

# OFFICIAL STATEMENT

NEW ISSUE

Ratings: S&P – “AA” BAM Insured  
“A” Underlying

BOOK-ENTRY-ONLY

(See “MISCELLANEOUS-Rating” herein)

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, as hereafter defined, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference in calculating the alternative minimum tax. 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 “LEGAL MATTERS – 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 “LEGAL MATTERS -Tax Matters” herein.)*

## \$8,305,000

### BLEDSOE COUNTY, TENNESSEE

#### General Obligation Bonds, Series 2020

Dated: November 24, 2020

Due: March 1, as shown below.

The \$8,305,000 General Obligation Bonds, Series 2020 (the “Bonds”) issued by Bledsoe County, Tennessee (the “County”) are issuable in fully registered form in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and 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. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on March 1, 2021 and thereafter on each March 1 and September 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the “Registration Agent”). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the County. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County are irrevocably pledged. See section entitled “SECURITIES OFFERED – Security”.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



The Bonds maturing March 1, 2028 and thereafter are subject to optional redemption prior to maturity on or after March 1, 2027.

<u>Due</u> <u>(March 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Due</u> <u>(March 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2022	\$850,000	3.00 %	0.40 %	093509NL7	2029	535,000	1.25 %	1.25 %	093509NT0
2023	875,000	3.00	0.45	093509NM5	2030	490,000	2.00	1.35 c	093509NU7
2024	800,000	3.00	0.55	093509NN3	2031	415,000	2.00	1.40 c	093509NV5
2025	750,000	3.00	0.75	093509NP8	2032	315,000	2.00	1.45 c	093509NW3
2026	750,000	3.00	0.85	093509NQ6	2033	265,000	2.00	1.55 c	093509NX1
2027	725,000	3.00	1.00	093509NR4	2034	265,000	2.00	1.65 c	093509NY9
2028	570,000	1.25	1.10 c	093509NS2					
	\$ 240,000	2.00 %		Term Bond Due March 1, 2036		@ 1.70 % c			093509PA9
	\$ 230,000	2.00 %		Term Bond Due March 1, 2038		@ 1.80 % c			093509PC5
	\$ 230,000	2.00 %		Term Bond Due March 1, 2040		@ 2.00 %			093509PE1

c = Yield to call on March 1, 2027

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire *Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Howard Upchurch, Esq., counsel to the County. It is expected that the Bonds will be available for delivery through the facilities of Depository Trust Company in New York, New York, on or about November 24, 2020.

**Cumberland Securities Company, Inc.**

Municipal Advisor

October 28, 2020

This *Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Official Statement*. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Bond Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This *Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this *Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Municipal Advisor or the Underwriter. Except where otherwise indicated, all information contained in this *Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

\*\*Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity 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.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 here from, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix D- Specimen Municipal Bond Insurance Policy".

# BLEDSOE COUNTY, TENNESSEE

## OFFICIALS

Honorable Gregg Ridley	<i>Mayor</i>
Genese Sapp	<i>County Clerk</i>
Amanda Slaven	<i>Finance/Budget Director</i>
Howard Upchurch, Esq.	<i>County Attorney</i>

## COUNTY COMMISSIONERS

Ruth Burton	Tanya Roberson
Tim Campbell	Ronald Sapp
Matthew Colvard	Roger Simmons
Brent Griffith	Perry Swafford
Junior Hankins	Johnny Mack Swafford
Craig Mercer	Robert Worthington
Robert Reece	

## UNDERWRITER

Raymond James & Associates, Inc.  
Memphis, Tennessee

## BOND REGISTRATION AND PAYING AGENT

Regions Bank  
Nashville, Tennessee

## BOND COUNSEL

Bass, Berry & Sims PLC  
Knoxville, Tennessee

## MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.



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## SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Official Statement*. This Summary Statement shall not be reproduced, distributed or otherwise used except in conjunction with the remainder of this *Official Statement*.

- The Issuer ..... Bledsoe County, Tennessee (the “County” or “Issuer”). See APPENDIX B contained herein.
- Securities Offered..... \$8,305,000 General Obligation Bonds, Series 2020 (the “Bonds”) of the County, dated November 24, 2020. The Bonds mature each March 1 beginning March 1, 2022 through March 1, 2034, inclusive, March 1, 2036, March 1, 2038, and March 1, 2040. See the section entitled “SECURITIES OFFERED” herein for additional information.
- Security ..... The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the County. For the prompt payment of the principal of, premium, if any, of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.
- Purpose ..... The Bonds are being issued for the purpose of (i) refunding, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; (ii) acquisition of land for and the construction, improvement, renovation, equipping, design, and site development of school buildings and facilities; (iii) the acquisition of school equipment, including but not limited to school buses (collectively, the “Projects”) and; (vi) payment of the costs related to the issuance and sale of the Bonds. See the section entitled “SECURITIES OFFERED - Authority and Purpose” contained herein.
- Optional Redemption ..... The Bonds maturing March 1, 2028 and thereafter are subject to optional redemption prior to maturity on or after March 1, 2027.
- Tax Matters..... In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, 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. 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 “LEGAL MATTERS – 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 “LEGAL MATTERS -Tax Matters” herein.)
- Bank Qualification..... The Bonds will be treated as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled “LEGAL MATTERS - Tax Matters” for additional information.
- Ratings ..... S&P’s: BAM Insured “AA”. S&P’s underlying rating “A”. See the section entitled “MISCELLANEOUS - Ratings” for more information.
- Municipal Advisor..... Cumberland Securities Company, Inc., See the section entitled “MISCELLANEOUS-Municipal Advisor; Related parties; Other” herein.
- Underwriter..... Raymond James & Associates, Inc., Memphis, Tennessee.
- Bond Counsel ..... Bass, Berry & Sims PLC, Knoxville, Tennessee.
- Book-Entry-Only..... The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION - Book-Entry-Only System”

Registration Agent.....Regions Bank, Nashville, Tennessee.

General.....The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21 and Title 49, Chapter 3, *Tennessee Code Annotated*, as supplemented and revised. See “SECURITIES OFFERED” herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.

Disclosure .....In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the County will provide the Municipal Securities Rulemaking Board (the “MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State Information Depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled “MISCELLANEOUS-Continuing Disclosure.”

Other Information.....The information in this *Official Statement* is deemed “final” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof. For more information concerning the County or this *Official Statement* contact Mr. Gregg Ridley, County Mayor, P.O. Box 149, Pikeville, Tennessee 37367, Telephone: (865) 273-3401; or the County's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663.

**GENERAL FUND BALANCES**  
**For the Fiscal Year Ended June 30**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Beginning Fund Balance	\$2,228,877	\$1,902,639	\$2,480,828	\$2,11,057	\$2,080,743
Revenues	4,297,135	5,648,820	5,476,332	5,641,127	5,412,731
Expenditures	4,520,558	5,140,595	5,746,103	5,771,441	5,922,192
Other Financing Sources:					
Transfers In	-	65,738	-	-	-
Transfers Out	(105,000)	-	-	-	-
Sale of Capital Assets	2,185	-	-	-	3,485
Insurance Recovery	-	4,226	-	-	-
Net Change in Fund Balances	(326,238)	578,189	(269,771)	(130,314)	(505,976)
<b>Ending Fund Balance</b>	<b><u>\$1,902,639</u></b>	<b><u>\$2,480,828</u></b>	<b><u>\$2,211,057</u></b>	<b><u>\$2,080,743</u></b>	<b><u>\$1,574,767</u></b>

*Source:* Comprehensive Annual Financial Reports of Bledsoe County, Tennessee.  
*proposal.*



**\$8,305,000**  
**BLEDSOE COUNTY, TENNESSEE**  
**General Obligation Bonds, Series 2020**

**SECURITIES OFFERED**

**AUTHORITY AND PURPOSE**

This *Official Statement* which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by Bledsoe County, Tennessee (the “County”) of \$8,305,000 General Obligation Bonds, Series 2020 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 *et. seq.* and 49-3-101 *et. seq.*, *Tennessee Code Annotated*, and other applicable provisions of law and pursuant to a resolution duly adopted by the County Commission of the County on October 19, 2020 (the “Resolution”).

The Bonds are being issued for the purpose of (i) refunding, in whole or in part, certain Outstanding Bonds (as defined below) of the County; (ii) acquisition of land for and the construction, improvement, renovation, equipping, design, and site development of school buildings and facilities; (iii) the acquisition of school equipment, including but not limited to school buses (collectively, the “Projects”) and; (vi) payment of the costs related to the issuance and sale of the Bonds. See the section entitled “SECURITIES OFFERED - Authority and Purpose” contained herein.

**REFUNDING PLAN**

The County is proposing to issue the Bonds to refinance the County’s outstanding General Obligation Refunding Bonds, Series 2011, dated July 15, 2011, maturing October 1, 2021 and thereafter in the outstanding principal amount of \$2,610,000 (the “Series 2011 Bonds”), and its General Obligation Bonds, Series 2013, dated April 10, 2013, maturing December 1, 2021 and thereafter in the outstanding principal amount of \$3,850,000 (the “Series 2013 Bonds”) (collectively, the “Outstanding Bonds”). The Outstanding Bonds will be called for redemption on November 24, 2020.

As required by Title 9, Chapter 21, Part 9 of *Tennessee Code Annotated* as supplemented and revised, a plan of refunding (the “Plan”) for the Outstanding Bonds was submitted to the Director of the Division of the Office of Local Government Finance for review, and a report was received thereon.

**DESCRIPTION OF THE BONDS**

The Bonds will be dated and bear interest from November 24, 2020. Interest on the Bonds will be payable semi-annually on March 1 and September 1, commencing March 1, 2021. The Bonds are

issuable in book-entry-only form in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the County Mayor and shall be attested by the County Clerk. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of the authentication noted thereon.

## **SECURITY**

The Bonds are 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 County, through its governing body, shall annually levy and collect a tax on all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the County and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The taxes may be reduced to the extent of direct appropriations from the General Fund of the County to the payment of debt service on the Bonds.

The Bonds are not obligations of the State of Tennessee (the "State") or any political subdivision thereof other than the County.

## **MUNICIPAL BOND INSURANCE**

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued simultaneously with the delivery of the Bonds by Build America Mutual Assurance Company. ("BAM"). See "APPENDIX D - BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

Under the Internal Revenue Code of 1986, as amended (the "Code"), in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations," as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the County as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

## **OPTIONAL REDEMPTION OF THE BONDS**

Bonds maturing March 1, 2028, and thereafter, shall be subject to optional redemption prior to maturity at the option of the County on March 1, 2027 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of the County, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry-Only System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry-Only System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

**MANDATORY REDEMPTION**

Subject to the credit hereinafter provided, the County shall redeem Bonds maturing March 1, 2036, March 1, 2038 and March 1, 2040 on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within a maturity shall be selected in the manner described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
March 1, 2036	March 1, 2035	\$120,000
	March 1, 2036*	\$120,000
March 1, 2038	March 1, 2037	\$115,000
	March 1, 2038*	\$115,000
March 1, 2040	March 1, 2039	\$115,000
	March 1, 2040*	\$115,000

\*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption

obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the County on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation shall be accordingly reduced. The County shall on or before the forty-fifth (45) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) described above are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

## **NOTICE OF REDEMPTION**

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the County not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

## **PAYMENT OF BONDS**

The Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Registration Agent to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The

principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Registration Agent.

*(The remainder of this page left blank intentionally.)*

## BASIC DOCUMENTATION

### REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the County will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

### BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner 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 owner at its address shown on said Bond 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 Issuer in respect of such Bonds to the extent of the payments so made, except as described above. 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.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

*DTC and its Participants.* DTC, the world’s largest securities 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (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-Only 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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”). 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).

*Purchase of Ownership Interests.* 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 Security (“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-Only System for the Bonds is discontinued.

*Payments of Principal and Interest.* Principal and interest 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 the Registration Agent on the payable date in accordance with their respective holdings shown on DTC’s records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal 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 Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

*Notices.* 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registration Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any 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 the Issuer as soon as practicable 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).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

*Transfers of Bonds.* 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 the 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.

None of the Issuer, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

#### **DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM**

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the County determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the County will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

*No Assurance Regarding DTC Practices.* The foregoing information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the County believes to be reliable, but the County, the Bond Counsel, the Registration Agent and the Municipal Advisor do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the County, the Bond Counsel, the Registration Agent or the Municipal Advisor will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the



Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

## **DISPOSITION OF BOND PROCEEDS**

The proceeds of the sale of the Bonds shall be applied by the County as follows:

(a) An amount sufficient, together with such other County funds as may be identified by the County Mayor and, if applicable, investment earnings on the foregoing, will be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds until and through the redemption date therefor shall be transferred to the paying agent for the Outstanding Bonds to be held to the earliest optional redemption date and used for the redemption of the Outstanding Bonds; and

(b) The remainder of the proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the 2020 Project Fund (the "Project Fund"), or such other designation as shall be determined by the County Mayor to be kept separate and apart from all other funds of the County. The County shall disburse funds in the Project Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Municipal Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Project Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the County for any funds previously expended for costs of the Projects. Money in the Project Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Project Fund. Money in the Project Fund shall be invested in such investments as shall be permitted by applicable law to the extent permitted by applicable law, which shall be applied to pay debt service on the Bonds or at the election of County Mayor to pay costs of the Project.

## **DISCHARGE AND SATISFACTION OF BONDS**

If the County shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

2. 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); or

3. 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 hereunder by the County with respect to such Bonds, 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 and in that case the indebtedness evidenced by 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 and shall thereupon cease, terminate and become void.

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

Except as otherwise described below, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the County as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the County, as received by the Registration Agent. Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or obligations of any agency or instrumentality of the United States, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

## **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.

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## LEGAL MATTERS

### LITIGATION

There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the County to sell or issue the Bonds.

### TAX MATTERS

#### Federal

*General.* Bass, Berry & Sims PLC, Knoxville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the County and assuming compliance by the County 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.

The Code imposes requirements on the Bonds that the County 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 County 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 County 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 section "CHANGES IN FEDERAL AND STATE TAX LAW" below.

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.

*Qualified Tax-Exempt Obligations.* Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the County as to the Bonds, Bond Counsel has determined that the Bonds, upon issuance, will be "qualified tax-exempt obligations" within the meaning of the Code.

*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.

### **CLOSING CERTIFICATES**

Upon delivery of the Bonds, the County will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the County Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the County since the

date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the County Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the County Mayor and County Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the County concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel. Bond Counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled “LEGAL MATTERS - Tax Matters.” The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled “MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

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## MISCELLANEOUS

### RATINGS

S&P Global Ratings (“S&P”) has assigned its municipal bond rating of “AA” (Stable Outlook) 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 Build America Mutual. Such rating reflects only the views of such organization and explanations of the significance of such rating should be obtained from such agency. Additionally, S&P Global Ratings (“S&P”) has given the Bonds and underlying rating of “A”.

There is no assurance that such ratings will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds. Any such downward change in or withdrawal of the ratings may have an adverse effect on the secondary market price of the Bonds.

The ratings reflect only the views of S&P and any explanation of the significance of such rating should be obtained from S&P.

### COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on October 28, 2020. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated October 16, 2020.

The successful bidder for the Bonds was an account led by Raymond James & Associates, Inc., Memphis, Tennessee (the “Underwriters”) who contracted with the County, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of \$8,660,398.70 (consisting of the par amount of the Bonds, plus a original premium of \$452,278.50 and less an underwriter’s discount of \$69,079.80 and an insurance premium of \$27,800.00 paid by the Underwriter) or 104.279334% of par.

### MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

*Municipal Advisor.* Cumberland Securities Company, Inc., has served as Municipal Advisor (the “Municipal Advisor”) to the County for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the County to compile, create, or interpret any



information in the *Preliminary Official Statement* and *Official Statement* relating to the County, including without limitation any of the County's financial and operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the County, any of its affiliates or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the County to review or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards.

*Regions Bank.* Regions Bank (the "Bank") is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the County in other normal commercial banking capacities, it will be compensated separately for such services.

*Official Statement.* Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the County and will be compensated and/or reimbursed for such distribution and other such services.

*Bond Counsel.* From time to time, Bass, Berry & Sims PLC has represented the Bank on legal matters unrelated to the County and may do so again in the future.

*Other.* Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company's role as serving as the County's Dissemination Agent. If the County chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. including Dissemination Agent and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

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## **ADDITIONAL DEBT**

The County has not authorized any additional debt. However, the County has ongoing capital needs that may or may not require the issuance of additional debt. The County may also authorize the issuance of refunding bonds as savings opportunities arise.

## **DEBT LIMITATIONS**

Pursuant to Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the County uses the statutory authority granted therein to issue bonds. (see “DEBT STRUCTURE - Indebtedness and Debt Ratios” for additional information.)

## **DEBT RECORD**

There is no record of a default on principal and interest payments by the County from information available. Additionally, no agreements or legal proceedings of the County relating to securities have been declared invalid or unenforceable.

## **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 provide certain financial information 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, 2020 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the County. The issuer will provide notice in a timely manner to the MSRB of a failure by the County to provide the annual financial information on or before the date specified in the continuing disclosure agreement. 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 Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

*Five-Year History of Filing.* While it is believed that all appropriate filings were made with respect to the ratings of the County's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all rating changes of bonds insured by such insurance companies were made or made in a timely manner as required by Rule 15c2-12. The County does not deem any of the forgoing omissions to be material, and therefore, in the judgment of the County, for the past five years, the County has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

*Content of Annual Report.* The County’s Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the County for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the County’s audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled “SUPPLEMENTAL INFORMATION STATEMENT.”

1. Summary of Long Term Indebtedness as of the end of such fiscal year;
2. The Indebtedness and Debt Ratios as of the end of such fiscal year, together with information about the property tax base;
3. Information about the Bonded Debt Service Requirements – County Government Debt Excludes General Purpose School Fund as of the end of such fiscal year;
4. Information about the Bonded Debt Service Requirements – General Purpose School Fund Excludes County Government Debt as of the end of such fiscal year;
5. The Fund Balances and Retained Earnings for the fiscal year;
6. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year;
7. The estimated Assessed value of property in the County for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year;
8. Property Tax Rates and Collections of the County for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year; and
9. The Largest Taxpayers.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the County or related public entities, which have been submitted to the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

*Reporting of Significant Events.* The County will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the County shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.

2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the County shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
  - a. Principal and interest payment delinquencies;
  - b. Non-payment related defaults, if material;
  - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
  - e. Substitution of credit or liquidity providers, or their failure to perform;
  - f. 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;
  - g. Modifications to rights of Bondholders, if material;
  - h. Bond calls, if material, and tender offers;
  - i. Defeasances;
  - j. Release, substitution, or sale of property securing repayment of the securities, if material;
  - k. Rating changes;
  - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
  - m. 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;
  - n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - o. Incurrence of a financial obligation (which includes a debt obligation, or a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the County, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms

as of a financial obligation of the County, any of which affect security holders, if material; and

- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the County, any of which reflect financial difficulties.

*Termination of Reporting Obligation.* The County's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

*Amendment; Waiver.* Notwithstanding any other provision of the Disclosure Certificate, the County may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it 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 an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the County shall describe such amendment in the next Annual Report, 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 County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should 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.

*Default.* In the event of a failure of the County to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the County to comply with the Disclosure Certificate shall be an action to compel performance.

## **BONDHOLDER RISK - COVID-19**

The world-wide outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to several counties and cities in the State of Tennessee, including the Issuer and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The spread of COVID-19 has led to quarantine and other "social distancing" measures in affected regions. While effects of COVID-19 on the Issuer may be temporary, the virus has affected travel, commerce and financial markets across the world. Additionally, U.S. and global stock markets have recently experienced significant volatility and overall declines that have attributed to COVID-19 concerns.

The Issuer is unable to predict: (i) the extent or duration of the COVID-19 outbreak or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the Issuer. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the Issuer cannot accurately predict the magnitude of the impact of COVID-19 on the Issuer and its financial condition. The Issuer is proactively taking steps to mitigate the spread of COVID-19 and to preserve effective staffing for all essential Issuer operations.

Although the Issuer cannot accurately predict the magnitude of the ultimate impact of COVID-19 outbreak on the Issuer's finances, the Issuer is carefully monitoring the immediate effect of the COVID-19 outbreak on the Issuer's finances and is attempting to make projections as to the effect of the COVID-19 outbreak for the upcoming fiscal year. For the current fiscal year, the Issuer's largest source of revenues is property tax revenues. Property tax revenues are due each year on October 1st and are delinquent on the last day of February of the following year, so all tax year 2019 taxes were required to be paid without any penalty by February 29, 2020. The Issuer has already collected in excess of 96% of its billed property taxes for tax year 2019, which is comparable to prior years. Economic uncertainties resulting from the COVID-19 outbreak may result in delays in collecting the remaining amount of tax year 2019 property taxes outstanding, which is a relatively small portion of the Issuer's revenues, and may also affect collections in future years if the COVID-19 outbreak and resulting economic restrictions continue.

The Issuer's second largest source of revenues is sales and use tax revenues. Such tax revenues are expected to comprise approximately 14% of the Issuer's revenues in the current 2020 fiscal year that ended June 30, 2020. All sales and use tax revenues are collected by the State, and the Issuer does not typically receive notice from the State of the Issuer's share of sales and use taxes collected for approximately 50 days after the close of each month. With respect to sales and use tax revenues for the most recent month for which information is available, the Issuer's local sales and use tax revenues for March 2020 increased 40% from the prior March and for April 2020 increased 64% from the previous April and for May 2020 increased 70% from the previous May and for June 2020 increased 37% from the prior June and for July 2020 increased 71 % from the prior July.

State shared sales tax remained approximately the same from the prior March 2020, April 2020, and May 2020 and June 2020 and July 2020. The Issuer has not received any information regarding sales and use tax revenues for any subsequent months.

The Issuer also collects other tax revenues such as business taxes that are expected to be materially affected by business closures and reduced economic activity resulting from the COVID-19 outbreak. Such revenues typically consist of less than 1.17% of the Issuer's revenues.

The administration for the Issuer has proposed a budget for the 2021 fiscal year commencing July 1, 2020 which anticipates a 0% decline in current year property tax revenues. This projected decline in revenues is primarily due to the effect of the COVID-19 outbreak. This decline includes a projected 0% decline in sales tax revenues. Given the uncertainties as to when businesses, including tourism-related businesses, will be fully operational, these projected declines are uncertain and the ultimate amount of revenues from sales and use taxes, hotel-motel taxes and other similar business taxes may be significantly less or more than what has been projected in the Issuer's proposed budget. In the proposed budget, the Issuer has proposed certain cost reduction measures that will offset projected revenue reductions due to the COVID-19 outbreak.

The Issuer expects to receive some federal and/or State assistance to offset costs to the Issuer of addressing the COVID-19 outbreak. As this point, the Issuer has not been informed as to the timing or amount of federal or State assistance that may be provided, nor does the Issuer know the scope of expenses that will be payable from such assistance. Therefore, the Issuer cannot provide any assurances to whether the projected decline in tax revenues will be mitigated, in whole or part, by such assistance. The Issuer's proposed budget for the 2021 fiscal year does not include any such assistance as a source of revenue to provide for a balanced budget.

The Issuer's liquidity position remains strong. As of June 30, 2020, the Issuer had in excess of \$1.8 million in reserves, which is approximately 29% of the Issuer's general fund budget. The Issuer's current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the Issuer.

Various types of information regarding employment and income trends within the County are detailed in APPENDIX B. This information was assembled prior to the COVID-19 outbreak and may not be reflective of current financial conditions. For example, unemployment rates throughout the United States, including the County and the County, have increased significantly since the COVID-19 outbreak. Furthermore, APPENDIX B lists the largest employers in the County. The COVID-19 outbreak has affected businesses throughout the United States, including businesses in the County, and many of the employers listed in APPENDIX B have been forced to reduce their employment levels from the levels described in APPENDIX B. Given the fluidity of the current economic environment, the Issuer is not able to provide sufficiently accurate updates to this information.

*(The remainder of this page left blank intentionally.)*

## ADDITIONAL INFORMATION

Use of the words "shall," "must," or "will" in this *Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this *Official Statement* involving estimates or matters of opinion, 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 or matters of opinion will be realized. Neither this *Official Statement* nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the County and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* or this *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The County has deemed this *Official Statement* as "final" as of its date within the meaning of Rule 15c2-12.

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**CERTIFICATION OF THE COUNTY**

On behalf of the County, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ Gregg Ridley  
County Mayor

ATTEST:

/s/ Genese Sapp  
County Clerk



**APPENDIX A**

**LEGAL OPINION**



**LAW OFFICES OF  
BASS, BERRY & SIMS PLC  
900 SOUTH GAY STREET, SUITE 1700  
KNOXVILLE, TENNESSEE 37902**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Bledsoe County, Tennessee (the "Issuer") of the \$8,305,000 General Obligation Bonds, Series 2020 (the "Bonds") dated November 24, 2020. 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 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 a valid and binding agreement of the Issuer enforceable in accordance with its terms.

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

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. 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 and Paragraph 6 below, 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.

6. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions 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

**SUPPLEMENTAL INFORMATION STATEMENT**





## GENERAL INFORMATION

### LOCATION

Bledsoe County (the “County”) is located 50 miles north of Chattanooga in the southeast part of Tennessee. The County is a small rural community that is located in the northernmost part of the Sequatchie Valley in Middle Tennessee. It is bordered by Cumberland County on the North, Rhea and Hamilton Counties on the East, Sequatchie County on the South and by Van Buren County on the West.

### GENERAL

The County covers about 406 square miles and is divided into three distinct regions: Sequatchie Valley down the middle, Cumberland Plateau to the west and Walden Ridge to the east. The County has a Census 2010 population of about 12,876. The City of Pikeville, the county seat, is located in the central part of the county on the Sequatchie River and has a Census 2010 population of about 1,608.

Transportation facilities are provided by two interstates, one US highway, 127, and four state highways, 28, 30, 101 and 285. There are 30 miles to access of I-40, and 50 miles to access I-24. About 33 miles away the Crossville Memorial Field provides the community airport. The nearest commercial airport is Lovell Field located in Chattanooga about 58 miles away. The nearest port to the Tennessee River is Centre South River Port located in nearby Chattanooga about 50 miles away.

### EDUCATION

Bledsoe County Schools has five schools: a modern high school (including a career training center), a middle school, and three elementary schools. Total enrollment for fall 2018 was 1,627 students and 128 teachers.

*Source:* Tennessee Department of Education.

*Chattanooga State Technical Community College* (the “CSTCC”) is located in Chattanooga, Tennessee. It was founded in 1965. The fall 2018 enrollment was 8,338 students over 4 campuses: Downtown Chattanooga, East Chattanooga, Dayton, Kimball and Sequatchie Bledsoe. Chattanooga State provides comprehensive one and two-year occupational, college parallel, continuing education, and community service programs as well as quality technical and scientific occupational programs. The College serves Chattanooga and Hamilton, Bradley, Rhea, Sequatchie, Marion, Bledsoe, and Grundy counties.

Since 2007 CSTCC has invested more than \$2.3 million in technology curriculum updates and expansions to relate directly to automotive industry and suppliers, as well as energy and nuclear industries moving to the area. Volkswagen has completed construction on a \$1 billion plant in nearby Chattanooga that employs about 2,000 people. The large work force needed has the opportunity to be trained for Volkswagen in addition to the suppliers. The \$2.4 billion Wacker Polysilicon plant, which began production in early 2016 and is located in nearby Bradley County, has three apprenticeship programs at CSTCC to help meet future employment

needs. Chemical operator and mechanical and electrical/instrumentation apprentices will work one to two days a week at the plant in addition to their class work.

*Source:* Chattanooga State Technical Community College.

*The Tennessee College of Applied Technology at Chattanooga State.* The Tennessee College of Applied Technology at Chattanooga State (the “TCAT-C”) is part of a statewide system of 26 vocational-technical schools. The TCAT-C 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. The TCAT-C is a unit of Chattanooga State Technical Community College and serves the southeastern region of the state including Hamilton, Sequatchie, Bledsoe, Marion, and Grundy Counties or in nearby north Georgia and Alabama. The TCAT-C began operations in 1969, and the 90 acre main campus is located in Hamilton County. Fall 2017 enrollment was 1,844 students.

*Source:* Tennessee College of Applied Technology at Chattanooga and Tennessee Higher Education Commission.

## **MEDICAL FACILITIES**

The *Erlanger Bledsoe Hospital* is the County’s only hospital with 32 beds. Located in Pikeville, Erlanger Bledsoe serves the residents of the Cumberland Plateau area which also includes the Dunlap and Crossville communities. The 24-hour Emergency Room has a private trauma room and teleradiology and telemedicine link-up to Baroness Erlanger Trauma Center to assist with ER patient assessments. Services provided include internal medicine, pediatrics, radiology, mammography, CT scan, full-service laboratory and inpatient / outpatient physical, occupational and respiratory therapy. There is an on-site helipad to facilitate LIFE FORCE transport service to Erlanger Baroness Campus. Well-trained emergency personnel can transport critical patients to a regional trauma center in fifteen minutes.

