    \$ (14,098,458)

*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 \$108,924 and teachers contributed \$92,680 to this deferred compensation pension plan.

**I. Other Postemployment Benefits**

Claiborne County primary government does not offer other postemployment benefits to its retirees.

**Discretely Presented Claiborne County School Department**

*Plan Description.* Claiborne County School Department provides self-insured postemployment benefits for health care and commercial postemployment benefits for life insurance for its retirees and their eligible dependents. This plan is administered by Shafer Insurance. For reporting purposes the plan is considered to be a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is 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.

The Board of Education is a member of the Tennessee School Board Association (TSBA) OPEB Trust. The TSBA OPEB Trust was established to manage investment of funds contributed by member employers to fund their OPEB liability. As of June 30, 2019, the Claiborne County Board of Education has not placed any funds with TSBA OPEB Trust.

*Benefits Provided.* All retirees must be at least 55 years old and have 20 years of service to qualify for benefits. Non-certified employees are not eligible to continue the medical plan after retirement. Eligible non-certified employees may continue their life insurance by paying the full premium amount. For pre-65 certified retirees, the school department pays 100 percent of the premium for single coverage medical benefits for retirees with 30 or more years of service. The school department pays a pro-rated amount (based on years of service) of the cost of single medical coverage for retirees with 20 to 29 years of service until age 65. The retiree pays 100 percent of the difference between the premiums of single and family medical coverage. Surviving spouses pay 100 percent of premiums for medical coverage. The school department pays 100 percent of the premiums to provide \$30,000 of life insurance for eligible pre-65 retirees.

For post-65 retirees electing supplemental Medicare coverage, the retirees pay from \$150 per month to \$395 per month depending on coverage selected. Surviving spouses pay \$291 per month for the supplemental coverage. Post-65 retirees pay 100 percent of any life insurance coverage.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	205
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	373
Total	578

**Total OPEB Liability**

The plan’s total OPEB liability of \$26,150,114 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

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



Actuarial Cost Method	Entry Age
Discount Rate	3.50%
Healthcare Cost Trend Rates	7.5% initially decreasing to 5% by 2024
Salary Increases	3% annually
Retirees share of Benefit-related Cost	See discussion under Benefits Provided

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

The mortality assumption is based on RP-2014 White Collar Fully Generational Mortality Table with Projection Scale MP-2018.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2018	\$ 20,769,050
Changes for the Year:	
Service Cost	\$ 583,968
Interest	849,494
Changes in Benefit Terms	0
Difference between Expected and Actual Experience	(236,157)
Changes in Assumption and Other Inputs	4,846,675
Benefit Payments	(662,916)
Net Changes	<u>\$ 5,381,064</u>
Balance June 30, 2019	<u><u>\$ 26,150,114</u></u>

The mortality assumption has been updated from RP-2014 Mortality Fully Generational using Projection Scale MP-2017 to RP-2014 White Collar Fully Generational Table with scale MP-2018. The discount rate changed from 3.05 percent as of the beginning of the measurement period to 3.5 percent as of the measurement date of June 30, 2019.

*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 \$2,223,814. At June 30, 2019, the school department 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	\$ 8,577	\$ 195,788
Changes of Assumptions/Inputs	4,018,183	0
Net Difference Between Projected and Actual Investments	<u>0</u>	<u>0</u>
Total	<u>\$ 4,026,760</u>	<u>\$ 195,788</u>

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

Year Ending June 30	Amount
2020	\$ 790,352
2021	790,352
2022	790,352
2023	790,013
2024	669,903
Thereafter	0

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

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

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 31,479,683	\$ 26,150,114	\$ 22,074,170

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

	1% Decrease 7% Decreasing to 4%	Current Trend Rate 8% Decreasing to 5%	1% Increase 9% Decreasing to 6%
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Total OPEB Liability	\$ 22,682,666	\$ 26,150,114	\$ 30,686,177
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**J. Office of Central Accounting, Budgeting, and Purchasing**

Claiborne 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. The act also provides for the creation of a finance department operated under the direction of the finance director.

**K. Purchasing Laws**

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 Claiborne County. All purchase orders are issued by the finance department. Purchases exceeding \$10,000 are required to be competitively bid.

**L. Subsequent Events**

On July 1, 2019 Dr. Joseph Miller left the Office of Director of Schools and was succeeded by Dr. Linda Keck.

On July 1, 2019, the county executed a three-year lease purchase agreement for two tractors with two long arm mowers for the highway department in the amount of \$280,665 with an interest rate of 4.29 percent.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

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

	2014	2015	2016	2017	2018
<b>Total Pension Liability</b>					
Service Cost	\$ 1,439,339	\$ 714,275	\$ 744,708	\$ 875,275	\$ 920,613
Interest	3,355,422	3,275,640	3,336,404	3,375,465	3,430,372
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(1,736,936)	(154,148)	(652,386)	(564,586)	(475,984)
Changes in Assumptions	0	0	0	1,618,598	0
Benefit Payments, Including Refunds of Employee Contributions	(3,678,157)	(3,114,892)	(2,997,136)	(3,079,830)	(3,001,799)
Net Change in Total Pension Liability	\$ (620,332)	\$ 720,875	\$ 431,590	\$ 2,224,922	\$ 873,202
Total Pension Liability, Beginning	45,138,702	44,518,370	45,239,245	45,670,835	47,895,757
Total Pension Liability, Ending (a)	\$ 44,518,370	\$ 45,239,245	\$ 45,670,835	\$ 47,895,757	\$ 48,768,959
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 913,895	\$ 507,315	\$ 577,354	\$ 621,480	\$ 613,930
Contributions - Employee	857,440	457,428	541,088	564,884	563,291
Net Investment Income	6,829,354	1,416,525	1,203,284	5,058,415	3,966,624
Benefit Payments, Including Refunds of Employee Contributions	(3,678,157)	(3,114,892)	(2,997,136)	(3,079,830)	(3,001,799)
Administrative Expense	(25,669)	(23,931)	(40,988)	(45,829)	(50,217)
Other	0	0	7,695	0	0
Net Change in Plan Fiduciary Net Position	\$ 4,896,863	\$ (757,555)	\$ (708,703)	\$ 3,119,120	\$ 2,091,829
Plan Fiduciary Net Position, Beginning	42,174,919	47,071,782	46,314,227	45,605,524	48,724,644
Plan Fiduciary Net Position, Ending (b)	\$ 47,071,782	\$ 46,314,227	\$ 45,605,524	\$ 48,724,644	\$ 50,816,473
Net Pension Liability (Asset), Ending (a - b)	\$ (2,553,412)	\$ (1,074,982)	\$ 65,311	\$ (828,887)	\$ (2,047,514)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.74%	102.38%	99.86%	101.73%	104.20%
Covered Payroll	\$ 16,892,704	\$ 9,190,482	\$ 10,459,286	\$ 11,264,351	\$ 11,121,892
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(15.12)%	(11.7)%	0.62%	(7.36)%	(18.41)%

Notes:

Note 1: Ten-year information will be presented when available.

Note 2: The agent plan is a single plan that is participated in by the primary government and non-certified employees of the discretely presented school department.

Exhibit E-2

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 913,895	\$ 507,315	\$ 577,354	\$ 621,480	\$ 613,930	\$ 633,122
Less Contributions in Relation to the Actuarially Determined Contribution	(913,895)	(507,315)	(577,354)	(621,480)	(613,930)	(633,122)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 16,829,704	\$ 9,190,482	\$ 10,459,286	\$ 11,264,351	\$ 11,121,892	\$ 11,469,601
Contributions as a Percentage of Covered Payroll	5.41%	5.52%	5.52%	5.52%	5.52%	5.52%

Notes:

Note 1: Ten-year information will be presented when available.

Note 2: The agent plan is a single plan that is participated in by the primary government and non-certified employees of the discretely presented school department.

Exhibit E-3

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 29,816	\$ 63,261	\$ 78,620	\$ 90,147	\$ 47,970
Less Contributions in Relation to the Contractually Required Contribution	(29,816)	(63,261)	(78,620)	(90,147)	(47,970)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 745,396	\$ 1,581,516	\$ 1,965,490	\$ 2,253,684	\$ 2,472,676
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 rate (1.94%) of covered payroll into the pension plan and placed \$48,215 into the Pension Stabilization Trust.

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

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 1,645,756	\$ 1,596,791	\$ 1,588,945	\$ 1,564,008	\$ 1,552,517	\$ 1,726,231
Less Contributions in Relation to the Contractually Required Contribution	(1,645,756)	(1,596,791)	(1,588,945)	(1,564,008)	(1,552,517)	(1,726,231)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 18,533,289	\$ 17,663,641	\$ 17,576,842	\$ 17,300,987	\$ 17,098,198	\$ 16,503,164
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.



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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Asset	0.358755%	0.359434%	0.299465%	0.257894%
School Department's Proportionate Share of the Net Pension Liability (Asset)	(\$14,433)	(\$37,418)	(\$79,007)	(\$116,962)
Covered Payroll	\$745,396	\$1,581,516	\$1,965,490	\$2,253,684
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

Exhibit E-6

Claiborne County, Tennessee  
Schedule of Proportionate Share of the Net Pension Liability/Asset  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Claiborne 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	0.472187%	0.471847%	0.486920%	0.489426%	0.488287%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (76,728) \$	193,285 \$	3,042,979 \$	(160,133) \$	(1,718,239)
Covered Payroll	\$ 18,533,289 \$	17,663,641 \$	17,576,842 \$	17,300,987 \$	17,098,198
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

Exhibit E-7

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

	2018	2019
<b>Total OPEB Liability</b>		
Service Cost	\$ 442,055	\$ 583,968
Interest	627,742	849,494
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(13,035)	(236,157)
Changes in Assumptions or Other Inputs	0	4,846,675
Benefit Payments	(854,730)	(662,916)
Net Change in Total OPEB Liability	\$ 202,032	\$ 5,381,064
Total OPEB Liability, Beginning	20,567,018	20,769,050
Total OPEB Liability, Ending	<u>\$ 20,769,050</u>	<u>\$ 26,150,114</u>
Covered Employee Payroll	\$ 19,047,813	\$ 17,143,623
Net OPEB Liability as a Percentage of Covered Employee Payroll	109.04%	152.54%

Notes:

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

Note 2: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Note 3: 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:

2018 - 3.05%

2019 - 3.50%

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

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

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

Methods and assumptions used to determine contribution rates:

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

*Changes of Assumptions:* In 2017, the following assumptions were changed: (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.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

Other Special Revenue Fund – This special revenue fund accounts for the proceeds from the sale and lease of assets of the Claiborne County Hospital and Nursing Home.

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

## Capital Projects Fund

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

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Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for major paving projects and the purchase of some equipment for the Highway Department.

Exhibit F-1

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Total	Highway Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 178,736	\$ 178,736	\$ 0	\$ 178,736
Equity in Pooled Cash and Investments	68,117	0	0	68,117	222,626	290,743
Property Taxes Receivable	0	0	0	0	117,186	117,186
Allowance for Uncollectible Property Taxes	0	0	0	0	(5,457)	(5,457)
Restricted Assets	0	967,967	0	967,967	0	967,967
Total Assets	<u>\$ 68,117</u>	<u>\$ 967,967</u>	<u>\$ 178,736</u>	<u>\$ 1,214,820</u>	<u>\$ 334,355</u>	<u>\$ 1,549,175</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 2,219	\$ 0	\$ 0	\$ 2,219	\$ 38,663	\$ 40,882
Due to Other Funds	0	0	500	500	0	500
Total Liabilities	<u>\$ 2,219</u>	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 2,719</u>	<u>\$ 38,663</u>	<u>\$ 41,382</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 108,601	\$ 108,601
Deferred Delinquent Property Taxes	0	0	0	0	2,896	2,896
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 111,497</u>	<u>\$ 111,497</u>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Finance	\$ 0	\$ 0	\$ 178,236	\$ 178,236	\$ 0	\$ 178,236

(Continued)

Exhibit F-1

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

	Special Revenue Funds			Total	Capital	Total
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees		Projects Fund	
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Public Safety	\$ 65,898	\$ 0	\$ 0	\$ 65,898	\$ 0	\$ 65,898
Restricted for Capital Projects	0	0	0	0	184,195	184,195
Restricted for Other Purposes	0	967,967	0	967,967	0	967,967
Total Fund Balances	<u>\$ 65,898</u>	<u>\$ 967,967</u>	<u>\$ 178,236</u>	<u>\$ 1,212,101</u>	<u>\$ 184,195</u>	<u>\$ 1,396,296</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 68,117</u>	<u>\$ 967,967</u>	<u>\$ 178,736</u>	<u>\$ 1,214,820</u>	<u>\$ 334,355</u>	<u>\$ 1,549,175</u>



Exhibit F-2

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Total	Highway Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 814,771	\$ 814,771
Fines, Forfeitures, and Penalties	26,521	0	0	26,521	0	26,521
Charges for Current Services	0	0	487,763	487,763	0	487,763
Other Local Revenues	11,601	825	0	12,426	0	12,426
<b>Total Revenues</b>	<b>\$ 38,122</b>	<b>\$ 825</b>	<b>\$ 487,763</b>	<b>\$ 526,710</b>	<b>\$ 814,771</b>	<b>\$ 1,341,481</b>
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 411,537	\$ 411,537	\$ 0	\$ 411,537
Administration of Justice	0	0	44,137	44,137	0	44,137
Public Safety	61,482	0	0	61,482	0	61,482
Public Health and Welfare	0	279,647	0	279,647	0	279,647
Other Operations	0	750	0	750	0	750
Capital Projects	0	0	0	0	567,496	567,496
<b>Total Expenditures</b>	<b>\$ 61,482</b>	<b>\$ 280,397</b>	<b>\$ 455,674</b>	<b>\$ 797,553</b>	<b>\$ 567,496</b>	<b>\$ 1,365,049</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,360)	\$ (279,572)	\$ 32,089	\$ (270,843)	\$ 247,275	\$ (23,568)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (204,406)	\$ (204,406)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (204,406)</b>	<b>\$ (204,406)</b>

(Continued)

Exhibit F-2

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Total	Highway Capital Projects	
Net Change in Fund Balances	\$ (23,360)	\$ (279,572)	\$ 32,089	\$ (270,843)	\$ 42,869	\$ (227,974)
Fund Balance, July 1, 2018	89,258	1,247,539	146,147	1,482,944	141,326	1,624,270
Fund Balance, June 30, 2019	\$ 65,898	\$ 967,967	\$ 178,236	\$ 1,212,101	\$ 184,195	\$ 1,396,296

