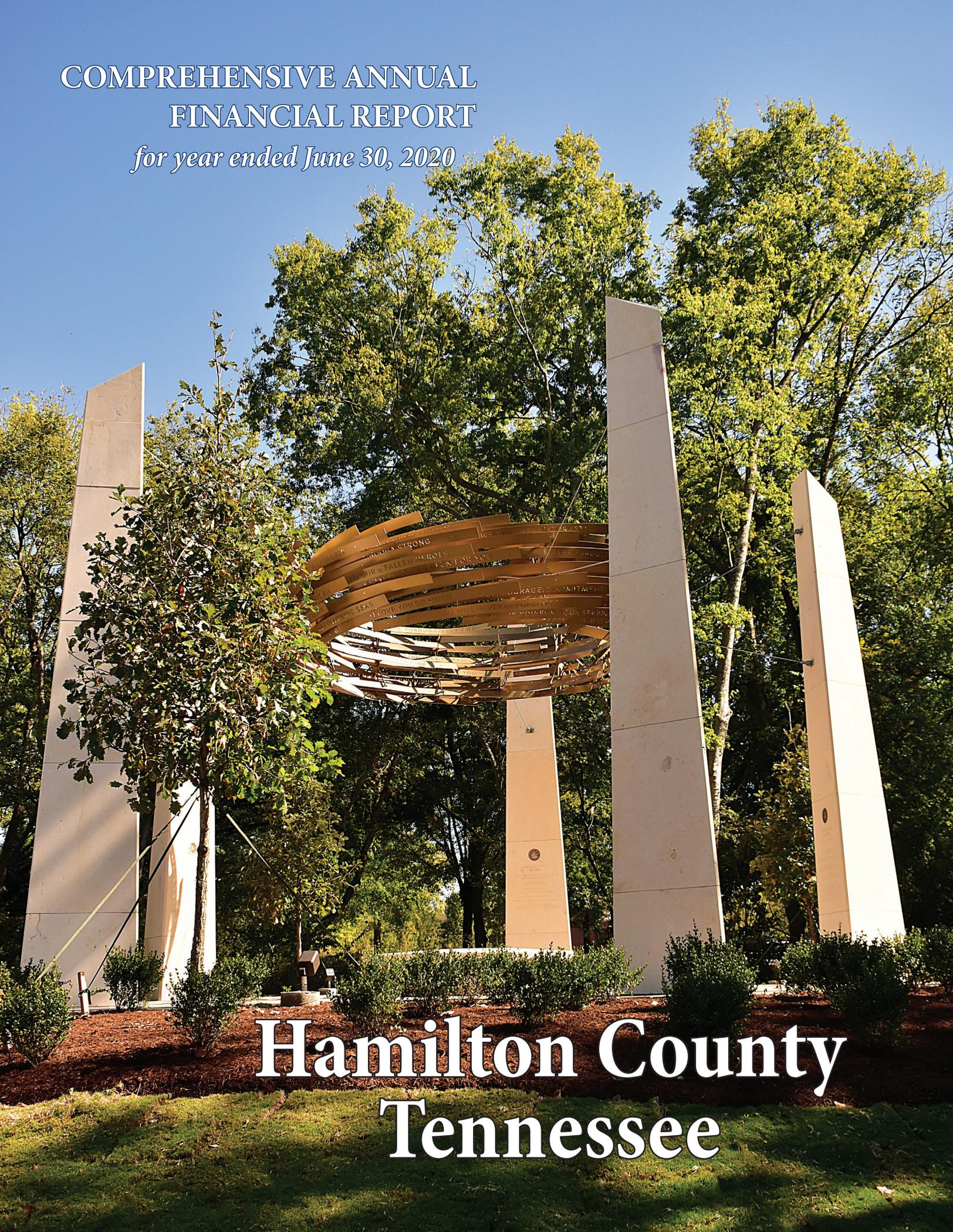


COMPREHENSIVE ANNUAL
FINANCIAL REPORT
for year ended June 30, 2020



**Hamilton County
Tennessee**





Comprehensive Annual Financial Report • HAMILTON COUNTY • Tennessee

for the year ended June 30, 2020

prepared by the Finance Division

Albert C. Kiser, Administrator of Finance

Lee H. Brouner, Assistant Administrator of Finance

TABLE OF CONTENTS

2020 Comprehensive Annual Financial Report - Hamilton County, Tennessee

INTRODUCTORY SECTION

Letter from County Mayor Jim Coppinger	1
Board of Commissioners	5
Finance Administrator's Letter of Transmittal	7
Certificate of Achievement for Excellence in Financial Reporting	18
General Government Officials and Organization Chart	20 – 21

FINANCIAL SECTION

Independent Auditors' Report	i – iii
Management's Discussion and Analysis	iv

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	A - 1
Statement of Activities	A - 2

Governmental Fund Financial Statements

Balance Sheet – Governmental Funds	A - 3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	A - 4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	A - 5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A - 6
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	A - 7

Proprietary Fund Financial Statements

Statement of Net Position – Proprietary Fund	A - 8
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	A - 9
Statement of Cash Flows – Proprietary Fund	A - 10

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position – Fiduciary Funds	A - 11
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	A - 12

Component Unit Financial Statements

Statement of Net Position – Component Units	A - 13
Statement of Activities – Component Units	A - 14

Notes to Basic Financial Statements

A - 16

Required Supplementary Information (unaudited)

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios – Hamilton County Legacy Plan	B - 1
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios – Hamilton County Hybrid Plan	B - 2
Schedule of Proportionate Share of the Net Pension Liability (Asset) and Related Ratios – Teacher Legacy Pension Plan	B - 3
Schedule of Proportionate Share of the Net Pension Liability (Asset) and Related Ratios – Teachers' Retirement Plan	B - 4
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios – Teachers' Plan	B - 5
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios – Employees' Plan	B - 6
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios – Commissioners' Plan	B - 7
Schedule of Employer Contributions – Public Employees' Retirement Systems	B - 8
Schedule of Employer Contributions – Employees' Plan and Commissioners' Plan	B - 9
Schedule of Employer Contributions – Teachers' Plan	B - 10
Schedule of Pension Investment Returns	B - 11
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios – Other Postemployment Benefits	B - 12

TABLE OF CONTENTS

2020 Comprehensive Annual Financial Report - Hamilton County, Tennessee

FINANCIAL SECTION — continued

Required Supplementary Information (unaudited) - continued

Schedule of Changes in the Total OPEB Liability and Related Ratios - Other Postemployment Benefits	B - 13
Schedule of Contributions and Schedule of Investment Returns - Other Postemployment Benefits	B - 14
Notes to Schedules of Required Supplementary Information	B - 15

Other Supplementary Information

Budgetary Comparison Schedules

General Fund	C - 1
Debt Service Fund	C - 6
Nonmajor Governmental Fund	C - 7

Combining Financial Schedules

Governmental Funds

Combining Balance Sheet – Nonmajor Governmental Funds	C - 9
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	C - 10
Combining Balance Sheet – Constitutional Officers Nonmajor Governmental Funds	C - 11
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Constitutional Officers Nonmajor Governmental Funds	C - 12

Fiduciary Funds

Combining Statement of Fiduciary Net Position – All Trust Funds	C - 13
Combining Statement of Changes in Fiduciary Net Position – All Trust Funds	C - 14
Combining Statement of Changes in Assets and Liabilities – Constitutional Officers Agency Funds	C - 15

Discretely Presented Component Unit – Hamilton County Department of Education

Combining Balance Sheet – Hamilton County Department of Education Governmental Funds	D - 1
Reconciliation of the Balance Sheet of Hamilton County Department of Education Governmental Funds to the Statement of Net Position	D - 2
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Hamilton County Department of Education Governmental Funds	D - 3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Hamilton County Department of Education Governmental Funds to the Statement of Activities	D - 4
Budgetary Comparison Schedule – Hamilton County Department of Education Governmental Funds	D - 5
Statement of Net Position – Hamilton County Department of Education Internal Service Fund	D - 7
Statement of Revenues, Expenses and Changes in Fund Net Position – Hamilton County Department of Education Internal Service Fund	D - 8
Statement of Cash Flows – Hamilton County Department of Education Internal Service Fund	D - 9
Statement of Fiduciary Assets and Liabilities – Hamilton County Department of Education Agency Fund	D - 10
Statement of Changes in Assets and Liabilities – Hamilton County Department of Education Agency Fund	D - 11

Financial Schedules

Schedule of Property Taxes Receivable	E - 1
Schedule of Certificates of Deposit by Fund	E - 2
Schedule of Investments by Fund	E - 3
Schedule of Bonds, Notes Payable, and Other Debt	E - 5
Schedule of Changes in Long-Term Debt by Individual Issue	E - 8
Debt Service Requirements to Maturity	E - 9

TABLE OF CONTENTS

2020 Comprehensive Annual Financial Report - Hamilton County, Tennessee

STATISTICAL SECTION (unaudited)

Schedule I – Net Position by Component	F - 1
Schedule II – Changes in Net Position	F - 2
Schedule III – Fund Balances, Governmental Funds	F - 4
Schedule IV – Changes in Fund Balance, Governmental Funds	F - 5
Schedule V – Assessed Value and Estimated Actual Value of Taxable Property	F - 6
Schedule VI – Direct and Overlapping Property Tax Rates	F - 7
Schedule VII – Principal Property Taxpayers	F - 8
Schedule VIII – Property Tax Levies and Collections	F - 9
Schedule IX – Ratios of Outstanding Debt by Type	F - 10
Schedule X – Ratios of General Bonded Debt and Other Debt Outstanding	F - 11
Schedule XI – Direct and Overlapping Governmental Activities Debt	F - 12
Schedule XII – Demographic and Economic Statistics	F - 13
Schedule XIII – Principal Employers	F - 14
Schedule XIV – Full-time Equivalent County Government Employees by Function/Program	F - 15
Schedule XV – Operating Indicators by Function/Program	F - 16
Schedule XVI – Capital Asset Statistics by Function/Program	F - 17
Schedule XVII – Salaries and Surety Bonds of Principal Officers	F - 18

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal and State Awards	G - 1
Notes to Schedule of Expenditures of Federal and State Awards	G - 5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	G - 6
Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	G - 8
Schedule of Findings and Questioned Costs	G - 11
Schedule of Prior Audit Findings	G - 13





HAMILTON COUNTY, TENNESSEE

OFFICE OF THE COUNTY MAYOR
JIM M. COPPINGER

February 26, 2021

To the County Board of Commissioners
And Citizens of Hamilton County

Hamilton County has continued to meet its obligation to its citizens in this unprecedented time of a pandemic. We have mobilized to protect the public health of our citizens and ensure our continued economic success despite the ongoing co-existence of COVID-19 and an economically devastating spring tornado that resulted in more than \$159.7 million in damages impacting 1,530 structures, including 223 homes that were damaged beyond repair.



Despite these challenges, Hamilton County's continued policy of fiscally conservative government has allowed us to continue our economic recovery from the financial struggles of late winter and spring. Our financial team once again successfully maintained our AAA bond rating with the three top rating agencies: Standard and Poor's, Moody's and Fitch. Due to our outstanding bond rating, we were able to borrow money at historically low interest rates and move forward with borrowing \$45 million for additional capital improvements for county general government and \$17 million in capital improvements for Hamilton County's Water & Wastewater Treatment Authority.

Construction of the new East Hamilton Middle School was completed on schedule. However attendance by the middle school's students has been delayed as we used this new facility to house elementary school students impacted by the April 2020 tornado damage. Those students are scheduled to return to East Brainerd Elementary after the Christmas break, and East Hamilton Middle School will return to its original purpose. Chattanooga School for the Liberal Arts will be moving to Lakeside Academy which will be the subject of a renovation and addition. Zoned Lakeside students will go to the new Harrison Elementary School, and magnet students will work with Hamilton County School's Choice Program for other magnet school opportunities.

Hamilton County continues to see yearly population growth. Our population has grown 1% over the last 12 months and 9.3% over the last 10 years. This means 31,341 people have moved to Hamilton County since 2010. We worked very hard to increase our population count this census period despite the challenges of COVID-19. We were able to increase the number of people counted from a decade ago, and Hamilton County's census count was two percentage points higher than the state of Tennessee. It was vitally important that every resident of Hamilton County was counted so we can take advantage of every possible available dollar from the federal government for school, infrastructure, health and other needs that the federal government financially supports.

We will have completed the transition at the Silverdale Workhouse from CoreCivic to the supervision of the Sheriff by New Year's 2021. We have had a successful relationship with CoreCivic throughout the decades and thank them for their successful, cost efficient service to our taxpayers.

I firmly believe the government's money is the people's money, and we are extremely careful in spending your tax dollars.

We have continued our daily economic development efforts that have brought in tens of millions of dollars to Hamilton County. Despite the coronavirus we have continued to see new companies locate here and significant expansions within our county. The three most notable expansions are the \$425 million McKee expansion, the Reliance Partners expansion which will create 100 new jobs and the Gestamp expansion which will create 260 new jobs. At the same time we have

**TO THE COUNTY BOARD OF COMMISSIONERS
AND CITIZENS OF HAMILTON COUNTY**

- continued from page one

continued the services you have come to expect that make Hamilton County one of the best places in the United States to live, work, play and retire.

We take great pride in our economic development efforts over the past ten years. Since January 2011, we have created 18,670 jobs and brought over \$4.2 billion in investments into Hamilton County as 116 companies have expanded and 58 new businesses have located in Hamilton County. We continue to believe people globally look at Hamilton County as one of the best places to create or invest in a business.

Companies such as Fulex Micronics Engineered Filtration Group, Southern Champion Tray and Reliance Partners LLC have all announced expansion plans in the midst of the pandemic. Companies such as Legacybox, Southern Honda Motorsports, Signix Digital Signatures, and Veterinary Care and Specialty Group all announced expansions in the later part of the past fiscal year during the pandemic. We also welcomed Tallgrass Freight Company to Hamilton County in June of this year.

We have also begun conversations to purchase the McDonald Farm. If we are successful, this will allow Hamilton County to host another huge industrial park. The 2,100 acre farm would allow for strong economic development in the northern part of Hamilton County. The McDonald Farm site boasts utilities and rail service which would make it an ideal candidate for companies to locate, creating possibly thousands of good family wage jobs.

The Business Development Center (BDC) continues to be one of Hamilton County's great business success stories. Working with the Chamber of Commerce which operates the BDC for us, we have created an environment where entrepreneurs build their businesses from the ground up with the expectation they will successfully move onto 'Main Street'. We are proud to say that 620 companies have successfully moved onto 'Main Street'. More than 90% of these BDC developed companies are in business 5 years later as they continue to grow and bloom into successful Hamilton County companies. There are currently 41 diverse companies in the BDC, employing 177 people. Furthermore, 15 of the companies in the BDC are minority or women-owned. This number reflects the diversity within our Hamilton County entrepreneurs.

Our commitment to advanced education and critical thinking continues with support for our STEM School (Science, Technology, Engineering and Math). Our initial effort will blossom to 23 STEM facilities when two more come on board in early 2021.

Our commitment to our local volunteer fire departments continues. Construction has been completed on the Walden's Ridge Emergency Services Fire Hall. The Mowbray Volunteer Fire Hall should be completed later this winter. Construction on the new Apison EMS Station was completed in October of 2020. Finally the Ooltewah EMS Station is awaiting sewer construction to be completed and bidding for the project will begin early in 2021.

A pair of construction projects are currently underway at our historic courthouse. A complete new roof is now being installed over all sections of the courthouse with a completion date of this spring. We are also implementing ADA improvements to our first and fifth floor restrooms. Additionally, this past fall has seen work done to stabilize 356 feet of the W Road.

Our conservative fiscal approach has allowed us to continue to present balanced budgets throughout my tenure as mayor. We strongly believe it is important to have a low property tax for future residential and commercial investment. We will always work to promote growth to create revenue.

Our initiatives to improve the quality of life for all of our citizens continue. The Read 20 program is a public-private partnership designed for early childhood learning to have young children reading at third grade level. This public-private partnership has delivered more than a million books, 1,062,155 to be exact, worth almost \$12.7 million to young readers. Our Hamilton County Discount Prescription Card Program has been used over 464,825 times and saved our citizens \$14.1 million since it began in 2007.

**TO THE COUNTY BOARD OF COMMISSIONERS
AND CITIZENS OF HAMILTON COUNTY**

- continued from page two

Our Veterans Services Office continues to be well received and utilized by members of the veterans' community even in this difficult time. We have had 6,183 office visits, 18,102 other interactions since the October 2016 inception, and 9,725 claims have been submitted to the VA.

The Hamilton County Parks and Recreation Department has adopted a Comprehensive Master Plan. The first phase is now being implemented to improve and increase facilities, amenities and services. Despite the challenges of the coronavirus, Hamilton County parks were able to provide open spaces and trails to foster the community's mental and physical wellness. Following public health guidance, Chester Frost Park's campground was able to open mid-summer with a newly updated reservation system to meet overwhelming public demand. The open water sports park at the beach swimming area also opened for its inaugural season and will return next summer. Enterprise South Nature Park continued its educational partnerships with the McCallie School, Harrison Elementary, Ivy Academy and the STEM School. Conservation programs have garnered awards from partner organizations such as Ducks Unlimited. Design and construction is now underway for an ESNP perimeter pathway which will increase opportunities for long-distance cycling and running through the natural setting. The Riverpark worked closely with public health officials and event organizers to host a series of concerts and other live, drive-in events in recent months while practicing social distancing. Our community parks proved to be an essential part of coping and recovering from the challenges of the coronavirus, as the majority of our youth returned to organized sports. Ballfields and playgrounds have adopted COVID-19 era precautions such as mask wearing and social distancing, in exchange for the positive benefits of physical and emotional wellness.

Our goal over the past ten years has been to make Hamilton County the county others look to as an example of management and leadership that benefits its citizens. We are sharing a difficult time in Hamilton County's history as we coexist with the coronavirus; nonetheless my pledge to you remains the same promise I made when I took office in January of 2011. We will continue to enhance public education, create jobs and new businesses while expanding existing Hamilton County businesses. We must always look to the future and resolve to evolve with our changing times. We will do everything in our power to protect the public health of our citizens. Now more than ever, governing requires leadership and vision. I remain committed to making Hamilton County a healthy, better place for you to work, live, play and retire.

Sincerely,



Jim M. Coppinger
County Mayor





...THE USA
...FREEDOM WILL STAND FOREVERMORE
...HOPE - LOVE
...HEROES HELD THE
...LIVE
...THANK YOU FOR YOUR SERVICE
...I W
...WILL NEVER
...HONOR
...TO

BOARD OF COMMISSIONERS - *As of June 30, 2020*



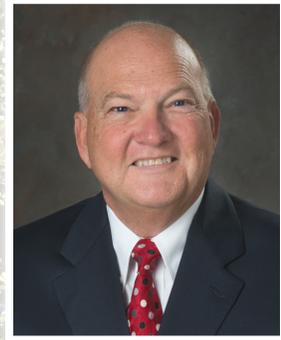
D.C. (Chip) Baker
Chairman, Pro Tempore



Chester Bankston
Commissioner



Tim Boyd
Commissioner



Randy Fairbanks
Chairman



Katherlyn Geter
Commissioner



Warren Mackey
Commissioner



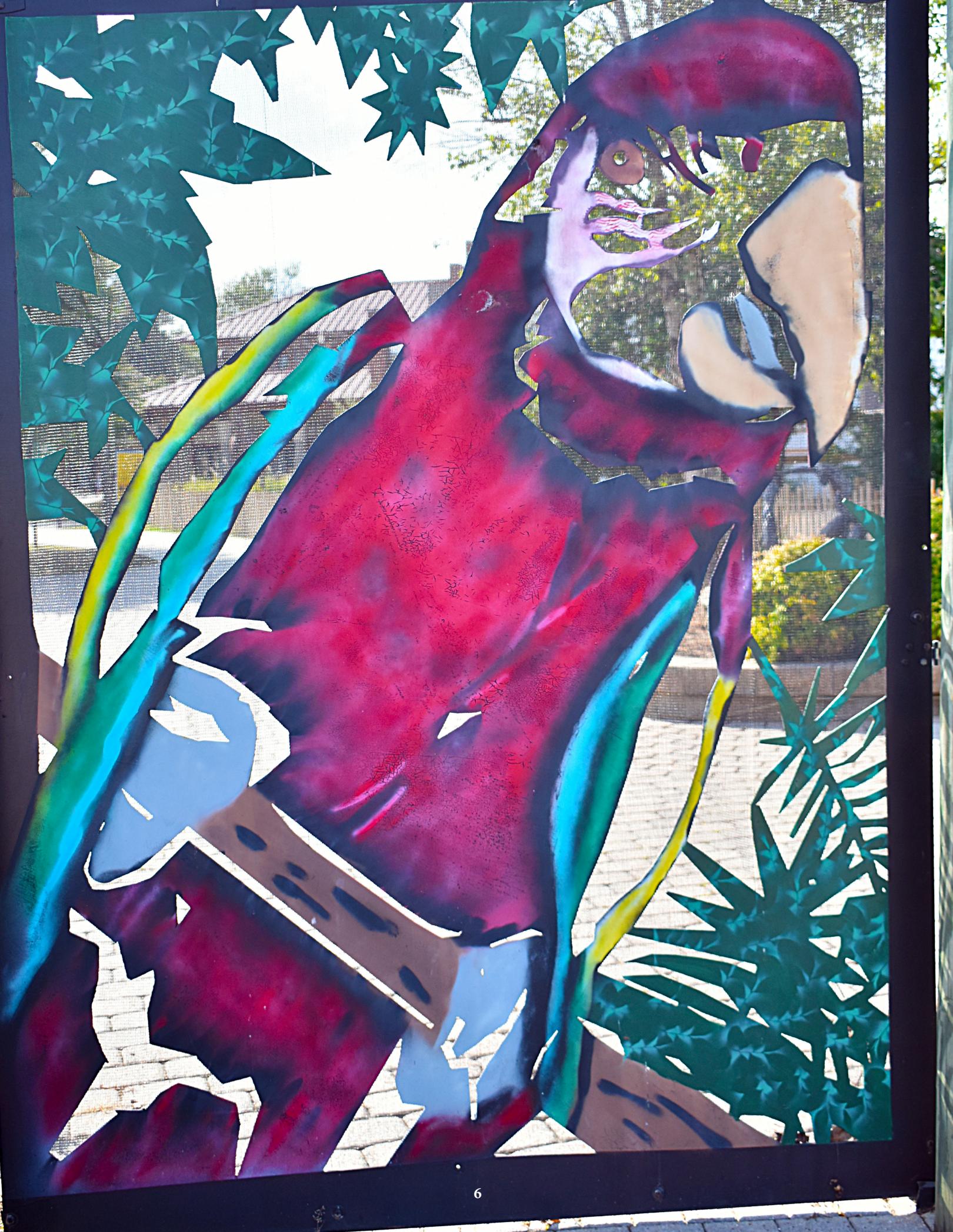
Greg Martin
Commissioner



David Sharpe
Commissioner



Sabrena Smedley
Commissioner





HAMILTON COUNTY, TENNESSEE

ALBERT C. KISER

Administrator of Finance

February 26, 2021

TO THE CITIZENS, COUNTY MAYOR AND COUNTY BOARD OF COMMISSIONERS

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of Hamilton County, Tennessee, for the fiscal year ended June 30, 2020. This report was prepared in accordance with generally accepted accounting principles (GAAP) by the Finance Division of Hamilton County.

Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the County. The County ensures accuracy and fairness of presentation through the implementation of an integrated framework of internal control. The framework consists of the following components: favorable control environment; periodic risk assessment; design, implementation, and maintenance of effective control activities; effective information and communication; and ongoing monitoring of the effectiveness of control-related procedures.

We believe the data, as presented, is accurate in all material aspects. It is presented in a manner designed to fairly set forth the financial activity of the various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

This report is prepared under the accounting model for governments as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local*

Governments. Using this approach, the reader can view program costs compared to program revenues for the government as a whole.

The State of Tennessee requires an annual audit of the County's financial records. An independent firm of certified public accountants, Mauldin & Jenkins, LLC, has audited the County's financial statements in accordance with this requirement. The independent firm is responsible to the County Board of Commissioners and is under contract with the State Comptroller of the Treasury. The independent auditor concluded, based upon the audit, that the County's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP and thus rendered an unqualified opinion. The report of independent auditors is presented in the financial section of this report, pages i-iii of the Financial Section.

This report contains the traditional County funds, the Constitutional Officers of the County and the County's discretely presented component units: the Hamilton County Department of Education, the Hamilton County "911" Emergency Communication District, the Hamilton County Water & Wastewater Treatment Authority, and the Hamilton County Railroad Authority. These agencies are included based on criteria established by the Governmental Accounting Standards Board (GASB).

GAAP requires that management provide a narrative introduction, overview and analysis in the form of Management’s Discussion and Analysis (MD&A) to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County’s MD&A can be found beginning on page iv of the Financial Section.

PROFILE OF HAMILTON COUNTY, TENNESSEE

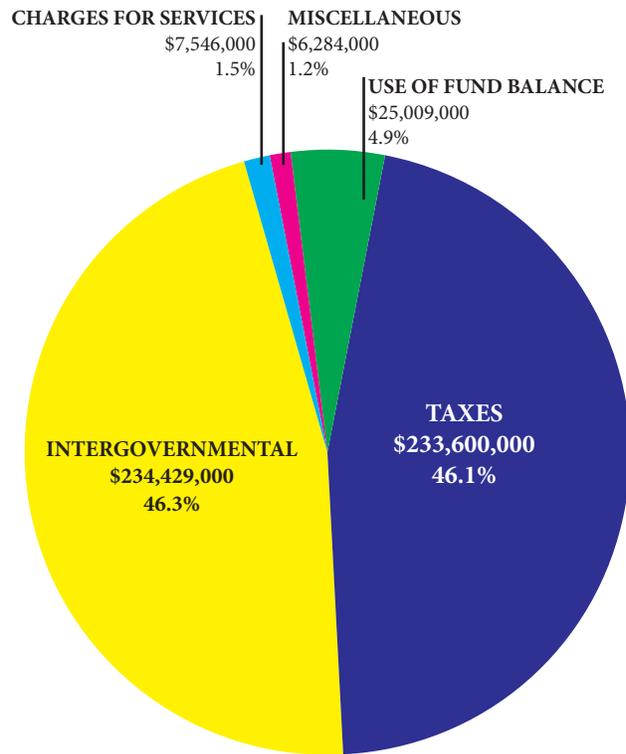
Hamilton County is located in the southeast region of the State of Tennessee, with the City of Chattanooga as its largest city. It is approximately 120 miles southwest of Knoxville, Tennessee; 360 miles east of Memphis, Tennessee; 120 miles southeast of Nashville, Tennessee, which is the State capital; and 120 miles northwest of Atlanta, Georgia.

The County was incorporated on October 25, 1819, by the Tennessee State Legislature. It operates under a County Commission/County Mayor form of government. The County Mayor, the chief fiscal officer of the County, is elected at-large to a four-year term, as are the Assessor of Property, Circuit Court Clerk, County Clerk, Criminal Court Clerk, Juvenile Court Clerk, Register of Deeds, Sheriff and Trustee. The District Attorney General, District Public Defender and all Hamilton County judges are elected at-large for eight-year terms. The County’s nine-member Board of Commissioners is elected by district to four-year terms. The Department of Education, a component unit, is managed by a nine-member board that is elected by district to four-year terms that are staggered so that no more than five are elected in any election year.

The County provides its citizens with a range of services that includes, but is not limited to, police, ambulance, sanitation and solid waste, health and social services, culture and recreation, highways and streets, planning, courts, jails and general administrative services. Other services are provided by organizations which have their own board of directors and include the Hamilton County Department of Education, Hamilton County “911” Emergency Communication District, Hamilton County Water & Wastewater Treatment Authority, and Hamilton County Railroad Authority.

Even though the Hamilton County Department of Education (HCDE) is a separate legal entity from Hamilton County government, it constitutes a major portion of the funding requirements for the County. The HCDE has approximately 5,500 employees and

HAMILTON COUNTY DEPARTMENT OF EDUCATION REVENUE BUDGET BY SOURCE FOR FISCAL YEAR ENDING JUNE 30, 2020



serves a total student population of 44,000. The total HCDE operating budget for fiscal year 2020 was \$508.0 million. Hamilton County provided funding for 51.0%, or \$258.6 million of this operating budget through property taxes, sales taxes, and use of fund balance. State and federal appropriations and grants provided \$234.4 million; charges for services provided \$7.6 million; and investments and miscellaneous items provided \$6.3 million.

The Board of Commissioners adopted the fiscal year 2020 annual operating budget for the County on August 7, 2019. The County uses the annual budget as a management control device. The budget is prepared on a basis consistent with GAAP, except that encumbrances are treated as budgeted expenditures when the commitment to purchase has occurred. All unencumbered and unexpended appropriations lapse at year-end. The level at which expenditures may not legally exceed appropriations is the division level.

Constitutional officers, departments and agencies requesting funding by the Board of Commissioners must submit their budget requests during January of each year. The County Mayor reviews and edits



these requests, and publicly submits a budget to the Board of Commissioners for approval prior to June 30. After the budget is formally adopted, any changes within a division that do not require additional resources must be approved by the County Mayor; the Commission must approve all other changes. Budget to actual comparisons are presented in this CAFR for each individual fund for which an annual budget has been adopted. Hamilton County follows the laws of Tennessee regarding the control, adoption and amendment of the budget during each fiscal year. Hamilton County's budget practices not only comply with all state statutes but are more stringent due to our formal budget policy.

LOCAL ECONOMIC OUTLOOK / COVID-19

Our economy remains steady in light of COVID-19, a world-wide pandemic which first impacted Hamilton County in March 2020. The world-wide outbreak of COVID-19 has spread to several counties and cities in the State of Tennessee, including Hamilton County, and is considered by the World Health Organization to be a Public Health Emergency of International Concern. While the effects of COVID-19 on the County may be temporary, the virus has negatively affected travel, commerce and financial markets across the world.

The County is carefully monitoring the immediate effect of the COVID-19 pandemic on our finances. The COVID-19 pandemic did not have a material impact on fiscal year 2020 property tax and local option sales tax collections. The County cannot predict whether a continuation of the pandemic will have a material impact on property and sales tax collections in the 2021 fiscal year.

The County, primarily through its Health Department, has spent and continues to expend a significant amount of resources toward addressing the COVID-19 pandemic. The County expects to receive a significant amount of Federal and/or State assistance to offset certain of these costs of addressing the COVID-19 pandemic. Through December 2020, the County has been granted \$11.1 million in Federal CARES Act moneys distributed by the State of Tennessee to address the pandemic.

The County's current liquidity position is adequate to fund essential services and make timely debt service payments on the debt of the County. We do not expect the effects of the COVID-19 pandemic to significantly alter the services and financial condition of the County.

The COVID-19 pandemic resulted in an increase in the unemployment rate in fiscal year 2020. According to the Bureau of Labor Statistics, the unemployment rate for Hamilton County as of June 30, 2020, was 9.1%, as compared to the state's rate of 9.6% and the national rate of 11.1%. With the County's continued emphasis on economic development, we see plenty of opportunities for employment growth on the horizon, and we expect the unemployment rate to revert to a significantly lower rate in fiscal year 2021.

FUND BALANCE

Hamilton County's fund balances continue to remain healthy. At year end June 30, 2020, the fund balance for the General Fund grew to \$121.1 million, and total fund balances for the Department of Education ended the year at \$80.0 million. The County's strong reserves allow us to manage any unexpected shortfalls in revenues. The County has consistently maintained a reserve in the General Fund equivalent to at least three months of expenditures and will continue to do so.

LONG-TERM FINANCIAL PLANNING

Long-term financial planning includes both operations and capital needs. The Mayor and Commission work closely together in a timely and thorough budgeting process to map out an operational plan for each upcoming year.

The County's capital needs are addressed annually in its operating budget and long-term through its five-year capital plan. Short-term capital needs such as vehicles,

Ten year analysis of the change in fund balance (expressed in thousands)

	General Fund	Special Revenue Funds	Debt Service Fund
2011	95,967	6,024	237
2012	104,431	5,363	387
2013	111,169	6,034	358
2014	111,433	4,566	923
2015	91,394	3,536	1,330
2016	92,395	4,119	1,849
2017	94,179	4,451	2,163
2018	100,335	5,232	10,256
2019	111,635	6,237	10,401
2020	121,074	4,930	10,401



computers, office equipment, etc., are funded through the annual operating budget.

The County's long-term capital needs are financed using fifteen-year general obligation bond debt. This rapid, fifteen-year debt amortization has proven effective in keeping the County's total debt load at a manageable level. This fifteen-year amortization results in principal retirement of approximately fifty percent (50%) within five years and eighty-three percent (83%) within ten years

RELEVANT FINANCIAL POLICIES

Hamilton County consistently maintains a low debt burden. This has been accomplished through sound, conservative debt management practices. In 2012, the County revised its debt policy in order to establish and codify its objectives and practices. The policy's goal is to assist all concerned parties in understanding the County's debt management approach and to promote transparency for our citizens, investors and all other interested parties.

The County consistently maintains a strong unassigned fund balance in the general fund which exceeds its reserve policy of twenty-five percent (25%) of its operating budget. This minimizes the negative effect of any unanticipated expenditures and/or loss of any major revenue source.

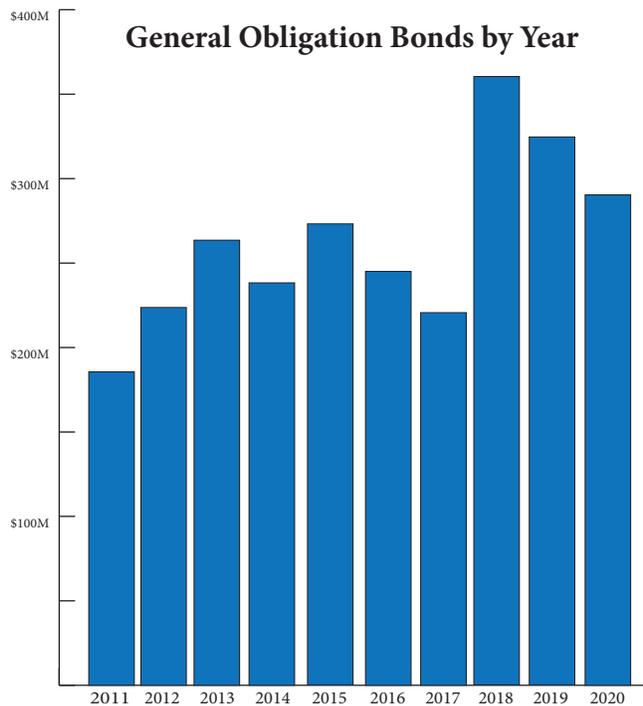
MAJOR INITIATIVES

Hamilton County's commitment to its mission of meeting the needs of people where they live, work and play guides our plans for the future and directs us toward delivering quality services to our citizens.

The Hamilton County Board of Commissioners approved a bond issue in September 2020 that will be used to fund several major capital improvements in Hamilton County. The funds allow for an upgrade of portable radio equipment for our first responders, major renovations at the new Highway Department facility donated to Hamilton County by the State of Tennessee, as well as major renovations at the 3rd Street Health Department. The funds also allow for upgrades at our community parks, including the construction of two additional campground restrooms at Chester Frost Park.

General Obligation Bond Debt Outstanding

Fiscal Year Ended June 30	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2011	185,550,000	0.65%	551
2012	223,705,000	0.78%	656
2013	263,545,000	0.91%	763
2014	238,300,000	0.81%	683
2015	272,965,000	0.92%	777
2016	245,030,000	0.81%	692
2017	220,635,000	0.70%	771
2018	360,180,000	1.04%	996
2019	324,425,000	0.91%	891
2020	290,345,000	0.80%	789





PLANNED GROWTH STRATEGIES

Hamilton County Government has established a team consisting of elected officials, business leaders, civic and community organizations and involved citizens to create and implement a strategic plan to manage the expected population growth of our area resulting from recent economic developments. This regional plan will ensure balanced growth, promote economic development, and protect and enhance the quality of life for all. Specific areas addressed include housing, transportation, land use, environmental, energy, green space and infrastructure.

ECONOMIC DEVELOPMENT

The County's economic development initiative reflects our goal of a viable and sustainable economic future for our community. We believe this is vital for those who live here and for those who are considering relocating to Hamilton County.

Enterprise South Industrial Park (ESIP) – Investment in economic growth continues at the Enterprise South Industrial Park. This 3,000-acre industrial park was identified by TVA as Tennessee's first industrial mega site. Today it is home to the Volkswagen Group of America's (VW) \$2 billion North American assembly plant. The plant is the largest single investment ever made in Tennessee by a company. In January 2019, VW officials announced that Chattanooga will be the home of VW's first electric vehicle manufacturing facility, an \$800 million investment that will add 1,000 jobs. To date the project is 70% complete. Recently, Volkswagen unveiled its new ID.4 electric SUV that will be produced at the ESIP site slated for 2022. In addition, VW will build a new 198,000 square-foot facility that will be adjacent to its factory for the assembly of battery packs for battery-powered vehicles.

Enterprise South Industrial Park currently is home to multiple companies such as Volkswagen (VW), Amazon, Gestamp, ADM, Plastic Omnium, Empire Distributors of Tennessee and TAG manufacturing. Gestamp has expanded its existing plant, built another plant adjacent to VW, and renovated the former Farley's and Sathers candy factory. Consequently, infrastructure of roads throughout ESIP has increased. To accommodate growth in businesses as well as residents, the Tennessee Department of Transportation (TDOT) has built a public highway that directly connects Interstate I-75 with Highway 58 through the VW plant site.

Job Growth outside of Enterprise South - While a significant amount of the County's growth was sparked by the Volkswagen expansions and associated supplier companies, other notable projects include:

- Home Serve USA, an independent provider of home repair service solutions which has a workforce of 500 employees, bought Sunbelt Group's ServLine business division and expanded its water and sewer line protection services. The facility serves as the operations center for its entire slate of customer service.
- Zesus Industrial Products, a global maker of polymer extrusions and custom tubing, invested \$11.25 million in the renovation of a 143,000-square-foot complex with anticipation of hiring 54 more workers over the next five years.
- McKee Foods, makers of Little Debbie Snack, Drake's Cakes and other snack foods, has committed to invest more than \$500 million in capital projects, to include an expansion of its Collegedale operations over a 15-year period. The Collegedale expansion is anticipated to create 125 new jobs within the first seven years.
- Hofstede Insights, a culture consulting company with emphasis on human resources and technology, opened its Chattanooga headquarters in January 2020. The company has 150 employees in 60 countries. Hofstede Insights is a specialist in global virtual management. Its focus is to teach companies how to effectively manage a group of people from different countries online and get the same level of high quality work that could be done face-to-face.

Business Development Center – The Hamilton County Business Development Center (BDC) is a 125,000 square-foot former manufacturing facility that has been renovated into a highly successful business incubator owned by the County and managed by the Chattanooga Area Chamber of Commerce. The BDC offers start-up businesses office and manufacturing space at highly competitive lease rates for up to three years. The BDC currently houses more than 60 start-up companies. INCubator, a program of the Chattanooga Area Chamber of Commerce, is located in the BDC. It is the largest business INCubator in Tennessee and the third largest in the nation.

PUBLIC EDUCATION IMPROVEMENT

The Hamilton County Department of Education has an independently elected board tasked with operating the K-12 public school system in the County. Hamilton County is a primary funding source for the school system, with over 45 percent of the County property tax levy directed toward the operation of the school system.

The County also assists the school system through the issuance of debt and general obligation bonds to build, renovate and expand the school facilities. Since the turn of the century, the County has built 21 new schools and expended over \$488 million toward modernizing and upgrading the County school buildings and grounds. Most recently, a new East Hamilton Middle School was completed and opened in August 2020. Howard High School's new stadium and track opened August 2020. The school system recently released its latest capital improvement plan to build a replacement school for Chattanooga School for the Liberal Arts (CSLA) at the site of the former Lakesite Elementary School. The new CSLA school is projected to be completed and ready for opening in August 2022.

In the fall of the 2019-2020 school year, Hamilton County Schools was featured in the fall edition of Harvard Ed Magazine for its student success plans which prepare students for success after graduation. In addition, Clifton Hills Elementary and the Howard School were recognized as state models for behavior plans.

QUALITY OF LIFE ISSUES

The Chattanooga-Hamilton County Health Department continues to take steps to increase the span and quality of life, reduce health disparities and ensure access to preventive health services for all Hamilton County residents.

- **Step ONE** – This County-wide initiative addresses the problem of obesity in our community by promoting physical fitness, nutrition, and healthy lifestyles. This effort is guided by the County Mayor and the Hamilton County Regional Health Council.
- **IRIS Project – Increasing the Rate of Infant Survival** – This project works to initiate new, creative and innovative programs that have a positive impact on infant mortality rates, which are thought to be one of the best predictors of a community's overall health status.
- **Hamilton Shines** – Designed to reduce the practice of littering through education, Hamilton Shines strives to foster a sense of community pride in programs for school children and to inform all citizens on the consequences of littering.
- **Hamilton County Litter Grant Program** – The Courts Community Service program provides litter removal on roads and highways in Hamilton County. This unique program provides for litter collection and public education to reduce unsightly and environmentally harmful litter from the public right-of-ways. The program utilizes non-violent offenders to relieve overcrowding in the corrections system by offering alternative sentencing in lieu of incarceration.





FIRE
LANE

RECREATIONAL ASSETS

Hamilton County citizens and visitors are able to enjoy one of the finest naturally beautiful environments in the Southeast. The County's surrounding mountains, state and national forests, as well as its rivers and streams have afforded this area its reputation as a leading destination for outdoor activities.

- The RiverPark – Managed in partnership with the City of Chattanooga, the Tennessee RiverPark is a 13-mile paved, landscaped and lighted scenic urban greenway anchored along the southern bank of the Tennessee River. The family friendly route begins at the Chickamauga Dam and stretches to the heart of the downtown business and tourism district to Lookout Mountain and the hundreds of miles of trails extending into Alabama and Georgia. The RiverPark is an acknowledged catalyst for billions of dollars of downtown redevelopment and a connector for neighborhoods and business districts.
- Chester Frost Park – Located on the shores of Lake Chickamauga, Chester Frost Park has long been a favorite destination for those who enjoy camping, fishing, swimming and other outdoor activities.
- Enterprise South Nature Park –The City of Chattanooga and Hamilton County elected to set aside 2,800 rolling, wooded acres for public recreation when Enterprise South Nature Park was first developed. Today, Enterprise South Nature Park (ESNP) attracts visitors from throughout the region and beyond who enjoy passive recreation in a natural setting. The park contains miles of trails and walking paths for pedestrians, cyclists, horseback riders and mountain bikers. Summit Knobs Equestrian Trails, a seventeen-mile trail system, is the first public facility in the county designed specifically for horseback riding. The park contains an abundance of wildlife – deer and wild turkey in particular – and abandoned underground storage bunkers which serve as remnants of an old Army ammunition plant once located on the site.



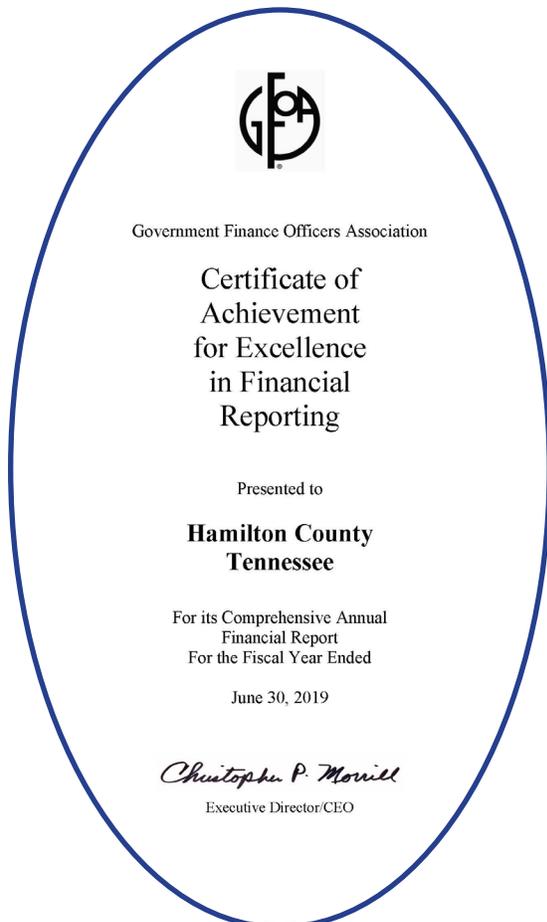
AWARDS AND ACKNOWLEDGEMENTS

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hamilton County, Tennessee for its Comprehensive Annual Financial Report for the year ended June 30, 2019. Hamilton County has received this award for 39 consecutive years.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are currently submitting it to the GFOA to determine its eligibility for another certificate.



GFOA also presented a Distinguished Budget Presentation Award to the County for its Comprehensive Annual Budget Report (CABR) for the fiscal year ended June 2020. This is the 18th consecutive year Hamilton County received this award for the CABR. In order to be awarded a Distinguished Budget Presentation Award, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Budget Report, which must conform to program standards and satisfy both generally accepted accounting principles and applicable legal requirements. Like the Certificate of Achievement for Financial Reporting, this award is valid for a period of one year only. We believe our CABR for the fiscal year ending June 2021 continues to conform to program requirements, and we are currently submitting it to GFOA to determine its eligibility for another award.

ACKNOWLEDGMENTS

I would like to thank the entire staff of the Finance Division, the County Auditor's Office and the independent auditors for their cooperation and dedication in the preparation of this report. I would also like to express my gratitude for the support we have received from the County Mayor and the County Board of Commissioners in conducting the financial operations of the County in a sound and progressive manner.

Respectfully submitted,

Albert C. Kiser, CPA, CGFM
Administrator of Finance



Albert C. Kiser
Administrator of Finance



Lee H. Brouner
Assistant Administrator of Finance



**HAMILTON COUNTY
GENERAL GOVERNMENT OFFICIALS**

(as of June 30, 2020)

Jim Coppinger, *County Mayor*
Mike Compton, *Chief of Staff*

Board of Commissioners

D.C. (Chip) Baker, *Chairman Pro Tempore*
Chester Bankston
Tim Boyd
Randy Fairbanks, *Chairman*
Katherlyn Geter
Warren Mackey
Greg Martin
David Sharpe
Sabrena Smedley

Legislative

Patricia Moore, *Legislative Administrator*

Constitutional Officers

Kerry Steelman, *Administrator of Elections*
Marty Haynes, *Assessor of Property*
Larry Henry, *Circuit Court Clerk*
Robin Miller, *Clerk & Master*
William F. Knowles, *County Clerk*
Vince Dean, *Criminal Court Clerk*
Neal Pinkston, *District Attorney General*
Steve Smith, *District Public Defender*
Gary Behler, *Juvenile Court Clerk*
Robert D. Philyaw, *Juvenile Court Judge*
Dr. James Metcalfe, *Medical Examiner*
Marc Gravitt, *Register of Deeds*
Jim Hammond, *Sheriff*
Bill Hullander, *Trustee*

Division & Department Heads

AUDITING

Jenneth Randall, *County Auditor*

DEVELOPMENT

Dan Saieed, *Director of Development*

FINANCE

Albert C. Kiser, *Administrator*
Lee H. Brouner, *Assistant Administrator of Finance*
Gail Roppo, *Director of Procurement & Fleet Management*
Bart McKinney, *Director of Information Technology*
Vonda Patrick, *Director of Financial Management*

GENERAL SERVICES

Donald L. Norris, *Administrator*
Chris Adams, *Director of Emergency Management/Homeland Security*
Chris Jackson, *Director of Corrections*
Tom Lamb, *Director of Recreation*
Ken Wilkerson, *Director of Emergency Medical Services*

HEALTH SERVICES

Becky Barnes, *Administrator*
Diana Kreider, *Director of Clinical Services*
Angela Easter-Gonzales, *Director of Case Management Services*
Bonnie Deakins, *Director of Environmental Health*
Sabrina Novak, *Director of Administrative Services*
Bill Ulmer, *Director of Community Health Services*

HUMAN RESOURCES

Sandra Ellis, *Administrator*
Christina Cooper, *Director of Human Resources*
Bill Stoll, *Risk Manager*
Jenny Godwin, *Assistant Director of Human Resources*

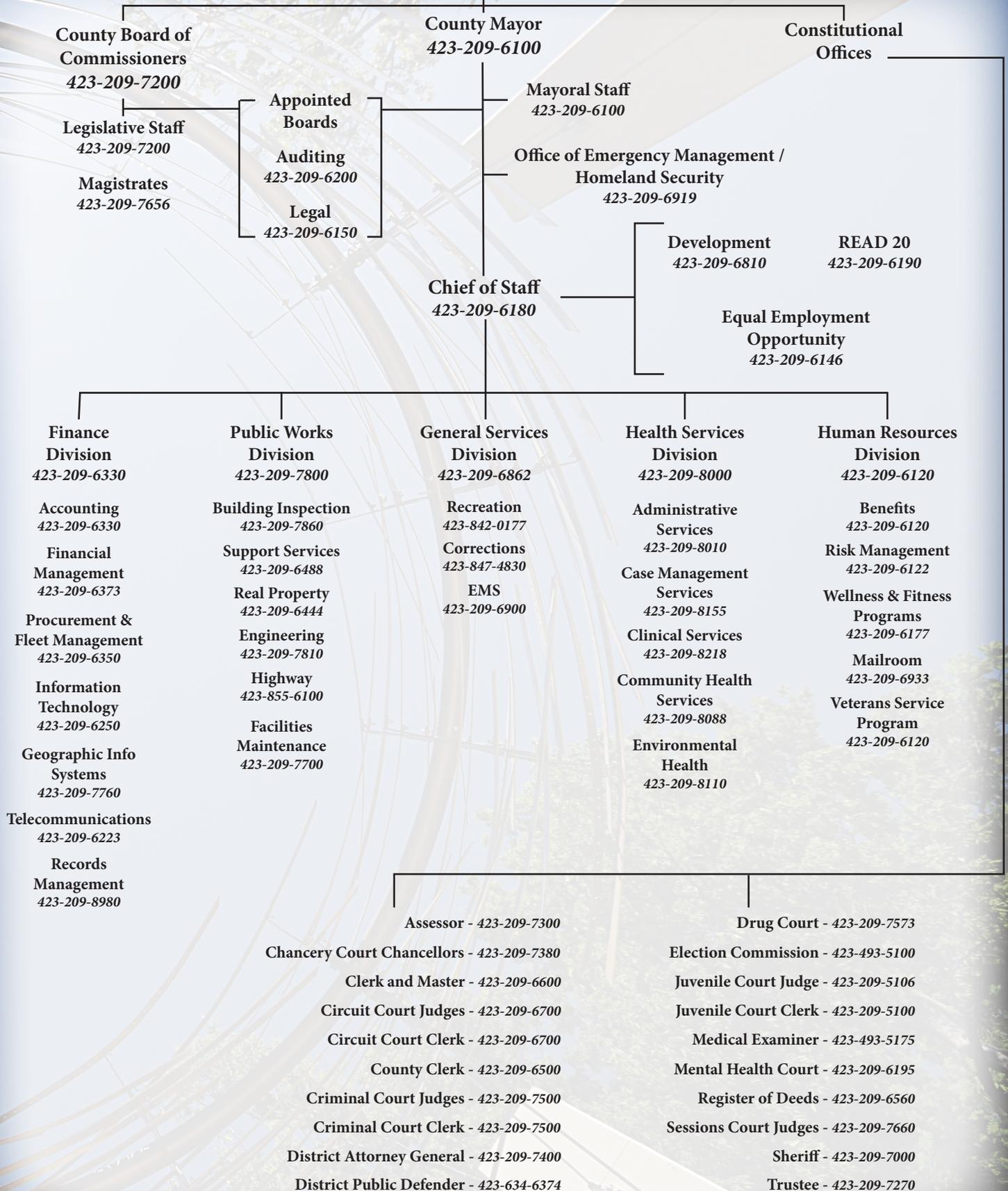
LEGAL

Rheubin M. Taylor, *County Attorney*

PUBLIC WORKS

Todd Leamon, *Administrator and County Engineer*
Ben Wilson, *Director of Highway Department*
John Agan, *Director of Engineering and Facilities Maintenance*
Ronnie Blaylock, *Director of Building Inspection*

CITIZENS





“Courage is not the absence of fear, but rather the assessment that something else is more important than fear.”
Franklin D. Roosevelt





INDEPENDENT AUDITORS' REPORT

**To the County Commission
of Hamilton County, Tennessee
Chattanooga, Tennessee**

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 **Hamilton County, Tennessee** (the "County"), as of and for the year ended June 30, 2020, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hamilton County "911" Emergency Communications District, which represents 3 percent, 4 percent, and 3 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hamilton County "911" Emergency Communications District, is based solely on the report of the other auditors. 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 of 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 the 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 Hamilton County, Tennessee as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages IV through XX) and schedules of required supplementary information – (on pages B-1 through B-15) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hamilton County, Tennessee's basic financial statements. The combining and individual nonmajor fund financial statements for the governmental funds, fiduciary funds, and discretely presented component unit – Hamilton County Board of Education, the budgetary comparison schedules, the financial schedules, and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021, on our consideration of Hamilton County, Tennessee’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 the 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 the County’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
February 26, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The discussion and analysis of Hamilton County’s financial performance provides an overall review of the County’s financial activities for the year ended June 30, 2020. It is designed to:

- (a) Assist the reader in focusing on significant financial issues,
- (b) Provide an overview of the County’s financial activities,
- (c) Identify changes in the County’s financial position,
- (d) Identify any material deviations from the original financial plan, and
- (e) Identify individual fund issues or concerns.

Hamilton County’s financial operations in fiscal year 2020 were affected in several ways as a result of the world-wide outbreak of the COVID-19 pandemic. The pandemic first impacted Hamilton County in March 2020. The following discussion and analysis of the County’s fiscal year 2020 operations incorporate the effect of the pandemic on the County’s operations.

This discussion and analysis is an integral part of the financial statements as a whole.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

- The government-wide assets of Hamilton County at the close of fiscal year 2020 were \$810.8 million, an increase of \$7.9 million (1.0%) over the prior year.
- The government-wide liabilities of Hamilton County at the close of fiscal year 2020 were \$407.4 million, a decrease of \$32.7 million (7.4%) from the prior year.
- Government-wide revenues totaled \$282.5 million, an increase of \$1.8 million (0.7%) over the prior year.
- Government-wide expenses were \$241.8 million, an increase of \$31.8 million (15.2%) over the prior year.
- Total bonded debt at June 30, 2020 for the County was \$290.3 million, of which \$212.6 million (73.2%) was assigned to the Hamilton County Department of Education for capital additions and improvements.

Fund Financial Statements

- Revenues for governmental funds increased \$3.7 million, or 1.3% from last year.
- Expenditures for governmental funds increased \$60.7 million, or 21.5% from last year. This

was primarily due to an increase in school construction in fiscal year 2020.

- Capital project expenditures were \$71.0 million, with \$55.3 million spent for school construction projects.
- Operating transfers from the General Fund decreased by \$1.3 million (2.0%) from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County’s basic financial statements consist of three main components:

- (1) Government-wide financial statements,
- (2) Fund financial statements, and
- (3) Notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements. Required supplementary information includes various schedules and trend information relative to the County’s employee pension plans and other postemployment benefits. The other supplementary information includes detailed budget to actual comparisons of the General Fund and other budgeted County funds; combining statements for nonmajor governmental funds; statements of account activity in fiduciary agency funds; and combining financial statements for the County’s largest discretely presented component unit, the Hamilton County Department of Education.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, the Statement of Net Position and Statement of Activities provide the reader with a broad overview of the County’s financial condition.

The Statement of Net Position combines and consolidates all the County’s current financial resources with capital assets and long-term obligations. The end result is net position, which is segregated into three components:

- (1) Net investment in capital assets,
- (2) Restricted net position, and
- (3) Unrestricted net position.

The County’s net position at the end of fiscal year 2020 of \$281.6 million increased \$40.7 million (16.9%) from the balance at the prior year end.

The Statement of Activities presents information showing how the government's net position changed during fiscal year 2020. Program revenues, which directly offset costs of specific functions, are allocated to those functions, resulting in the net expenses for governmental activities. General revenues, such as taxes, fines and interest earnings, offset the remaining costs, resulting in the annual increase or decrease in net position. This statement is intended to summarize the net cost of various governmental services that are supported by general revenues.

Governmental activities include general government, public safety, highways and streets, health, social services, and culture and recreation. Hamilton County has no business-type activities.

The government-wide financial statements include the following legally separate component units: the Hamilton County Department of Education, the Water & Wastewater Treatment Authority, the Hamilton County "911" Emergency Communications District, and the Hamilton County Railroad Authority.

The government-wide financial statements can be found on pages A-1 to A-2 of this report.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the County are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the major funds, which include the General, Debt Service and Capital Projects funds. Data from the other governmental funds, certain Constitutional Officers, Governmental Law Library, Hotel/Motel and Economic Crimes, is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages C-9 to C-12 of this report.

The County adopts an annual budget for the General and Debt Service funds and certain Special Revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate budgetary compliance. The basic governmental fund financial statements can be found on pages A-3 to A-6 of this report.

PROPRIETARY FUNDS

There are two types of proprietary funds – enterprise funds and internal service funds. An internal service fund is the only type of proprietary fund the County maintains. An internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses its internal service funds to account for its self-insurance and risk management programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Individual fund data for the Internal Service Fund is provided on pages A-8 to A-10 of this report.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The fiduciary fund financial statements can be found on pages A-11 and A-12 of this report.

NOTES TO BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages A-16 to A-71 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents required and other supplementary information. Required Supplementary Information includes the funding progress and employer contributions for the Public Employee Retirement Systems and for the County's Other Post-Employment Benefits programs. Required Supplementary Information can be found on pages B-1 to B-16.

Other Supplementary Information includes detailed budgetary information for the General Fund, Debt Service Fund and certain other budgeted funds; combining statements for the nonmajor governmental funds; combining statement of changes in assets and liabilities for the Constitutional Officers Agency Funds; combining statements for the Hamilton County Department of Education; and various financial and statistical tables. Budgetary comparison schedules can be found on pages C-1 to C-8; combining and individual fund schedules can be found on pages C-9 to D-11; and the various financial and statistical tables can be found on pages E-1 to F-18.



GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION

Primary Government
(Rounded to the thousands)

	Governmental Activities	
	2020	2019
ASSETS		
Current and Other Assets	\$ 457,301,000	\$ 512,620,000
Capital Assets	353,543,000	290,329,000
TOTAL ASSETS	810,844,000	802,949,000
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions and OPEB	25,383,000	27,515,000
Deferred loss on refunding	2,145,000	2,780,000
	<u>27,528,000</u>	<u>30,295,000</u>
LIABILITIES		
Long-term Liabilities	373,969,000	412,349,000
Other Liabilities	33,416,000	27,754,000
TOTAL LIABILITIES	407,385,000	440,103,000
DEFERRED INFLOWS OF RESOURCES		
Unearned property tax revenue	141,823,000	144,561,000
Deferred inflows from pensions and OPEB	7,586,000	7,668,000
	<u>149,409,000</u>	<u>152,229,000</u>
NET POSITION		
Net Investment in Capital Assets	348,398,000	255,058,000
Restricted	76,680,000	6,081,000
Unrestricted	<u>(143,499,000)</u>	<u>(20,227,000)</u>
TOTAL NET POSITION	<u>\$ 281,579,000</u>	<u>\$ 240,912,000</u>

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial health. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$281.6 million at the close of the fiscal year ended June 30, 2020.

Net position is comprised of three elements:

- (1) Net investment in capital assets (e.g., land, buildings, infrastructure and equipment);
- (2) Restricted net position held for restrictions as prescribed by law; and
- (3) Unrestricted net position.

The long-term liabilities of \$374.0 million include \$212.6 million of debt for assets contributed to the Hamilton County Department of Education, a component unit, which results in the negative unrestricted net position at both June 30, 2019 and 2020.

CHANGES IN NET POSITION

Primary Government
(Rounded to the thousands)

	Governmental Activities	
	2020	2019
REVENUES		
Program Revenues		
Charges for Services	\$ 50,013,000	\$ 50,424,000
Operating Grants and Contributions	30,901,000	32,061,000
Capital Grants and Contributions	815,000	120,000
Total Program Revenues	<u>81,729,000</u>	<u>82,605,000</u>
General Revenues		
Property Taxes	170,553,000	167,942,000
Other Taxes	25,100,000	22,860,000
Other	5,127,000	7,256,000
Total General Revenues	<u>200,780,000</u>	<u>198,058,000</u>
TOTAL REVENUES	<u>282,509,000</u>	<u>280,663,000</u>
EXPENSES		
General Government	60,474,000	55,768,000
Public Safety	104,857,000	94,321,000
Highways and Streets	21,161,000	10,352,000
Health	25,450,000	21,778,000
Social Services	6,236,000	6,123,000
Culture and Recreation	9,741,000	9,927,000
Education	3,757,000	90,000
Interest on Long-Term Debt	10,166,000	11,657,000
TOTAL EXPENSES	<u>241,842,000</u>	<u>210,016,000</u>
CHANGE IN NET POSITION	40,667,000	70,647,000
Net Position, beginning	<u>240,912,000</u>	<u>170,265,000</u>
Net Position, ending	<u>\$ 281,579,000</u>	<u>\$ 240,912,000</u>

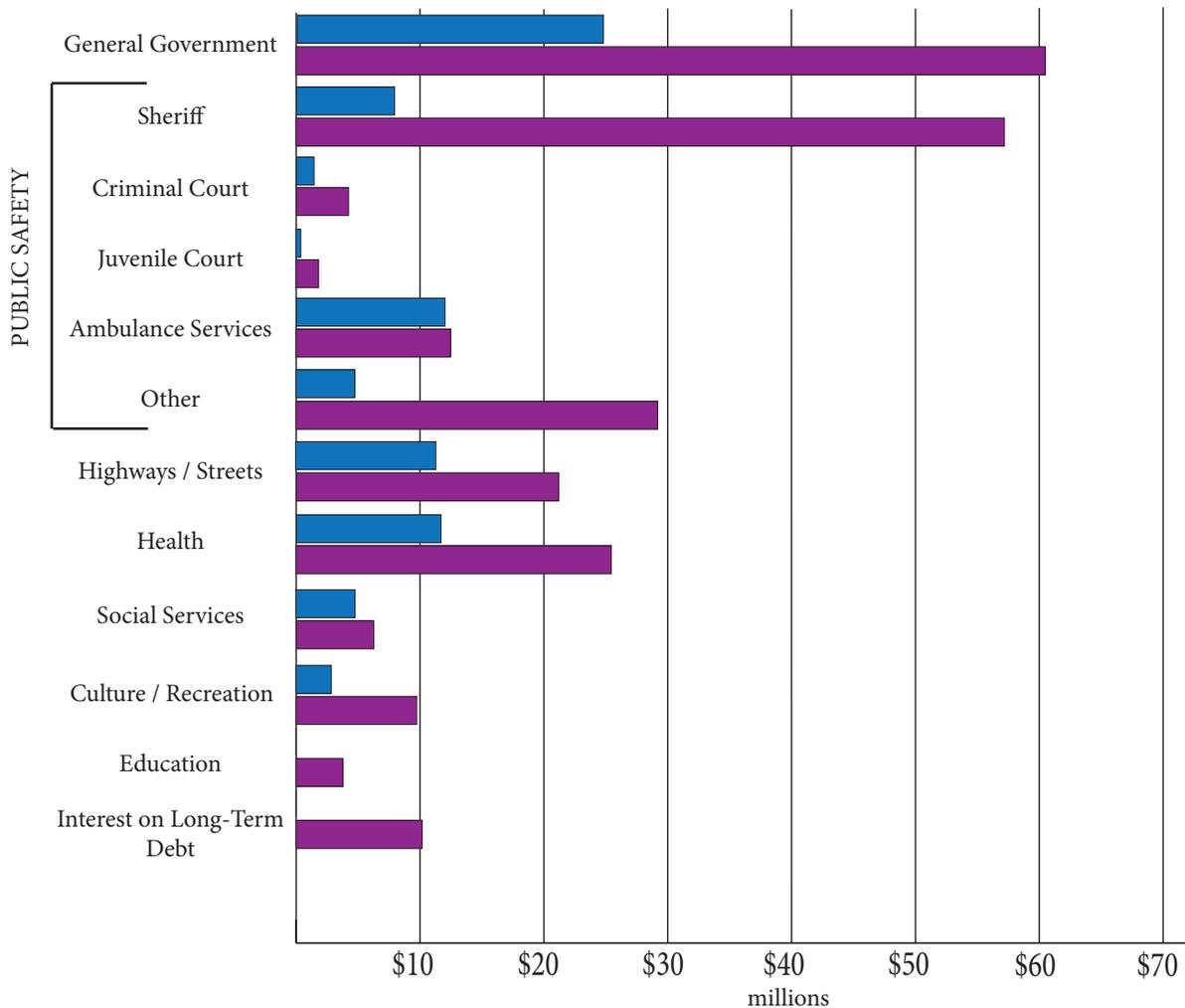
The County's revenues increased by \$1.8 million over revenues for the prior fiscal year. Total expenses for fiscal year 2020 increased by \$31.8 million (15.2%) over the prior year's expenses. The increased expenses in 2020 resulted from various factors, including unusual costs in addressing the damage and resulting clean-up costs associated with the April 2020 tornados (\$5.6 million); increased direct costs for the Health Department in addressing the COVID-19 pandemic (\$3.1 million); increased operating costs for the Sheriff's Office primarily as a result of upgrading the Sheriff's Office pay plan (\$2.0 million); increased expenses to account for the transfer of completed capital projects to the Hamilton County Department of Education (\$3.7 million); and the net effect of the change in the OPEB liability and the net pension liability accounts (\$10 million).

GOVERNMENT-WIDE FINANCIAL ANALYSIS - continued

EXPENSES AND PROGRAM REVENUES

Primary Government
for fiscal year ending June 30, 2020
 (Rounded to the thousands)

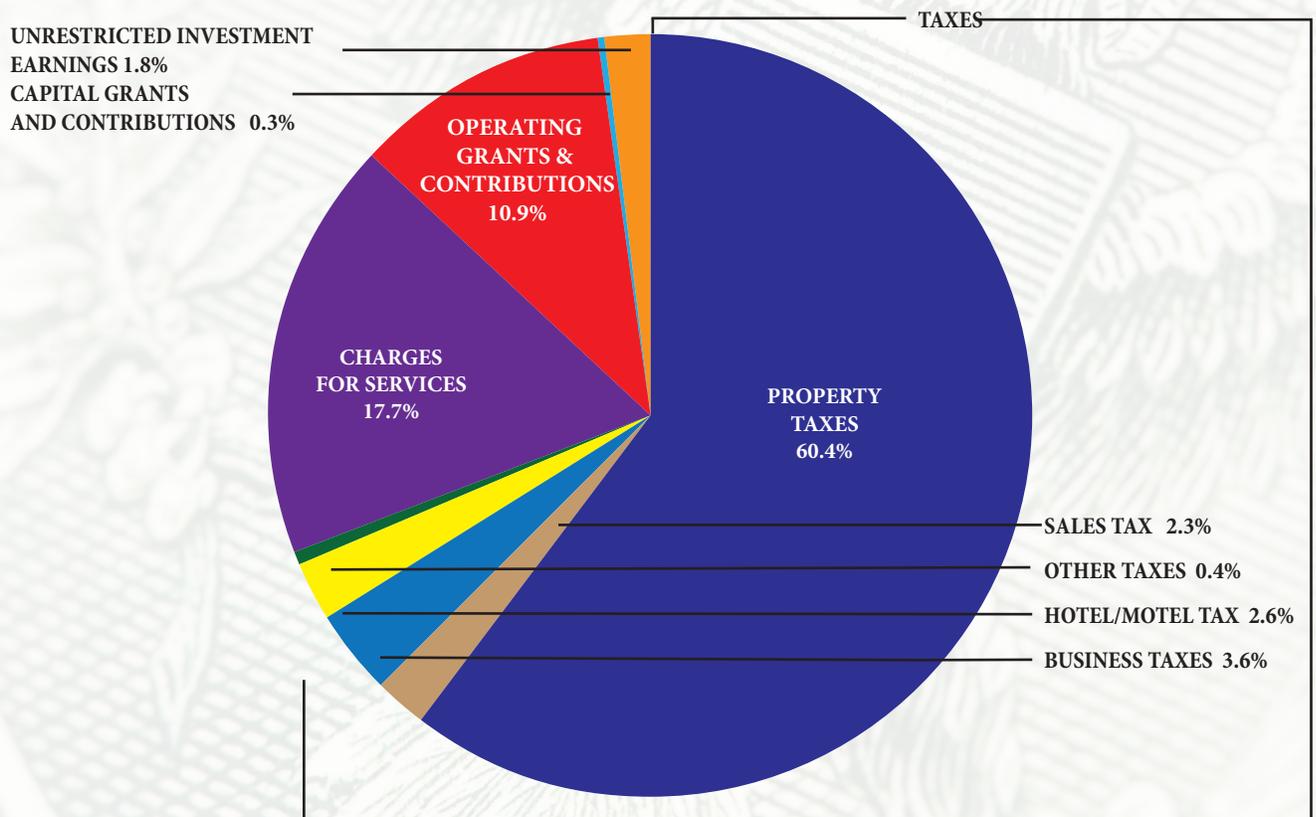
	PROGRAM REVENUES	EXPENSES
General Government	\$ 24,743,000	\$ 60,474,000
Public Safety		
Sheriff	7,917,000	57,188,000
Criminal Court	1,406,000	4,196,000
Juvenile Court	381,000	1,817,000
Ambulance Services	11,989,000	12,462,000
Other	4,729,000	29,194,000
Highways and Streets	11,317,000	21,161,000
Health	11,665,000	25,450,000
Social Services	4,758,000	6,236,000
Culture and Recreation	2,824,000	9,741,000
Education	-	3,757,000
Interest on long-term debt	-	10,166,000
TOTAL	\$ 81,729,000	\$ 241,842,000



REVENUES BY SOURCE

Primary Government
for fiscal year ending June 30, 2020
(Rounded to the thousands)

	2020	PERCENTAGE	2019	PERCENTAGE
Taxes				
Property Taxes	\$ 170,553,000	60.4%	\$ 167,942,000	59.8%
Sales Tax	6,417,000	2.3%	4,614,000	1.6%
Business Taxes	10,157,000	3.6%	8,578,000	3.1%
Hotel/Motel Taxes	7,296,000	2.6%	8,508,000	3.0%
Other Taxes	1,230,000	0.4%	1,160,000	0.4%
Charges for Services	50,013,000	17.7%	50,424,000	18.0%
Operating Grants and Contributions	30,901,000	10.9%	32,061,000	11.4%
Capital Grants and Contributions	815,000	0.3%	120,000	0.1%
Unrestricted Investment Earnings	5,127,000	1.8%	7,114,000	2.5%
Gain/(loss) on disposal of property	—	0.0%	142,000	0.1%
TOTAL	\$ 282,509,000	100%	\$ 280,663,000	100%





ELECTRIC POWER BOARD
EPB
OF CHATTANOOGA

S N T A
S T O P
H E R E

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2020, the County's governmental funds reported combined ending fund balances of \$226.4 million, a decrease of \$58.7 million. This decrease in total governmental fund balances is primarily due to a decrease in the Capital Projects Fund of \$66.8 million. This decrease in the Capital Projects Fund was the direct result of capital additions completed in fiscal year 2020 totaling \$71.0 million.

The fund balance of the governmental funds consists of a restricted portion of \$76.7 million, an assigned portion of \$38.0 million (consisting primarily of assigned for Capital Projects), and an unassigned portion of \$109.9 million. The remainder of fund balance is not available for new spending and is split into committed and nonspendable. Committed is \$0.3 million to liquidate contracts and purchase orders. Nonspendable is \$1.5 million for inventories and prepaid items.

The General, Debt Service and Capital Projects funds are reported as major funds.

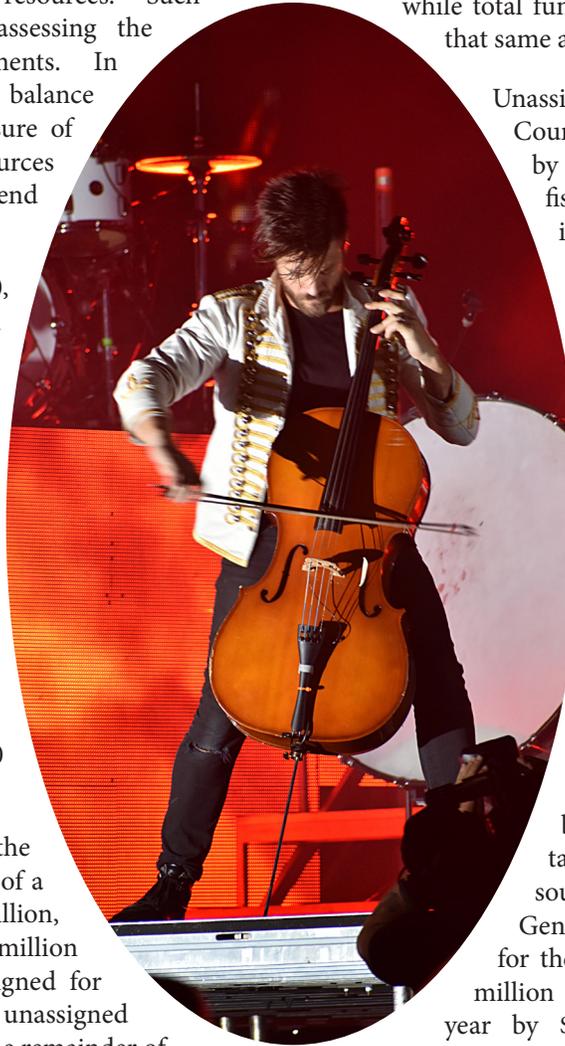
The General Fund is the chief operating fund of the County. The total fund balance at June 30, 2020, was

\$121.1 million, consisting of a nonspendable portion of \$1.5 million; assigned fund balance of \$9.5 million; and an unassigned fund balance of \$109.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 43.5% of the total General Fund expenditures and transfers out, while total fund balance represents 47.9% of that same amount.

Unassigned fund balance of the County's General Fund increased by \$9.6 million during the current fiscal year, and total fund balance increased \$9.4 million during this time period. The increase in both unassigned and total fund balance, as further discussed below, was largely the result of the County's continued efforts to control spending and remain fiscally conservative, despite the significant increases in costs related to the April 2020 tornado damage and required cleanup and the ongoing COVID-19 pandemic.

General Fund revenues totaled \$246.7 million and increased over the prior year by \$6.9 million (2.9%). Property taxes historically are the largest source of the revenues for the General Fund. Property tax revenues for the General Fund totaled \$170.6 million and increased over the prior year by \$2.9 million (1.7%). 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 COVID-19 pandemic did not have a material impact on fiscal year 2020 property tax collections because taxes were due prior to the outbreak.

General Fund expenditures increased \$14.6 million (7.7%) over the prior year. The increased expenditures were primarily for costs incurred to address damage



MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS - *continued*

resulting from a major tornado that hit the County in April 2020 (\$5.6 million); increased direct costs for the Health Department in addressing the COVID-19 pandemic (\$3.1 million); and increased operating costs for the Sheriff’s Office primarily as a result of upgrading the Sheriff’s Office pay plan (\$2.0 million).

General Fund transfers out decreased \$2.8 million (5.5%). The decrease was the direct result of reduced principal and interest payments due in fiscal year 2020 on the County’s bonded debt.

The Debt Service fund has a total fund balance of \$10.4 million, the same balance as at the end of the prior fiscal year.

The Capital Projects Fund is used to account for revenues and expenditures for large capital projects. The majority of the funding for these capital projects is derived from issuances of general obligation bonds.

The fund balance of the Capital Projects Fund decreased by \$66.8 million from the balance at June 30, 2019, and closed the current year with a balance of \$90.0 million. This decrease was due to funding several major capital additions and improvements for the Department of Education.

PROPRIETARY FUNDS

The County’s proprietary fund is used to account for the County’s self-insurance programs. The County is self-insured for health, unemployment compensation, on-the-job injury claims, property, automobile and liability claims and losses due to liabilities arising under the laws of the state and federal governments. The cost for these programs is funded through premiums paid by the departments and agencies of Hamilton County Government. Unrestricted net position for the proprietary fund increased \$1.0 million in fiscal year 2020 and totaled \$39.8 million at the end of the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Hamilton County Board of Commissioners approved and adopted its 2020 annual operating budget on August 7, 2019. The original General Fund operating budget was balanced without a use of fund balance.

The Board of Commissioners approved a total of \$15.6 million in amendments to General Fund operating

expenditures and transfers out during fiscal year 2020 and total amendments of \$9.3 million to the General Fund revenue budget. The amendments to the General Fund revenue and expenditure budgets were primarily for:

- Increases to budgets for grant-related items that were not expended during the prior fiscal year and were carried over into the current fiscal year;
- New grants received from various state and federal agencies;
- Expenditures to address damage incurred in several parts of the County resulting from tornados that occurred in April 2020, for which we anticipate receiving Federal and State reimbursement aid in fiscal year 2021; and
- Expenditures, primarily at the County Health Department, to address the COVID-19 pandemic.

Actual revenues for the General Fund were less than budgeted revenues by \$11.2 million (4.3%). This variance is largely due to a shortfall of tax collections of \$3.7 million and a shortfall of Federal and State intergovernmental revenues of \$7.6 million, primarily resulting from a timing difference in the reimbursement of several expenditures that were incurred in fiscal year 2020 for which we will not receive Federal and/or State reimbursement until the following fiscal year.

Total expenditures were less than budgeted expenditures by \$24.0 million (10.5%). A large part of this favorable variance resulted from conservative spending by the General Government, Public Safety, Capital Outlay and Health. A detailed Budgetary Comparison Schedule for the General Fund is presented on pages C-1 through C-5 of this report.





MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The County's investment in capital assets as of June 30, 2020, amounts to \$353.5 million (net of accumulated depreciation of \$305.8 million). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, intangibles and construction in progress. For the year, the County's investment in capital assets increased by \$74.9 million (25.8%). Additional information on the County's capital assets can be found in the Notes to the Basic Financial Statements – Note H.

Major capital asset events during the current year included the following:

- Harrison Elementary School - \$16.7 million
- East Hamilton Middle / High School - \$32.4 million
- Howard Athletics Building - \$2.5 million
- Howard Middle School - \$3.0 million
- Mowbray Volunteer Fire Department - \$2.4 million
- Walden Ridge Emergency Services - \$2.1 million
- Silverdale expansion - \$1.0 million
- Motor vehicles for public safety - \$1.5 million

CAPITAL ASSET ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2020

NET OF DEPRECIATION

(Rounded to the thousands)

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Land	\$ 74,383,000	\$ 2,574,000	\$ (832,000)	\$ 250,000	\$ 76,375,000
Construction in progress	20,368,000	62,691,000	(3,901,000)	(5,136,000)	74,022,000
Buildings	162,147,000	10,043,000	(6,750,000)	4,886,000	170,326,000
Improvements other than buildings	43,158,000	—	—	—	43,158,000
Machinery and equipment	45,497,000	3,674,000	(2,950,000)	—	46,221,000
Infrastructure	236,771,000	10,045,000	(4,597,000)	—	242,219,000
Intangibles	7,086,000	312,000	(411,000)	—	6,987,000
Depreciation	(299,081,000)	(14,410,000)	7,726,000	—	(305,765,000)
	<u>\$ 290,329,000</u>	<u>\$ 74,929,000</u>	<u>\$ (11,715,000)</u>	<u>\$ —</u>	<u>\$ 353,543,000</u>



MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

LONG-TERM DEBT

At the end of fiscal year 2020, the County had general obligation bonds outstanding of \$290.3 million. Of the bonded debt, \$212.6 million (73.2%) was issued for Hamilton County Department of Education capital improvements.

Additional information on the County’s debt can be found in the Notes to Basic Financial Statements – Note L.

OVERALL FINANCIAL HEALTH

The world-wide outbreak of the COVID-19 pandemic has resulted in several changes in the operations of the County government. Although the County cannot accurately predict the magnitude of the ultimate impact of the COVID-19 pandemic on the County’s finances, the County is carefully monitoring the immediate effect of the pandemic on the County’s finances and is continuing to make adjustments as necessary to address the effects of the pandemic.

Hamilton County is in a strong position financially and our future is bright due to the sound management practices that have enabled the County to maintain solid fund balances and reserves. One measure of an entity’s financial strength is the level of its fund balances. The County has consistently maintained a General Fund balance equivalent to at least three months of expenditures, which places us in an excellent position to adequately address most fiscal emergencies. Our Fund Balance Policy recommends that the fund balance be no less than 25% of the planned operating expenses, and we will continue to comply with this recommendation.

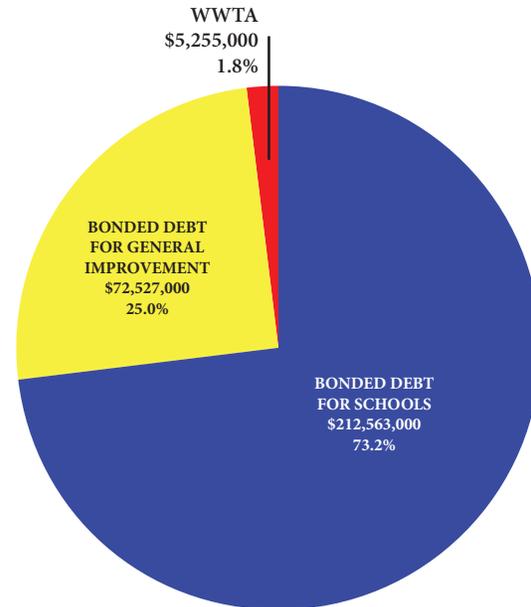
The County’s excellent bond ratings (AAA by Standard and Poor’s and Fitch Ratings and Aaa by Moody’s Investors Service) are further evidence of our financial strength. These ratings indicate that the County’s bonds are considered to be very high investment quality, which translates to lower interest rates and corresponding lower interest payments. Having solid conservative financial policies and strong financial reserves are principal reasons for these ratings.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND PROPERTY TAX RATES

The Hamilton County Commission approved the fiscal year 2021 budget on June 24, 2020. One of the most pervasive issues during the 2021 budget considerations

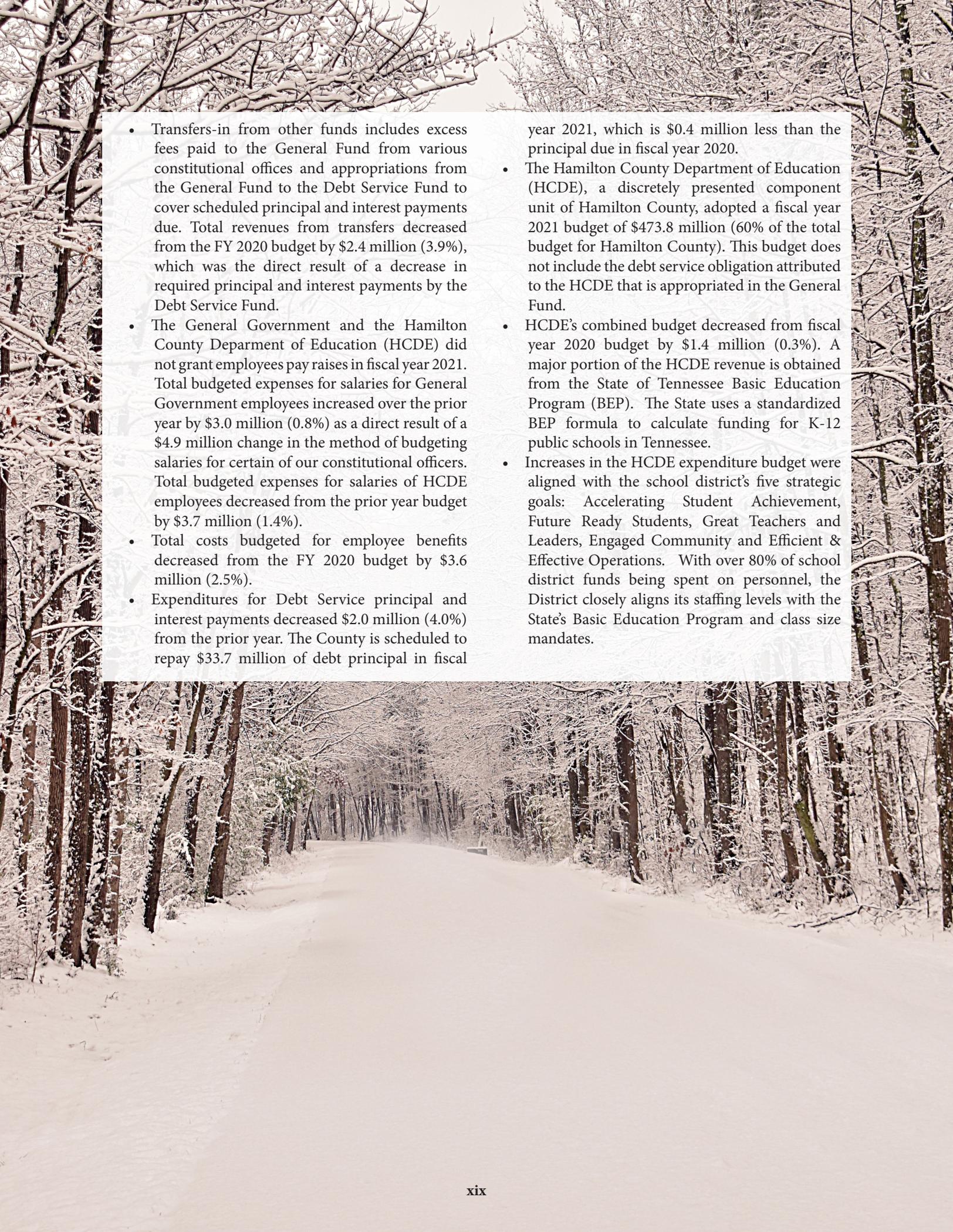
General Obligation Bonds Outstanding

General Improvement	\$	72,527,000	25.0%
Schools		212,563,000	73.2%
WWTA		5,255,000	1.8%
Total General Obligation Bond Debt	\$	290,345,000	



centered on the continuing effect of the COVID-19 pandemic.

- Property tax revenues for FY 2021 of 329.0 million are budgeted to remain approximately the same as the prior year. The revenues are budgeted to remain stable in spite of projected growth of 2% in property assessments provided by the Assessor of Property.
- Sales tax revenues for fiscal year 2021 of \$84.9 million are budgeted the same amount as fiscal year 2020. The vast majority of these revenues (\$80 million) is budgeted by the Department of Education, with the remainder going to the General Fund.
- Intergovernmental revenues account for 33% of the County’s total revenue. The intergovernmental revenues consist primarily of funding received from the State of Tennessee and from the Federal government. 87% of the intergovernmental revenues are received by the Department of Education with the remainder going to the General Fund. Intergovernmental revenues are projected to grow 4.8% in fiscal year 2021.

- 
- Transfers-in from other funds includes excess fees paid to the General Fund from various constitutional offices and appropriations from the General Fund to the Debt Service Fund to cover scheduled principal and interest payments due. Total revenues from transfers decreased from the FY 2020 budget by \$2.4 million (3.9%), which was the direct result of a decrease in required principal and interest payments by the Debt Service Fund.
 - The General Government and the Hamilton County Department of Education (HCDE) did not grant employees pay raises in fiscal year 2021. Total budgeted expenses for salaries for General Government employees increased over the prior year by \$3.0 million (0.8%) as a direct result of a \$4.9 million change in the method of budgeting salaries for certain of our constitutional officers. Total budgeted expenses for salaries of HCDE employees decreased from the prior year budget by \$3.7 million (1.4%).
 - Total costs budgeted for employee benefits decreased from the FY 2020 budget by \$3.6 million (2.5%).
 - Expenditures for Debt Service principal and interest payments decreased \$2.0 million (4.0%) from the prior year. The County is scheduled to repay \$33.7 million of debt principal in fiscal year 2021, which is \$0.4 million less than the principal due in fiscal year 2020.
 - The Hamilton County Department of Education (HCDE), a discretely presented component unit of Hamilton County, adopted a fiscal year 2021 budget of \$473.8 million (60% of the total budget for Hamilton County). This budget does not include the debt service obligation attributed to the HCDE that is appropriated in the General Fund.
 - HCDE's combined budget decreased from fiscal year 2020 budget by \$1.4 million (0.3%). A major portion of the HCDE revenue is obtained from the State of Tennessee Basic Education Program (BEP). The State uses a standardized BEP formula to calculate funding for K-12 public schools in Tennessee.
 - Increases in the HCDE expenditure budget were aligned with the school district's five strategic goals: Accelerating Student Achievement, Future Ready Students, Great Teachers and Leaders, Engaged Community and Efficient & Effective Operations. With over 80% of school district funds being spent on personnel, the District closely aligns its staffing levels with the State's Basic Education Program and class size mandates.

REQUESTS FOR INFORMATION

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions concerning any of the information provided in this report or need additional information, contact the Finance Administrator, McDaniel Building, 455 North Highland Park Avenue, Chattanooga, TN 37404.

Additional financial information can be found on our web site www.hamiltontn.gov.

Two discretely presented component units, "911" Emergency Communications and the Water & Wastewater Treatment Authority, have separately issued financial reports that can be obtained from: Hamilton County "911" Emergency Communications District, 3404 Amnicola Highway, Chattanooga, TN 37406; Water & Wastewater Treatment Authority, P.O. Box 8856, Chattanooga, TN 37414.





**STATEMENT OF NET POSITION
HAMILTON COUNTY, TENNESSEE**

June 30, 2020

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 228,327,794	\$ 136,945,273
Investments	42,004,953	38,565,739
Receivables, net of allowance for uncollectibles	172,721,338	188,609,546
Receivables, restricted	-	1,670,741
Due from component units	1,151,849	-
Inventories	1,684,348	1,091,005
Restricted cash	-	4,786,089
Prepaid items	256,251	391,747
Advance to component units, net of allowance for uncollectibles	5,255,000	-
Net pension asset	2,346,915	47,794,517
Investment in joint venture	3,553,227	-
Land and other nondepreciable assets	150,396,427	42,684,291
Other capital assets, net of accumulated depreciation	203,146,231	459,534,967
Total assets	<u>810,844,333</u>	<u>922,073,915</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension investment return	50,220	-
Pension contributions subsequent to measurement date	10,611,045	21,687,674
Pension experience differences	3,190,265	4,088,122
Pension changes in assumptions	2,092,477	6,932,871
Deferred changes in proportion to the net pension liability	-	1,298,301
OPEB changes in assumptions	4,241,853	-
OPEB contributions subsequent to measurement date	5,197,459	-
OPEB experience differences	-	13,084,232
Deferred loss on refunding	2,145,317	-
Total deferred outflows of resources	<u>27,528,636</u>	<u>47,091,200</u>
LIABILITIES		
Accounts payable and accrued expenses	33,416,025	43,352,542
Due to primary government	-	1,151,849
Unearned revenue	368	107,225
Long-term liabilities:		
Due within one year	35,732,162	10,667,696
Due in more than one year	310,562,151	29,688,075
Net pension liability	4,844,203	1,870,705
Net OPEB liability	22,830,434	122,435,639
Advance from primary government	-	11,755,000
Total liabilities	<u>407,385,343</u>	<u>221,028,731</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on bond refunding	-	136,053
Unearned property tax revenue	141,822,623	136,545,284
Pension investment loss	4,576,274	14,526,657
Pension experience differences	1,616,808	28,392,307
OPEB changes in assumptions	-	18,917,148
OPEB experience differences	547,443	-
OPEB investment differences	845,363	-
Deferred changes in proportion to the net pension liability	-	1,053,249
Total deferred inflows of resources	<u>149,408,511</u>	<u>199,570,698</u>
NET POSITION		
Net investment in capital assets	348,398,317	470,127,256
Restricted for:		
General government	2,493,130	-
Public safety	534,590	-
Social services	1,777,020	-
Capital projects	71,875,206	-
Centralized cafeteria	-	5,499,730
Education	-	3,333,346
Net pension asset	-	47,794,517
WATA PSLP program	-	5,266,177
Debt service	-	1,190,653
Unrestricted	(143,499,147)	15,354,007
Total net position	<u>\$ 281,579,116</u>	<u>\$ 548,565,686</u>

The Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Components Units
PRIMARY GOVERNMENT						
Government activities:						
General government	\$ 60,474,380	\$ 20,557,816	\$ 3,370,128	\$ 815,075	\$ (35,731,361)	
Public safety:						
Sheriff	57,187,864	1,333,248	6,583,801	-	(49,270,815)	
Criminal Court	4,195,556	1,405,774	-	-	(2,789,782)	
Juvenile Court	1,816,779	379,796	1,423	-	(1,435,560)	
Ambulance Services	12,462,477	11,988,529	-	-	(473,948)	
Other	29,194,359	2,738,167	1,990,631	-	(24,465,561)	
Highways and streets	21,160,560	3,731,308	7,585,798	-	(9,843,454)	
Health	25,449,929	2,540,245	9,125,145	-	(13,784,539)	
Social services	6,236,091	4,499,835	258,300	-	(1,477,956)	
Culture and recreation	9,741,420	838,467	1,985,186	-	(6,917,767)	
Education	3,756,723	-	-	-	(3,756,723)	
Interest on long-term debt	10,165,860	-	-	-	(10,165,860)	
TOTAL PRIMARY GOVERNMENT	\$ 241,841,998	\$ 50,013,185	\$ 30,900,412	\$ 815,075	(160,113,326)	
COMPONENT UNITS						
Department of Education	\$ 481,761,687	\$ 7,030,000	\$ 54,818,162	\$ 3,756,723		\$ (416,156,802)
"911" Emergency Communications	14,052,281	-	6,054,660	8,136,095		138,474
Water & Wastewater Treatment Authority	21,842,948	24,739,873	-	3,928,142		6,825,067
Railroad Authority	302,080	148,947	-	152,833		(300)
TOTAL COMPONENT UNITS	\$ 517,958,996	\$ 31,918,820	\$ 60,872,822	\$ 15,973,793		(409,193,561)
General revenues:						
Property taxes					170,552,654	148,296,182
Sales taxes					6,417,109	82,101,654
Business taxes					10,157,568	-
Hotel/Motel taxes					7,296,070	-
Other taxes					1,230,072	-
Unrestricted investment earnings					5,126,775	2,741,592
Grants and contributions not restricted to specific programs					-	176,247,950
Total general revenues					200,780,248	409,387,378
Change in net position					40,666,922	193,817
Net position, beginning					240,912,194	548,371,869
Net position, ending					\$ 281,579,116	\$ 548,565,686

The Notes to Basic Financial Statements are an integral part of this statement.

**BALANCE SHEET
GOVERNMENTAL FUNDS**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 86,722,300	\$ 8,045,060	\$ 94,641,035	\$ 5,744,660	\$ 195,153,055
Investments	25,400,105	2,357,616	4,366,752	249,074	32,373,547
Receivables, net of allowance for uncollectible	171,522,169	-	99,607	1,099,484	172,721,260
Due from other funds	751,025	-	-	13,292	764,317
Due from component units	1,151,849	-	-	-	1,151,849
Inventories	1,324,357	-	-	-	1,324,357
Prepaid items	156,400	-	-	-	156,400
Total assets	<u>\$ 287,028,205</u>	<u>\$ 10,402,676</u>	<u>\$ 99,107,394</u>	<u>\$ 7,106,510</u>	<u>\$ 403,644,785</u>
LIABILITIES					
Accounts payable	\$ 6,155,578	\$ 1,250	\$ 8,190,316	\$ -	\$ 14,347,144
Accrued items and other	9,803,077	-	-	1,425,478	11,228,555
Intergovernmental payables	574,264	-	89,661	-	663,925
Due to other funds	195,813	-	342	750,683	946,838
Total liabilities	<u>16,728,732</u>	<u>1,250</u>	<u>8,280,319</u>	<u>2,176,161</u>	<u>27,186,462</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	141,822,623	-	-	-	141,822,623
Unavailable property taxes	6,895,954	-	-	-	6,895,954
Other unavailable revenue	506,647	-	821,750	-	1,328,397
Total deferred inflows of resources	<u>149,225,224</u>	<u>-</u>	<u>821,750</u>	<u>-</u>	<u>150,046,974</u>
FUND BALANCES					
Nonspendable for inventories	1,324,357	-	-	-	1,324,357
Nonspendable for prepaid items	156,400	-	-	-	156,400
Restricted for general government	-	-	-	2,493,130	2,493,130
Restricted for public safety	21,907	-	-	512,683	534,590
Restricted for social services	-	-	-	1,777,020	1,777,020
Restricted for capital projects	-	-	71,875,206	-	71,875,206
Committed for public safety	154,368	-	-	147,516	301,884
Assigned for general government	5,882,537	-	-	-	5,882,537
Assigned for public safety	309,702	-	-	-	309,702
Assigned for debt service	-	10,401,426	-	-	10,401,426
Assigned for highways and streets	3,000,278	-	-	-	3,000,278
Assigned for health	302,049	-	-	-	302,049
Assigned for capital projects	-	-	18,130,119	-	18,130,119
Unassigned	109,922,651	-	-	-	109,922,651
Total fund balances	<u>121,074,249</u>	<u>10,401,426</u>	<u>90,005,325</u>	<u>4,930,349</u>	<u>226,411,349</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 287,028,205</u>	<u>\$ 10,402,676</u>	<u>\$ 99,107,394</u>	<u>\$ 7,106,510</u>	<u>\$ 403,644,785</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

HAMILTON COUNTY, TENNESSEE

June 30, 2020

Differences in amounts reported for governmental activities in the statement of net position on page A-1:

Fund balances - total governmental funds	\$ 226,411,349
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	353,542,658
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Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	8,224,351
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Internal service funds are used by management to charge the costs of self-insurance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	39,832,211
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Long-term assets receivable from a component unit are not due until the related long-term liability is due and payable.	5,255,000
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The County entered into a joint venture with the City of Chattanooga and the Carter Street Corporation for the development and management of the Convention and Visitor's Trade Center. This asset is not a currently available financial resource and is not reported in the funds.	3,553,227
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Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. This item consists of the following:

General obligation bonds	\$ (290,345,000)
Original issue premiums	(38,495,450)
Deferred loss on refunding	2,145,317
Net pension asset	2,346,915
Net pension liability	(4,844,203)
Deferred outflows from pension contributions	10,611,045
Deferred outflows from differences in pension investment earnings	(4,526,054)
Deferred outflows from pensions experience	3,190,265
Deferred outflows from pensions changes in assumptions	2,092,477
Deferred inflows from pensions experience	(1,616,808)
Net OPEB liability	(22,830,434)
Deferred outflows from OPEB contributions	5,197,459
Deferred outflows from OPEB changes in assumptions	4,241,853
Deferred inflows from differences in OPEB investment earnings	(845,363)
Deferred outflows from OPEB experience	(547,443)
Landfill post closure costs	(120,000)
Compensated absences	(17,333,863)
Accrued interest payable	<u>(3,560,393)</u>
	<u>(355,239,680)</u>

Net position of governmental activities	<u>\$ 281,579,116</u>
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The Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 188,345,299	\$ -	\$ -	\$ 7,308,174	\$ 195,653,473
Licenses and permits	1,494,414	-	-	-	1,494,414
Intergovernmental	29,309,325	1,575,891	786,825	15,196	31,687,237
Charges for services	19,429,040	-	192,310	23,047,164	42,668,514
Fines, forfeitures and penalties	1,380,960	-	-	65,524	1,446,484
Investment earnings	1,748,999	185,106	2,267,681	196,142	4,397,928
Miscellaneous	4,974,334	39,422	28,250	224,101	5,266,107
Total revenues	<u>246,682,371</u>	<u>1,800,419</u>	<u>3,275,066</u>	<u>30,856,301</u>	<u>282,614,157</u>
EXPENDITURES					
Current:					
General government	42,169,219	-	-	12,105,553	54,274,772
Public safety:					
Sheriff	55,499,870	-	-	432,415	55,932,285
Criminal Court	1,418,089	-	-	2,716,642	4,134,731
Juvenile Court	1,660,883	-	-	-	1,660,883
Ambulance Services	11,659,763	-	-	-	11,659,763
Other	28,146,423	-	-	22,970	28,169,393
Highways and streets	23,412,725	-	-	-	23,412,725
Health	25,086,402	-	-	-	25,086,402
Social services	2,594,093	-	-	3,626,650	6,220,743
Culture and recreation	8,054,872	-	-	-	8,054,872
Debt service:					
Principal	-	34,080,000	-	-	34,080,000
Interest and fiscal charges	-	14,575,902	-	-	14,575,902
Capital outlay:					
General government	4,593,572	-	15,737,816	-	20,331,388
Education	-	-	55,276,933	-	55,276,933
Total expenditures	<u>204,295,911</u>	<u>48,655,902</u>	<u>71,014,749</u>	<u>18,904,230</u>	<u>342,870,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,386,460</u>	<u>(46,855,483)</u>	<u>(67,739,683)</u>	<u>11,952,071</u>	<u>(60,256,635)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	13,887,220	46,856,001	800,000	600,000	62,143,221
Transfers out	(48,437,182)	-	-	(13,887,220)	(62,324,402)
Sale of capital assets	1,602,879	-	116,921	28,343	1,748,143
Total other financing sources (uses)	<u>(32,947,083)</u>	<u>46,856,001</u>	<u>916,921</u>	<u>(13,258,877)</u>	<u>1,566,962</u>
Net change in fund balances	9,439,377	518	(66,822,762)	(1,306,806)	(58,689,673)
Fund balances, beginning	<u>111,634,872</u>	<u>10,400,908</u>	<u>156,828,087</u>	<u>6,237,155</u>	<u>285,101,022</u>
Fund balances, ending	<u>\$ 121,074,249</u>	<u>\$ 10,401,426</u>	<u>\$ 90,005,325</u>	<u>\$ 4,930,349</u>	<u>\$ 226,411,349</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

Differences in amounts reported for governmental activities in the statement of activities on pages A-2:

Net change in fund balances - total governmental funds	\$ (58,689,673)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position.	89,337,621
Depreciation expense on governmental capital assets is included in the governmental activities in the statement of activities.	(14,410,685)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	34,080,000
Compensated absences are measured by the amounts earned during the year in the statement of activities. However, expenditures for these items are measured by the amount of financial resources used in the governmental funds. Compensated absences decreased by this amount during the year.	(2,032,162)
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 governmental funds.	
Payments received from component units for advances	(410,000)
Landfill post closure costs	10,000
Amortization of deferred charges on refunding	(634,577)
Amortization of bond issuance premium	4,594,890
Change in accrued interest payable	449,729
The net revenues of internal service funds are reported with governmental activities.	997,744
The net effect of various transactions involving capital assets is to decrease net position.	(7,956,587)
The net effect of capital asset transactions involving the Hamilton County Department of Education is to decrease net position.	(3,756,723)
The net effect of the change in the net OPEB obligation is included in the governmental activities in the statement of activities.	1,776,726
The net effect of the change in the net pension liability is included in the governmental activities in the statement of activities.	(2,265,297)
Certain governmental revenues will not be collected for several months after the fiscal year and are reported as deferred inflows in the governmental funds.	(287,883)
The net effect of the change in the Carter Street joint venture is included in the governmental activities in the statement of activities.	(136,201)

Change in net position of governmental activities	<u>\$ 40,666,922</u>
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The Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND**

HAMILTON COUNTY, TENNESSEE

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 192,070,700	\$ 192,070,700	\$ 188,345,299	\$ (3,725,401)
Licenses and permits	1,067,000	1,067,000	1,494,414	427,414
Intergovernmental revenues	28,956,238	36,935,687	29,309,325	(7,626,362)
Charges for services	18,654,170	18,669,170	19,429,040	759,870
Fines, forfeitures and penalties	1,871,250	1,871,250	1,380,960	(490,290)
Investment earnings	1,696,000	1,696,000	1,748,999	52,999
Miscellaneous	4,226,092	5,570,460	4,974,334	(596,126)
Total revenues	<u>248,541,450</u>	<u>257,880,267</u>	<u>246,682,371</u>	<u>(11,197,896)</u>
EXPENDITURES				
Current:				
General government	44,802,576	45,423,483	42,204,759	3,218,724
Public safety	105,665,807	108,202,881	99,517,286	8,685,595
Highways and streets	18,656,554	26,212,707	23,435,138	2,777,569
Health	26,210,201	29,018,874	25,131,664	3,887,210
Social services	1,621,738	1,700,359	1,570,557	129,802
Culture and recreation	8,866,869	9,000,432	7,921,307	1,079,125
Capital outlay	6,920,104	8,775,449	4,506,847	4,268,602
Total budgetary expenditures	<u>212,743,849</u>	<u>228,334,185</u>	<u>204,287,558</u>	<u>24,046,627</u>
Excess of revenues over expenditures	<u>35,797,601</u>	<u>29,546,082</u>	<u>42,394,813</u>	<u>12,848,731</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,876,400	11,876,400	13,887,220	2,010,820
Transfers out	(48,256,001)	(48,291,675)	(48,437,182)	(145,507)
Sale of capital assets	582,000	582,000	1,602,879	1,020,879
Total other financing sources (uses)	<u>(35,797,601)</u>	<u>(35,833,275)</u>	<u>(32,947,083)</u>	<u>2,886,192</u>
Net change in fund balance	-	(6,287,193)	9,447,730	\$ <u>15,734,923</u>
Fund balance allocation	-	6,287,193		
	<u>\$ -</u>	<u>\$ -</u>		
Add encumbrances at end of year			3,181,754	
Less encumbrances at beginning of year			(3,190,107)	
Net change in fund balance--(GAAP Modified Accrual Basis)			9,439,377	
Fund balance at beginning of year--(GAAP Modified Accrual Basis)			<u>111,634,872</u>	
Fund balance at end of year--(GAAP Modified Accrual Basis)			<u>\$ 121,074,249</u>	

The Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

	<u>Governmental Activities - Internal Service Fund</u>
ASSETS	
Current assets	
Cash	\$ 33,174,739
Investments	9,631,406
Accounts receivable	78
Due from other funds	182,521
Inventory	359,991
Prepaid items	<u>99,851</u>
Total current assets	<u>43,448,586</u>
Total assets	<u>43,448,586</u>
LIABILITIES	
Current liabilities	
Accounts payable	167,082
Accrued items and other	1,284
Accrued claims	2,994,628
Unearned revenue	<u>368</u>
Total current liabilities	<u>3,163,362</u>
Noncurrent liabilities	
Accrued claims	<u>453,013</u>
Total liabilities	<u>3,616,375</u>
NET POSITION	
Unrestricted	<u>\$ 39,832,211</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUND**

HAMILTON COUNTY, TENNESSEE

Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund
	<u> </u>
OPERATING REVENUES	
Charges for services	\$ 37,042,586
Other	<u>1,587,694</u>
Total operating revenues	<u>38,630,280</u>
OPERATING EXPENSES	
Unemployment compensation	22,955
Claims and premiums	30,355,702
Pharmacy	5,154,245
Clinic	2,259,530
Administration	<u>750,132</u>
Total operating expenses	<u>38,542,564</u>
Operating income	87,716
NONOPERATING REVENUES	
Investment earnings	<u>728,847</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>181,181</u>
Change in net position	997,744
Net position, beginning	<u>38,834,467</u>
Net position, ending	<u>\$ 39,832,211</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Governmental Activities - Internal Service Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from insurance premiums	\$ 33,376,290
Cash received from unemployment compensation	570,983
Cash received from pharmacy	5,234,297
Cash paid for claims and premiums	(29,880,447)
Cash paid for administration	(751,847)
Cash paid for clinic	(2,259,530)
Cash paid for pharmacy	<u>(5,227,797)</u>
Net cash provided by operating activities	<u>1,061,949</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(9,631,406)
Proceeds from sale of investments	19,540,655
Interest on investments	<u>728,847</u>
Net cash provided by investing activities	<u>10,638,096</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	<u>4,500</u>
Cash provided by non-capital financing activities	<u>4,500</u>
Net change in cash and cash equivalents	11,704,545
Beginning cash and cash equivalents	<u>21,470,194</u>
Ending cash and cash equivalents	<u>\$ 33,174,739</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	<u>\$ 87,716</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in accounts receivable	467,922
Change in due from other funds	(18)
Change in inventory	(73,552)
Change in prepaid items	96,786
Change in accounts payable	114,863
Change in due to other funds	(8,522)
Change in accrued items and other	(1,715)
Change in accrued claims	<u>378,469</u>
Total adjustments	<u>974,233</u>
Net cash provided by operating activities	<u>\$ 1,061,949</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

HAMILTON COUNTY, TENNESSEE

June 30, 2020

	OPEB & Pension Trust Funds	Constitutional Officers Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ 117,273	\$ 21,697,846
Certificates of deposit	-	8,318,822
Investments	-	38,363
Investments, at fair value:		
US Government Securities	1,692,161	-
Municipal Bonds	1,079,740	-
Mutual Funds	20,401,883	-
Domestic Equity Securities	4,127,885	-
Domestic Corporate Bonds	3,602,021	-
Foreign Bonds / Notes	408,884	-
Collateralized Mortgage Obligations	546,021	-
Foreign Equity Securities	2,202,565	-
Total investments, at fair value	<u>34,061,160</u>	<u>-</u>
Receivables:		
Interest	60,542	-
Accounts	-	2,612
Total receivables	<u>60,542</u>	<u>2,612</u>
Total assets	<u>34,238,975</u>	<u>30,057,643</u>
LIABILITIES		
Accrued items and other	-	22,432,351
Intergovernmental payables	-	7,625,292
Total liabilities	<u>-</u>	<u>30,057,643</u>
NET POSITION		
Net position restricted for pension benefits	2,950,036	-
Net position restricted for OPEB benefits	31,288,939	-
Total net position	<u>\$ 34,238,975</u>	<u>\$ -</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

HAMILTON COUNTY, TENNESSEE

Year Ended June 30, 2020

	OPEB & Pension Trust Funds
	<u> </u>
ADDITIONS	
Contributions:	
Employer	\$ 5,056,119
Other	<u>2,088</u>
Total contributions	<u>5,058,207</u>
Investment earnings:	
Net change in fair value of investments	498,408
Interest and dividends	<u>911,407</u>
Net investment earnings	<u>1,409,815</u>
Total additions	<u>6,468,022</u>
DEDUCTIONS	
Benefits	3,434,691
Administrative expense	<u>163,662</u>
Total deductions	<u>3,598,353</u>
Change in net position	2,869,669
Net position, beginning	<u>31,369,306</u>
Net position, ending	<u>\$ 34,238,975</u>

The Notes to Basic Financial Statements are an integral part of this statement.



**STATEMENT OF NET POSITION
COMPONENT UNITS**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

	Hamilton County Department of Education	"911" Emergency Communications District	Water & Wastewater Treatment Authority (WWTA)	Railroad Authority	Total
ASSETS					
Cash and cash equivalents	\$ 113,785,624	\$ 4,262,173	\$ 18,880,916	\$ 16,560	\$ 136,945,273
Investments	27,093,721	11,472,018	-	-	38,565,739
Receivables, net of allowance for uncollectible	184,155,927	575,324	3,878,295	-	188,609,546
Receivables, restricted	-	-	1,670,741	-	1,670,741
Net pension asset	46,933,319	861,198	-	-	47,794,517
Inventories	1,091,005	-	-	-	1,091,005
Cash and cash equivalents - restricted	-	-	4,786,089	-	4,786,089
Prepaid items	377,902	-	13,845	-	391,747
Land and other nondepreciable assets	20,925,588	257,529	21,501,174	-	42,684,291
Capital assets, net of accumulated depreciation	<u>343,661,791</u>	<u>6,572,909</u>	<u>109,300,267</u>	-	<u>459,534,967</u>
Total assets	<u>738,024,877</u>	<u>24,001,151</u>	<u>160,031,327</u>	<u>16,560</u>	<u>922,073,915</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	21,154,656	533,018	-	-	21,687,674
Pension experience differences	3,639,048	449,074	-	-	4,088,122
Pension changes in assumptions	6,824,986	107,885	-	-	6,932,871
Deferred changes in proportion to the net pension liability	1,298,301	-	-	-	1,298,301
OPEB experience differences	<u>13,084,232</u>	-	-	-	<u>13,084,232</u>
Total deferred outflows of resources	<u>46,001,223</u>	<u>1,089,977</u>	-	-	<u>47,091,200</u>
LIABILITIES					
Accounts payable and other current liabilities	38,709,228	74,920	4,568,394	-	43,352,542
Unearned revenues	81,545	-	25,680	-	107,225
Due to primary government	-	868,849	283,000	-	1,151,849
Noncurrent liabilities:					
Due within one year	8,895,882	649,235	1,122,579	-	10,667,696
Due in more than one year	10,609,705	-	19,078,370	-	29,688,075
Net pension liability	1,870,705	-	-	-	1,870,705
Net OPEB liability	122,435,639	-	-	-	122,435,639
Advance from primary government	-	-	11,755,000	-	11,755,000
Total liabilities	<u>182,602,704</u>	<u>1,593,004</u>	<u>36,833,023</u>	-	<u>221,028,731</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on bond refunding	-	-	136,053	-	136,053
Deferred property tax revenue	136,545,284	-	-	-	136,545,284
Pension experience differences	27,820,017	572,290	-	-	28,392,307
OPEB changes in assumptions	18,917,148	-	-	-	18,917,148
Pension investment change	14,427,915	98,742	-	-	14,526,657
Deferred changes in proportion to the net pension liability	<u>1,053,249</u>	-	-	-	<u>1,053,249</u>
Total deferred inflows of resources	<u>198,763,613</u>	<u>671,032</u>	<u>136,053</u>	-	<u>199,570,698</u>
NET POSITION					
Net investment in capital assets	364,587,379	6,830,438	98,709,439	-	470,127,256
Restricted for:					
Centralized cafeteria	5,499,730	-	-	-	5,499,730
Education	3,333,346	-	-	-	3,333,346
Net pension asset	46,933,319	861,198	-	-	47,794,517
WWTA PSLP program	-	-	5,266,177	-	5,266,177
Debt service	-	-	1,190,653	-	1,190,653
Unrestricted	<u>(17,693,991)</u>	<u>15,135,456</u>	<u>17,895,982</u>	<u>16,560</u>	<u>15,354,007</u>
Total net position	<u>\$ 402,659,783</u>	<u>\$ 22,827,092</u>	<u>\$ 123,062,251</u>	<u>\$ 16,560</u>	<u>\$ 548,565,686</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF ACTIVITIES
COMPONENT UNITS**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
HAMILTON COUNTY DEPARTMENT OF EDUCATION				
Regular instruction	\$ 256,620,152	\$ 340,701	\$ 10,011,390	\$ -
Exceptional instruction	40,214,199	982,435	7,964,803	-
Vocational instruction	9,853,013	-	645,590	-
Support services:				
Pupil services	16,177,789	-	3,131,517	-
Instructional staff	15,638,382	-	10,769,002	-
Technology	3,334,900	-	-	-
Board of education	6,769,043	-	-	-
Administration	32,227,944	-	-	-
Business and fiscal services	3,461,324	-	-	-
Human resources	1,626,291	-	-	-
Plant operation and maintenance	50,852,459	-	-	3,756,723
Pupil transportation	18,966,589	-	102,371	-
Central and other	518,746	-	-	-
Operation of noninstructional services:				
Community services	193,278	2,783,062	-	-
Early childhood education	3,258,916	-	512,865	-
Child Nutrition	<u>22,048,662</u>	<u>2,923,802</u>	<u>21,680,624</u>	<u>-</u>
TOTAL DEPARTMENT OF EDUCATION	<u>481,761,687</u>	<u>7,030,000</u>	<u>54,818,162</u>	<u>3,756,723</u>
"911" EMERGENCY COMMUNICATIONS DISTRICT				
Emergency communications operations	<u>14,052,281</u>	<u>-</u>	<u>6,054,660</u>	<u>8,136,095</u>
WATER & WASTEWATER TREATMENT AUTHORITY				
Water and wastewater treatment operations	<u>21,842,948</u>	<u>24,739,873</u>	<u>-</u>	<u>3,928,142</u>
RAILROAD AUTHORITY				
Railroad authority operations	<u>302,080</u>	<u>148,947</u>	<u>-</u>	<u>152,833</u>
TOTAL COMPONENT UNITS	<u>\$ 517,958,996</u>	<u>\$ 31,918,820</u>	<u>\$ 60,872,822</u>	<u>\$ 15,973,793</u>

General revenues:
Property taxes
Sales taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Total general revenues
Change in net position
Net position, beginning
Net position, ending

The Notes to Basic Financial Statements are an integral part of this statement.

Net (Expenses) Revenues and
Changes in Net Position

Hamilton County Department of Education	"911" Emergency Communication	Water & Wastewater Treatment Authority	Railroad Authority	Total
\$ (246,268,061)				\$ (246,268,061)
(31,266,961)				(31,266,961)
(9,207,423)				(9,207,423)
(13,046,272)				(13,046,272)
(4,869,380)				(4,869,380)
(3,334,900)				(3,334,900)
(6,769,043)				(6,769,043)
(32,227,944)				(32,227,944)
(3,461,324)				(3,461,324)
(1,626,291)				(1,626,291)
(47,095,736)				(47,095,736)
(18,864,218)				(18,864,218)
(518,746)				(518,746)
2,589,784				2,589,784
(2,746,051)				(2,746,051)
<u>2,555,764</u>				<u>2,555,764</u>
<u>(416,156,802)</u>				
	\$ <u>138,474</u>			138,474
		\$ <u>6,825,067</u>		6,825,067
			\$ <u>(300)</u>	<u>(300)</u>
				<u>(409,193,561)</u>
148,296,182	-	-	-	148,296,182
82,101,654	-	-	-	82,101,654
176,247,950	-	-	-	176,247,950
<u>2,209,910</u>	<u>235,601</u>	<u>296,081</u>	-	<u>2,741,592</u>
<u>408,855,696</u>	<u>235,601</u>	<u>296,081</u>	-	<u>409,387,378</u>
(7,301,106)	374,075	7,121,148	(300)	193,817
<u>409,960,889</u>	<u>22,453,017</u>	<u>115,941,103</u>	<u>16,860</u>	<u>548,371,869</u>
<u>\$ 402,659,783</u>	<u>\$ 22,827,092</u>	<u>\$ 123,062,251</u>	<u>\$ 16,560</u>	<u>\$ 548,565,686</u>



NOTES TO BASIC FINANCIAL STATEMENTS

HAMILTON COUNTY, TENNESSEE

June 30, 2020

	<u>Page</u>
Note A - Summary of Significant Accounting Policies	A - 16
Note B - Stewardship, Compliance and Accountability	A - 25
Note C - Cash, Cash Equivalents and Investments	A - 26
Note D - Receivables	A - 32
Note E - Solid Waste Disposal Post Closure Care Costs	A - 32
Note F - Commitments and Contingencies	A - 32
Note G - Conduit Debt Obligation	A - 33
Note H - Capital Assets	A - 33
Note I - Employee Retirement Systems	A - 34
Note J - Defined Contribution Plans	A - 59
Note K - Other Postemployment Benefits (OPEB)	A - 59
Note L - Long-Term Liabilities	A - 65
Note M - Defeased Debt	A - 67
Note N - Interfund Receivables and Payables	A - 67
Note O - Interfund Transfers	A - 68
Note P - Joint Venture	A - 68
Note Q - Risk Management	A - 69
Note R - Tax Abatements	A - 70

NOTES TO BASIC FINANCIAL STATEMENTS

HAMILTON COUNTY, TENNESSEE
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hamilton County, Tennessee (the “County”) was incorporated October 25, 1819, by the Tennessee State Legislature and operates under a legislative body – County Mayor form of government. The present form of government was established in 1978 by constitutional amendment.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for governmental accounting and financial reporting. The County has implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

(1) REPORTING ENTITY

In evaluating the County as a reporting entity, management has addressed all potential component units. Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The component units of the primary government (the County) are all discretely presented.

Discretely Presented Component Units

Hamilton County Department of Education – The Hamilton County Department of Education (HCDE) provides public education for grades kindergarten through twelve. The nine-member board is comprised of elected members who appoint the superintendent. The Hamilton County Commission levies taxes for the operations of the school system and issues debt for all significant capital projects, thus making the Hamilton County Department of Education fiscally dependent on the primary government. The financial activities also include the operations of a centralized cafeteria system, school activity funds, capital projects, and an internal service fund. Additional information may be obtained from: Hamilton County Department of Education, 3074 Hickory Valley Road, Bldg. 200-1, Chattanooga, TN 37421.

Emergency Communication District Board (911) – The “911” Emergency Communication Board was approved by resolution of the Hamilton County Board of Commissioners after the passage of Chapter 867 of the 1984 Tennessee Public Acts which authorized Emergency Communications Districts. The nine-member board is appointed by the County Mayor, is approved by the Hamilton County Board of Commissioners, and is legally separate from Hamilton County. The Board of Commissioners must approve any bonds or indebtedness of the district. Complete financial statements may be obtained from: Hamilton County “911” Emergency Communication District, 3404 Amnicola Highway, Chattanooga, TN 37406.

Hamilton County Water & Wastewater Treatment Authority – The Water & Wastewater Treatment Authority (WWTA) was organized under the Water & Wastewater Treatment Authority Act of the State of Tennessee. The Authority began operations on July 1, 1994, for the purpose of providing wastewater treatment service to residents of unincorporated areas of Hamilton County, Tennessee and is legally separate from Hamilton County. Five members of the twelve-member board of the WWTA are appointed by the Hamilton County Board of Commissioners from recommendations of the County Mayor. These five members have controlling voting power over the operations of the entity. The County Board of Commissioners does not approve the Authority's budget. Complete financial statements may be obtained from: Water & Wastewater Treatment Authority, P.O. Box 8856, Chattanooga, TN 37414.

Hamilton County Railroad Authority – The Railroad Authority (the Authority) was organized under the Railroad Authority Act of the State of Tennessee. The Authority was established on February 20, 2002 for the purpose of improving rail service in Hamilton County. The five-member Board consists of the County Mayor, City of Chattanooga Mayor, one member elected by the Board of County Commissioners, one member elected by the Chattanooga City Council, and the President and CEO of Chattanooga Area Chamber of Commerce. The Authority's Board has final decision-making authority for the entity. The Board of Commissioners must approve any bonds or indebtedness of the Authority. Additional information may be obtained from: Hamilton County Railroad Authority, 6125 Preservation Drive, Chattanooga, TN 37416.

(2) JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The County participates in the following joint venture:

Carter Street Corporation – The Carter Street Corporation manages the Trade Center and parking garage that were financed by Industrial Development Bonds. Further information, along with condensed financial information, can be found in Note P – Joint Venture.

Related Organizations – The following related organizations are excluded from the financial reporting entity because the County's accountability for these organizations does not extend beyond making the appointments. Audited financial statements are available from the respective organizations.

North West Utility District – This utility district is different from the other utility districts of Hamilton County because of the size of the area that it covers. Tennessee Code Annotated, Section 7-82-307(r)(1) & (2) provides for the appointment of seven members of which three members are recommended by the utility commission and the remaining four are appointed by the County Mayor. After the board appointments, neither a financial benefit nor a burden to the citizens of Hamilton County exists.

Industrial Development Board of the County of Hamilton – The Industrial Development Board of the County of Hamilton (the Corporation) is a corporation formed for the purpose of promoting and developing commercial, industrial, and manufacturing enterprise and encouraging employment within the boundaries of Hamilton County. The County Board of Commissioners appoints the eleven-member board. The Corporation is authorized and empowered to issue industrial development revenue bonds that do not constitute an indebtedness of Hamilton County, the State of Tennessee, or any political subdivision thereof. The County assumes no responsibility for the day-to-day operating expenses of the Corporation. Fees charged to applicants for funding finance such expenses.

Chattanooga-Hamilton County Hospital Authority – The County Mayor appoints, subject to the approval of the County Board of Commissioners, four members of the eleven-member Hospital Authority Board. The County is committed to fund a minimum of \$1,500,000 annually for indigent patient care to the Authority. The Authority has the ability to issue its own debt, which is not an obligation of the County, and primarily patient revenues finance its operations.

(3) BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements, focusing on either the County as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. At June 30, 2020, the County has no business-type activities in the primary government. In the government-wide Statement of Net Position, the governmental activities (a) are presented on a consolidated basis in a single column and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations and deferred resources of inflows and outflows.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, highways and streets, etc.), which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. Program revenues include revenues from fines and forfeitures, licenses and permits fees, service assessments, and charges for services. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is designed to view the County as a complete entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Major individual governmental funds statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the County's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented in summary form as part of the proprietary fund financial statement. Activities accounted for in the Internal Service Funds include: (1) accounting for the payment of workers' compensation and general liability claims; (2) payment of employee medical, life insurance and other payroll related expenses, and unemployment claims; (3) the employee pharmacy; and (4) the employee medical clinic. Operating revenues and expenses are the result of providing services to the principal user of the internal service. Any revenues or expenses that are not the result of providing those services are classified as nonoperating. Since the principal users of the internal services are the County's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level and interfund transactions are eliminated. To the extent possible, the costs of these services are reflected in the appropriate functional activity (public safety, highways and streets, etc.).

The County's fiduciary funds are presented in the fund financial statements by type (trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The focus of the government-wide financial statements is on the County as a whole. The focus of the fund financial statements is on the major individual government funds as well as the fiduciary funds (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

(4) BASIS OF PRESENTATION

The financial transactions of the County are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues and expenditures/expenses. The County reports the following major funds and other fund types:

a) Major Funds

General Fund – The General Fund is used to account for all revenues and expenditures applicable to the general operations of county government that are not properly accounted for in another fund. All general operating revenues that are not restricted or designated as to their use by outside sources are recorded in the General Fund. Revenues are derived primarily from taxes and intergovernmental revenues.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the payment of interest, principal, and related costs of long-term liabilities of the Primary Government’s governmental activities.

Capital Projects Fund – The Capital Projects Fund is used to account for resources designated to construct or acquire capital assets and major improvements. Revenues are derived primarily from the issuance of long-term liabilities, intergovernmental revenues, grants, and earnings on investments.

b) Other Fund Types

Special Revenue Funds – Special Revenue Funds account for revenue sources that are legally restricted or committed to expenditure for specific purposes, such as grant programs, certain fines and forfeitures, and certain law enforcement services.

Internal Service Funds – The Internal Service Fund accounts for the County’s self-insurance programs. The County is self-insured for employee medical claims, unemployment compensation, on-the-job injury claims, property and liability claims, and losses due to liabilities arising under the laws of the state and federal governments. The costs for these programs are funded through premiums paid by the departments and agencies of the County.

Pension Trust Funds – The Pension Trust Funds account for assets held by the County as trustee. These funds are accounted for in the same manner as business enterprises providing similar services. Certain County employees hired prior to July 1, 1977, all County commissioners, and certain County teachers who were employed prior to July 1, 1945, are covered by the Pension Trust Funds.

OPEB Trust Fund – OPEB Trust Fund is used to report the County’s “Other Post-Employment Benefits”. The fund accounts for resources held in trust for a defined benefit post-employment health and medical care plan for County retirees and their dependents. This fund is accounted for in the same manner as business enterprises providing similar services.

Agency Funds – Agency Funds are used to account for fiduciary assets held by the County in a custodial capacity as an agent on behalf of individuals and other government entities. The County's agency fund is used to account for various deposits, bail bonds and performance bonds.

(5) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements and the Proprietary and Fiduciary Fund Financial Statements are presented on the accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on the modified accrual basis.

Accrual – Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual – All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Major revenue sources susceptible to accrual include: grants, interest, sales and use taxes, hotel/motel taxes, property taxes, and intergovernmental revenues. In general, other revenues are recognized when cash is received.

The County defined the length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements to be six months for intergovernmental revenues and sixty days for property taxes and other revenues.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

(6) BUDGET POLICY AND BUDGETARY DATA

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

On or around June 1, the County Mayor submits to the Hamilton County Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of funding them.

Public hearings are conducted which allow for taxpayer comments.

Prior to July 1, the Board of Commissioners legally enacts a balanced budget through passage of a resolution.

The County Mayor is authorized to transfer budgeted amounts within divisions within any fund; however, any revisions that alter the total expenditures of any fund or transfer funds between divisions must be approved by the Board of Commissioners.

A legally enacted budget is employed as a management control device during the year for the following governmental funds: General Fund, Debt Service Fund, Hotel Motel Fund and Sheriff Special Revenue Fund. Formal budgetary integration is not employed for certain Constitutional Officers accounted for in special revenue funds due to the ability of management to closely monitor and control the transactions in the funds. The remaining special revenue funds are unbudgeted because effective control is maintained through the appropriation of revenues by the General Fund and through management’s observation of the limited transactions of these funds.

The budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. Budgetary comparisons presented in the report are on this budgetary basis and do not include financial information of individual funds which do not have budgets. Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of the fiscal year.

Encumbrances against budgeted appropriations are recorded during the year upon execution of purchase orders, contracts, or other appropriate documents. Amounts shown as encumbrances at June 30, 2020, reflect expenditures for goods and services that had not been received or completed at that date. These items are recorded as assignments of fund balances and provide authority for the carryover of appropriations to the subsequent year in order to complete these transactions. Encumbrances are utilized in the General Fund and the Capital Projects Fund.

The various departments within the County are organized by function into separate divisions. The level at which expenditures may not legally exceed appropriations is the division level. All budget amounts included in these financial statements and the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

The General Fund of the County is organized into ten separate divisions by function (Constitutional Offices, Supported Agencies, Unassigned, Finance, Public Works, General Services, Human Resources, Health, Sheriff and Juvenile Court Clerk) and it is at that level that expenditures may not legally exceed appropriations. Funds that have a legally adopted budget may not exceed appropriations.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Non-GAAP basis)</u>	<u>Variance with Final Budget Positive / (Negative)</u>
General Fund				
Constitutional Offices	\$ 30,402,977	\$ 30,795,354	\$ 28,802,047	\$ 1,993,307
Supported Agencies	4,536,665	4,536,665	4,472,477	64,188
Unassigned	77,510,454	79,693,757	72,463,241	7,230,516
Finance	9,818,849	9,921,738	8,895,869	1,025,869
Public Works	25,905,033	33,610,536	31,218,081	2,392,455
General Services	24,383,629	24,812,704	22,210,495	2,602,209
Human Resources	2,075,647	2,075,647	1,872,582	203,065
Health	24,521,652	27,330,326	23,443,116	3,887,210
Sheriff	59,065,347	60,696,209	55,647,216	5,048,993
Juvenile Court Clerk	2,779,593	2,779,593	2,684,419	95,174
Total General Fund	<u>260,999,846</u>	<u>276,252,529</u>	<u>251,709,543</u>	<u>24,542,986</u>
Debt Service	<u>48,670,892</u>	<u>48,670,892</u>	<u>48,655,902</u>	<u>14,990</u>
Hotel Motel	<u>8,846,000</u>	<u>8,846,000</u>	<u>7,301,123</u>	<u>1,544,877</u>
Sheriff Special Revenue	<u>483,691</u>	<u>538,856</u>	<u>377,250</u>	<u>161,606</u>
Primary Government	<u>\$ 319,000,429</u>	<u>\$ 334,308,277</u>	<u>\$ 308,043,818</u>	<u>\$ 26,264,459</u>

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year was \$3,181,754. The General Fund was the only major fund to have encumbrances at year end.

A separately issued budgetary report is available and can be obtained from Hamilton County Finance Division, 455 North Highland Park Avenue, Chattanooga, Tennessee 37404.

(7) ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

a) Cash and Cash Equivalents

The County considers cash and cash equivalents to include cash on hand, cash held in the State's local government investment pool (LGIP), amounts due from banks, and interest-bearing deposits at various financial institutions.

b) Investments

Certificates of deposit with a maturity date greater than three months of the date acquired by the County are considered investments. These certificates of deposits are considered non-participating interest earning investment contracts and, accordingly, are valued at cost.

c) Receivables

Receivables are recorded in the Governmental, Proprietary, Fiduciary, and Component Unit funds. Where appropriate, receivables are shown net of an allowance for uncollectible accounts.

d) Inventories and Prepaid Items

Inventories are valued at cost, which approximates market value using the first-in, first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The costs are recorded as expenditures at the time individual inventory items are used (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. The payments are being recorded as expenditures on the fund level for the governmental funds.

e) Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date donated. The County maintains infrastructure asset records consistent with other capital assets. The County’s threshold for additions to capital assets is \$5,000 in the primary government and \$5,000 for the Department of Education. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line method over the following estimated useful lives:

	<u>Useful Life</u>
Buildings	20 – 50 years
Improvements Other Than Buildings	20 – 50 years
Machinery and Equipment	5 – 20 years
Public Domain Infrastructure	10 – 50 years
Intangibles	5 years

Beginning in the implementation year (July 1, 2001), new infrastructure expenditures have been capitalized and depreciated. Following the implementation of GASB No. 34, the County continued to expand and refine its capital assets. Effective July 1, 2003, the County recorded the infrastructure assets at estimated or actual historical cost, net of accumulated depreciation. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

f) Fund Balance

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions*, in fiscal year 2011. In the governmental fund financial statements, the fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are (a) not in spendable form, or (b) legally or contractually required to be maintained intact (e.g., endowments). The fund balance considered “nonspendable” includes items not expected to be converted to cash (e.g., inventories and prepaid items), as well as long-term receivables. The County does not have any nonspendable fund balance that is legally or contractually required to be maintained intact.

Restricted fund balance includes amounts that are restricted for the following purposes noted in this paragraph. These amounts result from constraints placed on the use of resources (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. State statutes mandate that certain funds collected are restricted for their specific purposes. Purposes that are controlled by state statute are fees collected for automation, certain funds received for public safety, and certain funds received for the Department of Education centralized cafeteria that are intended for a special segment of the school population and not intended to benefit the student body as a whole. Other funds that are restricted are the fees collected from rate payers to finance the private service lateral program (PSLP) of the Water & Wastewater Treatment Authority.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by legally binding contracts approved by resolution. These items include commitments that exceed the \$25,000 threshold set forth by the Hamilton County Purchasing Rules and Regulations. Items committed may only be modified or rescinded by resolution passed by the County Commission.

Assigned fund balance consists of amounts constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. For reporting purposes, assignments may fall into two categories: assigned for specific purposes or assigned for encumbrances that fall below the \$25,000 threshold as set forth by the Hamilton County Purchasing Rules and Regulations. Items assigned as encumbrances may be assigned, modified or rescinded by the County Mayor or his designee, as set forth in the Hamilton County Purchasing Rules and Regulations.

Unassigned fund balance is the residual balance in the general fund (i.e., fund balance that is not either nonspendable, not restricted, committed, or assigned.)

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted amounts are expended first, and then unrestricted funds are used. Generally, when expenditures are incurred utilizing unrestricted funds, unassigned amounts are expended first, then assigned amounts, then committed amounts.

g) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category: deferred outflows related to refunding and deferred outflows related to pensions and OPEB. They are 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. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pensions and OPEB are discussed below.

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County has four types of deferred inflows: deferred property taxes, unavailable revenue, deferred inflows related to pensions and deferred inflows related to OPEB. The County's governmental funds Balance Sheet and government-wide Statement of Net Position will report deferred property tax revenues as a deferred inflow of resources as the amount represents resources associated with an imposed, non-exchange transaction received or reported as a receivable before the period for which the property taxes were levied. The County reports unavailable property taxes and various receivables for revenue which do not meet the availability criteria in governmental funds as deferred inflows of resources. Unavailable revenue is reported only in the governmental funds Balance Sheet. Deferred inflows related to pensions and OPEB are discussed below.

h) Pension Plans

Substantially all County employees are eligible to participate in retirement benefit plans established by either the County or the State of Tennessee.

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

The County has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment

return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

(8) REVENUES, EXPENDITURES AND EXPENSES

Substantially all governmental fund revenues are subject to accrual. Expenditures are recognized when the related fund liability is incurred, except for the following instances permitted by generally accepted accounting principles:

- General obligation long-term debt principal and interest are reported only when due.
- Inventory costs are reported in the period when inventory items are consumed rather than in the period purchased.

a) Property Taxes

Property taxes levied by the County are assessed by the Assessor of Property and collected by the Trustee, both of whom are elected officials of the County. Property tax revenues are recognized when they become measurable and available. “Available” means due or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. Uncollected amounts not considered available are recorded as deferred inflows of resources. Hamilton County has unlimited ability to levy ad valorem taxes.

The property tax calendar applicable to the current fiscal year is as follows:

Lien date	January 1, 2019
Levy date	October 1, 2019
Tax bills mailed	October 1, 2019
Delinquency date	March 1, 2020
Tax sale – 2016 delinquent property taxes	June 4, 2020

b) Grant Revenue

The County, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any) when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the County before the eligibility requirements are met are reported as deferred inflows of resources.

Some grants and contributions consist of capital assets or resources that are restricted for capital purposes – to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the County.

c) Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund’s average daily equity in pooled cash and investments to the total average daily pooled equity in pooled cash and investments.

d) Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reflected as transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund. Transactions that would be treated as revenues or expenditures if they involve organizations external to the County are treated as revenues in the receiving fund and expenditures in the disbursing fund. Amounts reported in the fund financial statements as transfers in/out from other funds are eliminated in the governmental activities column of the government-wide Statement of Activities.

Amounts owed to one fund or component unit by another are reported as due to/due from other funds or component units. Amounts reported in the fund financial statements as due to/due from other funds are eliminated in the governmental activities column of the government-wide Statement of Net Position.

e) Payments Between the County and Component Units

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions – that is, as revenues and expenses. Payments from component units consist of debt service payments from HCDE, debt service payments from “911” Emergency Communication for equipment purchased by the County and from Water & Wastewater Treatment Authority for bonds issued in the County’s name.

f) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, 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.

g) Compensated Absences

County employees earn compensation for absences by a prescribed formula based on their length of service. Compensation for absences is accumulated every pay period and has a cap of 1,680 hours for employees hired before January 1, 2013. Employees hired after that date may only accumulate up to 800 hours. During the year, the compensation earned may be used for either vacation or absence due to illness. At year end, the liability for compensation for absences earned but not paid to employees is accrued in the government-wide financial statements by function. Upon termination or retirement, employees are paid for the balance accrued in their compensated absences bank.

(9) NET POSITION

The government-wide financial statements utilize a net position presentation and are displayed in three components.

Net Investment in Capital Assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – consists of net position with third party (statutory, bond covenant or granting agency) limitations on their use. The County’s policy is generally to use restricted net position first, as appropriate opportunities arise.

Unrestricted Net Position – all other net position that does not meet the definition of restricted or net investment in capital assets.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The County incurred no material violations of finance related legal and contractual provisions.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2020, the County had no material excess of expenditures over appropriations in individual funds.

Net Position/Fund Balance Deficit

At June 30, 2020, the County has a deficit of \$143,499,147 in unrestricted net position in the government-wide statement of net position for governmental activities. Historically, significant portions of the County’s general obligation bonds are issued to acquire, construct, and develop facilities for the Department of Education. These facilities are not recorded as capital assets of the County’s governmental activities but are recorded as capital assets of the Department of Education, which is a discretely presented component unit. During the year ending June 30, 2020, the County conveyed \$3,756,723 in capital assets to the Department of Education. At June 30, 2020, the County’s long-term liabilities include general obligation bonds of \$212,562,933 issued for the Department of Education capital projects.

NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Custodial credit risk relating to deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2020, all deposits were insured or collateralized, as required by government policy.

The County's cash and cash equivalents consist of cash on hand, demand deposits, and interest-bearing deposits at various financial institutions.

Investments

<u>Investment</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Credit Rating</u>	<u>Level 2</u>	<u>Fair Value</u>
Federal Home Loan Mortgage Corp.	01/07/2022	1.670%	Aaa	\$ 5,000,000	\$ 5,000,000
Federal Home Loan Mortgage Corp.	02/10/2022	1.600%	Aaa	5,000,000	5,000,000
Federal Home Loan Mortgage Corp.	02/10/2022	1.600%	Aaa	5,000,000	5,000,000
Total Investments at Fair Value				<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>

Investments not subject to fair value disclosure

<u>Investment</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Value</u>
Certificate of Deposit	09/06/2020	0.90%	\$ 15,000
Certificate of Deposit	08/22/2020	1.80%	50,000,000
Total Certificates of Deposit			<u>\$ 50,015,000</u>

As of June 30, 2020, total investments for the primary government (excluding Pension Trust Funds and OPEB Trust Fund) were \$42,004,953 and investments for the Department of Education, a discretely presented component unit, were \$27,093,719. In addition to the investments listed in the previous table, the County holds \$8,357,185 in agency funds, on the behalf of court litigants and beneficiaries.

Interest rate risk – Interest rate risk is the risk that the fair value of an investment will be adversely affected by changes in interest rates. As a means of limiting the County's exposure to fair value losses arising from rising interest rates, the County purchases investments with maturities of two years or less as required by state law. The County's investment practices further reduce exposure to interest rate risk by maintaining a weighted average maturity in its investment portfolio of one year or less through the use of the "ladder" method of investing and by holding all investments to maturity. The County's investment portfolio did not experience any significant fluctuations in fair value during the year.

Custodial credit risk – The County's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions be collateralized by securities whose fair value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the County's agent in the County's name, or by the Federal Reserve Banks acting as third party agents. The statutes also authorize the types of investments in which the County can participate. The portfolio manager may invest in any instruments which are in accordance with applicable laws, including but not limited to the following: certificates of deposit and other deposit accounts at Tennessee chartered banks and savings and loan associations; repurchase agreements of obligations of the United States or its agencies; the Tennessee local government investment pool; certain authorized bonds of the state of Tennessee, any other state or political subdivision thereof, and any Tennessee county or municipality; and nonconvertible debt securities of the United States or US government sponsored enterprises.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's adopted investment policy is designed to maximize investment earnings while protecting the security of principal and providing adequate liquidity. State law requires that the County not have investments longer than two years and all investments to be secured by either the State Collateral Pool Board or the participating bank.

Fair Value Measurements – The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County’s certificates of deposit are nonparticipating interest-earning investment contracts and, accordingly, are recorded at cost.

Pension Trust Funds and Other Post-Employment Benefits Trust Fund – The County’s Pension Trust Funds and Other Post-Employment Benefits (OPEB) Trust Fund are managed with long-term objectives that include maximizing total investment earnings. State statutes and County policies allow these funds a broader range of investments than other County investments. The County’s Pension Trust Funds and OPEB Trust Fund have no investments in any one issuer that represent 5 percent or more of plan net position. The credit risk of investments of these funds is summarized as follows:

Pension Trust Funds:

Investment	Interest Rate	Credit Rating	Level 1	Level 2	Level 3	Fair Value
U.S. Treasury Note	1.41 - 2.33%	Aaa	\$ -	\$ 196,683	\$ -	\$ 196,683
Government Agency	2.30 - 2.40%	Aa1	-	47,731	-	47,731
Municipal Bonds	3.27%	Aa1	21,455	-	-	21,455
Municipal Bonds	2.32 - 3.27%	Aa2	31,694	-	-	31,694
Municipal Bonds	2.25%	Aa3	15,882	-	-	15,882
Municipal Bonds	2.85 - 4.22%	A2	48,731	-	-	48,731
Domestic Corporate Bonds	3.28%	Aa2	6,555	-	-	6,555
Domestic Corporate Bonds	2.23 - 3.77%	Aa3	22,969	-	-	22,969
Domestic Corporate Bonds	2.99 - 3.17%	A1	11,932	-	-	11,932
Domestic Corporate Bonds	2.61 - 4.46%	A2	43,706	-	-	43,706
Domestic Corporate Bonds	2.56 - 3.74%	A3	69,656	-	-	69,656
Domestic Corporate Bonds	2.07 - 4.27%	Baa1	150,227	-	-	150,227
Domestic Corporate Bonds	2.89 - 3.79%	Baa2	57,609	-	-	57,609
Domestic Corporate Bonds	3.08 - 4.56%	Baa3	34,635	-	-	34,635
Foreign Bonds / Notes	2.25%	Aa3	11,607	-	-	11,607
Foreign Bonds / Notes	2.36 - 2.89%	A3	20,967	-	-	20,967
Foreign Bonds / Notes	2.35%	Baa1	11,215	-	-	11,215
Mutual Funds	0.22 - 5.28%	Not rated	1,759,063	-	-	1,759,063
Domestic Equity Securities	Various	Not rated	158,349	-	-	158,349
Foreign Equity Securities	Various	Not rated	109,094	-	-	109,094
Total			<u>\$ 2,585,346</u>	<u>\$ 244,414</u>	<u>\$ -</u>	<u>\$ 2,829,760</u>

Investments in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association classified as level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

OPEB Trust Fund:

Investment	Interest Rate	Credit Rating	Level 1	Level 2	Level 3	Fair Value
U.S. Treasury Note	1.41 - 2.33%	Aaa	\$ -	\$ 931,596	\$ -	\$ 931,596
Government Agency	2.30 - 2.40%	Aa1	-	516,151	-	516,151
Municipal Bonds	2.25 - 2.27%	Aaa	172,635	-	-	172,635
Municipal Bonds	2.53 - 4.45%	Aa1	168,959	-	-	168,959
Municipal Bonds	2.27 - 3.27%	Aa2	161,666	-	-	161,666
Municipal Bonds	3.13%	Aa3	54,527	-	-	54,527
Municipal Bonds	4.46%	A1	108,369	-	-	108,369
Municipal Bonds	2.85 - 4.22%	A2	145,747	-	-	145,747
Municipal Bonds	Various	Not rated	45,942	-	-	45,942
Municipal Bonds	Various	Not rated	104,133	-	-	104,133
Domestic Corporate Bonds	3.28%	Aa2	49,821	-	-	49,821
Domestic Corporate Bonds	2.23 - 3.77%	Aa3	160,691	-	-	160,691
Domestic Corporate Bonds	2.99 - 3.17%	A1	103,925	-	-	103,925
Domestic Corporate Bonds	2.61 - 4.46%	A2	358,054	-	-	358,054
Domestic Corporate Bonds	2.56 - 3.74%	A3	561,682	-	-	561,682
Domestic Corporate Bonds	2.07 - 4.27%	Baa1	1,217,738	-	-	1,217,738
Domestic Corporate Bonds	2.89 - 3.79%	Baa2	492,403	-	-	492,403
Domestic Corporate Bonds	3.08 - 4.56%	Baa3	260,418	-	-	260,418
Foreign Bonds / Notes	2.25%	Aa3	97,079	-	-	97,079
Foreign Bonds / Notes	2.36 - 2.89%	A3	174,224	-	-	174,224
Foreign Bonds / Notes	2.35%	Baa1	93,792	-	-	93,792
Mutual Funds	2.48 - 2.50%	Not rated	18,642,820	-	-	18,642,820
Domestic Equity Securities	Various	Not rated	3,969,536	-	-	3,969,536
Foreign Equity Securities	Various	Not rated	2,093,471	-	-	2,093,471
Collateralized Mortgage Obligations	1.89 - 2.73%	Aaa	283,745	-	-	283,745
Collateralized Mortgage Obligations	1.57 - 1.83%	Not rated	262,276	-	-	262,276
Total			<u>\$ 29,783,653</u>	<u>\$ 1,447,747</u>	<u>\$ -</u>	<u>\$ 31,231,400</u>

Fair Value Measurements – The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association classified as level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Tennessee Consolidated Retirement System Stabilization Trust

Legal Provisions. Hamilton County and the Hamilton County Board of Education are members of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The County and the Board of Education have 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 the 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 County and the Board of Education.

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

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

Investments are reported at fair value or amortized which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. 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, 2020, 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 where fair value is measured 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 so to be represented in the table below.

Short-term securities generally include investments in money market-type securities reports 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 assessed 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, 2020, the County and the Board of Education had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	County's Fair Value	Board of Education's Fair Value
Investments at Fair Value:				
U.S. Equity	N/A	N/A	\$ 270,867	\$ 992,647
Developed Market International Equity	N/A	N/A	122,328	448,297
Emerging Market International Equity	N/A	N/A	34,951	128,085
U.S. Fixed Income	N/A	N/A	174,747	640,400
Real Estate	N/A	N/A	87,377	320,212
Short-term Securities	N/A	N/A	8,734	32,009
Investments at Amortized Cost using the NAV:				
Private Equity and Strategic Lending	N/A	N/A	174,747	640,400
Total			<u>\$ 873,751</u>	<u>\$ 3,202,050</u>

Primary Government

Investment by Fair Value Level	Fair Value 06/30/2020	Fair Value Measurements Using			Amortized Cost
		Level 1	Level 2	Level 3	
U.S. Equity	\$ 270,867	\$ 270,867	\$ -	\$ -	\$ -
Developed Market International Equity	122,328	122,328	-	-	-
Emerging Market International Equity	34,951	34,951	-	-	-
U.S. Fixed Income	174,747	-	174,747	-	-
Real Estate	87,377	-	-	87,377	-
Short-term Securities	8,734	-	8,734	-	-
Private Equity and Strategic Lending	174,747	-	-	-	174,747
Total	<u>\$ 873,751</u>	<u>\$ 428,146</u>	<u>\$ 183,481</u>	<u>\$ 87,377</u>	<u>\$ 174,747</u>

Component Unit - Board of Education

Investment by Fair Value Level	Fair Value 06/30/2020	Fair Value Measurements Using			Amortized Cost
		Level 1	Level 2	Level 3	
U.S. Equity	\$ 992,647	\$ 992,647	\$ -	\$ -	\$ -
Developed Market					
International Equity	448,297	448,297	-	-	-
Emerging Market					
International Equity	128,085	128,085	-	-	-
U.S. Fixed Income	640,400	-	640,400	-	-
Real Estate	320,212	-	-	320,212	-
Short-term Securities	32,009	-	32,009	-	-
Private Equity and Strategic Lending	640,400	-	-	-	640,400
Total	\$ 3,202,050	\$ 1,569,029	\$ 672,409	\$ 320,212	\$ 640,400

Risks and Uncertainties. The trust’s investments include various types of investment funds, which in turn invest in any combination of stocks, 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 County and the Board of Education do 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 County and the Board of Education do 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. The County and the Board of Education 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 County and the Board of Education to pay retirement benefits of the County’s and the Board of Education’s employees.

For further information concerning the County’s and the Board of Education’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/2020/ag19091.pdf>.

NOTE D – RECEIVABLES

Receivables at June 30, 2020, consist of the following:

<u>Funds</u>	<u>Property Taxes</u>	<u>Patients</u>	<u>Accounts</u>	<u>Inter-Governmental</u>	<u>Allowance for Uncollectibles</u>	<u>Net</u>
Primary Government:						
General	\$ 165,115,889	\$ 9,312,389	\$ 1,431,386	\$ 9,291,443	\$ (13,628,938)	\$ 171,522,169
Capital Projects	-	-	-	99,607	-	99,607
Nonmajor	-	-	1,030,333	69,151	-	1,099,484
Internal Service	-	-	78	-	-	78
	<u>\$ 165,115,889</u>	<u>\$ 9,312,389</u>	<u>\$ 2,461,797</u>	<u>\$ 9,460,201</u>	<u>\$ (13,628,938)</u>	<u>\$ 172,721,338</u>

<u>Funds</u>	<u>Property Taxes</u>	<u>Accounts</u>	<u>Inter-Governmental</u>	<u>Allowance for Uncollectibles</u>	<u>Net</u>
Component Units:					
Hamilton County					
Department of Education	\$ 157,487,586	\$ 8,411,636	\$ 26,422,118	\$ (8,165,413)	\$ 184,155,927
"911" Emergency Communication	-	575,324	-	-	575,324
WWTA	-	4,432,631	-	(74,248)	4,358,383
	<u>\$ 157,487,586</u>	<u>\$ 13,419,591</u>	<u>\$ 26,422,118</u>	<u>\$ (8,239,661)</u>	<u>\$ 189,089,634</u>

Property tax receivables include uncollected taxes from the past seven years' levies plus the anticipated levy for the current calendar year. Taxes uncollected after seven years are written off, and the property is ultimately sold through a back tax property sale. The allowance for uncollectible tax is computed based upon the weighted average percentage of prior year collections on delinquent taxes to the total delinquent taxes receivable at June 30, 2020.

Patient accounts receivable represent uncollected revenues for services rendered. Ambulance patient accounts that are uncollected after 120 days are considered doubtful and ultimately written off as uncollectible. All other accounts are considered doubtful after a reasonable effort has been made to collect.

NOTE E – SOLID WASTE DISPOSAL POST CLOSURE CARE COSTS

The County utilizes the General Fund to account for post closure care costs of the Hamilton County Birchwood Landfill Area 1 and the TVA Model Landfill. The County completed closure of both Area 1 and the TVA Model Landfill in 2001. In accordance with state and federal regulations, the County is required to perform certain maintenance and monitoring functions for thirty years after closure. The estimated liability for post closure care costs of \$120,000 at June 30, 2020, is based on the use of 100% of capacity of both landfill areas. The estimated total current cost of the post closure care of \$120,000 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired at June 30, 2020. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in post closure requirements will be covered by appropriations in the General Fund.

NOTE F – COMMITMENTS AND CONTINGENCIES

The County is a party to various legal proceedings. At the date of these financial statements, the County cannot estimate its liability, if any, from losses that may result from certain proceedings. In the opinion of management and the County attorneys, the potential adverse impact of these proceedings would not be material to the combined financial statements of the County.

The County has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. County management is not aware of any potential losses from such disallowance and believes that reimbursements, if any, would not be material.

The County has entered into various construction commitments. Such contracts include contracts for improvements to schools, industrial parks, and other facilities related to general government capital projects. Several of these contracts were in progress but not completed as of June 30, 2020. The total contractual commitments outstanding as of June 30, 2020, aggregated approximately \$26,977,195. These commitments are not reported in the government-wide statements. The County has sufficient funds available to cover these commitments.

Hamilton County Water & Wastewater Treatment Authority (the Authority), a discretely presented component unit, is expected to sign a consent decree with the Environmental Protection Agency (EPA) which will obligate the Authority to make improvements to the wastewater system to ensure compliance with the Clean Water Act. The Authority's estimated outlays for these projects were estimated to be approximately \$230,000,000 as of June 30, 2020.

NOTE G – CONDUIT DEBT OBLIGATION

From time to time, Hamilton County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity or homeowner served by the bond issuance. Neither Hamilton County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2020, there are two Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the Industrial Revenue Bond series issued at June 30, 2020, is \$15,841,139.

The aggregate principal amount for the remaining series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$234,756,196.

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, is as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Current Year Additions</u>	<u>Current Year Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 74,382,607	\$ 2,573,992	\$ (831,630)	\$ 250,000	\$ 76,374,969
Construction in progress	20,368,186	62,690,659	(3,900,935)	(5,136,452)	74,021,458
Total non-depreciable assets	<u>94,750,793</u>	<u>65,264,651</u>	<u>(4,732,565)</u>	<u>(4,886,452)</u>	<u>150,396,427</u>
Depreciable Assets:					
Buildings	162,147,102	10,042,685	(6,749,846)	4,886,452	170,326,393
Improvements other than buildings	43,157,932	-	-	-	43,157,932
Machinery and equipment	45,497,384	3,673,618	(2,949,661)	-	46,221,341
Infrastructure	236,771,439	10,044,232	(4,596,841)	-	242,218,830
Intangibles	7,085,655	312,435	(410,774)	-	6,987,316
Total depreciable assets	<u>494,659,512</u>	<u>24,072,970</u>	<u>(14,707,122)</u>	<u>4,886,452</u>	<u>508,911,812</u>
Less Accumulated Depreciation for:					
Buildings	(80,930,607)	(3,635,323)	3,096,548	-	(81,469,382)
Improvements other than buildings	(23,950,154)	(1,609,259)	-	-	(25,559,413)
Machinery and equipment	(36,378,006)	(2,736,962)	2,938,953	-	(36,176,015)
Infrastructure	(152,960,394)	(6,088,030)	1,342,252	-	(157,706,172)
Intangibles	(4,862,112)	(341,111)	348,624	-	(4,854,599)
Total accumulated depreciation	<u>(299,081,273)</u>	<u>(14,410,685)</u>	<u>7,726,377</u>	<u>-</u>	<u>(305,765,581)</u>
Depreciable Assets, net	<u>195,578,239</u>	<u>9,662,285</u>	<u>(6,980,745)</u>	<u>4,886,452</u>	<u>203,146,231</u>
Governmental activities capital assets, net	<u>\$ 290,329,032</u>	<u>\$ 74,926,936</u>	<u>\$ (11,713,310)</u>	<u>\$ -</u>	<u>\$ 353,542,658</u>

Discretely Presented Component Units

	<u>Beginning Balance</u>	<u>Current Year Additions</u>	<u>Current Year Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Non-Depreciable Assets:					
Land	\$ 20,971,089	\$ 27,696	\$ -	\$ (41,576)	\$ 20,957,209
Construction in progress	9,609,840	15,075,998	-	(2,958,756)	21,727,082
Total non-depreciable assets	<u>30,580,929</u>	<u>15,103,694</u>	<u>-</u>	<u>(3,000,332)</u>	<u>42,684,291</u>
Depreciable Assets:					
Buildings	610,345,181	5,247,442	-	-	615,592,623
Improvements other than buildings	24,067,265	1,356,705	-	41,576	25,465,546
Machinery and equipment	42,442,296	3,906,001	(753,747)	27,331	45,621,881
Utility plant	153,450,114	4,421,813	-	2,931,425	160,803,352
Total depreciable assets	<u>830,304,856</u>	<u>14,931,961</u>	<u>(753,747)</u>	<u>3,000,332</u>	<u>847,483,402</u>
Less Accumulated Depreciation for:					
Buildings	(271,694,523)	(12,220,828)	-	-	(283,915,351)
Improvements other than buildings	(18,982,213)	(777,332)	-	-	(19,759,545)
Machinery and equipment	(28,873,954)	(2,772,956)	753,500	-	(30,893,410)
Utility plant	(49,154,864)	(4,225,265)	-	-	(53,380,129)
Total accumulated depreciation	<u>(368,705,554)</u>	<u>(19,996,381)</u>	<u>753,500</u>	<u>-</u>	<u>(387,948,435)</u>
Depreciable Assets, net	<u>461,599,302</u>	<u>(5,064,420)</u>	<u>(247)</u>	<u>3,000,332</u>	<u>459,534,967</u>
Component units capital assets, net	<u>\$ 492,180,231</u>	<u>\$ 10,039,274</u>	<u>\$ (247)</u>	<u>\$ -</u>	<u>\$ 502,219,258</u>

Depreciation expense is charged to functions as follows:

Primary Government - Governmental Activities

Ambulance Services	\$ 773,946
Criminal Court	50,624
General Government	2,723,131
Health	301,634
Highway and Streets	6,278,698
Juvenile Court	151,798
Other Public Safety	1,289,369
Culture and Recreation	1,714,115
Sheriff	1,127,370
Total	<u>\$ 14,410,685</u>

Discretely Presented Component Units:

Department of Education	\$ 14,118,940
Water & Wastewater Treatment Authority	4,535,802
"911" Emergency Communications	1,341,639
Total	<u>\$ 19,996,381</u>

Hamilton County donated \$3,756,723 assets transferred from construction in progress to the Department of Education, a component unit of Hamilton County.

NOTE I – EMPLOYEE RETIREMENT SYSTEMS

Hamilton County provides retirement benefits through seven pension plans. The majority of employees participate in one of four retirement plans provided by the Tennessee Consolidated Retirement System (TCRS). One of the TCRS plans is the Political Subdivision Pension Plan (PSPP), now referred to as the Hamilton County Legacy Plan, an agent, multiple-employer, defined benefit plan which is available for all County employees, except teachers, employed before September 30, 2015. This plan closed to new membership September 30, 2015, but will continue providing benefits to existing members and retirees. Beginning October 1, 2015, all newly hired County employees, except teachers, can participate in the Hamilton County Hybrid Plan. The Hamilton County Hybrid Plan is an agent, multiple-employer, combination of a defined benefit plan and a defined contribution plan (see Note J for information on the defined contribution portion of the plan).

The other two TCRS plans are the Teacher Legacy Pension Plan and the Teacher Retirement Plan which are available to teachers of the Hamilton County School System. Teachers with membership in TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan. 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 Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer combination of a defined benefit plan and a defined contribution plan (see Note J for information on the defined contribution portion of the plan).

The remaining employees who are eligible for retirement benefits participate in one of three single-employer, defined benefit pension plans (Employees' Retirement Plan, Commissioners' Retirement Plan, and Teachers' Retirement Plan). The County acts as Trustee for these plans.

The following table is a summary of each of these plans' net pension liability or asset and the related deferred outflows of resources and deferred inflows of resources:

	Primary Government					
	Hamilton County Legacy Plan	Hamilton County Hybrid	Employees' Pension	Commissioners' Pension	Teachers' Pension	Total
Net pension asset	\$ -	\$ 404,574	\$ 1,942,341	\$ -	\$ -	\$ 2,346,915
Net pension liability	4,650,006	-	-	187,632	6,565	4,844,203
Deferred outflows - pension investment returns	-	-	45,760	4,067	393	50,220
Deferred outflows - pension contributions subsequent to measurement date	9,996,660	504,739	-	107,646	2,000	10,611,045
Deferred outflows - pension experience difference	2,447,262	743,003	-	-	-	3,190,265
Deferred outflows - changes in assumptions	2,082,028	10,449	-	-	-	2,092,477
Deferred inflows - pension investment returns	4,560,223	16,051	-	-	-	4,576,274
Deferred inflows - pension experience differences	1,601,997	14,811	-	-	-	1,616,808
Pension expense	11,570,317	207,981	-	54,530	6,123	11,838,951
Pension income	-	-	130,675	-	-	130,675

Department of Education

	Non-Teacher Legacy Pension Plan	Non-Teacher Hybrid Pension Plan	Teacher Legacy Pension Plan	Teacher Retirement Plan	Total
Net pension asset	\$ -	\$ 219,301	\$ 43,581,981	\$ 3,132,037	\$ 46,933,319
Net pension liability	1,870,705	-	-	-	1,870,705
Deferred outflows - pension contributions subsequent to measurement date	4,159,065	241,806	15,309,757	1,444,028	21,154,656
Deferred outflows - pension experience difference	984,537	402,748	2,121,896	129,867	3,639,048
Deferred outflows - changes in assumptions	837,603	5,664	5,872,896	108,823	6,824,986
Deferred outflows - changes in proportion to the net pension	-	-	1,197,544	100,757	1,298,301
Deferred inflows - pension investment returns	1,834,585	8,701	12,452,211	132,418	14,427,915
Deferred inflows - pension experience differences	644,485	8,028	26,620,739	546,765	27,820,017
Deferred inflows - changes in proportion to the net pension	-	-	848,470	204,779	1,053,249
Pension expense	2,527,635	112,977	5,955,932	2,143,487	10,740,031

Tennessee Consolidated Retirement Systems

(1) HAMILTON COUNTY LEGACY PLAN

Plan Description

Employees of Hamilton County, including certain employees of the Hamilton County Department of Education, are members of the Hamilton County Legacy Plan, an agent, multiple-employer, defined benefit pension plan administered by the TCRS. The Hamilton County Legacy Plan closed to new membership on September 30, 2015, but will continue providing benefits to existing members and retirees. 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 Hamilton County Legacy Plan includes employees of the County as well as non-teacher employees from the Hamilton County Department of Education, a discretely presented component unit. As such, the following table demonstrates the allocation of the Plan between the primary government and the discretely presented Department of Education:

	Hamilton County - Legacy Plan	Department of Education - Legacy Plan	Total
Net pension liability	\$ 4,650,006	\$ 1,870,705	\$ 6,520,711
Deferred outflows - pension contributions subsequent to measurement date	9,996,660	4,159,065	14,155,725
Deferred outflows - pension experience difference	2,447,262	984,537	3,431,799
Deferred outflows - changes in assumptions	2,082,028	837,603	2,919,631
Deferred inflows - pension investment returns	4,560,223	1,834,585	6,394,808
Deferred inflows - pension experience differences	1,601,997	644,485	2,246,482
Pension expense	11,570,317	2,527,635	14,097,952

TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with thirty 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. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. 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 the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Hamilton County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. The chief legislative body may adopt the benefit terms permitted by statute.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd 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 3 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.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Pensions. 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 County's participation in the Public Employee Retirement Plan of the TCRS, and additions to/deductions from the County's fiduciary net position have been determined on the same basis as they were 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 the TCRS. Investments are reported at fair value.

Funding Policy

Hamilton County adopted a noncontributory retirement plan for its employees on July 1, 1981.

Hamilton County is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2020, was 14.70% of annual covered payroll. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The 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, 2020, employer contributions for the County were \$14,155,725. By law, employer contributions are required to be paid. The TCRS may intercept the County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (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.

The required contribution was determined as part of the June 30, 2019 actuarial valuation using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.25 percent per year compounded annually; (b) projected 2.5 percent annual rate of inflation; (c) projected salary increases of 4.0 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries); (d) projected 3.44 percent annual increase in the Social Security wage base; and (e) projected post-employment increases of 2.25 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the fair value of total investments over a ten-year period. Hamilton County's amortization method is level dollar on a closed basis. The remaining amortization period varies by year.

Investment Rate of Return

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 historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages 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 major asset class are summarized in the following table:

<u>Asset Class</u>	Long-Term Expected Real Rate of <u>Return</u>	Target <u>Allocations</u>
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%	<u>1%</u>
		<u>100%</u>

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.

Net Pension Liability (Asset)

The County's net pension liability (asset) was measured as of June 30, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Key Actuarial Assumptions

Reporting Date	June 30, 2020
Measurement Date	June 30, 2019
Actuarial Valuation Date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Asset valuation method	10-year smoothed within a 20 percent corridor to fair value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projection of mortality improvement using Scale MP-2018 (static projection to 6 years beyond the valuation date)
Cost of living adjustments	2.25 percent, if provided

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

The actuarial assumptions used in the June 30, 2019 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.

Employees Covered by Benefit Terms at June 30, 2019

Inactive employees or beneficiaries currently receiving benefits	2,647
Inactive employees entitled to but not yet receiving benefits	2,326
Active employees	<u>1,962</u>
Total	<u>6,935</u>

Note: The plan is closed to new entrants.

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 assumed that employee contributions will be made at the current rate and that contributions from the 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.

Schedule of Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balance at June 30, 2018	\$ 528,379,092	\$ 519,622,194	\$ 8,756,898
Service Cost	7,559,725		7,559,725
Interest	37,925,851		37,925,851
Change between expected and actual experience	4,306,369		4,306,369
Contributions - employer	-	13,959,290	(13,959,290)
Contributions - employee	-	-	-
Net investment income	-	38,249,039	(38,249,039)
Benefit payments, including refunds of employee contributions	(25,647,262)	(25,647,262)	-
Administrative expense	-	(180,197)	180,197
Net changes	<u>24,144,683</u>	<u>26,380,870</u>	<u>(2,236,187)</u>
Balance at June 30, 2019	<u>\$ 552,523,775</u>	<u>\$ 546,003,064</u>	<u>\$ 6,520,711</u>

Changes of benefit terms. In the June 30, 2017 actuarial valuation, benefit terms were changed to authorize the establishment of a mandatory retirement at age 60 for all public safety officers. This benefit option allows unreduced retirement benefits (service retirement) upon attainment of age 55 with 25 years of public safety officer service. It allows a supplemental bridge benefit that will begin at age 55 and continue through age 62.

The required schedule of changes in the County’s net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of the Plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate

The following represents the net pension liability (asset) calculated using the stated discount rate, 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 or 1-percentage-point higher than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net Pension Liability (Asset)	\$ 73,640,856	\$ 6,520,711	\$(49,784,232)

Pension Expense (Income) and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2020, the County recognized pension expense is \$14,097,952. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,431,799	\$ 2,246,482
Net difference between projected and actual earnings of pension plan investments	-	6,394,808
Changes in assumptions	2,919,631	-
County's contributions subsequent to the measurement date of June 30, 2019	<u>14,155,725</u>	<u>-</u>
Total	<u>\$ 20,507,155</u>	<u>\$ 8,641,290</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2019,” 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,	
2021	\$ 2,599,157
2022	(4,546,108)
2023	(141,574)
2024	(201,335)
2025	-
Thereafter	-
Total	<u>\$ (2,289,860)</u>

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, 2020, the County reported a payable of \$1,049,183 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

(2) HAMILTON COUNTY HYBRID PLAN

Summary of Significant Accounting Policies

Pensions. 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 Hamilton County Hybrid Plan’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the plan’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.

General Information About the Pension Plan

Plan description. Employees with membership in the Tennessee Consolidated Retirement System (TCRS) before September 30, 2015, of Hamilton County are provided with pensions through the Hamilton County Legacy Pension Plan administered by the TCRS. The Hamilton County Legacy Pension Plan is closed to new membership. Employees with membership in the TCRS after October 1, 2015 are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent, multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated 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 publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

The Hamilton County Hybrid Plan includes employees of the County as well as non-teacher employees from the Hamilton County Department of Education, a discretely presented component unit. As such, the following table demonstrates the allocation of the Plan between the primary government and the discretely presented Department of Education:

	Hamilton County - Hybrid Plan	Department of Education - Hybrid Plan	Total
Net pension liability	\$ 404,574	\$ 219,301	\$ 623,875
Deferred outflows - pension contributions subsequent to measurement date	504,739	241,806	746,545
Deferred outflows - pension experience difference	743,003	402,748	1,145,751
Deferred outflows - changes in assumptions	10,449	5,664	16,113
Deferred inflows - pension investment returns	16,051	8,701	24,752
Deferred inflows - pension experience differences	14,811	8,028	22,839
Pension expense	207,981	112,977	320,958

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 of the Hamilton County Hybrid Plan are eligible to retire with an unreduced benefit at age 65 with 5 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. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. 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 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd 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 3 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. Under the Hamilton County Hybrid Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis.

Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

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

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	339
Active employees	<u>888</u>
Total	<u>1,227</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic costs controls set out in law. Employees contribute 5 percent of their salary to this plan. During 2020, the participants contributed \$1,924,037 to the plan, which represents 5% of covered payroll. Participants are 100% vested in the employee contributions when they are made. The County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. Beginning in fiscal year 2019, the employer contribution rate was divided between the actuarially determined contribution (ADC) rate of covered payroll that was placed in the pension plan and the difference between the ADC and 4.00% that was placed in the TCRS Stabilization Reserve Trust. By law, employer contributions for the Hamilton County Hybrid Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the County if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2020 to the Public Employee Retirement Plan were \$746,545 which is 1.98 percent of covered payroll and is 100% of the required ADC for the year. The amount placed in the Stabilization Reserve Trust for the year ended June 30, 2020 was \$679,798, which represents 2.02% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liabilities (assets). Hamilton County Hybrid Plan’s net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of living adjustments	2.25 percent, if provided

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

The actuarial assumptions used in the June 30, 2019, 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 historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the

TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	Long-Term Expected Real Rate of <u>Return</u>	Target <u>Allocations</u>
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%	<u>1%</u>
		<u>100%</u>

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 assumed that employee contributions will be made at the current rate and that contributions from Hamilton County Hybrid Plan 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.

Schedule of Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balance at June 30, 2018	\$ 2,001,085	\$ 2,737,952	\$ (736,867)
Service Cost	1,291,887	-	1,291,887
Interest	236,455	-	236,455
Change between expected and actual experience	536,047	-	536,047
Contributions - employer	-	418,162	(418,162)
Contributions - employee	-	1,343,829	(1,343,829)
Net investment income	-	264,329	(264,329)
Benefit payments, including refunds of employee contributions	(63,049)	(63,049)	-
Administrative expense	-	(74,923)	74,923
Net changes	<u>2,001,340</u>	<u>1,888,348</u>	<u>112,992</u>
Balance at June 30, 2019	<u>\$ 4,002,425</u>	<u>\$ 4,626,300</u>	<u>\$ (623,875)</u>

Changes of benefit terms. In the June 30, 2017 actuarial valuation, benefit terms were changed to authorize the establishment of a mandatory retirement at age 60 for all public safety officers. This benefit option allows unreduced retirement benefits (service retirement) upon attainment of age 55 with 25 years of public safety officer service. It allows a supplemental bridge benefit that will begin at age 55 and continue through age 62.

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of the Plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate

The following represents the net pension liability (asset) calculated using the stated 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 <u>(6.25%)</u>	Current Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net Pension Liability (Asset)	\$ 400,484	\$ (623,875)	\$ (1,394,693)

Pension Expense (Negative Pension Expense) and Deferred Outflows/Inflows of Resources

Pension expense. For the year ended June 30, 2020, Hamilton County Hybrid Plan recognized pension expense (negative pension expense) of \$320,958.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, Hamilton County Hybrid Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,145,751	\$ 22,839
Net difference between projected and actual earnings of pension plan investments	-	24,752
Changes in assumptions	16,113	-
Contributions subsequent to the measurement date of June 30, 2019	<u>746,545</u>	<u>-</u>
Total	<u>\$ 1,908,409</u>	<u>\$ 47,591</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2019,” 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,

2021	\$ 131,871
2022	131,282
2023	135,482
2024	139,274
2025	140,665
Thereafter	<u>435,699</u>
Total	<u>\$ 1,114,273</u>

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, 2020, Hamilton County Hybrid Plan reported a payable of \$61,407 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

(3) TEACHER LEGACY PENSION PLAN

Summary of Significant Accounting Policies

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 Legacy Pension Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's 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 Legacy Pension Plan. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Hamilton County Schools 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 Local Education Agencies (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 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 publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37, establishes 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 5 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 at age 55 and vested. 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 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd 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 3 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. 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 contribute 5 percent of salary. 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 Hamilton County Schools for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$15,309,757, which is 10.70 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liabilities (assets). At June 30, 2020, the Hamilton County Schools reported an asset of \$43,581,981 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Hamilton County Schools' proportion of the net pension asset was based on Hamilton County Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, Hamilton County Schools' proportion was 4.238750 percent. The proportion measured as of June 30, 2018, was 4.249443 percent.

Pension expense. For the year ended June 30, 2020, Hamilton County Schools recognized a negative pension expense of \$5,955,932.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, Hamilton County Schools 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	\$ 2,121,896	\$ 26,620,739
Net difference between projected and actual earnings of pension plan investments	-	12,452,211
Changes in proportion of Net Pension Liability (Asset)	1,197,544	848,470
Changes in assumptions	5,872,896	-
LEA's contributions subsequent to the measurement date of June 30, 2019	15,309,757	-
Total	<u>\$ 24,502,093</u>	<u>\$ 39,921,420</u>

Hamilton County Schools employer contributions of \$15,309,757, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2021. 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,

2021	\$ (8,752,719)
2022	(12,290,582)
2023	(5,553,546)
2024	(4,132,237)
2025	-
Thereafter	-
Total	<u>\$ (30,729,084)</u>

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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2019 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 historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
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%
		<u>100%</u>

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 assumed that employee contributions will be made at the current rate and that contributions from the all 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 Hamilton County Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Hamilton County Schools' proportionate share of 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 <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Hamilton County Schools' proportionate share of the net pension liability (asset)	\$ 89,112,560	\$ (43,581,981)	\$ (149,136,809)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2020, Hamilton County Schools reported a payable of \$1,188,774 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

(4) TEACHER RETIREMENT PLAN

Summary of Significant Accounting Policies

Pensions. 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 in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's 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. Investments are reported at fair value.

General Information About the Pension Plan

Plan description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Hamilton County Schools 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 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 publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 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 at age 60 and vested 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 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd 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 3 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. Under the Teacher Retirement 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 or by automatic cost controls set out in law. Teachers contribute 5 percent of their salary to this plan. During 2020, the participants contributed \$3,643,343 to the plan, which represents 5% of covered payroll. Participants are 100% vested in the employee contributions when they are made. 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 the TCRS, the employer contribution rate cannot be less than 4 percent, except years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. Beginning in fiscal year 2019, the employer contribution rate was divided between the actuarially determined contribution (ADC) rate that was placed in this plan and the difference between the ADC and 4.00% that was placed in the TCRS Stabilization Reserve Trust. By law, employer contributions for the Teacher Retirement Plan are required to be paid. 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 Hamilton County Schools for the year ended June 30, 2020 to the Teacher Retirement Plan were \$1,444,028, which is 1.98 percent of covered payroll and is 100% of the required ADC for the year. The amount placed in the Stabilization Reserve Trust for the year ended June 30, 2020 was \$1,401,358, which represents 2.02% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liabilities (assets). At June 30, 2020, Hamilton County Schools reported an asset of \$3,132,037 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. Hamilton County Schools' proportion of the net pension asset was based on Hamilton County Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, Hamilton County Schools' proportion was 5.548473 percent. At the measurement date of June 30, 2018, Hamilton County Schools' proportion was 5.121912 percent.

Pension Expense. For the year ended June 30, 2020, Hamilton County Schools recognized pension expense of \$954,538.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, Hamilton County Schools 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	\$ 129,867	\$ 546,765
Net difference between projected and actual earnings of pension plan investments	-	132,418
Changes in proportion of Net Pension Liability (Asset)	100,757	204,779
Changes in assumptions	108,823	-
LEA's contributions subsequent to the measurement date of June 30, 2019	1,444,028	-
Total	<u>\$ 1,783,475</u>	<u>\$ 883,962</u>

Hamilton County Schools' employer contributions of \$1,444,028, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2021. 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,

2021	\$ (75,163)
2022	(95,423)
2023	(58,280)
2024	(39,344)
2025	(33,948)
Thereafter	(242,357)
Total	<u>\$ (544,515)</u>

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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2019 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 historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
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%
		<u>100%</u>

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 assumed that employee contributions will be made at the current rate and that contributions from the all 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 Hamilton County Schools’ proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Hamilton County Schools’ proportionate share of 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 <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Hamilton County Schools’ proportionate share of the net pension liability (asset)	\$ 992,351	\$ (3,132,037)	\$ (6,180,726)

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

Payable to the Pension Plan

At June 30, 2020, Hamilton County Schools reported a payable of \$114,272 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

Hamilton County Administered Plans

Significant Accounting Policies

Basis of Accounting

The financial statements of the Employees’, Commissioners’, and Teachers’ Retirement Funds are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized when due, and the County has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. There are no investments in any one organization that represent 5 percent or more of plan net position.

Actuarial Assumptions and Estimates

The actuarial calculations are based on the benefits provided under the terms of the plans in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are always subject to continual revisions as results are compared to past expectations and new estimates are made about the future. The actuarial methods used and calculations determined reflect a long term perspective as the techniques used are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of the related assets.

Plan Description and Provisions

(1) EMPLOYEES' PENSION PLAN

The County maintains a closed, single-employer defined benefit pension plan for employees who elected to continue in this plan when it closed to new enrollment in 1977.

The plan is designed for either the County or each participant to contribute 6.4 percent of the first \$800 of monthly salary toward the cost of the plan. A participant whose service terminates prior to eligibility for normal retirement (and who is not disabled) is entitled only to a return of the employee contribution made by him or on his behalf.

The normal retirement benefit is 50 percent of the employee's final average earnings, where final average earnings are based on the four-year period of service, which yields the highest arithmetic average of basic salary not in excess of \$800 per month. For employees hired prior to April 15, 1969, normal retirement date is the earlier of (1) completion of twenty-four years of credited service or (2) completion of twenty years of credited service and attainment of age 55. For employees hired thereafter, normal retirement date is the attainment of age 65 and completion of twenty-four years of credited service. In the event of total and permanent disability, participants who are not yet eligible for normal retirement benefits can receive a percentage of their final average earnings, based on their years of credited service at the time of disability. Benefit provisions are established and amended by the Private Acts of Tennessee.

(2) COMMISSIONERS' PENSION PLAN

The County maintains a single-employer defined benefit plan for County Commissioners in which each Commissioner can elect to participate. Those who elect to participate are not required to contribute to the plan. All service as a County Commissioner is credited for benefit purposes. In addition, credit may be granted for military service during a period of armed conflict, as determined by the pension commission. Credit for prior service can be purchased. There are no limits on the time at which a Commissioner (or former Commissioner with at least five years of service) can elect to purchase such credit.

A participant's earnings shall mean their compensation earned as a County Commissioner, but excluding additional pay, if any, earned as chairman or chairman pro tempore. Average earnings are the average of a participant's compensation for the five years which produce the highest average. The normal retirement date of a participant is the first day of the month following the later of the participant's 55th birthday or the fifth anniversary of the date the participant began to serve as a County Commissioner. The normal retirement benefit, which is payable monthly for life, is equal to the product of (a) 2.50% of the participant's average earnings, and (b) the participant's years of credited service. Accrued benefits are vested after five years of service. If a participant postpones their retirement beyond their normal retirement date, they will be entitled to a monthly benefit commencing on the first day of any month following their actual retirement. The deferred retirement benefit is calculated in the same way as the normal retirement benefit, based on the participant's credited service and average earnings as of their date of retirement. If a participant ceases to be a County Commissioner after they have completed five or more years of service, but prior to their normal retirement date, they are entitled to a deferred vested benefit. The deferred benefit, to commence at their normal retirement date, is computed in the same manner as above for normal retirement, based on the participant's credited service and average earnings at their date of termination. If employment is otherwise terminated before retirement, no benefits are provided under the plan. Subject to the applicable plan provisions, a participant may select an optional method of benefit payment, in lieu of the prescribed life income, which is actuarially equivalent thereto. The purpose of the optional method is to provide a continued life income to a surviving spouse after the death of a participant. Benefit provisions are established and amended by the Private Acts of Tennessee.

(3) TEACHERS' PENSION PLAN

The County maintains a closed, single-employer defined benefit plan for a group of teachers who are receiving as annuities amounts arising from the refund of their contributions to an earlier plan. Although these annuity payments could be discontinued at any time, they have been extended throughout the lifetime of the remaining plan participants. The amount of the monthly pension benefit received by each participant has been previously determined.

Employees Covered by Benefit Terms

	<u>Employees’ Pension Plan</u>	<u>Commissioners’ Pension Plan</u>	<u>Teachers’ Pension Plan</u>
Retirees and beneficiaries receiving benefits	9	10	1
Vested terminated employees	-	-	-
Active employees:			
Fully vested	-	5	-
Non-vested	-	4	-
Actuarial valuation date	June 30, 2020	June 30, 2020	June 30, 2020
Measurement date	June 30, 2019	June 30, 2019	June 30, 2019

Investment Policy

The Pension Board (the “Board”) establishes (and may amend) the pension plan’s policy regarding asset allocation. Plan assets are managed with a long-term objective of achieving a fully funded status for the benefit provided through the plan. The Board’s asset allocation policy as of June 30, 2020, is shown below:

<u>Asset Class</u>	<u>Employees’ Plan Target Allocation</u>	<u>Commissioners’ Plan Target Allocation</u>
Equity	-	40.00%
Domestic Equity	31.00%	-
International Equity	9.00%	-
Fixed Income	50.00%	50.00%
Real Estate (REITs)	2.50%	-
Commodities	2.50%	-
Other	5.00%	10.00%
	<u>100.00%</u>	<u>100.00%</u>

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using the Black-Litterman Methodology. The Black-Litterman uses market implied (CAPM) returns as neutral starting points for estimating the set of expected returns, and then allows the practitioner to tilt the portfolio in the direction of his or her views. The practitioner can control how strongly a particular view influences portfolio weights, in accordance with the degree of confidence with which he or she holds the view. The Black-Litterman Model largely mitigates the problems of input-sensitivity and estimation error maximization that result in unintuitive, highly concentrated portfolios. Best estimates of forward-looking rates of return for each major asset class included in the pension plan’s target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Cash Equivalents	1.75%	Non U.S. Bond	1.35%
U.S. Stock	7.55%	U.S. Real Estate	6.75%
Developed Market Ex U.S.	7.70%	Global Real Estate	6.75%
Emerging Markets	9.20%	Commodities	4.75%
Global Stock	7.80%	Real Assets	6.95%
Core Bond	3.70%	Private Equity	12.10%
Long Term Bond	4.05%		
U.S. TIPS	3.10%		
High Yield	5.40%		

For the year ended June 30, 2020, employer contributions were made for the Commissioners’ Pension Plan and Teachers’ Pension Plan. The contributions were \$107,646 for the Commissioners’ Pension Plan and \$2,000 for the Teachers’ Pension Plan. No employer contributions were made for the Employees’ Retirement Plan. The annual money-weighted rate of return on investments, net of investment expense, for the Employees’ and Commissioners’ plans were 6.80 percent and 5.43 percent, respectively. The Teachers’ Plan had an annual money-weighted rate of return on investments of 0.02 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Funding Policy and Other Information

Hamilton County contributes to each plan at an actuarially determined rate. Administrative costs are financed through contributions and investment earnings. The annual required contributions, actual contributions, and other pertinent information for each plan for the year ending June 30, 2019, are shown in the following table:

	<u>County Administered Retirement Plans</u>		
	<u>Employees'</u> Private Acts of TN	<u>Commissioners'</u> Private Acts of TN	<u>Teachers'</u> Pension Board
Contribution authorization:	Actuarially	Actuarially	Actuarially
How contributions are determined:			
Required contribution rate:			
Active employees	6.4%	N/A	N/A
Employer	-	Actuarially Determined	-
Other contributing entities	N/A	N/A	-
Actual contributions:			
Employees	-	-	-
Employer	-	\$107,646	\$2,000
Other contributing entities	N/A	N/A	\$2,088
Date of last actuarial valuation	June 30, 2019	June 30, 2019	June 30, 2019
Actuarial valuation date for current contributions	June 30, 2019	June 30, 2019	June 30, 2019
Actual assumptions:			
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Method for actuarial value of assets	Fair Value	Fair Value	Fair Value
Inflation rate	N/A	N/A	N/A
Investment return	7.5%	6.0%	5.0%
Projected salary increases	N/A	4.0%	N/A

Amortization:

	Level Dollar	Level Dollar	Level Dollar
Method	Level Dollar	Level Dollar	Level Dollar
Period	10 years open	10 years open	10 years open

All the Hamilton County Administered Plans follow the same Mortality Rates Schedule below. The Commissioners' Plan has no pre-retirement mortality rates and the table below applies to post-retirement only.

<u>Mortality Rates</u>	<u>AGE</u> <u>(Sample value per 1,000 lives)</u>			
	<u>60</u>	<u>70</u>	<u>80</u>	<u>90</u>
2015 IRS Combined Static Mortality Table				
Male	0.46%	1.57%	5.16%	16.79%
Female	0.45%	1.47%	3.93%	12.33%

Future Mortality Improvement:

The mortality tables above utilize Scale AA to project improvement to 15 years beyond the valuation date for retired participants and 7 years beyond the valuation date for active participants.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following represents the net pension liability (asset) calculated using the stated discount rate, as well as what the pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability(Asset)</u>
<u>Employees' Plan</u>		
Net Pension Liability, 1% Decrease	6.50%	\$(1,933,978)
Net Pension Liability, Current Rate	7.50%	\$(1,942,341)
Net Pension Liability, 1% Increase	8.50%	\$(1,950,025)
<u>Commissioners' Plan</u>		
Net Pension Liability, 1% Decrease	5.00%	\$251,513
Net Pension Liability, Current Rate	6.00%	\$187,632
Net Pension Liability, 1% Increase	7.00%	\$131,671
<u>Teachers' Plan</u>		
Net Pension Liability, 1% Decrease	4.00%	\$6,776
Net Pension Liability, Current Rate	5.00%	\$6,565
Net Pension Liability, 1% Increase	6.00%	\$6,366

Components of Net Pension Liability (Asset)

The components of the net pension liability at June 30, 2020, measurement date of June 30, 2019, were as follows:

	<u>Employees' Retirement</u>	<u>Commissioners' Retirement</u>	<u>Teachers' Retirement</u>
Total Pension Liability	\$ 201,194	\$ 859,088	\$ 9,273
Plan Fiduciary Net Position	(2,143,535)	(671,456)	(2,708)
Net Pension Liability (Asset)	<u>\$ (1,942,341)</u>	<u>\$ 187,632</u>	<u>\$ 6,565</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	1065.41%	78.16%	29.20%

Changes in Net Pension Liability

<u>Employees' Retirement</u>	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (asset) (a) - (b)</u>
Balance at June 30, 2018	\$ 285,188	\$ 2,060,918	\$ (1,775,730)
Interest	19,619	-	19,619
Change between expected and actual experience	(56,402)	-	(56,402)
Net investment income	-	143,028	(143,028)
Benefit payments, including refunds of employee contributions	(47,211)	(47,211)	-
Administrative expense	-	(13,200)	13,200
Other changes	-	-	-
Net changes	<u>(83,994)</u>	<u>82,617</u>	<u>(166,611)</u>
Balance at June 30, 2019	<u>\$ 201,194</u>	<u>\$ 2,143,535</u>	<u>\$ (1,942,341)</u>

<u>Commissioners' Retirement</u>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balance at June 30, 2018	\$ 833,152	\$ 694,027	\$ 139,125
Service Cost	24,980	-	24,980
Interest	49,814	-	49,814
Change between expected and actual experience	6,940	-	6,940
Contributions - employer	-	-	-
Net investment income	-	37,055	(37,055)
Benefit payments, including refunds of employee contributions	(55,798)	(55,798)	-
Administrative expense	-	(3,828)	3,828
Other changes	-	-	-
Net changes	<u>25,936</u>	<u>(22,571)</u>	<u>48,507</u>
Balance at June 30, 2019	<u>\$ 859,088</u>	<u>\$ 671,456</u>	<u>\$ 187,632</u>
<u>Teachers' Retirement</u>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balance at June 30, 2018	\$ 6,726	\$ 6,319	\$ 407
Interest	246	-	246
Change between expected and actual experience	5,913	-	5,913
Contributions - employer	-	-	-
Net investment income	-	1	(1)
Benefit payments, including refunds of employee contributions	(3,612)	(3,612)	-
Other changes	-	-	-
Net changes	<u>2,547</u>	<u>(3,611)</u>	<u>6,158</u>
Balance at June 30, 2019	<u>\$ 9,273</u>	<u>\$ 2,708</u>	<u>\$ 6,565</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2020, the Teachers' Retirement recognized pension expense (income) will be \$6,123, the Commissioners' Retirement recognized pension expense will be \$54,530, and the Employees' Retirement recognized pension expense (income) will be \$(130,675). This determination is based on a measurement date of June 30, 2019.

As of June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	<u>Employees' Retirement</u>		<u>Commissioners' Retirement</u>		<u>Teachers' Retirement</u>	
	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources
Investment losses (gains)	\$ 45,760	\$ -	\$ 4,067	\$ -	\$ 393	\$ -
Post-measurement contributions	-	-	107,646	-	2,000	-
	<u>\$ 45,760</u>	<u>\$ -</u>	<u>\$ 111,713</u>	<u>\$ -</u>	<u>\$ 2,393</u>	<u>\$ -</u>

The contributions made subsequent to the measurement date of June 30, 2019 will be recognized against the net pension liability (asset) in the June 30, 2021 fiscal year.

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

	<u>Employees' Retirement</u>	<u>Commissioners' Retirement</u>	<u>Teachers' Retirement</u>
Years Ending June 30:			
2021	\$ 27,405	\$ 6,622	\$ 165
2022	8,115	(3,154)	103
2023	8,385	41	80
2024	1,855	558	45
2025	-	-	-
Thereafter	-	-	-
Total	<u>\$ 45,760</u>	<u>\$ 4,067</u>	<u>\$ 393</u>

The Hamilton County administered plans do not issue stand-alone financial reports and are not included in the report of a public employee retirement system or a report of another entity. The plans' financial statements are as follows:

	Employees' Pension	Commissioners' Pension	Teachers' Pension	Total Pension Trust Funds
ASSETS				
Cash	\$ (7,666)	\$ 117,600	\$ 2,897	\$ 112,831
Investments, at fair value:				
US Gov Securities	244,414	-	-	244,414
Municipal Bonds	117,762	-	-	117,762
Mutual Funds	1,116,001	643,062	-	1,759,063
Domestic Equity Securities	158,349	-	-	158,349
Domestic Corporate Bonds	397,289	-	-	397,289
Foreign Bonds / Notes	43,789	-	-	43,789
Foreign Equity Securities	109,094	-	-	109,094
Total investments	<u>2,186,698</u>	<u>643,062</u>	<u>-</u>	<u>2,829,760</u>
Receivables:				
Interest	6,829	616	-	7,445
Total Assets	<u>2,185,861</u>	<u>761,278</u>	<u>2,897</u>	<u>2,950,036</u>
NET POSITION				
Assets held in trust for pension benefits	<u>\$ 2,185,861</u>	<u>\$ 761,278</u>	<u>\$ 2,897</u>	<u>\$ 2,950,036</u>
	Employees' Pension	Commissioners' Pension	Teachers' Pension	Total Pension Trust Funds
ADDITIONS				
Contributions:				
Employer	\$ -	\$ 107,646	\$ 2,000	\$ 109,646
Other	-	-	2,088	2,088
Total contributions	<u>-</u>	<u>107,646</u>	<u>4,088</u>	<u>111,734</u>
Investment earnings				
Net change in fair value of investments	55,373	8,296	-	63,669
Interest	60,341	19,755	1	80,097
Net investment income	<u>115,714</u>	<u>28,051</u>	<u>1</u>	<u>143,766</u>
Total additions	<u>115,714</u>	<u>135,697</u>	<u>4,089</u>	<u>255,500</u>
DEDUCTIONS				
Benefits	40,610	43,708	3,900	88,218
Administrative expenses	32,778	2,167	-	34,945
Total deductions	<u>73,388</u>	<u>45,875</u>	<u>3,900</u>	<u>123,163</u>
Change in net position	42,326	89,822	189	132,337
Net position, beginning	2,143,535	671,456	2,708	2,817,699
Net position, ending	<u>\$ 2,185,861</u>	<u>\$ 761,278</u>	<u>\$ 2,897</u>	<u>\$ 2,950,036</u>

NOTE J – DEFINED CONTRIBUTION PLANS

The County administers a defined contribution plan in the form of a 401(K) plan as part of the State of Tennessee Hybrid Pension Plan. The County contributes 5% of covered payroll for all eligible employees hired after October 1, 2015. During 2020, the amount of payroll covered by the plan was \$38,480,745. The covered payroll represents wages related to the hybrid employees only since employer contributions are not made for legacy employees. Participants are 100% vested in employer contributions when they are made. Eligible employees are also automatically enrolled in the plan when hired with an additional employee contribution rate of 2%, with the ability to opt out of the additional employee contribution portion. During 2020, the County contributed \$1,924,037 to the plan which represents 5% of the covered payroll and 100% of the required contribution for the year. All employees are able to make voluntary contributions to the 401(K) plan up to the Internal Revenue Service code annual maximum.

Hamilton County Schools administers a defined contribution plan in the form of a 401(K) plan as part of the State of Tennessee Teacher Retirement Plan available to all full-time hybrid certified teaching staff. This plan began on July 1, 2014. Hamilton County Schools contributes 5% of covered payroll for all full-time hybrid certified employees hired after July 1, 2014. During 2020, the amount of payroll covered by the plan was \$72,866,863. The covered payroll represents wages related to hybrid certified employees only since employer contribution are not made for legacy certified employees. Participants are 100% vested in employer contributions when they are made. Eligible employees are also automatically enrolled in the plan when hired with an additional employee contribution rate of 2%, with the ability to opt out of the additional employee contribution portion. During 2020, Hamilton County Schools contributed \$3,643,343 to the plan which represents 5% of the covered payroll and 100% of the required contribution for the year. All employees are able to make voluntary contributions to the 401(K) plan up to the Internal Revenue Service code annual maximum.

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(1) PRIMARY GOVERNMENT

Plan Description

In addition to providing pension benefits, the County provides OPEB benefits (health care) for certain retired employees through a single-employer defined benefit healthcare plan. Employees who have retired under one of the County’s retirement plans and who are ineligible for Medicare can elect to continue their health care coverage under this plan until they become eligible for Medicare. Benefits are established and amended by the County Commission, which is elected by residents of the County. A stand-alone financial report is not issued.

Plan Membership

At June 30, 2020, the date of the latest actuarial valuation, membership consisted of the following:

Active members (with medical coverage)	1,742
Retirees and beneficiaries (with medical coverage)	<u>168</u>
Total	<u>1,910</u>

Funding Policy

In fiscal year 2011, the County established an Other Postemployment Benefits Trust (OPEB Trust) which is used to pre-fund benefits. The County’s General Fund contributes to the OPEB Trust to pre-fund benefits. The prefunded portion of the OPEB cost is included in the OPEB Trust. The pay-as-you-go component is funded and accounted for in the County’s Governmental Activities. Eligible retirees pay a premium using a formula based on date of retirement, years of service, and the County’s computed cost for active employees. Funding is established and amended by the County Commission, and no planned increases were approved for fiscal year 2020.

Contributions

The County's annual OPEB cost (expense) is calculated based on the actuarially determined contribution of the employer (ADC), an amount actuarially determined in accordance with the parameters of GASB Statements 74 and 75. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 20 years.

Net OPEB Liability of Hamilton County

The County's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, with the actuary using standard techniques to roll forward the liability to the measurement date. The components of the net OPEB liability at June 30, 2020, were as follows:

Total OPEB Liability	\$ 51,382,041
Plan Fiduciary Net Position	(28,551,607)
Net OPEB Liability	<u>\$ 22,830,434</u>

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability 55.57%

Actuarial Assumptions. The total OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.5 percent
Salary Increases	3.0 percent
Expected Long-Term Rate of Return on OPEB Investments	6.5 percent
Healthcare Cost Trend Rate	
Admin:	5.0 percent
Ultimate Medical Trend Rate:	7.5% graded uniformly to 6.75% over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94% in 2075

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, are presented above.

Discount rate. The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that the County will contribute the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the County Commission. Based on those assumptions, the OPEB Trust Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investments

The following was the County Commission's adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	<u>1%</u>
		<u>100%</u>

Rate of Return. For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 6.51% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Schedule of Changes in Net OPEB Liability

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (asset) (a) - (b)</u>
Balance at June 30, 2019	\$ 45,745,858	\$ 25,240,230	\$ 20,505,628
Service Cost	1,799,577	-	1,799,577
Interest	2,872,933	-	2,872,933
Change between expected and actual experience	(638,683)	-	(638,683)
Change in assumptions	4,948,829	-	4,948,829
Contributions - employer	-	4,946,473	(4,946,473)
Contributions - employee	-	-	-
Net investment income	-	1,830,516	(1,830,516)
Benefit payments, including refunds of employee contributions	(3,346,473)	(3,346,473)	-
Administrative expense	-	(119,139)	119,139
Other changes	-	-	-
Net changes	<u>5,636,183</u>	<u>3,311,377</u>	<u>2,324,806</u>
Balance at June 30, 2020	<u>\$ 51,382,041</u>	<u>\$ 28,551,607</u>	<u>\$ 22,830,434</u>

The required schedule of changes in the County's net OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of the Plan assets are increasing or decreasing over time relative to the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Net OPEB Liability	\$ 27,178,870	\$ 22,830,434	\$ 18,968,033

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower (6.50% to 5.75% over 3 years and following the Getzen model less 1% thereafter) or 1-percentage-point higher (8.50% to 7.75% over 3 years and following the Getzen model less 1% thereafter) than the current discount rate:

	1% Decrease <u>(6.50% - 5.75%)</u>	Current Discount Rate <u>(7.50% - 6.75%)</u>	1% Increase <u>(8.50% - 7.75%)</u>
Net OPEB Liability	\$ 18,101,425	\$ 22,830,434	\$ 28,369,773

Actuarial Assumptions and Estimates

The actuarial calculations are based on the benefits provided under the terms of the plans in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are always subject to continual revisions as results are compared to past expectations and new estimates are made about the future. The actuarial methods used and calculations determined reflect a long term perspective as the techniques used are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of the related assets.

OPEB Expense (Income) and Deferred Outflows/Inflows of Resources

	<u>OPEB Expense/(Income)</u>
Service Cost	\$ 1,799,577
Interest	2,872,933
Experience losses (gains)	(91,240)
Change in assumptions	706,976
Projected investment income	(1,986,652)
Administrative expense	119,139
OPEB Expense	<u>\$ 3,420,733</u>

For the year ended June 30, 2020, the recognized OPEB expense is \$3,420,733. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings of OPEB plan investments	\$ -	\$ 845,363
Difference between expected and actual experience	-	547,443
Changes in assumptions	4,241,853	-
Contributions subsequent to the measurement date of June 30, 2019	5,197,459	-
Total	<u>\$ 9,439,312</u>	<u>\$ 1,392,806</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2019,” will be recognized as a reduction to net OPEB liability in the following measurement period.

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

Year ending June 30,

2021	\$ 320,431
2022	320,430
2023	528,754
2024	528,755
2025	615,736
Thereafter	<u>534,941</u>
Total	<u>\$ 2,849,047</u>

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

(2) DEPARTMENT OF EDUCATION (HCDE)

In addition to providing pension benefits, the Hamilton County Department of Education (HCDE), a discretely presented component unit, provides OPEB benefits (health care and dental) for certain retired employees through a single-employer defined benefit healthcare plan. Employees who have retired under one of the HCDE's retirement plans and who are ineligible for Medicare can elect to continue their health care and dental coverage until they become eligible for Medicare. Benefits are established and amended by the Hamilton County School Board. A stand-alone financial report is not issued.

Plan Membership

At June 30, 2020, membership consisted of the following:

Active members (with medical coverage)	3,950
Retirees (with medical coverage)	421
Leave of absence (with medical coverage)	<u>42</u>
Total	<u>4,313</u>

Funding Policy

Eligible retirees pay a premium using a formula based on date of retirement, years of service, and the HCDE's computed cost for active employees. During fiscal year 2020, the HCDE contributed \$6,394,544 for these health care benefits for 558 retirees. The HCDE will make contributions in amounts sufficient to cover the pay-as-you-go component plus administrative costs. The HCDE has no plans at this time to fund the remaining portion of the annual required contributions. Funding is established and amended by the Hamilton County School Board, and no planned increases were approved for fiscal year 2020.

Total OPEB Liability of Department of Education

The Department of Education's total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions. The total OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.79 percent
Salary Increases	3.0 percent
Healthcare Cost Trend Rate	
Admin:	5.0 percent
Ultimate Medical Trend Rate:	7.5% graded uniformly to 6.50% over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94% in 2075

Discount rate. The discount rate used to measure the total OPEB liability was 2.79 percent. The projection of cash flows used to determine the discount rate assumed that the Department of Education will contribute the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the Department of Education. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Schedule of Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 118,385,364
Service Cost	7,121,583
Interest	3,323,236
Experience losses	-
Change in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(6,394,544)</u>
Net changes	<u>4,050,275</u>
Balance at June 30, 2020	<u>\$ 122,435,639</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79 percent) or 1-percentage-point higher (3.79 percent) than the current discount rate:

	1% Decrease <u>(1.79%)</u>	Current Discount Rate <u>(2.79%)</u>	1% Increase <u>(3.79%)</u>
Total OPEB Liability	\$132,723,698	\$122,435,639	\$112,941,862

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower (6.5 percent decreased to 5.75% over 3 years) or 1-percentage-point higher (8.5 percent decreasing to 7.75% over 3 years) than the current discount rate:

	1% Decrease <u>(6.5% - 5.75%)</u>	Current Discount Rate <u>(7.5% - 6.75%)</u>	1% Increase <u>(8.5% - 7.75%)</u>
Total OPEB Liability	\$107,736,966	\$122,435,639	\$140,108,798

Actuarial Assumptions and Estimates

The actuarial calculations are based on the benefits provided under the terms of the plans in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are always subject to continual revisions as results are compared to past expectations and new estimates are made about the future. The actuarial methods used and calculations determined reflect a long term perspective as the techniques used are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of the related assets.

OPEB Expense and Deferred Outflows/Inflows of Resources

	<u>OPEB Expense</u>
Service Cost	\$ 7,121,583
Interest	3,323,236
Experience losses	-
Change in assumptions	<u>(648,102)</u>
OPEB Expenses	<u><u>\$ 9,796,717</u></u>

For the year ended June 30, 2020, the recognized OPEB expense is \$9,796,717. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to OPEB are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience losses	\$ 13,084,232	\$ -
Changes in assumptions	-	18,917,148
Total	<u><u>\$ 13,084,232</u></u>	<u><u>\$ 18,917,148</u></u>

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

Year ending June 30,

2021	\$ (648,101)
2022	(648,101)
2023	(648,101)
2024	(648,101)
2025	(648,101)
Thereafter	<u>(2,592,411)</u>
Total	<u><u>\$ (5,832,916)</u></u>

NOTE L – LONG-TERM LIABILITIES

Long-term liabilities, which consist of serially maturing general obligation bonds, compensated absences, and certain notes to be repaid by the County, are summarized in the following sections:

General Obligation Bonds – Hamilton County periodically issues general obligation bonds for the acquisition and construction of major capital facilities. These bonds are direct obligations and are backed by the full faith and credit of the County. These bonds are generally issued as 15- to 30- year serial bonds with the 15-year term being prevalent for the last few years. Proceeds from the issuance of general obligation bonds are used to finance construction of new school facilities, major repair or replacement of school facilities, and certain public work projects and the incidental and necessary expenses related thereto. General obligation bonds are summarized by issue as follows:

Purpose	Interest Rates	Principal Amount	Amount Due Within One Year
General Improvement, Series 1998-B	5.10%	\$ 2,075,000	\$ 370,000
General Improvement, Series 2010-C	4.15 - 5.00%	1,690,000	330,000
General Improvement, Series 2011-A	3.25 - 5.00%	3,137,375	885,143
School, Series 2011-A	3.25 - 5.00%	11,802,625	3,329,857
General Improvement, Series 2011-B	3.00 - 4.00%	5,255,000	425,000
General Improvement, Series 2013-A	2.00 - 4.00%	5,364,979	670,623
School, Series 2013-A	2.00 - 4.00%	26,955,021	3,369,377
General Improvement, Series 2013-B	3.00 - 4.00%	2,751,494	921,624
School, Series 2013-B	3.00 - 4.00%	15,758,506	5,278,376
General Improvement, Series 2015-A	5.00%	7,628,000	762,800
School, Series 2015-A	5.00%	32,372,000	3,237,200
General Improvement, Series 2015-B	4.00 - 5.00%	6,274,235	459,585
School, Series 2015-B	4.00 - 5.00%	20,005,765	1,465,415
General Improvement, Series 2018-A	5.00%	39,310,984	3,026,008
School, Series 2018-A	5.00%	105,669,016	8,133,992
General Improvement, Series 2018-B	2.00 - 5.00%	4,295,000	1,035,000
Total payable from the Debt Service Fund		\$ 290,345,000	\$ 33,700,000

Annual Debt Service Requirements to Maturity for General Obligation Bonds and Notes Payable and Other Debt are as follows:

Year	Principal	Interest	Total
General Obligation Bonds:			
2021	\$ 33,700,000	\$ 12,976,084	\$ 46,676,084
2022	33,790,000	11,434,172	45,224,172
2023	33,960,000	9,948,137	43,908,137
2024	28,085,000	8,532,052	36,617,052
2025	25,775,000	7,345,711	33,120,711
2026 - 2030	101,235,000	21,265,414	122,500,414
2031 - 2033	33,800,000	3,356,625	37,156,625
	\$ 290,345,000	\$ 74,858,195	\$ 365,203,195

Changes in Long-term Liabilities – During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	<u>Balance July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental Activities:					
General Obligation Bonds	\$ 324,425,000	\$ -	\$ 34,080,000	\$ 290,345,000	\$ 33,700,000
Net Pension Liability	8,896,430	35,691,858	39,744,085	4,844,203	-
Net OPEB Liability	20,505,628	9,740,478	7,415,672	22,830,434	-
Landfill post closure costs	130,000	-	10,000	120,000	-
Compensated absences	15,301,701	7,116,303	5,084,141	17,333,863	2,032,162
	<u>369,258,759</u>	<u>52,548,639</u>	<u>86,333,898</u>	<u>335,473,500</u>	<u>\$ 35,732,162</u>
Net deferred premium	43,090,340	-	4,594,890	38,495,450	
	<u>\$ 412,349,099</u>	<u>\$ 52,548,639</u>	<u>\$ 90,928,788</u>	<u>\$ 373,968,950</u>	
	<u>Balance July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30</u>	<u>Due Within One Year</u>
Component Units:					
Notes payable and other debt	\$ 23,622,784	\$ 65,671,606	\$ 61,037,806	\$ 28,256,584	\$ 7,731,342
Net Pension Liability	-	14,342,005	12,471,300	1,870,705	-
Net OPEB Liability	118,385,364	10,444,819	6,394,544	122,435,639	-
Compensated absences	11,011,546	2,359,772	1,272,131	12,099,187	2,936,354
	<u>\$ 153,019,694</u>	<u>\$ 92,818,202</u>	<u>\$ 81,175,781</u>	<u>\$ 164,662,115</u>	<u>\$ 10,667,696</u>

Debt service requirements for general obligation bonds, notes payable and other debt are met by the General Fund and intergovernmental revenues received directly by the Debt Service Fund. Pension liabilities, OPEB liabilities and landfill post closure costs are being liquidated by the General Fund and compensated absences are liquidated by the General Fund and Special Revenue Funds.

Total additions in Long-term Liabilities of Governmental Activities above are different than total proceeds from bonds and notes in the accompanying financial statements. The differences are due to original issue discounts and premiums on bonds, the accrual of construction draws on certain projects in the Capital Projects Fund, OPEB obligations and compensated absences earned during the year.

Total reductions in Long-term Liabilities for Governmental Activities above exceed principal retirement expenditures in the Debt Service Fund by the amount of landfill post-closure care costs paid from the General Fund, OPEB funding accrued in the General Fund and transferred to the trust fund, and compensated absences used during the year.

NOTE M – DEFEASED DEBT

The County has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in a trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the County's government-wide financial statements. As of June 30, 2020, the County's balance of the defeased debt outstanding was \$60,440,000.

NOTE N – INTERFUND RECEIVABLES AND PAYABLES

During the course of normal operations, the County has numerous transactions between funds. Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Interfund receivables/payables are transactions reimbursing a fund for expenditures made for the benefit of another fund. Such transactions are recorded as expenditures and an interfund payable in the receiving fund. Such transactions are recorded as an interfund receivable in the disbursing fund. On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables." These amounts are eliminated on the statement of net position.

<u>Receivable Primary Government</u>	<u>Payable Primary Government</u>	<u>Amount</u>
General Fund	Nonmajor Government Fund	\$ 750,683
General Fund	Capital Projects	342
Internal Service	General Fund	182,521
Nonmajor Governmental Fund	General Fund	13,292
		<u>\$ 946,838</u>

<u>Receivable Primary Government</u>	<u>Payable Component Units</u>	<u>Amount</u>
General Fund	"911" Emergency Communication	\$ 868,849
General Fund	Water/Wastewater Treatment	283,000
		<u>\$ 1,151,849</u>

NOTE O – INTERFUND TRANSFERS

Transfers within the County are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs. Interfund transfers are transactions between funds transferring funds out of one fund to support the operations of another fund.

<u>Primary Government</u>	<u>Primary Government</u>	<u>Amount</u>
General Fund	Nonmajor Government Fund	\$ 13,887,220
Debt Service	General Fund	46,856,001
Capital Projects	General Fund	800,000
Nonmajor Governmental Funds	General Fund	600,000
Internal Service Fund	General Fund	181,181
		<u>\$ 62,324,402</u>

NOTE P – JOINT VENTURE

The Carter Street Corporation is a nonprofit corporation that was organized by the City of Chattanooga, Tennessee, and Hamilton County, Tennessee. The Corporation serves as the coordinating body for the development, operation, and management of the Chattanooga/Hamilton County Convention and Trade Center and parking garage and is lessor of the adjoining hotel. Of the five-member board, two members are appointed by the County Mayor and two members are appointed by the Mayor of Chattanooga. The appointment of the fifth member, who serves as chairman, is agreed on by the County Mayor and the Mayor of Chattanooga.

The City and the County funded the original construction of the Chattanooga/Hamilton County Convention and Trade Center and parking garage through Lease Rental Revenue Bonds, which have been repaid. In accordance with the lease agreement, the County has a one-third equity interest in the Corporation.

Complete financial statements may be obtained from: Carter Street Corporation, Chattanooga Hamilton County Convention & Trade Center, 1 Carter Plaza, Chattanooga, TN 37401.

Condensed financial information for the Carter Street Corporation as of June 30, 2020, is as follows:

STATEMENT OF NET POSITION

Assets	<u>\$ 10,953,889</u>
Liabilities	<u>294,207</u>
Net Position	<u>\$ 10,659,682</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Total operating revenues	\$ 3,534,782
Total operating expenses	4,379,185
Net operating loss	<u>(844,403)</u>
 Non-operating revenues	 260,800
 Capital contributions	 <u>175,000</u>
 Change in net position	 (408,603)
Net position at July 1, 2019	<u>11,068,285</u>
Net position at June 30, 2020	<u><u>\$ 10,659,682</u></u>

NOTE Q – RISK MANAGEMENT

Hamilton County has various exposures to loss as a result of its operations and service delivery, including liability, errors and omissions, on-the-job injuries, unemployment compensation and property damage (for various risk of loss associated with its property). The County maintains an Internal Service Fund to finance these various exposures to loss. The County utilizes a third-party claims administrator to establish and monitor case reserves and adjust claims associated with its self-insurance program. In addition, the County has an independent actuary review its funding on an annual basis.

The County is self-funded for liability, on-the-job injuries, errors and omissions, unemployment compensation and the first \$25,000 per incident on property and equipment claims. The County has an umbrella liability policy with limits of \$1,000,000 per occurrence/\$2,000,000 aggregate and a \$700,000 retention covering liability claims outside of the County’s tort limits, and non-tort claims such as employment-related liability, healthcare and social services liability, benefits, law enforcement liability and automobile liability. The County has a liability policy to cover election polling booth locations with a \$1,000,000 per occurrence and aggregate limit. There were no significant reductions in insurance coverage from the prior year, nor did the amount of settlements exceed insurance coverage for each of the past three fiscal years.

Hamilton County Department of Education, a discretely presented component unit, maintains a separate Internal Service Fund for providing risk management services, which include handling property claims, auto and general liability claims, and injuries to employees. All risk is retained for auto and general liability claims, injuries to employees, the first \$1,000 per incident on boiler/machinery claims, the first \$10,000 per incident on property claims, and the first \$500 per incident on auto claims.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated and periodically re-evaluated, taking into consideration the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. Changes in the balances of claims liabilities during the year are as follows:

	Total Primary Government	Total Component Units
Unpaid claims, June 30, 2018	\$ 2,967,055	\$ 8,118,685
Incurred claims	31,602,729	56,894,009
Claims payments	<u>(31,500,612)</u>	<u>(57,155,445)</u>
 Unpaid claims, June 30, 2019	 3,069,172	 7,857,249
Incurred claims	30,734,171	60,011,031
Claims payments	(30,355,702)	(59,812,645)
 Unpaid claims, June 30, 2020	 <u><u>\$ 3,447,641</u></u>	 <u><u>\$ 8,055,635</u></u>

On July 1, 2010, the Department of Education began self-insuring the HMO portion of employee medical claims in addition to the PPO claims which were already self-insured.

At June 30, 2020, the Hamilton County Internal Service Fund has net position of \$39,832,211, and the Department of Education Internal Service Fund has net position of \$57,496,942. These net position balances are designated for future catastrophic losses.

NOTE R – TAX ABATEMENTS

Hamilton County is authorized by Tennessee State law (Tennessee Code Annotated, Title 7, Chapter 53) to offer property tax abatements. The County currently offers three types of tax abatement programs: (1) Housing Development; (2) Commercial and Industrial Development; and (3) Tax Increment Financing. As allowed by State law, the County processes the tax abatement programs for Housing Development abatements through either the Chattanooga Health, Educational and Housing Facility Board (HEB) or the Chattanooga Housing Authority, and processes the tax abatement programs for Commercial and Industrial Development abatements through either the Industrial Development Board (IDB) of the City of Chattanooga or the Industrial Development Board (IDB) of Hamilton County. The HEB, Chattanooga Housing Authority, and the IDB's are authorized to own property associated with the tax abatement programs, lease the applicable property to companies approved for tax abatement, and accept payments in lieu of ad valorem taxes (PILOT) from the lessees.

Each of the PILOT agreements provide for tax abatements of the County property tax levy apportioned to the County General Fund, with certain of the agreements also authorizing abatement of the tax levy apportioned to the General Purpose School Fund.

Housing Development

The County has entered into certain PILOT agreements designed to encourage the development of single family rental housing in the downtown Chattanooga area. The PILOT agreements are further designed to encourage such housing for persons of low and/or moderate income level, the elderly, and/or disabled persons. Existing housing that is to be rehabilitated and new housing construction are eligible for tax abatement.

The County has delegated authority to the Chattanooga Health, Educational and Housing Facility Board (HEB) and the Chattanooga Housing Authority to negotiate and accept PILOTs from developers of housing for approved projects. There are provisions for recapturing abated taxes in some of these PILOT agreements if certain terms of the agreement are not met. These PILOT agreements must be approved by resolutions of both the Chattanooga City Council and the Hamilton County Board of Commissioners.

Economic Development

The County utilizes two tax abatement programs to promote economic development and growth.

(1) Commercial and Industrial Development

This program offers tax abatements for a specified period in exchange for benefits received by the County resulting from an increase in real and personal property investments and/or the creation of jobs. Applications for tax abatements are made to the Chattanooga Chamber of Commerce, with approval by either the IDB of the City of Chattanooga or the IDB of Hamilton County, followed by approval from the Hamilton County Board of Commissioners. To be eligible for tax abatement, qualifying companies must either relocate into the County or expand business within the County. Qualified businesses are eligible for abatement of all or a portion of property taxes dependent on the dollar amount of the investment and the number and average wage of jobs created. There are provisions for recapturing abated taxes if certain terms of the agreement are not met. Other commitments made by the County may include roadway improvements, rail services, and sewer improvements.

(2) Tax Increment Financing (TIF)

Hamilton County, in conjunction with the City of Chattanooga, has adopted the Tax Increment Financing Program (TIF) established by the Industrial Development Board (IDB) of the City of Chattanooga. TIF is an economic development tool that allocates all or a portion of the new, additional taxes generated by a development over a limited period of time to pay for public infrastructure such as utilities and road and traffic improvements related to the development. Tax increment is the difference in tax revenues generated by the property in the development area after a project has been completed compared with the tax revenues generated by the property before the development plan was adopted. The difference in tax revenues is applied towards the cost of improvements to the public infrastructure serving the development

area. The TIF program was adopted as a tool to help the City of Chattanooga and the County to cover the costs of public infrastructure and improvements in the applicable development area.

The TIF Program is primarily for economic development projects that provide improvements in blighted and under-utilized areas in the County and in other properties designated by the Hamilton County Commission.

The County has entered into the following number of tax abatement agreements as of June 30, 2020:

	Number of Abatements as of the End of the Fiscal Year	Number of Future Abatements Approved	Total Tax Abatements during the Fiscal Year
Housing Development	12	2	\$ 544,497
Economic Development:			
Commercial and Industrial Development	23	-	10,199,386
Infrastructure (Tax Increment Financing)	3	-	253,780
Total	<u>38</u>	<u>2</u>	<u>\$ 10,997,663</u>



REQUIRED SUPPLEMENTARY INFORMATION

The Required Supplementary Information (RSI) is supporting information that the Governmental Accounting Standards Board has concluded is essential for placing basic financial statements and notes to basic financial statements in an appropriate operational, economic, or historical context. The following RSI provides disclosures of pension plans and other postemployment benefits (OPEB) in accordance with authoritative standards.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
HAMILTON COUNTY LEGACY PLAN**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Tennessee Consolidated Retirement System

	2019*	2018	2017	2016	2015	2014
Total Pension Liability (Asset)						
Service Cost (normal cost adjusted to end of year)	\$ 7,559,725	\$ 8,172,477	\$ 8,120,884	\$ 8,006,025	\$ 7,976,094	\$ 7,739,359
Interest	37,925,851	36,779,742	35,305,203	33,698,932	32,589,903	31,157,770
Changes in benefit terms	-	-	4,920,068	-	-	-
Differences between expected and actual experience	4,306,369	(4,072,716)	(840,493)	1,010,114	(5,829,667)	(1,525,480)
Changes of assumptions	-	-	11,678,524	-	-	-
Benefit Payments/Refunds	(25,647,262)	(23,269,432)	(22,060,655)	(20,765,309)	(19,193,091)	(17,833,455)
Net Change in Total Pension Liability (Asset)	<u>24,144,683</u>	<u>17,610,071</u>	<u>37,123,531</u>	<u>21,949,762</u>	<u>15,543,239</u>	<u>19,538,194</u>
Total Pension Liability (Asset) - beginning	<u>528,379,092</u>	<u>510,769,021</u>	<u>473,645,490</u>	<u>451,695,728</u>	<u>436,152,489</u>	<u>416,614,295</u>
Total Pension Liability (Asset) - ending (a)	<u>\$ 552,523,775</u>	<u>\$ 528,379,092</u>	<u>\$ 510,769,021</u>	<u>\$ 473,645,490</u>	<u>\$ 451,695,728</u>	<u>\$ 436,152,489</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 13,959,290	\$ 14,512,520	\$ 15,152,942	\$ 15,306,360	\$ 14,991,472	\$ 14,573,540
Contributions - employee	-	796	9,814	213	8,026	65,443
Net investment income	38,249,039	40,169,578	50,073,673	11,582,710	13,197,032	61,448,985
Benefit Payments/Refunds	(25,647,262)	(23,269,432)	(22,060,655)	(20,765,309)	(19,193,091)	(17,833,455)
Administrative expenses	(180,197)	(211,661)	(202,759)	(202,445)	(141,919)	(120,676)
Other	-	-	10,192	-	-	-
Net Change in Plan Fiduciary Net Position	<u>26,380,870</u>	<u>31,201,801</u>	<u>42,983,207</u>	<u>5,921,529</u>	<u>8,861,520</u>	<u>58,133,837</u>
Plan Fiduciary Net Position - beginning	<u>519,622,194</u>	<u>488,420,393</u>	<u>445,437,186</u>	<u>439,515,657</u>	<u>430,654,137</u>	<u>372,520,300</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 546,003,064</u>	<u>\$ 519,622,194</u>	<u>\$ 488,420,393</u>	<u>\$ 445,437,186</u>	<u>\$ 439,515,657</u>	<u>\$ 430,654,137</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ 6,520,711</u>	<u>\$ 8,756,898</u>	<u>\$ 22,348,628</u>	<u>\$ 28,208,304</u>	<u>\$ 12,180,071</u>	<u>\$ 5,498,352</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability (Asset)	98.82%	98.34%	95.62%	94.04%	97.30%	98.74%
Covered payroll	\$ 93,315,659	\$ 103,659,712	\$ 104,341,847	\$ 105,764,830	\$ 104,614,990	\$ 103,506,102
Net Pension Liability (Asset) as a % of covered payroll	6.99%	8.45%	21.42%	26.67%	11.64%	5.31%

* for fiscal year ending June 30, 2020 (year shown is measurement date)

Note: *Changes of assumptions.* In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
HAMILTON COUNTY HYBRID PLAN**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Tennessee Consolidated Retirement System

	2019*	2018	2017	2016
Total Pension Liability (Asset)				
Service Cost (normal cost adjusted to end of year)	\$ 1,291,887	\$ 733,149	\$ 201,820	\$ 101,927
Interest	236,455	104,085	20,170	7,645
Changes in benefit terms	-	-	1,715	-
Differences between expected and actual experience	536,047	471,763	401,300	(41,111)
Changes of assumptions	-	-	22,155	-
Benefit Payments/Refunds	(63,049)	(20,832)	(2,701)	-
Net Change in Total Pension Liability (Asset)	<u>2,001,340</u>	<u>1,288,165</u>	<u>644,459</u>	<u>68,461</u>
Total Pension Liability (Asset) - beginning	<u>2,001,085</u>	<u>712,920</u>	<u>68,461</u>	<u>-</u>
Total Pension Liability (Asset) - ending (a)	<u>\$ 4,002,425</u>	<u>\$ 2,001,085</u>	<u>\$ 712,920</u>	<u>\$ 68,461</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 418,162	\$ 733,975	\$ 387,744	\$ 58,414
Contributions - employee	1,343,829	911,918	483,672	73,015
Net investment income	264,329	149,792	61,675	1,691
Benefit Payments/Refunds	(63,049)	(20,832)	(2,701)	-
Administrative expenses	(74,923)	(57,949)	(35,748)	(7,835)
Other	-	-	1,121	-
Net Change in Plan Fiduciary Net Position	<u>1,888,348</u>	<u>1,716,904</u>	<u>895,763</u>	<u>125,285</u>
Plan Fiduciary Net Position - beginning	<u>2,737,952</u>	<u>1,021,048</u>	<u>125,285</u>	<u>-</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 4,626,300</u>	<u>\$ 2,737,952</u>	<u>\$ 1,021,048</u>	<u>\$ 125,285</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ (623,875)</u>	<u>\$ (736,867)</u>	<u>\$ (308,128)</u>	<u>\$ (56,824)</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability (Asset)	115.59%	136.82%	143.22%	183.00%
Covered payroll	\$ 26,822,028	\$ 17,881,339	\$ 9,673,783	\$ 1,220,807
Net Pension Liability (Asset) as a % of covered payroll	-2.33%	-4.12%	-3.19%	-4.65%

* for fiscal year ending June 30, 2020 (year shown is measurement date)

Note: The Hamilton County Hybrid Plan began 10/1/2015.

Note: *Changes of assumptions.* In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and salary growth.

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
TEACHER LEGACY PENSION PLAN
HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Tennessee Consolidated Retirement System

	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	4.238750%	4.249443%	4.311500%	4.479913%	4.193311%	4.361741%
Proportionate share of the net pension liability (asset)	\$ (43,581,981)	\$ (14,953,429)	\$ (1,410,652)	\$ 27,996,973	\$ 1,717,724	\$ (708,763)
Covered payroll	\$ 142,131,342	\$ 148,842,742	\$ 151,181,055	\$ 160,595,801	\$ 156,976,681	\$ 171,197,958
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-30.663174%	-10.046462%	-0.933088%	17.433191%	1.094254%	-0.414002%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.28%	101.49%	100.14%	97.14%	99.81%	100.08%

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

Note: *Changes of assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
TEACHERS' RETIREMENT PLAN
HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Tennessee Consolidated Retirement System

	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	5.548473%	5.121912%	5.230015%	5.794097%	4.970172%
Proportionate share of the net pension liability (asset)	\$ (3,132,037)	\$ (2,322,930)	\$ (1,379,858)	\$ (603,184)	\$ (199,948)
Covered payroll	\$ 58,714,262	\$ 45,590,350	\$ 35,557,047	\$ 26,616,062	\$ 10,326,594
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-5.33%	-5.10%	-3.88%	-2.27%	-1.94%
Plan fiduciary net position as a percentage of the total pension liability (asset)	123.07%	126.97%	126.81%	121.88%	127.46%

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

Note: The Teachers' Retirement Plan began 7/1/2014.

Note: *Changes of assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
TEACHERS' PLAN**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Hamilton County Administered Plans

	2019*	2018	2017	2016	2015	2014
Total Pension Liability (Asset)						
Service Cost (normal cost adjusted to end of year)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	246	407	289	447	670	816
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	5,913	-	5,677	-	(1,517)	-
Changes of assumptions	-	-	-	-	-	-
Benefit Payments/Refunds	<u>(3,612)</u>	<u>(3,612)</u>	<u>(3,612)</u>	<u>(3,612)</u>	<u>(3,612)</u>	<u>(3,812)</u>
Net Change in Total Pension Liability (Asset)	2,547	(3,205)	2,354	(3,165)	(4,459)	(2,996)
Total Pension Liability (Asset) - beginning	<u>6,726</u>	<u>9,931</u>	<u>7,577</u>	<u>10,742</u>	<u>15,201</u>	<u>18,197</u>
Total Pension Liability (Asset) - ending (a)	<u>\$ 9,273</u>	<u>\$ 6,726</u>	<u>\$ 9,931</u>	<u>\$ 7,577</u>	<u>\$ 10,742</u>	<u>\$ 15,201</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ -	\$ 9,254	\$ -	\$ 412	\$ 12,931	\$ -
Contributions - employee	-	-	-	-	-	-
Net investment income	1	-	1	2	2	3
Benefit Payments/Refunds	(3,612)	(3,612)	(3,612)	(3,612)	(3,612)	(3,812)
Administrative expenses	-	-	-	-	-	(5,206)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	(3,611)	5,642	(3,611)	(3,198)	9,321	(9,015)
Plan Fiduciary Net Position - beginning	<u>6,319</u>	<u>677</u>	<u>4,288</u>	<u>7,486</u>	<u>(1,835)</u>	<u>7,180</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 2,708</u>	<u>\$ 6,319</u>	<u>\$ 677</u>	<u>\$ 4,288</u>	<u>\$ 7,486</u>	<u>\$ (1,835)</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ 6,565</u>	<u>\$ 407</u>	<u>\$ 9,254</u>	<u>\$ 3,289</u>	<u>\$ 3,256</u>	<u>\$ 17,036</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability (Asset)	29.2%	93.9%	6.8%	56.6%	69.7%	-12.1%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability (Asset) as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

* for fiscal year ending June 30, 2020 (year shown is measurement date)

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
EMPLOYEES' PLAN**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Hamilton County Administered Plans

	2019*	2018	2017	2016	2015	2014
Total Pension Liability (Asset)						
Service Cost (normal cost adjusted to end of year)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	19,619	21,831	28,741	31,659	36,314	40,175
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(56,402)	-	(60,418)	-	(17,798)	-
Changes of assumptions	-	-	-	-	-	-
Benefit Payments/Refunds	(47,211)	(55,458)	(65,447)	(75,680)	(85,477)	(96,114)
Net Change in Total Pension Liability (Asset)	<u>(83,994)</u>	<u>(33,627)</u>	<u>(97,124)</u>	<u>(44,021)</u>	<u>(66,961)</u>	<u>(55,939)</u>
Total Pension Liability (Asset) - beginning	285,188	318,815	415,939	459,960	526,921	582,860
Total Pension Liability (Asset) - ending (a)	<u>\$ 201,194</u>	<u>\$ 285,188</u>	<u>\$ 318,815</u>	<u>\$ 415,939</u>	<u>\$ 459,960</u>	<u>\$ 526,921</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-	-	-
Net investment income	143,028	116,159	145,167	50,026	60,128	226,056
Benefit Payments/Refunds	(47,211)	(55,458)	(65,447)	(75,680)	(85,477)	(96,114)
Administrative expenses	(13,200)	(23,269)	(13,027)	(16,804)	(13,940)	(15,390)
Other	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>82,617</u>	<u>37,432</u>	<u>66,693</u>	<u>(42,458)</u>	<u>(39,289)</u>	<u>114,552</u>
Plan Fiduciary Net Position - beginning	<u>2,060,918</u>	<u>2,023,486</u>	<u>1,956,793</u>	<u>1,999,251</u>	<u>2,038,540</u>	<u>1,923,988</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 2,143,535</u>	<u>\$ 2,060,918</u>	<u>\$ 2,023,486</u>	<u>\$ 1,956,793</u>	<u>\$ 1,999,251</u>	<u>\$ 2,038,540</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ (1,942,341)</u>	<u>\$ (1,775,730)</u>	<u>\$ (1,704,671)</u>	<u>\$ (1,540,854)</u>	<u>\$ (1,539,291)</u>	<u>\$ (1,511,619)</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability (Asset)	1065.4%	722.7%	634.7%	470.5%	434.7%	386.9%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability (Asset) as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

* for fiscal year ending June 30, 2020 (year shown is measurement date)

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
COMMISSIONERS' PLAN**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Hamilton County Administered Plans

	2019*	2018	2017	2016	2015	2014
Total Pension Liability (Asset)						
Service Cost (normal cost adjusted to end of year)	\$ 24,980	\$ 24,019	\$ 25,386	\$ 24,410	\$ 27,680	\$ 26,615
Interest	49,814	48,586	48,322	47,014	46,656	45,430
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	6,940	-	(17,238)	-	(13,771)	-
Changes of assumptions	-	-	-	-	-	-
Benefit Payments/Refunds	(55,798)	(50,403)	(50,986)	(50,227)	(52,430)	(52,129)
Net Change in Total Pension Liability (Asset)	25,936	22,202	5,484	21,197	8,135	19,916
Total Pension Liability (Asset) - beginning	833,152	810,950	805,466	784,269	776,134	756,218
Total Pension Liability (Asset) - ending (a)	<u>\$ 859,088</u>	<u>\$ 833,152</u>	<u>\$ 810,950</u>	<u>\$ 805,466</u>	<u>\$ 784,269</u>	<u>\$ 776,134</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ -	\$ 96,687	\$ -	\$ 45,908	\$ 55,000	\$ 65,888
Contributions - employee	-	-	-	-	-	-
Net investment income	37,055	40,609	51,357	1	3,327	46,376
Benefit Payments/Refunds	(55,798)	(50,403)	(50,986)	(50,227)	(52,430)	(52,129)
Administrative expenses	(3,828)	(6,584)	(3,560)	(5,754)	(3,975)	(6,814)
Other	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(22,571)	80,309	(3,189)	(10,072)	1,922	53,321
Plan Fiduciary Net Position - beginning	694,027	613,718	616,907	626,979	625,057	571,736
Plan Fiduciary Net Position - ending (b)	<u>\$ 671,456</u>	<u>\$ 694,027</u>	<u>\$ 613,718</u>	<u>\$ 616,907</u>	<u>\$ 626,979</u>	<u>\$ 625,057</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ 187,632</u>	<u>\$ 139,125</u>	<u>\$ 197,232</u>	<u>\$ 188,559</u>	<u>\$ 157,290</u>	<u>\$ 151,077</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability (Asset)	78.2%	83.3%	75.7%	76.6%	79.9%	80.5%
Covered payroll	\$ 212,787	\$ 212,787	\$ 200,070	\$ 200,070	\$ 186,705	\$ 186,705
Net Pension Liability (Asset) as a % of covered payroll	88.2%	65.4%	98.6%	94.2%	84.2%	80.9%

* for fiscal year ending June 30, 2020 (year shown is measurement date)

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEMS**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Tennessee Consolidated Retirement System

Year Ended June 30	Hamilton County Legacy Plan				Contribution as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	
2020	\$ 14,155,725	\$ 14,155,725	\$ -	\$ 96,297,449	14.70%
2019	\$ 13,959,290	\$ 13,959,290	\$ -	\$ 93,315,659	14.96%
2018	\$ 14,760,252	\$ 14,760,252	\$ -	\$ 103,659,712	14.24%
2017	\$ 15,152,942	\$ 15,152,942	\$ -	\$ 104,341,847	14.52%
2016	\$ 14,683,048	\$ 14,683,048	\$ -	\$ 105,764,830	13.88%
2015	\$ 14,991,472	\$ 14,991,472	\$ -	\$ 104,614,990	14.33%
2014	\$ 14,573,540	\$ 14,573,540	\$ -	\$ 103,506,102	14.08%

Year Ended June 30	Hamilton County Hybrid Plan*				Contribution as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	
2020	\$ 746,545	\$ 746,545	\$ -	\$ 37,704,293	1.98% ***
2019	\$ 418,162	\$ 418,162	\$ -	\$ 26,822,028	1.56% ***
2018	\$ 715,254	\$ 715,254	\$ -	\$ 17,881,339	4.00%
2017	\$ 109,314	\$ 387,744	\$ (278,430)	\$ 9,673,783	4.00%
2016	\$ 48,832	\$ 48,832	\$ -	\$ 1,220,807	4.00%

Year Ended June 30	Teachers' Legacy Plan				Contribution as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	
2020	\$ 15,309,757	\$ 15,309,757	\$ -	\$ 143,081,843	10.70%
2019	\$ 14,866,942	\$ 14,866,942	\$ -	\$ 142,131,342	10.46%
2018	\$ 13,514,921	\$ 13,514,921	\$ -	\$ 148,842,742	9.08%
2017	\$ 13,777,809	\$ 13,777,809	\$ -	\$ 151,181,055	9.11%
2016	\$ 14,517,682	\$ 14,517,682	\$ -	\$ 160,593,823	9.04%
2015	\$ 14,190,695	\$ 14,190,695	\$ -	\$ 156,976,681	9.04%
2014	\$ 15,202,379	\$ 15,202,379	\$ -	\$ 171,197,958	8.88%

Year Ended June 30	Teachers' Retirement Plan**				Contribution as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	
2020	\$ 1,444,028	\$ 1,444,028	\$ -	\$ 72,930,707	1.98% ***
2019	\$ 1,139,054	\$ 1,139,054	\$ -	\$ 58,714,262	1.94% ***
2018	\$ 1,823,614	\$ 1,823,614	\$ -	\$ 45,590,350	4.00%
2017	\$ 1,373,064	\$ 1,373,064	\$ -	\$ 35,557,047	3.86%
2016	\$ 1,064,642	\$ 1,064,642	\$ -	\$ 26,616,062	4.00%
2015	\$ 258,165	\$ 413,068	\$ (154,903)	\$ 10,326,594	4.00%

*Note: The Hamilton County Hybrid Plan began 10/1/2015.

**Note: The Teachers' Retirement Plan began 7/1/2014.

***Note: Beginning in fiscal year 2019, the actuarially determined contribution (ADC) rate of covered payroll was placed into t plan and the difference from the 4.00% and the ADC was placed into the Pension Stabilization Reserve Trust.

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYEES' PLAN AND COMMISSIONERS' PLAN**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Hamilton County Administered Plans

Employees' Retirement

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2020	\$ -	\$ -	\$ -	\$ -	N/A
2019	-	-	-	-	N/A
2018	-	-	-	-	N/A
2017	-	-	-	-	N/A
2016	-	-	-	-	N/A
2015	-	-	-	-	N/A
2014	-	-	-	-	N/A
2013	-	-	-	-	N/A
2012	-	-	-	-	N/A
2011	-	-	-	-	N/A

Commissioners' Retirement

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2020	\$ 56,867	\$ 107,646	\$ (50,779)	\$ 214,398	50.2%
2019	50,779	-	50,779	212,787	0.0%
2018	50,779	96,687	(45,908)	212,787	45.4%
2017	45,908	-	45,908	200,070	0.0%
2016	45,908	45,908	-	200,070	22.9%
2015	51,769	55,000	(3,231)	186,705	29.5%
2014	51,769	65,888	(14,119)	186,705	35.3%
2013	50,074	67,418	(17,344)	186,705	36.1%
2012	50,074	67,418	(17,344)	186,705	36.1%
2011	47,000	67,418	(20,418)	186,705	36.1%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' PLAN**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Hamilton County Administered Plans

Year Ended June 30	Teachers' Retirement				
	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2020	\$ 830	\$ 2,000	\$ (1,170)	\$ -	N/A
2019	1,170	-	1,170	-	N/A
2018	1,170	9,254	(8,084)	-	N/A
2017	412	-	412	-	N/A
2016	412	412	-	-	N/A
2015	5,447	12,931	(7,484)	-	N/A
2014	1,393	-	1,393	-	N/A
2013	2,075	-	2,075	-	N/A
2012	2,075	-	2,075	-	N/A
2011	938	-	938	-	N/A

**SCHEDULE OF PENSION INVESTMENT RETURNS
HAMILTON COUNTY ADMINISTERED PLANS**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Teachers' Plan</u>						
Annual money-weighted rate of return, net of investment expenses for the County's Teachers' Pension Plan	0.02%	0.04%	0.00%	0.00%	3.01%	0.03%
<u>Employees' Plan</u>						
Annual money-weighted rate of return, net of investment expenses for the County's Employees' Pension Plan	6.80%	6.06%	4.51%	6.53%	2.97%	2.32%
<u>Commissioners' Plan</u>						
Annual money-weighted rate of return, net of investment expenses for the County's Commissioners' Pension Plan	5.43%	4.95%	4.90%	7.79%	1.70%	-0.10%

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Primary Government

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability (Asset)			
Service Cost	\$ 1,799,577	\$ 1,900,008	\$ 1,809,531
Interest	2,872,933	2,792,000	2,661,150
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(638,683)	-	-
Changes of assumptions	4,948,829	-	-
Benefit Payments/Refunds	<u>(3,346,473)</u>	<u>(2,548,068)</u>	<u>(2,359,321)</u>
Net Change in Total OPEB Liability (Asset)	5,636,183	2,143,940	2,111,360
Total OPEB Liability (Asset) - beginning	<u>45,745,858</u>	<u>43,601,918</u>	<u>41,490,558</u>
Total OPEB Liability (Asset) - ending (a)	<u>\$ 51,382,041</u>	<u>\$ 45,745,858</u>	<u>\$ 43,601,918</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000
Contributions - employer on pay as you go basis	3,346,473	2,548,068	2,359,321
Contributions - employee	-	-	-
Net investment income	1,830,516	1,937,951	2,263,871
Benefit Payments/Refunds	(3,346,473)	(2,548,068)	(2,359,321)
Administrative expenses	(119,139)	(130,753)	(93,252)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	3,311,377	3,407,198	3,770,619
Plan Fiduciary Net Position - beginning	<u>25,240,230</u>	<u>21,833,032</u>	<u>18,062,413</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 28,551,607</u>	<u>\$ 25,240,230</u>	<u>\$ 21,833,032</u>
Net OPEB Liability (Asset) - ending (a) - (b)	<u>\$ 22,830,434</u>	<u>\$ 20,505,628</u>	<u>\$ 21,768,886</u>
Plan Fiduciary Net Position as a % of the Total OPEB Liability (Asset)	55.6%	55.2%	50.1%
Covered payroll	\$ 81,913,032	\$ 76,872,177	\$ 74,633,182
Net OPEB Liability (Asset) as a % of covered payroll	27.9%	26.7%	29.2%

Note: Measurement period is as of June 30, 2019.

Note: *Changes of assumptions.* Effective June 30, 2019, the following assumptions were changed:

the assumed trend rate for the medical claims was changed from 8.00% grading uniformly to an ultimate rate of 5.00% over 12 years to 7.50% grading uniformly to 6.75% over 3 years, and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075; the disability, retirement, termination, and mortality rates were updated based on the updated decrement rate studies completed for the State of Tennessee; the medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013.

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Note: The Primary Government utilizes a trust (OPEB Trust) to pre-fund future benefits. The trust is funded through appropriations from the County General Fund.

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Department of Education

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability (Asset)			
Service Cost	\$ 7,121,583	\$ 6,782,460	\$ 7,953,820
Interest	3,323,236	3,406,804	3,657,851
Differences between expected and actual experience	-	15,991,840	-
Changes of assumptions	-	(23,120,958)	-
Benefit Payments/Refunds	<u>(6,394,544)</u>	<u>(5,948,413)</u>	<u>(6,033,842)</u>
Net Change in Total OPEB Liability (Asset)	4,050,275	(2,888,267)	5,577,829
Total OPEB Liability - beginning	<u>118,385,364</u>	<u>121,273,631</u>	<u>115,695,802</u>
Total OPEB Liability - ending	<u>\$ 122,435,639</u>	<u>\$ 118,385,364</u>	<u>\$ 121,273,631</u>
Covered payroll	\$ 207,957,595	\$ 201,900,578	\$ 180,057,926
Total OPEB Liability as a % of covered payroll	58.9%	58.6%	67.4%

Note: *Changes of assumptions.* Effective July 1, 2019, the following assumptions were changed: the discount rate is 2.79% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2019 under Statement No. 75, compared to the prior discount rate of 3.11%; the assumed trend rate for the medical claims was changed to 7.50% grading uniformly to 6.75% over 3 years, and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075; the disability, retirement, termination, and mortality rates were updated based on the updated decrement rate studies completed for the State of Tennessee; the medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013.

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**SCHEDULE OF CONTRIBUTIONS AND SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFITS**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

Primary Government

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Contributions				
Actuarially determined contribution	\$ 4,138,081	\$ 4,137,683	\$ 3,875,212	\$ 3,927,762
Contributions in relation to the actuarially determined contribution	<u>5,197,459</u>	<u>4,946,473</u>	<u>4,148,068</u>	<u>3,959,322</u>
Contribution deficiency (excess)	<u>\$ (1,059,378)</u>	<u>\$ (808,790)</u>	<u>\$ (272,856)</u>	<u>\$ (31,560)</u>
Covered payroll	\$ 84,370,423	\$ 81,913,032	\$ 76,872,177	\$ 74,633,182
Contributions as a percentage of covered payroll	6.20%	6.00%	5.40%	5.30%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Investment Returns				
Annual money-weighted rate of return, net of investment expense	6.51%	7.20%	6.52%	12.08%

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

NOTES TO SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

HAMILTON COUNTY, TENNESSEE June 30, 2020

PUBLIC EMPLOYEE RETIREMENT SYSTEMS

Actuarial information of the Tennessee Consolidated Retirement System Plans

Employer contributions for the year ended June 30, 2020 are based on the results of the June 30, 2018 actuarial valuation. Accordingly, governmental employers utilize the following notes to the schedule relating to the Actuarially Determined Contributions when presenting 2020.

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10-year smoothed within a 20 percent corridor to fair value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25 percent, if provided

Actuarial Information of the County Administered Plans

The annual determined contribution for each of these plans was determined using the entry age normal funding method. The actuarial value of assets was determined at fair value. The assumption with respect to investment return was 7.5% for the Employees' Retirement Plan, 5.0% for the Teachers' Retirement Plan and 6.0% for the Commissioners' Retirement Plan. No explicit assumptions were made with regard to inflation. Salary increases were not considered for the Employees' and Teachers' Retirement Plans because the benefits are either capped or not based upon salary. The assumption with respect to salary increases was 4.0% for the Commissioners' Retirement Plan.

OTHER POST EMPLOYMENT BENEFITS

Actuarial Information of the County Employees Post Employment Medical Insurance Benefits

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Discount rate	6.5 percent
Salary increases	3.0 percent
Expected long-term rate of return	6.5 percent
Retirement age	Pattern of retirement determined by experience study
Healthcare cost trend rates	7.5% graded uniformly to 6.75% over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94% in 2075

Actuarial Information of the Department of Education Post Employment Medical and Dental Insurance Benefits

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Discount rate	2.79 percent
Salary increases	3.0 percent
Expected long-term rate of return	N/A
Retirement age	Pattern of retirement determined by experience study
Healthcare cost trend rates	7.5% graded uniformly to 6.5% over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94% in 2075



GENERAL FUND

The General Fund accounts for all sources and uses of financial resources applicable to the general operations of county government, which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to use are recorded in the General Fund. Revenues are derived primarily from taxes and intergovernmental revenues.

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND DETAIL**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 177,129,700	\$ 177,129,700	\$ 170,552,654	\$ (6,577,046)
Local sales tax	4,853,000	4,853,000	6,417,109	1,564,109
Business taxes	9,088,000	9,088,000	10,157,568	1,069,568
Wholesale beer tax	1,000,000	1,000,000	1,217,968	217,968
Total taxes	<u>192,070,700</u>	<u>192,070,700</u>	<u>188,345,299</u>	<u>(3,725,401)</u>
Licenses and permits	<u>1,067,000</u>	<u>1,067,000</u>	<u>1,494,414</u>	<u>427,414</u>
Intergovernmental revenues:				
State of Tennessee	20,237,113	21,950,590	20,441,549	(1,509,041)
United States Government	5,137,846	11,311,090	6,045,087	(5,266,003)
Cities	<u>3,581,279</u>	<u>3,674,007</u>	<u>2,822,689</u>	<u>(851,318)</u>
Total intergovernmental revenues	<u>28,956,238</u>	<u>36,935,687</u>	<u>29,309,325</u>	<u>(7,626,362)</u>
Charges for services:				
Health department	3,593,100	3,593,100	2,363,338	(1,229,762)
Other	<u>15,061,070</u>	<u>15,076,070</u>	<u>17,065,702</u>	<u>1,989,632</u>
Total charges for services	<u>18,654,170</u>	<u>18,669,170</u>	<u>19,429,040</u>	<u>759,870</u>
Fines, forfeitures and penalties	<u>1,871,250</u>	<u>1,871,250</u>	<u>1,380,960</u>	<u>(490,290)</u>
Investment earnings	<u>1,696,000</u>	<u>1,696,000</u>	<u>1,748,999</u>	<u>52,999</u>
Miscellaneous	<u>4,226,092</u>	<u>5,570,460</u>	<u>4,974,334</u>	<u>(596,126)</u>
Total revenues	<u>248,541,450</u>	<u>257,880,267</u>	<u>246,682,371</u>	<u>(11,197,896)</u>
EXPENDITURES				
Current:				
General government:				
County Clerk	2,324,764	2,325,514	2,268,937	56,577
Register	581,693	606,637	548,173	58,464
County Trustee	1,306,523	1,306,523	1,109,506	197,017
Assessor of Property	3,708,125	3,852,425	3,609,164	243,261
Election Commission	1,924,708	1,976,708	1,897,773	78,935
Board of Equalization	5,000	5,000	3,084	1,916
Soil Conservation	130,778	130,778	129,997	781
Agricultural Department	268,717	268,717	256,522	12,195
County-City Planning Commission	798,529	798,529	798,529	-
Regional Council of Government & SETTDD	75,658	75,658	75,658	-

(continued)

BUDGETARY COMPARISON SCHEDULE--(continued)

GENERAL FUND DETAIL

HAMILTON COUNTY, TENNESSEE

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
EXPENDITURES--(continued):				
Current--(continued):				
General government--(continued):				
CARTA	\$ 105,200	\$ 105,200	\$ 105,200	\$ -
Economic Development	600,000	600,000	600,000	-
Representative-General Assembly	75,000	75,000	75,000	-
Enterprise Center	100,000	100,000	100,000	-
County Board of Commissioners	809,385	966,525	817,232	149,293
County Mayor	719,305	719,305	698,388	20,917
County Auditor	956,773	956,773	876,449	80,324
Chief of Staff	401,510	401,510	312,586	88,924
County Attorney	1,143,869	1,143,869	1,385,673	(241,804)
Emp Assistance Program	35,800	35,800	36,256	(456)
Benefits	571,087	571,087	553,729	17,358
Risk Management	421,951	421,951	325,932	96,019
Wellness & Fitness Programs	227,629	227,629	207,725	19,904
Mailroom	442,182	442,182	396,133	46,049
Drug & Alcohol Testing	13,000	13,000	9,808	3,192
American Disability Act	1,000	1,000	-	1,000
Veterans' Service Program	108,229	108,229	107,023	1,206
Human Resources Administrator	254,768	254,768	235,976	18,792
Insurance	282,500	282,500	236,051	46,449
Employee Benefits	2,597,789	2,597,789	1,853,096	744,693
Trustee's Commission	4,308,337	4,308,337	3,992,619	315,718
External Audits	136,110	136,110	137,228	(1,118)
TSCA Dues	9,937	9,937	9,937	-
NACO Dues	6,729	6,729	6,729	-
Equal Employment Opportunity	128,645	128,645	125,373	3,272
Finance Administrator	294,696	294,696	288,306	6,390
Accounting	2,332,448	2,335,220	2,037,381	297,839
Financial Management	235,421	316,543	292,665	23,878
Information Technology	3,648,245	3,555,652	3,215,285	340,367
Procurement & Fleet Management	786,141	786,141	756,769	29,372
Geographic Information System	1,073,810	1,151,527	913,802	237,725
Telecommunications	917,766	951,636	902,008	49,628
Records Management	530,323	530,323	489,653	40,670
Custodial Services	2,200,288	2,210,957	2,289,014	(78,057)
Real Property	428,149	428,149	368,547	59,602
Recycling	322,281	322,281	260,991	61,290
General Services Administrator	234,587	234,587	237,094	(2,507)
Development Services	456,635	456,635	451,848	4,787
Facilities Maintenance	3,343,350	3,471,566	3,157,956	313,610
Utilities	<u>2,417,206</u>	<u>2,417,206</u>	<u>2,641,954</u>	<u>(224,748)</u>
Total general government	<u>44,802,576</u>	<u>45,423,483</u>	<u>42,204,759</u>	<u>3,218,724</u>

(continued)

BUDGETARY COMPARISON SCHEDULE--(continued)
GENERAL FUND DETAIL

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
EXPENDITURES--(continued):				
Current--(continued):				
Public safety:				
Recovery Court	\$ 642,717	\$ 763,238	\$ 525,245	\$ 237,993
Mental Health Court	479,301	479,865	381,359	98,506
Medical Examiner	1,515,116	1,515,116	1,590,666	(75,550)
Circuit Court Clerk	1,419,013	1,419,013	1,354,433	64,580
Criminal Court Clerk	1,639,083	1,639,083	1,418,089	220,994
District Attorney General	1,522,857	1,522,857	1,492,620	30,237
Public Defender	909,648	909,648	875,144	34,504
General Sessions Court	1,804,274	1,804,274	1,729,243	75,031
Juries	127,500	127,500	85,288	42,212
Court Judges	581,850	581,850	563,492	18,358
Judicial Commission Magistrates	538,890	538,890	521,202	17,688
Juvenile Court	7,873,336	7,922,634	7,340,627	582,007
Forest Fire Prevention	4,000	4,000	4,000	-
Humane Education Society	620,970	620,970	620,970	-
Certified Cost Reimbursement	836,600	836,600	581,818	254,782
Building Inspection	1,245,793	1,245,793	1,213,770	32,023
Office of Emergency Management	3,613,294	3,649,290	3,587,690	61,600
Corrections	1,360,918	1,360,918	1,200,499	160,419
Litter Grant	632,969	632,969	573,711	59,258
Homeland Security Grants	-	273,331	134,016	139,315
Security Services	1,017,527	1,027,992	921,572	106,420
Volunteer Emergency Services	2,052,659	2,073,184	2,049,260	23,924
Pretrial Diversion Program	709,793	920,422	703,615	216,807
Community Crime Prevention	-	100,000	100,000	-
Ambulance Services	12,672,759	12,757,642	11,617,322	1,140,320
Juvenile Court Clerk				
Administration and Courts	1,669,634	1,671,384	1,660,883	10,501
Child Support Division	1,109,959	1,108,209	1,023,536	84,673
Sheriff				
Administration	3,884,773	3,889,361	2,184,956	1,704,405
Patrol	12,755,049	12,787,309	13,239,971	(452,662)
Jail	14,059,360	14,063,258	12,975,603	1,087,655
Courts	1,290,161	1,290,161	1,146,972	143,189
Records	585,904	585,904	536,912	48,992
Criminal Investigation	1,720,202	1,720,202	2,052,717	(332,515)
Fugitive	1,446,952	1,446,952	1,693,683	(246,731)
Civil Process	763,190	763,190	766,483	(3,293)
COPS Analyst	134,279	134,279	77,385	56,894
Special Operations	1,059,682	1,062,882	1,145,850	(82,968)
Governor's Highway Safety Grant	-	297,129	133,689	163,440
Department of Justice Grants	-	65,767	49,502	16,265
IV-D Civil Process Grant	222,561	222,561	178,959	43,602
Information Systems	798,729	798,729	1,573,361	(774,632)
Training	724,668	724,668	581,821	142,847
Human Resources	234,071	234,071	193,648	40,423
Internal Affairs	262,345	262,345	335,107	(72,762)
Silverdale	18,743,421	18,743,421	16,662,243	2,081,178
Mental Health	380,000	1,604,020	111,648	1,492,372
Special Projects	-	-	6,706	(6,706)
Total public safety	<u>105,665,807</u>	<u>108,202,881</u>	<u>99,517,286</u>	<u>8,685,595</u>

(continued)

BUDGETARY COMPARISON SCHEDULE--(continued)
GENERAL FUND DETAIL

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
EXPENDITURES--(continued):				
Current--(continued):				
Highways and streets:				
Public Works Administrator	\$ 274,751	\$ 6,794,737	\$ 6,600,829	\$ 193,908
Engineering Services	2,413,779	2,488,780	1,671,490	817,290
WWTA	3,575,484	3,575,484	2,769,081	806,403
Railroad Authority	150,631	150,631	301,780	(151,149)
Highway	<u>12,241,909</u>	<u>13,203,075</u>	<u>12,091,958</u>	<u>1,111,117</u>
Total highways and streets	<u>18,656,554</u>	<u>26,212,707</u>	<u>23,435,138</u>	<u>2,777,569</u>
Health:				
Air Pollution Control	188,548	188,548	188,548	-
Baroness Erlanger Hospital	1,500,000	1,500,000	1,500,000	-
Health Department	<u>24,521,653</u>	<u>27,330,326</u>	<u>23,443,116</u>	<u>3,887,210</u>
Total health	<u>26,210,201</u>	<u>29,018,874</u>	<u>25,131,664</u>	<u>3,887,210</u>
Social services:				
Clerk and Master	888,909	888,909	882,021	6,888
Chancery Court Judges	9,670	9,670	5,981	3,689
Chief Reading Officer	323,811	323,811	331,621	(7,810)
Title XX	349,348	427,969	300,934	127,035
Urban League	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total social services	<u>1,621,738</u>	<u>1,700,359</u>	<u>1,570,557</u>	<u>129,802</u>
Culture and recreation:				
Armed Forces Day Parade	15,000	15,000	15,000	-
Bessie Smith Museum	79,266	79,266	28,053	51,213
Parks and Recreation Department	<u>8,772,603</u>	<u>8,906,166</u>	<u>7,878,254</u>	<u>1,027,912</u>
Total culture and recreation	<u>8,866,869</u>	<u>9,000,432</u>	<u>7,921,307</u>	<u>1,079,125</u>
Capital outlay	<u>6,920,104</u>	<u>8,775,449</u>	<u>4,506,847</u>	<u>4,268,602</u>
Total budgetary expenditures	<u>212,743,849</u>	<u>228,334,185</u>	<u>204,287,558</u>	<u>24,046,627</u>
Excess of revenues over expenditures	<u>35,797,601</u>	<u>29,546,082</u>	<u>42,394,813</u>	<u>12,848,731</u>

(continued)

BUDGETARY COMPARISON SCHEDULE--(continued)
GENERAL FUND DETAIL

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 11,876,400	\$ 11,876,400	\$ 13,887,220	\$ 2,010,820
Transfers out	(48,256,001)	(48,291,675)	(48,437,182)	(145,507)
Sale of capital assets	<u>582,000</u>	<u>582,000</u>	<u>1,602,879</u>	<u>1,020,879</u>
Total other financing sources (uses)	<u>(35,797,601)</u>	<u>(35,833,275)</u>	<u>(32,947,083)</u>	<u>2,886,192</u>
Net change in fund balance	-	(6,287,193)	9,447,730	<u>\$ 15,734,923</u>
Fund balance allocation	<u>-</u>	<u>6,287,193</u>		
	<u>\$ -</u>	<u>\$ -</u>		
Add encumbrances at end of year			3,181,754	
Less encumbrances at beginning of year			<u>(3,190,107)</u>	
Net change in fund balance--(GAAP Modified Accrual Basis)			9,439,377	
Fund balance at beginning of year--(GAAP Modified Accrual Basis)			<u>111,634,872</u>	
Fund balance at end of year--(GAAP Modified Accrual Basis)			<u>\$ 121,074,249</u>	

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,575,891	\$ 1,575,891	\$ 1,575,891	\$ -
Investment earnings	200,000	200,000	185,106	(14,894)
Miscellaneous	<u>39,000</u>	<u>39,000</u>	<u>39,422</u>	<u>422</u>
Total revenues	<u>1,814,891</u>	<u>1,814,891</u>	<u>1,800,419</u>	<u>(14,472)</u>
EXPENDITURES				
Debt Service:				
Principal retirement	34,080,000	34,080,000	34,080,000	-
Interest and fiscal charges	<u>14,590,892</u>	<u>14,590,892</u>	<u>14,575,902</u>	<u>14,990</u>
Total budgetary expenditures	<u>48,670,892</u>	<u>48,670,892</u>	<u>48,655,902</u>	<u>14,990</u>
Excess (deficiency) of revenues over (under) budgetary expenditures	<u>(46,856,001)</u>	<u>(46,856,001)</u>	<u>(46,855,483)</u>	<u>518</u>
OTHER FINANCING SOURCES				
Transfers in	<u>46,856,001</u>	<u>46,856,001</u>	<u>46,856,001</u>	<u>-</u>
Total other financing sources	<u>46,856,001</u>	<u>46,856,001</u>	<u>46,856,001</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	518	<u>\$ 518</u>
Fund balance at beginning of year--(GAAP Modified Accrual Basis)			<u>10,400,908</u>	
Fund balance at end of year--(GAAP Modified Accrual Basis)			<u>\$ 10,401,426</u>	

**BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUND**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Hotel / Motel Fund			
	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Hotel/Motel occupancy tax	\$ 8,841,000	\$ 8,841,000	\$ 7,296,070	\$ (1,544,930)
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>5,053</u>	<u>53</u>
Total revenues	<u>8,846,000</u>	<u>8,846,000</u>	<u>7,301,123</u>	<u>(1,544,877)</u>
EXPENDITURES				
Hotel/Motel occupancy tax	<u>8,846,000</u>	<u>8,846,000</u>	<u>7,301,123</u>	<u>1,544,877</u>
Total budgetary expenditures	<u>8,846,000</u>	<u>8,846,000</u>	<u>7,301,123</u>	<u>1,544,877</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance at beginning of year--(GAAP Modified Accrual Basis)			-	
Fund balance at end of year--(GAAP Modified Accrual Basis)			<u>\$ -</u>	

**BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUND**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Sheriff Special Revenue Funds			
	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 61,600	\$ 61,600	\$ 15,196	\$ (46,404)
Fines, forfeitures and penalties	102,146	102,146	54,655	(47,491)
Investment earnings	3,700	3,700	20,070	16,370
Miscellaneous	<u>316,245</u>	<u>316,245</u>	<u>112,010</u>	<u>(204,235)</u>
Total revenues	<u>483,691</u>	<u>483,691</u>	<u>201,931</u>	<u>(281,760)</u>
EXPENDITURES				
Narcotics enforcement	411,345	466,510	360,306	106,204
TN State sexual offenders	<u>72,346</u>	<u>72,346</u>	<u>16,944</u>	<u>55,402</u>
Total budgetary expenditures	<u>483,691</u>	<u>538,856</u>	<u>377,250</u>	<u>161,606</u>
Excess (deficiency) of revenues over (under) budgetary expenditures	<u>-</u>	<u>(55,165)</u>	<u>(175,319)</u>	<u>(120,154)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>28,343</u>	<u>28,343</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>28,343</u>	<u>28,343</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (55,165)</u>	(146,976)	<u>\$ (91,811)</u>
Add encumbrances at end of year			-	
Less encumbrances at beginning of year			<u>(55,165)</u>	
Net change in fund balance--(GAAP Modified Accrual Basis)			(202,141)	
Fund balance at beginning of year--(GAAP Modified Accrual Basis)			<u>1,278,092</u>	
Fund balance at end of year--(GAAP Modified Accrual Basis)			<u>\$ 1,075,951</u>	



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These are operating funds which are restricted as to use by the federal or state governments and special purpose funds established by the County Board of Commissioners.

Constitutional Officers Funds account for revenues and expenditures associated with the administrative function of the Constitutional Officers.

Governmental Law Library Fund accounts for revenues and expenditures associated with maintaining a law library for attorneys practicing in state and county courts.

Hotel/Motel Fund accounts for revenues and expenditures associated with the County's Hotel/Motel room tax.

Economic Crimes Fund accounts for revenues and expenditures of the bad check restitution program established by the Tennessee Legislature.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Constitutional Offices	Governmental Law Library	Hotel/ Motel	Economic Crimes	
ASSETS					
Cash and cash equivalents	\$ 5,245,327	\$ 72,515	\$ 384,269	\$ 42,549	\$ 5,744,660
Investments	215,643	21,107	-	12,324	249,074
Receivables:					
Accounts	510,320	846	519,074	93	1,030,333
Intergovernmental	69,151	-	-	-	69,151
Due from other funds	<u>13,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,292</u>
Total assets	<u>\$ 6,053,733</u>	<u>\$ 94,468</u>	<u>\$ 903,343</u>	<u>\$ 54,966</u>	<u>\$ 7,106,510</u>
LIABILITIES					
Accrued items and other	\$ 520,217	\$ 1,918	\$ 903,343	\$ -	\$ 1,425,478
Due to other funds	<u>750,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,683</u>
Total liabilities	<u>1,270,900</u>	<u>1,918</u>	<u>903,343</u>	<u>-</u>	<u>2,176,161</u>
FUND BALANCES					
Restricted for general government	2,493,130	-	-	-	2,493,130
Restricted for public safety	512,683	-	-	-	512,683
Restricted for social services	1,777,020	-	-	-	1,777,020
Committed for public safety	<u>-</u>	<u>92,550</u>	<u>-</u>	<u>54,966</u>	<u>147,516</u>
Total fund balances	<u>4,782,833</u>	<u>92,550</u>	<u>-</u>	<u>54,966</u>	<u>4,930,349</u>
Total liabilities and fund balances	<u>\$ 6,053,733</u>	<u>\$ 94,468</u>	<u>\$ 903,343</u>	<u>\$ 54,966</u>	<u>\$ 7,106,510</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Constitutional Offices	Governmental Law Library	Hotel/ Motel	Economic Crimes	
REVENUES					
Taxes	\$ -	\$ 12,104	\$ 7,296,070	\$ -	\$ 7,308,174
Intergovernmental	15,196	-	-	-	15,196
Charges for services	23,047,164	-	-	-	23,047,164
Fines, forfeitures and penalties	54,655	-	-	10,869	65,524
Investment earnings	188,395	1,738	5,053	956	196,142
Miscellaneous	224,101	-	-	-	224,101
Total revenues	<u>23,529,511</u>	<u>13,842</u>	<u>7,301,123</u>	<u>11,825</u>	<u>30,856,301</u>
EXPENDITURES					
Current:					
General government	4,804,430	-	7,301,123	-	12,105,553
Public safety:					
Criminal Court	2,716,642	-	-	-	2,716,642
Sheriff	432,415	-	-	-	432,415
Other	-	22,970	-	-	22,970
Social services	3,604,144	-	-	22,506	3,626,650
Total expenditures	<u>11,557,631</u>	<u>22,970</u>	<u>7,301,123</u>	<u>22,506</u>	<u>18,904,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,971,880</u>	<u>(9,128)</u>	<u>-</u>	<u>(10,681)</u>	<u>11,952,071</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	600,000	-	-	-	600,000
Transfers out	(13,887,220)	-	-	-	(13,887,220)
Sale of capital assets	28,343	-	-	-	28,343
Total other financing sources (uses)	<u>(13,258,877)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,258,877)</u>
Net change in fund balances	(1,286,997)	(9,128)	-	(10,681)	(1,306,806)
Fund balances, beginning	<u>6,069,830</u>	<u>101,678</u>	<u>-</u>	<u>65,647</u>	<u>6,237,155</u>
Fund balances, ending	<u>\$ 4,782,833</u>	<u>\$ 92,550</u>	<u>\$ -</u>	<u>\$ 54,966</u>	<u>\$ 4,930,349</u>

**COMBINING BALANCE SHEET
CONSTITUTIONAL OFFICES NONMAJOR GOVERNMENTAL FUNDS**

HAMILTON COUNTY, TENNESSEE

June 30, 2020

	Circuit Court Clerk	Clerk and Master	County Clerk	Criminal Court Clerk	Register	Trustee	Sheriff Drug Fund	Sheriff State Sex Offenders Fund	Total Constitutional Officers
ASSETS									
Cash and cash equivalents	\$ 369,666	\$1,654,852	\$1,216,232	\$ -	\$ 497,670	\$ 650,167	\$ 744,734	\$ 112,006	\$ 5,245,327
Investments	-	-	-	-	-	-	215,643	-	215,643
Receivables:									
Accounts	101,361	42,646	-	108,573	-	256,968	772	-	510,320
Intergovernmental	-	-	-	67,575	-	-	-	1,576	69,151
Due from other funds	-	-	-	11,293	-	-	1,999	-	13,292
Total assets	<u>\$ 471,027</u>	<u>\$1,697,498</u>	<u>\$1,216,232</u>	<u>\$ 187,441</u>	<u>\$ 497,670</u>	<u>\$ 907,135</u>	<u>\$ 963,148</u>	<u>\$ 113,582</u>	<u>\$ 6,053,733</u>
LIABILITIES									
Accrued items and other	\$ 100,210	\$ 41,295	\$ 76,482	\$ 250,709	\$ 33,669	\$ 17,073	\$ 779	\$ -	\$ 520,217
Due to other funds	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>683</u>	<u>-</u>	<u>-</u>	<u>750,683</u>
Total liabilities	<u>350,210</u>	<u>41,295</u>	<u>76,482</u>	<u>750,709</u>	<u>33,669</u>	<u>17,756</u>	<u>779</u>	<u>-</u>	<u>1,270,900</u>
FUND BALANCES									
Restricted for general government	-	-	1,139,750	-	464,001	889,379	-	-	2,493,130
Restricted for public safety	-	-	-	(563,268)	-	-	962,369	113,582	512,683
Restricted for social services	<u>120,817</u>	<u>1,656,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,777,020</u>
Total fund balances	<u>120,817</u>	<u>1,656,203</u>	<u>1,139,750</u>	<u>(563,268)</u>	<u>464,001</u>	<u>889,379</u>	<u>962,369</u>	<u>113,582</u>	<u>4,782,833</u>
Total liabilities and fund balances	<u>\$ 471,027</u>	<u>\$1,697,498</u>	<u>\$1,216,232</u>	<u>\$ 187,441</u>	<u>\$ 497,670</u>	<u>\$ 907,135</u>	<u>\$ 963,148</u>	<u>\$ 113,582</u>	<u>\$ 6,053,733</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CONSTITUTIONAL OFFICES NONMAJOR GOVERNMENTAL FUNDS**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Circuit Court Clerk	Clerk and Master	County Clerk	Criminal Court Clerk	Register	Trustee	Sheriff Drug Fund	Sheriff State Sex Offenders Fund	Total Constitutional Officers
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,196	\$ -	\$ 15,196
Charges for services	1,876,850	2,612,116	4,420,849	1,405,775	2,645,834	10,085,740	-	-	23,047,164
Fines, forfeitures and penalties	-	-	-	-	-	-	15,559	39,096	54,655
Investment earnings	8,352	65,749	45,576	7,978	17,557	23,113	18,935	1,135	188,395
Miscellaneous	-	-	29,377	-	82,714	-	112,010	-	224,101
Total revenues	<u>1,885,202</u>	<u>2,677,865</u>	<u>4,495,802</u>	<u>1,413,753</u>	<u>2,746,105</u>	<u>10,108,853</u>	<u>161,700</u>	<u>40,231</u>	<u>23,529,511</u>
EXPENDITURES									
Current:									
General government	-	-	2,945,050	-	804,625	1,054,755	-	-	4,804,430
Public safety:									
Criminal Court	-	-	-	2,716,642	-	-	-	-	2,716,642
Sheriff	-	-	-	-	-	-	415,471	16,944	432,415
Social services	1,949,900	1,654,244	-	-	-	-	-	-	3,604,144
Total expenditures	<u>1,949,900</u>	<u>1,654,244</u>	<u>2,945,050</u>	<u>2,716,642</u>	<u>804,625</u>	<u>1,054,755</u>	<u>415,471</u>	<u>16,944</u>	<u>11,557,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(64,698)</u>	<u>1,023,621</u>	<u>1,550,752</u>	<u>(1,302,889)</u>	<u>1,941,480</u>	<u>9,054,098</u>	<u>(253,771)</u>	<u>23,287</u>	<u>11,971,880</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	600,000	-	-	-	-	600,000
Transfers out	-	(961,603)	(1,796,000)	-	(2,071,510)	(9,058,107)	-	-	(13,887,220)
Sale of capital assets	-	-	-	-	-	-	28,343	-	28,343
Total other financing sources (uses)	<u>-</u>	<u>(961,603)</u>	<u>(1,796,000)</u>	<u>600,000</u>	<u>(2,071,510)</u>	<u>(9,058,107)</u>	<u>28,343</u>	<u>-</u>	<u>(13,258,877)</u>
Net change in fund balances	(64,698)	62,018	(245,248)	(702,889)	(130,030)	(4,009)	(225,428)	23,287	(1,286,997)
Fund balances, beginning	<u>185,515</u>	<u>1,594,185</u>	<u>1,384,998</u>	<u>139,621</u>	<u>594,031</u>	<u>893,388</u>	<u>1,187,797</u>	<u>90,295</u>	<u>6,069,830</u>
Fund balances, ending	<u>\$ 120,817</u>	<u>\$ 1,656,203</u>	<u>\$ 1,139,750</u>	<u>\$ (563,268)</u>	<u>\$ 464,001</u>	<u>\$ 889,379</u>	<u>\$ 962,369</u>	<u>\$ 113,582</u>	<u>\$ 4,782,833</u>



FIDUCIARY FUNDS

TRUST FUNDS

These funds are used to account for assets held by the County in trust accounts in a fiduciary capacity.

The County uses two sets of trust funds. One trust holds funds specifically to cover future OPEB obligations, and the other set of trust funds is used to account for obligations under certain defined benefit pension plans maintained by the County.

AGENCY FUNDS

These funds are used to account for assets held by the County in a custodial capacity as an agent on behalf of individuals and other government entities.

Constitutional Officers Funds account for various deposits, bail bonds and performance bonds held by the Constitutional Officers.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL TRUST FUNDS**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

	OPEB Trust Fund	Pension Trust Funds	Total OPEB & Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 4,442	\$ 112,831	\$ 117,273
Investments, at fair value:			
US Government Securities	1,447,747	244,414	1,692,161
Municipal Bonds	961,978	117,762	1,079,740
Mutual Funds	18,642,820	1,759,063	20,401,883
Domestic Equity Securities	3,969,536	158,349	4,127,885
Domestic Corporate Bonds	3,204,732	397,289	3,602,021
Foreign Bonds / Notes	365,095	43,789	408,884
Collateralized Mortgage Obligations	546,021	-	546,021
Foreign Equity Securities	<u>2,093,471</u>	<u>109,094</u>	<u>2,202,565</u>
Total investments, at fair value	<u>31,231,400</u>	<u>2,829,760</u>	<u>34,061,160</u>
Receivables:			
Interest	<u>53,097</u>	<u>7,445</u>	<u>60,542</u>
Total receivables	<u>53,097</u>	<u>7,445</u>	<u>60,542</u>
Total assets	<u>31,288,939</u>	<u>2,950,036</u>	<u>34,238,975</u>
LIABILITIES			
Accrued items and other	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net position restricted for pension benefits	-	2,950,036	2,950,036
Net position restricted for OPEB benefits	<u>31,288,939</u>	<u>-</u>	<u>31,288,939</u>
Total net position	<u>\$ 31,288,939</u>	<u>\$ 2,950,036</u>	<u>\$ 34,238,975</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL TRUST FUNDS**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	OPEB Trust Fund	Pension Trust Funds	Total OPEB & Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions:			
Employer	\$ 4,946,473	\$ 109,646	\$ 5,056,119
Other	<u> -</u>	<u> 2,088</u>	<u> 2,088</u>
Total contributions	<u>4,946,473</u>	<u>111,734</u>	<u>5,058,207</u>
Investment earnings:			
Net change in fair value of investments	434,739	63,669	498,408
Interest and dividends	<u>831,310</u>	<u>80,097</u>	<u>911,407</u>
Net investment earnings	<u>1,266,049</u>	<u>143,766</u>	<u>1,409,815</u>
Total additions	<u>6,212,522</u>	<u>255,500</u>	<u>6,468,022</u>
DEDUCTIONS			
Benefits	3,346,473	88,218	3,434,691
Administrative expense	<u>128,717</u>	<u>34,945</u>	<u>163,662</u>
Total deductions	<u>3,475,190</u>	<u>123,163</u>	<u>3,598,353</u>
Change in net position	2,737,332	132,337	2,869,669
Net position, beginning	<u>28,551,607</u>	<u>2,817,699</u>	<u>31,369,306</u>
Net position, ending	<u>\$ 31,288,939</u>	<u>\$ 2,950,036</u>	<u>\$ 34,238,975</u>

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CONSTITUTIONAL OFFICERS AGENCY FUNDS**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
CIRCUIT COURT CLERK				
Cash	\$ 2,859,796	\$ 11,202,085	\$ 9,436,629	\$ 4,625,252
Certificates of deposit	<u>2,392,337</u>	<u>892,761</u>	<u>562,521</u>	<u>2,722,577</u>
Total assets	<u>\$ 5,252,133</u>	<u>\$ 12,094,846</u>	<u>\$ 9,999,150</u>	<u>\$ 7,347,829</u>
Accrued items and other	\$ 5,140,693	\$ 10,791,938	\$ 8,676,156	\$ 7,256,475
Intergovernmental payables	<u>111,440</u>	<u>1,302,908</u>	<u>1,322,994</u>	<u>91,354</u>
Total liabilities	<u>\$ 5,252,133</u>	<u>\$ 12,094,846</u>	<u>\$ 9,999,150</u>	<u>\$ 7,347,829</u>
CLERK AND MASTER				
Cash	\$ 9,910,538	\$ 23,813,282	\$ 23,853,691	\$ 9,870,129
Certificates of deposit	<u>6,301,806</u>	<u>2,826,993</u>	<u>4,037,197</u>	<u>5,091,602</u>
Total assets	<u>\$ 16,212,344</u>	<u>\$ 26,640,275</u>	<u>\$ 27,890,888</u>	<u>\$ 14,961,731</u>
Accrued items and other	\$ 15,020,650	\$ 16,995,795	\$ 18,053,722	\$ 13,962,723
Intergovernmental payables	<u>1,191,694</u>	<u>9,644,480</u>	<u>9,837,166</u>	<u>999,008</u>
Total liabilities	<u>\$ 16,212,344</u>	<u>\$ 26,640,275</u>	<u>\$ 27,890,888</u>	<u>\$ 14,961,731</u>
COUNTY CLERK				
Cash	\$ 3,604,574	\$ 36,860,837	\$ 35,948,996	\$ 4,516,415
Accounts receivable	<u>261</u>	<u>21,196</u>	<u>21,452</u>	<u>5</u>
Total assets	<u>\$ 3,604,835</u>	<u>\$ 36,882,033</u>	<u>\$ 35,970,448</u>	<u>\$ 4,516,420</u>
Accrued items and other	\$ 178,063	\$ 994,198	\$ 1,006,976	\$ 165,285
Intergovernmental payables	<u>3,426,772</u>	<u>35,887,835</u>	<u>34,963,472</u>	<u>4,351,135</u>
Total liabilities	<u>\$ 3,604,835</u>	<u>\$ 36,882,033</u>	<u>\$ 35,970,448</u>	<u>\$ 4,516,420</u>

(continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES--(continued)
CONSTITUTIONAL OFFICERS AGENCY FUNDS

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
CRIMINAL COURT CLERK				
Cash	\$ 246,940	\$ 3,351,658	\$ 3,197,406	\$ 401,192
Total assets	<u>\$ 246,940</u>	<u>\$ 3,351,658</u>	<u>\$ 3,197,406</u>	<u>\$ 401,192</u>
Accrued items and other	\$ 246,891	\$ 2,388,977	\$ 2,234,676	\$ 401,192
Intergovernmental payables	<u>49</u>	<u>962,681</u>	<u>962,730</u>	<u>-</u>
Total liabilities	<u>\$ 246,940</u>	<u>\$ 3,351,658</u>	<u>\$ 3,197,406</u>	<u>\$ 401,192</u>
JUVENILE COURT CLERK				
Cash	\$ 44,335	\$ 673,105	\$ 670,755	\$ 46,685
Certificates of deposit	507,978	81,022	84,357	504,643
Investments	<u>40,813</u>	<u>24,130</u>	<u>26,580</u>	<u>38,363</u>
Total assets	<u>\$ 593,126</u>	<u>\$ 778,257</u>	<u>\$ 781,692</u>	<u>\$ 589,691</u>
Accrued items and other	<u>\$ 593,126</u>	<u>\$ 778,257</u>	<u>\$ 781,692</u>	<u>\$ 589,691</u>
Total liabilities	<u>\$ 593,126</u>	<u>\$ 778,257</u>	<u>\$ 781,692</u>	<u>\$ 589,691</u>
REGISTER				
Cash	\$ 1,438,212	\$ 16,651,875	\$ 16,641,374	\$ 1,448,713
Accounts receivable	<u>2,226</u>	<u>38,202</u>	<u>37,821</u>	<u>2,607</u>
Total assets	<u>\$ 1,440,438</u>	<u>\$ 16,690,077</u>	<u>\$ 16,679,195</u>	<u>\$ 1,451,320</u>
Intergovernmental payables	<u>\$ 1,440,438</u>	<u>\$ 16,690,077</u>	<u>\$ 16,679,195</u>	<u>\$ 1,451,320</u>
Total liabilities	<u>\$ 1,440,438</u>	<u>\$ 16,690,077</u>	<u>\$ 16,679,195</u>	<u>\$ 1,451,320</u>

(continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES--(continued)
CONSTITUTIONAL OFFICERS AGENCY FUNDS

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
SHERIFF				
Cash	\$ 145,113	\$ 39,674	\$ 127,802	\$ 56,985
Total assets	<u>\$ 145,113</u>	<u>\$ 39,674</u>	<u>\$ 127,802</u>	<u>\$ 56,985</u>
Accrued items and other	\$ 145,113	\$ 39,674	\$ 127,802	\$ 56,985
Total liabilities	<u>\$ 145,113</u>	<u>\$ 39,674</u>	<u>\$ 127,802</u>	<u>\$ 56,985</u>
TRUSTEE				
Cash	\$ 1,210,163	\$ 33,903,712	\$ 34,381,400	\$ 732,475
Total assets	<u>\$ 1,210,163</u>	<u>\$ 33,903,712</u>	<u>\$ 34,381,400</u>	<u>\$ 732,475</u>
Intergovernmental payables	\$ 1,210,163	\$ 33,903,712	\$ 34,381,400	\$ 732,475
Total liabilities	<u>\$ 1,210,163</u>	<u>\$ 33,903,712</u>	<u>\$ 34,381,400</u>	<u>\$ 732,475</u>
TOTAL CONSTITUTIONAL OFFICERS AGENCY FUNDS				
Cash	\$ 19,459,671	\$ 126,496,228	\$ 124,258,053	\$ 21,697,846
Certificates of deposit	9,202,121	3,800,776	4,684,075	8,318,822
Investments	40,813	24,130	26,580	38,363
Accounts receivable	<u>2,487</u>	<u>59,398</u>	<u>59,273</u>	<u>2,612</u>
Total assets	<u>\$ 28,705,092</u>	<u>\$ 130,380,532</u>	<u>\$ 129,027,981</u>	<u>\$ 30,057,643</u>
Accrued items and other	\$ 21,324,536	\$ 31,988,839	\$ 30,881,024	\$ 22,432,351
Intergovernmental payables	<u>7,380,556</u>	<u>98,391,693</u>	<u>98,146,957</u>	<u>7,625,292</u>
Total liabilities	<u>\$ 28,705,092</u>	<u>\$ 130,380,532</u>	<u>\$ 129,027,981</u>	<u>\$ 30,057,643</u>

DISCRETELY PRESENTED COMPONENT UNIT HAMILTON COUNTY DEPARTMENT OF EDUCATION

Discretely presented component units are entities that are legally separate from the County, but the County is considered to be financially accountable for these entities. The Hamilton County Department of Education provides public education for grades kindergarten through twelve.

GOVERNMENTAL FUND TYPES

General Purpose School Fund accounts for the operations of the school system, including instructional programs, administration, transportation, and other educational expenditures for the individual schools.

Centralized Cafeteria Fund accounts for the food service operations at the schools.

Education Capital Projects Fund accounts for resources designated for major improvements to capital assets in the school system.

PROPRIETARY FUND TYPES

Hamilton County Department of Education Internal Service Fund accounts for the Hamilton County Department of Education self-insurance programs. The Department of Education is self-insured for on-the-job injury claims, non-tort liability claims, unemployment compensation, health insurance, and the dental reimbursement program.

AGENCY FUND TYPES

School Activity Fund accounts for extracurricular activities of the student bodies of the schools. The school principals and activity sponsors direct these activities.

**COMBINING BALANCE SHEET
HAMILTON COUNTY DEPARTMENT OF EDUCATION GOVERNMENTAL FUNDS**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

	General Purpose School	Centralized Cafeteria	Education Capital Projects	Total Department of Education Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 99,071,547	\$ 8,106,654	\$ 4,549,662	\$ 111,727,863
Certificates of deposit	50,784	-	-	50,784
Investments	27,042,937	-	-	27,042,937
Receivables, net of allowance for uncollectible:				
Property taxes	149,322,173	-	-	149,322,173
Accounts	2,076,660	-	-	2,076,660
Intergovernmental	25,897,319	524,799	-	26,422,118
Due from other HCDE funds	1,634,805	-	27,013,722	28,648,527
Inventories	108,350	982,655	-	1,091,005
Total assets	\$ 305,204,575	\$ 9,614,108	\$ 31,563,384	\$ 346,382,067
LIABILITIES				
Accounts payable	\$ 3,663,987	\$ 203,128	\$ 1,110,041	\$ 4,977,156
Accrued items and other	32,731,322	192,171	36,509	32,960,002
Intergovernmental payables	290,124	-	-	290,124
Due to other HCDE funds	82,531,345	2,522,516	940,095	85,993,956
Total liabilities	119,216,778	2,917,815	2,086,645	124,221,238
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	136,545,284	-	-	136,545,284
Unavailable property taxes	5,591,247	-	-	5,591,247
Total deferred inflows of resources	142,136,531	-	-	142,136,531
FUND BALANCES				
Nonspendable	108,350	982,655	-	1,091,005
Restricted for centralized cafeteria	-	5,499,730	-	5,499,730
Restricted for education	3,333,346	-	-	3,333,346
Committed for education	5,484,932	-	-	5,484,932
Committed for capital projects	-	-	29,476,739	29,476,739
Committed for instruction	600,000	-	-	600,000
Committed for centralized cafeteria	-	213,908	-	213,908
Assigned for education	1,691,800	-	-	1,691,800
Unassigned	32,632,838	-	-	32,632,838
Total fund balances	43,851,266	6,696,293	29,476,739	80,024,298
Total liabilities, deferred inflows of resources and fund balances	\$ 305,204,575	\$ 9,614,108	\$ 31,563,384	\$ 346,382,067

**RECONCILIATION OF THE BALANCE SHEET OF HAMILTON COUNTY DEPARTMENT
OF EDUCATION GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

HAMILTON COUNTY, TENNESSEE

June 30, 2020

Differences in amounts reported for the Department of Education in the statement of net position

Fund balances - total Department of Education governmental funds	\$ 80,024,298
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Amounts reported for the Department of Education in the statement of net position are different because:

Capital assets used in the Department of Education's governmental activities are not financial resources and, therefore, are not reported in the funds.	364,587,379
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Other long-term assets are not available for current period expenditures and therefore are deferred in the governmental funds.	
Property taxes	5,591,247

Internal service funds are used by management to charge the costs of self-insurance programs to individual funds. The assets and liabilities of the internal service funds are included in the Department of Education in the statement of net position.	57,496,942
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Long-term liabilities applicable to the Department of Education's governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. This item consists of the following:

Net pension asset	46,933,319
Deferred outflows from pension contributions	21,154,656
Deferred inflows from differences in pension investment earnings	(14,427,915)
Deferred outflows from pension experience	3,639,048
Deferred outflows from pension changes in assumptions	6,824,986
Deferred inflows from pension experience	(27,820,017)
Net pension liability	(1,870,705)
Deferred inflows from OPEB changes in assumptions	(18,917,148)
Deferred changes in proportion of net pension liability	245,052
Deferred outflows from OPEB experience	13,084,232
Net OPEB liability	(122,435,639)
Compensated absences	<u>(11,449,952)</u>

Net position of the Department of Education	<u>\$ 402,659,783</u>
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**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
HAMILTON COUNTY DEPARTMENT OF EDUCATION GOVERNMENTAL FUNDS**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	General Purpose School	Centralized Cafeteria	Education Capital Projects	Total Department of Education Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes	\$ 230,585,652	\$ -	\$ -	\$ 230,585,652
Intergovernmental	205,997,937	16,613,342	-	222,611,279
Charges for services	4,229,327	2,923,802	-	7,153,129
Investment earnings	2,102,110	93,415	14,385	2,209,910
Miscellaneous	<u>8,426,671</u>	<u>20,136</u>	<u>8,026</u>	<u>8,454,833</u>
 Total revenues	 <u>451,341,697</u>	 <u>19,650,695</u>	 <u>22,411</u>	 <u>471,014,803</u>
 EXPENDITURES				
Current:				
Education	461,722,724	21,680,625	-	483,403,349
Capital outlay	<u>312,133</u>	<u>-</u>	<u>4,354,135</u>	<u>4,666,268</u>
 Total expenditures	 <u>462,034,857</u>	 <u>21,680,625</u>	 <u>4,354,135</u>	 <u>488,069,617</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(10,693,160)</u>	 <u>(2,029,930)</u>	 <u>(4,331,724)</u>	 <u>(17,054,814)</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	9,000,000	9,000,000
Transfers out	<u>(9,000,000)</u>	<u>-</u>	<u>-</u>	<u>(9,000,000)</u>
 Net change in fund balances	 (19,693,160)	 (2,029,930)	 4,668,276	 (17,054,814)
 Fund balances, beginning	 <u>63,544,426</u>	 <u>8,726,223</u>	 <u>24,808,463</u>	 <u>97,079,112</u>
 Fund balances, ending	 <u>\$ 43,851,266</u>	 <u>\$ 6,696,293</u>	 <u>\$ 29,476,739</u>	 <u>\$ 80,024,298</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF HAMILTON COUNTY DEPARTMENT OF
EDUCATION GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020

Differences in amounts reported for governmental activities in the statement of activities

Net change in fund balances - total Department of Education governmental funds	\$ (17,054,814)
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Amounts reported for the Department of Education in the statement of activities are different because:

Depreciation expense on governmental capital assets is included in the governmental activities in the statement of activities.	(14,118,940)
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The net effect of capital asset transactions involving the primary government is to increase net position.	3,756,723
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Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.	5,745,836
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Other post employment benefits will not be funded therefore the expense is not recognized in the funds.	(3,402,174)
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The net revenues of internal service funds are reported with governmental activities.	7,959,099
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The net effect of the change in the net pension liability is included in the statement of activities.	11,138,586
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Compensated absences are measured by the amounts earned during the year in the statement of activities. However, expenditures for these items are measured by the amount of financial resources used in the governmental funds. Compensated absences decreased by this amount during the year.	(1,014,477)
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Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds.

Property taxes	(187,816)
Charges for services	<u>(123,129)</u>

Change in net position of governmental activities	\$ <u>(7,301,106)</u>
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**BUDGETARY COMPARISON SCHEDULE
HAMILTON COUNTY DEPARTMENT OF EDUCATION GOVERNMENTAL FUNDS
GENERAL PURPOSE SCHOOL AND CENTRALIZED CAFETERIA**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 150,600,000	\$ 151,800,000	\$ 148,483,998	\$ (3,316,002)
Local sales tax	<u>80,000,000</u>	<u>81,800,000</u>	<u>82,101,654</u>	<u>301,654</u>
Total taxes	<u>230,600,000</u>	<u>233,600,000</u>	<u>230,585,652</u>	<u>(3,014,348)</u>
Intergovernmental revenues:				
State of Tennessee:				
Education	174,489,408	178,957,668	175,605,986	(3,351,682)
Food service	190,000	190,000	195,900	5,900
Federal funds received from State of Tennessee and other sources:				
Education	31,010,131	38,229,842	31,787,538	(6,442,304)
Food service	<u>17,051,674</u>	<u>17,051,674</u>	<u>16,417,442</u>	<u>(634,232)</u>
Total intergovernmental revenues	<u>222,741,213</u>	<u>234,429,184</u>	<u>224,006,866</u>	<u>(10,422,318)</u>
Charges for services:				
Education	3,799,500	3,846,584	3,349,113	(497,471)
Food service	<u>3,699,602</u>	<u>3,699,602</u>	<u>2,923,802</u>	<u>(775,800)</u>
Total charges for current services	<u>7,499,102</u>	<u>7,546,186</u>	<u>6,272,915</u>	<u>(1,273,271)</u>
Investment earnings:				
Education	1,000,065	1,000,065	2,102,110	1,102,045
Food service	<u>153,409</u>	<u>153,409</u>	<u>93,415</u>	<u>(59,994)</u>
Total investment earnings	<u>1,153,474</u>	<u>1,153,474</u>	<u>2,195,525</u>	<u>1,042,051</u>
Miscellaneous:				
Education	5,405,849	6,274,112	6,337,620	63,508
Food service	<u>10,000</u>	<u>10,000</u>	<u>20,136</u>	<u>10,136</u>
Total miscellaneous	<u>5,415,849</u>	<u>6,284,112</u>	<u>6,357,756</u>	<u>73,644</u>
Total revenues	<u>467,409,638</u>	<u>483,012,956</u>	<u>469,418,714</u>	<u>(13,594,242)</u>

(continued)

BUDGETARY COMPARISON SCHEDULE--(continued)
HAMILTON COUNTY DEPARTMENT OF EDUCATION GOVERNMENTAL FUNDS
GENERAL PURPOSE SCHOOL AND CENTRALIZED CAFETERIA

HAMILTON COUNTY, TENNESSEE

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Current:				
Education:				
Regular instruction program	\$ 207,590,129	\$ 216,307,991	\$ 215,161,912	\$ 1,146,079
Special education program	42,092,235	39,867,193	39,353,816	513,377
Vocational education program	8,941,335	9,088,807	9,028,706	60,101
Attendance	2,738,609	2,692,013	2,529,521	162,492
Health services	4,848,133	4,920,832	4,816,051	104,781
Other student support	13,847,708	12,904,849	12,055,371	849,478
Regular instruction support	12,524,627	16,201,116	13,770,608	2,430,508
Special education support	3,387,635	3,583,985	3,568,715	15,270
Vocational education support	246,915	297,086	296,518	568
Technology	4,634,807	7,935,490	7,253,511	681,979
Board of education	6,199,378	6,188,626	6,352,391	(163,765)
Office of superintendent	2,285,392	2,262,814	2,002,320	260,494
Office of principal	28,496,993	29,269,382	28,810,868	458,514
Fiscal services	3,369,030	3,583,850	3,217,957	365,893
Human resources	1,858,157	1,879,696	1,856,125	23,571
Operation of plant	25,624,131	25,155,304	23,918,259	1,237,045
Maintenance of plant	9,493,178	10,443,035	10,071,316	371,719
Transportation	18,940,008	19,221,421	19,308,240	(86,819)
Central and other	388,597	745,736	695,995	49,741
Food service	-	169,265	170,045	(780)
Community services	470,311	520,629	496,765	23,864
Early childhood	2,997,170	3,060,793	3,001,665	59,128
Federal programs	30,939,539	37,902,971	30,137,243	7,765,728
Charter schools	12,593,476	12,593,476	12,256,905	336,571
Other self funded projects	6,650,414	9,955,137	8,362,762	1,592,375
Food service program	21,104,685	21,922,998	21,144,177	778,821
Total education	472,262,592	498,674,495	479,637,762	19,036,733
Capital outlay:				
Education	197,000	347,000	183,212	163,788
Total budgetary expenditures	472,459,592	499,021,495	479,820,974	19,200,521
OTHER FINANCING SOURCES (USES)				
Transfers from other DOE funds	1,285,000	1,285,000	1,573,678	288,678
Transfers to other DOE funds	(4,235,046)	(10,285,000)	(10,573,678)	(288,678)
Net change in fund balance	(8,000,000)	(25,008,539)	(19,402,260)	\$ 5,606,279
Fund balance allocation	8,000,000	25,008,539		
	\$ -	\$ -		
Add encumbrances at end of year			5,665,246	
Less encumbrances at beginning of year			(7,986,076)	
Excess of nonbudgeted revenues and other financing sources over nonbudgeted expenditures and other financing uses (Education Capital Projects)			4,668,276	
Net change in fund balance--(GAAP Modified Accrual Basis)			(17,054,814)	
Fund balances at beginning of year--(GAAP Modified Accrual Basis)			97,079,112	
Fund balances at end of year--(GAAP Modified Accrual Basis)			\$ 80,024,298	

**STATEMENT OF NET POSITION
HAMILTON COUNTY DEPARTMENT OF EDUCATION
INTERNAL SERVICE FUND**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

	Department of Education Internal Service Fund
	<u>Fund</u>
ASSETS	
Cash	\$ 2,057,761
Receivables	6,334,976
Due from other HCDE funds	57,345,429
Prepaid items	<u>377,902</u>
Total current assets	<u>66,116,068</u>
LIABILITIES	
Current liabilities:	
Accounts payable	481,946
Accrued claims	<u>6,608,763</u>
Total current liabilities	<u>7,090,709</u>
Noncurrent liabilities:	
Accrued claims	<u>1,446,872</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>81,545</u>
Total deferred inflows of resources	<u>81,545</u>
NET POSITION	
Unrestricted	<u>\$ 57,496,942</u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
HAMILTON COUNTY DEPARTMENT OF EDUCATION
INTERNAL SERVICE FUND**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Department of Education Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 73,640,865
Other	<u>1,239</u>
Total operating revenues	<u>73,642,104</u>
OPERATING EXPENSES	
Unemployment compensation	79,408
Claims and premiums	<u>65,607,632</u>
Total operating expenses	<u>65,687,040</u>
Operating income	7,955,064
NONOPERATING REVENUES	
Investment earnings	<u>4,035</u>
Change in net position	7,959,099
Net position, beginning	<u>49,537,843</u>
Net position, ending	<u><u>\$ 57,496,942</u></u>

**STATEMENT OF CASH FLOWS
HAMILTON COUNTY DEPARTMENT OF EDUCATION
INTERNAL SERVICE FUND**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Department of Education Internal Service Fund
	<u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from insurance premiums	\$ 65,261,163
Cash paid for unemployment compensation	(79,408)
Cash paid for claims and premiums	<u>(65,554,692)</u>
Net cash used in operating activities	<u>(372,937)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash received for investment earnings	<u>4,035</u>
Net cash provided by investing activities	<u>4,035</u>
Net change in cash and cash equivalents	(368,902)
Beginning cash and cash equivalents	<u>2,426,663</u>
Ending cash and cash equivalents	<u>\$ 2,057,761</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating income	<u>\$ 7,955,064</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Change in receivables	(4,772,016)
Change in due from other HCDE funds	(3,567,341)
Change in prepaid items	(314,428)
Change in accounts payable	168,982
Change in accrued claims	198,386
Change in unearned revenue	<u>(41,584)</u>
Total adjustments	<u>(8,328,001)</u>
Net cash used in operating activities	<u>\$ (372,937)</u>

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
HAMILTON COUNTY DEPARTMENT OF EDUCATION AGENCY FUND**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

ASSETS

Cash	\$	10,669,903
Accounts receivable		12,104
Other assets		<u>4,157</u>

Total assets \$ 10,686,164

LIABILITIES

Due to others	\$	<u>10,686,164</u>
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Total liabilities \$ 10,686,164

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
HAMILTON COUNTY DEPARTMENT OF EDUCATION AGENCY FUND**

**HAMILTON COUNTY, TENNESSEE
Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
ASSETS				
Cash	\$ 9,886,529	\$ 13,362,987	\$ 12,579,613	\$ 10,669,903
Accounts receivable	-	12,104	-	12,104
Other assets	-	4,157	-	4,157
Total assets	<u>\$ 9,886,529</u>	<u>\$ 13,379,248</u>	<u>\$ 12,579,613</u>	<u>\$ 10,686,164</u>
LIABILITIES				
Due to others	<u>\$ 9,886,529</u>	<u>\$ 13,379,248</u>	<u>\$ 12,579,613</u>	<u>\$ 10,686,164</u>
Total liabilities	<u>\$ 9,886,529</u>	<u>\$ 13,379,248</u>	<u>\$ 12,579,613</u>	<u>\$ 10,686,164</u>

SCHEDULE OF PROPERTY TAXES RECEIVABLE

HAMILTON COUNTY, TENNESSEE

June 30, 2020

Year of Levy	Property Taxes Receivable	Allowance For Estimated Uncollectibles	Net Amount
2020	\$ 298,938,561	\$ 14,661,653	\$ 284,276,908
2019	16,659,670	547,648	16,112,022
2018	3,461,735	529,992	2,931,743
2017	1,661,417	461,043	1,200,374
2016	584,045	446,210	137,835
2015	574,800	523,298	51,502
2014	602,624	602,624	-
2013	<u>120,622</u>	<u>120,622</u>	<u>-</u>
	<u>\$ 322,603,474</u>	<u>\$ 17,893,090</u>	<u>\$ 304,710,384</u>

DISTRIBUTION TO PRIMARY GOVERNMENT

County General	\$ 165,115,888	\$ 9,727,677	\$ 155,388,211
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DISTRIBUTION TO COMPONENT UNIT

General Purpose School	<u>157,487,586</u>	<u>8,165,413</u>	<u>149,322,173</u>
	<u>\$ 322,603,474</u>	<u>\$ 17,893,090</u>	<u>\$ 304,710,384</u>

* Accrual of the anticipated current year levy is required by GASB Statement No. 33.

SCHEDULE OF CERTIFICATES OF DEPOSIT BY FUND

HAMILTON COUNTY, TENNESSEE

June 30, 2020

	Maturity Date	Interest Rate	Amount
PRIMARY GOVERNMENT			
GOVERNMENTAL FUNDS			
General Fund:			
First Horizon	9/6/2020	0.90%	\$ <u>15,000</u>
AGENCY FUNDS			
Constitutional Officers:			
Circuit Court Clerk	Various	Various	2,722,577
Clerk and Master	Various	Various	5,091,602
Juvenile Court Clerk	Various	Various	<u>504,643</u>
			<u>8,318,822</u>
Total primary government			<u>8,333,822</u>
COMPONENT UNITS			
GOVERNMENTAL FUNDS			
General Purpose School:			
First Horizon	4/30/2021	1.64%	<u>50,784</u>
PROPRIETARY FUNDS			
"911" Emergency Communications District:			
First Volunteer Bank	1/30/2021	2.00%	9,052,561
Pinnacle Bank	7/12/2020	2.10%	<u>2,419,457</u>
			<u>11,472,018</u>
Total component units			<u>11,522,802</u>
Total certificates of deposit			<u>\$ 19,856,624</u>



SCHEDULE OF INVESTMENTS BY FUND

HAMILTON COUNTY, TENNESSEE

June 30, 2020

Hamilton County government utilizes a centralized investment pool for investing certain excess cash balances for its funds, including the Hamilton County Department of Education, a discretely presented component unit. The Hamilton County Finance Division is responsible for investing the excess cash balances for these funds. At June 30, 2020, the centralized investment pool held the following investments:

	MATURITY DATE	INTEREST RATE	FACE VALUE
Certificate of Deposit	8/22/2020	1.800%	\$ 50,000,000
Federal Home Loan Mortgage Corp.	1/7/2022	1.670%	5,000,000
Federal Home Loan Mortgage Corp.	2/10/2022	1.600%	5,000,000
Federal Home Loan Mortgage Corp.	2/10/2022	1.600%	<u>5,000,000</u>
Total investments in centralized investment pool			<u>\$ 65,000,000</u>

The investments in the centralized investment pool were held on behalf of the following funds:

	AMOUNT
PRIMARY GOVERNMENT	
GOVERNMENTAL FUNDS	
General Fund	\$ 25,385,105
Debt Service	2,357,616
Capital Projects	4,366,752
Constitutional Officers	215,643
Governmental Law Library	21,107
Economic Crimes	<u>12,324</u>
	<u>32,358,547</u>
PROPRIETARY FUNDS	
Internal Service	<u>9,631,406</u>
	<u>9,631,406</u>
FIDUCIARY FUNDS	
Constitutional Officers Agency Funds	<u>38,363</u>
	<u>38,363</u>
Total primary government	<u>42,028,316</u>
COMPONENT UNITS	
General Purpose School	<u>23,840,885</u>
Total component units	<u>23,840,885</u>
Total investments in investment pool	<u>\$ 65,869,201</u>

(continued)

SCHEDULE OF INVESTMENTS BY FUND--(continued)

HAMILTON COUNTY, TENNESSEE

June 30, 2020

	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>MARKET VALUE</u>
PRIMARY GOVERNMENT			
FIDUCIARY FUNDS			
PENSION TRUST FUND			
Mutual Funds	Various	Various	\$ 1,759,063
Domestic Corporate Bonds	Various	Various	397,289
Foreign Bonds/Notes	Various	Various	43,789
Domestic Equity Securities	Various	Various	158,349
Foreign Equity Securities	Various	Various	109,094
US Government Securities	Various	Various	244,414
Municipal Bonds	Various	Various	<u>117,762</u>
			<u>2,829,760</u>
OPEB TRUST FUND			
Mutual Funds	Various	Various	18,642,820
Domestic Corporate Bonds	Various	Various	3,204,732
Foreign Bonds/Notes	Various	Various	365,095
Domestic Equity Securities	Various	Various	3,969,536
Foreign Equity Securities	Various	Various	2,093,471
US Government Securities	Various	Various	1,447,747
Municipal Bonds	Various	Various	961,978
Collateralized Mortgage Obligations	Various	Various	<u>546,021</u>
			<u>31,231,400</u>
Total fiduciary funds' investments			<u>34,061,160</u>
Total investments			<u><u>\$ 99,930,361</u></u>

**SCHEDULE OF BONDS, NOTES PAYABLE,
AND OTHER DEBT**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

TYPE OF ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	DEBT REMAINING AT JUNE 30, 2020			
			INTEREST		MATURITY SCHEDULE	PRINCIPAL
			DATES	RATES		
BONDED DEBT						
General Improvement	3/01/1998 B	\$ 6,100,000	Aug/Feb	5.100	\$370,000; due 8/01/2020	\$ 370,000
				5.100	\$395,000; due 8/01/2021	395,000
				5.100	\$415,000; due 8/01/2022	415,000
				5.100	\$435,000; due 8/01/2023	435,000
				5.100	\$460,000; due 8/01/2024	460,000
					<u>2,075,000</u>	
General Improvement (Recovery Zone Economic Development Bonds - taxable to bondholder)	3/10/2010 C	4,980,000	Sept/Mar	4.350	\$330,000; due 3/01/2021	330,000
				4.600	\$330,000; due 3/01/2022	330,000
				4.700	\$330,000; due 3/01/2023	330,000
				4.850	\$330,000; due 3/01/2024	330,000
				5.000	\$370,000; due 3/01/2025	370,000
					<u>1,690,000</u>	
General Improvement	11/08/2011 A	12,875,000	July/Jan	5.000	\$885,143; due 1/01/2021	885,143
				3.250	\$1,107,741; due 1/01/2026	1,107,741
				3.500	\$1,144,491; due 1/01/2027	1,144,491
					<u>3,137,375</u>	
School	11/08/2011 A	48,435,000	July/Jan	5.000	\$3,329,857; due 1/01/2021	3,329,857
				3.250	\$4,167,259; due 1/01/2026	4,167,259
				3.500	\$4,305,509; due 1/01/2027	4,305,509
					<u>11,802,625</u>	
Water & Wastewater Treatment Authority	11/08/2011 B	8,025,000	July/Jan	3.000	\$425,000; due 1/01/2021	425,000
				3.000	\$435,000; due 1/01/2022	435,000
				3.000	\$450,000; due 1/01/2023	450,000
				3.000	\$460,000; due 1/01/2024	460,000
				3.250	\$475,000; due 1/01/2025	475,000
				3.375	\$490,000; due 1/01/2026	490,000
				3.500	\$510,000; due 1/01/2027	510,000
				3.500	\$530,000; due 1/01/2028	530,000
				3.625	\$545,000; due 1/01/2029	545,000
				3.750	\$565,000; due 1/01/2030	565,000
				3.750	\$370,000; due 1/01/2031	370,000
					<u>5,255,000</u>	

(continued)

**SCHEDULE OF BONDS, NOTES PAYABLE,
AND OTHER DEBT--(continued)**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

TYPE OF ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	DEBT REMAINING AT JUNE 30, 2020			
			INTEREST		MATURITY SCHEDULE	PRINCIPAL
			DATES	RATES		
BONDED DEBT--(continued)						
General Improvement	4/10/2013 A	\$10,061,000	Sept/Mar	4.000	\$670,623 a year; due 3/01/2021	\$ 670,623
				4.000	\$670,623 a year; due 3/01/2022	670,623
				2.000	\$670,623; due 3/01/2023	670,623
				2.125	\$670,622; due 3/01/2024	670,622
				2.250	\$670,622; due 3/01/2025	670,622
				2.375	\$670,622; due 3/01/2026	670,622
				2.500	\$670,622; due 3/01/2027	670,622
				2.750	\$670,622; due 3/01/2028	670,622
						<u>5,364,979</u>
School	4/10/2013 A	50,549,000	Sept/Mar	4.000	\$3,369,377 a year; due 3/01/2021	3,369,377
				4.000	\$3,369,377 a year; due 3/01/2022	3,369,377
				2.000	\$3,369,377; due 3/01/2023	3,369,377
				2.125	\$3,369,378; due 3/01/2024	3,369,378
				2.250	\$3,369,378; due 3/01/2025	3,369,378
				2.375	\$3,369,378; due 3/01/2026	3,369,378
				2.500	\$3,369,378; due 3/01/2027	3,369,378
				2.750	\$3,369,378; due 3/01/2028	3,369,378
						<u>26,955,021</u>
General Improvement	4/10/2013 B	6,701,100	Sept/Mar	4.000	\$921,624; due 3/01/2021	921,624
				3.000	\$920,138; due 3/01/2022	920,138
				3.000	\$909,732; due 3/01/2023	909,732
					<u>2,751,494</u>	
School	4/10/2013 B	38,378,900	Sept/Mar	4.000	\$5,278,376; due 3/01/2021	5,278,376
				3.000	\$5,269,862; due 3/01/2022	5,269,862
				3.000	\$5,210,268; due 3/01/2023	5,210,268
					<u>15,758,506</u>	
General Improvement	5/07/2015 A	11,442,000	Nov/May	5.000	\$762,800; due 5/01/2021	762,800
				5.000	\$762,800 a year; due 5/01/2022-30	6,865,200
					<u>7,628,000</u>	
School	5/07/2015 A	48,558,000	Nov/May	5.000	\$3,237,200; due 5/01/2021	3,237,200
				5.000	\$3,237,200 a year; due 5/01/2022-30	29,134,800
					<u>32,372,000</u>	

(continued)

**SCHEDULE OF BONDS, NOTES PAYABLE,
AND OTHER DEBT--(continued)**

**HAMILTON COUNTY, TENNESSEE
June 30, 2020**

TYPE OF ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	DEBT REMAINING AT JUNE 30, 2020			
			INTEREST		MATURITY SCHEDULE	PRINCIPAL
			DATES	RATES		
BONDED DEBT--(continued)						
General Improvement	5/07/2015 B	\$ 7,194,600	Sept/Mar	5.000	\$459,585; due 3/01/2021	\$ 459,585
				5.000	\$1,488,579; due 3/01/2022	1,488,579
				5.000	\$1,544,684; due 3/01/2023	1,544,684
				4.000	\$1,603,177; due 3/01/2024	1,603,177
				4.000	\$1,178,210; due 3/01/2025	1,178,210
						<u>6,274,235</u>
School	5/07/2015 B	22,940,400	Sept/Mar	5.000	\$1,465,415; due 3/01/2021	1,465,415
				5.000	\$4,746,421; due 3/01/2022	4,746,421
				5.000	\$4,925,316; due 3/01/2023	4,925,316
				4.000	\$5,111,823; due 3/01/2024	5,111,823
				4.000	\$3,756,790; due 3/01/2025	3,756,790
						<u>20,005,765</u>
General Improvement	3/29/2018 A	45,363,000	Oct/April	5.000	\$3,026,008; due 4/01/2021	3,026,008
				5.000	\$3,026,008; due 4/01/2022-2025	12,104,032
				5.000	\$3,024,652; due 4/01/2026	3,024,652
				5.000	\$3,023,296; due 4/01/2027-2029	9,069,888
				5.000	\$3,021,940; due 4/01/2030-2032	9,065,820
				5.000	\$3,020,584; due 4/01/2033	3,020,584
						<u>39,310,984</u>
School	3/29/2018 A	121,937,000	Oct/April	5.000	\$8,133,992; due 4/01/2021	8,133,992
				5.000	\$8,133,992; due 4/01/2022-2025	32,535,968
				5.000	\$8,130,348; due 4/01/2026	8,130,348
				5.000	\$8,126,704; due 4/01/2027-2029	24,380,112
				5.000	\$8,123,060; due 4/01/2030-2032	24,369,180
				5.000	\$8,119,416; due 4/01/2033	8,119,416
						<u>105,669,016</u>
General Improvement	3/29/2018 B	4,295,000	Sept/Mar	2.000	\$1,035,000; due 3/01/2021	1,035,000
				2.000	\$1,005,000; due 3/01/2022	1,005,000
				2.000	\$975,000; due 3/01/2023	975,000
				2.250	\$945,000; due 3/01/2024	945,000
				5.000	\$335,000; due 3/01/2025	335,000
						<u>4,295,000</u>
TOTAL BONDED DEBT						<u>\$ 290,345,000</u>

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

HAMILTON COUNTY, TENNESSEE

June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
GOVERNMENTAL ACTIVITIES									
BONDS PAYABLE									
Payable through Debt Service Fund									
General Obligation, Series 1998 B	\$ 6,100,000	5.10	3/1/1998	8/1/2024	\$ 2,430,000	\$ -	\$ 355,000	\$ -	\$ 2,075,000
General Obligation, Series 2010 B	16,115,000	4.25	3/10/2010	3/1/2020	1,610,000	-	1,610,000	-	0
General Obligation, Series 2010 C	4,980,000	4.15 to 5.00	3/10/2010	3/1/2025	2,020,000	-	330,000	-	1,690,000
General Obligation, Series 2011 A	12,875,000	3.25 to 5.00	11/8/2011	1/1/2027	3,980,518	-	843,143	-	3,137,375
School, Series 2011 A	48,435,000	3.25 to 5.00	11/8/2011	1/1/2027	14,974,482	-	3,171,857	-	11,802,625
WWTA, Series 2011 B	8,025,000	3.00 to 4.00	11/8/2011	1/1/1931	5,665,000	-	410,000	-	5,255,000
General Obligation, Series 2013 A	10,061,000	2.00 to 4.00	4/10/2013	3/1/2028	6,035,602	-	670,623	-	5,364,979
School, Series 2013 A	50,549,000	2.00 to 4.00	4/10/2013	3/1/2028	30,324,398	-	3,369,377	-	26,955,021
General Obligation, Series 2013 B	6,701,100	3.00 to 4.00	4/10/2013	3/1/2023	3,681,294	-	929,800	-	2,751,494
School, Series 2013 B	38,378,900	3.00 to 4.00	4/10/2013	3/1/2023	21,083,706	-	5,325,200	-	15,758,506
General Obligation, Series 2015 A	11,442,000	5.00	5/7/2015	5/1/2030	8,390,800	-	762,800	-	7,628,000
School, Series 2015 A	48,558,000	5.00	5/7/2015	5/1/1930	35,609,200	-	3,237,200	-	32,372,000
General Obligation, Series 2015 B	7,194,600	4.00 to 5.00	5/7/2015	3/1/2025	6,729,046	-	454,811	-	6,274,235
School, Series 2015 B	22,940,400	4.00 to 5.00	5/7/2015	3/1/2025	21,455,954	-	1,450,189	-	20,005,765
General Obligation, Series 2018 A	45,363,000	5.00	3/29/2018	4/1/2033	42,336,992	-	3,026,008	-	39,310,984
School, Series 2018 A	121,937,000	5.00	3/29/2018	4/1/1933	113,803,008	-	8,133,992	-	105,669,016
General Obligation, Series 2018 B	4,295,000	2.00 to 5.00	3/29/2018	3/1/2025	4,295,000	-	-	-	4,295,000
Total Bonds Payable - Debt Service Fund	\$ 463,950,000				\$ 324,425,000	\$ -	\$ 34,080,000	\$ -	\$290,345,000

DEBT SERVICE REQUIREMENTS TO MATURITY

HAMILTON COUNTY, TENNESSEE

June 30, 2020

Year Ended June 30	GENERAL OBLIGATION BONDS		
	Bond Principal	Interest	Total
2021	\$ 33,700,000	\$ 12,976,084	\$ 46,676,084
2022	33,790,000	11,434,172	45,224,172
2023	33,960,000	9,948,137	43,908,137
2024	28,085,000	8,532,052	36,617,052
2025	25,775,000	7,345,711	33,120,711
2026	24,960,000	6,236,994	31,196,994
2027	25,150,000	5,195,319	30,345,319
2028	19,720,000	4,128,219	23,848,219
2029	15,695,000	3,241,069	18,936,069
2030	15,710,000	2,463,813	18,173,813
2031	11,515,000	1,685,375	13,200,375
2032	11,145,000	1,114,250	12,259,250
2033	11,140,000	557,000	11,697,000
	<u>\$ 290,345,000</u>	<u>\$ 74,858,195</u>	<u>\$ 365,203,195</u>

HAMILTON COUNTY, TENNESSEE
June 30, 2020

Statistical Section

This part of the County annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Page

Financial Trends

F-1

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

F-6

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

Debt Capacity

F-10

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

F-13

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

F-15

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule I
Hamilton County, Tennessee
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 348,398,317	\$ 255,057,959	\$ 182,639,417	\$ 221,544,634	\$ 243,547,592	\$ 244,360,829	\$ 238,660,378	\$ 282,129,410	\$ 241,279,539	\$ 177,199,640
Restricted	76,679,946	6,081,371	5,056,603	4,252,078	-	-	52,298	541,385	607,360	716,194
Unrestricted	(143,499,147)	(20,227,136)	(17,431,115)	(100,258,326)	(86,040,888)	(94,151,918)	(89,414,839)	(102,953,837)	(78,744,095)	(76,522,919)
Total governmental activities net position	<u>\$ 281,579,116</u>	<u>\$ 240,912,194</u>	<u>\$ 170,264,905</u>	<u>\$ 125,538,386</u>	<u>\$ 157,506,704</u>	<u>\$ 150,208,911</u>	<u>\$ 149,297,837</u>	<u>\$ 179,716,958</u>	<u>\$ 163,142,804</u>	<u>\$ 101,392,915</u>
Primary government										
Net investment in capital assets	\$ 348,398,317	\$ 255,057,959	\$ 182,639,417	\$ 221,544,634	\$ 243,547,592	\$ 244,360,829	\$ 238,660,378	\$ 282,129,410	\$ 241,279,539	\$ 177,199,640
Restricted	76,679,946	6,081,371	5,056,603	4,252,078	-	-	52,298	541,385	607,360	716,194
Unrestricted	(143,499,147)	(20,227,136)	(17,431,115)	(100,258,326)	(86,040,888)	(94,151,918)	(89,414,839)	(102,953,837)	(78,744,095)	(76,522,919)
Total primary government net position	<u>\$ 281,579,116</u>	<u>\$ 240,912,194</u>	<u>\$ 170,264,905</u>	<u>\$ 125,538,386</u>	<u>\$ 157,506,704</u>	<u>\$ 150,208,911</u>	<u>\$ 149,297,837</u>	<u>\$ 179,716,958</u>	<u>\$ 163,142,804</u>	<u>\$ 101,392,915</u>



Schedule II
Hamilton County, Tennessee
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General Government	\$ 60,474,380	\$ 55,767,524	\$ 62,215,233	\$ 57,560,303	\$ 66,599,969	\$ 61,957,402	\$ 54,450,998	\$ 55,107,145	\$ 58,143,030	\$ 71,919,720
Public Safety:										
Sheriff	57,187,864	51,891,687	52,234,591	32,646,937	31,342,346	30,250,034	29,934,441	28,915,718	28,342,846	29,218,502
Criminal Court	4,195,556	4,188,380	4,522,390	4,114,771	4,048,753	2,724,085	4,181,671	4,185,439	3,874,884	4,126,994
Juvenile Court	1,816,779	1,780,985	1,638,962	1,526,597	1,633,352	1,495,996	8,112,975	8,022,995	8,816,800	8,947,936
Ambulance Services	12,462,477	10,871,091	10,102,862	9,960,981	9,966,416	9,514,960	9,513,721	28,986,494	23,104,366	22,343,290
Other	29,194,359	25,589,271	24,675,914	36,820,123	37,949,711	37,115,919	30,292,964	41,630,920	35,477,004	35,313,682
Highways and streets	21,160,560	10,352,115	15,064,154	10,469,195	11,666,094	12,396,414	8,542,153	14,995,362	15,369,248	18,405,626
Health	25,449,929	21,778,306	22,331,435	21,162,827	21,983,102	21,133,493	21,478,078	20,031,449	20,231,080	22,159,904
Social Services	6,236,091	6,123,386	6,623,453	6,223,637	6,914,723	6,274,516	6,624,641	7,145,934	6,199,607	8,932,771
Culture and recreation	9,741,420	9,926,545	9,841,274	8,751,277	8,898,519	7,921,387	7,018,607	8,069,498	9,079,005	11,018,276
Education	3,756,723	89,917	9,602,529	47,868,365	24,300,782	28,300,691	32,510,412	2,452,772	4,097,398	19,312,528
Interest on long-term debt	10,165,860	11,656,830	8,370,300	7,725,168	8,264,495	7,232,360	7,770,919	8,558,921	8,863,280	8,343,186
Total governmental activities expenses	<u>241,841,998</u>	<u>210,016,037</u>	<u>227,223,097</u>	<u>244,830,181</u>	<u>233,568,262</u>	<u>226,317,257</u>	<u>220,431,580</u>	<u>228,102,647</u>	<u>221,598,548</u>	<u>260,042,415</u>
Total primary government expenses	<u>241,841,998</u>	<u>210,016,037</u>	<u>227,223,097</u>	<u>244,830,181</u>	<u>233,568,262</u>	<u>226,317,257</u>	<u>220,431,580</u>	<u>228,102,647</u>	<u>221,598,548</u>	<u>260,042,415</u>
Program Revenues										
Governmental activities:										
Charges for services										
General Government	20,557,816	21,848,910	22,655,115	20,689,500	20,749,436	20,414,588	19,044,471	19,360,899	17,742,600	16,164,972
Public Safety:										
Sheriff	1,333,248	776,116	663,063	668,901	550,006	785,553	1,234,909	1,045,569	1,133,673	1,267,582
Criminal Court	1,405,774	2,024,378	2,351,890	2,484,895	1,759,490	2,578,618	2,715,418	2,463,580	2,250,415	2,265,859
Juvenile Court	379,796	469,720	432,503	472,625	436,100	389,769	381,798	420,352	342,337	360,824
Ambulance Services	11,988,529	10,458,877	11,629,623	6,565,594	7,956,293	7,440,280	7,059,718	29,900,324	21,180,453	22,093,664
Other	2,738,167	2,787,558	2,528,809	2,584,732	3,182,933	2,272,222	2,278,610	9,455,129	8,908,857	8,918,963
Highways and streets	3,731,308	3,876,585	3,191,092	3,153,073	2,966,389	2,719,713	2,803,123	2,789,369	2,515,109	2,490,007
Health	2,540,245	2,448,781	3,525,835	2,264,843	2,311,092	1,915,656	1,806,662	1,825,028	1,893,258	2,229,402
Social Services	4,499,835	4,787,417	4,577,597	4,306,940	4,373,514	4,397,525	4,322,084	4,310,818	4,079,181	4,476,458
Culture and recreation	838,467	945,477	812,386	867,973	659,701	538,507	697,461	600,408	632,217	606,726
Education	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	30,900,412	32,061,112	27,654,388	27,259,713	28,271,264	28,079,517	27,009,289	25,125,782	27,124,454	25,675,026
Capital grants and contributions	815,075	119,836	3,392,780	1,629,141	14,573,339	6,678,478	3,340,173	3,506,316	11,819,153	23,786,966
Total governmental activities program revenues	<u>81,728,672</u>	<u>82,604,767</u>	<u>83,415,081</u>	<u>72,947,930</u>	<u>87,789,557</u>	<u>78,210,426</u>	<u>72,693,716</u>	<u>100,803,574</u>	<u>99,621,707</u>	<u>110,336,449</u>
Total primary government program revenues	<u>81,728,672</u>	<u>82,604,767</u>	<u>83,415,081</u>	<u>72,947,930</u>	<u>87,789,557</u>	<u>78,210,426</u>	<u>72,693,716</u>	<u>100,803,574</u>	<u>99,621,707</u>	<u>110,336,449</u>
Net (Expenses) Revenues										
Governmental activities	<u>(160,113,326)</u>	<u>(127,411,270)</u>	<u>(143,808,016)</u>	<u>(171,882,251)</u>	<u>(145,778,705)</u>	<u>(148,106,831)</u>	<u>(147,737,864)</u>	<u>(127,299,073)</u>	<u>(121,976,841)</u>	<u>(149,705,966)</u>
Total primary government net expense	<u>(160,113,326)</u>	<u>(127,411,270)</u>	<u>(143,808,016)</u>	<u>(171,882,251)</u>	<u>(145,778,705)</u>	<u>(148,106,831)</u>	<u>(147,737,864)</u>	<u>(127,299,073)</u>	<u>(121,976,841)</u>	<u>(149,705,966)</u>

(continued on next page)

Schedule II
Hamilton County, Tennessee
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(continued from previous page)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 170,552,654	\$ 167,941,970	\$ 164,229,212	\$ 139,114,401	\$ 133,609,320	\$ 131,896,902	\$ 131,026,476	\$ 127,585,203	\$ 128,640,070	\$ 128,028,643
Sales taxes	6,417,109	4,614,304	4,468,331	3,213,807	3,221,704	2,710,878	3,011,186	2,992,738	2,691,376	12,827,069
Business taxes	10,157,568	8,578,121	8,199,195	8,327,648	7,227,282	6,273,817	6,338,605	6,284,366	5,728,456	5,825,899
Hotel/Motel taxes	7,296,070	8,507,507	7,927,669	7,638,833	7,304,030	6,498,427	5,823,474	5,469,608	5,571,577	5,250,752
Other taxes	1,230,072	1,159,602	916,809	835,238	1,031,115	975,611	971,162	947,753	940,809	873,942
Gain/Loss on joint venture	-	-	-	-	(9,262)	11,842	32,625	-	-	24,279
Unrestricted investment earnings	5,126,775	7,114,253	2,793,319	1,073,293	899,950	551,529	525,199	593,559	623,836	797,443
Gain/Loss on disposal of property	-	142,802	-	163,425	(207,641)	98,899	1,659,848	-	(366,650)	(4,397,324)
Total general revenues	<u>200,780,248</u>	<u>198,058,559</u>	<u>188,534,535</u>	<u>160,366,645</u>	<u>153,076,498</u>	<u>149,017,905</u>	<u>149,388,575</u>	<u>143,873,227</u>	<u>143,829,474</u>	<u>149,230,703</u>
Total primary government	<u>200,780,248</u>	<u>198,058,559</u>	<u>188,534,535</u>	<u>160,366,645</u>	<u>153,076,498</u>	<u>149,017,905</u>	<u>149,388,575</u>	<u>143,873,227</u>	<u>143,829,474</u>	<u>149,230,703</u>
Change in Net Position										
Governmental activities	<u>40,666,922</u>	<u>70,647,289</u>	<u>44,726,519</u>	<u>(11,515,606)</u>	<u>7,297,793</u>	<u>911,074</u>	<u>1,650,711</u>	<u>16,574,154</u>	<u>21,852,633</u>	<u>(475,263)</u>
Total primary government	<u>\$ 40,666,922</u>	<u>\$ 70,647,289</u>	<u>\$ 44,726,519</u>	<u>\$ (11,515,606)</u>	<u>\$ 7,297,793</u>	<u>\$ 911,074</u>	<u>\$ 1,650,711</u>	<u>\$ 16,574,154</u>	<u>\$ 21,852,633</u>	<u>\$ (475,263)</u>

Schedule III
Hamilton County, Tennessee
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund										
Nonspendable	\$ 1,480,757	\$ 1,193,320	\$ 1,156,307	\$ 1,025,249	\$ 1,390,633	\$ 1,807,295	\$ 1,461,681	\$ 1,827,632	\$ 1,309,794	\$ 1,281,429
Restricted	21,907	11,540	649	10,488	14,461	12,835	676,543	-	-	-
Committed	154,368	13,947	18,303	21,524	-	51,669	635,790	-	384,773	1,537,756
Assigned	9,494,566	10,067,230	3,926,251	4,564,021	4,644,426	4,703,014	4,388,787	3,691,467	3,721,297	3,100,039
Unassigned	<u>109,922,651</u>	<u>100,348,835</u>	<u>95,233,742</u>	<u>88,557,749</u>	<u>86,345,767</u>	<u>84,819,249</u>	<u>104,942,810</u>	<u>105,650,072</u>	<u>99,015,009</u>	<u>90,048,014</u>
Total general fund	<u>\$ 121,074,249</u>	<u>\$ 111,634,872</u>	<u>\$ 100,335,252</u>	<u>\$ 94,179,031</u>	<u>\$ 92,395,287</u>	<u>\$ 91,394,062</u>	<u>\$ 112,105,611</u>	<u>\$ 111,169,171</u>	<u>\$ 104,430,873</u>	<u>\$ 95,967,238</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 193	\$ 750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	76,658,039	139,227,107	153,720,514	4,241,590	3,896,918	3,326,363	3,699,234	541,385	607,360	716,194
Committed	147,516	167,325	175,842	208,494	25,174,169	53,325,270	22,323,862	12,509,279	34,122,497	3,564,407
Assigned	28,531,545	34,071,718	34,240,382	33,505,600	23,180,634	14,206,721	923,069	17,771,050	5,427,722	5,529,977
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(432,212)</u>	<u>-</u>	<u>(31,943,966)</u>	<u>(46,775,161)</u>
Total all other governmental funds	<u>\$ 105,337,100</u>	<u>\$ 173,466,150</u>	<u>\$ 188,136,931</u>	<u>\$ 37,956,434</u>	<u>\$ 52,251,721</u>	<u>\$ 70,858,354</u>	<u>\$ 26,513,953</u>	<u>\$ 30,821,714</u>	<u>\$ 8,213,613</u>	<u>\$ (36,964,583)</u>

Schedule IV
Hamilton County, Tennessee
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 195,653,473	\$ 190,523,948	\$ 185,713,226	\$ 160,837,882	\$ 153,813,194	\$ 150,086,536	\$ 147,308,652	\$ 143,132,173	\$ 144,261,287	\$ 151,836,030
Licenses, fees, and permits	1,494,414	1,274,647	965,887	850,809	841,036	683,952	776,100	793,667	731,556	519,985
Intergovernmental	31,687,237	31,787,504	31,177,283	27,854,854	40,583,287	33,995,494	30,757,104	29,029,942	36,063,983	45,514,101
Charges for services	42,668,514	41,883,954	43,573,738	35,889,597	37,065,288	35,182,223	63,906,651	64,816,716	54,163,275	55,056,770
Fines and penalties	1,446,484	1,805,720	1,930,412	1,979,801	1,833,329	1,860,362	1,921,990	1,476,871	1,594,138	1,523,798
Investment earnings	4,397,928	6,311,981	2,423,220	900,151	773,982	486,521	461,792	521,109	508,669	635,415
Miscellaneous	5,266,107	5,294,891	5,946,121	5,641,605	6,849,982	5,725,894	4,651,714	4,869,399	7,228,358	7,715,385
Total revenues	<u>282,614,157</u>	<u>278,882,645</u>	<u>271,729,887</u>	<u>233,954,699</u>	<u>241,760,098</u>	<u>228,020,982</u>	<u>249,784,003</u>	<u>244,639,877</u>	<u>244,551,266</u>	<u>262,801,484</u>
Expenditures										
General government	54,274,772	55,059,696	57,591,395	55,057,500	50,521,960	50,747,842	50,362,251	47,663,878	46,958,454	46,162,369
Public Safety:										
Sheriff	55,932,285	53,804,915	52,658,652	34,632,708	32,324,992	31,559,793	29,259,072	27,896,776	27,592,036	27,915,703
Criminal Court	4,134,731	4,230,803	4,160,125	4,241,548	4,116,558	2,834,843	4,068,093	4,122,911	3,809,165	3,778,962
Juvenile Court	1,660,883	1,615,587	1,583,178	1,578,937	1,467,125	1,407,321	8,217,867	7,902,056	7,647,160	8,794,247
Ambulance Services	11,659,763	10,750,075	10,225,294	10,282,834	9,829,870	9,277,506	29,926,931	28,412,229	22,716,010	21,746,243
Other	28,169,393	25,907,228	24,572,054	39,361,851	38,965,775	38,997,956	37,731,583	34,370,090	33,902,939	34,323,045
Highways and streets	23,412,725	16,458,784	12,208,999	11,832,004	10,968,407	11,075,618	10,287,522	12,569,217	12,689,019	11,521,034
Health	25,086,402	22,905,037	22,968,081	23,126,860	22,688,745	22,437,799	21,540,074	20,020,045	19,633,044	22,015,989
Social Services	6,220,743	6,551,731	6,854,449	6,822,417	6,581,931	6,729,372	6,714,942	7,100,228	7,157,261	8,879,493
Culture and recreation	8,054,872	8,519,429	8,055,565	8,080,138	7,343,145	7,589,563	7,358,539	7,348,349	7,149,295	9,823,405
Debt service:										
Principal	34,080,000	35,755,000	82,702,308	24,501,928	28,477,143	59,324,643	26,665,621	22,149,648	22,930,469	23,755,338
Interest	14,575,902	16,230,992	9,624,254	10,548,716	11,176,478	9,551,882	9,748,185	9,687,025	8,652,232	9,072,871
Capital Outlay:										
General government	20,331,388	9,495,987	14,428,486	12,684,474	38,401,652	32,471,558	11,510,232	19,944,142	16,284,473	49,800,770
Education	55,276,933	14,887,777	2,729,611	19,175,930	36,577,612	21,901,273	7,514,503	32,030,140	23,105,086	6,330,913
Total expenditures	<u>342,870,792</u>	<u>282,173,041</u>	<u>310,362,451</u>	<u>261,927,845</u>	<u>299,441,393</u>	<u>305,906,969</u>	<u>260,905,415</u>	<u>281,216,734</u>	<u>260,226,643</u>	<u>283,920,382</u>
Excess of revenues over/(under) expenditures	<u>(60,256,635)</u>	<u>(3,290,396)</u>	<u>(38,632,564)</u>	<u>(27,973,146)</u>	<u>(57,681,295)</u>	<u>(77,885,987)</u>	<u>(11,121,412)</u>	<u>(36,576,857)</u>	<u>(15,675,377)</u>	<u>(21,118,898)</u>
Other Financing Sources (Uses)										
Transfers in	62,143,221	6,355,286	123,177,102	49,613,268	53,458,157	76,042,323	47,201,886	67,988,512	65,894,981	65,892,738
Transfers out	(62,324,402)	(63,578,853)	(123,258,459)	(49,613,268)	(53,458,157)	(76,042,323)	(47,201,886)	(67,988,512)	(65,894,981)	(65,892,738)
Sale of capital assets	1,748,143	142,802	140,526	461,602	75,888	802,199	2,750,091	244,508	664,515	166,078
Issuance of debt	-	-	167,300,000	-	-	60,000,000	-	60,610,000	61,310,000	-
Proceeds from line of credit	-	-	-	15,000,000	40,000,000	30,000,000	5,000,000	-	-	-
Proceeds from sale of refunding bonds	-	-	4,295,000	-	-	30,135,000	-	45,080,000	-	-
Premium from bonds	-	-	27,593,678	-	-	10,716,640	-	4,632,435	7,342,693	-
Premium on refunding bonds	-	-	89,178	-	-	5,725,718	-	6,519,742	-	-
Payment to refunded bonds escrow agent	-	-	(4,367,743)	-	-	(35,860,718)	-	(51,163,429)	-	-
Total other financing sources (uses)	<u>1,566,962</u>	<u>(57,080,765)</u>	<u>194,969,282</u>	<u>15,461,602</u>	<u>40,075,888</u>	<u>101,518,839</u>	<u>7,750,091</u>	<u>65,923,256</u>	<u>69,317,208</u>	<u>166,078</u>
Net change in fund balances	<u>\$ (58,689,673)</u>	<u>\$ (60,371,161)</u>	<u>\$ 156,336,718</u>	<u>\$ (12,511,544)</u>	<u>\$ (17,605,407)</u>	<u>\$ 23,632,852</u>	<u>\$ (3,371,321)</u>	<u>\$ 29,346,399</u>	<u>\$ 53,641,831</u>	<u>\$ (20,952,820)</u>
Debt service as a percentage of noncapital expenditures	<u>19.2%</u>	<u>20.8%</u>	<u>31.8%</u>	<u>15.5%</u>	<u>16.9%</u>	<u>26.1%</u>	<u>15.1%</u>	<u>13.9%</u>	<u>14.3%</u>	<u>14.4%</u>

Schedule V
Hamilton County, Tennessee
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Levy Year	Real Property			Personalty Property	Public Utilities Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
		Residential Property	Commercial Property	Other Multi-Use Property					
2012	2011	\$ 4,681,094,025	\$ 2,698,950,897	\$ 108,689,970	\$ 602,424,839	\$ 315,421,659	\$ 8,406,581,390	\$ 2.7652	\$ 28,415,629,965
2013	2012	4,718,378,925	2,700,654,267	113,267,860	634,320,306	323,769,821	8,490,391,179	2.7652	28,705,784,323
2014	2013	4,702,746,714	2,800,636,391	134,546,620	628,761,261	317,189,690	8,583,880,676	2.7652	28,930,431,362
2015	2014	4,769,391,038	2,828,250,473	134,609,987	635,961,929	332,475,202	8,700,688,629	2.7652	29,321,263,755
2016	2015	4,840,478,821	2,898,914,219	134,968,174	632,734,311	330,679,765	8,837,775,290	2.7652	29,769,445,051
2017	2016	4,923,156,375	2,981,616,796	120,392,604	661,655,590	330,127,803	9,016,949,168	2.7652	30,353,494,803
2018	2017	5,437,069,856	3,476,977,280	132,251,360	710,444,679	329,778,563	10,086,521,738	2.7652	33,849,306,808
2019	2018	5,548,564,040	3,523,545,716	154,071,082	727,453,646	332,821,896	10,286,456,380	2.7652	34,546,666,930
2020	2019	5,679,302,175	3,626,917,105	144,615,444	808,087,480	311,265,206	10,570,187,410	2.7652	35,526,114,614
2021	2020	5,777,305,600	3,692,822,719	154,360,944	824,839,660	311,000,000	10,760,328,923	2.7652	36,175,281,211

Source: Hamilton County Assessor of Property

Notes: Property in Hamilton County is reassessed once every four years. The County assesses property at 25% of actual value for residential property, 40% of actual value for commercial property and 30% of actual value for other multi-use property and personalty property. The public utilities assessments are made by the State of Tennessee for all counties and cities in the state. The Electric Power Board (EPB) is not included in these totals. The assessed and estimated values for the EPB for fiscal year 2021 are \$439,597,989 and \$799,269,071 respectively. Assessments for tax exempt properties are excluded from total taxable assessed value.

Schedule VI
Hamilton County, Tennessee
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30	County Direct Rates				Overlapping Rates									
	General Government	Department of Education	District Road	Total Direct Rate	Chattanooga	East Ridge	Red Bank	Lookout Mountain	Signal Mountain	Collegedale	Soddy- Daisy	Lakesite	Ridgeside	Walden
2011	1.3816	1.3726	0.0110	2.7652	2.3090	1.1227	1.1001	1.4700	1.5134	1.1580	0.6860	0.2400	1.9000	0.4400
2012	1.3816	1.3726	0.0110	2.7652	2.3090	1.4200	1.1001	1.4700	1.6634	1.3400	1.0000	0.2400	1.9000	0.4400
2013	1.3816	1.3726	0.0110	2.7652	2.3090	1.4227	1.3500	1.6200	1.6634	1.3400	1.0000	0.2400	1.9000	0.4400
2014	1.3816	1.3726	0.0110	2.7652	2.3090	1.4227	1.3561	1.6200	1.5684	1.3713	1.3524	0.2352	1.9063	0.4290
2015	1.3816	1.3726	0.0110	2.7652	2.3090	1.4227	1.3500	1.6600	1.5684	1.3713	1.3524	0.2350	2.0100	0.4290
2016	1.3816	1.3726	0.0110	2.7652	2.3090	1.4227	1.3500	1.7430	1.5684	1.3713	1.3524	0.2350	2.0100	0.4290
2017	1.3816	1.3726	0.0110	2.7652	2.3090	1.4227	1.3500	1.8300	1.5684	1.3713	1.3524	0.2350	2.0100	0.4290
2018	1.5050	1.2503	0.0099	2.7652	2.2770	1.3381	1.1826	1.8300	1.5665	1.2594	1.3524	0.2150	2.7310	0.3853
2019	1.5050	1.2503	0.0099	2.7652	2.2770	1.3381	1.3900	1.8900	1.5665	1.2594	1.3524	0.2350	2.7310	0.4053
2020	1.5050	1.2503	0.0099	2.7652	2.2770	1.3381	1.3900	1.9900	1.8866	1.6500	1.3524	0.2350	2.7310	0.5053

Source: Hamilton County Trustee's Office

**Schedule VII
Hamilton County, Tennessee
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
Volkswagen Chattanooga	\$ 454,297,037	1	4.35%	\$ -		-
Electric Power Board	439,597,989	2	4.21%	322,979,863	1	3.99%
Tennessee Valley Authority	178,475,421	3	1.71%	119,109,016	2	1.47%
CBL Properties	103,939,662	4	0.99%	76,297,195	3	0.94%
Blue Cross Blue Shield of Tennessee	102,038,748	5	0.98%	68,591,239	5	0.85%
McKee Foods Corporation	69,494,535	6	0.67%	59,978,264	6	0.74%
Tennessee-American Water Co.	63,623,198	7	0.61%	51,212,813	7	0.63%
Gestamp Chattanooga	49,979,203	8	0.48%	-		-
UnumProvident Corporation	42,834,746	9	0.41%	-		-
Vision Hospitality	41,329,480	10	0.40%	-		-
Bellsouth Telecommunications	-		-	72,195,134	4	0.89%
Walmart	-		-	38,196,842	8	0.47%
Alstom Power	-		-	37,910,906	9	0.47%
Norfolk Southern	-		-	35,367,923	10	0.44%
	<u>\$ 1,545,610,019</u>		<u>14.81%</u>	<u>\$ 881,839,195</u>		<u>10.89%</u>

Source: Hamilton County Trustee & Hamilton County Assessor of Property

Note: This schedule serves a dual purpose of providing basic information about Hamilton County's most significant revenue payers and highlighting the degree to which the county depends on a small number of payers.

Schedule VIII
Hamilton County, Tennessee
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Original Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 223,245,685	\$ 210,215,791	94.163%	\$ 11,670,735	\$ 221,886,526	99.391%
2012	223,736,779	211,687,655	94.615%	10,786,850	222,474,505	99.436%
2013	225,823,440	213,711,111	94.636%	10,976,253	224,687,364	99.497%
2014	228,590,172	217,614,995	95.199%	10,126,714	227,741,709	99.629%
2015	231,397,863	221,090,224	95.545%	9,767,918	230,858,142	99.767%
2016	235,238,229	224,830,856	95.576%	9,760,683	234,591,539	99.725%
2017	240,208,002	231,560,395	96.400%	7,880,845	239,441,240	99.681%
2018	269,793,372	260,026,061	96.380%	7,278,938	267,304,999	99.078%
2019	275,238,833	264,579,713	96.127%	6,223,116	270,802,829	98.388%
2020	281,352,215	270,718,929	96.221%	-	270,718,929	96.221%

Source: Hamilton County Trustee

Schedule IX
Hamilton County, TN
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Total Debt Per Capita
	General Obligation Bonds	Notes Payable	Net Deferred Premium	Short-Term Obligation			
2011	\$ 185,550,000	\$ 5,677,713	\$ 5,641,678	\$ 64,616,000	\$ 261,485,391	2.02%	777
2012	223,705,000	4,170,834	12,891,039	28,556,000	269,322,873	1.98%	790
2013	263,545,000	2,614,726	20,111,397	-	286,271,123	1.97%	828
2014	238,300,000	6,193,607	18,050,485	-	262,544,092	1.78%	753
2015	272,965,000	669,043	29,918,021	-	303,552,064	1.92%	864
2016	245,030,000	40,126,979	26,759,635	-	311,916,614	1.86%	881
2017	220,635,000	55,020,051	23,664,248	-	299,319,299	1.73%	837
2018	360,180,000	-	47,790,972	-	407,970,972	2.27%	1,128
2019	324,425,000	-	43,090,341	-	367,515,341	1.95%	1,009
2020	290,345,000	-	38,495,450	-	328,840,450	1.64%	894

Schedule X
Hamilton County, TN
Ratios of General Bonded Debt and Other Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Note Principal</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Bonded Debt Per Capita</u>
2011	\$ 191,191,678	\$ 70,293,713	0.92%	777
2012	236,596,039	32,726,834	0.94%	790
2013	283,656,397	2,614,727	0.99%	828
2014	256,350,485	6,193,607	0.90%	753
2015	302,883,021	669,043	1.02%	864
2016	271,789,635	40,126,979	1.03%	881
2017	244,299,248	55,020,051	0.88%	837
2018	407,970,972	-	1.18%	1,128
2019	367,515,340	-	1.03%	1,009
2020	328,840,450	-	0.91%	894

Schedule XI
Hamilton County, TN
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Chattanooga	\$ 121,324,893	100.0%	\$ 121,324,893
East Ridge	16,491,396	100.0%	16,491,396
Red Bank	2,276,000	100.0%	2,276,000
Lookout Mountain	-	100.0%	-
Signal Mountain	5,082,000	100.0%	5,082,000
Collegedale	4,418,000	100.0%	4,418,000
Soddy Daisy	-	100.0%	-
Lakesite	-	100.0%	-
Ridgeside	750,000	100.0%	750,000
Walden	-	100.0%	-
Other debt			
Chattanooga	205,307,599	100.0%	205,307,599
East Ridge	-	100.0%	-
Red Bank	208,100	100.0%	208,100
Lookout Mountain	-	100.0%	-
Signal Mountain	-	100.0%	-
Collegedale	2,680,849	100.0%	2,680,849
Soddy Daisy	-	100.0%	-
Lakesite	-	100.0%	-
Ridgeside	-	100.0%	-
Walden	-	100.0%	-
Subtotal, overlapping debt			358,538,837
Hamilton County direct debt			328,840,450
Total direct and overlapping debt			\$ 687,379,287

Sources: Debt outstanding data provided by each municipality.

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the respective government's boundaries and dividing it by each unit's total assessed value.

Note: Overlapping governments are those that coincide with the geographic boundaries of Hamilton County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses in Hamilton County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying debt of each overlapping government.

Schedule XII
Hamilton County, Tennessee
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (000's)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2010	336,463	\$ 13,243,679	\$ 38,520	8.7%
2011	340,855	14,367,924	39,921	8.3%
2012	345,545	15,301,630	41,974	8.5%
2013	348,673	15,403,291	44,177	7.2%
2014	351,220	15,850,749	45,131	6.1%
2015	354,098	16,771,305	47,363	4.9%
2016	357,738	17,264,638	48,261	4.1%
2017	361,613	17,988,987	49,747	4.0%
2018	364,286	18,849,184	51,743	3.0%
2019	367,804	20,015,559	54,419	3.6%

Sources: Personal income and per capita income information was provided by the Chamber of Commerce - Bureau of Economic Analysis (BEA). For 2019, personal income and per capita income were interpolated based on percentage increases reported by metropolitan areas in the BEA. Personal income and per capita income were updated to actuals as reported by BEA for 2014-2018. Population estimates were found at the U.S. Census Bureau. Unemployment information was provided by State Department of Employment Security.

Schedule XIII
Hamilton County, Tennessee
Principal Employers
Current Year and Nine Years Ago

Employer	2020			2011		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Erlanger Health System	5,580	1	2.66%	3,441	4	1.88%
Blue Cross Blue Shield of Tennessee	5,498	2	2.63%	4,458	1	2.44%
Hamilton County Department of Education	4,857	3	2.32%	4,347	2	2.38%
Tennessee Valley Authority	3,402	4	1.62%	3,970	3	2.17%
UnumProvident Corporation	2,800	5	1.34%	2,800	7	1.53%
McKee Foods Corporation	2,798	6	1.34%	2,950	6	1.62%
Volkswagen Chattanooga	2,564	7	1.22%	-		0.00%
Memorial Health Care System	2,474	8	1.18%	3,071	5	1.68%
City of Chattanooga	2,348	9	1.12%	2,239	8	1.23%
Hamilton County Government	1,842	10	0.88%	1,837	9	1.01%
CIGNA Health Care System	-		0.00%	1,324	10	0.73%
Total	<u>34,163</u>		<u>16.31%</u>	<u>30,437</u>		<u>16.67%</u>

Source: Chattanooga Area Chamber of Commerce

Schedule XIV
Hamilton County, TN
Full-time Equivalent County Government Employees by Function/Program
As of June 30, 2020

<u>Function/Program</u>	<u>Full-time Equivalent Employees</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government	584	616	599	623	622	637	649	654	659	718
Public Safety ¹	745	751	718	726	713	698	662	656	652	500
Highways and Streets	94	89	90	94	88	90	95	98	97	98
Health ²	293	258	252	252	259	265	269	269	267	267
Culture and Recreation	<u>80</u>	<u>86</u>	<u>79</u>	<u>84</u>	<u>83</u>	<u>82</u>	<u>90</u>	<u>85</u>	<u>91</u>	<u>92</u>
Total	<u>1,796</u>	<u>1,800</u>	<u>1,738</u>	<u>1,779</u>	<u>1,765</u>	<u>1,772</u>	<u>1,765</u>	<u>1,762</u>	<u>1,766</u>	<u>1,675</u>

Source: Hamilton County Human Resources Department

Notes: Full time equivalents (FTE)

Full time - 1 full time equivalent - these are permanent employees who earn pension and leave time

Skimp - .63 full time equivalent - these are permanent employees who do not work more than 1,300 hours a year, earn leave time but do not participate in pension

Part time - .5 full time equivalent - these are permanent employees who do not work more than 1,040 hours a year and do not participate in pension nor earn leave time

Temporary - .5 full time equivalent - these employees do not have permanent status, do not work more than 1,040 hours a year and do not participate in pension nor earn leave time

¹ The 2012 increase in the number of employees in Public Safety was due to the consolidation of the City and County 911 service.

² In 2020 Hamilton County received grant money for hiring staff to address COVID-19.

Schedule XV
Hamilton County, TN
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government										
County Clerk (DMV) - transactions processed ¹	409,051	482,738	392,156	384,941	395,979	361,666	400,000	411,547	368,604	326,795
Register - documents recorded	62,259	68,326	68,016	69,783	67,189	66,254	69,147	65,559	65,953	63,309
Recycling - tons collected	1,979	1,938	2,050	2,171	2,099	2,104	2,239	2,189	3,006	3,910
Election Commission - registered voters	214,837	206,945	196,864	197,224	186,384	207,044	206,444	220,480	216,003	210,160
Election Commission - votes cast in last county-wide election ²	62,475	134,494	57,120	21,517	29,100	83,193	53,685	142,161	50,562	87,817
Purchasing - bids posted	139	137	153	121	184	137	132	168	144	147
Public Safety										
Building Inspections - permits issued	1,378	1,550	1,444	1,306	1,193	1,069	1,149	1,424	983	950
Building Inspections - inspections and investigations	15,802	16,727	14,612	14,405	12,020	12,684	12,540	12,216	12,000	11,445
Building Inspections - applications for new/existing septic system	821	874	731	624	593	438	378	351	333	702
County correctional facilities - avg. no. of inmates housed daily	1,427	1,568	1,497	1,526	1,554	1,486	1,415	1,352	1,412	1,373
Sheriff's Dept. - physical arrests	7,059	9,234	8,543	7,522	7,895	6,872	6,175	8,080	7,865	8,016
Juvenile Court Judge - cases heard	4,611	5,713	5,217	5,552	5,625	5,385	5,346	5,522	6,496	6,463
Criminal Court Judge - cases heard	2,028	2,770	2,956	3,313	3,389	3,512	3,522	4,137	3,762	3,932
Ambulance Services - responded calls	27,517	26,477	25,634	24,417	23,257	22,632	21,462	22,278	22,942	22,944
Police Protection (sworn, correctional, civilian and others)	440	440	433	413	390	387	387	373	395	371
Highways and Streets										
Engineering Services - projects administered	47	45	43	34	31	58	73	77	89	72
Highways & Streets - bridges maintained	67	67	67	67	67	67	67	67	67	67
Health										
Health Dept. - patients seen	29,212	30,883	24,640	25,397	29,995	31,490	33,004	34,892	37,274	40,055
Community Services (formerly Social Services)										
Emergency Assistance Program - households served	252	357	377	314	371	370	351	319	367	432
Emergency Assistance Program - number of services	279	364	406	473	512	446	443	403	450	528
Chancery Court Judge - cases heard	2,151	2,361	2,404	2,581	2,489	2,073	2,330	2,430	2,297	2,300
Circuit Court Judge - cases heard	4,703	5,025	5,541	5,343	5,077	5,471	5,514	3,578	3,371	3,461
Culture & Recreation										
Number of facilities maintained	26	26	26	32	32	32	32	32	32	32
Number of programs offered	28	34	28	26	34	22	14	14	13	17
Education										
Public school enrollment	44,122	44,059	44,028	43,669	43,319	43,511	42,141	42,525	42,435	42,236
Private school enrollment	10,945	10,726	10,411	10,335	10,241	10,474	10,372	10,456	10,377	10,439

Sources: CABR from prior years, CAFR from prior years and various department personnel

¹ Note on County Clerk - The increase in 2019 is attributed to fleet transactions (tractor trailer tags).

² Note on Election Commission - Beginning in 2019 number reflects total votes cast county-wide. Prior years reflect votes cast only in the last election.

Schedule XVI
Hamilton County, TN
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government										
Libraries	9	9	9	9	9	9	9	9	9	9
Recycling Stations	5	5	5	5	5	5	5	5	6	6
Election Commission										
ballot boxes	130	130	130	127	127	127	127	127	127	125
Telecommunications										
locations supported ¹	122	121	120	119	212	212	212	224	224	223
Public Safety										
Volunteer Fire Stations	18	18	18	18	18	18	18	18	18	18
Ambulance Stations	15	15	15	15	15	15	15	15	15	15
Sheriff patrol vehicles	285	282	274	276	285	260	262	241	247	271
Highways and Streets										
Miles of paved streets	2,690	2,672	2,637	2,631	2,665	2,665	2,665	2,665	2,624	2,622
Health										
Healthcare Systems	5	5	5	4	4	4	5	5	5	5
Culture & Recreation										
Number of Parks	94	94	92	90	90	90	90	90	90	90
Golf Courses	20	20	21	21	21	21	21	21	21	21
Recreation Centers	18	18	16	16	16	16	16	16	15	15
Theaters	18	18	17	17	17	17	17	17	17	17
Bowling Alleys	4	4	4	4	4	3	3	3	3	3

Sources: CAFR from prior years and various department personnel

¹ The County Telecommunications Department discontinued servicing the Hamilton County Department of Education in January 2017.

Schedule XVII
Hamilton County, TN
Salaries and Surety Bonds of Principal Officers
Fiscal Year ended June 30, 2020

Official Title	<u>Salary</u>	<u>Bond</u>
County Mayor	\$ 172,558	\$ 100,000
Superintendent of Schools	225,121	400,000
Medical Examiner	199,502	N/A
County Attorney	168,428	N/A
Finance Administrator	146,989	N/A
County Auditor	124,175	N/A
County Commissioners:		
Randy Fairbanks, <i>Chairman</i>	29,417	N/A
D. C. (Chip) Baker, <i>Chairman Pro Tempore</i>	26,917	N/A
Chester Bankston	24,417	N/A
Tim Boyd	24,417	N/A
Katherlyn Geter	24,417	N/A
Warren Mackey	24,417	N/A
Greg Martin	24,417	N/A
David Sharpe	24,417	N/A
Sabrena Smedley	24,417	N/A
Constitutional Offices		
Assessor of Property	\$ 131,947	\$ 50,000
Circuit Court Clerk	125,947	100,000
Clerk and Master	125,947	100,000
County Clerk	125,947	100,000
Criminal Court Clerk	125,947	100,000
Juvenile Court Judge	180,597	100,000
Juvenile Court Clerk	125,947	100,000
Register	125,947	100,000
Sheriff	138,541	100,000
Trustee	125,947	14,522,336

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF JUSTICE				
2018 Justice Assistance Grant Program	16.738	2018-MU-BX-0122	\$ -	\$ 53,644
Community Crime Prevention	16.738	31777	-	100,000
Total JAG Program and Community Crime Prevention			-	153,644
Public Safety Partnership and Community Policing Grants	16.710	2016ULWX0038	-	217,451
Public Safety Partnership and Community Policing Grants	16.710	2017ULWX0025	-	48,312
Total Public Safety Partnership and Community Policing			-	265,763
Bulletproof Vest Partnership 2018 Grant	16.607	2018BOX18095377	-	10,197
2017 State Criminal Alien Assistance Program	16.606	2019-AP-BX-0567	-	11,843
Drug Court Enhancement Project	16.585	2018-DC-BX-0016	-	95,902
Equitable Sharing Program	16.922	TN0330000	-	34,680
Total			-	152,622
Passed through the Tennessee Dept. of Finance and Administration:				
Victims of Crime Act (VOCA) Grant Program	16.575	35417	-	90,131
Total U.S. Department of Justice			-	662,160
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Tennessee Commission on Children and Youth:				
Supplemental Nutrition program for Women, Infants and Children	10.557	GG-19-60590-00	78,725	1,564,410
Total U.S. Department of Agriculture			78,725	1,564,410
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through the Tennessee Emergency Management Agency:				
Emergency Management Performance Grants	97.042	6032-29845	-	150,500
Port Security Grant Program	97.056	EMW-2018-PU-00050-S01	-	3,860
Homeland Security Grant Program	97.067	55815-25808	81,520	97,160
Homeland Security Grant Program	97.067	EMW-2018-SS-00033-S01	20,858	20,858
Total Homeland Security Grant Program			102,378	118,018
Public Assistance Disaster Grant	N/A	45521	-	45,646
Public Assistance Disaster Grant	N/A	45521	-	20,117
Total Public Assistance Disaster Grant			-	65,763
Total U.S. Department of Homeland Security			102,378	338,141
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through the Tennessee Department of Transportation:				
National Priority Safety Programs	20.607	154AL-19-82 / 154AL	-	8,987
Remove Impaired Intoxicated Drivers	20.607	154AL-20-57 / 154AL	-	26,808
Total National Priority Safety Programs			-	35,795
State and Community Highway Safety	20.616	M2CPS-19-01 / 405b	-	34,070
State and Community Highway Safety	20.607	M2CPS-20-01 / 405b	-	62,036
Total Highway Safety Cluster			-	96,106
Total U.S. Department of Transportation			\$ -	\$ 131,901

(continued)

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - continued
 Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Tennessee Department of Human Services:				
Child Support Program Title IV-D	93.563	53811	\$ -	\$ 235,664
Child Support Program Title IV-D	93.563	34513-83519	-	178,959
Total Child Support			-	414,623
Social Services Block Grant	93.569	Z-19-49307		
	93.569	Z-20-49307	258,300	258,300
Passed through the Tennessee Department of Health:				
Maternal, Infant and Early Childhood Home Visiting Program	93.870	GG-19-60522-01	-	452,358
Public Health Emergency Preparedness	93.074	GG-18-54274-01	-	545,500
Project Grants & Cooperative Agreements for Tuberculosis Control	93.116	GG-20-62202-00	-	96,498
Centers for Disease Control and Prevention: Injury Prevention and Control Research and State and Community-Based Programs	93.136	GG-19-61339-01	-	29,746
Chronic Disease Prevention	93.426	GG-20-63228-01	-	26,039
Immunization Cooperative Grant	93.268	GG-19-64884-00		
	93.268	GG-20-64684-00	-	225,198
Immunization Cooperative Audits	93.575	Z19-90319		
	93.575	34549-90320	-	23,632
Centers for Disease Control and Prevention, Investigations and Technical Assistance	93.305	GG-20-65379-00	-	35,452
HIV Care Formula Grants	93.917	GG-19-64228-00	-	176,992
HIV Prevention Activities: Health Department Based	93.940	GG-19-61922-00		
	93.977	GG-20-65114-00	-	180,112
Preventive Health and Health Services Block Grant	93.758	GG-19-58278-00	-	121,700
HIV Prevention Activities - Health Department Based	93.940	GG-18-56876-00		
	93.977	GG-19-61922-00	-	165,879
Grant to Health Center Program Cluster	93.224	H80CS0023	-	2,087,446
COVID-19 Coronavirus Homeless Health Grant	93.224	H8CCS35315		
	93.224	H8DCS36216	-	48,035
Total Health Center Program Cluster			-	2,135,481
Maternal and Child Health Services Cluster:				
Maternal and Child Health Services Block Grant - State and Local	93.994	GG-18-55416-01	-	51,790
Maternal and Child Health Services Block Grant	93.753 / 93.994	GU-19-58119-03	-	63,572
CHANT Grant	93.994	GG-20-62255-00	-	184,060
Family Planning Services and Maternal & Child Health Services Block Grant to the State	93.217 / 93.994	GG-18-54245-00	-	245,087
Total Maternal and Child Health Services Cluster			-	544,509
Total U. S. Department of Health and Human Services			258,300	5,432,019
Total Expenditures of Federal Awards-Primary Government			\$ 439,403	\$ 8,128,631

(continued)

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - continued
 Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
COMPONENT UNITS				
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster:				
Passed through Tennessee Department of Agriculture:				
Food Donation (Noncash - Food Commodities)	10.555	None	\$ -	\$ 1,384,590
Passed through Tennessee Department of Education:				
School Breakfast Program	10.553	None	-	3,143,970
After School Snack Program	10.555	None	-	126,550
Seamless Summer Program	10.555	None	-	2,802,781
National School Lunch Program	10.555	None	-	10,043,588
Total Child Nutrition Cluster			-	17,501,479
Fresh Fruit and Vegetable Program	10.582	None	-	206,821
Total U.S. Department of Agriculture			-	17,708,300
U.S. DEPARTMENT OF DEFENSE				
Junior R. O. T. C.	12.357	None	-	971,080
Total U.S. Department of Defense			-	971,080
U.S. DEPARTMENT OF EDUCATION				
Impact Aid - Public Law 874	84.041	None	-	19,894
Passed through Tennessee Department of Education:				
Title I Cluster:				
Title I Grants to Local Educational Agencies	84.010	None	-	15,331,961
Total Title I Cluster			-	15,331,961
Title II Part A Teacher and Principal Training and Recruiting	84.367	None	-	1,349,915
English Language Acquisition Grants	84.365	None	-	393,696
Career and Technical Education- Basic Grants to States	84.048	None	-	762,550
Homeless McKinney-Vento	84.196A	None	-	57,662
Twenty-First Century Community Learning Centers	84.287	None	-	524,014
Special Education Cluster:				
Special Education- Grants to States	84.027	None	-	9,104,630
Special Education- Preschool Grants	84.173	None	-	258,524
Total Special Education Cluster			-	9,363,154
Title IV, Part A, Student Support and Academic Enrichment	84.424	None	-	792,655
School Improvement Grants	84.377	None	-	35,819
Read to be Ready Summer Program	93.575	None	-	1,115
National Science Foundation Project Inspire	N/A	None	-	15,841
COVID-19 - Elementary & Secondary School Emergency Relief (ESSR)	84.25D	None	-	1,602,692
Total U.S. Department of Education			-	30,250,968
Total Expenditures of Federal Awards-Component Units			-	48,930,348
Total Expenditures of Federal Awards- Reporting Entity			\$ 439,403	\$ 57,058,979

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
STATE GRANTS				
Board of Probation and Payroll	N/A	55203	\$ -	\$ 285,757
Juvenile Detention Unit	N/A	39565	-	9,000
Governor's Highway Child Safety Program	N/A	N/A	-	14,480
Child Welfare Research and Demonstration - CASA Program	N/A	31601-2019-21	-	22,000
TN Dept. of Mental Health and Substance Abuse	N/A	63299	-	338,054
TN Administrative Office of the Courts	N/A	N/A	-	12,672
TN Administrative Office of the Courts	N/A	N/A	-	1,423
TN Dept. of Health - Child Support Program Title IV-D	93.563	53811	-	121,403
TN Dept. of Health - Safety Net Primary Care Services	N/A	DG63291	-	10,266
TN Dept. of Health - Safety Net Dental Services	N/A	N/A	-	113,653
TN Dept. of Health - Grant in Aid	N/A	GG-20-62935-00	-	704,828
TN Dept. of Health - Environmental Health Programs	N/A	GU-18-54030-1	-	14,517
TN Dept. of Health - CHANT Grant	93.994	GG-20-62255-00	-	745,537
TN Dept. of Health - Dental Prevention	N/A	GG-19-58357-00	-	347,900
TN Dept. of Health - Fetal Infant Mortality Review	N/A	GG-20-61835-00	-	197,731
TN Dept. of Health - Healthy Built Environment Program	N/A	Z-19-194642-01	-	20,000
TN Dept. of Health - Childhood Lead Poisoning	93.994 / 93.753	GU-19-58119-03	-	5,528
TN Dept. of Health - Tobacco Prevention & Education Program	N/A	GG-19-59338-00	-	60,391
TN Dept. of Health - Projects Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	GG-19-64884-00	-	
	93.116	GG-20-62202-00	-	260,902
TN Dept. of Health - Audit Grant	93.575	GG-20-64684-00	-	14,484
TN Dept. of Health - Family Planning	93.994 / 93.217	GG-18-54245-00	-	77,396
TN Dept. of Health - HIV Prevention Activities: Health Dept. Based	93.940	GG-18-56876-00	-	
	93.977	GG-19-61922-00	-	34,186
TN Dept. of Health - Preventive Health Services: Sexually Transmitted Diseases Control Grants	93.977	GG-19-61922-00	-	
	93.940	GG-20-65114-00	-	84,632
TN Dept. of Health - Maternal & Child Health Services Block Grant to States	93.994	GG-18-55416-00	-	24,372
TN Dept. of Transportation	N/A	CMA 2046	-	61,015
TN Dept. of Transportation	N/A	CMA 2046	-	32,982
TN Dept. of Transportation	N/A	Z20LIT033	-	127,000
TN Dept. of Economic & Community Development	N/A	64718	-	750,000
TN Dept. of Education - Family Resource Centers	N/A	N/A	-	59,223
TN Dept. of Education - Safe Schools	N/A	N/A	-	629,801
TN Dept. of Education - Priority School	N/A	N/A	-	7,554
TN Dept. of Education - Competitive Priority School	N/A	N/A	-	623,405
TN Dept. of Education - Priority School State Grant	N/A	N/A	-	363,673
TN Dept. of Education - High Opportunity Literacy Grant	N/A	N/A	-	1,417
TN Dept. of Education - Pre-K Pilot and Expansion	N/A	N/A	-	2,886,686
TN Dept. of Education - CTE Equipment Funds	N/A	N/A	-	176,231
Total Expenditures of State Awards			-	9,240,099
Total Expenditures of Federal and State Awards			\$ 439,403	\$ 66,299,078

HAMILTON COUNTY, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS June 30, 2020

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general-purpose financial statements.

NOTE B. INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR'S 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**

**To the County Commission
of Hamilton County, Tennessee
Chattanooga, Tennessee**

We have audited, 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Hamilton County, Tennessee** (the "County") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 26, 2021. Our report includes a reference to other auditors who audited the financial statements of the Hamilton County "911" Emergency Communications District as described in our report on the 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 the County's internal control over financial reporting (internal control as a basis for designing 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Chattanooga, Tennessee
February 26, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the County Commission
of Hamilton County, Tennessee
Chattanooga, Tennessee**

Report on Compliance for Each Major Federal Program

We have audited **Hamilton County, Tennessee's** (the "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 the County's major federal programs for the year ended June 30, 2020. The 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 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 the 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* (CFR) 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 the 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 the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Hamilton County, Tennessee 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, 2020.

Report on Internal Control Over Compliance

Management of Hamilton County, Tennessee 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 the 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 the 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, as defined above. 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.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
February 26, 2021



HAMILTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial Statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes X no

Identification of major programs:

CFDA Number
10.553, 10.555

Name of Federal Program or Cluster
Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$1,711,769

Auditee qualified as low-risk auditee? X yes ___ no

HAMILTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS

None

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

HAMILTON COUNTY, TENNESSEE
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

None



COVER PHOTO (FRONT)

Wreath of Honor Memorial to the Fallen Five at the Tennessee Riverpark

INSIDE FRONT & BACK COVERS:

LST 325 Memorial Ship leaving Chattanooga after a visit

PAGE 3 — Some of the participants in the 2020 Armed Forces Day Parade

PAGE 4 — Southern Belle Riverboat on one of its Sunset Cruises, framed by the Wreath of Honor Memorial at the Tennessee Riverpark

PAGE 5 — Some of the graves at Chattanooga National Cemetery, decorated during Wreaths Across Chattanooga

PAGE 6 — One of the gates at the Chattanooga Zoo

PAGE 9 — One of the members of the Hatcher/Phillips Band, performing at Chattanooga Unite

PAGE 11 — Sea Cadets Honor Guard presenting the colors at the start of the 2020 Armed Forces Day Parade

PAGE 13 — Nicole Coleman in the outdoor theatre performance of “Southern Exposure” this summer. This was one of the few theatre events this summer during the pandemic

PAGE 15 — The Incline Railway car arrives at the station at the top of Lookout Mountain. The 2 cars were replaced in March 2020, to this newer model, which has more windows to allow for more panoramic view of the valley and the mountain

PAGE 16 — One of the County Health Department employees, preparing to test a citizen, during one of the many drive in COVID-19 testing sites that the Health Department has hosted this year

PAGE 17 — Local music teacher, Neshawn Calloway, performs with 2 of her vocal students during Chattanooga Unite

PAGE 19 — A young, patriotic spectator at the 2020 Armed Forces Day Parade

PAGES 20 & 21 — Looking up through the Wreath of Honor

PAGE 22 — Medal of Honor Heritage Center montage: Top left, then clockwise: Dr. Mary Edwards Walker exhibit (she is the only woman to ever receive the Medal of Honor); Interactive Gallery; John Kiggins exhibit; Quote by President F.D. Roosevelt after the bombing of Pearl Harbor; part of the Andrews’ Raiders and the Great Locomotive Chase exhibit; George Jordan exhibit. Center: Charles H. Coolidge’s Medal of Honor, which is on display at the Heritage Center.

PAGE V — Herbie, the Love Bug, on display during the 2019 Chattanooga Motorcar Festival

PAGE VII — Unique view of the Walnut Street Bridge and Tennessee River, looking toward the Hunter Museum and Bluff View Art District

PAGE XII — One of EPB’s 2019 Christmas windows

PAGE XIII — Band member of For King & Country performing at the drive in concert held at the Tennessee Riverpark in 2020

PAGE XIV — George, one of the 3 giraffes, who are part of the Makazi Ya Twiga exhibit at the Chattanooga Zoo.

PAGE XV — Father-Daughter Dance participants

PAGE XVII — Joel & Luke Smallbone, better known as For King & Country, perform at the drive in concert held at the Tennessee Riverpark

PAGE XIX — The main road at Enterprise South Nature Park following a February snowfall

PAGE XX — NoogaSplash at Chester Frost Park Beach this spring and summer

COVER PHOTO (BACK)

Swimmers enjoy some time in the water at Chester Frost Park beach, before watching Jaws II, at Movie Night at the Beach

Special thanks to Shelia Cannon of the Hamilton County Finance Division for her photo contributions to the 2020 CAFR.

HAMILTON COUNTY FINANCE DIVISION

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