Erlanger Health System is a non-profit, academic teaching center affiliated with the University of Tennessee College of Medicine. The Erlanger Baroness Hospital in Chattanooga is also a Level-One Trauma Center for adults and the only provider of tertiary care services for the citizens of an entire four-state region, encompassing southeast Tennessee, north Georgia, north Alabama and western North Carolina. The hospital serves patients from 50 counties within a 150-mile radius. Erlanger Medical Center is the third largest hospital complex in Tennessee and the largest public hospital in the State. Since its creation in 1891, Erlanger has grown into an 811-bed teaching facility. The four other hospitals in Chattanooga have over of 800 beds.

*Source:* Erlanger Health System.

## **MANUFACTURING AND COMMERCE**

*Volkswagen.* In 2011 the German automaker completed the \$1 billion plant in the Enterprise South industrial park located in nearby Chattanooga. This \$1 billion plant is the largest single manufacturing investment ever for the City of Chattanooga. This is the first U.S. assembly plant for VW. A study by the University of Tennessee's Center for Business and Economic Research estimated the plant and suppliers will create new tax revenue of nearly \$1.4 billion and create 11,477 jobs. The Chattanooga plant is a key part of the carmaker's long-term

plan to nearly quadruple its U.S. sales to about 800,000 annually by 2018. In addition to the plant, the City built a \$40 million Volkswagen Training Center in the City.

Volkswagen invested an additional \$600 million in an expansion to produce a new sport utility vehicle called the CrossBlue. This created an additional 2,000 new jobs for the plant was in production in 2017. Also, Volkswagen built a new research and development center near the automotive plant that employed 200. This large expansion was a year after Volkswagen laid off 500 workers in 2013 due to slower than expected sales growth. In 2012 Volkswagen hired an additional 800 employees for the production of the Passat sedan.

In 2012 construction was completed on the largest solar park in the state. The \$30 million, 9.5 megawatts park supplies power to the Volkswagen plant. Upon completion, the park provides up to 12.5 percent of the VW plant’s power. The solar park is privately run by two companies, Phoenix Solar and Silicon Ranch Corp headquartered in Germany and Nashville, TN respectively.

As of early 2019, Volkswagen employs 3,500 people in Chattanooga and invested \$2.3 billion in the facility at the end of 2019. The Chattanooga plant produces the midsize Atlas SUV and Passat sedan and began building the Atlas Cross Sort, a five-seat version of the model, in 2019. See “RECENT DEVELOPMENTS” for more current information on the plant.

**Major Employers within Bledsoe County, Tennessee**

<u>Company</u>	<u>Product/Service</u>	<u>Employment</u>
Bledsoe County		
Correctional Complex	State Prison	570
Bledsoe County Education	Education	295
Bledsoe County	Government	100
Hubbard Farms Hatchery	Poultry	72
Fall Creek Falls	State Park	67
Bledsoe Telephone Co-Op	Telecommunications	52
Bledsoe County Nursing Home	Nursing Home	50
City of Pikeville	Government	38
Advanced Auto Machining, Inc	Precision Machining	12

*Source:* Southeast Industrial Development Association (2020) and Tennessee Department of Economic and Community Development (2019).

**EMPLOYMENT INFORMATION**

Due to the national rise in unemployment due to COVID-19 in the spring of 2020, the rates for the County for August 2020 do not represent the usual unemployment rate. In addition to the current unemployment rates for August 2020, below are also the unemployment rates for August 2019 to show the usual trends.

As of August 2020, the County had an unemployment rate of 7.9%, with 4,067 persons employed out of a work force of 4,416.

As of August 2019, the County had an unemployment rate of 4.9%, with 4,157 persons employed out of a work force of 4,372.

The following charts show unemployment trends in the County for the last 5 years:

<b>Unemployment</b>					
	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average
	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
National	5.3%	4.9%	4.4%	3.6%	3.9%
Tennessee	5.6%	4.7%	3.8%	3.5%	3.4%
<b>Bledsoe County</b>	<b>8.0%</b>	<b>6.9%</b>	<b>5.9%</b>	<b>6.0%</b>	<b>5.4%</b>
Index vs. National	151	141	134	167	138
Index vs. State	143	147	155	171	159

*Source:* Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

## **ECONOMIC DATA**

Due to the County's predominantly industrial and agriculture base, Bledsoe County's level of per capita income is lower than the State level.

<b>Per Capita Personal Income</b>					
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
National	\$47,058	\$48,978	\$49,870	\$51,885	\$54,446
Tennessee	\$40,801	\$42,593	\$43,726	\$44,950	\$46,900
<b>Bledsoe County</b>	<b>\$23,672</b>	<b>\$24,619</b>	<b>\$24,290</b>	<b>\$25,154</b>	<b>\$26,281</b>
Index vs. National	50	50	49	48	48
Index vs. State	58	58	56	56	56

*Source:* Bureau of Economic Analysis.

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**Social and Economic Characteristics**

	<u>National</u>	<u>Tennessee</u>	<u>Bledsoe County</u>
Median Value Owner Occupied Housing	\$204,900	\$158,600	\$129,400
% High School Graduates or Higher Persons 25 Years Old and Older	87.7%	87.0%	74.9%
% Persons with Income Below Poverty Level	11.8%	15.3%	26.7%
Median Household Income	\$60,293	\$50,972	\$42,889

*Source:* U.S. Census Bureau State & County QuickFacts - 2018.

**RECREATION**

*Fall Creek Falls State Park.* Fall Creek Falls has more than 20,000 acres sprawled across the eastern top of the rugged Cumberland Plateau. The park is located in both Bledsoe and Van Buren counties. While Fall Creek Falls, at 256 feet, is the highest waterfall in the eastern United States, other waterfalls in the park are Piney and Cane Creek Falls and Cane Creek Cascades. Other features of the park are cascades, gorges, streams, and lush stands of virgin hardwood timber. Southern Living magazine readers voted Fall Creek Falls the best state park in the Southeastern United States. The park features a 5,000 square feet Conference Center, an Inn with a restaurant, an 18-hole golf course, an Olympic-sized swimming pool, rental cabins and lodges, 34 miles of hiking trails and many campsites and picnic areas.

*Source:* Tennessee State Parks.

**RECENT DEVELOPMENTS**

*Aviagen.* Announced in 2020, Aviagen will invest \$35.3 million to expand in Pikeville with a new state-of-the-art feed mill and will create up to 36 new jobs. Aviagen is a global poultry genetics company that supplies broiler breeding stock to customers in more than 100 countries. The company currently employs 714 Tennesseans across multiple locations in the state including the Upper Cumberland region.

*Volkswagen.* The Volkswagen plant in nearby City of Chattanooga pulls employees from Bledsoe County. In 2019 the German automaker announced an \$800 million project to build the company’s first electric vehicle facility in North America, resulting in 1,000 additional job. It is expected that the first electric vehicle would be produced in Chattanooga in 2022. Volkswagen expects to sell 150,000 electric vehicles by 2020 and 1 million by 2025. In addition to Chattanooga, the company is also building an electric vehicle facility in Germany and China. As of early 2019, Volkswagen employs 3,500 people in Chattanooga and will have invested \$2.3 billion in the facility by the end of 2019.

*Source:* Chattanooga Times Free Press and Knoxville News Sentinel.

## BLEDSOE COUNTY, TENNESSEE

### Summary of Long Term Indebtedness

Amount Issued	Purpose	Due Date	Interest Rate (s)	Unaudited OUTSTANDING as of June 30, 2020 (1)
\$ 5,850,000	(2) General Obligation Refunding Bonds, Series 2011	October 2026	Fixed	\$ 2,995,000
7,115,000	(2) General Obligation Bonds, Series 2013	December 2038	Fixed	4,345,000
8,025,000	(3) General Obligation Refunding Bonds, Series 2016	June 2041	Fixed	7,490,000
5,500,000	(3) General Obligation Bonds, Series 2017	June 2042	Fixed	5,320,000
<b>EXISTING DEBT</b>				
<b>\$ 26,490,000</b>				<b>\$ 20,150,000</b>
\$ 8,750,000	(2) General Obligation Bonds, Series 2020	March 2040	Fixed	\$ 8,750,000
(12,965,000)	Less: Refunded Bonds			(6,460,000)
<b>\$ 22,275,000</b>	<b>NET BONDED DEBT</b>			<b>\$ 22,440,000</b>

**NOTES:**

(1) The above figures may not include short-term notes or lease outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

(2) Payable through the Education Debt Service Fund

(3) Payable through the General Debt Service Fund

#### Debt Payable through General Purpose School Fund

Amount Issued	Purpose	Due Date	Interest Rate (s)	OUTSTANDING as of June 30, 2020 (1)
\$ 412,269	Capital Outlay Notes, Series 2009	December 2021	Fixed	\$ 66,005
<b>\$ 412,269</b>	<b>TOTAL SCHOOL BONDED DEBT</b>			<b>\$ 66,005</b>

## BLEDSOE COUNTY, TENNESSEE

### Indebtedness and Debt Ratios

#### INTRODUCTION

The information set forth in the following is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS, attached herein and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

	For Fiscal Years Ended June 30				Unaudited <u>2020</u>	After Issuance <u>2020</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>		
<b>INDEBTEDNESS</b>						
TAX SUPPORTED						
General Obligation Bonds & Notes	\$ 19,314,279	\$ 18,472,647	\$ 22,747,026	\$ 21,572,358	\$ 20,216,005	\$ 22,506,005
TOTAL TAX SUPPORTED	<u>\$ 19,314,279</u>	<u>\$ 18,472,647</u>	<u>\$ 22,747,026</u>	<u>\$ 21,572,358</u>	<u>\$ 20,216,005</u>	<u>\$ 22,506,005</u>
TOTAL DEBT	\$ 19,314,279	\$ 18,472,647	\$ 22,747,026	\$ 21,572,358	\$ 20,216,005	\$ 22,506,005
Less: Revenue Supported Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Debt Service Funds	<u>(822,989)</u>	<u>(942,568)</u>	<u>(1,043,403)</u>	<u>(1,171,073)</u>	<u>(1,171,073)</u>	<u>(1,171,073)</u>
NET DIRECT DEBT	<u>\$ 18,491,290</u>	<u>\$ 17,530,079</u>	<u>\$ 21,703,623</u>	<u>\$ 20,401,285</u>	<u>\$ 19,044,932</u>	<u>\$ 21,334,932</u>
<b>PROPERTY TAX BASE</b>						
Estimated Actual Value	\$ 773,932,676	\$ 800,191,294	\$ 822,004,960	\$ 835,156,936	\$ 936,444,369	\$ 936,444,369
Appraised Value	773,932,676	800,191,294	822,004,960	835,156,936	834,278,288	834,278,288
Assessed Value	206,588,301	213,334,933	218,363,517	222,895,165	223,333,095	223,333,095

<b>DEBT RATIOS</b>	<b>For Fiscal Years Ended June 30</b>				<b>After Issuance</b>	
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Unaudited 2020</b>	<b>2020</b>
TOTAL DEBT to Estimated Actual Value	2.50%	2.31%	2.77%	2.58%	2.16%	2.40%
TOTAL DEBT to Appraised Value	2.50%	2.31%	2.77%	2.58%	2.42%	2.70%
TOTAL DEBT to Assessed Value	9.35%	8.66%	10.42%	9.68%	9.05%	10.08%
NET DIRECT DEBT to Estimated Actual Value	2.39%	2.19%	2.64%	2.44%	2.03%	2.28%
NET DIRECT DEBT to Appraised Value	2.39%	2.19%	2.64%	2.44%	2.28%	2.56%
NET DIRECT DEBT to Assessed Value	8.95%	8.22%	9.94%	9.15%	8.53%	9.55%
<b>PER CAPITA RATIOS</b>						
POPULATION (1)	14,675	14,717	14,717	14,717	14,717	14,717
PER CAPITA PERSONAL INCOME (2)	\$24,364	\$25,705	\$25,705	\$25,705	\$25,705	\$25,705
Estimated Actual Value to POPULATION	\$52,738	\$54,372	\$55,854	\$56,748	\$63,630	\$63,630
Assessed Value to POPULATION	\$14,078	\$14,496	\$14,838	\$15,145	\$15,175	\$15,175
Total Debt to POPULATION	\$1,316	\$1,255	\$1,546	\$1,466	\$1,374	\$1,529
Net Direct Debt to POPULATION	\$1,260	\$1,191	\$1,475	\$1,386	\$1,294	\$1,450
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	5.40%	4.88%	6.01%	5.70%	5.34%	5.95%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	5.17%	4.63%	5.74%	5.39%	5.03%	5.64%

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.



**BLEDSOE COUNTY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS - County Government Debt Excludes General Purpose School Fund**

F. Y. Ended 6/30	Unaudited Existing General Obligation Debt as of June 30, 2020 (1)		Less: Bonds Refunded		General Obligation Bonds, Series 2020		% 2020 Principal Repaid		Total Bonded Debt Service Requirements (1)		% All Principal Repaid
	Principal	Interest	Principal	Interest	Principal	Interest (2)	Principal	Interest	Principal	Interest	
2021	\$ 1,355,000	\$ 538,906	\$ -	\$ (95,417)	\$ -	\$ 31,750	\$ 31,750	0.00%	\$ 1,355,000	\$ 475,240	6.04%
2022	1,380,000	508,600	(895,000)	(179,790)	930,000	113,170	1,043,170		1,415,000	441,980	
2023	1,425,000	476,005	(935,000)	(156,895)	925,000	105,265	1,030,265		1,415,000	424,375	
2024	1,055,000	446,181	(560,000)	(136,871)	850,000	96,940	946,940		1,345,000	406,250	
2025	1,090,000	419,347	(585,000)	(119,937)	830,000	88,440	918,440	40.40%	1,335,000	387,850	30.59%
2026	1,115,000	390,860	(600,000)	(101,650)	805,000	79,310	884,310		1,320,000	368,520	
2027	1,180,000	360,245	(655,000)	(81,438)	780,000	69,650	849,650		1,305,000	348,458	
2028	700,000	335,808	(160,000)	(68,550)	580,000	59,120	639,120		1,120,000	326,378	
2029	710,000	319,533	(160,000)	(64,150)	550,000	50,710	600,710		1,100,000	306,093	
2030	725,000	301,933	(165,000)	(59,475)	500,000	42,460	542,460	77.14%	1,060,000	284,918	56.91%
2031	745,000	282,345	(170,000)	(54,450)	425,000	34,710	459,710		1,000,000	262,605	
2032	765,000	262,738	(175,000)	(49,275)	325,000	27,910	352,910		915,000	241,373	
2033	785,000	241,488	(180,000)	(43,950)	275,000	22,548	297,548		880,000	220,085	
2034	805,000	218,531	(185,000)	(38,244)	275,000	17,873	292,873		895,000	198,160	
2035	835,000	194,681	(195,000)	(32,069)	120,000	13,115	133,115	93.37%	760,000	175,728	76.74%
2036	855,000	170,013	(200,000)	(25,650)	120,000	11,015	131,015		775,000	155,378	
2037	885,000	142,863	(205,000)	(18,813)	115,000	8,855	123,855		795,000	132,905	
2038	915,000	114,425	(215,000)	(11,463)	115,000	6,728	121,728		815,000	109,690	
2039	945,000	85,100	(220,000)	(3,850)	115,000	4,543	119,543	100.00%	840,000	85,793	95.03%
2040	765,000	58,763	-	-	115,000	2,300	117,300		880,000	61,063	
2041	790,000	35,050	-	-	-	-	-	100.00%	790,000	35,050	100.00%
2042	325,000	10,563	-	-	-	-	-		325,000	10,563	
	<b>\$ 20,150,000</b>	<b>\$ 9,913,974</b>	<b>\$ (6,460,000)</b>	<b>\$ (1,341,935)</b>	<b>\$ 8,750,000</b>	<b>\$ 886,410</b>	<b>\$ 9,636,410</b>		<b>\$ 22,440,000</b>	<b>\$ 5,458,450</b>	
											<b>\$ 27,898,450</b>

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS herein. Also excludes Capital Outlay Notes, Series 2009 issued for energy improvements and paid from the General Purpose School Fund.

(2) Estimated Interest Rates. Estimated Average Coupon 1.50%.

**BLEDSOE COUNTY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS - General Purpose**  
**School Fund excludes County Government Debt**  
**As of June 30, 2020 (Unaudited)**

F.Y. Ended <u>6/30</u>	<b>Total General Purpose School Debt Service Requirements (1)</b>			% Principal Repaid
	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>	
2021	43,458	2,292	45,750	65.84%
2022	22,547	327	22,874	100.00%
	<u>\$ 66,005</u>	<u>\$ 2,619</u>	<u>\$ 68,624</u>	

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS herein. Excludes General Government Debt.

## FINANCIAL OPERATIONS

### INTRODUCTION

As required by generally accepted accounting principles (GAAP), all County funds and account groups are organized according to standards established by the Government Accounting Standards Board (GASB). The County's financial reporting system is designed to provide timely, accurate feedback on the County's overall financial position and includes, at a minimum, quarterly reports to the County Council. All County financial statements are audited annually by independent certified public accountants.

### BASIS OF ACCOUNTING AND PRESENTATION

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the County. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures, other than interest or long-term debt, are recognized when incurred and measurable.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred except for prepaid expenses, such as insurance, which are fully expended at the time of payment.

### FUND BALANCES AND RETAINED EARNINGS

The following table depicts fund balances and retained earnings for the last five fiscal years ending June 30:

	<u>For fiscal year ending June 30</u>				
<u>Fund Type</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<i>Governmental Funds:</i>					
General	\$1,902,639	\$2,480,828	\$2,211,057	\$2,080,743	\$1,574,767
Highway/Public Works	415,125	649,723	198,853	852,525	985,534
General Debt Service	721,337	822,989	942,568	1,043,403	1,171,073
Capital Projects	-	-	-	1,436,325	105,758
Industrial Park	-	-	-	3,872,417	3,742,817
Other Governmental	<u>368,299</u>	<u>309,447</u>	<u>396,054</u>	<u>515,502</u>	<u>436,997</u>
<b>Total</b>	<b><u>\$3,407,400</u></b>	<b><u>\$4,262,987</u></b>	<b><u>\$3,748,532</u></b>	<b><u>\$9,800,915</u></b>	<b><u>\$8,016,946</u></b>

*Source:* Comprehensive Annual Financial Reports of the Bledsoe County, Tennessee.

**BLEDSON COUNTY, TENNESSEE**  
 Five Year Summary of Revenues, Expenditures and  
 Changes In Fund Balances - General Fund  
 For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Revenues:</b>					
Local Taxes	\$ 2,279,528	\$ 2,400,063	\$ 2,428,073	\$ 2,475,626	\$ 2,417,931
Licenses and Permits	9,753	11,313	12,827	13,646	13,479
Fines, Forfeitures & Penalties	45,459	51,272	37,675	42,134	43,711
Charges for current services	28,102	968,735	959,859	998,378	1,003,920
Other local revenue	230,495	244,821	246,708	270,986	212,427
Fees Recv'd from County Officials	385,273	450,512	432,648	436,899	447,302
State of Tennessee	1,312,900	1,505,749	1,320,052	1,171,568	1,028,581
Federal Government	5,625	11,355	38,490	36,215	45,310
Other Governments & Citizens Groups	-	5,000	-	195,675	200,070
<b>Total Revenues</b>	<b>\$ 4,297,135</b>	<b>\$ 5,648,820</b>	<b>\$ 5,476,332</b>	<b>\$ 5,641,127</b>	<b>\$ 5,412,731</b>
<b>Expenditures:</b>					
General government	\$ 936,521	\$ 956,831	\$ 1,045,080	\$ 990,432	\$ 983,022
Finance	379,632	371,231	394,885	404,149	436,297
Administration of Justice	484,563	487,919	502,907	527,593	528,962
Public Safety	2,182,646	2,035,597	2,250,046	2,305,552	2,395,549
Public Health & Welfare	294,712	1,004,894	1,219,873	1,289,623	1,372,644
Social, Cultural, & Recreational Services	103,689	87,298	90,791	93,294	93,451
Agricultural & Natural Resources	68,257	62,301	58,600	60,870	74,955
Other Operations	70,538	134,524	33,921	99,928	37,312
Highways	-	-	-	-	-
Debt Service	-	-	-	-	-
Capital Projects	-	-	150,000	-	-
<b>Total Expenditures</b>	<b>\$ 4,520,558</b>	<b>\$ 5,140,595</b>	<b>\$ 5,746,103</b>	<b>\$ 5,771,441</b>	<b>\$ 5,922,192</b>
<b>Other Sources &amp; Uses:</b>					
Lease / Note Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Recovery	-	4,226	-	-	-
Sale of Capital Assets	2,185	-	-	-	3,485
Operating Transfers - In	-	65,738	-	-	-
Operating Transfers - Out	(105,000)	-	-	-	-
<b>Total Sources &amp; Uses</b>	<b>\$ (102,815)</b>	<b>\$ 69,964</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,485</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (223,423)	\$ 508,225	\$ (269,771)	\$ (130,314)	\$ (509,461)
Net Change in Fund Balances	\$ (326,238)	\$ 578,189	\$ (269,771)	\$ (130,314)	\$ (505,976)
<b>Fund Balance July 1</b>	<b>2,228,877</b>	<b>1,902,639</b>	<b>2,480,828</b>	<b>2,211,057</b>	<b>2,080,743</b>
Adjustments	-	-	-	-	-
Residual Equity Transfers	-	-	-	-	-
<b>Fund Balance June 30</b>	<b>\$ 1,902,639</b>	<b>\$ 2,480,828</b>	<b>\$ 2,211,057</b>	<b>\$ 2,080,743</b>	<b>\$ 1,574,767</b>

Source: Comprehensive Annual Financial Reports for Bledsoe County, Tennessee.

## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

Investment of idle County operating funds is controlled by state statute and local policies and administered by the Finance Director. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the County. For reporting purposes, all investments are stated at cost which approximates market value.

## **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.

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## *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 Freeze for the Elderly Homeowners***

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

### ***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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*Assessed Valuations.* According to the Tax Aggregate Report, property in the County and County reflected a ratio of appraised value to true market value of 0.8909. The following table shows pertinent data for tax year 2019<sup>1</sup>.

<u>Class</u>	<u>Estimated Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Value</u>
Public Utilities	\$ 12,348,599	55%	\$ 28,290,032
Commercial and Industrial	21,366,280	40%	59,956,847
Personal Tangible Property	3,530,036	30%	12,699,869
Residential and Farm	<u>186,088,180</u>	25%	<u>835,497,621</u>
<b>TOTAL</b>	<b><u>\$223,333,095</u></b>		<b><u>\$936,444,369</u></b>

Source: 2019 Tax Aggregate Report of Tennessee.

<sup>1</sup>The tax year coincides with the calendar year, therefore tax year 2019 is actually fiscal year 2019-2020.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2020 (tax year 2019) is \$223,333,095 compared to \$222,895,165 for the fiscal year ending June 30, 2019 (tax year 2018). The estimated actual value of all taxable property for the tax year 2019 increased to \$936,444,369 from a 2018 tax year level of \$835,156,936.

*Property Tax Rates and Collections.* The following table shows the property tax rates and collections of the County for tax years 2015 through 2019 as well as the aggregate uncollected balances for each fiscal year as of June 30, 2019.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year <sup>1</sup>	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	As of June 30, 2019	
						Amount	Pct
2015	\$206,588,301	\$2.2162	\$4,265,360	\$4,132,044	96.9%	N/A	
2016	213,334,933	2.2662	4,508,298	4,359,845	96.7%	N/A	
2017	218,363,517	2.206	4,811,837	4,656,399	96.8%	N/A	
2018	222,895,165	2.206	4,911,863	4,638,948	94.4%	\$272,915	5.6%
2019	223,333,095	2.386	5,023,979	<b>IN PROGRESS</b>			

<sup>1</sup>The tax year coincides with the calendar year, therefore tax year 2019 is actually fiscal year 2019-2020.

*Largest Taxpayers.* For the fiscal year ending June 30, 2019 (tax year 2018), the largest taxpayers in the County are as follows:

<u>Taxpayer</u>	<u>Business Type</u>	<u>Taxes Paid</u>
1. Sequachee Valley Electric	Power	\$181,953
2. Bledsoe Telephone	Telecommunications	62,924
3. Textile Corp.	Manufacturing	58,687
4. Hubbard Farms	Poultry	47,622
5. Sequatchie LLC.	Manufacturing	41,264
6. Benchmark Oil and Gas	Distribution	34,613
7. Pikeville Townhouses	Real Estate	24,372
8. Volunteer Energy Coop	Utility	21,503
9. Gardner Real Estate LLC	Real Estate	19,866
10. Reece Jimmy	Real Estate	<u>17,708</u>
<b>TOTAL</b>		<b><u>\$510,512</u></b>

*Source:* The County.

## **LOCAL OPTION SALES TAX**

Pursuant to applicable provisions of Title 67, Chapter 6, Part 7 of *Tennessee Code Annotated* as amended, (the "Act"), the County levies a county-wide local option sales tax. Under the Act, counties and incorporated cities may levy a sales tax on the same privileges on which the State levies its sales tax. The rate of any sales tax levied by a county or County is limited under State law to two and three-fourths percent ( $2^{3/4}\%$ ).

Pursuant to the Act, the levy of a sales tax by a county precludes any County from within the county from levying a sales tax, but a city may levy a sales tax in addition to the county's sales tax at a rate not exceeding the difference between the county sales tax rate and the maximum local option sales tax rate of two and three fourths percent ( $2^{3/4}\%$ ). If a city is located in more than one county, each portion of the County that is located in a separate county is treated as a separate city for purposes of determining the maximum sales tax rate.

Normally, the Act requires revenues collected from the Sales Tax to be distributed in accordance with the Act which specifies that fifty percent (50%) of all such revenues raised be directed to educational purposes for all school systems in the county based upon the average daily attendance of each school system. The remaining balance of such tax collections then are required to be divided between the general fund of the county in which the taxes are collected and all incorporated cities or towns in such county based upon the situs of collection unless other agreements allowed by the Act are entered into between the county and its respective jurisdictions. The current tax rate for Bledsoe County is two and one quarter percent ( $2^{1/4}\%$ ). The County does not levy a sales tax in addition to the County rate.

County receipts from the local option sales tax are as follows for the five most recent fiscal years:

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
General Government	\$ 90,530	\$ 93,912	\$ 91,065	\$ 140,387	\$ 86,660
City	186,755	201,301	206,207	142,985	257,074
School Department	<u>685,748</u>	<u>722,412</u>	<u>709,219</u>	<u>746,833</u>	<u>860,689</u>
<b>TOTAL</b>	<b><u>\$963,033</u></b>	<b><u>\$1,017,625</u></b>	<b><u>\$1,006,491</u></b>	<b><u>\$1,030,205</u></b>	<b><u>\$1,204,423</u></b>

Source: Comprehensive Annual Financial Reports of the Bledsoe County, Tennessee.

The Act authorizes a local jurisdiction, by resolution of its governing body, to pledge proceeds raised by the power and authority granted by the Act to the punctual payment of principal of and interest on bonds, notes or other evidence of indebtedness issued for purposes for which such proceeds were intended to be spent. The security provisions for the Bonds do not include a pledge of available local option sales tax revenues as additional security.

## PENSION PLAN

Employees of Bledsoe County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Bledsoe County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

For additional information on the funding status, trend information and actuarial status of the County's retirement programs, please refer to the General Purpose Financial Statements of the County located in herein.

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**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**OF**  
**BLEDSON COUNTY, TENNESSEE**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of Bledson County for the fiscal year ended June 30, 2019 which is available upon request from the County



**ANNUAL FINANCIAL REPORT**  
**BLEDSON COUNTY, TENNESSEE**

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



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
BLEDSOE 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***

***STEVE REEDER, CPA, CGFM, CFE  
Audit Manager***

***JESSICA COX, CPA, CGFM  
Senior Auditor***

***DEVAN MCDOWELL, CFE  
DANNIELLE VICARS, CPA  
JENI PALADENI, CISA  
State Auditors***

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



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**BLEDSON COUNTY, TENNESSEE**  
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# ***Summary of Audit Findings***

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

## ***Scope***

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

## ***Results***

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

Our audit resulted in one finding and recommendation, which we have reviewed with Bledsoe County management. The detailed finding, recommendation, and management's response are included in the Single Audit section of this report.

## ***Finding***

The following is a summary of the audit finding:

### **OFFICE OF ROAD SUPERINTENDENT**

- ◆ Appropriations exceeded estimated available funding in the Highway/Public Works Fund.