Exhibit F-3

Claiborne 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	\$ 26,521	\$ 46,000	\$ 46,000	\$ (19,479)
Other Local Revenues	11,601	0	11,595	6
Total Revenues	<u>\$ 38,122</u>	<u>\$ 46,000</u>	<u>\$ 57,595</u>	<u>\$ (19,473)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 61,482	\$ 80,000	\$ 91,595	\$ 30,113
Total Expenditures	<u>\$ 61,482</u>	<u>\$ 80,000</u>	<u>\$ 91,595</u>	<u>\$ 30,113</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,360)</u>	<u>\$ (34,000)</u>	<u>\$ (34,000)</u>	<u>\$ 10,640</u>
Net Change in Fund Balance	\$ (23,360)	\$ (34,000)	\$ (34,000)	\$ 10,640
Fund Balance, July 1, 2018	<u>89,258</u>	<u>100,033</u>	<u>100,033</u>	<u>(10,775)</u>
Fund Balance, June 30, 2019	<u>\$ 65,898</u>	<u>\$ 66,033</u>	<u>\$ 66,033</u>	<u>\$ (135)</u>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 814,771	\$ 830,200	\$ 830,200	\$ (15,429)
Total Revenues	\$ 814,771	\$ 830,200	\$ 830,200	\$ (15,429)
<u>Expenditures</u>				
<u>Capital Projects</u>				
Highway and Street Capital Projects	\$ 567,496	\$ 830,200	\$ 625,794	\$ 58,298
Total Expenditures	\$ 567,496	\$ 830,200	\$ 625,794	\$ 58,298
Excess (Deficiency) of Revenues Over Expenditures	\$ 247,275	\$ 0	\$ 204,406	\$ 42,869
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (204,406)	\$ 0	\$ (204,406)	\$ 0
Total Other Financing Sources	\$ (204,406)	\$ 0	\$ (204,406)	\$ 0
Net Change in Fund Balance	\$ 42,869	\$ 0	\$ 0	\$ 42,869
Fund Balance, July 1, 2018	141,326	90,000	90,000	51,326
Fund Balance, June 30, 2019	\$ 184,195	\$ 90,000	\$ 90,000	\$ 94,195

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit G

Claiborne 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	\$ 875,334	\$ 868,600	\$ 868,600	\$ 6,734
Other Local Revenues	3,046,875	3,012,704	3,044,791	2,084
Total Revenues	<u>\$ 3,922,209</u>	<u>\$ 3,881,304</u>	<u>\$ 3,913,391</u>	<u>\$ 8,818</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 455,000	\$ 587,889	\$ 455,000	\$ 0
Highways and Streets	463,578	79,700	466,858	3,280
Education	1,904,095	1,875,000	1,904,095	0
<u>Interest on Debt</u>				
General Government	157,842	161,471	157,844	2
Highways and Streets	9,395	6,436	9,873	478
Education	1,136,296	1,133,704	1,136,296	0
<u>Other Debt Service</u>				
General Government	7,537	123,237	123,637	116,100
Total Expenditures	<u>\$ 4,133,743</u>	<u>\$ 3,967,437</u>	<u>\$ 4,253,603</u>	<u>\$ 119,860</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (211,534)</u>	<u>\$ (86,133)</u>	<u>\$ (340,212)</u>	<u>\$ 128,678</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 336,806	\$ 86,133	\$ 340,212	\$ (3,406)
Total Other Financing Sources	<u>\$ 336,806</u>	<u>\$ 86,133</u>	<u>\$ 340,212</u>	<u>\$ (3,406)</u>
Net Change in Fund Balance	\$ 125,272	\$ 0	\$ 0	\$ 125,272
Fund Balance, July 1, 2018	<u>722,349</u>	<u>662,623</u>	<u>662,623</u>	<u>59,726</u>
Fund Balance, June 30, 2019	<u>\$ 847,621</u>	<u>\$ 662,623</u>	<u>\$ 662,623</u>	<u>\$ 184,998</u>

# Fiduciary Funds

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

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

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

Other Agency Fund – The Other Agency Fund is used to account for transactions of the discretely presented Claiborne County Economic and Community Development Board that are channeled through the county Trustee's Office.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of the District Attorney General.

Exhibit H-1

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

	<u>Agency Funds</u>				
	Cities - Sales Tax	Constitu- tional Officers - Agency	Other Agency	District Attorney General	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 1,574,951	\$ 0	\$ 0	\$ 1,574,951
Equity in Pooled Cash and Investments	0	0	464,448	99,939	564,387
Accounts Receivable	0	60	0	0	60
Due from Other Governments	360,316	0	0	0	360,316
Property Taxes Receivable	0	0	58,667	0	58,667
Allowance for Uncollectible Property Taxes	0	0	(2,762)	0	(2,762)
Total Assets	<u>\$ 360,316</u>	<u>\$ 1,575,011</u>	<u>\$ 520,353</u>	<u>\$ 99,939</u>	<u>\$ 2,555,619</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 360,316	\$ 0	\$ 0	\$ 0	\$ 360,316
Due to Litigants, Heirs, and Others	0	1,575,011	0	99,939	1,674,950
Other Current Liabilities	0	0	520,353	0	520,353
Total Liabilities	<u>\$ 360,316</u>	<u>\$ 1,575,011</u>	<u>\$ 520,353</u>	<u>\$ 99,939</u>	<u>\$ 2,555,619</u>



Claiborne 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	\$ 1,967,700	\$ 1,967,700	\$ 0
Due from Other Governments	341,201	360,316	341,201	360,316
Total Assets	\$ 341,201	\$ 2,328,016	\$ 2,308,901	\$ 360,316
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 341,201	\$ 2,328,016	\$ 2,308,901	\$ 360,316
Total Liabilities	\$ 341,201	\$ 2,328,016	\$ 2,308,901	\$ 360,316
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,738,350	\$ 10,813,887	\$ 10,977,286	\$ 1,574,951
Accounts Receivable	46	60	46	60
Total Assets	\$ 1,738,396	\$ 10,813,947	\$ 10,977,332	\$ 1,575,011
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,738,396	\$ 10,813,947	\$ 10,977,332	\$ 1,575,011
Total Liabilities	\$ 1,738,396	\$ 10,813,947	\$ 10,977,332	\$ 1,575,011
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 462,962	\$ 94,205	\$ 92,719	\$ 464,448
Property Taxes Receivable	57,599	58,667	57,599	58,667
Allowance for Uncollectible Property Taxes	(2,467)	(2,762)	(2,467)	(2,762)
Total Assets	\$ 518,094	\$ 150,110	\$ 147,851	\$ 520,353
<u>Liabilities</u>				
Other Current Liabilities	\$ 518,094	\$ 150,110	\$ 147,851	\$ 520,353
Total Liabilities	\$ 518,094	\$ 150,110	\$ 147,851	\$ 520,353

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Attorney General</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 89,273	\$ 35,967	\$ 25,301	\$ 99,939
Total Assets	\$ 89,273	\$ 35,967	\$ 25,301	\$ 99,939
<u>Liabilities</u>				
Due to Litigants, Heirs and Others	\$ 89,273	\$ 35,967	\$ 25,301	\$ 99,939
Total Liabilities	\$ 89,273	\$ 35,967	\$ 25,301	\$ 99,939
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,738,350	\$ 10,813,887	\$ 10,977,286	\$ 1,574,951
Equity in Pooled Cash and Investments	552,235	2,097,872	2,085,720	564,387
Accounts Receivable	46	60	46	60
Due from Other Governments	341,201	360,316	341,201	360,316
Property Taxes Receivable	57,599	58,667	57,599	58,667
Allowance for Uncollectible Property Taxes	(2,467)	(2,762)	(2,467)	(2,762)
Total Assets	\$ 2,686,964	\$ 13,328,040	\$ 13,459,385	\$ 2,555,619
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 341,201	\$ 2,328,016	\$ 2,308,901	\$ 360,316
Due to Litigants, Heirs, and Others	1,827,669	10,849,914	11,002,633	1,674,950
Other Current Liabilities	518,094	150,110	147,851	520,353
Total Liabilities	\$ 2,686,964	\$ 13,328,040	\$ 13,459,385	\$ 2,555,619

# Claiborne County School Department

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

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

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

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

Employee Insurance Fund – The Employee Insurance Fund is used to account for transactions pertaining to the school department's self-insured group medical plan.

Exhibit I-1

Claiborne County, Tennessee  
Statement of Activities  
Discretely Presented Claiborne 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	\$ 23,997,966	\$ 132,184	\$ 2,340,954	\$ (21,524,828)
Support Services	16,057,528	0	0	(16,057,528)
Operation of Non-instructional Services	3,819,123	416,862	3,973,068	570,807
Total Governmental Activities	<u>\$ 43,874,617</u>	<u>\$ 549,046</u>	<u>\$ 6,314,022</u>	<u>\$ (37,011,549)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 6,587,174
Local Option Sales Taxes				2,914,717
Coal Severance Tax				111,195
Other Taxes				7,335
Grants and Contributions Not Restricted for Specific Programs				26,902,261
Unrestricted Investment Income				31,672
Gain on Investments				2,503
Miscellaneous				414,054
Total General Revenues				<u>\$ 36,970,911</u>
Change in Net Position				\$ (40,638)
Net Position, July 1, 2018				<u>19,584,131</u>
Net Position, June 30, 2019				<u>\$ 19,543,493</u>

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 2,995,018	\$ 47	\$ 2,995,065
Equity in Pooled Cash and Investments	3,544,853	1,636,747	5,181,600
Accounts Receivable	16,864	11,098	27,962
Due from Other Governments	989,543	41,775	1,031,318
Property Taxes Receivable	7,142,559	0	7,142,559
Allowance for Uncollectible Property Taxes	(330,166)	0	(330,166)
Restricted Assets	49,577	0	49,577
Total Assets	<u>\$ 14,408,248</u>	<u>\$ 1,689,667</u>	<u>\$ 16,097,915</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 46,713	\$ 8,168	\$ 54,881
Other Current Liabilities	2,995,018	0	2,995,018
Total Liabilities	<u>\$ 3,041,731</u>	<u>\$ 8,168</u>	<u>\$ 3,049,899</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Current Property Taxes	\$ 6,624,692	\$ 0	\$ 6,624,692
Deferred Delinquent Property Taxes	173,786	0	173,786
Other Deferred/Unavailable Revenue	263,895	0	263,895
Total Deferred Inflows of Resources	<u>\$ 7,062,373</u>	<u>\$ 0</u>	<u>\$ 7,062,373</u>
<b><u>FUND BALANCES</u></b>			
Restricted:			
Restricted for Education	\$ 0	\$ 1,331,499	\$ 1,331,499
Restricted for Capital Outlay	15,904	0	15,904
Restricted for Hybrid Retirement Stabilization Funds	49,577	0	49,577
Committed:			
Committed for Education	0	350,000	350,000
Assigned:			
Assigned for Education	1,530,665	0	1,530,665
Assigned for Debt Service	565,104	0	565,104
Unassigned	2,142,894	0	2,142,894
Total Fund Balances	<u>\$ 4,304,144</u>	<u>\$ 1,681,499</u>	<u>\$ 5,985,643</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,408,248</u>	<u>\$ 1,689,667</u>	<u>\$ 16,097,915</u>

Exhibit I-3

Claiborne County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Claiborne 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)		\$	5,985,643
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,224,296	
Add: buildings and improvements net of accumulated depreciation		29,384,684	
Add: other capital assets net of accumulated depreciation		<u>1,453,587</u>	32,062,567
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			35,922
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due to the primary government for other loans payable	\$	(89,789)	
Less: other postemployment benefits liability		<u>(26,150,114)</u>	(26,239,903)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of expense in future years:			
Add: deferred outflows of resources related to pensions	\$	3,850,866	
Less: deferred inflows of resources related to pensions		(3,117,255)	
Add: deferred outflows of resources related to OPEB		4,026,760	
Less: deferred inflows of resources related to OPEB		<u>(195,788)</u>	4,564,583
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds:			
Add: net pension assets - agent plan	\$	861,799	
Add: net pension assets - teacher legacy plan		1,718,239	
Add: net pension assets - teacher retirement plan		<u>116,962</u>	2,697,000
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>437,681</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>19,543,493</u></u>

Exhibit I-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 10,218,278	\$ 0	\$ 10,218,278
Licenses and Permits	2,130	0	2,130
Charges for Current Services	131,630	416,212	547,842
Other Local Revenues	440,122	8,306	448,428
State of Tennessee	26,746,001	24,956	26,770,957
Federal Government	52,770	5,800,498	5,853,268
Total Revenues	<u>\$ 37,590,931</u>	<u>\$ 6,249,972</u>	<u>\$ 43,840,903</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 19,840,241	\$ 2,627,533	\$ 22,467,774
Support Services	12,572,530	538,199	13,110,729
Operation of Non-Instructional Services	1,248,424	2,727,655	3,976,079
Capital Outlay	104,019	0	104,019
Debt Service:			
Other Debt Service	3,040,791	0	3,040,791
Total Expenditures	<u>\$ 36,806,005</u>	<u>\$ 5,893,387</u>	<u>\$ 42,699,392</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 784,926</u>	<u>\$ 356,585</u>	<u>\$ 1,141,511</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 39,093	\$ 0	\$ 39,093
Transfers Out	(400,000)	0	(400,000)
Total Other Financing Sources (Uses)	<u>\$ (360,907)</u>	<u>\$ 0</u>	<u>\$ (360,907)</u>
Net Change in Fund Balances	\$ 424,019	\$ 356,585	\$ 780,604
Fund Balance, July 1, 2018	3,880,125	1,324,914	5,205,039
Fund Balance, June 30, 2019	<u>\$ 4,304,144</u>	<u>\$ 1,681,499</u>	<u>\$ 5,985,643</u>

Exhibit I-5

Claiborne County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Claiborne 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)		\$ 780,604
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 189,725	
Less: current-year depreciation expense	<u>(1,552,962)</u>	(1,363,237)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 437,681	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(445,610)</u>	(7,929)
<p>(3) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the school department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal contributions on other loans to the primary government		29,095
<p>(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.</p>		
Change in OPEB liability	\$ (5,381,064)	
Change in net pension asset/liability	2,086,602	
Change in deferred outflows related to pensions	(205,846)	
Change in deferred inflows related to pensions	571,833	
Change in deferred outflows related to OPEB	4,026,760	
Change in deferred inflows related to OPEB	<u>(182,753)</u>	915,532
<p>(5) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.</p>		
		<u>(394,703)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (40,638)</u>



Exhibit I-6

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

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 47	\$ 47
Equity in Pooled Cash and Investments	311,200	1,325,547	1,636,747
Accounts Receivable	0	11,098	11,098
Due from Other Governments	41,775	0	41,775
Total Assets	<u>\$ 352,975</u>	<u>\$ 1,336,692</u>	<u>\$ 1,689,667</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,496	\$ 5,672	\$ 8,168
Total Liabilities	<u>\$ 2,496</u>	<u>\$ 5,672</u>	<u>\$ 8,168</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 479	\$ 1,331,020	\$ 1,331,499
Committed:			
Committed for Education	350,000	0	350,000
Total Fund Balances	<u>\$ 350,479</u>	<u>\$ 1,331,020</u>	<u>\$ 1,681,499</u>
Total Liabilities and Fund Balances	<u>\$ 352,975</u>	<u>\$ 1,336,692</u>	<u>\$ 1,689,667</u>

Exhibit I-7

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

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 416,212	\$ 416,212
Other Local Revenues	2,220	6,086	8,306
State of Tennessee	0	24,956	24,956
Federal Government	3,318,847	2,481,651	5,800,498
Total Revenues	<u>\$ 3,321,067</u>	<u>\$ 2,928,905</u>	<u>\$ 6,249,972</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,627,533	\$ 0	\$ 2,627,533
Support Services	538,199	0	538,199
Operation of Non-Instructional Services	155,522	2,572,133	2,727,655
Total Expenditures	<u>\$ 3,321,254</u>	<u>\$ 2,572,133</u>	<u>\$ 5,893,387</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (187)</u>	<u>\$ 356,772</u>	<u>\$ 356,585</u>
Net Change in Fund Balances	\$ (187)	\$ 356,772	\$ 356,585
Fund Balance, July 1, 2018	350,666	974,248	1,324,914
Fund Balance, June 30, 2019	<u>\$ 350,479</u>	<u>\$ 1,331,020</u>	<u>\$ 1,681,499</u>

Exhibit I-8

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Claiborne 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	\$ 10,218,278	\$ 10,261,140	\$ 10,261,140	\$ (42,862)
Licenses and Permits	2,130	2,200	2,200	(70)
Charges for Current Services	131,630	211,000	211,000	(79,370)
Other Local Revenues	440,122	278,000	412,234	27,888
State of Tennessee	26,746,001	26,221,720	26,950,523	(204,522)
Federal Government	52,770	0	52,770	0
Total Revenues	\$ 37,590,931	\$ 36,974,060	\$ 37,889,867	\$ (298,936)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 15,710,418	\$ 16,359,128	\$ 15,978,949	\$ 268,531
Special Education Program	2,950,236	3,031,468	3,084,238	134,002
Career and Technical Education Program	1,179,587	1,199,918	1,199,918	20,331
<u>Support Services</u>				
Attendance	161,842	166,025	166,025	4,183
Health Services	353,442	384,707	384,707	31,265
Other Student Support	667,670	637,941	678,941	11,271
Regular Instruction Program	1,084,155	1,006,951	1,195,059	110,904
Special Education Program	622,038	645,272	645,272	23,234
Career and Technical Education Program	88,660	91,479	91,479	2,819
Technology	346,004	356,815	381,158	35,154
Board of Education	1,756,054	1,643,489	1,796,515	40,461
Director of Schools	343,848	406,730	386,730	42,882
Office of the Principal	1,566,631	1,582,088	1,582,088	15,457
Fiscal Services	270,034	0	270,034	0
Operation of Plant	2,041,089	2,105,114	2,110,114	69,025
Maintenance of Plant	1,940,784	2,023,696	1,994,202	53,418
Transportation	1,236,652	1,458,287	1,478,375	241,723
Central and Other	93,627	114,476	114,476	20,849
<u>Operation of Non-Instructional Services</u>				
Community Services	643,763	290,612	770,235	126,472
Early Childhood Education	604,661	600,840	604,690	29
<u>Capital Outlay</u>				
Regular Capital Outlay	104,019	188,100	198,100	94,081
<u>Principal on Debt</u>				
Education	0	1,905,000	0	0
<u>Interest on Debt</u>				
Education	0	1,086,304	0	0
<u>Other Debt Service</u>				
Education	3,040,791	2,500	3,041,095	304
Total Expenditures	\$ 36,806,005	\$ 37,286,940	\$ 38,152,400	\$ 1,346,395
Excess (Deficiency) of Revenues Over Expenditures	\$ 784,926	\$ (312,880)	\$ (262,533)	\$ 1,047,459
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 39,093	\$ 0	\$ 35,594	\$ 3,499

(Continued)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>				
Transfers In	\$ 0	\$ 11,855	\$ 3,110	\$ (3,110)
Transfers Out	(400,000)	(295,461)	(416,682)	16,682
Total Other Financing Sources	\$ (360,907)	\$ (283,606)	\$ (377,978)	\$ 17,071
Net Change in Fund Balance	\$ 424,019	\$ (596,486)	\$ (640,511)	\$ 1,064,530
Fund Balance, July 1, 2018	3,880,125	3,902,473	3,902,473	(22,348)
Fund Balance, June 30, 2019	\$ 4,304,144	\$ 3,305,987	\$ 3,261,962	\$ 1,042,182

Exhibit I-9

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Claiborne 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>				
Other Local Revenues	\$ 2,220	\$ 0	\$ 2,500	\$ (280)
Federal Government	3,318,847	3,264,175	3,774,571	(455,724)
Total Revenues	\$ 3,321,067	\$ 3,264,175	\$ 3,777,071	\$ (456,004)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,366,764	\$ 1,338,246	\$ 1,458,615	\$ 91,851
Special Education Program	1,202,799	1,158,169	1,298,309	95,510
Career and Technical Education Program	57,970	57,971	57,970	0
<u>Support Services</u>				
Other Student Support	122,471	90,668	318,589	196,118
Regular Instruction Program	288,145	308,795	329,753	41,608
Special Education Program	120,764	147,053	148,061	27,297
Career and Technical Education Program	6,819	6,819	6,819	0
<u>Operation of Non-Instructional Services</u>				
Community Services	155,522	153,344	156,511	989
Total Expenditures	\$ 3,321,254	\$ 3,261,065	\$ 3,774,627	\$ 453,373
Excess (Deficiency) of Revenues Over Expenditures	\$ (187)	\$ 3,110	\$ 2,444	\$ (2,631)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (3,110)	\$ (3,110)	\$ 3,110
Total Other Financing Sources	\$ 0	\$ (3,110)	\$ (3,110)	\$ 3,110
Net Change in Fund Balance	\$ (187)	\$ 0	\$ (666)	\$ 479
Fund Balance, July 1, 2018	350,666	350,000	350,666	0
Fund Balance, June 30, 2019	\$ 350,479	\$ 350,000	\$ 350,000	\$ 479

Exhibit I-10

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Claiborne 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	\$ 416,212	\$ 318,735	\$ 318,735	\$ 97,477
Other Local Revenues	6,086	2,100	2,100	3,986
State of Tennessee	24,956	27,000	27,000	(2,044)
Federal Government	2,481,651	2,441,521	2,463,671	17,980
Total Revenues	\$ 2,928,905	\$ 2,789,356	\$ 2,811,506	\$ 117,399
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,572,133	\$ 2,789,356	\$ 2,811,506	\$ 239,373
Total Expenditures	\$ 2,572,133	\$ 2,789,356	\$ 2,811,506	\$ 239,373
Excess (Deficiency) of Revenues Over Expenditures	\$ 356,772	\$ 0	\$ 0	\$ 356,772
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 8,745	\$ 0	\$ 0
Transfers Out	0	(8,745)	0	0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 356,772	\$ 0	\$ 0	\$ 356,772
Fund Balance, July 1, 2018	974,248	935,810	935,810	38,438
Fund Balance, June 30, 2019	\$ 1,331,020	\$ 935,810	\$ 935,810	\$ 395,210

Exhibit I-11

Claiborne County, Tennessee  
Statement of Net Position - Proprietary Fund  
Discretely Presented Claiborne County School Department  
June 30, 2019

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Health Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 694,090
Total Assets	<u>\$ 694,090</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 658,168
Total Liabilities	<u>\$ 658,168</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 35,922</u>
Total Net Position	<u><u>\$ 35,922</u></u>

Exhibit I-12

Claiborne County, Tennessee  
Statement of Revenues, Expenses, and Changes  
in Net Position  
Discretely Presented Claiborne County School Department  
Proprietary Fund  
For the Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund Employee Insurance - Health
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Self-Insurance Premiums/Contributions	\$ 4,690,556
Total Operating Revenues	<u>\$ 4,690,556</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 250,722
Excess Risk Insurance	648,226
Medical Claims	4,587,316
Total Operating Expenses	<u>\$ 5,486,264</u>
Operating Income (Loss)	<u>\$ (795,708)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 1,005
Total Nonoperating Revenues (Expenses)	<u>\$ 1,005</u>
Income (Loss) Before Operating Transfers	\$ (794,703)
Transfers In	<u>400,000</u>
Changes in Net Position	\$ (394,703)
Net Position, July 1, 2018	<u>430,625</u>
Net Position, June 30, 2019	<u><u>\$ 35,922</u></u>



Exhibit I-13

Claiborne County, Tennessee  
Statement of Cash Flows  
Discretely Presented Claiborne County School Department  
Proprietary Fund  
For the Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund Employee Insurance - Health
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 4,690,556
Receipts for Stop Loss Reimbursement	499,195
Receipts for Prescription Rebates	411,533
Payments for Excess Risk Insurance	(648,226)
Payments for Medical Claims	(5,470,055)
Payments for Administrative Costs	(250,722)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (767,719)</u>
<u>Cash Flows from Investment Activities</u>	
Interest on Investments	\$ 1,005
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,005</u>
<u>Cash Flow from Noncapital Financing Activities:</u>	
Transfers from other funds	\$ 400,000
Net cash provided by (used in) noncapital financing activities	<u>\$ 400,000</u>
Net Increase (Decrease) in Cash	\$ (366,714)
Cash, July 1, 2018	<u>1,060,804</u>
Cash, June 30, 2019	<u><u>\$ 694,090</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ (795,708)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	<u>27,989</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (767,719)</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-18	Paid and/or Matured During Period	Outstanding 6-30-19
<b><u>NOTES PAYABLE</u></b>								
<b><u>Payable through General Debt Service Fund</u></b>								
Capital Outlay - Highway Equipment	\$ 128,013	2.63	%	10-2-13	10-2-18	\$ 9,075	\$ 9,075	\$ 0
Capital Outlay - Highway Projects 2014	585,000	2.85		10-2-13	10-2-18	123,763	123,763	0
Total Notes Payable						<u>\$ 132,838</u>	<u>\$ 132,838</u>	<u>\$ 0</u>
<b><u>OTHER LOANS PAYABLE</u></b>								
<b><u>Payable by Contributions from the School Department through the General Purpose School Fund to the General Debt Service Fund</u></b>								
Powell Valley Electric Cooperative:								
Ball Field Lighting Project at Schools	147,722	2.5		5-1-07	4-30-22	\$ 52,309	\$ 12,802	\$ 39,507
Ball Field Lighting Project at Schools	188,010	2.5		5-1-07	4-30-22	66,575	16,293	50,282
Total Other Loans Payable						<u>\$ 118,884</u>	<u>\$ 29,095</u>	<u>\$ 89,789</u>
<b><u>CAPITAL LEASES PAYABLE</u></b>								
<b><u>Payable through General Debt Service Fund</u></b>								
Highway Equipment - Grader	243,563	2.5		10-22-15	12-10-18	\$ 148,340	\$ 148,340	\$ 0
Highway Equipment - Grader	231,560	2.5		1-24-16	1-24-19	149,924	149,924	0
Highway Equipment - Excavator	142,803	2.5		1-24-17	1-24-20	95,579	32,476	63,103
Total Capital Leases Payable						<u>\$ 393,843</u>	<u>\$ 330,740</u>	<u>\$ 63,103</u>
<b><u>BONDS PAYABLE</u></b>								
<b><u>Payable through General Debt Service Fund</u></b>								
School Bonds, Series 2010	5,010,000	1 to 5.3		5-12-10	6-1-25	\$ 2,905,000	\$ 325,000	\$ 2,580,000
Refunding Judicial and Series 1998, Series 2010A	3,370,000	2.5 to 4.125		3-30-10	4-1-30	3,230,000	0	3,230,000
Refunding Schools, Series 2010A	27,900,000	2.5 to 4.125		3-30-10	4-1-30	20,575,000	400,000	20,175,000
Refunding Series 2012 - Judicial Complex	3,935,000	2		7-26-12	6-30-22	1,395,000	455,000	940,000
General Refunding Bonds, Series 2017	4,220,000	4		5-22-17	5-1-21	4,220,000	1,150,000	3,070,000
Total Bonds Payable						<u>\$ 32,325,000</u>	<u>\$ 2,330,000</u>	<u>\$ 29,995,000</u>

Exhibit J-2

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

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2020	\$ 29,819	\$ 1,857	\$ 31,676
2021	30,564	1,084	31,648
2022	29,406	352	29,758
Total	<u>\$ 89,789</u>	<u>\$ 3,293</u>	<u>\$ 93,082</u>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2020	\$ 63,103	\$ 700	\$ 63,803
Total	<u>\$ 63,103</u>	<u>\$ 700</u>	<u>\$ 63,803</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 2,340,000	\$ 1,209,822	\$ 3,549,822
2021	2,455,000	1,122,662	3,577,662
2022	2,455,000	1,029,587	3,484,587
2023	2,410,000	930,463	3,340,463
2024	2,515,000	829,337	3,344,337
2025	3,110,000	723,275	3,833,275
2026	2,715,000	592,375	3,307,375
2027	2,820,000	483,775	3,303,775
2028	2,940,000	370,975	3,310,975
2029	3,055,000	253,375	3,308,375
2030	3,180,000	131,175	3,311,175
Total	<u>\$ 29,995,000</u>	<u>\$ 7,676,821</u>	<u>\$ 37,671,821</u>

Exhibit J-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General	Bookkeeper's salary	\$ 53,600
"	General Debt Service	Debt retirement	132,400
Highway Capital Projects	"	Debt retirement	<u>204,406</u>
Total Transfers Primary Government			<u>\$ 390,406</u>
<u>DISCRETELY PRESENTED CLAIBORNE COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Employee Insurance - Health	Contribution in excess of premiums	<u>\$ 400,000</u>
Total Transfers Discretely Presented Claiborne County School Department			<u>\$ 400,000</u>

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Jack Daniels (7-1-18 through 8-31-18)	Section 8-24-102, TCA	\$ 16,475	\$ (5)	
Joe Brooks (9-1-18 through 6-30-19)	Section 8-24-102, TCA	82,375	(5)	
Road Superintendent	Section 8-24-102, TCA	83,676	(5)	
Director of Schools	State Board of Education and Claiborne County Board of Education	102,460 (1)	(5)	
Trustee	Section 8-24-102, TCA	76,069	1,405,666	Western Surety Company
Assessor of Property	Section 8-24-102, TCA	76,069	(5)	
County Clerk:				
Evelyn Hill (7-1-18 through 8-31-18)	Section 8-24-102, TCA	12,678	(5)	
Karen Hurst (9-1-18 through 6-30-19)	Section 8-24-102, TCA	63,391	(5)	
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	76,069	(5)	
Clerk and Master:				
Frances Cardwell (7-1-18 through 7-13-18)	Section 8-24-102, TCA	3,170	(5)	
Rita Jones (7-14-18 through 6-30-19)	Section 8-24-102, TCA and Chancery Court Judge	72,899 (2)	(5)	
Register of Deeds	Section 8-24-102, TCA	76,069	(5)	
Sheriff:				
David Ray (7-1-18 through 8-31-18)	Section 8-24-102, TCA, and County Commission	15,613 (3)	(5)	
Bob Brooks (9-1-18 through 6-30-19)	Section 8-24-102, TCA, and County Commission	78,063 (4)	(5)	
Director of Finance:				
Sam Owens (7-1-18 through 11-19-18)	Board of County Commissioners	30,320	(5)	
Angelia Tucker (11-20-18 through 6-30-19)	Board of County Commissioners	41,520	(5)	
Blanket Bonds:				
Public Employee Dishonesty - County Departments			400,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Departments			400,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$1,000 and \$1,500 for serving as secretary to the board.
- (2) Does not include special commissioner fees of \$21,620.
- (3) Includes a supplement of \$1,667 for serving as workhouse superintendent.
- (4) Includes a supplement of \$8,333 for serving as workhouse superintendent.
- (5) Officials were covered by the \$400,000 blanket bond.