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# INTRODUCTORY SECTION

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# Bledsoe County Officials

## June 30, 2019

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### **Officials**

Gregg Ridley, County Mayor  
Robby Roberson, Road Superintendent  
Jennifer Terry, Director of Schools  
Deanna Rains, Trustee  
Zach Olendorf, Assessor of Property  
Genese Sapp, County Clerk  
Michael Walker, Circuit, General Sessions, and Juvenile Courts Clerk  
Debbie Debord, Clerk and Master  
Emma Boynton, Register of Deeds  
James Morris, Sheriff

### **Board of County Commissioners**

Craig Mercer, Chairman	
Ruth Burton	Tanya Roberson
Tim Campbell	Ronald Sapp
Matthew Colvard	Roger Simmons
Joshua Griffith	Johnny Swafford
Junior Hankins	Perry Swafford
Robert Reese	Robert Worthington

### **Board of Education**

Vincent Boring, Chairman	
Andy Billingsley	Vincent Pendegrass
Stacy Farmer	Charles Reece
Jacob Frady	Donald Snow

### **Industrial Development Corporation Board**

George Hamilton, Chairman	Wayne Griffith
Matthew Ashburn	Greg Hardwood
Ruth Burton	Jessy Riggs
Tim Burks	Travis Smith

### **Audit Committee**

Elizabeth Turner, Chairman  
Dylan Hankins  
Marietta Thompson

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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## Independent Auditor's Report

Bledsoe County Mayor and  
Board of County Commissioners  
Bledsoe 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 Bledsoe 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 did not audit the financial statements of the discretely presented Bledsoe County Nursing Home. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bledsoe County Nursing Home is based solely on the reports of the other auditors. We were unable to determine Bledsoe County Nursing Home's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Bledsoe County Emergency Communications District, a component unit requiring discrete presentation, was not included in the county's financial statements. 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, based on our audit and the report of other auditors, 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 Bledsoe County, Tennessee, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and schools changes in 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 and other auditors 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 Bledsoe 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 Bledsoe County School Department and the Bledsoe County Industrial Development Corporation Board (discretely presented component units), miscellaneous schedules, and other information such as the introductory section and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

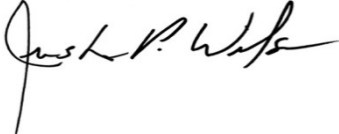
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Bledsoe County School Department and the Bledsoe County Industrial Development Corporation Board (discretely presented component units), 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, based on our audit and the procedures performed as described above, 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 Bledsoe County School Department and the Bledsoe County Industrial Development Corporation Board (discretely presented component units), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2020, on our consideration of Bledsoe 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 Bledsoe 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 Bledsoe County’s internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 27, 2020

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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## Exhibit A

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

	Primary Governmental Activities	Component Units		
		Bledsoe County School Department	Bledsoe County Industrial Development Corporation Board	Bledsoe County Nursing Home
<u>ASSETS</u>				
Cash	\$ 14,447	\$ 3,459	\$ 272,763	\$ 1,688,086
Equity in Pooled Cash and Investments	7,685,466	2,769,789	0	0
Accounts Receivable	1,055,623	163	0	453,327
Allowance for Uncollectible	(580,355)	0	0	(51,000)
Due from Other Governments	477,371	487,063	0	0
Due from Component Units	8,297,358	0	0	0
Property Taxes Receivable	3,326,459	2,106,001	0	0
Allowance for Uncollectible Property Taxes	(230,225)	(145,758)	0	0
Prepaid Items	0	0	0	24,502
Restricted Assets:				
Amounts Accumulated for Pension Benefits	0	20,994		
Net Pension Asset - Agent Plan	111,223	91,950	0	31,574
Net Pension Asset - Teacher Retirement Plan	0	43,369	0	0
Net Pension Asset - Teacher Legacy Plan	0	724,112	0	0
Customer Deposits Payable	0	0	0	20,210
Capital Assets:				
Assets Not Depreciated:				
Land	271,140	375,847	0	0
Construction in Progress	1,468,566	0	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	6,166,920	10,218,753	126,000	33,829
Infrastructure	3,792,707	84,333	0	0
Other Capital Assets	802,775	1,110,689	0	23,257
Total Assets	\$ 32,659,475	\$ 17,890,764	\$ 398,763	\$ 2,223,785
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 540,170	\$ 64,311	\$ 0	\$ 0
Pension Changes in Experience	103,117	234,073	0	29,272
Pension Changes in Assumptions	134,890	541,226	0	38,292
Pension Changes in Proportionate Share	0	99,755	0	0
Pension Contributions After Measurement Date	311,234	1,018,591	0	95,035
OPEB Changes in Assumptions	2,151	36,758	0	0
OPEB Changes in Proportionate Share	0	16,948	0	0
OPEB Contributions After Measurement Date	502	44,043	0	0
Total Deferred Outflows of Resources	\$ 1,092,064	\$ 2,055,705	\$ 0	\$ 162,599
<u>LIABILITIES</u>				
Accounts Payable	\$ 6,600	\$ 115,800	\$ 0	\$ 127,612
Payable to Medicaid (see Note VI.L.)	0	0	0	51,965
Accrued Payroll	621	0	0	71,750
Payroll Deductions Payable	2,599	0	0	0
Accrued Interest Payable	49,234	0	0	0
Customer Deposits Payable	0	883	0	20,210
Due to Primary Government	0	8,297,358	0	0
Due to State of Tennessee	994	0	0	0
Other Current Liabilities	0	0	0	70,296
Noncurrent Liabilities:				
Due Within One Year - Debt	1,371,380	0	0	0
Due Within One Year - Other	2,499	0	0	0
Due in More Than One Year - Debt	20,216,102	0	0	0
Due in More Than One Year - Other	111,277	1,122,065	0	0
Total Liabilities	\$ 21,761,306	\$ 9,536,106	\$ 0	\$ 341,833
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,912,645	\$ 1,844,013	\$ 0	\$ 0
Pension Changes in Experience	76,741	1,042,056	0	21,783
Pension Changes in Investment Earnings	43,476	195,989	0	12,340
Pension Changes in Proportionate Share	0	3,424	0	0
OPEB Changes in Experience	30,212	338,158	0	0
OPEB Changes in Assumptions	2,757	54,080	0	0
Total Deferred Inflows of Resources	\$ 3,065,831	\$ 3,477,720	\$ 0	\$ 34,123

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units		
		Bledsoe County School Department	Bledsoe County Industrial Development Corporation Board	Bledsoe County Nursing Home
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ (788,016)	\$ 11,853,933	\$ 126,000	\$ 57,086
Restricted for:				
General Government	95,057	0	0	0
Finance	12,741	0	0	0
Administration of Justice	48,936	0	0	0
Public Safety	78,819	0	0	0
Public Health and Welfare	342,233	0	0	0
Highways	1,154,864	0	0	0
Debt Service	1,700,344	0	0	0
Capital Projects	3,848,575	0	0	0
Education	0	1,381,468	0	0
Pensions	111,223	880,425	0	0
Unrestricted	2,319,626	(7,183,183)	272,763	1,953,342
Total Net Position	\$ 8,924,402	\$ 6,932,643	\$ 398,763	\$ 2,010,428

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

Exhibit B

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

Functions/Programs	Program Revenues				Primary Government	Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Component Units		
						Bledsoe County School Department	Bledsoe County Industrial Development Corporation Board	Bledsoe County Nursing Home
Primary Government:								
Governmental Activities:								
General Government	\$ 724,554	\$ 223,291	\$ 37,111	\$ 0	\$ (464,152)	\$ 0	\$ 0	\$ 0
Finance	437,877	253,613	0	0	(184,264)	0	0	0
Administration of Justice	537,922	191,338	9,000	0	(337,584)	0	0	0
Public Safety	2,972,945	856,204	428,587	0	(1,688,154)	0	0	0
Public Health and Welfare	1,569,169	974,195	361,155	64,388	(169,431)	0	0	0
Social, Cultural, and Recreational Services	129,346	879	0	0	(128,467)	0	0	0
Agriculture and Natural Resources	81,075	0	0	0	(81,075)	0	0	0
Highways/Public Works	2,151,127	0	2,125,761	0	(25,366)	0	0	0
Interest on Long-term Debt	579,919	0	0	0	(579,919)	0	0	0
Education (Contributions from Component Unit)	0	0	0	243,099	243,099	0	0	0
<b>Total Governmental Activities</b>	<b>\$ 9,183,934</b>	<b>\$ 2,499,520</b>	<b>\$ 2,961,614</b>	<b>\$ 307,487</b>	<b>\$ (3,415,313)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Primary Government</b>	<b>\$ 9,183,934</b>	<b>\$ 2,499,520</b>	<b>\$ 2,961,614</b>	<b>\$ 307,487</b>	<b>\$ (3,415,313)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:								
Bledsoe County School Department	\$ 18,170,851	\$ 112,956	\$ 3,687,693	\$ 15,000	\$ 0	\$ (14,355,202)	\$ 0	\$ 0
Bledsoe County Industrial Development Corporation Board	4,811	20,400	0	0	0	0	15,589	0
Bledsoe County Nursing Home	2,965,008	3,136,148	0	0	0	0	0	171,140
<b>Total Component Units</b>	<b>\$ 21,140,670</b>	<b>\$ 3,269,504</b>	<b>\$ 3,687,693</b>	<b>\$ 15,000</b>	<b>\$ 0</b>	<b>\$ (14,355,202)</b>	<b>\$ 15,589</b>	<b>\$ 171,140</b>

(Continued)

Exhibit B

Bledsoe 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	Total Governmental Activities	Primary Government	Component Units		
						Bledsoe County School Department	Bledsoe County Industrial Development Corporation Board	Bledsoe County Nursing Home	
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 555,785	\$ 1,825,884	\$ 0	\$ 0	
Property Taxes Levied for Debt Service					2,469,361	89,357	0	0	
Local Option Sales Taxes					86,600	866,493	0	0	
Litigation Tax - General					14,143	0	0	0	
Business Tax					34,230	0	0	0	
Wholesale Beer Tax					67,229	0	0	0	
Grants and Contributions Not Restricted to Specific Programs					451,628	12,602,382	0	0	
Unrestricted Investment Income					187,559	1,060	881	4,753	
Miscellaneous					15,889	25,685	0	0	
Sale of Equipment					68,203	0	0	0	
<b>Total General Revenues</b>					<b>\$ 3,950,627</b>	<b>\$ 15,410,861</b>	<b>\$ 881</b>	<b>\$ 4,753</b>	
Change in Net Position					\$ 535,314	\$ 1,055,659	\$ 16,470	\$ 175,893	
Net Position, July 1, 2018					8,389,088	5,876,984	382,293	1,834,535	
Net Position, June 30, 2019					<b>\$ 8,924,402</b>	<b>\$ 6,932,643</b>	<b>\$ 398,763</b>	<b>\$ 2,010,428</b>	

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



Exhibit C-1

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

	Major Funds				
	General	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park
<u>ASSETS</u>					
Cash	\$ 0	\$ 14,396	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	1,439,664	802,224	1,169,128	105,758	3,742,817
Accounts Receivable	1,053,256	0	0	0	0
Allowance for Uncollectibles	(580,355)	0	0	0	0
Due from Other Governments	117,320	341,890	0	0	0
Due from Other Funds	2,030	0	0	0	0
Property Taxes Receivable	2,413,825	0	600,378	0	0
Allowance for Uncollectible Property Taxes	(167,061)	0	(41,552)	0	0
Total Assets	\$ 4,278,679	\$ 1,158,510	\$ 1,727,954	\$ 105,758	\$ 3,742,817
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Payroll	0	621	0	0	0
Payroll Deductions Payable	344	416	0	0	0
Due to Other Funds	0	0	0	0	0
Due to State of Tennessee	0	994	0	0	0
Total Liabilities	\$ 344	\$ 2,031	\$ 0	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,113,543	\$ 0	\$ 525,691	\$ 0	\$ 0
Deferred Delinquent Property Taxes	125,401	0	31,190	0	0
Other Deferred/Unavailable Revenue	464,624	170,945	0	0	0
Total Deferred Inflows of Resources	\$ 2,703,568	\$ 170,945	\$ 556,881	\$ 0	\$ 0

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 55,250	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Finance	12,741	0	0	0	0
Restricted for Administration of Justice	48,936	0	0	0	0
Restricted for Public Safety	23,862	0	0	0	0
Restricted for Public Health and Welfare	0	0	0	0	0
Restricted for Highways/Public Works	0	985,534	0	0	0
Restricted for Capital Outlay	0	0	0	105,758	3,742,817
Restricted for Debt Service	0	0	1,171,073	0	0
Restricted for Other Purposes	0	0	0	0	0
Unassigned	1,433,978	0	0	0	0
Total Fund Balances	<u>\$ 1,574,767</u>	<u>\$ 985,534</u>	<u>\$ 1,171,073</u>	<u>\$ 105,758</u>	<u>\$ 3,742,817</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,278,679</u>	<u>\$ 1,158,510</u>	<u>\$ 1,727,954</u>	<u>\$ 105,758</u>	<u>\$ 3,742,817</u>

(Continued)

Exhibit C-1

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 51	\$	14,447
Equity in Pooled Cash and Investments	425,875		7,685,466
Accounts Receivable	2,367		1,055,623
Allowance for Uncollectibles	0		(580,355)
Due from Other Governments	18,161		477,371
Due from Other Funds	0		2,030
Property Taxes Receivable	312,256		3,326,459
Allowance for Uncollectible Property Taxes	(21,612)		(230,225)
Total Assets	\$ 737,098	\$	11,750,816
<u>LIABILITIES</u>			
Accounts Payable	\$ 6,600	\$	6,600
Accrued Payroll	0		621
Payroll Deductions Payable	1,839		2,599
Due to Other Funds	2,030		2,030
Due to State of Tennessee	0		994
Total Liabilities	\$ 10,469	\$	12,844
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 273,411	\$	2,912,645
Deferred Delinquent Property Taxes	16,221		172,812
Other Deferred/Unavailable Revenue	0		635,569
Total Deferred Inflows of Resources	\$ 289,632	\$	3,721,026

(Continued)

Exhibit C-1

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

FUND BALANCES

Restricted:

	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	Other	Governmental	Funds
	Funds	Funds	Funds
Restricted for General Government	\$ 0	\$	55,250
Restricted for Finance	0		12,741
Restricted for Administration of Justice	0		48,936
Restricted for Public Safety	54,957		78,819
Restricted for Public Health and Welfare	342,233		342,233
Restricted for Highways/Public Works	0		985,534
Restricted for Capital Outlay	0		3,848,575
Restricted for Debt Service	0		1,171,073
Restricted for Other Purposes	39,807		39,807
Unassigned	0		1,433,978
Total Fund Balances	<u>\$ 436,997</u>	<u>\$</u>	<u>8,016,946</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 737,098</u>	<u>\$</u>	<u>11,750,816</u>

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

Exhibit C-2

Bledsoe 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)		\$ 8,016,946
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 271,140	
Add: construction in progress	1,468,566	
Add: buildings and improvements net of accumulated depreciation	6,166,920	
Add: infrastructure net of accumulated depreciation	3,792,707	
Add: other capital assets net of accumulated depreciation	<u>802,775</u>	12,502,108
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (21,465,000)	
Less: notes payable	(107,358)	
Less: capital lease payable	(15,124)	
Less: accrued interest on bonds, notes, and other loans	(49,234)	
Less: compensated absences payable	(49,991)	
Less: other postemployment benefits liability	(63,785)	
Add: debt to be contributed by the school department	8,297,358	
Add: deferred amount on refunding	<u>540,170</u>	(12,912,964)
(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 expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 549,241	
Less: deferred inflows of resources related to pensions	(120,217)	
Add: deferred outflows of resources related to OPEB	2,653	
Less: deferred inflows of resources related to OPEB	<u>(32,969)</u>	398,708
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		111,223
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>808,381</u>
Net position of governmental activities (Exhibit A)		<u>\$ 8,924,402</u>

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

Exhibit C-3

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

	Major Funds				
	General	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park
<u>Revenues</u>					
Local Taxes	\$ 2,417,931	\$ 0	\$ 551,150	\$ 0	\$ 0
Licenses and Permits	13,479	0	3,334	0	0
Fines, Forfeitures, and Penalties	43,711	0	0	0	0
Charges for Current Services	1,003,920	0	0	0	0
Other Local Revenues	212,427	25,453	187,764	0	0
Fees Received From County Officials	447,302	0	0	0	0
State of Tennessee	1,028,581	2,115,720	63,540	0	0
Federal Government	45,310	0	0	0	64,388
Other Governments and Citizens Groups	200,070	0	1,107,469	0	0
<b>Total Revenues</b>	<b>\$ 5,412,731</b>	<b>\$ 2,141,173</b>	<b>\$ 1,913,257</b>	<b>\$ 0</b>	<b>\$ 64,388</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 983,022	\$ 0	\$ 0	\$ 0	\$ 0
Finance	436,297	0	0	0	0
Administration of Justice	528,962	0	0	0	0
Public Safety	2,395,549	0	0	0	0
Public Health and Welfare	1,372,644	0	0	0	0
Social, Cultural, and Recreational Services	93,451	0	0	0	0
Agriculture and Natural Resources	74,955	0	0	0	0
Other Operations	37,312	0	0	0	0
Highways	0	2,061,745	0	0	0
Debt Service:					
Principal on Debt	0	0	1,174,668	0	0
Interest on Debt	0	0	599,259	0	0
Other Debt Service	0	0	11,660	0	0

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 1,399,567	\$ 124,988
Total Expenditures	\$ 5,922,192	\$ 2,061,745	\$ 1,785,587	\$ 1,399,567	\$ 124,988
Excess (Deficiency) of Revenues Over Expenditures	\$ (509,461)	\$ 79,428	\$ 127,670	\$ (1,399,567)	\$ (60,600)
<u>Other Financing Sources (Uses)</u>					
Proceeds from Sale of Capital Assets	\$ 3,485	\$ 44,035	\$ 0	\$ 0	\$ 0
Insurance Recovery	0	9,546	0	0	0
Transfers In	0	0	0	69,000	0
Transfers Out	0	0	0	0	(69,000)
Total Other Financing Sources (Uses)	\$ 3,485	\$ 53,581	\$ 0	\$ 69,000	\$ (69,000)
Net Change in Fund Balances	\$ (505,976)	\$ 133,009	\$ 127,670	\$ (1,330,567)	\$ (129,600)
Fund Balance, July 1, 2018	2,080,743	852,525	1,043,403	1,436,325	3,872,417
Fund Balance, June 30, 2019	\$ 1,574,767	\$ 985,534	\$ 1,171,073	\$ 105,758	\$ 3,742,817

(Continued)

Exhibit C-3

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

	<u>Nonmajor Funds</u>		<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<hr/>				
<u>Revenues</u>				
Local Taxes	\$ 286,737	\$		3,255,818
Licenses and Permits	1,734			18,547
Fines, Forfeitures, and Penalties	16,721			60,432
Charges for Current Services	866			1,004,786
Other Local Revenues	8,652			434,296
Fees Received From County Officials	0			447,302
State of Tennessee	77,247			3,285,088
Federal Government	108,564			218,262
Other Governments and Citizens Groups	400,615			1,708,154
Total Revenues	<u>\$ 901,136</u>	\$		<u>10,432,685</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 107	\$		983,129
Finance	0			436,297
Administration of Justice	57			529,019
Public Safety	490,507			2,886,056
Public Health and Welfare	307,093			1,679,737
Social, Cultural, and Recreational Services	0			93,451
Agriculture and Natural Resources	0			74,955
Other Operations	0			37,312
Highways	73,313			2,135,058
Debt Service:				
Principal on Debt	0			1,174,668
Interest on Debt	0			599,259
Other Debt Service	0			11,660

(Continued)



Exhibit C-3

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

	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	Other Govern- mental Funds		
<hr/>			
<u>Expenditures (Cont.)</u>			
Capital Projects	\$ 108,564	\$	1,633,119
Total Expenditures	<u>\$ 979,641</u>	<u>\$</u>	<u>12,273,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (78,505)</u>	<u>\$</u>	<u>(1,841,035)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Capital Assets	\$ 0	\$	47,520
Insurance Recovery	0		9,546
Transfers In	0		69,000
Transfers Out	0		(69,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$</u>	<u>57,066</u>
Net Change in Fund Balances	<u>\$ (78,505)</u>	<u>\$</u>	<u>(1,783,969)</u>
Fund Balance, July 1, 2018	<u>515,502</u>		<u>9,800,915</u>
Fund Balance, June 30, 2019	<u>\$ 436,997</u>	<u>\$</u>	<u>8,016,946</u>

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

Exhibit C-4

Bledsoe 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)		\$ (1,783,969)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,993,236	
Less: current-year depreciation expense	<u>(575,856)</u>	1,417,380
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: net book value of capital assets disposed		(13,010)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 808,381	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(657,773)</u>	150,608
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: contribution from the school department for bonds, notes, and other loans	\$ (864,370)	
Less: change in deferred amount on refunding debt	(52,496)	
Add: change in premium on debt issuance	255,156	
Add: principal payments on bonds	1,110,000	
Add: principal payments on notes	39,370	
Add: principal payments on other loans	25,298	
Add: principal payments on capital lease	<u>33,781</u>	546,739
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 19,340	
Change in compensated absences payable	8,442	
Change in net pension liability/asset	130,122	
Change in deferred outflows related to pensions	71,748	
Change in deferred inflows related to pensions	(3,418)	
Change in net OPEB liability/asset	19,272	
Change in deferred outflows related to OPEB	1,889	
Change in deferred inflows related to OPEB	<u>(29,829)</u>	217,566
Change in net position of governmental activities (Exhibit B)		<u>\$ 535,314</u>

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

Exhibit C-5

Bledsoe 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	\$ 2,417,931	\$ 2,521,447	\$ 2,521,447	\$ (103,516)
Licenses and Permits	13,479	12,662	12,662	817
Fines, Forfeitures, and Penalties	43,711	37,675	37,675	6,036
Charges for Current Services	1,003,920	975,831	975,831	28,089
Other Local Revenues	212,427	165,486	167,086	45,341
Fees Received From County Officials	447,302	433,502	433,502	13,800
State of Tennessee	1,028,581	1,412,019	1,463,356	(434,775)
Federal Government	45,310	17,800	49,800	(4,490)
Other Governments and Citizens Groups	200,070	0	0	200,070
<b>Total Revenues</b>	<b>\$ 5,412,731</b>	<b>\$ 5,576,422</b>	<b>\$ 5,661,359</b>	<b>\$ (248,628)</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 76,384	\$ 78,273	\$ 82,073	\$ 5,689
Board of Equalization	300	2,000	2,000	1,700
County Mayor/Executive	206,375	209,977	212,276	5,901
County Attorney	5,881	27,500	27,500	21,619
Election Commission	140,333	146,738	152,738	12,405
Register of Deeds	133,414	136,110	136,110	2,696
County Buildings	121,589	167,965	167,965	46,376
Other General Administration	298,746	291,306	351,306	52,560
<u>Finance</u>				
Property Assessor's Office	155,493	166,381	166,381	10,888
County Trustee's Office	137,893	135,765	142,738	4,845
County Clerk's Office	142,911	149,690	149,990	7,079
<u>Administration of Justice</u>				
Circuit Court	205,899	225,850	225,850	19,951
General Sessions Court	119,970	120,751	120,751	781
Chancery Court	165,584	176,591	176,591	11,007
Juvenile Court	37,509	39,144	39,144	1,635
<u>Public Safety</u>				
Sheriff's Department	1,000,754	1,026,255	1,046,453	45,699
Jail	1,264,221	1,406,184	1,406,184	141,963
Fire Prevention and Control	47,100	45,500	47,100	0
Rescue Squad	6,200	6,200	6,200	0
Other Emergency Management	44,436	33,818	57,945	13,509
County Coroner/Medical Examiner	32,838	23,000	51,000	18,162
<u>Public Health and Welfare</u>				
Local Health Center	46,977	60,760	60,760	13,783
Ambulance/Emergency Medical Services	1,255,370	1,169,837	1,298,704	43,334
Other Local Health Services	68,752	85,400	89,900	21,148
General Welfare Assistance	1,545	1,600	1,600	55
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	4,500	4,500	4,500	0
Libraries	88,951	95,611	95,611	6,660
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	69,955	66,261	76,361	6,406
Soil Conservation	5,000	5,000	5,000	0

(Continued)

Exhibit C-5

Bledsoe 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>Other Operations</u>				
Other Economic and Community Development	\$ 3,575	\$ 64,101	\$ 64,101	\$ 60,526
Veterans' Services	31,537	32,155	33,905	2,368
Contributions to Other Agencies	2,200	7,000	7,000	4,800
Total Expenditures	<u>\$ 5,922,192</u>	<u>\$ 6,207,223</u>	<u>\$ 6,505,737</u>	<u>\$ 583,545</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (509,461)</u>	<u>\$ (630,801)</u>	<u>\$ (844,378)</u>	<u>\$ 334,917</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 3,485	\$ 0	\$ 0	\$ 3,485
Insurance Recovery	0	5,000	5,000	(5,000)
Total Other Financing Sources	<u>\$ 3,485</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ (1,515)</u>
Net Change in Fund Balance	<u>\$ (505,976)</u>	<u>\$ (625,801)</u>	<u>\$ (839,378)</u>	<u>\$ 333,402</u>
Fund Balance, July 1, 2018	<u>2,080,743</u>	<u>1,858,846</u>	<u>1,858,846</u>	<u>221,897</u>
Fund Balance, June 30, 2019	<u>\$ 1,574,767</u>	<u>\$ 1,233,045</u>	<u>\$ 1,019,468</u>	<u>\$ 555,299</u>

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

Exhibit C-6

Bledsoe 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>				
Other Local Revenues	\$ 25,453	\$ 3,000	\$ 27,223	\$ (1,770)
State of Tennessee	2,115,720	2,332,544	2,332,544	(216,824)
Total Revenues	<u>\$ 2,141,173</u>	<u>\$ 2,335,544</u>	<u>\$ 2,359,767</u>	<u>\$ (218,594)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 178,657	\$ 179,276	\$ 184,775	\$ 6,118
Highway and Bridge Maintenance	787,028	803,967	961,367	174,339
Operation and Maintenance of Equipment	282,707	265,300	355,503	72,796
Quarry Operations	1,762	3,250	3,250	1,488
Other Charges	98,343	117,489	117,489	19,146
Employee Benefits	292,889	353,000	353,000	60,111
Capital Outlay	420,359	623,700	692,300	271,941
Total Expenditures	<u>\$ 2,061,745</u>	<u>\$ 2,345,982</u>	<u>\$ 2,667,684</u>	<u>\$ 605,939</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 79,428</u>	<u>\$ (10,438)</u>	<u>\$ (307,917)</u>	<u>\$ 387,345</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 44,035	\$ 0	\$ 44,035	\$ 0
Insurance Recovery	9,546	0	9,545	1
Total Other Financing Sources	<u>\$ 53,581</u>	<u>\$ 0</u>	<u>\$ 53,580</u>	<u>\$ 1</u>
Net Change in Fund Balance	\$ 133,009	\$ (10,438)	\$ (254,337)	\$ 387,346
Fund Balance, July 1, 2018	852,525	198,980	198,980	653,545
Fund Balance, June 30, 2019	<u>\$ 985,534</u>	<u>\$ 188,542</u>	<u>\$ (55,357)</u>	<u>\$ 1,040,891</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 864,646
Due from Other Governments	<u>37,429</u>
Total Assets	<u>\$ 902,075</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 37,429
Due to Litigants, Heirs, and Others	<u>864,646</u>
Total Liabilities	<u>\$ 902,075</u>

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

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Bledsoe 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 Bledsoe County:

**A. Reporting Entity**

Bledsoe County is a public municipal corporation governed by an elected 13-member board. As required by GAAP, these financial statements present Bledsoe County (the primary government) and its component units. The financial statements of the Bledsoe County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Bledsoe County School Department operates the public school system in the county, and the voters of Bledsoe 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 Bledsoe 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 Bledsoe County Industrial Development Corporation Board provides assistance in industrial recruitment in Bledsoe County, and the Bledsoe County Commission appoints its eight-member board. The board is funded primarily through lease payments collected from tenants in property owned by the Bledsoe County Industrial Development Corporation Board and through annual contributions from Bledsoe County.

The Bledsoe County Nursing Home provides nursing care to the citizens of Bledsoe County, and the Bledsoe County Commission appoints its governing



body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the nursing home must obtain the county commission's approval.

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

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

Administrative Offices:

Bledsoe County Nursing Home  
107 Wheelertown Avenue  
Pikeville, TN 37367

Bledsoe County Emergency Communications District  
305 Allen P. Deakins Road  
Pikeville, TN 37367

**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 Bledsoe 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 Bledsoe County School Department and the Bledsoe County Industrial Development Corporation Board component units only report 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.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund 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 Bledsoe County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Bledsoe County has no proprietary funds to report.

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

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

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

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

Bledsoe County reports the following major governmental funds:

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

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

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

**General Capital Projects Fund** – This fund accounts for expenditures associated with the construction of a new Detention Center.

**Community Development/Industrial Park Fund** – This capital projects fund accounts for expenditures associated with the construction of a new health department.

Additionally, Bledsoe County reports the following fund type:

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

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

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

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

Additionally, the Bledsoe County School Department reports the following fund type:

**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.

The discretely presented Bledsoe County Industrial Development Corporation Board reports the following major governmental fund:

**General Fund** – This is the primary operating fund of the Bledsoe County Industrial Development Corporation Board. It is used to account for all operations of the board.

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

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

**1. Deposits and Investments**

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

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

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded

that the State Treasurer's Investment Pooled complied with accounting principles generally accepted in the United State of America.