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 5,763,486	\$ 1,168,684	\$ 0	\$ 0	\$ 0	\$ 51,800
Trustee's Collections - Prior Year	179,630	36,106	0	0	0	1,675
Circuit Clerk/Clerk and Master Collections - Prior Years	266,477	56,944	0	0	0	2,560
Interest and Penalty	35,110	6,905	0	0	0	316
Payments in-Lieu-of Taxes - Other	86,925	17,286	0	0	0	770
<u>County Local Option Taxes</u>						
Hotel/Motel Tax	44,636	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	158,670	0	0	0	0	0
Litigation Tax - Special Purpose	5	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	30,808	0	0	0	0	0
Business Tax	217,906	0	0	0	0	0
Mixed Drink Tax	7,064	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	36,884
<u>Statutory Local Taxes</u>						
Bank Excise Tax	118,846	0	0	0	0	0
Wholesale Beer Tax	66,415	0	0	0	0	0
Beer Privilege Tax	998	0	0	0	0	0
Coal Severance Tax	0	0	0	0	0	111,195
Other Statutory Local Taxes	0	0	0	0	0	22,958
Total Local Taxes	\$ 6,976,976	\$ 1,285,925	\$ 0	\$ 0	\$ 0	\$ 228,158
<u>Licenses and Permits</u>						
<u>Permits</u>						
Building Permits	\$ 9,660	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 9,660	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 20,507	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	53,209	0	0	0	0	0
Drug Control Fines	0	0	8,288	0	0	0
Jail Fees	15,384	0	0	0	0	0
DUI Treatment Fines	6,386	0	0	0	0	0
Data Entry Fee - Circuit Court	1,122	0	0	0	0	0
Courtroom Security Fee	1,541	0	0	0	0	0
<u>General Sessions Court</u>						
Game and Fish Fines	148	0	0	0	0	0
Drug Control Fines	0	0	1,978	0	0	0
DUI Treatment Fines	570	0	0	0	0	0
Data Entry Fee - General Sessions Court	11,592	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	4,231	0	0	0	0	0
Officers Costs	6,446	0	0	0	0	0
Data Entry Fee - Juvenile Court	720	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,562	0	0	0	0	0
Data Entry Fee - Chancery Court	6,150	0	0	0	0	0
Courtroom Security Fee	58	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	16,255	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 130,626</b>	<b>\$ 0</b>	<b>\$ 26,521</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)



Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 496,862	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>						
Copy Fees	769	0	0	0	0	0
Telephone Commissions	79,742	0	0	0	0	0
Vending Machine Collections	1,058	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	466,143	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	21,620	0
Data Processing Fee - Register	8,262	0	0	0	0	0
Data Processing Fee - Sheriff	3,719	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,650	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 98,200</b>	<b>\$ 496,862</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 487,763</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 237,367	\$ 14,299	\$ 0	\$ 825	\$ 0	\$ 0
Commissary Sales	120,163	0	0	0	0	0
Sale of Recycled Materials	2,402	22,350	0	0	0	0
Miscellaneous Refunds	12,144	0	6	0	0	3,901
<u>Nonrecurring Items</u>						
Contributions and Gifts	270,534	0	11,595	0	0	0
<b>Total Other Local Revenues</b>	<b>\$ 642,610</b>	<b>\$ 36,649</b>	<b>\$ 11,601</b>	<b>\$ 825</b>	<b>\$ 0</b>	<b>\$ 3,901</b>
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 154,746	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received From County Officials (Cont.)</u>						
<u>Excess Fees (Cont.)</u>						
Juvenile Court Clerk	\$ 17,549	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	272,000	0	0	0	0	0
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	67,214	0	0	0	0	0
General Sessions Court Clerk	197,030	0	0	0	0	0
Clerk and Master	163,158	0	0	0	0	0
Juvenile Court Clerk	5,058	0	0	0	0	0
Register	108,686	0	0	0	0	0
Sheriff	13,848	0	0	0	0	0
Total Fees Received From County Officials	\$ 999,289	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Other General Government Grants	\$ 0	\$ 14,826	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	39,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	124,829	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	240,294
State Aid Program	0	0	0	0	0	318,274
Litter Program	25,601	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	31,183	0	0	0	0	0
Beer Tax	17,959	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 76,076	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Revenue Sharing - T.V.A.	514,607	0	0	0	0	0
State Revenue Sharing - Telecommunications	63,143	0	0	0	0	0
Contracted Prisoner Boarding	1,025,583	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,364,520
Petroleum Special Tax	0	0	0	0	0	23,243
Registrar's Salary Supplement	15,164	0	0	0	0	0
State Shared Sales Tax - Cities	5,076	0	0	0	0	0
Other State Grants	12,200	0	0	0	0	31,427
Other State Revenues	338	0	0	0	0	0
<b>Total State of Tennessee</b>	<b>\$ 1,950,759</b>	<b>\$ 14,826</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,977,758</b>
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 194,860
Community Development	309,843	0	0	0	0	0
Disaster Relief	0	0	0	0	0	88,668
Homeland Security Grants	35,843	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	13,000	0	0	0	0	0
<b>Total Federal Government</b>	<b>\$ 358,686</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 283,528</b>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contracted Services	\$ 102	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 102</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total</b>	<b>\$ 11,166,908</b>	<b>\$ 1,834,262</b>	<b>\$ 38,122</b>	<b>\$ 825</b>	<b>\$ 487,763</b>	<b>\$ 3,493,345</b>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u>
	General Debt Service	Highway Capital Projects	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 155,718	\$ 101,001	\$ 7,240,689
Trustee's Collections - Prior Year	5,024	3,266	225,701
Circuit Clerk/Clerk and Master Collections - Prior Years	7,858	5,090	338,929
Interest and Penalty	951	619	43,901
Payments in-Lieu-of Taxes - Other	2,375	1,537	108,893
<u>County Local Option Taxes</u>			
Hotel/Motel Tax	0	0	44,636
Wheel Tax	703,408	703,258	1,406,666
Litigation Tax - General	0	0	158,670
Litigation Tax - Special Purpose	0	0	5
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	30,808
Business Tax	0	0	217,906
Mixed Drink Tax	0	0	7,064
Mineral Severance Tax	0	0	36,884
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	118,846
Wholesale Beer Tax	0	0	66,415
Beer Privilege Tax	0	0	998
Coal Severance Tax	0	0	111,195
Other Statutory Local Taxes	0	0	22,958
Total Local Taxes	<u>\$ 875,334</u>	<u>\$ 814,771</u>	<u>\$ 10,181,164</u>
<u>Licenses and Permits</u>			
<u>Permits</u>			
Building Permits	\$ 0	\$ 0	\$ 9,660
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,660</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u>
	General Debt Service	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	\$ 20,507
Officers Costs	0	0	53,209
Drug Control Fines	0	0	8,288
Jail Fees	0	0	15,384
DUI Treatment Fines	0	0	6,386
Data Entry Fee - Circuit Court	0	0	1,122
Courtroom Security Fee	0	0	1,541
<u>General Sessions Court</u>			
Game and Fish Fines	0	0	148
Drug Control Fines	0	0	1,978
DUI Treatment Fines	0	0	570
Data Entry Fee - General Sessions Court	0	0	11,592
<u>Juvenile Court</u>			
Fines	0	0	4,231
Officers Costs	0	0	6,446
Data Entry Fee - Juvenile Court	0	0	720
<u>Chancery Court</u>			
Officers Costs	0	0	2,562
Data Entry Fee - Chancery Court	0	0	6,150
Courtroom Security Fee	0	0	58
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	16,255
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 157,147</b>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u>
	General Debt Service	Highway Capital Projects	
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Tipping Fees	\$ 0	\$ 0	\$ 496,862
<u>Fees</u>			
Copy Fees	0	0	769
Telephone Commissions	0	0	79,742
Vending Machine Collections	0	0	1,058
Constitutional Officers' Fees and Commissions	0	0	466,143
Special Commissioner Fees/Special Master Fees	0	0	21,620
Data Processing Fee - Register	0	0	8,262
Data Processing Fee - Sheriff	0	0	3,719
Sexual Offender Registration Fee - Sheriff	0	0	4,650
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,082,825</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 6,084	\$ 0	\$ 258,575
Commissary Sales	0	0	120,163
Sale of Recycled Materials	0	0	24,752
Miscellaneous Refunds	0	0	16,051
<u>Nonrecurring Items</u>			
Contributions and Gifts	3,040,791	0	3,322,920
Total Other Local Revenues	<u>\$ 3,046,875</u>	<u>\$ 0</u>	<u>\$ 3,742,461</u>
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
County Clerk	\$ 0	\$ 0	\$ 154,746

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u>
	General Debt Service	Highway Capital Projects	
<u>Fees Received From County Officials (Cont.)</u>			
<u>Excess Fees (Cont.)</u>			
Juvenile Court Clerk	\$ 0	\$ 0	\$ 17,549
Trustee	0	0	272,000
<u>Fees In-Lieu-of Salary</u>			
Circuit Court Clerk	0	0	67,214
General Sessions Court Clerk	0	0	197,030
Clerk and Master	0	0	163,158
Juvenile Court Clerk	0	0	5,058
Register	0	0	108,686
Sheriff	0	0	13,848
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 999,289</u>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Other General Government Grants	\$ 0	\$ 0	\$ 14,826
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	39,000
<u>Health and Welfare Grants</u>			
Other Health and Welfare Grants	0	0	124,829
<u>Public Works Grants</u>			
Bridge Program	0	0	240,294
State Aid Program	0	0	318,274
Litter Program	0	0	25,601
<u>Other State Revenues</u>			
Income Tax	0	0	31,183
Beer Tax	0	0	17,959

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u>
	General Debt Service	Highway Capital Projects	
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Alcoholic Beverage Tax	\$ 0	\$ 0	\$ 76,076
State Revenue Sharing - T.V.A.	0	0	514,607
State Revenue Sharing - Telecommunications	0	0	63,143
Contracted Prisoner Boarding	0	0	1,025,583
Gasoline and Motor Fuel Tax	0	0	2,364,520
Petroleum Special Tax	0	0	23,243
Registrar's Salary Supplement	0	0	15,164
State Shared Sales Tax - Cities	0	0	5,076
Other State Grants	0	0	43,627
Other State Revenues	0	0	338
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,943,343</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA - Other	\$ 0	\$ 0	\$ 194,860
Community Development	0	0	309,843
Disaster Relief	0	0	88,668
Homeland Security Grants	0	0	35,843
<u>Direct Federal Revenue</u>			
Other Direct Federal Revenue	0	0	13,000
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 642,214</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contracted Services	\$ 0	\$ 0	\$ 102
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 102</u>
Total	<u>\$ 3,922,209</u>	<u>\$ 814,771</u>	<u>\$ 21,758,205</u>



Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 6,059,056	\$ 0	\$ 0	\$ 6,059,056
Trustee's Collections - Prior Year	204,315	0	0	204,315
Circuit Clerk/Clerk and Master Collections - Prior Years	313,262	0	0	313,262
Interest and Penalty	38,281	0	0	38,281
Payments in-Lieu-of Taxes - T.V.A.	492,528	0	0	492,528
Payments in-Lieu-of Taxes - Other	97,400	0	0	97,400
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,894,906	0	0	2,894,906
<u>Statutory Local Taxes</u>				
Coal Severance Tax	111,195	0	0	111,195
Other Statutory Local Taxes	7,335	0	0	7,335
Total Local Taxes	<u>\$ 10,218,278</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,218,278</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,130	\$ 0	\$ 0	\$ 2,130
Total Licenses and Permits	<u>\$ 2,130</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,130</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 130,980	\$ 0	\$ 0	\$ 130,980
Lunch Payments - Adults	0	0	58,135	58,135
A la Carte Sales	0	0	58,455	58,455
Other Charges for Services	650	0	299,622	300,272
Total Charges for Current Services	<u>\$ 131,630</u>	<u>\$ 0</u>	<u>\$ 416,212</u>	<u>\$ 547,842</u>

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 29,883	\$ 0	\$ 3,287	\$ 33,170
Sale of Recycled Materials	1,204	0	0	1,204
Retirees' Insurance Payments	273,245	0	0	273,245
Miscellaneous Refunds	72,936	0	2,799	75,735
<u>Nonrecurring Items</u>				
Contributions and Gifts	62,600	2,220	0	64,820
<u>Other Local Revenues</u>				
Other Local Revenues	254	0	0	254
Total Other Local Revenues	<u>\$ 440,122</u>	<u>\$ 2,220</u>	<u>\$ 6,086</u>	<u>\$ 448,428</u>
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 24,800,185	\$ 0	\$ 0	\$ 24,800,185
Early Childhood Education	604,661	0	0	604,661
School Food Service	0	0	24,956	24,956
Other State Education Funds	1,206,306	0	0	1,206,306
Career Ladder Program	95,122	0	0	95,122
<u>Other State Revenues</u>				
Other State Grants	39,727	0	0	39,727
Total State of Tennessee	<u>\$ 26,746,001</u>	<u>\$ 0</u>	<u>\$ 24,956</u>	<u>\$ 26,770,957</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,593,754	\$ 1,593,754

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
USDA - Commodities	\$ 0	\$ 0	\$ 215,748	\$ 215,748
Breakfast	0	0	649,251	649,251
USDA - Other	0	0	22,898	22,898
Vocational Education - Basic Grants to States	0	86,387	0	86,387
Title I Grants to Local Education Agencies	0	1,510,018	0	1,510,018
Special Education - Grants to States	52,770	1,294,368	0	1,347,138
Special Education Preschool Grants	0	29,197	0	29,197
Rural Education	0	76,150	0	76,150
Eisenhower Professional Development State Grants	0	169,614	0	169,614
Other Federal through State	0	153,113	0	153,113
Total Federal Government	<u>\$ 52,770</u>	<u>\$ 3,318,847</u>	<u>\$ 2,481,651</u>	<u>\$ 5,853,268</u>
Total	<u>\$ 37,590,931</u>	<u>\$ 3,321,067</u>	<u>\$ 2,928,905</u>	<u>\$ 43,840,903</u>

Exhibit J-7

Claiborne 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	\$	92,575	
Social Security		5,703	
Pensions		3,294	
Medical Insurance		26,783	
Unemployment Compensation		55	
Employer Medicare		1,334	
Audit Services		12,241	
Dues and Memberships		1,700	
Workers' Compensation Insurance		2,516	
Total County Commission			\$ 146,201

Board of Equalization

Board and Committee Members Fees	\$	6,875	
Travel		107	
Total Board of Equalization			6,982

Beer Board

Board and Committee Members Fees	\$	450	
Total Beer Board			450

Budget and Finance Committee

Board and Committee Members Fees	\$	23,100	
Social Security		1,432	
Pensions		744	
Unemployment Compensation		18	
Employer Medicare		335	
Total Budget and Finance Committee			25,629

County Mayor/Executive

County Official/Administrative Officer	\$	98,850	
Secretary(ies)		28,555	
Social Security		6,972	
Pensions		7,033	
Medical Insurance		10,164	
Unemployment Compensation		159	
Employer Medicare		1,630	
Communication		5,889	
Dues and Memberships		3,618	
Operating Lease Payments		1,599	
Travel		3,434	
Office Supplies		1,013	
Total County Mayor/Executive			168,916

County Attorney

County Official/Administrative Officer	\$	40,770	
Clerical Personnel		5,250	
Social Security		2,459	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Pensions	\$	2,251	
Medical Insurance		5,214	
Unemployment Compensation		70	
Employer Medicare		575	
Dues and Memberships		686	
Total County Attorney			\$ 57,275

Election Commission

County Official/Administrative Officer	\$	68,462	
Clerical Personnel		31,728	
Other Salaries and Wages		3,475	
Election Commission		10,500	
Election Workers		72,538	
In-service Training		7,516	
Social Security		9,504	
Pensions		5,617	
Medical Insurance		5,298	
Unemployment Compensation		155	
Employer Medicare		2,223	
Communication		7,955	
Operating Lease Payments		1,744	
Maintenance and Repair Services - Buildings		4,100	
Rentals		900	
Other Contracted Services		26,091	
Office Supplies		4,675	
Total Election Commission			262,481

Register of Deeds

County Official/Administrative Officer	\$	76,069	
Clerical Personnel		48,141	
Social Security		7,529	
Pensions		5,950	
Medical Insurance		10,428	
Unemployment Compensation		147	
Employer Medicare		1,761	
Communication		3,236	
Dues and Memberships		772	
Operating Lease Payments		2,023	
Maintenance and Repair Services - Office Equipment		7,522	
Office Supplies		4,008	
Total Register of Deeds			167,586

Development

Contracts with Other Public Agencies	\$	4,577	
Total Development			4,577

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Planning

Board and Committee Members Fees	\$	6,125	
Social Security		380	
Employer Medicare		89	
Other Contracted Services		13,475	
Total Planning			\$ 20,069

County Buildings

Custodial Personnel	\$	29,258	
Maintenance Personnel		23,883	
Social Security		3,197	
Pensions		2,621	
Medical Insurance		7,428	
Unemployment Compensation		113	
Employer Medicare		748	
Communication		9,414	
Maintenance and Repair Services - Buildings		27,240	
Maintenance and Repair Services - Vehicles		648	
Postal Charges		27,936	
Internet Connectivity		1,224	
Rentals		1,200	
Custodial Supplies		4,830	
Electricity		56,564	
Gasoline		1,576	
Office Supplies		5,458	
Utilities		3,449	
Water and Sewer		5,926	
Other Supplies and Materials		396	
Other Equipment		10,110	
Total County Buildings			223,219

Preservation of Records

Clerical Personnel	\$	11,804	
Social Security		694	
Pensions		652	
Employer Medicare		162	
Communication		1,442	
Operating Lease Payments		444	
Travel		696	
Other Contracted Services		1,905	
Office Supplies		1,789	
Total Preservation of Records			19,588

Finance

Accounting and Budgeting

Supervisor/Director	\$	71,840	
Accountants/Bookkeepers		237,262	
Social Security		16,987	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Pensions	\$	20,547	
Life Insurance		720	
Medical Insurance		24,816	
Unemployment Compensation		344	
Employer Medicare		4,216	
Communication		6,831	
Maintenance Agreements		4,894	
Other Contracted Services		19,047	
Office Supplies		3,805	
Other Supplies and Materials		2,007	
Workers' Compensation Insurance		15,693	
Other Charges		756	
Office Equipment		60	
Total Accounting and Budgeting			\$ 429,825

Property Assessor's Office

County Official/Administrative Officer	\$	76,069	
Clerical Personnel		75,209	
Social Security		9,100	
Pensions		8,353	
Medical Insurance		20,855	
Unemployment Compensation		166	
Employer Medicare		2,119	
Audit Services		13,300	
Communication		3,635	
Data Processing Services		7,688	
Dues and Memberships		1,700	
Legal Notices, Recording, and Court Costs		1,656	
Maintenance Agreements		3,942	
Travel		707	
Office Supplies		1,603	
Other Supplies and Materials		400	
Office Equipment		479	
Total Property Assessor's Office			226,981

Reappraisal Program

Laborers	\$	55,791	
Social Security		3,390	
Pensions		3,080	
Medical Insurance		5,298	
Unemployment Compensation		100	
Employer Medicare		793	
Communication		611	
Data Processing Services		5,200	
Operating Lease Payments		803	
Travel		381	
Office Supplies		1,526	
Office Equipment		964	
Total Reappraisal Program			77,937

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

Social Security	\$	10,745	
Pensions		9,789	
Medical Insurance		17,014	
Unemployment Compensation		257	
Employer Medicare		2,513	
Communication		4,249	
Data Processing Services		10,942	
Dues and Memberships		747	
Operating Lease Payments		1,892	
Legal Notices, Recording, and Court Costs		206	
Maintenance Agreements		17,026	
Travel		987	
Office Supplies		2,935	
Premiums on Corporate Surety Bonds		7,278	
Office Equipment		679	
Total County Trustee's Office			\$ 87,259

County Clerk's Office

Social Security	\$	14,115	
Pensions		13,100	
Medical Insurance		36,661	
Unemployment Compensation		547	
Employer Medicare		3,301	
Communication		9,284	
Dues and Memberships		612	
Operating Lease Payments		1,704	
Maintenance Agreements		18,188	
Office Supplies		5,933	
Total County Clerk's Office			103,445

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	76,069	
Clerical Personnel		178,442	
Jury and Witness Expense		18,005	
Social Security		15,270	
Pensions		13,592	
Medical Insurance		26,321	
Unemployment Compensation		502	
Employer Medicare		3,571	
Communication		4,628	
Dues and Memberships		612	
Operating Lease Payments		13,016	
Maintenance Agreements		19,354	
Postal Charges		2,404	
Office Supplies		18,853	
Workers' Compensation Insurance		10,381	
Total Circuit Court			401,020

(Continued)



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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	157,136	
Secretary(ies)		31,728	
Social Security		9,959	
Pensions		10,425	
Medical Insurance		10,428	
Unemployment Compensation		30	
Employer Medicare		2,706	
Communication		2,487	
Travel		494	
Other Contracted Services		250	
Office Supplies		914	
Periodicals		897	
Office Equipment		167	
Total General Sessions Court			\$ 227,621

Chancery Court

County Official/Administrative Officer	\$	76,069	
Clerical Personnel		105,083	
Social Security		10,893	
Pensions		9,971	
Medical Insurance		13,756	
Unemployment Compensation		354	
Employer Medicare		2,547	
Communication		6,785	
Dues and Memberships		722	
Operating Lease Payments		2,354	
Maintenance Agreements		13,939	
Office Supplies		2,446	
Office Equipment		1,540	
Total Chancery Court			246,459

District Attorney General

Secretary(ies)	\$	29,076	
Social Security		1,803	
Pensions		1,605	
Medical Insurance		84	
Unemployment Compensation		30	
Employer Medicare		422	
Total District Attorney General			33,020

Office of Public Defender

Contributions	\$	28,782	
Total Office of Public Defender			28,782

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	83,676	
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(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Assistant(s)	\$	43,256	
Deputy(ies)		828,762	
Investigator(s)		167,947	
Lieutenant(s)		93,983	
Salary Supplements		21,000	
Secretary(ies)		66,001	
School Resource Officer		228,331	
Overtime Pay		596	
Social Security		90,883	
Pensions		82,916	
Medical Insurance		177,046	
Unemployment Compensation		2,928	
Employer Medicare		21,255	
Communication		43,720	
Dues and Memberships		2,756	
Operating Lease Payments		9,027	
Maintenance and Repair Services - Buildings		17,598	
Maintenance and Repair Services - Equipment		210	
Maintenance and Repair Services - Vehicles		72,472	
Travel		3,711	
Tuition		6,416	
Other Contracted Services		5,472	
Gasoline		155,524	
Law Enforcement Supplies		5,316	
Office Supplies		13,507	
Tires and Tubes		20,274	
Uniforms		11,669	
Other Supplies and Materials		4,804	
Workers' Compensation Insurance		63,327	
Communication Equipment		285	
Law Enforcement Equipment		40,639	
Total Sheriff's Department			\$ 2,385,307

Administration of the Sexual Offender Registry

Other Contracted Services	\$	750	
Total Administration of the Sexual Offender Registry			750

Workhouse

County Official/Administrative Officer	\$	10,000	
Supervisor/Director		81,290	
Medical Personnel		11,871	
Guards		1,198,451	
Secretary(ies)		22,680	
Maintenance Personnel		82,096	
Other Salaries and Wages		118,840	
Social Security		92,234	
Pensions		82,177	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Medical Insurance	\$	145,187	
Unemployment Compensation		3,058	
Employer Medicare		21,571	
Communication		21,727	
Operating Lease Payments		3,969	
Maintenance and Repair Services - Buildings		35,255	
Medical and Dental Services		439,175	
Travel		3,707	
Tuition		1,140	
Other Contracted Services		41,349	
Custodial Supplies		67,044	
Drugs and Medical Supplies		41,452	
Electricity		100,946	
Food Supplies		553,560	
Natural Gas		21,078	
Office Supplies		6,785	
Prisoners Clothing		6,174	
Uniforms		8,075	
Water and Sewer		58,136	
Other Supplies and Materials		54,669	
Other Charges		33,244	
Food Service Equipment		859	
Total Workhouse			\$ 3,367,799

Juvenile Services

Social Workers	\$	37,874	
Social Security		2,245	
Pensions		2,091	
Medical Insurance		5,214	
Unemployment Compensation		30	
Employer Medicare		525	
Communication		1,788	
Other Contracted Services		11,047	
Office Supplies		279	
Total Juvenile Services			61,093

Fire Prevention and Control

Contributions	\$	156,038	
Total Fire Prevention and Control			156,038

Civil Defense

Supervisor/Director	\$	41,375	
Part-time Personnel		11,804	
Social Security		3,190	
Pensions		2,935	
Medical Insurance		10,428	
Unemployment Compensation		65	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Employer Medicare	\$	746	
Communication		5,300	
Dues and Memberships		98	
Maintenance and Repair Services - Vehicles		494	
Travel		186	
Other Contracted Services		101	
Gasoline		1,177	
Office Supplies		611	
Other Equipment		500	
Total Civil Defense			\$ 79,010

Rescue Squad

Contributions	\$	22,000	
Total Rescue Squad			22,000

Other Emergency Management

Contributions	\$	15,377	
Other Contracted Services		36,000	
Total Other Emergency Management			51,377

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	41,859	
Other Contracted Services		24,000	
Total County Coroner/Medical Examiner			65,859

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	22,105	
Custodial Personnel		14,400	
Social Security		1,275	
Pensions		1,220	
Medical Insurance		5,214	
Unemployment Compensation		69	
Employer Medicare		298	
Communication		9,276	
Contracts with Government Agencies		35,250	
Contracts with Private Agencies		3,310	
Maintenance and Repair Services - Buildings		9,763	
Postal Charges		2,839	
Travel		248	
Other Contracted Services		1,102	
Custodial Supplies		1,565	
Instructional Supplies and Materials		9,015	
Office Supplies		3,139	
Utilities		14,503	
Workers' Compensation Insurance		931	
Office Equipment		2,500	
Total Local Health Center			138,022

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Contributions	\$ 20,000	
Total Rabies and Animal Control		\$ 20,000

Other Local Health Services

Medical Personnel	\$ 79,150	
Social Security	4,672	
Pensions	4,369	
Medical Insurance	11,082	
Unemployment Compensation	261	
Employer Medicare	1,093	
Travel	6,240	
Other Charges	29	
Total Other Local Health Services		106,896

Sanitation Education/Information

Laborers	\$ 25,851	
Clerical Personnel	4,800	
Social Security	1,890	
Pensions	1,692	
Medical Insurance	84	
Unemployment Compensation	81	
Employer Medicare	442	
Gasoline	4,099	
Instructional Supplies and Materials	12,300	
Total Sanitation Education/Information		51,239

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$ 7,500	
Total Adult Activities		7,500

Senior Citizens Assistance

Laborers	\$ 11,400	
Communication	6,322	
Contracts with Other Public Agencies	7,000	
Contributions	10,000	
Maintenance and Repair Services - Buildings	8,039	
Electricity	9,604	
Gasoline	3,040	
Water and Sewer	1,671	
Total Senior Citizens Assistance		57,076

Libraries

Librarians	\$ 31,677	
Attendants	23,170	
Part-time Personnel	19,584	
Social Security	4,414	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Pensions	\$	3,984	
Medical Insurance		10,512	
Unemployment Compensation		182	
Employer Medicare		1,032	
Communication		1,909	
Maintenance Agreements		2,949	
Maintenance and Repair Services - Buildings		590	
Travel		483	
Other Contracted Services		94	
Office Supplies		4,631	
Periodicals		8,326	
Total Libraries			\$ 113,537

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	3,291	
Contracts with Other Public Agencies		85,950	
Dues and Memberships		690	
Other Charges		1,145	
Office Equipment		960	
Total Agricultural Extension Service			92,036

Forest Service

Contributions	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Secretary(ies)	\$	22,279	
Social Security		1,270	
Pensions		1,230	
Medical Insurance		5,214	
Unemployment Compensation		69	
Employer Medicare		297	
Contributions		17,000	
Total Soil Conservation			47,359

Other Operations

Industrial Development

Contracts with Other Public Agencies	\$	20,000	
Contributions		46,010	
Total Industrial Development			66,010

Housing and Urban Development

Other Construction	\$	507,880	
Total Housing and Urban Development			507,880

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Assistant(s)	\$	28,949	
Social Security		1,795	
Pensions		1,598	
Unemployment Compensation		40	
Employer Medicare		420	
Communication		1,510	
Other Charges		145	
Total Other Economic and Community Development			\$ 34,457

Veterans' Services

County Official/Administrative Officer	\$	15,964	
Social Security		990	
Unemployment Compensation		62	
Employer Medicare		231	
Communication		939	
Travel		127	
Office Supplies		1,160	
Total Veterans' Services			19,473