All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 3.82 percent of total taxes levied.

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

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

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

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

**3. Restricted Assets**

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Bledsoe 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 Bledsoe County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Bledsoe County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department

**4. Capital Assets**

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 30
Infrastructure	20 - 50

**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 and the governmental funds balance sheet. These items are for pension changes in experience, assumptions, and proportionate share of contributions, other postemployment benefits (OPEB) changes in assumptions, and proportionate share of contributions, and employer contributions made to the pension and OPEB plans after the measurement date reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**6. Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation beyond fiscal year-end. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for vacation pay is reported in the governmental funds only if amounts



have matured, for example, as a result of employee resignations and retirements. Employees are allowed to accumulate sick leave days equal to the number of days earned in a year; however, the granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The general policy of the discretely presented Bledsoe County School Department does not allow for the accumulation of vacation days beyond fiscal year-end for professional or support personnel. All professional (teachers) and support personnel of the school department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded.

## **7. Long-term Debt and Long-Term Obligations**

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

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

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

## 8. Net Position and Fund Balance

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

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

As of June 30, 2019, Bledsoe County had \$8,297,358 in outstanding debt for capital purposes for the discretely presented Bledsoe County School Department. This debt is a liability of Bledsoe County, but the capital assets acquired are reported in the financial statements of the school department.

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

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

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

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws

and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Bledsoe County’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Bledsoe 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 Bledsoe County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher

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

**F. Other Postemployment Benefit (OPEB) Plans**

**Primary Government**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Bledsoe County. For this purpose, Bledsoe County recognizes benefit payments when due and payable in accordance with benefit terms. Bledsoe County's OPEB plan is not administered through a trust.

**Discretely Presented Bledsoe 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 Bledsoe 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 Bledsoe 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.

**Discretely Presented Bledsoe County Industrial Development Corporation Board**

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

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

**Primary Government**

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

**Discretely Presented Bledsoe 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.

**Discretely Presented Bledsoe County Industrial Development Corporation Board**

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and

any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, 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. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the county commission in the Career and Technical Education Program major appropriations category (the legal level of control) of the School Federal Projects Fund by \$4,809. These expenditures in excess of appropriations were funded by available fund balance in the School Federal Projects Fund.

**C. Appropriations Exceeded Estimated Available Funds**

The budget and subsequent amendments approved by the county commission for the Highway/Public Works Fund resulted in appropriations exceeding estimated available funding by \$55,357 at June 30, 2019.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Bledsoe County and the Bledsoe 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, depositing, 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 and investments reflected on the balance sheets or statements of net position represent 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. Investment's 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.

**Investment Balances.** As of June 30, 2019, Bledsoe County had the following investments carried at amortized cost using a Stable Net Asset Value established by generally accepted accounting principles. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Bledsoe County and the discretely presented Bledsoe County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturity	Amortized Cost
State Treasurer's Investment Pool	1 to 86	N/A	\$ 5,277,586

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Bledsoe County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Bledsoe County has no investment policy that would further limit its investment choices. As of June 30, 2019, Bledsoe County’s investment in the State Treasurer’s Investment Pool was unrated.

**TCRS Stabilization Trust**

**Legal Provisions.** The Bledsoe 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 Bledsoe 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 Bledsoe 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	\$ 6,508
Developed Market International Equity	N/A	N/A	2,939
Emerging Market International Equity	N/A	N/A	840
U.S. Fixed Income	N/A	N/A	4,199
Real Estate	N/A	N/A	2,099
Short-term Securities	N/A	N/A	210
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	4,199
Total			\$ 20,994

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 6,508	\$ 6,508	\$ 0	\$ 0	0
Developed Market International Equity	2,939	2,939	0	0	0
Emerging Market International Equity	840	840	0	0	0
U.S. Fixed Income	4,199	0	4,199	0	0
Real Estate	2,099	0	0	2,099	0
Short-term Securities	210	0	210	0	0
Private Equity and Strategic Lending	4,199	0	0	0	4,199
Total	\$ 20,994	\$ 10,287	\$ 4,409	\$ 2,099	\$ 4,199

**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 Bledsoe 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 Bledsoe 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. Bledsoe 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 Bledsoe 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	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 271,140	\$ 0	\$ 0	\$ 271,140
Construction in Progress	0	1,468,566	0	1,468,566
Total Capital Assets Not Depreciated	<u>\$ 271,140</u>	<u>\$ 1,468,566</u>	<u>\$ 0</u>	<u>\$ 1,739,706</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,280,735	\$ 0	\$ 0	\$ 8,280,735
Infrastructure	6,974,851	0	0	6,974,851
Other Capital Assets	3,335,712	524,670	(440,071)	3,420,311
Total Capital Assets Depreciated	<u>\$ 18,591,298</u>	<u>\$ 524,670</u>	<u>\$ (440,071)</u>	<u>\$ 18,675,897</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 1,928,423	\$ 185,392	\$ 0	\$ 2,113,815
Infrastructure	2,980,681	201,463	0	3,182,144
Other Capital Assets	2,855,596	189,001	(427,061)	2,617,536
Total Accumulated Depreciation	<u>\$ 7,764,700</u>	<u>\$ 575,856</u>	<u>\$ (427,061)</u>	<u>\$ 7,913,495</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,826,598</u>	<u>\$ (51,186)</u>	<u>\$ (13,010)</u>	<u>\$ 10,762,402</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,097,738</u>	<u>\$ 1,417,380</u>	<u>\$ (13,010)</u>	<u>\$ 12,502,108</u>

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

**Governmental Activities:**

General Government	\$ 14,366
Finance	2,940
Administration of Justice	12,413
Public Safety	212,149
Public Health and Welfare	145,198
Social, Cultural, and Recreational Services	3,972
Agriculture and Natural Resources	3,920
Highways/Public Works	<u>180,898</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 575,856</u>

**Discretely Presented Bledsoe County School Department**

**Governmental Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 375,847	\$ 0	\$ 0	\$ 375,847
Total Capital Assets Not Depreciated	<u>\$ 375,847</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 375,847</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,513,797	\$ 55,245	\$ 0	\$ 18,569,042
Infrastructure	184,674	0	0	184,674
Other Capital Assets	3,153,168	0	(438,115)	2,715,053
Total Capital Assets Depreciated	<u>\$ 21,851,639</u>	<u>\$ 55,245</u>	<u>\$ (438,115)</u>	<u>\$ 21,468,769</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 7,891,756	\$ 458,533	\$ 0	\$ 8,350,289
Infrastructure	91,630	8,711	0	100,341
Other Capital Assets	1,881,363	155,064	(432,063)	1,604,364
Total Accumulated Depreciation	<u>\$ 9,864,749</u>	<u>\$ 622,308</u>	<u>\$ (432,063)</u>	<u>\$ 10,054,994</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,986,890</u>	<u>\$ (567,063)</u>	<u>\$ (6,052)</u>	<u>\$ 11,413,775</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,362,737</u>	<u>\$ (567,063)</u>	<u>\$ (6,052)</u>	<u>\$ 11,789,622</u>

Depreciation expense was charged to functions of the school department as follows:

**Governmental Activities:**

Instruction	\$	6,322
Support Services		603,094
Operation of Non-instructional Services		<u>12,892</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>622,308</u></u>

**Discretely Presented Bledsoe County Industrial Development Corporation Board**

**Governmental Activities:**

	Balance 7-1-18	Increases	Balance 6-30-19
Capital Assets			
Depreciated:			
Buildings and Improvements	\$ 160,000	\$ 0	\$ 160,000
Total Capital Assets Depreciated	<u>\$ 160,000</u>	<u>\$ 0</u>	<u>\$ 160,000</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 30,000	\$ 4,000	\$ 34,000
Total Accumulated Depreciation	<u>\$ 30,000</u>	<u>\$ 4,000</u>	<u>\$ 34,000</u>
Total Capital Assets Depreciated, Net	<u>\$ 130,000</u>	<u>\$ (4,000)</u>	<u>\$ 126,000</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 130,000</u></u>	<u><u>\$ (4,000)</u></u>	<u><u>\$ 126,000</u></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 Industrial Development Corporation Board as follows:



**Governmental Activities:**

Other General Government	<u>\$ 4,000</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 4,000</u></u>

**C. Construction Commitments**

At June 30, 2019, the county has uncompleted construction contracts of approximately \$101,043 for the construction of an addition to the jail and \$1,288,972 for the construction of a health department. Funding has been received for these future expenditures.

**D. 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	\$ 2,030

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

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

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Primary Government: Governmental Activities	Component Unit: School Department: Governmental Activities	\$ 8,297,358

The Due to Primary Government consists of the balance of bonds (\$8,190,000) and notes (\$107,358) issued for the school department. The school department has agreed to contribute funds annually to retire the debt. This long-term debt obligation is reflected in the governmental activities on the Statement of Net Position.

**Interfund Transfers:**

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

**Primary Government**

Transfers Out	Transfers In		Purpose
	General	Capital	
	Fund	Projects	
Community Development/ Industrial Park Fund	\$ 69,000		Jail construction
Total	\$ 69,000		

**Discretely Presented Bledsoe County School Department**

Transfers Out	Transfers In			Purpose
	General	Education	Nonmajor	
	Purpose	Debt	Governmental	
	School	Service	Funds	
	Fund	Fund		
General Purpose School	\$ 0	\$ 525,000	\$ 0	Debt retirement
"		0	95,000	Capital projects
Nonmajor governmental	23,393	0	0	Indirect costs
Total	\$ 23,393	\$ 525,000	\$ 95,000	

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 in accordance with budgetary authorizations.

**E. Capital Leases**

On April 6, 2016, Bledsoe County entered into a five-year lease-purchase agreement for a trackhoe for the highway department. The terms of the agreement require total lease payments of \$71,950 plus interest of 4.803 percent. Title to the trackhoe transfers to the Bledsoe County Highway Department at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

On February 13, 2014, Bledsoe County entered into a five-year lease-purchase agreement for four defibrillators and accessories for the Ambulance Service. The terms of the agreement require total lease payments of \$132,569 plus interest of 4.693 percent. Title to the defibrillators transfers to Bledsoe County at the end of the lease period. The final lease payment was made during the audit period from the General Fund.

The assets acquired through the capital lease are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 203,950
Less: Accumulated Depreciation	<u>(80,220)</u>
Total Book Value	<u>\$ 123,730</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	\$ 15,753
2021	<u>102</u>
Total Minimum Lease Payments	\$ 15,855
Less: Amount Representing Interest	<u>(731)</u>
Present Value of Minimum Lease Payments	<u>\$ 15,124</u>

**F. Long-term Debt**

**Primary Government**

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

**General Obligation Bonds** - Bledsoe County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 25 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 - Bledsoe 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. Capital outlay notes outstanding were issued for original terms of up to 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, 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 -	2 to 3.5	%	6-1-42	\$ 9,500,000	\$ 8,860,000
General Obligation Bonds - Refunding	1 to 3.5		6-1-41	16,990,000	12,605,000
Direct Borrowing and Direct Placement:					
Capital Outlay Notes	4.95		12-20-21	412,269	107,358
Capital Leases	4.803		4-1-21	71,950	15,124

The annual requirements to amortize all general obligation bonds, notes, 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	\$ 1,315,000	\$ 567,024	\$ 1,882,024
2021	1,355,000	538,906	1,893,906
2022	1,380,000	508,600	1,888,600
2023	1,425,000	476,004	1,901,004
2024	1,055,000	446,180	1,501,180
2025-2029	4,795,000	1,825,793	6,620,793
2030-2034	3,825,000	1,307,031	5,132,031
2035-2039	4,435,000	707,081	5,142,081
2040-2042	1,880,000	104,374	1,984,374
Total	<u>\$ 21,465,000</u>	<u>\$ 6,480,993</u>	<u>\$ 27,945,993</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 41,353	\$ 4,397	\$ 45,750
2021	43,458	2,292	45,750
2022	22,547	327	22,874
Total	<u>\$ 107,358</u>	<u>\$ 7,016</u>	<u>\$ 114,374</u>

There is \$1,171,073 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,667, based on the 2010 federal census. Total debt per capita, including bonds, notes, and capital leases, totaled \$1,677, based on the 2010 federal census.

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

Description of Debt	Outstanding 6-30-19
<u>Bonds Payable</u>	
<u>Contributions from the Education Debt Service Fund</u>	
School Refunding Series 2011	\$ 3,365,000
School Refunding Series 2013	1,465,000
General Obligation Series 2013	3,360,000
 <u>Notes Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Program	107,358
 Total	 <u><u>\$ 8,297,358</u></u>

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	\$ 22,575,000	\$ 146,728	\$ 25,298
Reductions	(1,110,000)	(39,370)	(25,298)
 Balance, June 30, 2019	 <u>\$ 21,465,000</u>	 <u>\$ 107,358</u>	 <u>\$ 0</u>
 Balance Due Within One Year	 <u>\$ 1,315,000</u>	 <u>\$ 41,353</u>	 <u>\$ 0</u>

	Capital Leases - Direct Placement
Balance, July 1, 2018	\$ 48,905
Reductions	<u>(33,781)</u>
Balance, June 30, 2019	<u>\$ 15,124</u>
Balance Due Within One Year	<u>\$ 15,027</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 21,587,482
Less: Balance Due Within One Year - Debt	<u>(1,371,380)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 20,216,102</u>

**G. Long-term Obligations**

Changes in Long-term Obligations

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

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2018		
Additions	\$ 58,433	\$ 83,057
Reductions	119,531	15,024
	<u>(127,973)</u>	<u>(34,296)</u>
Balance, June 30, 2019	<u>\$ 49,991</u>	<u>\$ 63,785</u>
Balance Due Within One Year	<u>\$ 2,499</u>	<u>\$ 0</u>

	Net Pension Liability - Agent Plan#
	<u>                    </u>
Balance, July 1, 2018	\$ 18,899
Additions	158,142
Reductions	<u>(288,264)</u>
Balance, June 30, 2019	<u>\$ (111,223)</u>
Balance Due Within One Year	<u>\$ 0</u>

#The Agent Plan had a net pension asset at June 30, 2019.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 113,776
Less: Balance Due Within One Year - Other	<u>(2,499)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 111,277</u>

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

**Discretely Presented Bledsoe County School Department**

Changes in Long-term Obligations

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



	Other Postemployment Benefits	Net Pension Liability - Agent Plan #
Balance, July 1, 2018	\$ 1,368,088	\$ 15,964
Additions	183,755	130,739
Reductions	(429,778)	(238,653)
	<hr/>	<hr/>
Balance, June 30, 2019	\$ 1,122,065	\$ (91,950)
	<hr/>	<hr/>
Balance Due Within One Year	\$ 0	\$ 0
	<hr/>	<hr/>

#The Agent Plan had a net pension asset at June 30, 2019.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 1,122,065
Less: Balance Due Within One Year - Other	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,122,065</u>

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

### **Discretely Presented Bledsoe County Industrial Development Corporation Board**

#### **Capital Outlay Notes**

The Industrial Development Corporation Board issues capital outlay notes to provide funds for the acquisition of major capital facilities. Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes were issued for original terms of up to nine years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. During the year, the final payment was paid from the General Fund of the Industrial Development Corporation Board.

#### **Changes in Long-term Debt**

Long-term debt activity for the discretely presented Bledsoe County Industrial Development Corporation Board for the year ended June 30, 2019, was as follows:

Governmental Activities:	<u>Notes - Direct Placement</u>
Balance, July 1, 2018	\$ 50,753
Reductions	<u>(50,753)</u>
Balance, June 30, 2019	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>

**H. On-Behalf Payments**

**Discretely Presented Bledsoe County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Bledsoe County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2019, were \$26,531 and \$17,463, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. Bledsoe County is a member of the Local Government Property and Causality Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

**Employee Health Insurance**

Bledsoe County, with the exception of the highway department, provides health insurance coverage to its employees through the Local Government

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

The Bledsoe County Highway Department provides commercial health insurance coverage to its employees. Settled claims have not exceeded this commercial coverage over the past three fiscal years. highway department pre-65 age retirees are not allowed to remain in the program.

### **Discretely Presented Bledsoe County School Department**

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

### **Employee Health Insurance**

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

## **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Bledsoe 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. However, the county attorney estimates that the potential claims against the county, not covered by insurance, resulting from such litigation should not be material to the county's financial statements.

**D. Changes in Administration**

On August 31, 2018, Marvin Smith left the Office of Road Superintendent and was succeeded by Robby Roberson.

On December 31, 2018, Greg Forgey left the Office of Clerk and Master and was succeeded by Debbie DeBord.

**E. Joint Ventures**

The Sequatchie/Bledsoe Landfill Board is responsible for a closed regional sanitary landfill, which is owned by Bledsoe County, Sequatchie County, the City of Dunlap, and the City of Pikeville. The landfill is governed by a twelve-member board, including the county mayor and five members appointed by the county commission. The remaining six members are appointed by the other joint owners. Bledsoe County has control over budgeting and financing the joint venture only to the extent of representation by the six board members and is responsible for funding approximately 39 percent of any postclosure care

costs. Bledsoe County contributed \$47,541 to the board during the year ended June 30, 2019.

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district is composed of Bledsoe, Franklin, Grundy, Marion, Rhea, and Sequatchie counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Bledsoe County made no contributions to the DTF for the year ended June 30, 2019.

Bledsoe County does not have an equity interest in the above-noted joint ventures. Complete financial statements for the Sequatchie/Bledsoe Landfill Board and the DTF can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Sequatchie/Bledsoe Landfill  
P.O. Box 149  
Pikeville, TN 37367

Office of District Attorney General  
Twelfth Judicial District Drug Task Force  
375 Church Street, Suite 300  
Dayton, TN 37321

**F. Retirement Commitments**

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

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Bledsoe County, non-certified employees of the discretely presented Bledsoe County School Department, and employees of the discretely presented Bledsoe County Nursing Home are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees

comprised 47.38 percent, the non-certified employees of the discretely presented school department comprised 39.17 percent, and employees of the discretely presented Bledsoe County Nursing Home comprised 13.45 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.

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	146
Inactive Employees Entitled to But Not Yet Receiving Benefits	274
Active Employees	254
Total	674

*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. Bledsoe 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 Bledsoe County was \$655,021 based on a rate of 8.63 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Bledsoe 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)**

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

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

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

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

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

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to



determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Bledsoe 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	\$ 18,349,998	\$ 18,310,503	\$ 39,495
Changes for the Year:			
Service Cost	\$ 582,536	\$ 0	\$ 582,536
Interest	1,345,781	0	1,345,781
Differences Between Expected and Actual Experience	261,617	0	261,617
Changes in Assumptions	0	0	0
Contributions-Employer	0	608,015	(608,015)
Contributions-Employees	0	352,791	(352,791)
Net Investment Income	0	1,528,017	(1,528,017)
Benefit Payments, Including Refunds of Employee Contributions	(740,084)	(740,084)	0
Administrative Expense	0	(24,648)	24,648
Other Changes	0	0	0
Net Changes	<u>\$ 1,449,850</u>	<u>\$ 1,724,091</u>	<u>\$ (274,241)</u>
Balance, June 30, 2018	<u>\$ 19,799,848</u>	<u>\$ 20,034,594</u>	<u>\$ (234,746)</u>

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	47.38%	\$ 9,381,168	\$ 9,492,391	\$ (111,223)
Nursing Home	13.45%	2,663,080	2,694,653	(31,573)
School Department	39.17%	<u>7,755,600</u>	<u>7,847,550</u>	<u>(91,950)</u>
Total		<u>\$ 19,799,848</u>	<u>\$ 20,034,594</u>	<u>\$ (234,746)</u>

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

	1% Decrease	Current Discount Rate	1% Increase
Bledsoe County	6.25%	7.25%	8.25%
Net Pension Liability (Asset)	\$ 2,289,189	(234,746)	\$ (2,342,711)

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

*Pension Expense or Negative Pension Expense.* For the year ended June 30, 2019, Bledsoe County recognized pension expense of \$237,360.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, Bledsoe 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	\$ 217,639	\$ 161,969
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	91,759
Changes in Assumptions	284,698	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	<u>655,021</u>	<u>N/A</u>
Total	<u>\$ 1,157,358</u>	<u>\$ 253,728</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	\$ 549,241	\$ 120,217
School Department	445,518	99,388
Nursing Home	<u>162,599</u>	<u>34,123</u>
Total	<u>\$ 1,157,358</u>	<u>\$ 253,728</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	\$ 206,116
2021	64,081
2022	(35,238)
2023	13,643
2024	0
Thereafter	0

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

**Discretely Presented Bledsoe County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Bledsoe County, non-certified employees of the discretely presented Bledsoe County School Department, and employees of the discretely presented Bledsoe County Nursing Home are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 47.38 percent, the non-certified employees of the discretely presented school department comprised 39.17 percent, and employees of the Bledsoe County Nursing Home comprised 13.45 percent of the plan based on contribution data.

**Certified Employees**

**Teacher Retirement Plan**

**General Information About the Pension Plan**

*Plan Description.* Teachers of the Bledsoe 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 \$18,773, which is 1.94 percent of covered payroll. In addition, employer contributions of \$19,935, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the Stabilization Reserve Trust Fund, 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 (\$43,369) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .095625 percent. The proportion as of June 30, 2017, was .084852 percent.

*Pension Expense.* For the year ended June 30, 2019, the school department recognized pension expense of \$14,511.

*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	\$ 2,456	\$ 1,727
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,450
Changes in Assumptions	2,046	0
Changes in Proportion of Net Pension Liability (Asset)	0	3,424
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	18,773	N/A
Total	<u>\$ 23,275</u>	<u>\$ 7,601</u>

The School Department's employer contributions of \$18,773, 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	\$ (617)
2021	(695)
2022	(1,044)
2023	(404)
2024	(78)
Thereafter	(260)

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

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

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

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

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

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



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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability      \$      6,705      \$      (43,369)      \$      (80,261)

*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 Bledsoe 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 Bledsoe County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$751,066, 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 (\$724,112) 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 .205777 percent. The proportion measured at June 30, 2017, was .203522 percent.

*Pension Expense.* For the year ended June 30, 2019, the school department recognized negative pension expense of (\$171,275).

*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	\$ 146,368	\$ 976,884
Changes in Assumptions	427,664	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	157,597
Changes in Proportion of Net Pension Liability (Asset)	99,755	
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	751,066	N/A
Total	<u>\$ 1,424,853</u>	<u>\$ 1,134,481</u>

The school department's employer contributions of \$751,066 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	\$ 185,277
2021	(195,241)
2022	(385,323)
2023	(65,408)
2024	0
Thereafter	0

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

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

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

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

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

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

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

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

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

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

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the

school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability    \$    5,581,912    \$    (724,112)    \$    (5,941,468)

*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**

**Discretely Presented Bledsoe County School Department**

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$48,377 and teachers contributed \$79,775 to this deferred compensation plan.

**G. Other Postemployment Benefits (OPEB)**

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

## OPEB Provided through State Administered Public Entity Risk Pools

### Primary Government

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

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

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

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

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

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period



July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

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

#### **Local Government OPEB Plan (Primary Government)**

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

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

Employees Covered by Benefit Terms

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

	<u>Bledsoe County</u>
Retirees and Beneficiaries	0
Inactive, Nonretired Members	0
Active Members Eligible for Future Benefits	68
Active Members Not Eligible for Future Benefits	7
Total	<u><u>75</u></u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the county paid \$502 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 83,057
Changes for the Year:	
Service Cost	\$ 9,361
Interest	3,276
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	(33,532)
Changes in Assumption and Other Inputs	2,387
Benefit Payments	(764)
Net Changes	<u>\$ (19,272)</u>
Balance June 30, 2018	<u><u>\$ 63,785</u></u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, the county recognized OPEB expense of \$9,170. At June 30, 2019, the county reported deferred outflows of

resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 30,212
Changes of Assumptions/Inputs	2,151	2,757
Net Difference Between Projected and Benefits Paid after the Measurement Date of June 30, 2018	<u>502</u>	<u>0</u>
Total	<u>\$ 2,653</u>	<u>\$ 32,969</u>

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

Year Ending June 30	County
2020	\$ (3,467)
2021	(3,467)
2022	(3,467)
2023	(3,467)
2024	(3,467)
Thereafter	(13,483)

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

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

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	\$ 69,726	\$ 63,785	\$ 58,427

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

	1% Decrease 5.75 to 2.81%	Current Trend Rate 6.75 to 3.81%	1% Increase 7.75 to 4.81%
Total OPEB Liability	\$ 54,874	\$ 63,785	\$ 74,557

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

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

*Benefits Provided.* The Bledsoe County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct

subsidies provided for retiree premiums. Bledsoe County does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

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

	<u>School Department</u>
Retirees and Beneficiaries	9
Inactive, Nonretired Members	0
Active Members Eligible for Future Benefits	205
Active Members Not Eligible for Future Benefits	22
 Total	 <u><u>236</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$44,043 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Bledsoe County School Department 65.80%</u>	<u>State of TN 34.20%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 1,368,088	\$ 742,556	\$ 2,110,644
Changes for the Year:			
Service Cost	\$ 71,277	\$ 37,039	\$ 108,316
Interest	50,992	26,498	77,490
Change in Proportion	20,817	(20,817)	0
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and Actuarial			
Experience	(374,133)	(194,416)	(568,549)
Changes in Assumption			
and Other Inputs	40,669	21,133	61,802
Benefit Payments	(55,645)	(28,916)	(84,561)
Net Changes	\$ (246,023)	\$ (159,479)	\$ (405,502)
Balance June 30, 2018	\$ 1,122,065	\$ 583,077	\$ 1,705,142

The Bledsoe County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Bledsoe County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$41,469 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Bledsoe County School Department's proportionate share of the collective OPEB liability was 65.80 percent and the State of Tennessee's share was 34.20 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$126,545 including the state's share of the expense. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 338,158
Changes of Assumptions/Inputs	36,758	54,080
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	16,948	0
Benefits Paid After the Measurement Date of June 30, 2018	44,043	0
Total	<u>\$ 97,749</u>	<u>\$ 392,238</u>

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

Year Ending June 30	School Department
2020	\$ (37,194)
2021	(37,194)
2022	(37,194)
2023	(37,194)
2024	(37,194)
Thereafter	(152,564)

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

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

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

Proportionate Share of the Collective Total OPEB Liability	\$ 1,206,261	\$ 1,122,065	\$ 1,042,576
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*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Current Rates	1% Increase
	5.75 to 2.85%	6.75 to 3.85%	7.75 to 4.85%

Proportionate Share of the Collective Total OPEB Liability	\$ 996,214	\$ 1,122,065	\$ 1,270,341
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**H. Purchasing Laws**

Office of County Mayor

Purchasing procedures for the Bledsoe County Mayor's Office are governed by the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Superintendent

Purchasing procedures for the highway department are governed by provisions of Chapter 153, Private Acts of 1941, and the Uniform Road Law, Section 54-7-113, *TCA*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.



### Office of Director of Schools

Purchasing procedures for the school department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

### Bledsoe County Industrial Development Corporation Board

Purchasing procedures utilized by the Industrial Development Corporation Board are governed by the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

## **VI. OTHER NOTES – DISCRETELY PRESENTED BLEDSOE COUNTY NURSING HOME**

### **A. Summary of Significant Accounting Policies**

#### Reporting Entity

Bledsoe County Nursing Home (the nursing home) was organized in 1967, as a public corporation to operate a 50-bed intermediate care facility located in Pikeville, Tennessee. The nursing home, a component unit of Bledsoe County, Tennessee, is governed by a six-member Board appointed by the Bledsoe County Commission who also has financial responsibility of the nursing home, such as approval of any bond indentures.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Method of Accounting

The nursing home, as an enterprise fund, utilizes the accrual method of accounting whereby revenue and expenses are recognized on the accrual basis and the economic resource measurement focus. Substantially all revenues and expenses are subject to accrual.

### Cash and Cash Equivalents

For the purpose of the statement of cash flows, the nursing home considers currency on hand and demand deposits with financial institutions to be cash. The nursing home considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash in resident trust funds is not considered cash or a cash equivalent since balances therein are held by the nursing home in an agency capacity for various patients. State statutes authorize the nursing home to invest in obligations of the U.S. Treasury, bank certificates of deposit, state approved repurchase agreements and pooled investment funds, and state or local bonds, rated A or higher by a nationally recognized rating service. The nursing home had \$1,508,000 in cash equivalents at June 30, 2019.

### Patient Accounts Receivable

For patient accounts receivable, the allowance for doubtful accounts is based on management's assessment of the collectability of specific patient's accounts and the aging of the account receivable. If there is a deterioration of a patient's credit worthiness or actual defaults are higher than historical experience, management's estimates of recoverability of amounts due to the nursing home could be adversely affected.

### Assets Limited as to Use

Assets limited as to use consist of residents' personal assets held by the nursing home for the personal use of those residents (see Note VI.D.).