Other Charges

Contributions	\$	122,481	
Legal Notices, Recording, and Court Costs		724	
Trustee's Commission		142,614	
Vehicle and Equipment Insurance		172,325	
Other Charges		19,277	
Total Other Charges			457,421

Employee Benefits

Medical Insurance	\$	1,680	
Total Employee Benefits			1,680

Miscellaneous

Tax Relief Program	\$	38,370	
Total Miscellaneous			38,370

Capital Projects

Public Safety Projects

Furniture and Fixtures	\$	9,900	
Motor Vehicles		156,506	
Total Public Safety Projects			166,406

Total General Fund \$ 11,081,917

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Foremen	\$	61,453	
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(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Equipment Operators	\$	251,891	
Secretary(ies)		31,728	
Attendants		224,284	
Board and Committee Members Fees		9,450	
Social Security		34,864	
Pensions		29,564	
Medical Insurance		71,005	
Unemployment Compensation		1,438	
Employer Medicare		8,154	
Communication		8,964	
Contracts with Private Agencies		567,297	
Engineering Services		25,271	
Evaluation and Testing		10,717	
Operating Lease Payments		2,400	
Maintenance and Repair Services - Vehicles		99,515	
Postal Charges		500	
Travel		300	
Permits		5,873	
Other Contracted Services		21,567	
Crushed Stone		8,485	
Diesel Fuel		59,001	
Electricity		14,514	
Fertilizer, Lime, and Seed		958	
Gasoline		5,457	
Lubricants		8,841	
Office Supplies		1,820	
Tires and Tubes		19,516	
Water and Sewer		1,694	
Other Supplies and Materials		3,039	
Trustee's Commission		30,142	
Vehicle and Equipment Insurance		10,794	
Workers' Compensation Insurance		18,717	
Site Development		118,306	
Total Waste Pickup			\$ 1,767,519
Total Solid Waste/Sanitation Fund			\$ 1,767,519

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	23,000
Travel		2,947
Tuition		1,000
Animal Food and Supplies		2,918
Law Enforcement Supplies		2,665
Other Supplies and Materials		213
Trustee's Commission		165

(Continued)



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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Charges	\$ 8,500	
Law Enforcement Equipment	6,219	
Motor Vehicles	13,855	
Total Drug Enforcement	<u>          </u>	\$ 61,482

Total Drug Control Fund \$ 61,482

Other Special Revenue Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Contributions	\$ 279,647	
Total Ambulance/Emergency Medical Services	<u>          </u>	\$ 279,647

Other Operations

Miscellaneous

Bank Charges	\$ 750	
Total Miscellaneous	<u>          </u>	<u>          750</u>

Total Other Special Revenue Fund 280,397

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 177,333	
Total County Trustee's Office	<u>          </u>	\$ 177,333

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 234,204	
Total County Clerk's Office	<u>          </u>	234,204

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 21,620	
Constitutional Officers' Operating Expenses	22,517	
Total Chancery Court	<u>          </u>	<u>          44,137</u>

Total Constitutional Officers - Fees Fund 455,674

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 83,676
Secretary(ies)	28,392
Other Salaries and Wages	852
Social Security	7,012
Pensions	6,363
Medical Insurance	10,398

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Disability Insurance	\$	277	
Unemployment Compensation		210	
Employer Medicare		1,640	
Dues and Memberships		3,355	
Legal Services		374	
Legal Notices, Recording, and Court Costs		455	
Postal Charges		63	
Office Supplies		3,185	
Total Administration			\$ 146,252

Highway and Bridge Maintenance

Laborers	\$	731,503	
Other Salaries and Wages		22,045	
Social Security		45,306	
Pensions		37,987	
Life Insurance		231	
Medical Insurance		93,118	
Disability Insurance		4,155	
Unemployment Compensation		6,589	
Employer Medicare		10,596	
Other Contracted Services		270,622	
Asphalt - Hot Mix		518,633	
Crushed Stone		314,317	
Pipe - Metal		24,992	
Road Signs		9,470	
Wood Products		9,834	
Other Supplies and Materials		60,626	
Total Highway and Bridge Maintenance			2,160,024

Operation and Maintenance of Equipment

Mechanic(s)	\$	32,096	
Other Salaries and Wages		852	
Social Security		1,963	
Pensions		1,795	
Medical Insurance		5,214	
Disability Insurance		277	
Unemployment Compensation		210	
Employer Medicare		459	
Rentals		22,447	
Diesel Fuel		99,492	
Equipment and Machinery Parts		97,834	
Garage Supplies		2,908	
Gasoline		39,207	
Lubricants		7,037	
Tires and Tubes		24,356	
Other Supplies and Materials		3,711	
Total Operation and Maintenance of Equipment			339,858

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	3,585	
Electricity		7,461	
Water and Sewer		1,418	
Building and Contents Insurance		1,900	
Liability Insurance		3,000	
Trustee's Commission		26,462	
Vehicle and Equipment Insurance		28,149	
Total Other Charges			\$ 71,975

Employee Benefits

Workers' Compensation Insurance	\$	33,868	
Total Employee Benefits			33,868

Capital Outlay

Bridge Construction	\$	68,606	
Highway Equipment		38,368	
State Aid Projects		287,139	
Total Capital Outlay			394,113

Total Highway/Public Works Fund \$ 3,146,090

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	455,000	
Total General Government			\$ 455,000

Highways and Streets

Principal on Notes	\$	132,838	
Principal on Capital Leases		330,740	
Total Highways and Streets			463,578

Education

Principal on Bonds	\$	1,875,000	
Principal on Other Loans		29,095	
Total Education			1,904,095

Interest on Debt

General Government

Interest on Bonds	\$	157,842	
Total General Government			157,842

Highways and Streets

Interest on Notes	\$	3,628	
Interest on Capital Leases		5,767	
Total Highways and Streets			9,395

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Bonds	\$ 1,133,704	
Interest on Other Loans	<u>2,592</u>	
Total Education		\$ 1,136,296

Other Debt Service

General Government

Trustee's Commission	\$ 3,388	
Other Debt Service	<u>4,149</u>	
Total General Government		<u>7,537</u>

Total General Debt Service Fund \$ 4,133,743

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Asphalt - Hot Mix	\$ 241,119	
Asphalt - Liquid	239,816	
Crushed Stone	78,460	
Trustee's Commission	2,101	
Highway Equipment	<u>6,000</u>	
Total Highway and Street Capital Projects		<u>\$ 567,496</u>

Total Highway Capital Projects Fund 567,496

Total Governmental Funds - Primary Government \$ 21,494,318

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,798,886	
Career Ladder Program	37,249	
Educational Assistants	775,401	
Certified Substitute Teachers	139,532	
Social Security	682,263	
Pensions	1,078,538	
Life Insurance	54,749	
Medical Insurance	1,404,622	
Unemployment Compensation	5,850	
Employer Medicare	161,011	
Tuition	10,998	
Instructional Supplies and Materials	119,572	
Textbooks - Electronic	86,210	
Textbooks - Bound	346,337	
Other Supplies and Materials	6,700	
Other Charges	2,500	
Total Regular Instruction Program		\$ 15,710,418

Special Education Program

Teachers	\$ 1,846,419	
Career Ladder Program	5,700	
Educational Assistants	154,769	
Speech Pathologist	175,449	
Certified Substitute Teachers	20,309	
Social Security	128,623	
Pensions	186,360	
Life Insurance	10,161	
Medical Insurance	324,063	
Unemployment Compensation	1,441	
Employer Medicare	30,464	
Retirement - Hybrid Stabilization	4,819	
Maintenance and Repair Services - Equipment	4,001	
Instructional Supplies and Materials	6,074	
Other Supplies and Materials	13,860	
Special Education Equipment	37,724	
Total Special Education Program		2,950,236

Career and Technical Education Program

Teachers	\$ 853,413
Career Ladder Program	2,500
Certified Substitute Teachers	15,098
Social Security	49,141
Pensions	80,161
Life Insurance	4,300
Medical Insurance	138,099
Unemployment Compensation	476

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program (Cont.)

Employer Medicare	\$	11,872	
Retirement - Hybrid Stabilization		4,947	
Instructional Supplies and Materials		14,310	
Other Supplies and Materials		2,417	
Other Charges		2,401	
Vocational Instruction Equipment		452	
Total Career and Technical Education Program			\$ 1,179,587

Support Services

Attendance

Supervisor/Director	\$	72,472	
Career Ladder Program		1,600	
Clerical Personnel		26,920	
Other Salaries and Wages		33,651	
Social Security		5,810	
Pensions		9,171	
Life Insurance		240	
Medical Insurance		7,740	
Unemployment Compensation		68	
Employer Medicare		1,793	
Travel		1,978	
Other Supplies and Materials		399	
Total Attendance			161,842

Health Services

Supervisor/Director	\$	55,834	
Medical Personnel		209,518	
Other Salaries and Wages		17,472	
Social Security		17,020	
Pensions		18,896	
Life Insurance		480	
Medical Insurance		11,472	
Unemployment Compensation		288	
Employer Medicare		3,980	
Retirement - Hybrid Stabilization		6,261	
Travel		8,427	
Drugs and Medical Supplies		2,959	
Other Supplies and Materials		835	
Total Health Services			353,442

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		448,448	
Social Security		25,770	
Pensions		47,221	
Life Insurance		2,160	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Medical Insurance	\$	63,833	
Unemployment Compensation		203	
Employer Medicare		6,027	
Evaluation and Testing		10,878	
Travel		5,758	
Other Contracted Services		37,500	
Other Supplies and Materials		4,447	
Other Charges		12,425	
Total Other Student Support			\$ 667,670

Regular Instruction Program

Supervisor/Director	\$	144,449	
Career Ladder Program		5,050	
Librarians		311,738	
Educational Assistants		24,769	
Other Salaries and Wages		145,610	
Social Security		35,987	
Pensions		63,685	
Life Insurance		2,372	
Medical Insurance		67,790	
Unemployment Compensation		292	
Employer Medicare		8,574	
Travel		763	
Other Contracted Services		10,163	
Library Books/Media		60,000	
Other Supplies and Materials		2,556	
In Service/Staff Development		41,052	
Other Charges		31,852	
Other Equipment		127,453	
Total Regular Instruction Program			1,084,155

Special Education Program

Supervisor/Director	\$	72,472	
Career Ladder Program		583	
Psychological Personnel		82,920	
Secretary(ies)		21,681	
Other Salaries and Wages		271,912	
Social Security		25,069	
Pensions		42,346	
Life Insurance		1,820	
Medical Insurance		47,506	
Unemployment Compensation		212	
Employer Medicare		6,281	
Communication		6,503	
Consultants		3,101	
Maintenance and Repair Services - Equipment		826	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Travel	\$	20,208	
Other Contracted Services		7,742	
Other Supplies and Materials		1,213	
In Service/Staff Development		8,201	
Other Charges		1,442	
Total Special Education Program			\$ 622,038

Career and Technical Education Program

Supervisor/Director	\$	69,198	
Social Security		3,946	
Pensions		7,238	
Life Insurance		217	
Medical Insurance		7,011	
Unemployment Compensation		21	
Employer Medicare		923	
Other Supplies and Materials		106	
Total Career and Technical Education Program			88,660

Technology

Supervisor/Director	\$	69,198	
Career Ladder Program		1,000	
Other Salaries and Wages		42,444	
Social Security		6,673	
Pensions		10,055	
Life Insurance		480	
Medical Insurance		13,476	
Unemployment Compensation		45	
Employer Medicare		1,561	
Maintenance and Repair Services - Equipment		19,797	
Internet Connectivity		50,373	
Travel		3,982	
Other Contracted Services		11	
Software		36,975	
Other Supplies and Materials		6,323	
Other Equipment		83,611	
Total Technology			346,004

Board of Education

Secretary to Board	\$	1,500	
Board and Committee Members Fees		10,125	
Social Security		518	
Pensions		615	
Life Insurance		1,440	
Medical Insurance		28,680	
Unemployment Compensation		29	
Employer Medicare		143	

(Continued)



Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Other Fringe Benefits	\$ 1,001,239	
Audit Services	15,700	
Contributions	44,026	
Dues and Memberships	14,790	
Legal Services	42,950	
Travel	6,337	
Other Contracted Services	6,272	
Liability Insurance	201,323	
Trustee's Commission	227,161	
Workers' Compensation Insurance	152,006	
Other Charges	1,200	
Total Board of Education		\$ 1,756,054

Director of Schools

County Official/Administrative Officer	\$ 99,960	
Career Ladder Program	2,000	
Secretary(ies)	56,154	
Other Salaries and Wages	79,091	
Social Security	14,215	
Pensions	22,528	
Life Insurance	503	
Medical Insurance	14,205	
Unemployment Compensation	95	
Employer Medicare	3,324	
Communication	37,549	
Dues and Memberships	2,750	
Postal Charges	441	
Travel	1,682	
Other Contracted Services	1,706	
Office Supplies	6,999	
In Service/Staff Development	101	
Other Charges	381	
Administration Equipment	164	
Total Director of Schools		343,848

Office of the Principal

Principals	\$ 929,763	
Career Ladder Program	10,000	
Assistant Principals	289,355	
Social Security	68,525	
Pensions	128,566	
Life Insurance	4,080	
Medical Insurance	119,079	
Unemployment Compensation	428	
Employer Medicare	16,835	
Total Office of the Principal		1,566,631

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Contributions	\$ 270,034	
Total Fiscal Services		\$ 270,034

Operation of Plant

Custodial Personnel	\$ 493,379	
Social Security	29,377	
Pensions	25,504	
Unemployment Compensation	813	
Employer Medicare	6,870	
Disposal Fees	68,288	
Other Contracted Services	38,153	
Custodial Supplies	119,524	
Electricity	1,047,334	
Fuel Oil	6,781	
Natural Gas	56,750	
Water and Sewer	148,316	
Total Operation of Plant		2,041,089

Maintenance of Plant

Maintenance Personnel	\$ 478,875	
Social Security	28,874	
Pensions	26,434	
Life Insurance	69,713	
Medical Insurance	1,049,341	
Unemployment Compensation	426	
Employer Medicare	6,753	
Maintenance and Repair Services - Buildings	1,074	
Maintenance and Repair Services - Equipment	277,668	
Uniforms	1,626	
Total Maintenance of Plant		1,940,784

Transportation

Supervisor/Director	\$ 62,978	
Mechanic(s)	43,884	
Bus Drivers	559,035	
Other Salaries and Wages	51,622	
Social Security	41,442	
Pensions	43,135	
Life Insurance	480	
Medical Insurance	11,472	
Unemployment Compensation	830	
Employer Medicare	10,307	
Other Fringe Benefits	5,730	
Contracts with Parents	9,765	
Contracts with Vehicle Owners	116,676	
Maintenance and Repair Services - Vehicles	3,254	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Contracted Services	\$	56,397	
Garage Supplies		4,006	
Gasoline		121,121	
Tires and Tubes		21,048	
Uniforms		2,849	
Vehicle Parts		60,631	
Other Charges		9,990	
Total Transportation			\$ 1,236,652

Central and Other

Communication	\$	20,133	
Other Contracted Services		43,913	
Data Processing Supplies		29,581	
Total Central and Other			93,627

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	10,644	
Teachers		139,608	
Educational Assistants		85,069	
Part-time Personnel		1,605	
Other Salaries and Wages		208,468	
Social Security		27,209	
Pensions		43,524	
Life Insurance		178	
Medical Insurance		4,920	
Unemployment Compensation		984	
Employer Medicare		6,363	
Travel		865	
Other Contracted Services		1,760	
Instructional Supplies and Materials		10,576	
Other Supplies and Materials		54,985	
In Service/Staff Development		1,879	
Other Charges		45,126	
Total Community Services			643,763

Early Childhood Education

Teachers	\$	349,850	
Clerical Personnel		19,179	
Educational Assistants		68,442	
Other Salaries and Wages		20,396	
Social Security		26,866	
Pensions		34,589	
Life Insurance		1,873	
Medical Insurance		50,097	
Unemployment Compensation		1,109	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Employer Medicare	\$	6,283	
Retirement - Hybrid Stabilization		1,351	
Communication		5,434	
Travel		1,260	
Instructional Supplies and Materials		12,732	
Other Supplies and Materials		5,200	
Total Early Childhood Education			\$ 604,661

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	83,767	
Other Capital Outlay		20,252	
Total Regular Capital Outlay			104,019

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	3,040,791	
Total Education			3,040,791

Total General Purpose School Fund \$ 36,806,005

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	673,237	
Educational Assistants		380,556	
Certified Substitute Teachers		14,602	
Social Security		62,600	
Pensions		91,215	
Life Insurance		3,360	
Medical Insurance		92,161	
Unemployment Compensation		2,924	
Employer Medicare		14,643	
Instructional Supplies and Materials		31,466	
Total Regular Instruction Program			\$ 1,366,764

Special Education Program

Teachers	\$	136,126	
Educational Assistants		788,505	
Speech Pathologist		2,500	
Other Salaries and Wages		31,975	
Certified Substitute Teachers		25,932	
Social Security		58,264	
Pensions		59,279	
Life Insurance		720	
Medical Insurance		17,876	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Unemployment Compensation	\$	4,575	
Employer Medicare		13,632	
Contracts with Private Agencies		4,198	
Instructional Supplies and Materials		22,718	
Other Supplies and Materials		35,150	
Special Education Equipment		1,349	
Total Special Education Program			\$ 1,202,799

Career and Technical Education Program

Other Salaries and Wages	\$	1,500	
Social Security		46	
Pensions		78	
Employer Medicare		22	
Other Contracted Services		5,316	
Instructional Supplies and Materials		5,181	
Vocational Instruction Equipment		45,827	
Total Career and Technical Education Program			57,970

Support Services

Other Student Support

Social Workers	\$	63,090	
Social Security		3,554	
Pensions		5,651	
Life Insurance		460	
Medical Insurance		12,998	
Unemployment Compensation		202	
Employer Medicare		831	
Travel		18,204	
In Service/Staff Development		9,327	
Other Charges		8,154	
Total Other Student Support			122,471

Regular Instruction Program

Supervisor/Director	\$	75,251	
Secretary(ies)		12,523	
Other Salaries and Wages		124,362	
Social Security		11,689	
Pensions		18,257	
Life Insurance		840	
Medical Insurance		24,084	
Unemployment Compensation		306	
Employer Medicare		2,915	
Other Supplies and Materials		2,279	
In Service/Staff Development		15,220	
Other Equipment		419	
Total Regular Instruction Program			288,145

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Psychological Personnel	\$	57,753	
Social Security		3,189	
Pensions		4,008	
Life Insurance		240	
Medical Insurance		7,740	
Unemployment Compensation		67	
Employer Medicare		746	
Communication		2,238	
Travel		1,912	
Other Contracted Services		21,000	
Other Supplies and Materials		3,927	
In Service/Staff Development		17,944	
Total Special Education Program			\$ 120,764

Career and Technical Education Program

Travel	\$	629	
In Service/Staff Development		2,196	
Other Equipment		3,994	
Total Career and Technical Education Program			6,819

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	79,899	
Social Security		4,927	
Pensions		8,074	
Life Insurance		240	
Medical Insurance		5,736	
Unemployment Compensation		85	
Employer Medicare		1,152	
Travel		16,826	
Other Contracted Services		17,470	
Food Supplies		1,744	
Other Supplies and Materials		19,369	
Total Community Services			155,522

Total School Federal Projects Fund \$ 3,321,254

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	74,394	
Accountants/Bookkeepers		16,500	
Clerical Personnel		27,779	
Cafeteria Personnel		773,072	
Social Security		52,390	
Pensions		48,432	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Life Insurance	\$	240	
Medical Insurance		8,945	
Unemployment Compensation		4,333	
Employer Medicare		12,252	
Communication		12,208	
Maintenance and Repair Services - Equipment		17,200	
Travel		2,071	
Other Contracted Services		21,184	
Food Preparation Supplies		105,203	
Food Supplies		1,060,249	
Office Supplies		1,204	
USDA - Commodities		215,748	
Other Supplies and Materials		4,769	
In Service/Staff Development		303	
Other Charges		10,556	
Food Service Equipment		103,101	
Total Food Service			<u>\$ 2,572,133</u>

Total Central Cafeteria Fund \$ 2,572,133

Total Governmental Funds - Claiborne County School Department \$ 42,699,392

Exhibit J-9

Claiborne County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2019

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,967,700
Total Cash Receipts	<u>\$ 1,967,700</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,948,023
Trustee's Commission	19,677
Total Cash Disbursements	<u>\$ 1,967,700</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2018	<u>0</u>
 Cash Balance, June 30, 2019	 <u><u>\$ 0</u></u>



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## SINGLE AUDIT SECTION

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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

Claiborne County Mayor and  
Board of County Commissioners  
Claiborne 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 Claiborne County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Claiborne County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 3, 2020.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency: 2019-005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Claiborne County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2019-001, 2019-002, 2019-003, and 2019-004.

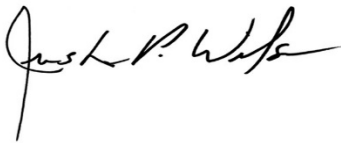
### **Claiborne County's Responses to the Findings**

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

### **Purpose of this Report**

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 3, 2020

JPW/tg



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

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

### ***Opinion on Each Major Federal Program***

In our opinion, Claiborne 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 Claiborne 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 Claiborne 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 Claiborne 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.

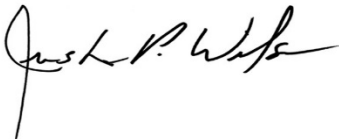
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 Claiborne County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Claiborne County's basic financial statements. We issued our report thereon dated February 3, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 3, 2020

JPW/tg

Claiborne County, Tennessee, and the Claiborne 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:			
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	\$ 194,860
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	649,251
National School Lunch Program	10.555	N/A	1,593,754 (5)
Fresh Fruit and Vegetable Program	10.582	N/A	22,898
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	215,748 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-1959170	13,981
Total U.S. Department of Agriculture			<u>\$ 2,690,492</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	33004-92218	\$ 2,225
Total U.S. Department of Housing and Urban Development			<u>\$ 2,225</u>
Appalachian Regional Commission:			
Passed-through State Department of Economic and Community Development:			
Appalachian Area Development	23.002	33004-53977	\$ 307,618
Total Appalachian Regional Commission			<u>\$ 307,618</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,510,018
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	1,347,138
Special Education - Preschool Grants	84.173	N/A	29,197
Career and Technical Education - Basic Grants to States	84.048	N/A	86,387
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	155,520
Rural Education	84.358	N/A	76,150
Improving Teacher Quality State Grants	84.367	N/A	169,614
Total U.S. Department of Education			<u>\$ 3,374,024</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Family Planning Services	93.217	GG-1959170	\$ 5,706
National State Based Tobacco Control Programs	93.305	GG-1959170	1,447
Medicaid Cluster: (4)			
Medical Assistance Program	93.778	GG-1959170	12,000
Maternal and Child Health Services Block Grant to the States	93.994	GG-1959170	9,160
Total U.S. Department of Health and Human Services			<u>\$ 28,313</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(3)	\$ 88,668
Emergency Management Performance Grants	97.042	34101-00919	27,000
Homeland Security Grant Program	97.067	34101-09219	8,843
Total U.S. Department of Homeland Security			<u>\$ 124,511</u>
Total Expenditures of Federal Grants			<u>\$ 6,527,183</u>

(Continued)

Claiborne County, Tennessee, and the Claiborne 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
State Grants			
Three Star Program - State Department of Economic and Community Development	N/A	(3)	\$ 10,000
Lottery for Education: Preschool - State Department of Education	N/A	(3)	604,661
Lottery for Education: After School Programs - State Department of Education	N/A	(3)	393,345
Family Resource Centers - State Department of Education	N/A	(3)	29,612
Safe Schools Act - State Department of Education	N/A	(3)	127,509
Coordinated School Health Program	N/A	(3)	94,965
Health Department Grants - State Department of Health Services	N/A	(3)	49,342
Read to Be Ready Coaching Network Grant - State Department of Education	N/A	(3)	9,727
Litter Program - State Department of Transportation	N/A	(3)	25,601
Disaster Grants - Public Assistance - State Department of Military	N/A	(3)	31,427
Tech Grant TSLA - Tennessee Secretary of State	N/A	(3)	2,200
Work-Based Learning Grant - State Department of Economic and Community Development	N/A	(3)	23,529
Total State Grants			\$ 1,401,918

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

(3) Information not available.

(4) Child Nutrition Cluster total \$2,458,753; Special Education Cluster total \$1,376,335; Medicaid Cluster total \$12,000.

(5) Total for CFDA No. 10.555 is \$1,809,502.



Claiborne 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 Claiborne County, Tennessee, for the year ended June 30, 2019.

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

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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**OFFICES OF SHERIFF AND FINANCE DIRECTOR**

2018	186	2018-001	The Sheriff Entered into an Agreement to Provide Healthcare to Jail Inmates Without Approval from the Finance Director	N/A	Corrected
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**OFFICE OF SHERIFF**

2018	187	2018-002	Accrued Leave Balances Exceeded the Maximum Balance Provided by the County's Personnel Policy	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	188	2018-003	The Former Sheriff and Two Employees of the Sheriff's Department were Indicted by the Claiborne County Grand Jury	N/A	Corrected

**OFFICES OF COUNTY CLERK, REGISTER OF DEEDS, AND SHERIFF**

2018	188	2018-004	Duties were not Segregated Adequately	N/A	Corrected - Office of Sheriff. Not Corrected by the County Clerk or Register of Deeds - See Explanation on Corrective Action Plan
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***Prior-year Federal Award Findings***

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

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**CLAIBORNE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2019**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Claiborne County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

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

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

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

### **OFFICE OF COUNTY CLERK**

**FINDING 2019-001**                    **DISCREPANCIES IN THE OPERATIONS OF THE CLAIBORNE COUNTY CLERK'S OFFICE ARE CURRENTLY BEING INVESTIGATED**  
(Noncompliance Under Government Auditing Standards)

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

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### **OFFICE OF SHERIFF**

**FINDING 2019-002**                    **AN INVESTIGATION OF THE SHERIFF'S DEPARTMENT REVEALED THAT INMATES AND SHERIFF'S LITTER PATROL OFFICERS SOLD SCRAP METAL FOR PERSONAL GAIN TOTALING AT LEAST \$23,763.18**  
(Noncompliance Under *Government Auditing Standards*)

On February 8, 2019, the Comptroller's Division of Investigations issued an investigative report on the Claiborne County Sheriff's Department. The report disclosed that inmates and sheriff's litter patrol officers received cash from sales of scrap metal during the period July 1, 2016, through June 30, 2018, totaling at least \$23,763.18. This report is available at <http://www.comptroller.tn.gov/ia/>.

### **MANAGEMENT'S RESPONSE – SHERIFF**

We concur with this finding, although we feel that it should be noted in the auditor's report that the activity that created this finding occurred during the previous administration and prior to me taking office September 1, 2018. Since taking office, I have implemented internal controls that work to ensure that this type of activity will not occur.

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FINDING 2019-003

**THE WORK RELEASE PROGRAM WAS NOT OPERATING IN COMPLIANCE WITH STATE STATUTES**  
(Noncompliance Under Government Auditing Standards)

In February 2019, the Claiborne County Sheriff began allowing inmates to participate in the “Fresh Start” program operated by a local non-profit. This program allowed qualifying prisoners to participate in a work release project, working full time at a local factory and earning wages. It should be noted that the inmate’s wages are collected by the local non-profit and accounted for by the non-profit. These wages were not subjected to the audit procedures performed by representatives of the Comptroller’s Office.

The county had previously declared the jail as a workhouse and placed the program under the administrative control of the sheriff, as provided for in Section 41-2-104 (B), *Tennessee Code Annotated (TCA.)* However, Section 41-2-148 (b),(1), *TCA* prohibits inmates housed in the county jail or workhouse from performing any labor for gain, profit or benefit of a private citizen or for profit corporation partnership or other business unless the labor is part of a court-approved work release program or unless the work release program operates under a commission established pursuant to Section 41-2-134, *TCA*. On October 21, 2019, Claiborne County established a workhouse commission as provided for by Section 4-2-104(a), *TCA* instead of placing the workhouse under the administrative control of the sheriff. The workhouse commission has not met since being established and has not established any guidelines or procedures. A work release commission required by Section 41-2-134, *TCA* has not been established. It should be noted that a resolution to create the work release commission is on the agenda for the January 27, 2020, meeting of the county commission.

This deficiency exists because management was unaware of the statutory guidelines for work release programs when the “Fresh Start” program was established.

RECOMMENDATION

The county commission should take steps to establish the work release program in compliance with state statutes. The county commission should clarify who is to have administrative control of the workhouse, the workhouse commission or the sheriff. Once that determination is made, guidelines for the workhouse and any work release programs should be established to ensure that they are operated in compliance with state statutes.

MANAGEMENT’S RESPONSE – SHERIFF

We concur with this finding and have begun the process to rectify this issue. I feel that these types of work programs are important as we work to reduce recidivism. These work programs give inmates opportunities that were not offered in the past in Claiborne County. As noted in the corrective action plan, we have a resolution to create a work release commission that is required by *TCA* 41-2-134 on the agenda for the January 27, 2020, meeting of the Claiborne County Commission. Once the resolution is passed, the members of the work release commission will meet and work to establish guidelines and procedures for the work release program.

**OFFICES OF SHERIFF, CIRCUIT AND GENERAL SESSIONS COURTS CLERK,  
AND GENERAL SESSIONS JUDGE**

FINDING 2019-004

**ACCRUED LEAVE BALANCES EXCEEDED THE  
MAXIMUM BALANCE PROVIDED BY THE COUNTY'S  
PERSONNEL POLICY**

(Noncompliance Under *Government Auditing Standards*)

Several employees in the Offices of Sheriff, Circuit and General Sessions Courts Clerk, and General Sessions Judge had accrued compensatory and vacation leave balances exceeding the maximum balance provided by the county's personnel policy. The county's personnel policy for compensatory leave provides, "The maximum hours that an employee may accrue is 100 hours at the discretion of the county official or department head. Any employee reaching this maximum shall not work any additional overtime until the employee's compensatory time falls below the maximum." The county's personnel policy for vacation leave provides, "Vacation time may be accumulated and carried forward to the next year in an amount not to exceed five days. Any days exceeding the five-day limit will be lost if not used prior to the end of the current employment year." These deficiencies can be attributed to the failure of management to adequately monitor employees' leave balances, management's failure to correct the deficiencies reported in prior-year audit reports, and the failure to implement their corrective action plan. Allowing employees to accrue excess leave balances may result in excess employee compensation.

**RECOMMENDATION**

Officials should monitor employees' leave balances to ensure compliance with the county's personnel policy.

**MANAGEMENT'S RESPONSE – SHERIFF**

We concur with this finding and have taken steps to rectify this issue. It should also be noted that I took office in September of 2018 and was tasked with addressing an issue that had been growing over many years. As noted in the report, this was a finding in previous years that was never addressed by the previous administration. Since taking office, I have taken measures to greatly reduce the accrued leave balances for Sheriff's Office employees. This process will take a little time to get us in compliance with the county policy. One measure taken was allowing school resource officers that are available when school is not in session to work for patrol officers that have accrued time that is not in compliance with the county policy. This practice will continue along with better monitoring of accrued time by administration to ensure that we comply with the county policy.

**MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

I concur. Two employees' compensatory time and vacation time occurred during my administration. One other deputy clerk's compensatory and vacation time was accrued in the prior administration. A corrective action plan is in place to reduce these amounts.

## MANAGEMENT'S RESPONSE – GENERAL SESSIONS JUDGE

The employee is the only Youth Services Officer/Juvenile Court Administrator in Claiborne County. Her job requires her to respond to any request from law enforcement, Department of Children's Service, District Attorney General's Office, school or parent that has a juvenile acting unruly; committing delinquent acts, or is in a dependent and neglectful situation of a home or environment. She has always been conscientious about trying to keep her extra hours at a minimum. Many people in Claiborne County depend on her to assist with juveniles as she does such a good job. I do not believe it would be cost effective for the county to hire an assistant to the Youth Services Officer. Therefore, the only remedy is for her to take off more time during working hours. Certainly, she would still need to be available for officers, schools, and parents whenever the need arises. Furthermore, I believe the policy of Claiborne County needs to be amended to allow officials to appear before the commission to request a waiver from the policy. The arbitrary policy of 100 hours can result in the hampering of administration of justice, court proceeding, or county business in general. Hopefully, the county commission recognizes that a procedure to obtain a waiver from the strict enforcement of this policy is merited.

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## OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS

### FINDING 2019-005

### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

Duties were not segregated adequately among the officials and employees in the Offices of County Clerk and Register of Deeds. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan.

### RECOMMENDATION

Management should segregate duties to the extent possible using available resources.

## MANAGEMENT'S RESPONSE – COUNTY CLERK

We concur with the finding. However, due to the lack of additional funding, management is somewhat restrained in this area.

## MANAGEMENT'S RESPONSE – REGISTER OF DEEDS

I concur with the finding. I will comply and implement internal controls to segregate duties of the Office of Register of Deeds to the extent possible using available resources. I will use the checklist on the Division of Local Government Audit's website as a guide.

### **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.

**Claiborne 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 SHERIFF**

2019-002	An Investigation of the Sheriff's Department Revealed that Inmates and Sheriff's Litter Patrol Officers sold Scrap Metal for Personal Gain Totaling at Least \$23,763.18	189
2019-003	The Work Release Program was not Operating in Compliance with State Statutes	190
2019-004	Accrued Leave Balances Exceeded the Maximum Balance Provided by the County's Personnel Policy	191

**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

2019-004	Accrued Leave Balances Exceeded the Maximum Balance Provided by the County's Personnel Policy	192
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**OFFICE OF GENERAL SESSIONS JUDGE**

2019-004	Accrued Leave Balances Exceeded the Maximum Balance Provided by the County's Personnel Policy	194
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**OFFICE OF COUNTY CLERK**

2019-005	Duties were not Segregated Adequately	195
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**OFFICE OF REGISTER OF DEEDS**

2019-005	Duties were not Segregated Adequately	196
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## Bob Brooks Sheriff

5 Straight Creek Rd. Tazewell, TN 37879

### Corrective Action Plan

**FINDING:** AN INVESTIGATION OF THE SHERIFF'S DEPARTMENT REVEALED THAT INMATES AND SHERIFF'S LITTER PATROL OFFICERS SOLD SCRAP METAL FOR PERSONAL GAIN TOTALING AT LEAST \$23,763.18

**Response and Corrective Action Plan Prepared by:**  
Ron Hayes, Chief Deputy

**Person Responsible for Implementing the Corrective Action:**  
Ron Hayes, Chief Deputy

**Anticipated Completion Date of Corrective Action:**  
Corrective action has been taken and completed.

**Repeat Finding:**  
No

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

**Planned Corrective Action:**  
Internal controls were implemented after Sheriff Brooks took office on September 1, 2018, to oversee any money taken in by Sheriff's Office employees. The internal controls require that multiple Sheriff's Office employees be responsible for monitoring and documenting all moneys taken in by Sheriff's Office employees.

**FINDING: THE WORK RELEASE PROGRAM WAS NOT OPERATING IN COMPLIANCE WITH STATE STATUTES**

**Response and Corrective Action Plan Prepared by:**  
Ron Hayes, Chief Deputy

**Person Responsible for Implementing the Corrective Action:**  
Ron Hayes, Chief Deputy

**Anticipated Completion Date of Corrective Action:**  
05/30/2020

**Repeat Finding:**  
No

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

**Planned Corrective Action:**  
A resolution to create a work release commission that is required by *TCA 41-2-134* is on the agenda for the January 27, 2020 meeting of the Claiborne County Commission. Once the resolution is passed, the members of the work release commission will meet and work to establish guidelines and procedures to which the work release programs will operate under.

**FINDING: ACCRUED LEAVE BALANCES EXCEEDED THE  
MAXIMUM BALANCE PROVIDED BY THE COUNTY'S  
PERSONNEL POLICY**

**Response and Corrective Action Plan Prepared by:**  
Ron Hayes, Chief Deputy

**Person Responsible for Implementing the Corrective Action:**  
Ron Hayes, Chief Deputy

**Anticipated Completion Date of Corrective Action:**  
12/31/2020

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
The prior years finding would have been under the previous administration prior to Sheriff Brooks taking office September 1, 2018.

**Planned Corrective Action:**  
Since taking office on September 1, 2018, Sheriff Brooks has taken measures to greatly reduce the accrued leave balances for Sheriff's Office employees. One measure taken was allowing school resource officers that are available when school is not in session to work for patrol officers that have accrued time that is not in compliance with Claiborne County policy. This practice will continue along with better monitoring of accrued time by administration to ensure that we are in compliance with Claiborne County policy.

Signature: Bob Brooks

JACKIE V. ROSENBALM  
CIRCUIT COURT CLERK  
CLAIBORNE COUNTY  
(423) 626-3334  
(423) 526-2703

**Corrective Action Plan**

**FINDING: ACCRUED LEAVE BALANCES EXCEED THE  
MAXIMUM BALANCE PROVIDED BY THE COUNTY'S  
PERSONNEL POLICY**

**Response and Corrective Action Plan Prepared by:**  
Jackie V. Rosenbalm, Circuit Court Clerk

**Person Responsible for Implementing the Corrective Action:**  
Jackie V. Rosenbalm, Circuit Court Clerk

**Anticipated Completion Date of Corrective Action:**  
June 30, 2020

**Repeat Finding:**  
No

**Reason Corrective Action was Not Taken in the Prior Year:**  
Was never addressed to me of being a problem

**Planned Corrective Action:**

**I have two separate offices. One at the Justice Center and one at the Claiborne Court Courthouse. I have one employee at the Courthouse and the comp time that she has is from the previous administration. She would stay late at month end and help the previous Clerk with reporting. It is a staffing problem that I have. She is the only Deputy Clerk that does Circuit Civil and it was never addressed by the previous administration. There has been no comp time for her, since 2014, when I was elected Clerk.**

**In September of 2017, we had to start swearing all warrants that came into the office. It was a problem because of the different shifts that were run by the County and the Cities. We therefore started have a 5:30 A.M. shift at the Justice Center. That problem has been resolved.**

**I have three Deputy Clerks at the Justice Center that go into Court with our Judges. They cannot just leave when 4:30 comes and there will always be Court. I have only one Deputy Clerk that is over comp and vacations and that Court is**

four or five days a week. It will be addressed.

I do accept the finding for my administration, but not for anything prior to September of 2014, but it has never been addressed or a problem.

I would like to add that the handbook saying that it is at the discretion of the office holder, as to comp time. I have ask for a payout for the three that are over comp and vacation time for any time over the first 100 hours. We have also talked about a policy change for the county. Also, all the employees will start their vacation time, effective 7-1, of each year.

Signature:

A handwritten signature in blue ink, appearing to read "Julie Goodal", written over a horizontal line.

***CLAIBORNE COUNTY GENERAL SESSIONS COURT***

*Criminal, Civil, Probate and Juvenile Divisions*

***Honorable Robert M. Estep***

*415 Straight Creek Road, Suite 6*

*New Tazewell, Tennessee 37825*

*PH. 423-626-5208*

*FAX: 423-626-5217*

*Mary Killion*  
*Juvenile Court Administrator*  
*Youth Services Officer*

*Andy Rose*  
*Administrative Assistant*

**Corrective Action Plan**

**FINDING: ACCRUED LEAVE BALANCES EXCEED THE MAXIMUM BALANCE PROVIDED BY THE COUNTY'S PERSONNEL POLICY**

**Response and Corrective Action Plan Prepared by:**

Robert M. Estep  
General Sessions and Juvenile Court Judge  
Claiborne County, Tennessee

**Person Responsible for Implementing the Corrective Action:**

Robert M. Estep

**Anticipated Completion Date of Corrective Action:**

June 30, 2020

**Repeat Finding:**

No

**Reason Corrective Action was Not Taken in the Prior Year:**

Youth Services Officer is only employee in County that does her specific job.

**Planned Corrective Action:**

Youth Service Officer will take off time during normal business hours to help alleviate the overtime.

Signature: \_\_\_\_\_

*Robert M. Estep*

# **KAREN HURST**

Claiborne County Clerk

PO Box 173  
Tazewell, TN 37879  
Phone: 423-626-3283  
Fax: 423-626-6234

January 28, 2020

Mark Treece, Audit Manager  
Division of Local Government Audit  
5401 Kingston Pike  
Building 2, Suite 300  
Knoxville, TN 37919

## **Corrective Action Plan**

**FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY**

**Response and Corrective Action Plan Prepared By:**  
Karen Hurst, Claiborne County Clerk

**Person Responsible for Implementing the Corrective Action:**  
Karen Hurst, Claiborne County Clerk

**Anticipated Completion Date of Corrective Action:**  
January 1, 2021

**Repeat Finding:**  
YES

**Reason Corrective Action was Not Taken in the Prior Year:**  
Financial restraint

**Planned Corrective Action:**  
Steps are being taken forthwith to correct this situation and bring finding into compliance with Local Government guidelines.

  
Karen Hurst  
County Clerk/Claiborne

*Kimberly Reece*

Kimberly Reece  
Register of Deeds  
P.O. Box 117  
Tazewell, TN 37879

REGISTER OF DEEDS  
P. O. BOX 117  
TAZEWELL, TENN. 37879

Corrective Action Plan

**FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY**

Response and Corrective Action Plan Prepared By:  
Kimberly Reece, Register of Deeds

Person Responsible for Implementing the Corrective Action:  
Kimberly Reece, Register of Deeds

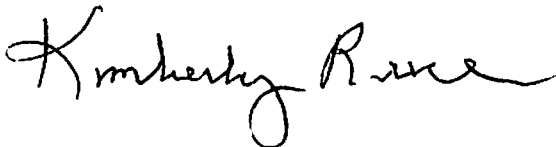
Anticipated Completion Date of Corrective Action:  
January 27, 2020

Repeat Findings:  
Yes

Reason Corrective Action was Not Taken in the Prior Year:  
Complying based on number of employees.

Planned Corrective Action:  
I will utilize the checklist on the Division of Local Governments Audit's website.  
Employees have been given specific duties from the checklist.

Kimberly Reece, Register of Deeds of Claiborne County Tennessee





**APPENDIX D**

Form of Continuing Disclosure Agreement

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CLAIBORNE COUNTY, TENNESSEE

\$21,810,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered this 30<sup>th</sup> day of April, 2020 by Claiborne County, Tennessee (the “Issuer”) in connection with the issuance of its \$21,810,000 General Obligation Refunding Bonds, Series 2020 (the “Bonds”). The Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Registered Owners and the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the “Rule”) of the Securities and Exchange Commission (the “SEC”). This Disclosure Agreement is being executed and delivered by the Issuer under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement of the Issuer, dated April 8, 2020, relating to the Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Registered Owner” means any person who is identified as a holder of Bonds on the registration records maintained by or on behalf of the Issuer with respect to the Bonds.

“Resolution” shall mean the bond Resolution adopted by the Board of Commissioners of the Issuer on February 24, 2020.

“State” shall mean the State of Tennessee.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule.

SECTION 3. Continuing Disclosure. The Issuer hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information*. For Fiscal Years ending on or after June 30, 2020, the Issuer shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include:

(i) The Issuer's audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Issuer's audited financial statements are not available, then the Issuer's unaudited financial statements; and

(ii) To the extent not included in the audited financial statements, operating data of the type included under the following headings of the Official Statement, which data may be presented in a manner other than as set in the Official Statement:

1. "Summary of Outstanding Debt ";
2. "Debt Statement ";
3. "Debt Record";
4. "Per Capita Debt Ratios";
5. "Debt Ratios";
6. "Debt Trend";
7. "Debt Service Requirements";
8. "Property Valuation and Property Tax";
9. "Top Taxpayers";
10. "Fund Balances";
11. "Local Sales Tax"; and
12. "Wheel Tax".

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2020, the Issuer shall provide audited financial statements, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices*. The Issuer will provide notice of the following events relating to the Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances (including disclosure as to whether the Bonds have been defeased to their maturity or to a preceding call date);
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation\* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

\* As used in subsections (xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information.* The Issuer will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement.* The Issuer will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

#### SECTION 4. Methods of Providing Information.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Issuer shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

#### SECTION 5. Amendment.

This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3(a) above, the Issuer shall describe such amendment in the next filing pursuant to Section 3(a), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 8. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 11. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

CLAIBORNE COUNTY, TENNESSEE

By: \_\_\_\_\_  
County Mayor





**APPENDIX E**

Specimen Bond Insurance Policy

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100