### Capital Assets

Individual capital assets purchased for greater than \$5,000 are reported at historical cost. Donated capital items are reported at their estimated fair value at the date of donation. Depreciation is computed over the estimated useful lives using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. Expenditures for maintenance, repairs, renewals and betterments that do not extend the useful lives of the assets are expensed as incurred. A summary of estimated useful lives of capital assets follows:

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Buildings, Land Improvements, Fixed Equipment	8 - 40
Equipment	5 - 10

#### Operating Revenues and Expenses

Operating revenues include net patient service revenue, rental income, and any other revenues generated by the nursing home's day to day operations. The Medicaid program, a major third-party payor, reimburses the nursing home for services rendered to Medicaid beneficiaries based on a prospective per diem rate established by the Medicaid program. The per diem rate established by Medicaid is based primarily on prior years' cost, subject to a maximum per diem rate set by the State of Tennessee. A provision for contractual adjustment is made to reduce recorded charges to estimated payments.

Net patient service revenue is net of bad debts of \$42,000 for the year ended June 30, 2019.

Revenue from the Medicaid program accounted for approximately 76 percent of the nursing home's net patient service revenue for the year ended June 30, 2019.

Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Nonoperating income consists of interest income.

#### Net Position

Net position of the nursing home is classified into three components. *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted Net Position* is a noncapital asset that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the nursing home. *Unrestricted Net Position* is the remaining net position that does not meet the definition of net investment in capital assets or restricted. There were no restricted assets at June 30, 2019.

The nursing home first applies restricted net position, if available, when an expense or outlay is incurred for which both restricted and unrestricted net position are available.

### Deferred Outflows/Inflows of Resources

The nursing home adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under this Statement, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources – a consumption of net assets by the government that is applicable to a future reporting period.

Deferred inflows of resources – an acquisition of net assets by the government that is applicable to a future reporting period.

As of June 30, 2019, the nursing home had deferred outflows of \$162,599 and deferred inflows of \$34,123.

### Pensions

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the nursing home's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the nursing home'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.

### Income Taxes

The nursing home, as a component unit of Bledsoe County, Tennessee, is exempt from federal and state income taxes.

### Risk Management

The nursing home is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**B. Management / Support Services Contract**

On October 1, 2001, Bledsoe County, Tennessee (Owner) and the Board of Directors (the Board) of Bledsoe County Nursing Home entered into an agreement with the Chattanooga Hamilton County Hospital Authority d/b/a Erlanger Health Systems, a Tennessee governmental hospital authority (the hospital), to manage the operations of the nursing home for an initial five-year period, renewable for four additional five-year terms.

The hospital also provides insurance coverage, employee health insurance, and a portion of the director of nursing's, administrator's and accountant's compensation, which is billed to the nursing home on a monthly basis. The term of this agreement shall terminate on October 1, 2026. The fee for these services shall be \$120,000 for years one through five; \$130,000 for years six through ten; \$140,000 for years eleven through fifteen; \$150,000 for years sixteen through twenty; and \$160,000 for years twenty-one through twenty-five. All management fees are payable in equal quarterly amounts due on the fifteenth day of the first month of each calendar quarter.

Through this agreement, Bledsoe County and the board agree to be, and remain, solely liable for and obligated to satisfy and discharge all claims, losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees and expenses related to the defense of any claims) arising directly or indirectly in connection with, or relating to, the operation of the nursing home, except to the extent that such claims have been caused by the gross negligence or willful misconduct of the hospital.

On March 1, 2017, the management agreement was terminated with the execution of a support services agreement between the two parties. Per the terms of the support services agreement, the Hospital will provide certain support services to the nursing home and this agreement will expire September 30, 2021, with renewable five-year terms upon mutual consent. The fee for these services will be \$17,500 per quarter through September 30, 2021, and \$20,000 per quarter from that point forward.

The management fee/support service expense amounted to \$70,000 in 2019.

**C. Deposits and Certificates of Deposit**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the nursing home may not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal

depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the nursing home's agent in the nursing home's name, or by the Federal Reserve Banks acting as third-party agents.

Of the bank balances for June 30, 2019, \$500,000 was covered by federal depository insurance and \$1,752,000 was covered by collateral held in the pledging bank's trust department in the nursing home's name while \$250,000 in deposits was not insured or collateralized.

At June 30, 2019, the carrying amounts of the nursing home's deposits with commercial banks totaled \$1,708,296 and the bank balances totaled \$1,715,806.

**Interest Rate Risk**

For an investment, this is the risk that a change in interest rates will affect the fair market value of investments held. The nursing home has certificates of deposit at a fixed interest rate.

The nursing home currently has no formal policy addressing interest rates or custodial credit risks other than to comply with state statutes.

The nursing home maintains eight certificates of deposit totaling \$1,508,000 with two local financial institutions. The certificates of deposit are nonnegotiable and renew automatically at the end of each month. The stated interest rate at June 30, 2019, ranged from .15 percent to 3 percent.

**D. Assets Limited as to Use**

The nursing home administers certain funds, which are residents' personal assets. These assets are reflected in the accompanying financial statements as both an asset and a liability to the nursing home.

The composition of assets whose use is limited is:

	<u>6-30-19</u>
Resident Trust Fund	\$ 20,210

**E. Capital Assets**

Capital assets consist of the following:

	Balance 7-1-18	Additions	Decreases	Balance 6-30-19
Capital Assets Being Depreciated:				
Land Improvements	\$ 48,696	\$ 0	\$ 0	\$ 48,696
Building	1,213,436	0	0	1,213,436
Fixed Equipment	248,306	0	0	248,306
Major Moveable Equipment	35,336	0	0	35,336
Minor Moveable Equipment	62,334	5,575	2,329	65,580
Total Capital Assets Being Depreciated	<u>\$ 1,608,108</u>	<u>\$ 5,575</u>	<u>\$ 2,329</u>	<u>\$ 1,611,354</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ 43,324	\$ 377	\$ 0	\$ 43,701
Building	1,149,845	34,757	0	1,184,602
Fixed Equipment	242,396	4,213	0	246,609
Major Moveable Equipment	35,336	0	0	35,336
Minor Moveable Equipment	42,712	3,637	2,329	44,020
Total Capital Assets Being Depreciated	<u>\$ 1,513,613</u>	<u>\$ 42,984</u>	<u>\$ 2,329</u>	<u>\$ 1,554,268</u>
Capital Assets, Net	<u>\$ 94,495</u>	<u>\$ (37,409)</u>	<u>\$ 0</u>	<u>\$ 57,086</u>

**F. Purchased Services**

Effective March 1, 2017, as part of the supporting services agreement described in Note VI.B., the hospital will provide dietary and EVS services through third-party contractors, and the nursing home will be charged for the hospital's cost plus a reasonable markup for these services. The EVS portion of the contract was terminated in November 2018.

Prior to this, the dietary arrangement between the nursing home and the hospital was a mutual agreement that the hospital will run the day-to-day operations of the cafeteria. The cafeteria space is located in the nursing home facility; rent of \$1,000 per month is charged to the hospital. The hospital purchases all dietary supplies, dietary salaries, and consulting fees, and the nursing home was charged a cost-per-meal for the nursing home patient meals served.

Total amounts paid to the hospital for these expenses were as follows:

	<u>2019</u>
Dietary Purchased Services	\$ 570,859

The amount of unpaid expense due to the hospital totaled \$115,516 at June 30, 2019. This amount is included in accounts payable on the statement of net position.

**G. Compensated Absences**

Nursing home employees are paid for personal annual leave (PAL) time by a prescribed formula based on length of service. Upon termination, employees of the nursing home are compensated for any PAL time earned but not taken. Compensated absence liability of \$50,615 was reported at June 30, 2019.

**H. Concentration of Credit Risk**

The nursing home is located in Pikeville, Tennessee. The nursing home grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	<u>2019</u>
Medicaid	76 %
Patients	24

**I. Commitments and Contingencies**

Operating Leases

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred.

As of June 30, 2019, there are no future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year.

Total rental expense in 2019 for all operating leases was \$1,613.

Claims-made Insurance Policies

The nursing home is insured for professional liability under a claims-made policy with an independent insurance carrier. A claims-made policy covers claims reported to the carrier during the policy term, regardless of the date of incident giving rise to the claim. Premiums are determined by a variety of factors related to the nursing home. The primary level of coverage is \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

Coverage for workers' compensation insurance is provided on a claims-made basis. The primary level of coverage is \$100,000 per claim, \$100,000 per employee, and \$500,000 in the aggregate.



### Charity Care

The nursing home has an uncompensated services obligation under a Hill-Burton Grant. During the fiscal year ended June 30, 2003, the Hill-Burton obligation was converted from a dollar obligation to a time obligation expiring September 29, 2016. The fulfillment of this Hill-Burton requirement has been satisfied, but obligations continue through the Hill-Burton Community Services Assurance Program.

### Litigation

The nursing home is subject to claims and suits, which arise in the ordinary course of business. In the opinion of management, the ultimate resolution of such pending legal proceedings has been adequately provided for in its financial statements and will not have a material effect on the nursing home's results of operations or financial position.

#### **J. Net Working Capital**

Net working capital at June 30, 2019, was \$1,824,866.

#### **K. Pension Plan**

##### Plan Description

Employees of Bledsoe County Nursing Home are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent, multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The employees of Bledsoe County Nursing Home comprise 13.75 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

##### Benefits Provided

*Tennessee Code Annotated*, Title 8, Chapters 34-37 establishes 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 are available under various eligibility criteria.

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

### Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. The nursing home 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 nursing home's employer contributions were \$95,035 based on a rate of 8.63 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Bledsoe 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)

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

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

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

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

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

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection on cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the nursing home will be made at the actuarially determined contribution rate pursuant to an actuarial evaluation 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.

The following table represents the nursing home's proportionate share of the net pension liability (asset):

			Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Nursing Home	11.73%	\$	2,663,079	\$ 2,694,653	\$ (31,574)

The following table represents the changes in the nursing home's net pension liability (asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2017	\$ 2,468,075	\$ 2,462,763	\$ 5,312
Changes for the Year:			
Service Cost	\$ 78,351	\$ 0	\$ 78,351
Interest	181,007	0	181,007
Differences Between Expected and Actual Experience	35,187	0	35,187
Changes of Assumptions	0	0	0
Contributions-Employer	0	81,778	(81,778)
Contributions-Employees	0	47,450	(47,450)
Net Investment Income	0	205,518	(205,518)
Benefit Payments, Including Refunds of Employee Contributions	(99,541)	(99,541)	0
Administrative Expense	0	(3,315)	3,315
Other Charges	0	0	0
Net Changes	\$ 195,004	\$ 231,890	\$ (36,886)
Balance, June 30, 2018	\$ 2,663,079	\$ 2,694,653	\$ (31,574)

*Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the nursing home's proportionate share of the net pension liability (asset) 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 1-percentage-point lower (6.25 percent) or 1-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 (Asset)	\$ 307,896	\$ (31,573)	\$ (315,095)

*Pension Expense.* For the year ended June 30, 2019, the nursing home recognized pension expense of \$29,904.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, the nursing home 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
Differences Between Expected and Actual Experience	\$ 29,272	\$ 21,783
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	12,340
Change in Assumptions	38,292	
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	95,035	0
Total	<u>\$ 162,599</u>	<u>\$ 34,123</u>

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

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

Year Ending June 30	Amount
2020	\$ (3,792)
2021	27,723
2022	8,619
2023	(4,740)
2024	1,835
Thereafter	0

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

#### **Payable to the Pension Plan**

At June 30, 2019, the nursing home reported a payable of \$11,654 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

#### **L. Effects of the Medicaid Examination Dated April 11, 2019**

Pursuant to Section 71-5-130, *Tennessee Code Annotated*, and a cooperative agreement between the Tennessee Comptroller of the Treasury and the Department of Finance and Administration, the Division of State Audit performs examinations of nursing facilities and agencies providing home and community-based waiver services participating in the Tennessee Medical Assistance Program under Title XIX of the Social Security Act (Medicaid). Those examinations for the period of July 1, 2014 through June 30, 2018 revealed overbillings due to improper billing of resident leave days and Medicaid-covered services which were charged to the residents. As a result, the nursing home was required to repay \$51,965 to the Medicaid Program and \$5,881 to residents or their authorized representatives. These amounts are included on the statements of net position in payable to Medicaid and other accrued liabilities, respectively, at June 30, 2019.

#### **M. Subsequent Events**

The nursing home noted no transactions that would provide evidence about material conditions that did not exist at the balance sheet date but arose subsequently, through the date these financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Bledsoe 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	\$ 461,164	\$ 485,583	\$ 511,034	\$ 558,060	\$ 582,536
Interest	1,071,540	1,141,559	1,218,537	1,278,614	1,345,781
Differences Between Actual and Expected Experience	(8,480)	41,725	(266,568)	(92,239)	261,617
Change of Assumptions	0	0	0	474,498	0
Benefit Payments, Including Refunds of Employee Contributions	(594,151)	(635,980)	(699,910)	(718,110)	(740,084)
Net Change in Total Pension Liability	\$ 930,073	\$ 1,032,887	\$ 763,093	\$ 1,500,823	\$ 1,449,850
Total Pension Liability, Beginning	14,123,122	15,053,195	16,086,082	16,849,175	18,349,998
Total Pension Liability, Ending (a)	\$ 15,053,195	\$ 16,086,082	\$ 16,849,175	\$ 18,349,998	\$ 19,799,848
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 481,040	\$ 496,981	\$ 529,435	\$ 576,669	\$ 608,015
Contributions - Employee	288,734	300,511	305,528	377,443	352,791
Net Investment Income	2,127,188	467,027	418,156	1,852,789	1,528,017
Benefit Payments, Including Refunds of Employee Contributions	(594,151)	(635,980)	(699,910)	(718,110)	(740,084)
Administrative Expense	(9,219)	(12,566)	(19,500)	(21,894)	(24,648)
Other	0	0	23,974	4,719	0
Net Change in Plan Fiduciary Net Position	\$ 2,293,592	\$ 615,973	\$ 557,683	\$ 2,071,616	\$ 1,724,091
Plan Fiduciary Net Position, Beginning	12,771,639	15,065,231	15,681,204	16,238,887	18,310,503
Plan Fiduciary Net Position, Ending (b)	\$ 15,065,231	\$ 15,681,204	\$ 16,238,887	\$ 18,310,503	\$ 20,034,594
Net Pension Liability (Asset), Ending (a - b)	\$ (12,036)	\$ 404,878	\$ 610,288	\$ 39,495	\$ (234,746)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.08%	97.48%	96.38%	99.78%	101.19%
Covered Payroll	\$ 5,774,661	\$ 5,758,755	\$ 6,160,509	\$ 6,682,140	\$ 7,045,360
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(0.21%)	7.03%	9.91%	.59%	(3.33%)

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

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

Exhibit E-2

Bledsoe 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	\$ 481,040	\$ 496,981	\$ 529,435	\$ 576,669	\$ 608,015	\$ 655,021
Less Contributions in Relation to the Actuarially Determined Contribution	(481,040)	(496,981)	(529,435)	(576,669)	(608,015)	(655,021)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 5,774,661	\$ 5,758,755	\$ 6,160,509	\$ 6,682,140	\$ 7,045,360	\$ 7,590,048
Contributions as a Percentage of Covered Payroll	8.33%	8.63%	8.59%	8.63%	8.63%	8.63%

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

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

Exhibit E-3

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 4,664	\$ 14,672	\$ 22,277	\$ 33,426	\$ 18,773
Less Contributions in Relation to the Actuarially Required Contribution	(4,664)	(14,672)	(22,277)	(33,426)	(18,773)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 116,593	\$ 366,802	\$ 556,915	\$ 835,645	\$ 967,695
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%

\* - In FY 2019 the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension Stabilization Reserve Trust.

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

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 636,679	\$ 649,696	\$ 659,171	\$ 650,375	\$ 654,272	\$ 751,066
Less Contributions in Relation to the Actuarially Required Contribution	(636,679)	(649,696)	(659,171)	(650,375)	(654,272)	(751,066)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,169,758	\$ 7,186,910	\$ 7,291,703	\$ 7,194,408	\$ 7,205,650	\$ 7,180,356
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%

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

Exhibit E-5

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Asset	0.056114%	0.083365%	0.084852%	0.095625%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (2,257)	\$ (8,679)	\$ (22,387)	\$ (43,369)
Covered Payroll	\$ 116,593	\$ 366,802	\$ 556,915	\$ 835,645
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

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability	0.182671%	0.191983%	0.201998%	0.203522%	0.205777%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (29,683)	\$ 78,643	\$ 1,262,374	\$ (66,593)	\$ (724,112)
Covered Payroll	\$ 7,169,813	\$ 7,186,910	\$ 7,291,703	\$ 7,194,408	\$ 7,205,650
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

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

	2017	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 9,881	\$ 9,361
Interest	2,456	3,276
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(33,532)
Changes in Assumptions or Other Inputs	(3,523)	2,387
Benefit Payments	0	(764)
Net Change in Total OPEB Liability	\$ 8,814	\$ (19,272)
Total OPEB Liability, Beginning	74,243	83,057
Total OPEB Liability, Ending	<u>\$ 83,057</u>	<u>\$ 63,785</u>
Covered Employee Payroll	\$ 6,682,140	\$ 7,045,360
Net OPEB Liability as a Percentage of Covered Employee Payroll	1.24%	0.91%

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

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

2017	2.92%
2018	3.56%
2019	3.62%

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

Exhibit E-8

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

**Local Education Plan**

	2017	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 117,222	\$ 108,316
Interest	63,809	77,490
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(568,549)
Changes in Assumptions or Other Inputs	(103,254)	61,802
Benefit Payments	(70,298)	(84,561)
Net Change in Total OPEB Liability	\$ 7,479	\$ (405,502)
Total OPEB Liability, Beginning	2,103,165	2,110,644
Total OPEB Liability, Ending	<u>\$ 2,110,644</u>	<u>\$ 1,705,142</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 742,556	\$ 583,077
Employer Proportionate Share of the Total OPEB Liability	\$ 1,368,088	\$ 1,122,065
Covered Employee Payroll	\$ 7,658,505	\$ 7,751,323
Total OPEB Liability as a Percentage of Covered Employee Payroll	27.56%	22.00%

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

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

2017	2.92%
2018	3.56%
2019	3.62%

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



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

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

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

Methods and assumptions used to determine contribution rates:

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

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified 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 specified purposes other than debt service or capital projects.

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

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for some transactions of the Bledsoe County Emergency Communications District, a discretely presented component unit, based upon a contract with the district. The district contributes funds to the county, and the county manages the operating expenses for the district.

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 Funds

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

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HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for grant expenditures of the county.

Exhibit F-1

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

	Special Revenue Funds				
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 51	\$ 51
Equity in Pooled Cash and Investments	329,821	54,957	41,097	0	425,875
Accounts Receivable	234	0	154	1,979	2,367
Due from Other Governments	11,561	0	0	0	11,561
Property Taxes Receivable	312,256	0	0	0	312,256
Allowance for Uncollectible Property Taxes	(21,612)	0	0	0	(21,612)
Total Assets	<u>\$ 632,260</u>	<u>\$ 54,957</u>	<u>\$ 41,251</u>	<u>\$ 2,030</u>	<u>\$ 730,498</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Payroll Deductions Payable	395	0	1,444	0	1,839
Due to Other Funds	0	0	0	2,030	2,030
Total Liabilities	<u>\$ 395</u>	<u>\$ 0</u>	<u>\$ 1,444</u>	<u>\$ 2,030</u>	<u>\$ 3,869</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 273,411	\$ 0	\$ 0	\$ 0	\$ 273,411
Deferred Delinquent Property Taxes	16,221	0	0	0	16,221
Total Deferred Inflows of Resources	<u>\$ 289,632</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 289,632</u>

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 54,957	\$ 0	\$ 0	\$ 54,957
Restricted for Public Health and Welfare	342,233	0	0	0	342,233
Restricted for Other Purposes	0	0	39,807	0	39,807
Total Fund Balances	<u>\$ 342,233</u>	<u>\$ 54,957</u>	<u>\$ 39,807</u>	<u>\$ 0</u>	<u>\$ 436,997</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 632,260</u>	<u>\$ 54,957</u>	<u>\$ 41,251</u>	<u>\$ 2,030</u>	<u>\$ 730,498</u>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 51
Equity in Pooled Cash and Investments	0	425,875
Accounts Receivable	0	2,367
Due from Other Governments	6,600	18,161
Property Taxes Receivable	0	312,256
Allowance for Uncollectible Property Taxes	0	(21,612)
	<hr/>	<hr/>
Total Assets	\$ 6,600	\$ 737,098
<u>LIABILITIES</u>		
Accounts Payable	\$ 6,600	\$ 6,600
Payroll Deductions Payable	0	1,839
Due to Other Funds	0	2,030
	<hr/>	<hr/>
Total Liabilities	\$ 6,600	\$ 10,469
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 0	\$ 273,411
Deferred Delinquent Property Taxes	0	16,221
	<hr/>	<hr/>
Total Deferred Inflows of Resources	\$ 0	\$ 289,632

(Continued)

Exhibit F-1

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

FUND BALANCES

Restricted:

    Restricted for Public Safety  
    Restricted for Public Health and Welfare  
    Restricted for Other Purposes  
Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital</u>		<u>Total</u>
<u>Projects Fund</u>		<u>Nonmajor</u>
HUD		<u>Governmental</u>
Grant		<u>Funds</u>
<u>Projects</u>		
\$	0	\$ 54,957
	0	342,233
	0	39,807
<u>\$</u>	<u>0</u>	<u>\$ 436,997</u>
	6,600	737,098
<u>\$</u>	<u>6,600</u>	<u>\$ 737,098</u>



Exhibit F-2

Bledsoe 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				Total
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 286,737	\$ 0	\$ 0	\$ 0	286,737
Licenses and Permits	1,734	0	0	0	1,734
Fines, Forfeitures, and Penalties	0	16,721	0	0	16,721
Charges for Current Services	702	0	0	164	866
Other Local Revenues	8,652	0	0	0	8,652
State of Tennessee	77,247	0	0	0	77,247
Federal Government	0	0	0	0	0
Other Governments and Citizens Groups	0	0	400,615	0	400,615
Total Revenues	<u>\$ 375,072</u>	<u>\$ 16,721</u>	<u>\$ 400,615</u>	<u>\$ 164</u>	<u>\$ 792,572</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 107	107
Administration of Justice	0	0	0	57	57
Public Safety	0	5,084	485,423	0	490,507
Public Health and Welfare	307,093	0	0	0	307,093
Highways	73,313	0	0	0	73,313
Capital Projects	0	0	0	0	0
Total Expenditures	<u>\$ 380,406</u>	<u>\$ 5,084</u>	<u>\$ 485,423</u>	<u>\$ 164</u>	<u>\$ 871,077</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,334)</u>	<u>\$ 11,637</u>	<u>\$ (84,808)</u>	<u>\$ 0</u>	<u>\$ (78,505)</u>
Net Change in Fund Balances	<u>\$ (5,334)</u>	<u>\$ 11,637</u>	<u>\$ (84,808)</u>	<u>\$ 0</u>	<u>\$ (78,505)</u>
Fund Balance, July 1, 2018	347,567	43,320	124,615	0	515,502
Fund Balance, June 30, 2019	<u>\$ 342,233</u>	<u>\$ 54,957</u>	<u>\$ 39,807</u>	<u>\$ 0</u>	<u>\$ 436,997</u>

(Continued)

Exhibit F-2

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

	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 286,737
Licenses and Permits	0	1,734
Fines, Forfeitures, and Penalties	0	16,721
Charges for Current Services	0	866
Other Local Revenues	0	8,652
State of Tennessee	0	77,247
Federal Government	108,564	108,564
Other Governments and Citizens Groups	0	400,615
Total Revenues	<u>\$ 108,564</u>	<u>\$ 901,136</u>
<u>Expenditures</u>		
Current:		
General Government	\$ 0	\$ 107
Administration of Justice	0	57
Public Safety	0	490,507
Public Health and Welfare	0	307,093
Highways	0	73,313
Capital Projects	108,564	108,564
Total Expenditures	<u>\$ 108,564</u>	<u>\$ 979,641</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ (78,505)</u>
Net Change in Fund Balances	\$ 0	\$ (78,505)
Fund Balance, July 1, 2018	<u>0</u>	<u>515,502</u>
Fund Balance, June 30, 2019	<u>\$ 0</u>	<u>\$ 436,997</u>

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 286,737	\$ 289,832	\$ 289,832	\$ (3,095)
Licenses and Permits	1,734	1,400	1,400	334
Charges for Current Services	702	5,000	5,000	(4,298)
Other Local Revenues	8,652	11,000	11,000	(2,348)
State of Tennessee	77,247	72,500	72,500	4,747
Total Revenues	<u>\$ 375,072</u>	<u>\$ 379,732</u>	<u>\$ 379,732</u>	<u>\$ (4,660)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 259,552	\$ 274,825	\$ 306,325	\$ 46,773
Landfill Operation and Maintenance	47,541	14,164	47,541	0
<u>Highways</u>				
Litter and Trash Collection	73,313	72,250	75,750	2,437
Total Expenditures	<u>\$ 380,406</u>	<u>\$ 361,239</u>	<u>\$ 429,616</u>	<u>\$ 49,210</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,334)</u>	<u>\$ 18,493</u>	<u>\$ (49,884)</u>	<u>\$ 44,550</u>
Net Change in Fund Balance	\$ (5,334)	\$ 18,493	\$ (49,884)	\$ 44,550
Fund Balance, July 1, 2018	<u>347,567</u>	<u>343,854</u>	<u>343,854</u>	<u>3,713</u>
Fund Balance, June 30, 2019	<u>\$ 342,233</u>	<u>\$ 362,347</u>	<u>\$ 293,970</u>	<u>\$ 48,263</u>

Exhibit F-4

Bledsoe 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	\$ 16,721	\$ 9,845	\$ 9,845	\$ 6,876
Other Local Revenues	0	100	100	(100)
Total Revenues	<u>\$ 16,721</u>	<u>\$ 9,945</u>	<u>\$ 9,945</u>	<u>\$ 6,776</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 2,449	\$ 2,000	\$ 3,000	\$ 551
Drug Enforcement	2,635	3,230	3,230	595
Total Expenditures	<u>\$ 5,084</u>	<u>\$ 5,230</u>	<u>\$ 6,230</u>	<u>\$ 1,146</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,637</u>	<u>\$ 4,715</u>	<u>\$ 3,715</u>	<u>\$ 7,922</u>
Net Change in Fund Balance	\$ 11,637	\$ 4,715	\$ 3,715	\$ 7,922
Fund Balance, July 1, 2018	<u>43,320</u>	<u>43,320</u>	<u>43,320</u>	<u>0</u>
Fund Balance, June 30, 2019	<u><u>\$ 54,957</u></u>	<u><u>\$ 48,035</u></u>	<u><u>\$ 47,035</u></u>	<u><u>\$ 7,922</u></u>

Exhibit F-5

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Other Special Revenue Fund  
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Governments and Citizens Groups	\$ 400,615	\$ 400,615	\$ 400,615	\$ 0
Total Revenues	\$ 400,615	\$ 400,615	\$ 400,615	\$ 0
<u>Expenditures</u>				
<u>Public Safety</u>				
Other Public Safety	\$ 485,423	\$ 400,615	\$ 520,615	\$ 35,192
Total Expenditures	\$ 485,423	\$ 400,615	\$ 520,615	\$ 35,192
Excess (Deficiency) of Revenues Over Expenditures	\$ (84,808)	\$ 0	\$ (120,000)	\$ 35,192
Net Change in Fund Balance	\$ (84,808)	\$ 0	\$ (120,000)	\$ 35,192
Fund Balance, July 1, 2018	124,615	140,817	140,817	(16,202)
Fund Balance, June 30, 2019	\$ 39,807	\$ 140,817	\$ 20,817	\$ 18,990

# **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

Bledsoe 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	\$ 551,150	\$ 554,938	\$ 554,938	\$ (3,788)
Licenses and Permits	3,334	2,500	2,500	834
Other Local Revenues	187,764	45,000	45,000	142,764
State of Tennessee	63,540	54,459	54,459	9,081
Other Governments and Citizens Groups	1,107,469	0	1,107,469	0
Total Revenues	<u>\$ 1,913,257</u>	<u>\$ 656,897</u>	<u>\$ 1,764,366</u>	<u>\$ 148,891</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 310,298	\$ 319,860	\$ 321,307	\$ 11,009
Education	864,370	0	864,370	0
<u>Interest on Debt</u>				
General Government	356,160	279,884	356,160	0
Education	243,099	0	243,099	0
<u>Other Debt Service</u>				
General Government	11,660	13,600	12,153	493
Total Expenditures	<u>\$ 1,785,587</u>	<u>\$ 613,344</u>	<u>\$ 1,797,089</u>	<u>\$ 11,502</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 127,670</u>	<u>\$ 43,553</u>	<u>\$ (32,723)</u>	<u>\$ 160,393</u>
Net Change in Fund Balance	\$ 127,670	\$ 43,553	\$ (32,723)	\$ 160,393
Fund Balance, July 1, 2018	1,043,403	976,782	976,782	66,621
Fund Balance, June 30, 2019	<u>\$ 1,171,073</u>	<u>\$ 1,020,335</u>	<u>\$ 944,059</u>	<u>\$ 227,014</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 cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

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



Exhibit H-1

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

	Agency Funds		
	Cities -	Constitu -	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 864,646	\$ 864,646
Due from Other Governments	37,429	0	37,429
Total Assets	\$ 37,429	\$ 864,646	\$ 902,075
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 37,429	\$ 0	\$ 37,429
Due to Litigants, Heirs, and Others	0	864,646	864,646
Total Liabilities	\$ 37,429	\$ 864,646	\$ 902,075

Exhibit H-2

Bledsoe 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	\$ 257,074	\$ 257,074	\$ 0
Due from Other Governments	28,298	37,429	28,298	37,429
<b>Total Assets</b>	<b>\$ 28,298</b>	<b>\$ 294,503</b>	<b>\$ 285,372</b>	<b>\$ 37,429</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 28,298	\$ 294,503	\$ 285,372	\$ 37,429
<b>Total Liabilities</b>	<b>\$ 28,298</b>	<b>\$ 294,503</b>	<b>\$ 285,372</b>	<b>\$ 37,429</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 689,284	\$ 2,336,172	\$ 2,160,810	\$ 864,646
<b>Total Assets</b>	<b>\$ 689,284</b>	<b>\$ 2,336,172</b>	<b>\$ 2,160,810</b>	<b>\$ 864,646</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 689,284	\$ 2,336,172	\$ 2,160,810	\$ 864,646
<b>Total Liabilities</b>	<b>\$ 689,284</b>	<b>\$ 2,336,172</b>	<b>\$ 2,160,810</b>	<b>\$ 864,646</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 689,284	\$ 2,336,172	\$ 2,160,810	\$ 864,646
Equity in Pooled Cash and Investments	0	257,074	257,074	0
Due from Other Governments	28,298	37,429	28,298	37,429
<b>Total Assets</b>	<b>\$ 717,582</b>	<b>\$ 2,630,675</b>	<b>\$ 2,446,182</b>	<b>\$ 902,075</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 28,298	\$ 294,503	\$ 285,372	\$ 37,429
Due to Litigants, Heirs, and Others	689,284	2,336,172	2,160,810	864,646
<b>Total Liabilities</b>	<b>\$ 717,582</b>	<b>\$ 2,630,675</b>	<b>\$ 2,446,182</b>	<b>\$ 902,075</b>

# Bledsoe County School Department

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

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

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

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

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the contribution to the primary government of, education related long-term debt principal, interest, and related costs.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations and other capital expenditures of the school department.

Exhibit I-1

Bledsoe County, Tennessee  
Statement of Activities  
Discretely Presented Bledsoe County School Department  
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	
					Total Governmental Activities
<b>Governmental Activities:</b>					
Instruction	\$ 9,358,854	\$ 9,073	\$ 1,406,877	\$ 15,000	\$ (7,927,904)
Support Services	6,406,358	0	273,883	0	(6,132,475)
Operation of Non-instructional Services	2,162,540	103,883	2,006,933	0	(51,724)
Interest on Long-term Debt	243,099	0	0	0	(243,099)
<b>Total Governmental Activities</b>	<b>\$ 18,170,851</b>	<b>\$ 112,956</b>	<b>\$ 3,687,693</b>	<b>\$ 15,000</b>	<b>\$ (14,355,202)</b>
<b>General Revenues:</b>					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,825,884
Property Taxes Levied for Debt Service					89,357
Local Option Sales Taxes					866,493
Grants and Contributions Not Restricted to Specific Programs					12,602,382
Unrestricted Investment Earnings					1,060
Miscellaneous					25,685
<b>Total General Revenues</b>					<b>\$ 15,410,861</b>
Change in Net Position					\$ 1,055,659
Net Position, July 1, 2018					5,876,984
Net Position, June 30, 2019					<b>\$ 6,932,643</b>

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Debt</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Service</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 3,459	\$ 3,459
Equity in Pooled Cash and Investments	1,539,736	747,484	482,569	2,769,789
Accounts Receivable	156	0	7	163
Due from Other Governments	299,549	97,692	89,822	487,063
Property Taxes Receivable	2,007,744	98,257	0	2,106,001
Allowance for Uncollectible Property Taxes	(138,957)	(6,801)	0	(145,758)
Restricted Assets	20,994	0	0	20,994
Total Assets	<u>\$ 3,729,222</u>	<u>\$ 936,632</u>	<u>\$ 575,857</u>	<u>\$ 5,241,711</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 115,800	\$ 0	\$ 0	\$ 115,800
Current Liabilities Payable From Restricted Assets	0	0	883	883
Total Liabilities	<u>\$ 115,800</u>	<u>\$ 0</u>	<u>\$ 883</u>	<u>\$ 116,683</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 1,757,979	\$ 86,034	\$ 0	\$ 1,844,013
Deferred Delinquent Property Taxes	104,303	5,104	0	109,407
Other Deferred/Unavailable Revenue	22,395	48,846	0	71,241
Total Deferred Inflows of Resources	<u>\$ 1,884,677</u>	<u>\$ 139,984</u>	<u>\$ 0</u>	<u>\$ 2,024,661</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 5,896	\$ 796,648	\$ 524,974	\$ 1,327,518

(Continued)

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Debt</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Service</u>	<u>Funds</u>	<u>Funds</u>
<u>FUND BALANCES (Cont.)</u>				
Restricted (Cont.):				
Restricted for Hybrid Retirement Stabilization Funds	\$ 20,994	\$ 0	\$ 0	\$ 20,994
Committed:				
Committed for Education	0	0	50,000	50,000
Unassigned	1,701,855	0	0	1,701,855
Total Fund Balances	<u>\$ 1,728,745</u>	<u>\$ 796,648</u>	<u>\$ 574,974</u>	<u>\$ 3,100,367</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,729,222</u>	<u>\$ 936,632</u>	<u>\$ 575,857</u>	<u>\$ 5,241,711</u>

Exhibit I-3

Bledsoe County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Bledsoe 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)		\$	3,100,367
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	375,847	
Add: buildings and improvements net of accumulated depreciation		10,218,753	
Add: infrastructure net of accumulated depreciation		84,333	
Add: other capital assets net of accumulated depreciation		<u>1,110,689</u>	11,789,622
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for bonds	\$	(8,190,000)	
Less: contributions due on primary government debt for notes		(107,358)	
Less: other postemployment benefits liability		(1,122,065)	
Add: deferred amount on refunding		<u>64,311</u>	(9,355,112)
(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 expense in future years:			
Add: deferred outflows of resources related to OPEB	\$	97,749	
Less: deferred inflows of resources related to OPEB		(392,238)	
Add: deferred outflows of resources related to pensions		1,893,645	
Less: deferred inflows of resources related to pensions		<u>(1,241,469)</u>	357,687
(4) Net pension assets of the teacher retirement plan are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	91,950	
Add: net pension asset - teacher retirement plan		43,369	
Add: net pension asset - teacher legacy retirement plan		<u>724,112</u>	859,431
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>180,648</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>6,932,643</u></u>

Exhibit I-4

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Debt Service	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 2,115,132	\$ 678,483	\$ 0	\$ 2,793,615
Licenses and Permits	11,632	546	0	12,178
Charges for Current Services	0	0	103,883	103,883
Other Local Revenues	22,168	0	11,053	33,221
State of Tennessee	13,473,563	10,399	14,888	13,498,850
Federal Government	105,715	0	2,650,717	2,756,432
Other Governments and Citizens Groups	0	0	15,000	15,000
Total Revenues	<u>\$ 15,728,210</u>	<u>\$ 689,428</u>	<u>\$ 2,795,541</u>	<u>\$ 19,213,179</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 9,119,443	\$ 0	\$ 985,652	\$ 10,105,095
Support Services	5,711,281	0	311,548	6,022,829
Operation of Non-Instructional Services	690,375	0	1,459,273	2,149,648
Capital Outlay	17,779	0	0	17,779
Debt Service:				
Principal on Debt	39,370	825,000	0	864,370
Interest on Debt	6,380	236,719	0	243,099
Other Debt Service	0	9,070	0	9,070
Capital Projects	0	0	88,377	88,377
Total Expenditures	<u>\$ 15,584,628</u>	<u>\$ 1,070,789</u>	<u>\$ 2,844,850</u>	<u>\$ 19,500,267</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 143,582</u>	<u>\$ (381,361)</u>	<u>\$ (49,309)</u>	<u>\$ (287,088)</u>

(Continued)



Exhibit I-4

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Debt Service	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 12,900	\$ 0	\$ 0	\$ 12,900
Transfers In	23,393	525,000	95,000	643,393
Transfers Out	(620,000)	0	(23,393)	(643,393)
Total Other Financing Sources (Uses)	<u>\$ (583,707)</u>	<u>\$ 525,000</u>	<u>\$ 71,607</u>	<u>\$ 12,900</u>
Net Change in Fund Balances	\$ (440,125)	\$ 143,639	\$ 22,298	\$ (274,188)
Fund Balance, July 1, 2018	<u>2,168,870</u>	<u>653,009</u>	<u>552,676</u>	<u>3,374,555</u>
Fund Balance, June 30, 2019	<u>\$ 1,728,745</u>	<u>\$ 796,648</u>	<u>\$ 574,974</u>	<u>\$ 3,100,367</u>

Exhibit I-5

Bledsoe County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Bledsoe 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)		\$	(274,188)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated 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	\$	55,245	
Less: current-year depreciation expense		<u>(622,308)</u>	(567,063)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: net book value of assets disposed			(6,052)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$	180,648	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(164,792)</u>	15,856
(4) The contributions of long-term debt (e.g., bonds, notes, other loans) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Less: change in deferred amount on refunding	\$	(17,343)	
Add: principal contributions on bonds to primary government		825,000	
Add: principal contributions on notes to primary government		<u>39,370</u>	847,027
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in OPEB liability	\$	246,023	
Change in deferred outflows related to OPEB		45,084	
Change in deferred inflows related to OPEB		(332,140)	
Change in net pension asset - agent plan		107,914	
Change in net pension asset - teacher retirement plan		20,982	
Change in net pension asset - teacher legacy plan		657,519	
Change in deferred outflows related to pensions		58,966	
Change in deferred inflows related to pensions		<u>235,731</u>	1,040,079
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,055,659</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 3,459	\$ 3,459	\$ 0	\$ 3,459
Equity in Pooled Cash and Investments	26,916	434,030	460,946	21,623	482,569
Accounts Receivable	7	0	7	0	7
Due from Other Governments	30,909	58,913	89,822	0	89,822
Total Assets	<u>\$ 57,832</u>	<u>\$ 496,402</u>	<u>\$ 554,234</u>	<u>\$ 21,623</u>	<u>\$ 575,857</u>
<u>LIABILITIES</u>					
Current Liabilities Payable From Restricted Assets	\$ 0	\$ 883	\$ 883	\$ 0	\$ 883
Total Liabilities	<u>\$ 0</u>	<u>\$ 883</u>	<u>\$ 883</u>	<u>\$ 0</u>	<u>\$ 883</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 7,832	\$ 495,519	\$ 503,351	\$ 21,623	\$ 524,974
Committed:					
Committed for Education	50,000	0	50,000	0	50,000
Total Fund Balances	<u>\$ 57,832</u>	<u>\$ 495,519</u>	<u>\$ 553,351</u>	<u>\$ 21,623</u>	<u>\$ 574,974</u>
Total Liabilities and Fund Balances	<u>\$ 57,832</u>	<u>\$ 496,402</u>	<u>\$ 554,234</u>	<u>\$ 21,623</u>	<u>\$ 575,857</u>

Exhibit I-7

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

	Special Revenue Funds			Capital	Total
	School Federal Projects	Central Cafeteria	Total	Projects Education Capital Projects	Nonmajor Governmental Funds
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 103,883	\$ 103,883	\$ 0	\$ 103,883
Other Local Revenues	10,356	697	11,053	0	11,053
State of Tennessee	0	14,888	14,888	0	14,888
Federal Government	1,307,460	1,343,257	2,650,717	0	2,650,717
Other Governments and Citizens Groups	0	0	0	15,000	15,000
Total Revenues	<u>\$ 1,317,816</u>	<u>\$ 1,462,725</u>	<u>\$ 2,780,541</u>	<u>\$ 15,000</u>	<u>\$ 2,795,541</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 985,652	\$ 0	\$ 985,652	\$ 0	\$ 985,652
Support Services	311,548	0	311,548	0	311,548
Operation of Non-Instructional Services	0	1,459,273	1,459,273	0	1,459,273
Capital Projects	0	0	0	88,377	88,377
Total Expenditures	<u>\$ 1,297,200</u>	<u>\$ 1,459,273</u>	<u>\$ 2,756,473</u>	<u>\$ 88,377</u>	<u>\$ 2,844,850</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 20,616</u>	<u>\$ 3,452</u>	<u>\$ 24,068</u>	<u>\$ (73,377)</u>	<u>\$ (49,309)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 95,000	\$ 95,000
Transfers Out	(23,393)	0	(23,393)	0	(23,393)
Total Other Financing Sources (Uses)	<u>\$ (23,393)</u>	<u>\$ 0</u>	<u>\$ (23,393)</u>	<u>\$ 95,000</u>	<u>\$ 71,607</u>
Net Change in Fund Balances	\$ (2,777)	\$ 3,452	\$ 675	\$ 21,623	\$ 22,298
Fund Balance, July 1, 2018	60,609	492,067	552,676	0	552,676
Fund Balance, June 30, 2019	<u>\$ 57,832</u>	<u>\$ 495,519</u>	<u>\$ 553,351</u>	<u>\$ 21,623</u>	<u>\$ 574,974</u>

Exhibit I-8

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Bledsoe 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	\$ 2,115,132	\$ 2,163,267	\$ 2,163,367	\$ (48,235)
Licenses and Permits	11,632	9,650	9,650	1,982
Other Local Revenues	22,168	31,700	33,200	(11,032)
State of Tennessee	13,473,563	13,280,661	13,432,866	40,697
Federal Government	105,715	55,898	138,756	(33,041)
Total Revenues	<u>\$ 15,728,210</u>	<u>\$ 15,541,176</u>	<u>\$ 15,777,839</u>	<u>\$ (49,629)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 6,928,378	\$ 6,822,509	\$ 7,019,242	\$ 90,864
Alternative Instruction Program	35,225	80,196	38,296	3,071
Special Education Program	1,595,540	1,795,293	1,635,547	40,007
Career and Technical Education Program	560,300	484,079	564,179	3,879
<u>Support Services</u>				
Attendance	85,507	93,817	88,467	2,960
Health Services	277,880	309,246	295,447	17,567
Other Student Support	365,246	377,151	397,068	31,822
Regular Instruction Program	431,661	450,692	439,692	8,031
Special Education Program	401,960	174,956	415,507	13,547
Career and Technical Education Program	1,060	1,800	1,800	740
Technology	214,629	347,089	227,744	13,115
Other Programs	43,994	0	43,994	0
Board of Education	378,382	391,180	401,680	23,298
Director of Schools	171,195	188,693	184,693	13,498
Office of the Principal	834,029	848,314	840,514	6,485
Fiscal Services	255,603	262,435	264,085	8,482
Operation of Plant	1,055,525	1,049,021	1,088,996	33,471
Maintenance of Plant	353,932	367,665	368,115	14,183
Transportation	840,678	957,061	948,311	107,633
<u>Operation of Non-Instructional Services</u>				
Food Service	8,809	5,158	9,783	974
Community Services	248,800	259,921	259,921	11,121
Early Childhood Education	432,766	433,692	433,824	1,058
<u>Capital Outlay</u>				
Regular Capital Outlay	17,779	99,000	68,725	50,946
<u>Principal on Debt</u>				
Education	39,370	39,500	39,500	130
<u>Interest on Debt</u>				
Education	6,380	6,500	6,500	120
Total Expenditures	<u>\$ 15,584,628</u>	<u>\$ 15,844,968</u>	<u>\$ 16,081,630</u>	<u>\$ 497,002</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 143,582</u>	<u>\$ (303,792)</u>	<u>\$ (303,791)</u>	<u>\$ 447,373</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 12,900	\$ 0	\$ 0	\$ 12,900
Insurance Recovery	0	5,000	5,000	(5,000)

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Bledsoe 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	\$ 23,393	\$ 20,000	\$ 20,000	\$ 3,393
Transfers Out	(620,000)	(620,000)	(620,000)	0
Total Other Financing Sources	<u>\$ (583,707)</u>	<u>\$ (595,000)</u>	<u>\$ (595,000)</u>	<u>\$ 11,293</u>
Net Change in Fund Balance	\$ (440,125)	\$ (898,792)	\$ (898,791)	\$ 458,666
Fund Balance, July 1, 2018	<u>2,168,870</u>	<u>1,827,723</u>	<u>1,827,723</u>	<u>341,147</u>
Fund Balance, June 30, 2019	<u><u>\$ 1,728,745</u></u>	<u><u>\$ 928,931</u></u>	<u><u>\$ 928,932</u></u>	<u><u>\$ 799,813</u></u>

Exhibit I-9

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Bledsoe 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	\$ 10,356	\$ 0	\$ 0	\$ 10,356
Federal Government	1,307,460	1,509,504	1,520,048	(212,588)
Total Revenues	\$ 1,317,816	\$ 1,509,504	\$ 1,520,048	\$ (202,232)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 539,473	\$ 562,977	\$ 562,977	\$ 23,504
Special Education Program	418,138	465,286	465,286	47,148
Career and Technical Education Program	28,041	22,859	23,232	(4,809)
<u>Support Services</u>				
Other Student Support	22,421	29,284	29,137	6,716
Regular Instruction Program	204,644	322,469	322,469	117,825
Special Education Program	83,409	89,663	89,663	6,254
Career and Technical Education Program	1,074	1,300	1,074	0
Total Expenditures	\$ 1,297,200	\$ 1,493,838	\$ 1,493,838	\$ 196,638
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,616	\$ 15,666	\$ 26,210	\$ (5,594)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (23,393)	\$ (26,210)	\$ (26,210)	\$ 2,817
Total Other Financing Sources	\$ (23,393)	\$ (26,210)	\$ (26,210)	\$ 2,817
Net Change in Fund Balance	\$ (2,777)	\$ (10,544)	\$ 0	\$ (2,777)
Fund Balance, July 1, 2018	60,609	10,544	10,544	50,065
Fund Balance, June 30, 2019	\$ 57,832	\$ 0	\$ 10,544	\$ 47,288

Exhibit I-10

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Bledsoe 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	\$ 103,883	\$ 129,000	\$ 129,000	\$ (25,117)
Other Local Revenues	697	1,000	1,000	(303)
State of Tennessee	14,888	14,000	14,000	888
Federal Government	1,343,257	1,487,000	1,487,000	(143,743)
Total Revenues	<u>\$ 1,462,725</u>	<u>\$ 1,631,000</u>	<u>\$ 1,631,000</u>	<u>\$ (168,275)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,459,273	\$ 1,629,650	\$ 1,629,650	\$ 170,377
Total Expenditures	<u>\$ 1,459,273</u>	<u>\$ 1,629,650</u>	<u>\$ 1,629,650</u>	<u>\$ 170,377</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,452</u>	<u>\$ 1,350</u>	<u>\$ 1,350</u>	<u>\$ 2,102</u>
Net Change in Fund Balance	\$ 3,452	\$ 1,350	\$ 1,350	\$ 2,102
Fund Balance, July 1, 2018	492,067	549,687	549,687	(57,620)
Fund Balance, June 30, 2019	<u>\$ 495,519</u>	<u>\$ 551,037</u>	<u>\$ 551,037</u>	<u>\$ (55,518)</u>



Exhibit I-11

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 678,483	\$ 570,050	\$ 570,050	\$ 108,433
Licenses and Permits	546	375	375	171
State of Tennessee	10,399	10,000	10,000	399
Total Revenues	<u>\$ 689,428</u>	<u>\$ 580,425</u>	<u>\$ 580,425</u>	<u>\$ 109,003</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 825,000	\$ 825,000	\$ 825,000	\$ 0
<u>Interest on Debt</u>				
Education	236,719	236,720	236,720	1
<u>Other Debt Service</u>				
Education	9,070	11,000	11,000	1,930
Total Expenditures	<u>\$ 1,070,789</u>	<u>\$ 1,072,720</u>	<u>\$ 1,072,720</u>	<u>\$ 1,931</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (381,361)</u>	<u>\$ (492,295)</u>	<u>\$ (492,295)</u>	<u>\$ 110,934</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 525,000	\$ 525,000	\$ 525,000	\$ 0
Total Other Financing Sources	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 143,639	\$ 32,705	\$ 32,705	\$ 110,934
Fund Balance, July 1, 2018	<u>653,009</u>	<u>588,215</u>	<u>588,215</u>	<u>64,794</u>
Fund Balance, June 30, 2019	<u>\$ 796,648</u>	<u>\$ 620,920</u>	<u>\$ 620,920</u>	<u>\$ 175,728</u>

# Bledsoe County Industrial Development Corporation Board

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This section presents combining and individual fund financial statements for the Bledsoe County Industrial Development Corporation Board, a discretely presented component unit. The Industrial Development Corporation Board only uses one fund, a General Fund.

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General Fund – The General Fund is used to account for general operations of the Industrial Development Corporation Board.

Exhibit J-1

Bledsoe County, Tennessee  
Statement of Activities  
Discretely Presented Bledsoe County Industrial Development Corporation Board  
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:			
Other Operations	\$ 4,070	\$ 20,400	\$ 16,330
Interest on Long-term Debt	741	0	(741)
Total Governmental Activities	\$ 4,811	\$ 20,400	\$ 15,589
General Revenues:			
Interest Income			\$ 881
Total General Revenues			\$ 881
Change in Net Position			\$ 16,470
Net Position, July 1, 2018			382,293
Net Position, June 30, 2019			\$ 398,763

Exhibit J-2

Bledsoe County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Bledsoe County Industrial Development Corporation Board  
June 30, 2019

	<u>Major Fund</u>	Total
	General	Governmental Funds
<u>ASSETS</u>		
Cash	\$ 272,763	\$ 272,763
Total Assets	<u>\$ 272,763</u>	<u>\$ 272,763</u>
<u>FUND BALANCES</u>		
Unassigned	\$ 272,763	\$ 272,763
Total Fund Balances	<u>\$ 272,763</u>	<u>\$ 272,763</u>

Exhibit J-3

Bledsoe County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Bledsoe County Industrial Development Corporation Board  
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 J-2)	\$ 272,763
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Add: buildings and improvements net of accumulated depreciation	<u>126,000</u>
Net position of governmental activities (Exhibit A)	<u><u>\$ 398,763</u></u>

Exhibit J-4

Bledsoe County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Bledsoe County Industrial Development Corporation Board  
For the Year Ended June 30, 2019

	<u>Major Fund</u> General	Total Governmental Funds
<u>Revenues</u>		
Other Local Revenues	\$ 21,281	\$ 21,281
Total Revenues	<u>\$ 21,281</u>	<u>\$ 21,281</u>
<u>Expenditures</u>		
Current:		
Other Operations	\$ 70	\$ 70
Debt Service:		
Principal on Debt	50,753	50,753
Interest on Debt	741	741
Total Expenditures	<u>\$ 51,564</u>	<u>\$ 51,564</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (30,283)</u>	<u>\$ (30,283)</u>
Net Change in Fund Balances	\$ (30,283)	\$ (30,283)
Fund Balance, July 1, 2018	<u>303,046</u>	<u>303,046</u>
Fund Balance, June 30, 2019	<u>\$ 272,763</u>	<u>\$ 272,763</u>

Exhibit J-5

Bledsoe County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Bledsoe County Industrial Development Corporation Board  
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 J-4)	\$ (30,283)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>	
Less: current-year depreciation expense	(4,000)
<p>(2) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect 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.</p>	
Add: principal payments on notes	<u>50,753</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 16,470</u>

Exhibit J-6

Bledsoe County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Bledsoe County Industrial Development Corporation Board  
General 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	\$ 21,281	\$ 20,400	\$ 20,400	\$ 881
Other Governments and Citizens Groups	0	60,000	60,000	(60,000)
Total Revenues	<u>\$ 21,281</u>	<u>\$ 80,400</u>	<u>\$ 80,400</u>	<u>\$ (59,119)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 70	\$ 22,850	\$ 22,850	\$ 22,780
<u>Principal on Debt</u>				
General Government	50,753	17,504	50,753	0
<u>Interest on Debt</u>				
General Government	741	741	741	0
Total Expenditures	<u>\$ 51,564</u>	<u>\$ 41,095</u>	<u>\$ 74,344</u>	<u>\$ 22,780</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (30,283)</u>	<u>\$ 39,305</u>	<u>\$ 6,056</u>	<u>\$ (36,339)</u>
Net Change in Fund Balance	\$ (30,283)	\$ 39,305	\$ 6,056	\$ (36,339)
Fund Balance, July 1, 2018	<u>303,046</u>	<u>301,055</u>	<u>301,055</u>	<u>1,991</u>
Fund Balance, June 30, 2019	<u><u>\$ 272,763</u></u>	<u><u>\$ 340,360</u></u>	<u><u>\$ 307,111</u></u>	<u><u>\$ (34,348)</u></u>



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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Bledsoe County, Tennessee  
Schedule of Changes in Long-term Bonds, Notes, Other Loans, and Capital Leases  
Primary Government and Discretely Presented Bledsoe County Industrial Development Corporation Board  
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>BONDS PAYABLE</u></b>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Series 2017	\$ 5,500,000	2 to 3.25 %	12-7-17	6-1-42	\$ 5,500,000	\$ 0	\$ 5,500,000
General Obligation/Refunding Bond Series 2009	8,790,000	2 to 4.5	6-1-09	6-1-19	190,000	190,000	0
General Refunding Bonds Series 2016	8,025,000	2 to 3	4-15-16	6-1-41	7,870,000	95,000	7,775,000
Total Payable through General Debt Service Fund					<u>\$ 13,560,000</u>	<u>\$ 285,000</u>	<u>\$ 13,275,000</u>
<u>Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund</u>							
School Refunding Series 2011	5,850,000	1 to 3.5	7-15-11	10-1-26	\$ 3,725,000	\$ 360,000	\$ 3,365,000
School Refunding Series 2013	3,115,000	2 to 3.5	4-10-13	12-1-38	1,800,000	335,000	1,465,000
General Obligation Series 2013	4,000,000	2 to 3.5	4-10-13	12-1-38	3,490,000	130,000	3,360,000
Total Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund					<u>\$ 9,015,000</u>	<u>\$ 825,000</u>	<u>\$ 8,190,000</u>
Total Bonds Payable					<u>\$ 22,575,000</u>	<u>\$ 1,110,000</u>	<u>\$ 21,465,000</u>
<b><u>NOTES PAYABLE</u></b>							
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>							
Energy Program	412,269	4.95	12-2-09	12-20-21	\$ 146,728	\$ 39,370	\$ 107,358
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund					<u>\$ 146,728</u>	<u>\$ 39,370</u>	<u>\$ 107,358</u>
Total Notes Payable					<u>\$ 146,728</u>	<u>\$ 39,370</u>	<u>\$ 107,358</u>

(Continued)

Exhibit K-1

Bledsoe County, Tennessee

Schedule of Changes in Long-term Bonds, Notes, Other Loans, and Capital Leases

Primary Government and Discretely Presented Bledsoe County Industrial Development Corporation Board (Cont.)

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
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Ambulances	\$ 214,200	3.75 %	2-6-12	3-1-19	\$ 25,298	\$ 25,298	\$ 0
Total Payable through General Debt Service Fund					\$ 25,298	\$ 25,298	\$ 0
Total Other Loans Payable					<u>\$ 25,298</u>	<u>\$ 25,298</u>	<u>\$ 0</u>
<u>CAPITAL LEASES PAYABLE</u>							
<u>Payable through General Fund</u>							
Defibrillators	132,569	4.693	2-13-14	3-1-19	\$ 19,443	\$ 19,443	\$ 0
Total Payable through General Fund					\$ 19,443	\$ 19,443	\$ 0
<u>Payable through Highway/Public Works Fund</u>							
Trackhoe	71,950	4.803	4-6-16	4-1-21	\$ 29,462	\$ 14,338	\$ 15,124
Total Payable through Highway/Public Works Fund					\$ 29,462	\$ 14,338	\$ 15,124
Total Capital Leases Payable					<u>\$ 48,905</u>	<u>\$ 33,781</u>	<u>\$ 15,124</u>
<u>DISCRETELY PRESENTED BLEDSOE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION BOARD</u>							
<u>NOTES PAYABLE</u>							
<u>Payable through General Fund</u>							
Industrial Development	160,631	1.75	1-3-11	4-9-19	\$ 50,753	\$ 50,753	\$ 0
Total Notes Payable					<u>\$ 50,753</u>	<u>\$ 50,753</u>	<u>\$ 0</u>

Exhibit K-2

Bledsoe County, Tennessee  
Schedule of Long-term Debt Requirements by Year  
Primary Government

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 1,315,000	\$ 567,024	\$ 1,882,024
2021	1,355,000	538,906	1,893,906
2022	1,380,000	508,600	1,888,600
2023	1,425,000	476,004	1,901,004
2024	1,055,000	446,180	1,501,180
2025	1,090,000	419,347	1,509,347
2026	1,115,000	390,860	1,505,860
2027	1,180,000	360,245	1,540,245
2028	700,000	335,808	1,035,808
2029	710,000	319,533	1,029,533
2030	725,000	301,933	1,026,933
2031	745,000	282,343	1,027,343
2032	765,000	262,737	1,027,737
2033	785,000	241,487	1,026,487
2034	805,000	218,531	1,023,531
2035	835,000	194,681	1,029,681
2036	855,000	170,012	1,025,012
2037	885,000	142,863	1,027,863
2038	915,000	114,425	1,029,425
2039	945,000	85,100	1,030,100
2040	765,000	58,762	823,762
2041	790,000	35,050	825,050
2042	325,000	10,562	335,562
Total	\$ 21,465,000	\$ 6,480,993	\$ 27,945,993

Year Ending June 30	Notes		
	Principal	Interest	Total
2020	\$ 41,353	\$ 4,397	\$ 45,750
2021	43,458	2,292	45,750
2022	22,547	327	22,874
Total	\$ 107,358	\$ 7,016	\$ 114,374

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2020	\$ 15,027	\$ 726	\$ 15,753
2021	97	5	102
Total	\$ 15,124	\$ 731	\$ 15,855

Exhibit K-3

Bledsoe County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Bledsoe 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>			
Community Development/Industrial Park	General Capital Projects	Jail construction	\$ 69,000
Total Transfers Primary Government			<u>\$ 69,000</u>
<u>DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 23,393
General Purpose School	Education Debt Service	Debt retirement	525,000
General Purpose School	Education Capital Projects	Capital projects	<u>95,000</u>
Total Transfers Discretely Presented Bledsoe County School Department			<u>\$ 643,393</u>

Exhibit K-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 83,238	\$ 100,000	(3) RLI Insurance Company
Road Superintendent:	Section 8-24-102, <i>TCA</i>			
Marvin Smith (7-1-18 through 8-31-18)		13,213	100,000	"
Robby Roberson (9-1-18 through 6-30-19)		66,063	100,000	"
Director of Schools	State Board of Education and County Board of Education	103,791 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	72,069	688,574	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,069	50,000	(3) "
County Clerk	Section 8-24-102, <i>TCA</i>	72,069	50,000	(3) "
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	72,069	50,000	(3) "
Clerk and Master:	Section 8-24-102, <i>TCA</i> and			
Greg Forgey (7-1-18 through 12-31-18)	Chancery Court Judge	39,083 (2)	75,000	"
Debbie DeBord (1-1-18 through 6-30-19)		32,986	(3)	
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,069	50,000	(3) RLI Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	79,276 (4)	100,000	(3) "
Employee Dishonesty Bond Coverage:				
General County Government			400,000	Local Government Insurance Pool
Highway Department			400,000	"
School Employees			400,000	Tennessee Risk Management Trust

- (1) Does not includes a chief executive officer training supplement of \$1,000 or a travel allowance of \$5,000.  
(2) Does not include special commissioner fees of \$2,273.  
(3) Official is under the employee fidelity insurance coverage.  
(4) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Bledsoe 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
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,963,511	\$ 254,004	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	114,497	14,917	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	86,921	11,244	0	0	0
Interest and Penalty	19,060	2,466	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	7,103	919	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	4,507	583	0	0	0
Payments in-Lieu-of Taxes - Other	2,386	309	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	86,600	0	0	0	0
Litigation Tax - General	14,143	0	0	0	0
Business Tax	34,230	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	17,744	2,295	0	0	0
Wholesale Beer Tax	67,229	0	0	0	0
Total Local Taxes	\$ 2,417,931	\$ 286,737	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 76	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	13,403	1,734	0	0	0
Total Licenses and Permits	\$ 13,479	\$ 1,734	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 6,916	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

Bledsoe 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
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Officers Costs	\$ 2,673	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	42	0	0
Drug Court Fees	384	0	0	0	0
Jail Fees	254	0	0	0	0
DUI Treatment Fines	95	0	0	0	0
<u>General Sessions Court</u>					
Fines	3,341	0	0	0	0
Officers Costs	16,886	0	0	0	0
Drug Control Fines	0	0	7,497	0	0
Drug Court Fees	3,258	0	0	0	0
Jail Fees	2,426	0	0	0	0
DUI Treatment Fines	1,603	0	0	0	0
Data Entry Fee - General Sessions Court	3,177	0	0	0	0
<u>Juvenile Court</u>					
Officers Costs	26	0	0	0	0
<u>Chancery Court</u>					
Data Entry Fee - Chancery Court	2,672	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	9,182	0	0
Total Fines, Forfeitures, and Penalties	\$ 43,711	\$ 0	\$ 16,721	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Waste Tire Disposal	\$ 0	\$ 702	\$ 0	\$ 0	\$ 0
Patient Charges	964,841	0	0	0	0
Work Release Charges for Board	1,560	0	0	0	0

(Continued)



Exhibit K-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Copy Fees	\$ 1,200	\$ 0	\$ 0	\$ 0	\$ 0
Library Fees	879	0	0	0	0
Greenbelt Late Application Fee	200	0	0	0	0
Telephone Commissions	25,276	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	164
Data Processing Fee - Register	4,222	0	0	0	0
Data Processing Fee - Sheriff	8	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,900	0	0	0	0
Data Processing Fee - County Clerk	1,464	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	370	0	0	0	0
Total Charges for Current Services	<u>\$ 1,003,920</u>	<u>\$ 702</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 164</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	150,000	0	0	0	0
Commissary Sales	3,940	0	0	0	0
Sale of Recycled Materials	0	8,652	0	0	0
Miscellaneous Refunds	14,378	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	43,655	0	0	0	0
Contributions and Gifts	421	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	33	0	0	0	0
Total Other Local Revenues	<u>\$ 212,427</u>	<u>\$ 8,652</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

Exhibit K-5

Bledsoe 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
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
Juvenile Court Clerk	\$ 247	\$ 0	\$ 0	\$ 0	0
<u>Fees In-Lieu-of Salary</u>					
County Clerk	94,816	0	0	0	0
Circuit Court Clerk	22,667	0	0	0	0
General Sessions Court Clerk	59,277	0	0	0	0
Clerk and Master	56,795	0	0	0	0
Juvenile Court Clerk	1,042	0	0	0	0
Register	49,038	0	0	0	0
Sheriff	8,431	0	0	0	0
Trustee	154,989	0	0	0	0
Total Fees Received From County Officials	\$ 447,302	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	8,400	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	68,024	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	0	44,200	0	0	0
<u>Other State Revenues</u>					
Vehicle Certificate of Title Fees	6,320	0	0	0	0
Alcoholic Beverage Tax	47,070	0	0	0	0
State Revenue Sharing - T.V.A.	233,559	30,214	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
State Revenue Sharing - Telecommunications	\$ 21,903	\$ 2,833	\$ 0	\$ 0	\$ 0
Contracted Prisoner Boarding	603,837	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	11,373	0	0	0	0
Other State Grants	17,100	0	0	0	0
Other State Revenues	1,995	0	0	0	0
Total State of Tennessee	\$ 1,028,581	\$ 77,247	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 19,572	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	25,738	0	0	0	0
Total Federal Government	\$ 45,310	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 200,070	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	0	0	0	400,615	0
Total Other Governments and Citizens Groups	\$ 200,070	\$ 0	\$ 0	\$ 400,615	\$ 0
Total	\$ 5,412,731	\$ 375,072	\$ 16,721	\$ 400,615	\$ 164

(Continued)

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 488,375	\$ 0	\$ 0	\$ 2,705,890
Trustee's Collections - Prior Year	0	28,520	0	0	157,934
Circuit Clerk/Clerk and Master Collections - Prior Years	0	21,620	0	0	119,785
Interest and Penalty	0	4,741	0	0	26,267
Payments in-Lieu-of Taxes - T.V.A.	0	1,767	0	0	9,789
Payments in-Lieu-of Taxes - Local Utilities	0	1,121	0	0	6,211
Payments in-Lieu-of Taxes - Other	0	593	0	0	3,288
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	86,600
Litigation Tax - General	0	0	0	0	14,143
Business Tax	0	0	0	0	34,230
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	4,413	0	0	24,452
Wholesale Beer Tax	0	0	0	0	67,229
Total Local Taxes	\$ 0	\$ 551,150	\$ 0	\$ 0	\$ 3,255,818
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 76
Cable TV Franchise	0	3,334	0	0	18,471
Total Licenses and Permits	\$ 0	\$ 3,334	\$ 0	\$ 0	\$ 18,547
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,916

(Continued)

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	2,673
Drug Control Fines	0	0	0	0	42
Drug Court Fees	0	0	0	0	384
Jail Fees	0	0	0	0	254
DUI Treatment Fines	0	0	0	0	95
<u>General Sessions Court</u>					
Fines	0	0	0	0	3,341
Officers Costs	0	0	0	0	16,886
Drug Control Fines	0	0	0	0	7,497
Drug Court Fees	0	0	0	0	3,258
Jail Fees	0	0	0	0	2,426
DUI Treatment Fines	0	0	0	0	1,603
Data Entry Fee - General Sessions Court	0	0	0	0	3,177
<u>Juvenile Court</u>					
Officers Costs	0	0	0	0	26
<u>Chancery Court</u>					
Data Entry Fee - Chancery Court	0	0	0	0	2,672
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	9,182
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	60,432
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Waste Tire Disposal	\$ 0	\$ 0	\$ 0	\$ 0	702
Patient Charges	0	0	0	0	964,841
Work Release Charges for Board	0	0	0	0	1,560

(Continued)

Exhibit K-5

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

	Special	Debt Service	Capital Projects Funds		Total
	Revenue	Fund			
	Fund	Fund	Community	HUD	
	Highway /	General	Development/	HUD	
	Public	Debt	Industrial	Grant	
	Works	Service	Park	Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	1,200
Library Fees	0	0	0	0	879
Greenbelt Late Application Fee	0	0	0	0	200
Telephone Commissions	0	0	0	0	25,276
Constitutional Officers' Fees and Commissions	0	0	0	0	164
Data Processing Fee - Register	0	0	0	0	4,222
Data Processing Fee - Sheriff	0	0	0	0	8
Sexual Offender Registration Fee - Sheriff	0	0	0	0	3,900
Data Processing Fee - County Clerk	0	0	0	0	1,464
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	0	370
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	1,004,786
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 187,559	\$ 0	\$ 0	187,559
Lease/Rentals	0	0	0	0	150,000
Commissary Sales	0	0	0	0	3,940
Sale of Recycled Materials	0	0	0	0	8,652
Miscellaneous Refunds	1,230	205	0	0	15,813
<u>Nonrecurring Items</u>					
Sale of Equipment	24,223	0	0	0	67,878
Contributions and Gifts	0	0	0	0	421
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	33
Total Other Local Revenues	\$ 25,453	\$ 187,764	\$ 0	\$ 0	434,296

(Continued)

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
Juvenile Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	247
<u>Fees In-Lieu-of Salary</u>					
County Clerk	0	0	0	0	94,816
Circuit Court Clerk	0	0	0	0	22,667
General Sessions Court Clerk	0	0	0	0	59,277
Clerk and Master	0	0	0	0	56,795
Juvenile Court Clerk	0	0	0	0	1,042
Register	0	0	0	0	49,038
Sheriff	0	0	0	0	8,431
Trustee	0	0	0	0	154,989
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	447,302
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	9,000
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	8,400
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	68,024
<u>Public Works Grants</u>					
Litter Program	0	0	0	0	44,200
<u>Other State Revenues</u>					
Vehicle Certificate of Title Fees	0	0	0	0	6,320
Alcoholic Beverage Tax	0	0	0	0	47,070
State Revenue Sharing - T.V.A.	0	58,092	0	0	321,865

(Continued)

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
State Revenue Sharing - Telecommunications	\$ 0	\$ 5,448	\$ 0	\$ 0	\$ 30,184
Contracted Prisoner Boarding	0	0	0	0	603,837
Gasoline and Motor Fuel Tax	2,106,429	0	0	0	2,106,429
Petroleum Special Tax	9,291	0	0	0	9,291
Registrar's Salary Supplement	0	0	0	0	11,373
Other State Grants	0	0	0	0	17,100
Other State Revenues	0	0	0	0	1,995
Total State of Tennessee	<u>\$ 2,115,720</u>	<u>\$ 63,540</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,285,088</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	19,572
Other Federal through State	0	0	64,388	108,564	198,690
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 64,388</u>	<u>\$ 108,564</u>	<u>\$ 218,262</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	200,070
Contributions	0	1,107,469	0	0	1,508,084
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 1,107,469</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,708,154</u>
Total	<u>\$ 2,141,173</u>	<u>\$ 1,913,257</u>	<u>\$ 64,388</u>	<u>\$ 108,564</u>	<u>\$ 10,432,685</u>



Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Debt Service	Education Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,633,192	\$ 0	\$ 0	\$ 79,928	\$ 0	\$ 1,713,120
Trustee's Collections - Prior Year	94,958	0	0	4,646	0	99,604
Circuit Clerk/Clerk and Master Collections - Prior Years	72,299	0	0	3,538	0	75,837
Interest and Penalty	15,853	0	0	775	0	16,628
Payments in-Lieu-of Taxes - T.V.A.	5,908	0	0	289	0	6,197
Payments in-Lieu-of Taxes - Local Utilities	3,749	0	0	183	0	3,932
Payments in-Lieu-of Taxes - Other	1,985	0	0	97	0	2,082
<u>County Local Option Taxes</u>						
Local Option Sales Tax	272,384	0	0	588,305	0	860,689
Mixed Drink Tax	45	0	0	0	0	45
<u>Statutory Local Taxes</u>						
Bank Excise Tax	14,759	0	0	722	0	15,481
Total Local Taxes	\$ 2,115,132	\$ 0	\$ 0	\$ 678,483	\$ 0	\$ 2,793,615
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 484	\$ 0	\$ 0	\$ 0	\$ 0	\$ 484
Cable TV Franchise	11,148	0	0	546	0	11,694
Total Licenses and Permits	\$ 11,632	\$ 0	\$ 0	\$ 546	\$ 0	\$ 12,178
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Adults	\$ 0	\$ 0	\$ 34,588	\$ 0	\$ 0	\$ 34,588
A la Carte Sales	0	0	69,295	0	0	69,295
Total Charges for Current Services	\$ 0	\$ 0	\$ 103,883	\$ 0	\$ 0	\$ 103,883

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Debt Service	Education Capital Projects	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1,060	\$ 0	\$ 697	\$ 0	\$ 0	\$ 1,757
E-Rate Funding	9,073	0	0	0	0	9,073
Miscellaneous Refunds	65	0	0	0	0	65
<u>Nonrecurring Items</u>						
Sale of Equipment	2,555	10,356	0	0	0	12,911
Damages Recovered from Individuals	819	0	0	0	0	819
Contributions and Gifts	8,400	0	0	0	0	8,400
<u>Other Local Revenues</u>						
Other Local Revenues	196	0	0	0	0	196
Total Other Local Revenues	\$ 22,168	\$ 10,356	\$ 697	\$ 0	\$ 0	\$ 33,221
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 43,994	\$ 0	\$ 0	\$ 0	\$ 0	\$ 43,994
<u>State Education Funds</u>						
Basic Education Program	12,351,277	0	0	0	0	12,351,277
Early Childhood Education	433,825	0	0	0	0	433,825
School Food Service	0	0	11,188	0	0	11,188
Other State Education Funds	241,430	0	0	0	0	241,430
Career Ladder Program	46,332	0	0	0	0	46,332
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	194,267	0	0	9,507	0	203,774
State Revenue Sharing - Telecommunications	18,218	0	0	892	0	19,110
Other State Grants	144,220	0	3,700	0	0	147,920
Total State of Tennessee	\$ 13,473,563	\$ 0	\$ 14,888	\$ 10,399	\$ 0	\$ 13,498,850

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Debt Service	Education Capital Projects	
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 685,859	\$ 0	\$ 0	\$ 685,859
USDA - Commodities	0	0	98,989	0	0	98,989
Breakfast	0	0	376,091	0	0	376,091
USDA - Other	0	0	73,891	0	0	73,891
Vocational Education - Basic Grants to States	60,293	39,944	0	0	0	100,237
Title I Grants to Local Education Agencies	0	627,373	0	0	0	627,373
Special Education - Grants to States	0	483,919	0	0	0	483,919
Special Education Preschool Grants	0	28,267	0	0	0	28,267
English Language Acquisition Grants	0	2,814	0	0	0	2,814
Rural Education	0	32,609	0	0	0	32,609
Eisenhower Professional Development State Grants	0	92,534	0	0	0	92,534
Other Federal through State	45,422	0	108,427	0	0	153,849
Total Federal Government	\$ 105,715	\$ 1,307,460	\$ 1,343,257	\$ 0	\$ 0	\$ 2,756,432
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000	\$ 15,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000	\$ 15,000
Total	\$ 15,728,210	\$ 1,317,816	\$ 1,462,725	\$ 689,428	\$ 15,000	\$ 19,213,179

Exhibit K-7

Bledsoe County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Bledsoe County Industrial Development Corporation Board  
For the Year Ended June 30, 2019

	General	Total
<hr/>		
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 881	\$ 881
Lease/Rentals	20,400	20,400
Total Other Local Revenues	<u>\$ 21,281</u>	<u>\$ 21,281</u>
 Total	 <u>\$ 21,281</u>	 <u>\$ 21,281</u>

Exhibit K-8

Bledsoe 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	\$	49,791	
Social Security		2,414	
Pensions		1,274	
Medical Insurance		14,871	
Employer Medicare		565	
Audit Services		4,893	
Dues and Memberships		1,350	
Legal Notices, Recording, and Court Costs		1,200	
Postal Charges		26	
Total County Commission			\$ 76,384

Board of Equalization

Board and Committee Members Fees	\$	300	
Total Board of Equalization			300

County Mayor/Executive

County Official/Administrative Officer	\$	83,238	
Assistant(s)		31,919	
Secretary(ies)		29,066	
Social Security		8,659	
Pensions		12,447	
Life Insurance		101	
Medical Insurance		9,574	
Employer Medicare		2,025	
Communication		3,956	
Data Processing Services		14,738	
Dues and Memberships		1,475	
Maintenance Agreements		1,200	
Postal Charges		1,500	
Rentals		92	
Travel		4,152	
Office Supplies		1,534	
Premiums on Corporate Surety Bonds		699	
Total County Mayor/Executive			206,375

County Attorney

Legal Services	\$	4,950	
Legal Notices, Recording, and Court Costs		931	
Total County Attorney			5,881

Election Commission

County Official/Administrative Officer	\$	61,260	
Secretary(ies)		7,117	
Election Commission		4,700	
Election Workers		21,906	
Social Security		3,509	
Pensions		5,287	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Life Insurance	\$	35	
Medical Insurance		4,813	
Employer Medicare		821	
Communication		804	
Legal Notices, Recording, and Court Costs		2,488	
Maintenance Agreements		1,000	
Postal Charges		742	
Rentals		56	
Travel		5,117	
Other Contracted Services		731	
Data Processing Supplies		17,155	
Office Supplies		972	
Other Charges		1,820	
Total Election Commission			\$ 140,333

Register of Deeds

County Official/Administrative Officer	\$	72,069	
Clerical Personnel		27,070	
Social Security		5,636	
Pensions		8,556	
Life Insurance		40	
Medical Insurance		8,837	
Employer Medicare		1,318	
Communication		1,169	
Data Processing Services		4,215	
Dues and Memberships		641	
Maintenance Agreements		1,111	
Postal Charges		111	
Rentals		56	
Travel		544	
Office Supplies		1,692	
Premiums on Corporate Surety Bonds		349	
Total Register of Deeds			133,414

County Buildings

Custodial Personnel	\$	23,480	
Social Security		2,258	
Pensions		2,026	
Life Insurance		35	
Medical Insurance		4,787	
Employer Medicare		528	
Communication		2,797	
Maintenance and Repair Services - Buildings		48,161	
Other Contracted Services		719	
Custodial Supplies		3,132	
Electricity		27,580	
Water and Sewer		5,872	
Other Supplies and Materials		214	
Total County Buildings			121,589

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Other Salaries and Wages	\$	1,149	
Social Security		71	
Employer Medicare		17	
Dues and Memberships		1,071	
Other Contracted Services		55,685	
Office Supplies		943	
Other Supplies and Materials		5,964	
Building and Contents Insurance		107,110	
Trustee's Commission		48,513	
Workers' Compensation Insurance		76,953	
Liability Claims		500	
Other Charges		770	
Total Other General Administration			\$ 298,746

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		32,415	
Clerical Personnel		11,920	
Social Security		6,939	
Pensions		10,046	
Medical Insurance		5,584	
Employer Medicare		1,623	
Communication		1,252	
Contracts with Government Agencies		5,856	
Maintenance Agreements		1,075	
Postal Charges		928	
Rentals		56	
Travel		2,593	
Other Contracted Services		970	
Office Supplies		2,167	
Total Property Assessor's Office			155,493

County Trustee's Office

County Official/Administrative Officer	\$	72,069
Deputy(ies)		19,000
Social Security		5,633
Pensions		7,859
Life Insurance		67
Employer Medicare		1,317
Communication		1,373
Data Processing Services		17,466
Dues and Memberships		679
Legal Notices, Recording, and Court Costs		320
Maintenance Agreements		379
Postal Charges		605
Printing, Stationery, and Forms		295

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Rentals	\$	64	
Travel		70	
Data Processing Supplies		1,897	
Office Supplies		1,427	
Premiums on Corporate Surety Bonds		7,373	
Total County Trustee's Office			\$ 137,893

County Clerk's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		29,500	
Social Security		6,104	
Pensions		8,765	
Life Insurance		70	
Medical Insurance		8,000	
Employer Medicare		1,428	
Communication		1,824	
Dues and Memberships		641	
Maintenance Agreements		379	
Postal Charges		2,836	
Rentals		56	
Travel		228	
Data Processing Supplies		8,214	
Office Supplies		2,448	
Premiums on Corporate Surety Bonds		349	
Total County Clerk's Office			142,911

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		22,211	
Accountants/Bookkeepers		29,702	
Clerical Personnel		22,056	
Jury and Witness Expense		5,707	
Social Security		8,914	
Pensions		10,686	
Life Insurance		70	
Medical Insurance		9,574	
Employer Medicare		2,085	
Communication		3,558	
Data Processing Services		11,880	
Dues and Memberships		541	
Maintenance Agreements		1,046	
Postal Charges		1,300	
Rentals		56	
Other Contracted Services		1,171	
Office Supplies		2,924	
Premiums on Corporate Surety Bonds		349	
Total Circuit Court			205,899

(Continued)



Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	103,173	
Social Security		6,397	
Pensions		8,904	
Employer Medicare		1,496	
Total General Sessions Court			\$ 119,970

Chancery Court

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		31,364	
Secretary(ies)		18,600	
Social Security		7,076	
Pensions		9,436	
Life Insurance		104	
Medical Insurance		9,373	
Employer Medicare		1,655	
Communication		1,785	
Data Processing Services		5,841	
Dues and Memberships		701	
Legal Notices, Recording, and Court Costs		1,010	
Maintenance Agreements		1,028	
Postal Charges		3,000	
Rentals		92	
Data Processing Supplies		298	
Office Supplies		2,152	
Total Chancery Court			165,584

Juvenile Court

Social Workers	\$	30,009	
In-service Training		350	
Social Security		1,818	
Pensions		2,590	
Life Insurance		35	
Employer Medicare		425	
Communication		600	
Maintenance Agreements		379	
Travel		713	
Office Supplies		590	
Total Juvenile Court			37,509

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,276	
Deputy(ies)		345,748	
Youth Service Officer(s)		156,689	
Salary Supplements		8,400	
Overtime Pay		84,326	
In-service Training		6,645	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Social Security	\$	41,112	
Pensions		57,531	
Life Insurance		386	
Medical Insurance		45,617	
Employer Medicare		9,615	
Communication		1,046	
Dues and Memberships		1,500	
Maintenance Agreements		1,499	
Maintenance and Repair Services - Equipment		641	
Maintenance and Repair Services - Vehicles		19,933	
Medical and Dental Services		60	
Postal Charges		110	
Towing Services		7,385	
Travel		3,296	
Gasoline		57,198	
Office Supplies		556	
Uniforms		5,124	
Other Supplies and Materials		1,526	
Premiums on Corporate Surety Bonds		998	
Law Enforcement Equipment		8,355	
Motor Vehicles		56,182	
Total Sheriff's Department			\$ 1,000,754

Jail

Supervisor/Director	\$	41,625
Guards		552,239
Cafeteria Personnel		34,104
Part-time Personnel		48,443
Overtime Pay		49,212
In-service Training		914
Social Security		43,613
Pensions		45,530
Life Insurance		379
Medical Insurance		60,723
Employer Medicare		10,200
Communication		10,740
Medical and Dental Services		71,111
Postal Charges		1,300
Travel		1,672
Other Contracted Services		23,269
Custodial Supplies		11,000
Drugs and Medical Supplies		7,496
Electricity		53,644
Food Supplies		122,531
Natural Gas		20,590
Office Supplies		2,246
Prisoners Clothing		4,320

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Uniforms	\$	1,445	
Water and Sewer		23,172	
Other Supplies and Materials		22,703	
Total Jail			\$ 1,264,221

Fire Prevention and Control

Contributions	\$	45,000	
Refunds		1,600	
Other Charges		500	
Total Fire Prevention and Control			47,100

Rescue Squad

Contributions	\$	6,200	
Total Rescue Squad			6,200

Other Emergency Management

Supervisor/Director	\$	9,023	
Social Security		559	
Employer Medicare		131	
Communication		1,707	
Licenses		645	
Maintenance and Repair Services - Equipment		309	
Maintenance and Repair Services - Vehicles		1,296	
Travel		375	
Diesel Fuel		685	
Other Supplies and Materials		23,617	
Other Charges		6,089	
Total Other Emergency Management			44,436

County Coroner/Medical Examiner

Medical and Dental Services	\$	27,338	
Travel		5,500	
Total County Coroner/Medical Examiner			32,838

Public Health and Welfare

Local Health Center

Secretary(ies)	\$	5,600	
Social Security		347	
Employer Medicare		81	
Communication		4,719	
Contracts with Government Agencies		9,295	
Dues and Memberships		200	
Other Contracted Services		10,424	
Electricity		13,220	
Utilities		3,091	
Total Local Health Center			46,977

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	60,952	
Medical Personnel		306,567	
Clerical Personnel		43,181	
Part-time Personnel		30,399	
Overtime Pay		258,923	
In-service Training		3,890	
Social Security		51,932	
Pensions		47,393	
Life Insurance		234	
Medical Insurance		92,560	
Communication		6,468	
Consultants		31,397	
Dues and Memberships		435	
Licenses		1,500	
Maintenance and Repair Services - Equipment		3,702	
Maintenance and Repair Services - Vehicles		38,877	
Postal Charges		25	
Travel		1,323	
Other Contracted Services		21,817	
Drugs and Medical Supplies		27,012	
Electricity		6,512	
Gasoline		39,760	
Office Supplies		4,167	
Uniforms		4,004	
Water and Sewer		1,522	
Other Supplies and Materials		1,232	
Refunds		1,890	
Vehicle and Equipment Insurance		4,000	
Workers' Compensation Insurance		13,000	
Other Charges		2,612	
Principal on Capital Leases		19,443	
Interest on Capital Leases		345	
Communication Equipment		726	
Motor Vehicles		127,570	
Total Ambulance/Emergency Medical Services			\$ 1,255,370

Other Local Health Services

Medical Personnel	\$	37,839	
Clerical Personnel		11,403	
Other Salaries and Wages		1,557	
Social Security		3,067	
Pensions		3,266	
Medical Insurance		4,787	
Employer Medicare		717	
Travel		3,486	
Other Contracted Services		2,573	
Other Supplies and Materials		57	
Total Other Local Health Services			68,752

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Contributions	\$ 1,545	
Total General Welfare Assistance		\$ 1,545

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 4,500	
Total Senior Citizens Assistance		4,500

Libraries

Assistant(s)	\$ 18,960	
Librarians	34,973	
Social Security	3,056	
Pensions	4,654	
Life Insurance	50	
Medical Insurance	8,459	
Employer Medicare	715	
Communication	3,140	
Dues and Memberships	60	
Maintenance and Repair Services - Buildings	300	
Postal Charges	156	
Travel	130	
Other Contracted Services	1,946	
Data Processing Supplies	1,679	
Electricity	2,470	
Library Books/Media	3,165	
Water and Sewer	2,286	
Other Supplies and Materials	1,508	
Data Processing Equipment	1,244	
Total Libraries		88,951

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 43,324	
Social Security	2,685	
Pensions	7,142	
Medical Insurance	2,843	
Unemployment Compensation	4	
Employer Medicare	469	
Communication	3,755	
Transportation - Other than Students	4,800	
Other Supplies and Materials	4,900	
Workers' Compensation Insurance	33	
Total Agricultural Extension Service		69,955

Soil Conservation

Contributions	\$ 5,000	
Total Soil Conservation		5,000

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations

Other Economic and Community Development

Contracts with Other Public Agencies	\$ 3,575	
Total Other Economic and Community Development		\$ 3,575

Veterans' Services

Supervisor/Director	\$ 18,600	
Social Security	1,153	
Pensions	1,426	
Employer Medicare	270	
Communication	3,286	
Maintenance Agreements	449	
Postal Charges	100	
Travel	327	
Other Contracted Services	474	
Custodial Supplies	76	
Electricity	1,593	
Office Supplies	1,244	
Water and Sewer	2,539	
Total Veterans' Services		31,537

Contributions to Other Agencies

Contributions	\$ 2,200	
Total Contributions to Other Agencies		2,200

Total General Fund \$ 5,922,192

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$ 23,014
Other Salaries and Wages	75,792
Social Security	4,616
Pensions	3,667
Life Insurance	50
Medical Insurance	4,788
Employer Medicare	1,080
Communication	1,620
Maintenance and Repair Services - Buildings	524
Other Contracted Services	85,998
Diesel Fuel	16,194
Electricity	3,506
Equipment and Machinery Parts	8,874
Water and Sewer	425
Other Supplies and Materials	2,078
Building and Contents Insurance	5,000
Trustee's Commission	5,882
Vehicle and Equipment Insurance	5,000
Workers' Compensation Insurance	4,700

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Motor Vehicles	\$	4,200	
Solid Waste Equipment		744	
Other Construction		1,800	
Total Convenience Centers			\$ 259,552

Landfill Operation and Maintenance

Contracts for Landfill Facilities	\$	47,541	
Total Landfill Operation and Maintenance			47,541

Highways

Litter and Trash Collection

Education Media Personnel	\$	8,840	
Clerical Personnel		4,700	
Other Salaries and Wages		39,633	
Social Security		2,604	
Pensions		2,408	
Life Insurance		63	
Medical Insurance		9,967	
Employer Medicare		609	
Other Supplies and Materials		4,489	
Total Litter and Trash Collection			73,313

Total Solid Waste/Sanitation Fund \$ 380,406

Drug Control Fund

Public Safety

Sheriff's Department

Other Supplies and Materials	\$	2,449	
Total Sheriff's Department			\$ 2,449

Drug Enforcement

Confidential Drug Enforcement Payments	\$	500	
Other Supplies and Materials		2,060	
Trustee's Commission		75	
Total Drug Enforcement			2,635

Total Drug Control Fund 5,084

Other Special Revenue Fund

Public Safety

Other Public Safety

Supervisor/Director	\$	41,280	
Dispatchers/Radio Operators		178,637	
Part-time Personnel		16,698	
Overtime Pay		27,863	
In-service Training		1,492	
Social Security		19,639	

(Continued)

Exhibit K-8

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

Other Special Revenue Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Pensions	\$	21,257	
Life Insurance		157	
Medical Insurance		14,361	
Communication		9,783	
Dues and Memberships		234	
Travel		2,812	
Other Contracted Services		5,760	
Electricity		5,727	
Gasoline		537	
Office Supplies		5,610	
Water and Sewer		1,362	
Building and Contents Insurance		5,000	
Refunds		120,000	
Workers' Compensation Insurance		6,000	
Other Charges		1,214	
Total Other Public Safety			\$ 485,423

Total Other Special Revenue Fund \$ 485,423

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	107	
Total Register of Deeds			\$ 107

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	32	
Total Circuit Court			32

General Sessions Court Clerk

Constitutional Officers' Operating Expenses	\$	25	
Total General Sessions Court Clerk			25

Total Constitutional Officers - Fees Fund 164

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	79,276	
Data Processing Personnel		29,707	
Secretary(ies)		21,125	
Communication		5,612	
Data Processing Services		8,356	
Dues and Memberships		3,053	
Legal Notices, Recording, and Court Costs		31	
Postal Charges		673	

(Continued)



Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Travel	\$	4,105	
Other Contracted Services		1,425	
Data Processing Supplies		493	
Electricity		7,252	
Office Supplies		1,546	
Propane Gas		3,960	
Uniforms		1,823	
Water and Sewer		3,076	
Other Supplies and Materials		1,075	
Other Charges		6,069	
Total Administration			\$ 178,657

Highway and Bridge Maintenance

Foremen	\$	45,038	
Equipment Operators		149,166	
Truck Drivers		70,569	
Laborers		128,538	
Overtime Pay		10,000	
Freight Expenses		1,221	
Other Contracted Services		100	
Asphalt		158,698	
Concrete		5,206	
Crushed Stone		142,193	
Ice		1,327	
Other Road Materials		249	
Pipe - Metal		67,736	
Propane Gas		114	
Road Signs		4,385	
Wood Products		129	
Other Supplies and Materials		1,793	
Other Charges		566	
Total Highway and Bridge Maintenance			787,028

Operation and Maintenance of Equipment

Mechanic(s)	\$	30,174	
Nightwatchmen		42,812	
Overtime Pay		1,000	
Freight Expenses		1,753	
Maintenance and Repair Services - Equipment		7,310	
Maintenance and Repair Services - Vehicles		1,799	
Other Contracted Services		1,430	
Diesel Fuel		57,945	
Equipment and Machinery Parts		68,868	
Garage Supplies		8,885	
Gasoline		16,687	
Lubricants		14,327	
Small Tools		4,423	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Tires and Tubes	\$	22,147	
Other Supplies and Materials		2,859	
Other Charges		288	
Total Operation and Maintenance of Equipment			\$ 282,707

Quarry Operations

Other Charges	\$	1,762	
Total Quarry Operations			1,762

Other Charges

Other Contracted Services	\$	3,748	
Building and Contents Insurance		745	
Liability Insurance		12,472	
Trustee's Commission		21,263	
Vehicle and Equipment Insurance		5,943	
Workers' Compensation Insurance		36,283	
Principal on Capital Leases		14,338	
Interest on Capital Leases		1,415	
Other Debt Service		2,136	
Total Other Charges			98,343

Employee Benefits

Social Security	\$	44,758	
Pensions		35,867	
Employee and Dependent Insurance		207,371	
Unemployment Compensation		4,233	
Other Fringe Benefits		660	
Total Employee Benefits			292,889

Capital Outlay

Building Improvements	\$	3,415	
Highway Equipment		416,380	
Office Equipment		564	
Total Capital Outlay			420,359

Total Highway/Public Works Fund \$ 2,061,745

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	285,000	
Principal on Other Loans		25,298	
Total General Government			\$ 310,298

Education

Principal on Bonds	\$	825,000	
Principal on Notes		39,370	
Total Education			864,370

(Continued)

Exhibit K-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 356,160	
Total General Government		\$ 356,160
 <u>Education</u>		
Interest on Bonds	\$ 236,719	
Interest on Notes	<u>6,380</u>	
Total Education		243,099
 <u>Other Debt Service</u>		
<u>General Government</u>		
Fiscal Agent Charges	\$ 353	
Trustee's Commission	<u>11,307</u>	
Total General Government		<u>11,660</u>
Total General Debt Service Fund		\$ 1,785,587
 <u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Other Capital Outlay	\$ 1,399,567	
Total Other General Government Projects		<u>\$ 1,399,567</u>
Total General Capital Projects Fund		1,399,567
 <u>Community Development/Industrial Park Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Legal Notices, Recording, and Court Costs	\$ 236	
Other Contracted Services	13,500	
Other Capital Outlay	<u>111,252</u>	
Total Public Health and Welfare Projects		<u>\$ 124,988</u>
Total Community Development/Industrial Park Fund		124,988
 <u>HUD Grant Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Building Improvements	\$ 101,964	
Total General Administration Projects		\$ 101,964
 <u>Public Health and Welfare Projects</u>		
Other Contracted Services	\$ 6,600	
Total Public Health and Welfare Projects		<u>6,600</u>
Total HUD Grant Projects Fund		<u>108,564</u>
Total Governmental Funds - Primary Government		<u>\$ 12,273,720</u>

Exhibit K-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,634,466	
Career Ladder Program	17,800	
Homebound Teachers	3,375	
Educational Assistants	272,751	
Certified Substitute Teachers	37,726	
Non-certified Substitute Teachers	66,944	
Social Security	291,256	
Pensions	489,022	
Life Insurance	463	
Medical Insurance	706,949	
Employer Medicare	69,013	
Other Contracted Services	7,592	
Instructional Supplies and Materials	76,167	
Textbooks - Bound	164,836	
Other Supplies and Materials	3,376	
Other Charges	5,005	
Regular Instruction Equipment	81,637	
Total Regular Instruction Program		\$ 6,928,378

Alternative Instruction Program

Teachers	\$ 23,960	
Social Security	1,338	
Pensions	1,503	
Medical Insurance	8,111	
Employer Medicare	313	
Total Alternative Instruction Program		35,225

Special Education Program

Teachers	\$ 804,018	
Career Ladder Program	5,000	
Homebound Teachers	2,600	
Educational Assistants	256,771	
Speech Pathologist	122,883	
Other Salaries and Wages	8,306	
Social Security	69,841	
Pensions	110,498	
Medical Insurance	170,603	
Employer Medicare	16,334	
Contracts with Private Agencies	8,076	
Maintenance and Repair Services - Equipment	2,436	
Other Contracted Services	306	
Instructional Supplies and Materials	11,121	
Other Supplies and Materials	3,776	
Special Education Equipment	2,971	
Total Special Education Program		1,595,540

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Teachers	\$	351,712	
Career Ladder Program		3,000	
Certified Substitute Teachers		360	
Non-certified Substitute Teachers		8,370	
Social Security		21,410	
Pensions		34,373	
Medical Insurance		50,207	
Employer Medicare		5,011	
Other Contracted Services		2,009	
Instructional Supplies and Materials		8,848	
Vocational Instruction Equipment		75,000	
Total Career and Technical Education Program	\$		560,300

Support Services

Attendance

Supervisor/Director	\$	32,918	
Other Salaries and Wages		15,312	
Social Security		1,965	
Pensions		3,443	
Medical Insurance		3,677	
Employer Medicare		682	
Data Processing Services		6,510	
Postal Charges		1,418	
Other Supplies and Materials		8,404	
In Service/Staff Development		10,343	
Attendance Equipment		835	
Total Attendance			85,507

Health Services

Supervisor/Director	\$	52,648	
Medical Personnel		142,048	
Other Salaries and Wages		15,492	
Social Security		12,711	
Pensions		18,707	
Medical Insurance		14,580	
Employer Medicare		2,973	
Travel		941	
Other Supplies and Materials		8,172	
In Service/Staff Development		2,204	
Other Charges		586	
Health Equipment		6,818	
Total Health Services			277,880

Other Student Support

Guidance Personnel	\$	171,790	
Other Salaries and Wages		29,986	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	9,999	
Pensions		17,969	
Medical Insurance		22,943	
Employer Medicare		2,773	
Evaluation and Testing		8,628	
Other Contracted Services		6,000	
Other Supplies and Materials		12,594	
In Service/Staff Development		6,251	
Other Charges		2,079	
Other Equipment		70,114	
Other Capital Outlay		4,120	
Total Other Student Support	\$		365,246

Regular Instruction Program

Supervisor/Director	\$	97,804	
Career Ladder Program		4,000	
Librarians		174,829	
Other Salaries and Wages		36,306	
Social Security		18,666	
Pensions		32,069	
Medical Insurance		19,500	
Employer Medicare		4,366	
Maintenance and Repair Services - Equipment		1,958	
Travel		2,913	
Other Contracted Services		425	
Library Books/Media		8,722	
Other Supplies and Materials		100	
In Service/Staff Development		29,948	
Other Charges		55	
Total Regular Instruction Program			431,661

Special Education Program

Supervisor/Director	\$	86,184	
Career Ladder Program		1,000	
Psychological Personnel		57,082	
Assessment Personnel		61,759	
Secretary(ies)		33,527	
Social Security		14,049	
Pensions		24,445	
Medical Insurance		34,329	
Employer Medicare		3,286	
Communication		4,736	
Postal Charges		476	
Travel		3,010	
Other Contracted Services		68,744	
Other Supplies and Materials		5,149	
In Service/Staff Development		4,184	
Total Special Education Program			401,960

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	792	
Travel		100	
In Service/Staff Development		168	
Total Career and Technical Education Program			\$ 1,060

Technology

Supervisor/Director	\$	32,420	
Other Salaries and Wages		75,071	
Social Security		4,434	
Pensions		6,479	
Medical Insurance		11,918	
Employer Medicare		1,507	
Communication		9,316	
Maintenance and Repair Services - Equipment		2,308	
Internet Connectivity		37,302	
Travel		319	
Other Supplies and Materials		4,015	
In Service/Staff Development		3,726	
Other Charges		14,512	
Other Equipment		11,302	
Total Technology			214,629

Other Programs

On-behalf Payments to OPEB	\$	43,994	
Total Other Programs			43,994

Board of Education

Board and Committee Members Fees	\$	27,629	
Social Security		1,353	
Medical Insurance		27,516	
Unemployment Compensation		7,637	
Employer Medicare		316	
Audit Services		5,500	
Dues and Memberships		7,067	
Legal Services		26,199	
Other Contracted Services		2,000	
Office Supplies		34	
Other Supplies and Materials		186	
Liability Insurance		115,746	
Trustee's Commission		57,664	
Workers' Compensation Insurance		78,923	
In Service/Staff Development		6,759	
Refund to Applicant for Criminal Investigation		5,976	
Other Charges		7,877	
Total Board of Education			378,382

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	103,791	
Career Ladder Program		1,000	
Social Security		6,496	
Pensions		11,484	
Medical Insurance		19,148	
Employer Medicare		1,519	
Communication		13,664	
Dues and Memberships		1,570	
Maintenance and Repair Services - Equipment		460	
Postal Charges		1,000	
Travel		5,000	
Office Supplies		316	
In Service/Staff Development		2,873	
Other Charges		1,192	
Administration Equipment		1,682	
Total Director of Schools			\$ 171,195

Office of the Principal

Principals	\$	443,471	
Career Ladder Program		4,000	
Assistant Principals		73,794	
Secretary(ies)		134,134	
Social Security		39,127	
Pensions		66,659	
Medical Insurance		57,622	
Employer Medicare		9,151	
Communication		2,406	
Other Charges		3,665	
Total Office of the Principal			834,029

Fiscal Services

Supervisor/Director	\$	75,982	
Accountants/Bookkeepers		94,026	
Other Salaries and Wages		1,200	
Social Security		9,909	
Pensions		16,166	
Medical Insurance		30,545	
Employer Medicare		2,318	
Data Processing Services		21,531	
Travel		172	
Office Supplies		1,925	
In Service/Staff Development		1,563	
Administration Equipment		266	
Total Fiscal Services			255,603

(Continued)



Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	342,137	
Social Security		19,915	
Pensions		29,423	
Medical Insurance		62,624	
Employer Medicare		4,658	
Other Contracted Services		58,832	
Custodial Supplies		86,057	
Electricity		365,547	
Natural Gas		35,314	
Water and Sewer		49,701	
Other Supplies and Materials		1,127	
Plant Operation Equipment		190	
Total Operation of Plant			\$ 1,055,525

Maintenance of Plant

Supervisor/Director	\$	32,918	
Maintenance Personnel		98,700	
Social Security		7,774	
Pensions		11,961	
Medical Insurance		24,858	
Employer Medicare		1,818	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		99,738	
Maintenance and Repair Services - Equipment		9,985	
Travel		132	
Other Contracted Services		24,524	
Other Supplies and Materials		3,273	
In Service/Staff Development		2,329	
Maintenance Equipment		35,722	
Total Maintenance of Plant			353,932

Transportation

Mechanic(s)	\$	68,787	
Bus Drivers		352,732	
Other Salaries and Wages		35,687	
Social Security		27,739	
Pensions		39,197	
Medical Insurance		25,223	
Employer Medicare		6,581	
Maintenance and Repair Services - Vehicles		15,991	
Medical and Dental Services		3,181	
Other Contracted Services		5,525	
Diesel Fuel		87,133	
Gasoline		6,537	
Lubricants		3,638	
Tires and Tubes		16,908	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Vehicle Parts	\$	25,734	
Other Supplies and Materials		10,819	
In Service/Staff Development		2,486	
Other Charges		185	
Administration Equipment		1,171	
Transportation Equipment		105,424	
Total Transportation			\$ 840,678

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$	7,583	
Social Security		464	
Pensions		654	
Employer Medicare		108	
Total Food Service			8,809

Community Services

Supervisor/Director	\$	11,880	
Teachers		55,911	
Clerical Personnel		31,500	
Educational Assistants		20,386	
Other Salaries and Wages		66,428	
Social Security		9,028	
Pensions		14,626	
Medical Insurance		16,878	
Employer Medicare		2,532	
Communication		3,540	
Postal Charges		496	
Travel		959	
Instructional Supplies and Materials		5,603	
Other Supplies and Materials		3,760	
In Service/Staff Development		4,778	
Other Charges		495	
Total Community Services			248,800

Early Childhood Education

Supervisor/Director	\$	10,325	
Teachers		204,623	
Educational Assistants		61,664	
Other Salaries and Wages		39,087	
Non-certified Substitute Teachers		3,000	
Social Security		18,422	
Pensions		27,593	
Medical Insurance		26,329	
Employer Medicare		4,465	
Communication		3,834	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Travel	\$	557	
Instructional Supplies and Materials		23,177	
Other Supplies and Materials		515	
In Service/Staff Development		4,979	
Other Equipment		4,196	
Total Early Childhood Education			\$ 432,766

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	17,779	
Total Regular Capital Outlay			17,779

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	39,370	
Total Education			39,370

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	6,380	
Total Education			6,380

Total General Purpose School Fund \$ 15,584,628

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	263,809	
Educational Assistants		53,438	
Certified Substitute Teachers		450	
Non-certified Substitute Teachers		4,440	
Social Security		18,238	
Pensions		32,206	
Medical Insurance		67,291	
Employer Medicare		4,289	
Instructional Supplies and Materials		56,185	
Regular Instruction Equipment		39,127	
Total Regular Instruction Program			\$ 539,473

Special Education Program

Educational Assistants	\$	283,409	
Non-certified Substitute Teachers		13,234	
Social Security		16,968	
Pensions		24,456	
Medical Insurance		63,810	
Employer Medicare		3,984	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$ 9,578	
Special Education Equipment	2,699	
Total Special Education Program		\$ 418,138

Career and Technical Education Program

Other Supplies and Materials	\$ 76	
Vocational Instruction Equipment	27,965	
Total Career and Technical Education Program		28,041

Support Services

Other Student Support

Travel	\$ 6,900	
Other Supplies and Materials	6,784	
In Service/Staff Development	3,453	
Other Charges	5,284	
Total Other Student Support		22,421

Regular Instruction Program

Supervisor/Director	\$ 68,038	
Clerical Personnel	19,614	
In-service Training	2,450	
Social Security	4,833	
Pensions	9,066	
Medical Insurance	29,040	
Employer Medicare	1,131	
Consultants	44,400	
Travel	362	
Other Supplies and Materials	1,844	
In Service/Staff Development	23,866	
Total Regular Instruction Program		204,644

Special Education Program

Psychological Personnel	\$ 52,108	
Social Security	3,106	
Pensions	5,451	
Medical Insurance	5,983	
Employer Medicare	726	
Travel	453	
Other Supplies and Materials	1,292	
In Service/Staff Development	14,290	
Total Special Education Program		83,409

Career and Technical Education Program

In Service/Staff Development	\$ 1,074	
Total Career and Technical Education Program		1,074

Total School Federal Projects Fund \$ 1,297,200

(Continued)

Exhibit K-9

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	42,606	
Cafeteria Personnel		423,583	
Other Salaries and Wages		20,287	
Social Security		27,456	
Pensions		39,549	
Medical Insurance		127,365	
Employer Medicare		6,421	
Communication		2,556	
Maintenance and Repair Services - Equipment		31,335	
Travel		3,836	
Other Contracted Services		11,850	
Food Preparation Supplies		62,077	
Food Supplies		537,395	
Office Supplies		3,066	
Uniforms		195	
USDA - Commodities		98,989	
In Service/Staff Development		14,002	
Other Charges		2,209	
Food Service Equipment		4,496	
Total Food Service			\$ 1,459,273

Total Central Cafeteria Fund \$ 1,459,273

Education Debt Service Fund

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	825,000	
Total Education			\$ 825,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	236,719	
Total Education			236,719

Other Debt Service

Education

Fiscal Agent Charges	\$	1,356	
Trustee's Commission		7,714	
Total Education			9,070

Total Education Debt Service Fund 1,070,789

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Other Capital Outlay	\$	88,377	
Total Education Capital Projects			\$ 88,377

Total Education Capital Projects Fund 88,377

Total Governmental Funds - Bledsoe County School Department \$ 19,500,267

Exhibit K-10

Bledsoe County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Bledsoe County Industrial Development Corporation Board  
For the Year Ended June 30, 2019

<u>General Fund</u>		
<u>Other Operations</u>		
<u>Industrial Development</u>		
Advertising	\$	70
Total Industrial Development	\$	70
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Notes	\$	50,753
Total General Government		50,753
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$	741
Total General Government		<u>741</u>
Total General Fund	\$	<u>51,564</u>
Total Governmental Funds - Bledsoe County Industrial Development Corporation Board	\$	<u><u>51,564</u></u>

Exhibit K-11

Bledsoe 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	<u>\$ 257,074</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 254,503
Trustee's Commission	2,571
Total Cash Disbursements	<u>\$ 257,074</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

Bledsoe County Mayor and  
Board of County Commissioners  
Bledsoe 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 Bledsoe County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Bledsoe County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated January 27, 2020. Our report includes a reference to other auditors who audited the financial statements of the Bledsoe County Nursing Home as described in our report on Bledsoe County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bledsoe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001.

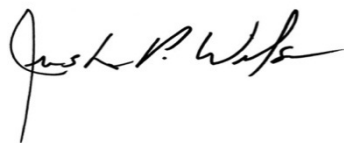
### **Bledsoe County's Response to the Finding**

Bledsoe County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Bledsoe County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 27, 2020

JPW/yu



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

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

### ***Opinion on Each Major Federal Program***

In our opinion, Bledsoe 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 Bledsoe 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 Bledsoe 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 Bledsoe 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.

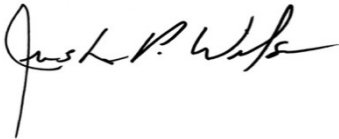
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

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 Bledsoe County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Bledsoe County's basic financial statements. We issued our report thereon dated January 27, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 27, 2020

JPW/yu

Bledsoe County, Tennessee, and the Bledsoe 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:			
Healthier US School Challenge: Smarter Lunchrooms	10.543	N/A	\$ 2,500
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	376,091
National School Lunch Program	10.555	N/A	838,241 (5)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	5,236
Fresh Fruit and Vegetable Program	10.582	N/A	22,200
Passed-through State Department of Agriculture:			
Child Nutrition Cluster (4):			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	98,989 (5)
Total U.S. Department of Agriculture			<u>\$ 1,343,257</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	(3)	\$ 108,564
Total U.S. Department of Housing and Urban Development			<u>\$ 108,564</u>
U.S. Department of the Interior:			
Passed-through State Department of Environment and Conservation:			
Historical Preservation Fund Grants-In-Aid	15.904	(3)	\$ 25,738
Total U.S. Department of the Interior			<u>\$ 25,738</u>
Appalachian Regional Commission:			
Passed-through State Department of Economic and Community Development:			
Appalachian Area Development	23.002	(3)	\$ 64,388
Total Appalachian Regional Commission			<u>\$ 64,388</u>
U.S. Department of Education:			
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	GG-06-12329-00	\$ 60,293
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	637,920
Special Education Cluster:(4)			
Special Education - Grants to States	84.027	N/A	491,719
Special Education - Preschool Grants	84.173	N/A	27,424
Career and Technical Education - Basic Grants to States	84.048	N/A	39,943
Rural Education	84.358	N/A	32,609
Supporting Effective Instruction State Grants	84.367	N/A	91,213
Passed-through State Board of Education:			
English Language Acquisition State Grants	84.365	N/A	2,814
Total U.S. Department of Education			<u>\$ 1,383,935</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
CCDF Cluster: (4)			
Child Care and Development Block Grant	93.575	N/A	\$ 36,620
Total U.S. Department of Health and Human Services			<u>\$ 36,620</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	N/A	\$ 19,572
Total U.S. Department of Homeland Security			<u>\$ 19,572</u>
Total Expenditures of Federal Awards			<u>\$ 2,982,074</u>

(Continued)

Bledsoe County, Tennessee, and the Bledsoe County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	Z-19-LIT004-00	\$ 44,200
Juvenile Services Program - State Department of Children's Services	N/A	(3)	9,000
Access to Health through Healthy Built Environments - State Department of Health	N/A	(3)	17,100
Local Health Services Grant - State Department of Health	N/A	GG-19-59646-00	68,024
Alternative Breakfast Grant - State Department of Education	N/A	(3)	3,700
Lottery for Education After School Programs - State Department of Education	N/A	(3)	123,361
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(3)	433,825
Coordinated School Health - State Department of Education	N/A	(3)	80,000
Safe Schools - State Department of Education	N/A	(3)	24,540
School Safety - State Department of Education	N/A	(3)	43,823
Family Resource Grants - State Department of Education	N/A	(3)	30,212
Supporting Postsecondary Access in Rural Counties - State Higher Education Commission	N/A	(3)	75,000
Read to be Ready Summer Literacy Grant - State Department of Education	N/A	(3)	8,802
Student Ticket Subsidy - State Arts Commission	N/A	(3)	857
Total State Grants			<u>\$ 962,444</u>

CFDA = Catalog of Federal Domestic Assistance  
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Bledsoe 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 is \$1,313,321; Special Education Cluster total is \$519,143; CCDF Cluster total is \$36,620.
- (5) Total for CFDA No. 10.555 is \$937,230.

Bledsoe 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 Bledsoe County, Tennessee, for the year ended June 30, 2019.

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

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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**OFFICE OF COUNTY MAYOR**

2018	213	2018-001	The county did not award a contract for construction management services in accordance with state statutes	N/A	Corrected
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***Prior-year Federal Awards Findings***

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



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**BLEDSON 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 Bledsoe County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

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

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

A finding and recommendation, as a result of our audit, are presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response. The written response for the finding is paraphrased and presented following the finding and recommendation. Management's corrective action plan, whether related to the financial statements or federal awards, is 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 ROAD SUPERINTENDENT**

**FINDING 2019-001**                      **APPROPRIATIONS                      EXCEEDED                      ESTIMATED**  
**AVAILABLE FUNDING IN THE HIGHWAY/PUBLIC**  
**WORKS FUND**  
(Noncompliance Under *Government Auditing Standards*)

The budget and subsequent amendments approved by the county commission for the Highway/Public Works Fund resulted in appropriations exceeding estimated available funding by \$55,357. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency was the result of a lack of management oversight.

### **RECOMMENDATION**

Appropriations that exceed estimated available funding should not be submitted to the county commission, and the county commission should not approve such appropriations.

### **MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT**

I concur with this finding.

### **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.

**Bledsoe 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 ROAD SUPERINTENDENT**

2019-001	Appropriations Exceeded Estimated Available Funding in the Highway/Public Works Fund	223
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## **Bledsoe County Highway Department**

ROBBY ROBERSON, Superintendent  
P.O. Box 322 • 602 County Crusher Road  
Pikeville, Tennessee 37367  
Phone 423-447-6216 • Fax 423-447-7555  
bledsoehwy@bledsoe.net

### **Corrective Action Plan**

**FINDING:                        APPROPRIATIONS            EXCEEDED            ESTIMATED  
   AVAILABLE FUNDING IN THE HIGHWAY/PUBLIC  
   WORKS FUND**

**Response and Corrective Action Plan Prepared by:**  
Robby Roberson, Road Superintendent

**Person Responsible for Implementing the Corrective Action:**  
Robby Roberson, Road Superintendent  
Conda Hysell, Bookkeeper

**Anticipated Completion Date of Corrective Action:**  
January 22, 2020

**Repeat Finding:**  
No

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

**Planned Corrective Action:**  
Beginning with the FY 2019-20 budget the highway department will more closely follow generally accepted accounting and budgeting principles so as to not have the problem again.

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Signature: *Robby Roberson* 1-22-2020  
Highway Superintendent

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Bledsoe County.

### **BLEDSON COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Bledsoe County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Bledsoe County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**APPENDIX D**

**BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE  
POLICY**





## **BOND INSURANCE**

### **BOND INSURANCE POLICY**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) 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.

### **BUILD AMERICA MUTUAL ASSURANCE COMPANY**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$488.7 million, \$143.6 million and \$345.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

*Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [www.buildamerica.com/videos](http://www.buildamerica.com/videos). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [www.buildamerica.com/credit-profiles](http://www.buildamerica.com/credit-profiles). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.



**BAM**

**MUNICIPAL BOND  
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer 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, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIAL MEMBER

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN