

ANNUAL FINANCIAL REPORT
LINCOLN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2017



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2017

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

KENT WHITE, CPA, CGFM, CFE
Auditor 4

SHERRIE GILL, CFE
JENI PALADENI, CISA
State Auditors

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

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Summary of Audit Findings

Annual Financial Report
Lincoln County, Tennessee
For the Year Ended June 30, 2017

Scope

We have audited the basic financial statements of Lincoln County as of and for the year ended June 30, 2017.

Results

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

Our audit resulted in no findings.

INTRODUCTORY SECTION

Lincoln County Officials
June 30, 2017

Officials

William Newman, County Mayor
Tim Gill, Highway Superintendent
Dr. Bill Heath, Director of Schools
Mary Jane Porter, Trustee
Paul Braden, Assessor of Property
Phyllis Counts, County Clerk
Lisa Simmons, Circuit and General Sessions Courts Clerk
Rebecca Bartlett, Clerk and Master
Randy Delap, Register of Deeds
Murray Blackwelder, Sheriff
Cole Bradford, Director of Finance

Board of County Commissioners

William Newman, County Mayor, Chairperson
R. Stephen Graham
Randy Bradford
Darren Walker
Grady Reavis
Darrin Simms
Ben Brown
Anthony Taylor
John Thorpe
Sharon Eubanks
Rick Head
Katie Guin
Ronald Jean

Chris Thornton
Donny Ogle
Shirley Dangerfield
Tull Malone
Tori Young
Doug Cunningham
Ricky Bryant
Mark Monks
Todd Groce
Wayne King
Steve Guntherberg
Jack Towry

Financial Management Committee

William Newman, County Mayor, Chairperson
Tim Gill, Highway Superintendent
Dr. Bill Heath, Director of Schools
Sharon Eubanks

Ben Brown
Doug Cunningham
Mark Monks

Board of Education

Jerry Pendergrass, Chairperson
Stan Golden
Kevin Posey
Brandon Kolle

Veronica King
Johnny Collins
Jennifer Haynes
Thomas Stevenson

Audit Committee

Sharon Eubanks, Chairman
Tori Young
Ben Brown

Mark Monks
Darren Walker

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lincoln County Health System (a major enterprise fund), which represent 49.0 percent, 50.9 percent, and 88.2 percent, respectively, of the assets, net position, and revenues of the business-type activities or the financial statements of the Lincoln County Board of Public Utilities (a major enterprise fund), which represent 41.8 percent, 43.0 percent, and 11.7 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Lincoln County Health System and the Lincoln County Board of Public Utilities, are based solely on the reports of 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 from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Tennessee, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plan on pages 125-134 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting

for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Lincoln County School Department (a discretely presented component unit), and the miscellaneous schedules 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

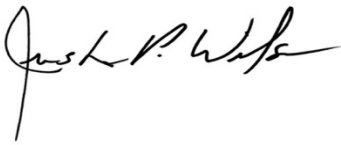
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Lincoln County School Department (a discretely presented component unit), miscellaneous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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2018, on our consideration of Lincoln County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lincoln 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 Lincoln County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 22, 2018

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Lincoln County, Tennessee
Statement of Net Position
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lincoln County School Department
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 0	\$ 7,118,559	\$ 7,118,559	\$ 1,409
Equity in Pooled Cash and Investments	14,707,760	476,158	15,183,918	6,930,451
Accounts Receivable	150,990	8,909,103	9,060,093	82,485
Allowance for Uncollectibles	(2,292)	(2,855,531)	(2,857,823)	0
Due from Other Governments	1,476,948	283,162	1,760,110	832,505
Property Taxes Receivable	8,398,775	0	8,398,775	4,741,183
Allowance for Uncollectible Property Taxes	(148,843)	0	(148,843)	(84,023)
Prepaid Items	0	303,378	303,378	568,952
Other Assets	0	564,847	564,847	0
Inventories	0	846,349	846,349	32,235
Net Pension Asset - Agent Plan	343,521	1,378,529	1,722,050	260,774
Net Pension Asset - Teacher Retirement Plan	0	0	0	32,166
Restricted Assets:				
Restricted Cash	0	12,798,796	12,798,796	0
Other Assets	0	198,244	198,244	0
Capital Assets:				
Assets Not Depreciated:				
Land	8,975,927	1,658,949	10,634,876	957,984
Construction in Progress	176,295	3,918,537	4,094,832	1,575,759
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	9,107,717	9,642,700	18,750,417	21,292,062
Ground Improvements	0	25,459,391	25,459,391	0
Infrastructure	5,978,480	0	5,978,480	0
Other Capital Assets	4,813,931	3,256,446	8,070,377	3,740,000
Total Assets	\$ 53,979,209	\$ 73,957,617	\$ 127,936,826	\$ 40,963,942
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Amount on Refunding	\$ 0	\$ 292,364	\$ 292,364	\$ 0
Pension Changes in Experience	28,747	78,667	107,414	130,394
Pension Changes in Investment Earnings	490,838	966,146	1,456,984	3,175,686
Pension Changes in Contributions after Measurement Date	183,646	427,820	611,466	1,480,374
Pension Changes in Proportionate Share of NPL	0	25,708	25,708	159,516
Total Deferred Outflows of Resources	\$ 703,231	\$ 1,790,705	\$ 2,493,936	\$ 4,945,970

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lincoln County School Department
<u>LIABILITIES</u>				
Accounts Payable	\$ 68,136	\$ 1,448,275	\$ 1,516,411	\$ 26,327
Accrued Payroll	132,812	0	132,812	953,650
Contracts Payable	0	78,850	78,850	530,751
Retainage Payable	0	0	0	27,934
Accrued Liabilities	0	733,085	733,085	0
Due to State of Tennessee	4,732	0	4,732	0
Due to Cities	217,716	0	217,716	0
Accrued Interest Payable	84,999	111,424	196,423	0
Other Accrued Liabilities	0	1,792,314	1,792,314	0
Noncurrent Liabilities:				
Due Within One Year	2,325,335	1,359,986	3,685,321	34,148
Due in More Than One Year	10,977,972	23,534,033	34,512,005	3,247,254
Total Liabilities	\$ 13,811,702	\$ 29,057,967	\$ 42,869,669	\$ 4,820,064
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 8,047,106	\$ 0	\$ 8,047,106	\$ 4,542,662
Pension Changes in Experience	397,516	868,322	1,265,838	3,339,224
Pension Changes in Proportionate Share of NPL	0	80,127	80,127	35,337
Total Deferred Inflows of Resources	\$ 8,444,622	\$ 948,449	\$ 9,393,071	\$ 7,917,223
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 21,756,890	\$ 19,069,996	\$ 40,826,886	\$ 27,565,805
Restricted for:				
General Government	23,004	0	23,004	0
Finance	33,697	0	33,697	0
Administration of Justice	56,449	0	56,449	0
Public Safety	381,902	0	381,902	0
Public Health and Welfare	1,371,037	0	1,371,037	0
Highway/Public Works	5,008,186	0	5,008,186	0
Debt Service	0	1,087,728	1,087,728	0
Education	0	0	0	2,083,079
Capital Outlay	82,100	292,558	374,658	0
Pensions	343,521	1,378,529	1,722,050	292,940
Unrestricted	3,369,330	23,913,095	27,282,425	3,230,801
Total Net Position	\$ 32,426,116	\$ 45,741,906	\$ 78,168,022	\$ 33,172,625

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

Exhibit B

Lincoln County, Tennessee
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								Component Unit
	Expenses	Program Revenues			Primary Government			Total	Lincoln County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities			
Primary Government:									
Governmental Activities:									
General Government	\$ 1,974,236	\$ 266,349	\$ 10,052	\$ 1,116,000	\$ (581,835)	\$ 0	\$ (581,835)	\$ 0	
Finance	1,160,752	920,914	0	0	(239,838)	0	(239,838)	0	
Administration of Justice	1,354,577	709,711	9,000	0	(635,866)	0	(635,866)	0	
Public Safety	6,687,912	1,029,410	173,001	0	(5,485,501)	0	(5,485,501)	0	
Public Health and Welfare	2,477,157	1,160,344	359,046	0	(957,767)	0	(957,767)	0	
Social, Cultural, and Recreational Services	207,845	5,116	0	0	(202,729)	0	(202,729)	0	
Agriculture and Natural Resources	181,883	0	8,317	0	(173,566)	0	(173,566)	0	
Highways/Public Works	4,550,006	0	2,037,701	720,518	(1,791,787)	0	(1,791,787)	0	
Interest on Long-term Debt	569,591	0	0	0	(569,591)	0	(569,591)	0	
Total Governmental Activities	\$ 19,163,959	\$ 4,091,844	\$ 2,597,117	\$ 1,836,518	\$ (10,638,480)	\$ 0	\$ (10,638,480)	\$ 0	
Business-type Activities:									
Lincoln County Health System	\$ 43,049,607	\$ 39,871,364	\$ 40,275	\$ 58,245	\$ 0	\$ (3,079,723)	\$ (3,079,723)	\$ 0	
Lincoln County Board of Public Utilities	4,638,644	5,201,963	88,076	54,734	0	706,129	706,129	0	
Lincoln County Sewer System	196,346	32,122	0	887,474	0	723,250	723,250	0	
Total Business-type Activities	\$ 47,884,597	\$ 45,105,449	\$ 128,351	\$ 1,000,453	\$ 0	\$ (1,650,344)	\$ (1,650,344)	\$ 0	
Total Primary Government	\$ 67,048,556	\$ 49,197,293	\$ 2,725,468	\$ 2,836,971	\$ (10,638,480)	\$ (1,650,344)	\$ (12,288,824)	\$ 0	
Component Unit:									
Lincoln County School Department	\$ 34,505,468	\$ 869,687	\$ 4,876,221	\$ 0	\$ 0	\$ 0	\$ 0	\$ (28,759,560)	

(Continued)

Exhibit B

Lincoln County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Lincoln County School Department
					Governmental Activities	Business-type Activities	Total	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 6,885,823	\$ 0	\$ 6,885,823	\$ 4,534,669
Property Taxes Levied for Debt Service					1,147,293	0	1,147,293	0
Local Option Sales Tax					1,235,884	0	1,235,884	2,842,714
Other Local Taxes:								
Wheel Tax					2,263,238	0	2,263,238	0
Business Tax					313,612	0	313,612	0
Hotel/Motel Tax					135,800	0	135,800	0
Litigation Tax - Jail, Workhouse, or Courthouse					125,953	0	125,953	0
Litigation Tax - Special Purpose					113,958	0	113,958	0
Wholesale Beer Tax					0	0	0	97,032
Litigation Tax - General					93,290	0	93,290	0
Litigation Tax - Courtroom Security					93,228	0	93,228	0
Mineral Severance Tax					37,074	0	37,074	0
Other Local Taxes					2,439	0	2,439	2,291
Grants and Contributions Not Restricted to Specific Programs					1,155,742	0	1,155,742	22,217,635
Unrestricted Investment Earnings					112,972	84,827	197,799	653
Miscellaneous					139,503	0	139,503	10,425
Gain on Sale of Capital Assets					30,098	0	30,098	66,393
Total General Revenues					\$ 13,885,907	\$ 84,827	\$ 13,970,734	\$ 29,771,812
Change in Net Position					\$ 3,247,427	\$ (1,565,517)	\$ 1,681,910	\$ 1,012,252
Net Position, July 1, 2016					29,178,689	47,307,423	76,486,112	32,160,373
Net Position, June 30, 2017					\$ 32,426,116	\$ 45,741,906	\$ 78,168,022	\$ 33,172,625

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

Exhibit C-1

Lincoln County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 4,475,798	\$ 4,269,117	\$ 4,206,058	\$ 1,756,787	\$ 14,707,760
Accounts Receivable	145,336	0	0	5,654	150,990
Allowance for Uncollectibles	0	0	0	(2,292)	(2,292)
Due from Other Governments	488,029	786,831	455	201,633	1,476,948
Property Taxes Receivable	6,141,955	1,057,171	1,199,649	0	8,398,775
Allowance for Uncollectible Property Taxes	(108,848)	(18,735)	(21,260)	0	(148,843)
Total Assets	<u>\$ 11,142,270</u>	<u>\$ 6,094,384</u>	<u>\$ 5,384,902</u>	<u>\$ 1,961,782</u>	<u>\$ 24,583,338</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 30,526	\$ 35,836	\$ 0	\$ 1,774	\$ 68,136
Accrued Payroll	92,963	37,456	0	2,393	132,812
Due to State of Tennessee	4,732	0	0	0	4,732
Due to Cities	200,040	0	0	17,676	217,716
Total Liabilities	<u>\$ 328,261</u>	<u>\$ 73,292</u>	<u>\$ 0</u>	<u>\$ 21,843</u>	<u>\$ 423,396</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 5,884,782	\$ 1,012,906	\$ 1,149,418	\$ 0	\$ 8,047,106
Deferred Delinquent Property Taxes	138,728	23,878	27,096	0	189,702
Other Deferred/Unavailable Revenue	290,518	601,899	455	106,908	999,780
Total Deferred Inflows of Resources	<u>\$ 6,314,028</u>	<u>\$ 1,638,683</u>	<u>\$ 1,176,969</u>	<u>\$ 106,908</u>	<u>\$ 9,236,588</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 23,004	\$ 0	\$ 0	\$ 0	\$ 23,004
Restricted for Finance	33,697	0	0	0	33,697
Restricted for Administration of Justice	56,449	0	0	0	56,449
Restricted for Public Safety	13,874	0	0	368,028	381,902
Restricted for Public Health and Welfare	57,071	0	0	1,382,903	1,439,974
Restricted for Highways/Public Works	0	4,382,409	0	0	4,382,409
Restricted for Capital Projects	0	0	0	82,100	82,100
Committed:					
Committed for General Government	564,850	0	0	0	564,850
Committed for Public Safety	31,937	0	0	0	31,937
Committed for Capital Outlay	362,047	0	0	0	362,047
Committed for Debt Service	0	0	4,207,933	0	4,207,933
Assigned:					
Assigned for General Government	242,781	0	0	0	242,781
Assigned for Finance	795	0	0	0	795
Assigned for Administration of Justice	1,712	0	0	0	1,712
Assigned for Public Safety	50,615	0	0	0	50,615
Assigned for Public Health and Welfare	22,612	0	0	0	22,612
Unassigned	3,038,537	0	0	0	3,038,537
Total Fund Balances	<u>\$ 4,499,981</u>	<u>\$ 4,382,409</u>	<u>\$ 4,207,933</u>	<u>\$ 1,833,031</u>	<u>\$ 14,923,354</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,142,270</u>	<u>\$ 6,094,384</u>	<u>\$ 5,384,902</u>	<u>\$ 1,961,782</u>	<u>\$ 24,583,338</u>

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

Exhibit C-2

Lincoln County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2017

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 14,923,354
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 8,975,927	
Add: construction in progress	176,295	
Add: buildings and improvements net of accumulated depreciation	9,107,717	
Add: infrastructure net of accumulated depreciation	5,978,480	
Add: other capital assets net of accumulated depreciation	<u>4,813,931</u>	29,052,350
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (845,000)	
Less: bonds payable	(11,715,000)	
Less: unamortized premium on debt	(39,746)	
Less: landfill closure/postclosure care costs	(175,845)	
Less: other postemployment benefits liability	(319,562)	
Less: compensated absences payable	(208,154)	
Less: accrued interest on notes and bonds	<u>(84,999)</u>	(13,388,306)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 703,231	
Less: deferred inflows of resources related to pensions	<u>(397,516)</u>	305,715
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		343,521
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,189,482</u>
Net position of governmental activities (Exhibit A)		<u>\$ 32,426,116</u>

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

Exhibit C-3

Lincoln County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 9,084,140	\$ 2,316,839	\$ 2,041,736	\$ 0	\$ 13,442,715
Licenses and Permits	114,457	0	0	0	114,457
Fines, Forfeitures, and Penalties	194,560	0	0	117,812	312,372
Charges for Current Services	136,383	0	0	1,154,747	1,291,130
Other Local Revenues	261,954	24,940	0	14,470	301,364
Fees Received From County Officials	1,519,973	0	0	0	1,519,973
State of Tennessee	1,448,028	2,392,694	0	50,271	3,890,993
Federal Government	116,071	0	0	0	116,071
Other Governments and Citizens Groups	47,948	0	0	0	47,948
Total Revenues	\$ 12,923,514	\$ 4,734,473	\$ 2,041,736	\$ 1,337,300	\$ 21,037,023
<u>Expenditures</u>					
Current:					
General Government	\$ 1,746,419	\$ 0	\$ 0	\$ 0	\$ 1,746,419
Finance	1,170,467	0	0	0	1,170,467
Administration of Justice	1,445,156	0	0	1,317	1,446,473
Public Safety	6,031,381	0	0	78,533	6,109,914
Public Health and Welfare	559,843	0	0	1,185,347	1,745,190
Social, Cultural, and Recreational Services	137,476	0	0	0	137,476
Agriculture and Natural Resources	157,398	0	0	0	157,398
Other Operations	1,095,305	0	0	0	1,095,305
Highways	0	4,747,083	0	0	4,747,083
Debt Service:					
Principal on Debt	0	0	2,320,000	0	2,320,000
Interest on Debt	0	0	594,029	0	594,029
Other Debt Service	0	0	33,138	0	33,138

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 16,736	\$ 16,736
Total Expenditures	\$ 12,343,445	\$ 4,747,083	\$ 2,947,167	\$ 1,281,933	\$ 21,319,628
Excess (Deficiency) of Revenues Over Expenditures	\$ 580,069	\$ (12,610)	\$ (905,431)	\$ 55,367	\$ (282,605)
Net Change in Fund Balances	\$ 580,069	\$ (12,610)	\$ (905,431)	\$ 55,367	\$ (282,605)
Fund Balance, July 1, 2016	3,919,912	4,395,019	5,113,364	1,777,664	15,205,959
Fund Balance, June 30, 2017	\$ 4,499,981	\$ 4,382,409	\$ 4,207,933	\$ 1,833,031	\$ 14,923,354

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

Exhibit C-4

Lincoln County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (282,605)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,345,737	
Less: current-year depreciation expense	<u>(1,579,094)</u>	(233,357)
(2) The net effect of various miscellaneous transactions involving capital assets (sales and trade-ins) is to increase net position.		
Add: capital assets donated in the current period	\$ 1,116,000	
Less: book value of capital assets disposed	<u>(24,678)</u>	1,091,322
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$ 1,189,482	
Less: deferred delinquent property taxes and other deferred June 30, 2016	<u>(916,531)</u>	272,951
(4) The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on bonds	\$ 2,240,000	
Add: principal payments on notes	80,000	
Add: change in premium on debt issuances	<u>10,090</u>	2,330,090
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 24,438	
Change in landfill closure/postclosure care costs	13,524	
Change in net pension asset	(477,202)	
Change in deferred outflows of resources for pensions	493,531	
Change in deferred inflows of resources for pensions	55,561	
Change in other postemployment benefits liability	(28,331)	
Change in compensated absences payable	<u>(12,495)</u>	69,026
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,247,427</u>

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

Exhibit C-5

Lincoln County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,084,140	\$ 0	\$ 0	\$ 9,084,140	\$ 8,687,133	\$ 8,707,621	\$ 376,519
Licenses and Permits	114,457	0	0	114,457	113,163	113,163	1,294
Fines, Forfeitures, and Penalties	194,560	0	0	194,560	186,594	186,594	7,966
Charges for Current Services	136,383	0	0	136,383	145,050	145,050	(8,667)
Other Local Revenues	261,954	0	0	261,954	103,198	169,524	92,430
Fees Received From County Officials	1,519,973	0	0	1,519,973	1,467,000	1,467,000	52,973
State of Tennessee	1,448,028	0	0	1,448,028	1,349,710	1,905,548	(457,520)
Federal Government	116,071	0	0	116,071	58,850	123,546	(7,475)
Other Governments and Citizens Groups	47,948	0	0	47,948	500	58,036	(10,088)
Total Revenues	\$ 12,923,514	\$ 0	\$ 0	\$ 12,923,514	\$ 12,111,198	\$ 12,876,082	\$ 47,432
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 141,946	\$ 0	\$ 0	\$ 141,946	\$ 147,446	\$ 159,596	\$ 17,650
County Mayor/Executive	166,179	0	0	166,179	178,022	178,416	12,237
County Attorney	52,637	0	0	52,637	79,599	77,599	24,962
Election Commission	290,316	(6,972)	0	283,344	335,509	335,250	51,906
Register of Deeds	189,142	(6,292)	0	182,850	215,911	215,755	32,905
Planning	134,646	(110)	0	134,536	165,121	164,914	30,378
County Buildings	751,748	(5,524)	30,400	776,624	803,909	1,364,246	587,622
Preservation of Records	19,805	0	0	19,805	16,364	20,307	502
<u>Finance</u>							
Accounting and Budgeting	361,671	(429)	0	361,242	373,513	370,800	9,558
Property Assessor's Office	207,964	0	0	207,964	231,308	230,843	22,879
Reappraisal Program	83,249	0	0	83,249	86,611	86,611	3,362
County Trustee's Office	209,424	0	615	210,039	222,417	222,210	12,171
County Clerk's Office	249,156	(696)	0	248,460	255,874	255,769	7,309
Data Processing	59,003	0	180	59,183	59,560	60,420	1,237
<u>Administration of Justice</u>							
Circuit Court	507,631	(55)	0	507,576	496,258	547,946	40,370

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
General Sessions Court	\$ 160,564	\$ 0	\$ 0	\$ 160,564	\$ 167,534	\$ 167,534	\$ 6,970
Chancery Court	260,314	(622)	1,712	261,404	271,753	279,789	18,385
Juvenile Court	181,219	(304)	0	180,915	174,433	194,226	13,311
Judicial Commissioners	33,941	0	0	33,941	35,589	35,589	1,648
Courtroom Security	301,487	0	0	301,487	72,078	362,281	60,794
<u>Public Safety</u>							
Sheriff's Department	2,823,046	(88,793)	48,589	2,782,842	2,353,738	2,875,335	92,493
Special Patrols	28,438	0	0	28,438	0	37,993	9,555
Jail	2,728,820	(1,595)	1,256	2,728,481	3,051,995	2,984,763	256,282
Fire Prevention and Control	275,815	(44,646)	264	231,433	269,023	282,519	51,086
Civil Defense	175,262	0	506	175,768	196,662	211,466	35,698
<u>Public Health and Welfare</u>							
Local Health Center	418,049	(14,942)	0	403,107	596,252	606,252	203,145
Maternal and Child Health Services	22,500	0	0	22,500	22,500	22,500	0
Other Local Welfare Services	8,899	0	0	8,899	8,899	8,899	0
Sanitation Management	110,395	0	0	110,395	131,242	131,242	20,847
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	14,350	0	0	14,350	14,350	14,350	0
Libraries	97,926	0	0	97,926	94,082	97,926	0
Parks and Fair Boards	16,000	0	0	16,000	16,000	16,000	0
Other Social, Cultural, and Recreational	9,200	0	0	9,200	9,200	9,200	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	98,245	0	0	98,245	100,823	100,823	2,578
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	57,153	(15)	0	57,138	61,553	62,607	5,469
<u>Other Operations</u>							
Industrial Development	282,598	0	0	282,598	147,731	347,598	65,000
Other Economic and Community Development	378,730	0	0	378,730	132,832	454,378	75,648
Airport	25,940	0	0	25,940	25,940	25,940	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Veterans' Services	\$ 39,677	\$ 0	\$ 0	\$ 39,677	\$ 27,391	\$ 47,491	\$ 7,814
Contributions to Other Agencies	4,900	0	0	4,900	4,900	4,900	0
Miscellaneous	363,460	(718)	0	362,742	427,595	389,518	26,776
Total Expenditures	\$ 12,343,445	\$ (171,713)	\$ 83,522	\$ 12,255,254	\$ 12,083,517	\$ 14,063,801	\$ 1,808,547
Excess (Deficiency) of Revenues Over Expenditures	\$ 580,069	\$ 171,713	\$ (83,522)	\$ 668,260	\$ 27,681	\$ (1,187,719)	\$ 1,855,979
Net Change in Fund Balance	\$ 580,069	\$ 171,713	\$ (83,522)	\$ 668,260	\$ 27,681	\$ (1,187,719)	\$ 1,855,979
Fund Balance, July 1, 2016	3,919,912	(171,713)	0	3,748,199	3,417,736	3,748,199	0
Fund Balance, June 30, 2017	\$ 4,499,981	\$ 0	\$ (83,522)	\$ 4,416,459	\$ 3,445,417	\$ 2,560,480	\$ 1,855,979

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

Exhibit C-6

Lincoln County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,316,839	\$ 0	\$ 0	\$ 2,316,839	\$ 2,242,010	\$ 2,242,010	\$ 74,829
Other Local Revenues	24,940	0	0	24,940	28,000	28,000	(3,060)
State of Tennessee	2,392,694	0	0	2,392,694	1,904,071	3,236,610	(843,916)
Total Revenues	<u>\$ 4,734,473</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,734,473</u>	<u>\$ 4,174,081</u>	<u>\$ 5,506,620</u>	<u>\$ (772,147)</u>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 215,058	\$ 0	\$ 0	\$ 215,058	\$ 244,369	\$ 244,369	\$ 29,311
Highway and Bridge Maintenance	3,055,650	(650)	0	3,055,000	3,023,727	3,771,733	716,733
Operation and Maintenance of Equipment	397,370	0	5,600	402,970	842,480	812,480	409,510
Quarry Operations	240,379	(1,150)	23,780	263,009	359,975	389,975	126,966
Other Charges	112,566	0	0	112,566	135,600	135,600	23,034
Employee Benefits	87,032	0	0	87,032	106,000	106,000	18,968
Capital Outlay	639,028	(150,775)	52,780	541,033	632,000	1,216,533	675,500
Total Expenditures	<u>\$ 4,747,083</u>	<u>\$ (152,575)</u>	<u>\$ 82,160</u>	<u>\$ 4,676,668</u>	<u>\$ 5,344,151</u>	<u>\$ 6,676,690</u>	<u>\$ 2,000,022</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (12,610)</u>	<u>\$ 152,575</u>	<u>\$ (82,160)</u>	<u>\$ 57,805</u>	<u>\$ (1,170,070)</u>	<u>\$ (1,170,070)</u>	<u>\$ 1,227,875</u>
Net Change in Fund Balance	\$ (12,610)	\$ 152,575	\$ (82,160)	\$ 57,805	\$ (1,170,070)	\$ (1,170,070)	\$ 1,227,875
Fund Balance, July 1, 2016	4,395,019	(152,575)	0	4,242,444	3,769,322	4,242,444	0
Fund Balance, June 30, 2017	<u>\$ 4,382,409</u>	<u>\$ 0</u>	<u>\$ (82,160)</u>	<u>\$ 4,300,249</u>	<u>\$ 2,599,252</u>	<u>\$ 3,072,374</u>	<u>\$ 1,227,875</u>

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

Exhibit D-1

Lincoln County, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities - Major Enterprise Funds			
	Lincoln County Health System	Lincoln County Board of Public Utilities	Lincoln County Sewer System	Total
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,274,475	\$ 5,844,084	\$ 0	\$ 7,118,559
Equity in Pooled Cash and Investments	0	0	476,158	476,158
Accounts Receivable	8,648,547	252,447	8,109	8,909,103
Allowance for Uncollectibles	(2,853,048)	(2,200)	(283)	(2,855,531)
Due from Other Governments	0	0	283,162	283,162
Inventories	547,019	299,330	0	846,349
Prepaid Items	286,961	16,417	0	303,378
Other Assets	564,097	750	0	564,847
Total Current Assets	<u>\$ 8,468,051</u>	<u>\$ 6,410,828</u>	<u>\$ 767,146</u>	<u>\$ 15,646,025</u>
Noncurrent Assets:				
Restricted Cash	\$ 0	\$ 552,153	\$ 0	\$ 552,153
Special Funds	12,246,643	0	0	12,246,643
Net Pension Asset	612,569	765,960	0	1,378,529
Other Assets	198,244	0	0	198,244
Capital Assets (Net of Accumulated Depreciation):				
Land	1,131,254	527,695	0	1,658,949
Construction in Progress	0	211,265	3,707,272	3,918,537
Ground Improvements	1,200,361	22,172,370	2,086,660	25,459,391
Buildings and Improvements	9,342,795	299,905	0	9,642,700
Machinery and Equipment	3,066,446	0	190,000	3,256,446
Total Noncurrent Assets	<u>\$ 27,798,312</u>	<u>\$ 24,529,348</u>	<u>\$ 5,983,932</u>	<u>\$ 58,311,592</u>
Total Assets	<u>\$ 36,266,363</u>	<u>\$ 30,940,176</u>	<u>\$ 6,751,078</u>	<u>\$ 73,957,617</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Amount on Refunding	\$ 292,364	\$ 0	\$ 0	\$ 292,364
Pension Changes in Experience	51,262	27,405	0	78,667
Pension Changes in Investment Earnings	875,267	90,879	0	966,146
Pension Changes in Proportionate Share of NPL	25,708	0	0	25,708
Pension Changes in Contributions after Measurement Date	329,698	98,122	0	427,820
Total Deferred Outflows of Resources	<u>\$ 1,574,299</u>	<u>\$ 216,406</u>	<u>\$ 0</u>	<u>\$ 1,790,705</u>

(Continued)

Exhibit D-1

Lincoln County, Tennessee
Statement of Net Position
Proprietary Funds (Cont.)

	Business-type Activities - Major Enterprise Funds			Total
	Lincoln County Health System	Lincoln County Board of Public Utilities	Lincoln County Sewer System	
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 1,286,246	\$ 161,938	\$ 91	\$ 1,448,275
Accrued Liabilities	720,691	11,977	417	733,085
Advance Payments from Developers	0	25,800	0	25,800
Accrued Interest	53,384	57,074	966	111,424
Accrued Leave	1,063,747	46,471	0	1,110,218
Contracts Payable	0	0	78,850	78,850
Current Maturities of Long-term Debt	889,056	315,062	183,816	1,387,934
Patient Trust Funds	23,444	0	0	23,444
Other Liabilities	531,877	0	0	531,877
Customer Deposits	0	100,975	0	100,975
Total Current Liabilities	<u>\$ 4,568,445</u>	<u>\$ 719,297</u>	<u>\$ 264,140</u>	<u>\$ 5,551,882</u>
Noncurrent Liabilities:				
Long-term Debt	\$ 9,203,223	\$ 10,627,188	\$ 3,675,674	\$ 23,506,085
Total Noncurrent Liabilities	<u>\$ 9,203,223</u>	<u>\$ 10,627,188</u>	<u>\$ 3,675,674</u>	<u>\$ 23,506,085</u>
Total Liabilities	<u>\$ 13,771,668</u>	<u>\$ 11,346,485</u>	<u>\$ 3,939,814</u>	<u>\$ 29,057,967</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension Changes in Experience	\$ 708,855	\$ 159,467	\$ 0	\$ 868,322
Pension Changes in Proportionate Share of NPL	80,127	0	0	80,127
Total Deferred Inflows of Resources	<u>\$ 788,982</u>	<u>\$ 159,467</u>	<u>\$ 0</u>	<u>\$ 948,449</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 4,940,941	\$ 12,268,985	\$ 1,860,070	\$ 19,069,996
Restricted for Debt Service	1,087,728	0	0	1,087,728
Restricted for Capital Outlay	0	0	292,558	292,558
Restricted for Other Purposes	80,462	1,217,138	0	1,297,600
Unrestricted	17,170,881	6,164,507	658,636	23,994,024
Total Net Position	<u>\$ 23,280,012</u>	<u>\$ 19,650,630</u>	<u>\$ 2,811,264</u>	<u>\$ 45,741,906</u>

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

Exhibit D-2

Lincoln County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities - Major Enterprise Funds			
	Lincoln County Health System	Lincoln County Board of Public Utilities	Lincoln County Sewer System	Total
<u>Operating Revenues</u>				
Charges for Current Services	\$ 36,635,203	\$ 4,888,817	\$ 32,122	\$ 41,556,142
Other Local Revenues	3,236,161	313,146	0	3,549,307
Total Operating Revenues	<u>\$ 39,871,364</u>	<u>\$ 5,201,963</u>	<u>\$ 32,122</u>	<u>\$ 45,105,449</u>
<u>Operating Expenses</u>				
Public Health and Welfare	\$ 41,060,026	\$ 3,312,599	\$ 115,894	\$ 44,488,519
Depreciation Expense	1,623,533	1,025,827	52,585	2,701,945
Total Operating Expenses	<u>\$ 42,683,559</u>	<u>\$ 4,338,426</u>	<u>\$ 168,479</u>	<u>\$ 47,190,464</u>
Operating Income (Loss)	<u>\$ (2,812,195)</u>	<u>\$ 863,537</u>	<u>\$ (136,357)</u>	<u>\$ (2,085,015)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 71,078	\$ 13,749	\$ 0	\$ 84,827
Interest Expense	(337,782)	(300,218)	(25,658)	(663,658)
Tap Fees in Excess of Cost	0	88,076	0	88,076
Debt Issuance Cost	0	0	(2,209)	(2,209)
Amortization	(26,657)	0	0	(26,657)
Noncapital Grants and Contributions	40,275	0	0	40,275
Loss on Disposal of Capital Assets	(1,609)	0	0	(1,609)
Total Nonoperating Revenues (Expenses)	<u>\$ (254,695)</u>	<u>\$ (198,393)</u>	<u>\$ (27,867)</u>	<u>\$ (480,955)</u>
Income Before Grants and Contributions	\$ (3,066,890)	\$ 665,144	\$ (164,224)	\$ (2,565,970)
Capital Grants	0	0	534,708	534,708
Capital Contributions	58,245	54,734	352,766	465,745
Change in Net Position	<u>\$ (3,008,645)</u>	<u>\$ 719,878</u>	<u>\$ 723,250</u>	<u>\$ (1,565,517)</u>
Net Position, July 1, 2016	<u>26,288,657</u>	<u>18,930,752</u>	<u>2,088,014</u>	<u>47,307,423</u>
Net Position, June 30, 2017	<u>\$ 23,280,012</u>	<u>\$ 19,650,630</u>	<u>\$ 2,811,264</u>	<u>\$ 45,741,906</u>

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

Exhibit D-3

Lincoln County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities - Major Enterprise Funds			Total
	Lincoln County Health System	Lincoln County Board of Public Utilities	Lincoln County Sewer System	
<u>Cash Flows from Operating Activities</u>				
Receipts from Customers and Users	\$ 42,082,251	\$ 5,248,243	\$ 24,296	\$ 47,354,790
Payments to Employees	(23,766,575)	(1,120,090)	(18,942)	(24,905,607)
Payments to Suppliers	(18,595,869)	(2,521,657)	(96,535)	(21,214,061)
Net Cash Provided By (Used In) Operating Activities	\$ (280,193)	\$ 1,606,496	\$ (91,181)	\$ 1,235,122
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition/Construction of Capital Assets	\$ (1,312,174)	\$ (268,162)	\$ (2,942,944)	\$ (4,523,280)
Proceeds from Long-term Debt	0	0	1,999,544	1,999,544
Principal Payments on Long-term Debt	(876,687)	(307,912)	(120,610)	(1,305,209)
Interest Payments on Long-term Debt	(341,264)	(329,204)	(24,692)	(695,160)
Issuance Costs Paid	0	0	(2,209)	(2,209)
Capital Grants	0	0	835,816	835,816
Capital Contributions	58,245	142,810	352,766	553,821
Net Cash Provided By (Used In) Capital and Related Financing Activities	\$ (2,471,880)	\$ (762,468)	\$ 97,671	\$ (3,136,677)
<u>Cash Flows from Noncapital Financing Activities</u>				
Noncapital Grants	\$ 40,275	\$ 0	\$ 0	\$ 40,275
Net Cash Provided By (Used In) Noncapital Financing Activities	\$ 40,275	\$ 0	\$ 0	\$ 40,275
<u>Cash Flows from Investing Activities</u>				
Investment Income	\$ 71,078	\$ 13,749	\$ 0	\$ 84,827
Increase in Special Funds	236,108	0	0	236,108
Net Cash Provided By (Used In) Investing Activities	\$ 307,186	\$ 13,749	\$ 0	\$ 320,935
Net Increase (Decrease) in Cash	\$ (2,404,612)	\$ 857,777	\$ 6,490	\$ (1,540,345)
Cash, July 1, 2016	3,679,087	5,538,460	469,668	9,687,215
Cash, June 30, 2017	\$ 1,274,475	\$ 6,396,237	\$ 476,158	\$ 8,146,870

(Continued)

Exhibit D-3

Lincoln County, Tennessee
Statement of Cash Flows
Proprietary Funds (Cont.)

	Business-type Activities - Major Enterprise Funds			Total
	Lincoln County Health System	Lincoln County Board of Public Utilities	Lincoln County Sewer System	
<u>Reconciliation of Net Operating Income (Loss)</u>				
<u>to Net Cash Provided By (Used In) Operating Activities</u>				
Operating (Loss) Income	\$ (2,812,195)	\$ 863,537	\$ (136,357)	\$ (2,085,015)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:				
Depreciation Expense	1,623,533	1,025,827	52,585	2,701,945
Provision for Bad Debts	5,274,262	0	0	5,274,262
Amortization of Deferred Pension Adjustments	(130,122)	(80,313)	0	(210,435)
Investment in Insurance Funds, Net	(8,669)	0	0	(8,669)
(Increase) Decrease in Accounts Receivable	(4,936,873)	6,638	(7,826)	(4,938,061)
(Increase) Decrease in Inventories	156,502	(135,505)	0	20,997
(Increase) Decrease in Prepaid Items	(164,407)	0	0	(164,407)
(Increase) Decrease in Other Assets	(230,548)	(31,926)	0	(262,474)
Increase (Decrease) in Accounts Payable	181,793	(65,199)	0	116,594
Increase (Decrease) in Customer Deposits	0	28,335	0	28,335
Increase (Decrease) in Accrued Leave	0	(9,396)	0	(9,396)
Increase (Decrease) in Estimated Third-party Payor Settlements, Net	683,197	0	0	683,197
Increase (Decrease) in Accrued Liabilities	83,334	4,498	417	88,249
Net Cash Provided By (Used In) Operating Activities	\$ (280,193)	\$ 1,606,496	\$ (91,181)	\$ 1,235,122
<u>Reconciliation of Cash With Statement of Net Position</u>				
Cash Per Net Position	\$ 1,274,475	\$ 5,844,084	\$ 0	\$ 7,118,559
Equity in Pooled Cash and Investments	0	0	476,158	476,158
Noncurrent Assets: Restricted Cash Per Net Position	0	552,153	0	552,153
Cash, June 30, 2017	\$ 1,274,475	\$ 6,396,237	\$ 476,158	\$ 8,146,870
<u>Noncash Investing, Capital, and Financing Activities</u>				
Capital Assets Financed in Accounts Payable/Contracts Payable	\$ 0	\$ 0	\$ 78,941	\$ 78,941
Amortization of Bond Premium	0	27,122	0	27,122

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

Exhibit E

Lincoln County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,561,168
Equity in Pooled Cash and Investments	621,057
Accounts Receivable	3,765
Due from Other Governments	687,072
Property Taxes Receivable	1,292,834
Allowance for Uncollectible Property Taxes	<u>(19,367)</u>
Total Assets	<u>\$ 4,146,529</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 5,600
Accrued Payroll	1,051
Due to Other Taxing Units	2,030,118
Due to Litigants, Heirs, and Others	1,625,549
Due to Joint Ventures	<u>484,211</u>
Total Liabilities	<u>\$ 4,146,529</u>

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

LINCOLN COUNTY, TENNESSEE
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LINCOLN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Lincoln County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Lincoln County (the primary government) and its component units. Although required by GAAP, the financial statements of the Lincoln County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Lincoln County School Department operates the public school system in the county, and the voters of Lincoln County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

The Lincoln County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Lincoln County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Lincoln County Emergency
Communications District
414 Jay Street
Fayetteville, TN 37334

B. Government-wide and Fund Financial Statements

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

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

Lincoln County issues all debt for the discretely presented Lincoln County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2017.

Separate financial statements are provided for governmental funds, proprietary funds (enterprise), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual

governmental and proprietary funds are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Lincoln County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Lincoln County reports three proprietary funds (all major enterprise funds).

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

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

accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Lincoln County reports the following major governmental funds:

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

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

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

Lincoln County reports the following major proprietary funds:

Lincoln County Health System Fund – This fund accounts for the financial activities of the Lincoln Medical Center (hospital), Lincoln Medical Center EMS (ambulance service), Hospital Home Health and Hospice (home health care), Patrick Rehab-Wellness Center (wellness center), and Lincoln and Donalson Care Centers (care centers).

Lincoln County Board of Public Utilities Fund – This fund accounts for water distribution services to areas of the county not served by existing municipal systems.

Lincoln County Sewer System Fund – This fund accounts for wastewater services to areas of the county not served by existing municipal systems.

Additionally, Lincoln County reports the following fund types:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Lincoln County, the city school system’s share of educational revenues, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Capital Projects Fund – This fund is used to account for general capital expenditures of the county.

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

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

Education Capital Projects Fund – This fund accounts for resources accumulated to be used for the acquisition, construction, and/or renovation projects for the School Department.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has three proprietary funds, an enterprise fund used to account for medical center operations, an enterprise fund to account for the Board of Public Utilities (Water Department) operations, and an enterprise fund used to account for the operations of sewer system. Operating revenues and expenses generally result from providing services in connection with the funds’ principal ongoing operations. The principal

operating revenue of the county's enterprise funds is charges for services from customers and users. Principal operating expenses for the enterprise funds include salaries, purchase of supplies and materials, and depreciation of capital assets.

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Lincoln County Health System and Lincoln County Board of Public Utilities, enterprise funds) and the discretely presented Lincoln County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General fund. Lincoln County (excluding the Lincoln County Health System and Lincoln County Board of Public Utilities, enterprise funds) and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a Stable Net Asset Value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the General Purpose School fund financial statements, are offset by a nonspendable fund balance classification account to indicate that they are not available for appropriation and are not expendable from available financial resources.

All property taxes and solid waste receivables are shown with an allowance for uncollectibles. Solid waste receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to one percent of total taxes levied.

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

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

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

Retainage payable in the Education Capital Projects Fund represents amounts withheld from payments made on construction contracts

pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the Education Capital Projects Fund.

3. Inventories and Prepaid Items

Inventories of the discretely presented School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaid items are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

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

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

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

Property, plant, equipment, and infrastructure of the primary government (excluding the Lincoln County Health System and Lincoln County Board of Public Utilities, enterprise funds) and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	3 - 15
Infrastructure:	
Roads	10 - 15
Bridges	40

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

It is the policy of the Lincoln County general government to allow two weeks of vacation after one year of service, with a maximum accumulation of 20 days, which will be paid to employees upon separation from service. Highway Department employees are allowed two weeks of vacation after one year of service, with no accumulation of unused vacation days. Support personnel of the discretely presented Lincoln County School Department earn one day of vacation for each 20 days of employment with a maximum accumulation of 15 days,

which will be paid to employees upon separation from service. There is no liability for unpaid accumulated sick leave since neither Lincoln County nor the School Department has a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the discretely presented School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

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

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

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

8. Net Position and Fund Balance

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

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

As of June 30, 2017, Lincoln County had \$5,264,540 in outstanding debt for capital purposes for the discretely presented Lincoln County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (Fayetteville City School System) based on an average daily attendance proration. This debt is a liability of Lincoln County, but the capital assets acquired are reported in the financial statements of the School Department and the Fayetteville City School System. Therefore, Lincoln County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

E. Pension Plans

Primary Government

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

Discretely Presented Lincoln County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Lincoln County School Department

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

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

Primary Government

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

Discretely Presented Lincoln County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2017, the Lincoln County School Department reported encumbrances of \$587,680 in the General Purpose School Fund, which were primarily for the purchase of school buses and building improvement projects.

B. Fund Deficit

The Education Capital Projects fund had a deficit unassigned fund balance of \$367,371 at June 30, 2017. During the year, the General Purpose School Fund advanced a loan of \$1,000,000 to the Education Capital Projects Fund for school renovations. This deficit resulted from expending those funds, which will be repaid from future tax revenues after the project has been completed. As of the date of this report, the advance due to the General Purpose School Fund has not been repaid, and the deficit has not been liquidated.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Lincoln County (excluding the Lincoln County Health System and Lincoln County Board of Public Utilities, enterprise funds) and the Lincoln County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make

investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2017, Lincoln County had the following investment carried at amortized cost fair value within the fair value hierarchy established by generally accepted accounting principles. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooling investments cannot be made for Lincoln County and the discretely presented Lincoln County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturities	Amortized Cost
Investments at Amortized Cost:			
State Treasurer's Investment Pool	3 to 80	N/A	\$ 1,783,201

B. Capital Assets

Capital assets activity for the year ended June 30, 2017, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 8,975,927	\$ 0	\$ 0	\$ 8,975,927
Construction in Progress	138,112	178,245	(140,062)	176,295
Total Capital Assets Not Depreciated	<u>\$ 9,114,039</u>	<u>\$ 178,245</u>	<u>\$ (140,062)</u>	<u>\$ 9,152,222</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 16,074,254	\$ 1,042,000	\$ 0	\$ 17,116,254
Infrastructure	24,368,807	607,462	0	24,976,269
Other Capital Assets	10,832,275	774,092	(315,858)	11,290,509
Total Capital Assets Depreciated	<u>\$ 51,275,336</u>	<u>\$ 2,423,554</u>	<u>\$ (315,858)</u>	<u>\$ 53,383,032</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,691,952	\$ 316,585	\$ 0	\$ 8,008,537
Infrastructure	18,439,051	558,738	0	18,997,789
Other Capital Assets	6,063,987	703,771	(291,180)	6,476,578
Total Accumulated Depreciation	<u>\$ 32,194,990</u>	<u>\$ 1,579,094</u>	<u>\$ (291,180)</u>	<u>\$ 33,482,904</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,080,346</u>	<u>\$ 844,460</u>	<u>\$ (24,678)</u>	<u>\$ 19,900,128</u>
Governmental Activities Capital Assets, Net	<u>\$ 28,194,385</u>	<u>\$ 1,022,705</u>	<u>\$ (164,740)</u>	<u>\$ 29,052,350</u>

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

Governmental Activities:

General Government	\$ 115,763
Administration of Justice	17,990
Public Safety	609,378
Public Health and Welfare	57,453
Agriculture and Natural Resources	19,377
Highway/Public Works	<u>759,133</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,579,094</u></u>

**Business-type Activities - Lincoln County Sewer System
(Does Not Include Lincoln County Health System or Lincoln
County Board of Public Utilities)**

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Construction in Progress	\$ 3,689,040	\$ 2,347,476	\$ (2,329,244)	\$ 3,707,272
Total Capital Assets Not Depreciated	<u>\$ 3,689,040</u>	<u>\$ 2,347,476</u>	<u>\$ (2,329,244)</u>	<u>\$ 3,707,272</u>
Capital Assets Depreciated:				
Infrastructure	\$ 0	\$ 2,129,245	\$ 0	\$ 2,129,245
Other Capital Assets	0	200,000	0	200,000
Total Capital Assets Depreciated	<u>\$ 0</u>	<u>\$ 2,329,245</u>	<u>\$ 0</u>	<u>\$ 2,329,245</u>
Less Accumulated Depreciation For:				
Infrastructure	\$ 0	\$ 42,585	\$ 0	\$ 42,585
Other Capital Assets	0	10,000	0	10,000
Total Accumulated Depreciation	<u>\$ 0</u>	<u>\$ 52,585</u>	<u>\$ 0</u>	<u>\$ 52,585</u>
Total Capital Assets Depreciated, Net	<u>\$ 0</u>	<u>\$ 2,276,660</u>	<u>\$ 0</u>	<u>\$ 2,276,660</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 3,689,040</u></u>	<u><u>\$ 4,624,136</u></u>	<u><u>\$ (2,329,244)</u></u>	<u><u>\$ 5,983,932</u></u>

Depreciation expense of \$52,585 was charged to the Public Health and Welfare function of the Lincoln County Sewer System.

Discretely Presented Lincoln County School Department

Governmental Activities:

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 957,984	\$ 0	\$ 0	\$ 957,984
Construction in Progress	1,115,222	1,865,742	(1,405,205)	1,575,759
Total Capital Assets Not Depreciated	<u>\$ 2,073,206</u>	<u>\$ 1,865,742</u>	<u>\$ (1,405,205)</u>	<u>\$ 2,533,743</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 45,152,453	\$ 1,209,883	\$ (17,904)	\$ 46,344,432
Other Capital Assets	7,396,462	519,692	(344,612)	7,571,542
Total Capital Assets Depreciated	<u>\$ 52,548,915</u>	<u>\$ 1,729,575</u>	<u>\$ (362,516)</u>	<u>\$ 53,915,974</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 23,688,150	\$ 1,366,533	\$ (2,313)	\$ 25,052,370
Other Capital Assets	3,424,107	607,411	(199,976)	3,831,542
Total Accumulated Depreciation	<u>\$ 27,112,257</u>	<u>\$ 1,973,944</u>	<u>\$ (202,289)</u>	<u>\$ 28,883,912</u>
Total Capital Assets Depreciated, Net	<u>\$ 25,436,658</u>	<u>\$ (244,369)</u>	<u>\$ (160,227)</u>	<u>\$ 25,032,062</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,509,864</u>	<u>\$ 1,621,373</u>	<u>\$ (1,565,432)</u>	<u>\$ 27,565,805</u>

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

Governmental Activities:

Support Services	\$ 569,540
Operation of Non-instructional Services	<u>1,404,404</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,973,944</u></u>

C. Interfund Receivables

The composition of interfund balances as of June 30, 2017, was as follows:

Interfund Advances to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
General Purpose School	Education Capital Projects	\$ 1,000,000

The balance of \$1,000,000 due to General Purpose School fund from Education Capital Projects fund resulted from an advance to the Education Capital Projects fund for cash flow purposes.

D. Long-term Obligations

Primary Government (excluding the Lincoln County Health System, Lincoln County Board of Public Utilities, and Lincoln County Sewer System, enterprise funds)

General Obligation Bonds and Notes

Lincoln County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds and 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and the note included in long-term debt as of June 30, 2017, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2017, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-17
General Obligation Bonds -				
Refunding	3.9 to 5.25 %	5-1-21	\$ 21,235,000	\$ 5,780,000
General Obligation Bonds	3.25	6-1-34	7,000,000	5,935,000
Capital Outlay Notes	2.195	4-1-27	1,000,000	845,000

The annual requirements to amortize all general obligation bonds and the note outstanding as of June 30, 2017, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	\$ 80,000	\$ 18,548	\$ 98,548
2019	80,000	16,792	96,792
2020	80,000	15,036	95,036
2021	80,000	13,280	93,280
2022	85,000	11,524	96,524
2023-2027	440,000	29,302	469,302
Total	\$ 845,000	\$ 104,482	\$ 949,482

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	\$ 2,050,000	\$ 469,286	\$ 2,519,286
2019	2,010,000	375,021	2,385,021
2020	1,685,000	283,216	1,968,216
2021	1,170,000	208,768	1,378,768
2022	300,000	158,930	458,930
2023-2027	1,650,000	653,650	2,303,650
2028-2032	1,955,000	376,180	2,331,180
2033-2034	895,000	50,625	945,625
Total	\$ 11,715,000	\$ 2,575,676	\$ 14,290,676

There is \$4,207,933 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$351, based on the 2010 federal census. Total debt per capita, including bonds, notes, and unamortized debt premiums, totaled \$378, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the primary government (excluding the Lincoln County Health System, the Lincoln County Board of Public Utilities,

and the Lincoln County Sewer System, enterprise funds) for the year ended June 30, 2017, was as follows:

Governmental Activities:

	Bonds	Note	Other Postemployment Benefits
Balance, July 1, 2016	\$ 13,955,000	\$ 925,000	\$ 291,231
Additions	0	0	36,956
Reductions	(2,240,000)	(80,000)	(8,625)
Balance, June 30, 2017	<u>\$ 11,715,000</u>	<u>\$ 845,000</u>	<u>\$ 319,562</u>
Balance Due Within One Year	<u>\$ 2,050,000</u>	<u>\$ 80,000</u>	<u>\$ 0</u>

	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2016	\$ 195,659	\$ 189,369
Additions	180,041	2,257
Reductions	(167,546)	(15,781)
Balance, June 30, 2017	<u>\$ 208,154</u>	<u>\$ 175,845</u>
Balance Due Within One Year	<u>\$ 187,335</u>	<u>\$ 8,000</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 13,263,561
Less: Balances Due Within One Year	(2,325,335)
Add: Unamortized Premium on Debt	<u>39,746</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 10,977,972</u>

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

Lincoln County Sewer System (enterprise fund)

Other Loans

Other loans outstanding were issued for an original term of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The other loans included in long-term debt as of June 30, 2017, will be retired from the Sewer Fund (a major enterprise fund).

The other loans outstanding as of June 30, 2017, for business-type activities is as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-17
Other Loans	0.75 to 0.91%	4-20-37	\$ 4,158,000	\$ 3,859,490

The annual requirements to amortize the other loan outstanding as of June 30, 2017, including interest payments, are presented in the following table:

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2018	\$ 183,816	\$ 33,420	\$ 3,024	\$ 220,260
2019	185,436	31,800	2,868	220,104
2020	187,092	30,144	2,724	219,960
2021	188,760	28,476	2,568	219,804
2022	190,440	26,796	2,424	219,660
2023-2027	977,892	108,288	9,768	1,095,948
2028-2032	1,022,184	63,996	5,772	1,091,952
2033-2037	923,870	18,115	1,648	943,633
Total	\$ 3,859,490	\$ 341,035	\$ 30,796	\$ 4,231,321

Changes in Long-term Obligations

Long-term obligations activity for the Lincoln County Sewer Fund (enterprise fund) for the year ended June 30, 2017, was as follows:

	<u>Other Loans</u>
Balance, July 1, 2016	\$ 1,980,556
Additions	1,999,544
Reductions	<u>(120,610)</u>
Balance, June 30, 2017	<u>\$ 3,859,490</u>
Balance Due Within One Year	<u>\$ 183,816</u>
Total Noncurrent Liabilities, June 30, 2017	\$ 3,859,490
Less: Balances Due Within One Year	<u>(183,816)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit D-1	<u>\$ 3,675,674</u>

Discretely Presented Lincoln County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Lincoln County School Department for the year ended June 30, 2017, was as follows:

Governmental Activities:	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2016	\$ 32,747	\$ 770,842
Additions	51,026	223,884
Reductions	<u>(49,625)</u>	<u>(253,320)</u>
Balance, June 30, 2017	<u>\$ 34,148</u>	<u>\$ 741,406</u>
Balance Due Within One Year	<u>\$ 34,148</u>	<u>\$ 0</u>

	Net Pension Liability - Legacy Plan
Balance, July 1, 2016	\$ 158,552
Additions	6,424,175
Reductions	<u>(4,076,879)</u>
Balance, June 30, 2017	<u>\$ 2,505,848</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 3,281,402
Less: Balances Due Within One Year	<u>(34,148)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,247,254</u>

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

E. On-Behalf Payments – Discretely Presented Lincoln County School Department

Discretely Presented Lincoln County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Lincoln County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2017, were \$79,812 and \$33,325, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

The county decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for workers' compensation coverage. Lincoln County joined the Local Government Workers' Compensation Fund (LGWCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The creation of the LGWCF provides for it to be self-sustaining through member premiums.

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

Discretely Presented Lincoln County School Department

The discretely presented Lincoln County School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units*; and Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in Statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined benefit and defined contribution, administered through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, establishes reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

GASB Statement No. 78, amends Statement No. 68 to exclude certain pensions provided to employees of state or local governments through a cost-sharing multiple-employer pension plans that are not state or local plans and meet specific other criteria. This statement establishes recognition, measurement, and reporting criteria for these plans.

GASB Statement No. 80, amends the blending requirements of paragraph 53 of Statement No. 14. This standard adds additional blending criterion, which requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

C. Contingent Liabilities

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

D. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the entities to place a final cover on their sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Lincoln County and the City of Fayetteville closed their sanitary landfill in 1995. Lincoln County and the City of Fayetteville each agreed to pay 50 percent of the postclosure costs. The \$175,845 reported as postclosure care liability at June 30, 2017, represents the county's share based on what it would cost to perform all postclosure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Ventures

The Fayetteville-Lincoln County Public Library is a joint venture of Lincoln County and the City of Fayetteville and is operated by an appointed board. The board comprises seven members, with one member each selected by the Lincoln County Commission and the City of Fayetteville, and other members selected by the existing board of directors subject to the approval of the city and county. Lincoln County has control over budgeting and financing of the joint venture only to the extent of representation by appointed board members. Lincoln County contributed \$97,926 to the operations of the library during the year ended June 30, 2017.

The Fayetteville-Lincoln County Regional Airport Authority is jointly owned by Lincoln County and the City of Fayetteville and is governed by a five-member board. Two members are appointed by the City of Fayetteville, two by the Lincoln County Commission, and one is jointly appointed by the other four board members. The airport is operated through a lease with a private vendor. Lincoln County contributed \$25,940 to the operations of the airport during the year ended June 30, 2017.

The City of Fayetteville and Lincoln County operated a landfill as a joint venture until it closed in February 1995. The operation/closure of the landfill is under the oversight of the Joint City/County Solid Waste Committee, which includes eight members, four each appointed by the city and county.

The Interlocal Solid Waste Authority was formed by joint resolution of the counties of Bedford, Franklin, Moore, and Lincoln; and the municipalities of Tullahoma and Fayetteville to develop a solid waste regional plan. Each participating county commission or city council appointed the authority's board for varying terms of office. Lincoln County made no contribution to the Interlocal Solid Waste Authority for the year ended June 30, 2017.

The Industrial Development Board of the City of Fayetteville and Lincoln County is a joint venture of the City of Fayetteville and Lincoln County and is operated by an appointed board. The board comprises seven members. Three members each are appointed by the city and county. The seventh member's appointment is alternated between the city and county every six years. Lincoln County has control over budgeting and financing the joint venture only to the extent of representation of the board members it appoints. Lincoln County contributed \$92,500 to the operations of the Industrial Development Board during the year ended June 30, 2017.

The Seventeenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Seventeenth Judicial District, Marshall, Lincoln, Moore, and Bedford counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of

drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Lincoln County made no contribution to the DTF for the year ended June 30, 2017.

Lincoln County does not have an equity interest in any of the above-noted joint ventures.

Complete financial statements for the Fayetteville-Lincoln County Public Library, Fayetteville-Lincoln County Regional Airport Authority, Fayetteville-Lincoln County Landfill Fund, Interlocal Solid Waste Authority, Industrial Development Board of the City of Fayetteville and Lincoln County, and Seventeenth Judicial District Drug Task Force can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Fayetteville-Lincoln County Public Library
306 North Elk Avenue
Fayetteville, TN 37334

Fayetteville-Lincoln County Regional Airport Authority
37 Airport Road
Fayetteville, TN 37334

Fayetteville-Lincoln County Landfill Fund
City of Fayetteville
P.O. Box 13
Fayetteville, TN 37334

Interlocal Solid Waste Authority of Bedford, Franklin,
Moore and Lincoln Counties, Tennessee
P.O. Box 807
Tullahoma, TN 37388

Industrial Development Board of the City of Fayetteville
and Lincoln County
P.O. Box 676
Fayetteville, TN 37334

Office of District Attorney General
Seventeenth Judicial District Drug Task Force
P.O. Box 878
Fayetteville, TN 37334

Discretely Presented Lincoln County School Department

The discretely presented School Department participates in the Volunteer

State Cooperative (VOLCO), which represents a cost-sharing arrangement. The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Fayetteville City, Hickman County, Houston County, Humphreys County, Lewis County, Lincoln County, Manchester City, Marshall County, and Stewart County. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Dickson County School Department) and a service provider to provide these services. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts; and an Executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee.

Complete financial statements for VOLCO can be obtained from its administrative office at the following address:

Administrative Office:

Volunteer State Cooperative
220 McLemore Street
Dickson, TN 37055

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Lincoln County, employees of the Lincoln County Medical Center (an enterprise fund of the primary government), and non-certified employees of the discretely presented Lincoln County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 28.23 percent, Lincoln County Medical Center employees comprised 50.34 percent, and the non-certified employees of the discretely presented School Department comprised 21.43 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative

branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

In addition, employees of Lincoln County Board of Public Utilities (an enterprise fund of the primary government) are provided, a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The details of this plan are disclosed in Note VII.F.

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	312
Inactive Employees Entitled to But Not Yet Receiving Benefits	614
Active Employees	575
Total	<u>1,501</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Lincoln 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, 2017, the Actuarial Determined Contribution (ADC) for Lincoln County was \$645,943 based on a rate of 3.22 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Lincoln County’s state shared taxes if required employer contributions are not remitted. The employer’s ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Lincoln County’s net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. 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, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Lincoln County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2015	\$ 48,245,001	\$ 51,233,794	\$ (2,988,793)
Changes for the Year:			
Service Cost	\$ 1,699,206	\$ 0	\$ 1,699,206
Interest	3,664,827	0	3,664,827
Differences Between Expected and Actual Experience	(750,316)	0	(750,316)
Contributions-Employer	0	594,431	(594,431)
Contributions-Employees	0	923,579	(923,579)
Net Investment Income	0	1,350,375	(1,350,375)
Benefit Payments, Including Refunds of Employee Contributions	(2,159,695)	(2,159,695)	0
Administrative Expense	0	(42,837)	42,837
Other Changes	0	16,241	(16,241)
Net Changes	\$ 2,454,022	\$ 682,094	\$ 1,771,928
Balance, June 30, 2016	\$ 50,699,023	\$ 51,915,888	\$ (1,216,865)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	28.23%	\$ 14,312,334	\$ 14,655,855	\$ (343,521)
Medical Center (reflected in a proprietary fund)	50.34%	25,521,888	26,134,458	(612,570)
School Department	21.43%	10,864,801	11,125,575	(260,774)
Total		\$ 50,699,023	\$ 51,915,888	\$ (1,216,865)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Lincoln County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 5,499,961	\$ (1,216,865)	\$ (6,745,115)

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

Pension Expense. For the year ended June 30, 2017, Lincoln County recognized pension expense of \$436,745.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, Lincoln County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 101,831	\$ 1,408,134
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,738,712	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	645,943	N/A
Total	<u>\$ 2,486,486</u>	<u>\$ 1,408,134</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 703,231	\$ 397,516
Medical Center (reflected in a proprietary fund)	1,256,228	708,855
School Department	527,027	301,763
Total	<u>\$ 2,486,486</u>	<u>\$ 1,408,134</u>

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

Year Ending June 30	Amount
2018	\$ (212,831)
2019	(212,831)
2020	514,715
2021	343,357
2022	0
Thereafter	0

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

Discretely Presented Lincoln County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Lincoln County, employees of the Lincoln County Medical Center (an enterprise fund of the primary government), and non-certified employees of the discretely presented Lincoln County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 28.23 percent, Lincoln County Medical Center employees comprised 50.34 percent, and the non-certified employees of the discretely presented School Department comprised 21.43 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Lincoln County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The

TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer

contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2017, to the Teacher Retirement Plan were \$91,411, which is four 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, 2017, the Lincoln County School Department reported an asset of \$32,166 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Lincoln County School Department's proportion of the net pension asset was based on the Lincoln County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Lincoln County School Department's proportion was .308985 percent. The proportion measure as of June 30, 2015, was .303490 percent.

Pension Expense. For the year ended June 30, 2017, the Lincoln County School Department recognized pension expense of \$26,917.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the Lincoln County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 3,117	\$ 3,709
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,267	0
Change in Proportion of Net Pension Liability (Asset)	0	154
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	<u>91,411</u>	<u>N/A</u>
Total	<u>\$ 99,795</u>	<u>\$ 3,863</u>

The Lincoln County School Department's employer contributions of \$91,411, 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ 1,289
2019	1,289
2020	1,289
2021	1,038
2022	(90)
Thereafter	(295)

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, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. 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, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
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	1
		100 %
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Lincoln County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Lincoln County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 15,189	\$ (32,166)	\$ (67,058)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Lincoln County School Department for the year ended June 30, 2017, to the Teacher Legacy Pension Plan were \$1,256,364, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2017, the Lincoln County School Department reported a liability of \$2,505,848 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Lincoln County School Department's proportion of the net pension liability (asset) was based on the Lincoln County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Lincoln County School Department's proportion

was .400971 percent. The proportion measured at June 30, 2015, was .387060 percent.

Pension Expense. For the year ended June 30, 2017, the Lincoln County School Department recognized pension expense of \$321,120.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the Lincoln County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 105,455	\$ 3,033,752
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,797,813	0
Changes in Proportion of Net Pension Liability (Asset)	159,516	35,183
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	<u>1,256,364</u>	<u>N/A</u>
Total	<u>\$ 4,319,148</u>	<u>\$ 3,068,935</u>

The Lincoln County School Department's employer contributions of \$1,256,364 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ (443,077)
2019	(443,077)
2020	899,032
2021	157,565
2022	(176,592)
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. 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, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	0.00	1
		100 %
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Lincoln County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Lincoln County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 13,760,042 \$ 2,505,848 \$ (6,816,619)

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

2. Deferred Compensation

The Lincoln County School Department offers its employees a deferred compensation plan established pursuant IRC Section 403(b). All costs of administering and funding this program are the responsibility of plan participants. The Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plan.

G. Other Postemployment Benefits (OPEB)

Plan Description

Lincoln County and the Lincoln County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for health care benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for teachers and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for health care benefits. Subsequent to age 65, members who are also in the state’s retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state’s website at <https://www.tn.gov/finance/fa/fa-accounting-financial/fa-accfm-cafr.html>.

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The

employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Lincoln County and the School Department recognized expenditures of \$8,625 and \$253,320, respectively, for postemployment health care during the year ended June 30, 2017.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 224,000	\$ 37,000
Interest on the NOPEBO	28,907	10,921
Adjustment to the ARC	(29,023)	(10,965)
Annual OPEB cost	\$ 223,884	\$ 36,956
Less: Amount of contribution	(253,320)	(8,625)
Increase/decrease in NOPEBO	\$ (29,436)	\$ 28,331
Net OPEB obligation, 7-1-16	770,842	291,231
Net OPEB obligation, 6-30-17	\$ 741,406	\$ 319,562

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	Local Education Group	\$ 172,776	101	\$ 751,301
6-30-16	"	216,887	91	770,842
6-30-17	"	223,884	113	741,406
6-30-15	Local Government Group	20,259	55	260,878
6-30-16	"	35,961	16	291,231
6-30-17	"	36,956	23	319,562

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 2,046,000	\$ 268,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,046,000	\$ 268,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 18,623,000	\$ 5,577,000
UAAL as a % of covered payroll	11%	5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6 percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of 4.645 percent by fiscal year 2050. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

H. Office of Central Accounting, Budgeting, and Purchasing

Office of Director of Finance

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

I. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for Lincoln County. All purchase orders are issued by the Finance Department. Purchases exceeding \$25,000 for the Office of County Mayor, the discretely presented School Department, and the Office of Highway Superintendent are required to be competitively bid.

VI. OTHER NOTES – LINCOLN COUNTY HEALTH SYSTEM (ENTERPRISE FUND)

A. Summary of Significant Accounting Policies

Reporting Entity – The Lincoln County Health System is owned by Lincoln County, Tennessee, and is not a legal entity separate and apart from the primary government. The health system is financially accountable and there is a financial benefit/burden with the county. Accordingly, it is blended as an enterprise fund as part of the financial statements of the primary government. The health system is governed by the Lincoln County Health System Committee consisting of five members appointed from the Lincoln County Board of Commissioners and two physicians appointed from the medical staff of Lincoln Medical Center. Each committee member serves a three-year rotational term.

Principles of Departmental Combination – The health system’s financial statements include the following financial activities also referred to herein as departments: Lincoln Medical Center (medical center), Lincoln Medical Center EMS (ambulance service), Lincoln Medical Home Health and Hospice (home health care and hospice), Patrick Rehab-Wellness Center (wellness center), and Lincoln and Donalson Care Centers (care centers). Hospital-based departments include the medical center, ambulance service, home health and hospice care, and wellness center. All significant interdepartmental transactions have been eliminated.

The medical center provides general acute health care services for Lincoln County and surrounding areas. It is licensed for 49 acute care beds and ten

geropsych beds. The ambulance service provides emergency medical transportation services. The home health and hospice care provides skilled nursing, therapy, personal care, and hospice services. The wellness center provides centralized rehabilitation, health education, therapy, and other related programs and services to other departments of the health system and to local businesses, industries, and residents. The care centers provide long-term health care services. The care centers are licensed for 240 dually certified beds. The Donalson Care Center is also licensed for 24 beds for assisted living services.

The medical center's financial statements include the Lincoln Medical Center Auxiliary Gift Shop (auxiliary) and the Physician Practices. These cost centers are not separate legal entities, and they are financially accountable to the health system. The Physician Practices are comprised of employed physicians. A summary of these cost centers' assets, liabilities, net position, results of operations, and changes in net position is presented below as of June 30, 2017.

Condensed Statement of Net Position

	Auxiliary	Physician Practices
Assets		
Cash and Cash Equivalents	\$ 73,446	\$ 6,715
Accounts Receivable, Net of Allowance	0	207,728
Inventory	7,016	0
	<u>\$ 80,462</u>	<u>\$ 214,443</u>
Liabilities	<u>\$ 2,300</u>	<u>\$ 0</u>
Net Position		
Restricted	\$ 78,162	\$ 0
Unrestricted	0	214,443
	<u>\$ 78,162</u>	<u>\$ 214,443</u>

Condensed Statement of Revenues,
Expenses, and Changes in Net Position

	Auxiliary	Physician Practices
Net Operating Revenue	\$ 23,427	\$ 885,543
Operating Expenses	(13,323)	(2,306,153)
Income (Loss) from Operations	<u>\$ 10,104</u>	<u>\$ (1,420,610)</u>
Nonoperating Revenues and (Expenses)	\$ (2,755)	\$ 20
Excess (Deficiency) Revenues Over Expenses	\$ 7,349	\$ (1,420,590)
Operating Transfers from Medical Center	0	1,546,474
Net Position, July 1, 2016	<u>70,813</u>	<u>88,559</u>
Net Position, June 30, 2017	<u>\$ 78,162</u>	<u>\$ 214,443</u>

Basis of Accounting – The health system uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

The accompanying financial statements of the health system conform with accounting principles generally accepted in the United States as applied to governments and general practices of governmental health care entities. The Governmental Accounting Standards Board is the standard setting body for establishing governmental accounting and financial reporting standards. The *GASB Codification of Governmental Accounting and Financial Reporting Standards* document these principles.

Use of 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 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. Significant items subject to such estimates include the provision for contractual allowances and uncollectible accounts, and self-insurance reserves for group health insurance plan for eligible employees.

Custodial Credit Risk – The health system’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, excluding restricted cash held for patient trust funds. The health system’s policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal

to 105 percent of the value of the uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the health system's agent in the health system's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the health system to invest in bonds, notes, and treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2017, all bank deposits are fully collateralized or insured.

Special Funds – Special Funds consist of restricted cash by contributors and investments (primarily bank certificates of deposit and money market mutual funds) held for internally designated purposes by the health system, and funds legally restricted for debt service requirements and held by a trustee under an indenture agreement.

Supplies – Supplies are stated at cost (first-in, first-out method) that approximates the lower of cost or market.

Capital Assets – Capital assets are stated at cost, less accumulated depreciation that is computed on the straight-line method over the estimated useful life of the asset. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the established useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. There was no interest cost capitalized on borrowed funds for the year ended June 30, 2017.

Contributed capital assets are reported at their estimated fair value at the time of their donation.

Major expenditures for property and those that substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred.

The health system evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and the impairment loss is

recognized as an amount by which the carrying amount of a long-lived asset cost exceeds its fair value.

Grants and Contributions – The health system receives grants and contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets and governmental grants) are recognized when all eligibility requirements, including time requirements are met. Governmental grants may be subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Grants and contributions may be restricted either for specific operating purposes or for capital purposes. When both restricted and unrestricted resources are available for use, the health system uses the restricted resources first, then the unrestricted resources as they are needed. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Compensated Absences – The health system’s employees earn paid time off (PTO) benefits for vacation, sick, and holiday leave at varying rates that may accumulate up to a specified maximum depending on years of service. In the event of termination, an eligible employee is paid for accumulated PTO benefits. The estimated amount of PTO payable is accrued when earned and reported as a current liability in the accompanying financial statements.

Debt Issue Costs – Costs of issuance other than insurance are charged to expense in the period incurred. Premiums and discounts realized on debt issuances are deferred and amortized over the terms of the respective debt using a method which approximates the effective interest method.

Charity Care – The health system provides service to eligible patients at reduced or no cost based upon the individual patient’s financial resources. The system’s policy provides for 100 percent charity to patients with income up to 100 percent or less of the federal poverty guidelines, 75 percent to patients with income from 101 to 150 percent, and 50 percent to patients with income from 151 to 200 percent. Records are kept to identify, approve, and monitor those costs that are incurred under the charity care policy. Because the system does not expect payment, estimated charges for charity care are not included in revenue. In addition to the approved charity care described above, the system believes that other uncollected accounts would be approved under its charity care policy if information about the patient’s financial resources were shared with the system. Such amounts are not considered charity care.

Income Taxes – The health system, as an instrumentality of Lincoln County, Tennessee, is exempt from income taxes and form 990 filing.

Risk Management – The health system is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. The health system maintains commercial insurance coverage for claims arising from such matters. Settled claims in the past three years have not exceeded insurance coverage. There were no significant reductions in coverage compared to the prior year.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until that time. The health system has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of the old debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is a deferred outflow related to pension, which is described further in Note VI.I.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The health system has one item that qualifies for reporting in this category. It is a deferred inflow related to pension, which is described further in Note VI.I.

Amortization expense for debt premium/discount costs and debt refunding deferred charges was \$26,657 for the year ended June 30, 2017.

Net Position – Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets represents capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction, or improvement of those assets as well as any deferred outflows or inflows of resources attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets occur when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributions, laws, regulations, etc. Unrestricted net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The

debt service reserve is presented as a restricted component of net position. The reserve amount is in compliance with the required amount.

Operating Revenues and Expenses – The health system’s Statement of Revenues, Expenses, and Changes in Net Position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing patient health care services - the health system’s principal activity. Therefore, no additional segment financial information or disclosures are presented.

Patient service revenue is recorded at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as years are no longer subject to audit, review, or investigation. Laws governing the third-party programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Other operating revenues include charges from services other than to patients such as the sale of medical and pharmaceutical supplies, medical transcripts, cafeteria sales, educational training services, etc.

Investment income, nonexchange revenues, grants, contributions and incentive payments received for purposes other than capital asset acquisition, are reported as nonoperating revenues.

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

The health system is eligible to receive payments from an endowment fund for the benefit of eligible patients. The endowment fund is legally separate from the health system and under the control of an independent trustee. Therefore, it is not included in the health system’s financial statements. The health system has not received any funds from this endowment fund for the year ended June 30, 2017.

Reclassifications – Certain reclassifications have been made in the 2016 financial statements to conform to the 2017 financial statements presentation. Such reclassifications had no effect on the results of operations as previously reported.

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 Lincoln County Medical Center’s (i.e. Hospital based departments) participation in the Public Employee Retirement Plan of the Tennessee Consolidated

Retirement System (TCRS), and additions to/deductions from Lincoln County Medical Center'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.

B. Designated Net Position

Unrestricted net position includes special funds designated by the health system totaling \$11,062,025 as of June 30, 2017, for specific purposes such as future capital improvements, insurance, and debt service, as discussed in Note VI.E. The designated funds remain under the control of the health system, which may at its discretion, later use the funds for other purposes.

C. Charity Care

The cost based upon the ratio of cost to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing services furnished under the health system's charity care policy totaled \$659,026 for the year ended June 30, 2017.

D. Net Patient Service Revenue

A summary of the payment arrangements with major third-party payors follows:

Medicare – Medical center inpatient care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medical center outpatient services to Medicare beneficiaries are paid using a prospective payment system based on the patient's ambulatory classification group. Geropsych services, ambulance services, and rehab services related to Medicare beneficiaries are paid based upon a cost/fee screen reimbursement methodology.

Care center skilled nursing care services and home health and hospice care services to Medicare beneficiaries are paid based on prospective payment arrangements. Care center Medicare payments are based on a blend of the care center's specific cost and a regional prospective payment rate. The rate varies according to a patient classification system that is based on patient clinical, diagnostic, and other factors.

Home health care payments for services to Medicare beneficiaries are based on the patient's resource group classification for patient clinical, functional, and service level factors.

Revenue from the Medicare program accounted for approximately 39 percent and 33 percent of the hospital-based departments' and care centers' net patient revenue, respectively, for the year ended June 30, 2017.

Each department is reimbursed at a tentative rate with final settlement determined after submission of an annual cost report by the department and audit thereof by the Medicare fiscal intermediary. Net patient service revenue did not change in 2017 as a result of changes in estimates due to the prior fiscal year's cost report settlements. The health system's Medicare cost reports have been audited by the fiscal intermediary through June 30, 2011.

Medicaid – The Medicaid program for acute care services was replaced by a waiver program, TennCare, as approved by the Health Care Financing Administration (HCFA). Services to program beneficiaries are provided under contract with various managed care organizations through the State of Tennessee TennCare program. Payments for medical center inpatient services are paid based either upon a prospective per-diem rate or per discharge rate. Payments for hospital outpatient, ambulance, wellness center, and home health and hospice care services are paid based upon a percentage of charges or per diem.

Care center services rendered to Medicaid program beneficiaries are reimbursed at per-diem rates determined by the State of Tennessee Comptroller's Office. The rates for both intermediate care (level I) and skilled care (level II) program beneficiaries are paid on a prospective per-diem basis subject to a statewide ceiling for each rate.

Revenue from the Medicaid program accounted for approximately eight percent and 50 percent of the hospital-based departments' and care centers' net patient revenue, respectively, for the year ended June 30, 2017.

Others – The medical center, ambulance service, and wellness center have entered into payment agreements with certain commercial insurance carriers and managed care health plans. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined per-diem rates.

E. Deposits and Special Funds

The health system's carrying amount of deposits was \$1,274,475, and the bank balance was \$1,578,399 as of June 30, 2017. The health system's carrying amount for special funds, excluding an amount held under an indenture agreement, was \$11,158,915, and the bank balance was \$11,159,423 as of June 30, 2017. Bank balances totaling \$12,737,822 are either insured by the Federal Deposit Insurance Corporation or Tennessee Bank Collateral Pool.

Interest Rate Risk – For an investment, this is the risk that a change in interest rates will affect the fair market value of investments held. The

health system has established a debt service reserve fund under an indenture agreement for repayment of the outstanding Series 2007 and 2013 bonds. The reserve fund consists of a money market fund that normally invests at least 80 percent of its assets in U.S. Treasury securities and repurchase agreements for those securities. Its value as of June 30, 2017, was \$1,087,728. Generally, these investments maintain a dollar weighted average maturity at 60 days or less.

These investments are exposed to declines in fair values due to interest rate changes. The health system's exposure is mitigated through the limited maturities of the investments.

The health system has not adopted formal deposit or investment policies for exposure to various forms of risks associated with its deposit and investment practices, other than follow state statutes.

Special funds are held as follows as of June 30, 2017:

Internally Designated for Capital Improvements, Insurance, and Debt Service	\$ 11,062,025
Restricted by Contributors	73,446
Held Under an Indenture Agreement	1,087,728
Held Under Patient Trust Fund Arrangements - Cash	23,444
Less: Amounts Reclassified to Meet Current Liabilities	<u>(23,444)</u>
Total	<u>\$ 12,223,199</u>

F. Notes Receivable Arrangements

The medical center has advanced money to physicians to assist in the establishment of their medical professional practices. Advances are to be repaid by cash payment or amortized by continuation of the physicians' medical practices for a certain period based upon the terms of each arrangement. There were no net advances to physicians or net repayments for the year ended June 30, 2017. As of June 30, 2017, no net advances were due under these arrangements.

G. Capital Assets

Capital assets activity for the year ended June 30, 2017, was as follows:

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 831,254	\$ 0	\$ 0	\$ 831,254
Property Under Capitalized Lease	300,000	0	0	300,000
Total Capital Assets Not Depreciated	\$ 1,131,254	\$ 0	\$ 0	\$ 1,131,254
Capital Assets Depreciated:				
Ground Improvements	\$ 2,453,782	\$ 0	\$ 0	\$ 2,453,782
Buildings and Improvements	27,676,529	112,728	0	27,789,257
Equipment	17,567,510	1,199,446	(183,142)	18,583,814
Total Capital Assets Depreciated	\$ 47,697,821	\$ 1,312,174	\$ (183,142)	\$ 48,826,853
Less Accumulated Depreciation For:				
Ground Improvements	\$ (1,177,953)	\$ (75,468)	\$ 0	\$ (1,253,421)
Buildings and Improvements	(17,644,435)	(802,027)	0	(18,446,462)
Equipment	(14,952,863)	(746,038)	181,533	(15,517,368)
Total Accumulated Depreciation	\$ (33,775,251)	\$ (1,623,533)	\$ 181,533	\$ (35,217,251)
Capital Assets, Net	\$ 15,053,824	\$ (311,359)	\$ (1,609)	\$ 14,740,856

The general depreciation rates based on the useful lives for depreciable capital assets are five percent for ground improvements, 2.5 to five percent for buildings and improvements, and five to 20 percent for equipment under capital lease. Depreciation and amortization expense for the year ended June 30, 2017, totaled \$1,623,533. Accumulated amortization for equipment under capital lease obligations was \$395,588 at June 30, 2017.

H. Long-term Debt

The following is a schedule of long-term debt activity for the year ended June 30, 2017:

	Balance 7-1-16	Additions	Reductions	Balance 6-30-17	Due Within One Year
Series 2007, Hospital Facility Lease Revenue and Tax Refunding Bonds, due in installments of \$10,000 to \$1,040,000 through May 2028, at an interest rate of 4.2%	\$ 4,855,000	\$ 0	\$ (10,000)	\$ 4,845,000	\$ 10,000
Series 2007, General Obligation Refunding Bonds, due in monthly installments of \$195,000 to \$220,000 through May 2021, at an interest rate of 3.93%	1,025,000	0	(190,000)	835,000	195,000
Capital Lease Obligation, due in monthly installments of \$3,917 through August 2016, at an interest rate of 5.45%	7,742	0	(7,742)	0	0
Series 2013, Hospital Facility Lease Revenue and Tax Refunding Bonds, due in installments of \$665,000 to \$730,000 through May 2023 at an interest rate of 2%	4,850,000	0	(650,000)	4,200,000	665,000
Rural Economic Development Loan, due in monthly installments of \$1,588 through November 2022, without interest but with administrative expenses	122,107	0	(18,945)	103,162	19,056
Total long-term debt	\$ 10,859,849	\$ 0	\$ (876,687)	\$ 9,983,162	\$ 889,056
Less current maturities of long-term debt	(876,798)			(889,056)	
Add unamortized bond premium	127,517			109,117	
Total noncurrent liabilities	\$ 10,110,568			\$ 9,203,223	

The annual requirements to amortize all long-term debt outstanding as of June 30, 2017, are as follows:

Year Ending June 30	Bonds	
	Principal	Interest
2018	\$ 889,056	\$ 320,305
2019	909,056	298,922
2020	939,056	276,945
2021	959,056	254,176
2022	754,056	230,910
2023-2027	4,492,882	792,020
2028	1,040,000	43,680
Total	\$ 9,983,162	\$ 2,216,958

Series 2007 – The health system defeased portions of the Series 1998 and Series 2001 bonds by issuance of \$4,960,000 Series 2007 Hospital Facility Lease Revenue and Tax Refunding Bonds and \$1,905,000 Series 2007 General Obligation Refunding Bonds and placing the proceeds of the bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the health system’s financial statements.

Both Series 2007 bonds are the ultimate obligation of Lincoln County, Tennessee. Both Series 2007 bonds are subject to redemption prior to maturity, as a whole or in part, at any time, at the redemption price plus interest accrued to the redemption date for bonds maturing after May 1, 2018.

Series 2013 – The Industrial Development Board of the City of Fayetteville and Lincoln County, Tennessee, issued \$6,735,000 Hospital Facility Lease Revenue and Tax Refunding Bonds to advance refund \$6,795,000 of Series 2004 bonds.

The net proceeds of \$6,918,992 (which includes a net premium of \$183,992) were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2004 refunded bonds and Series 1998 bonds. As a result, the Series 2004 and Series 1998 bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

The Series 2013 bonds are the ultimate obligation of Lincoln County, Tennessee. The Series 2013 bonds are subject to redemption prior to maturity, as a whole or in part, at any time, at the redemption price plus interest accrued to the redemption date for bonds maturing after May 1, 2023. The Series 2013 bonds are on a parity lien with the Series 2007 bonds.

For the year ended June 30, 2017, the health system did not maintain the required debt covenant ratio of 1.15:1 established for the outstanding Series 2007 and Series 2013 bonds. To cure this technical deficiency as required by the bonds' covenant, the health system retained a consultant to recommend procedures to maintain this ratio in the future.

Other Debt – The capital lease obligations are secured by the related property and equipment. The gross amount of assets recorded under capital leases and the accumulated amortization/depreciation is recorded in the statement of net position and described in Note VI.G. The future minimum lease payments and the net present value of these minimum lease payments are included above in the annual requirements to amortize outstanding long-term debt.

In 2016, the health system obtained loan proceeds of \$133,334 as a pass-through from the Board of Public Utilities, City of Fayetteville. The Board of Public Utilities entered into a loan agreement with the USDA pursuant to the Rural Electrification Act of 1936 for a Rural Economic Development Loan for the purchase of equipment by the health system. The health system obtained a standby letter of credit to secure repayment of the loan.

I. Pension Plan

Medical Center, Ambulance Service, Home Health and Hospice Care, and Wellness Center

General Information About the Pension Plan

Plan Description. Employees of the health system's hospital-based departments (i.e., Medical Center, Ambulance Service, Home Health and Hospice Care, and Wellness Center), referred to herein as Lincoln County Medical Center, are included in the Lincoln County Courthouse Employees Pension Plan. The Lincoln County Medical Center comprises 50.34 percent of the Lincoln County Employees Pension Plan. This allocation is based upon contributions. Employees of Lincoln County 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 all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Lincoln County Medical Center makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, the actuarially determined contribution (ADC) for Lincoln County Medical Center was \$329,698 based on a rate of 3.22 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Lincoln County's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Lincoln County's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%
Remaining amortization period	3-4 years

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. 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, 2012, actuarial experience study by considering the following three

techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 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 Lincoln County Medical Center 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 Net Position Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Lincoln County Medical Center calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Lincoln County Medical Center	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 2,768,680	\$ (612,569)	\$ (3,395,491)

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

Pension Expense. For the year ended June 30, 2017, Lincoln County Medical Center recognized pension expense of \$199,576.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, Lincoln County Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 51,262	\$ 708,855
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	875,267	0
Changes in proportion of net pension liability (asset)	25,708	80,127
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	329,698	N/A
Total	\$ 1,281,935	\$ 788,982

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” 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 (negative expense) as follows:

Year Ended June 30	Amount
2018	\$ (127,421)
2019	(127,421)
2020	238,826
2021	179,273
2022	0
Thereafter	0

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

Payable to the Pension Plan. At June 30, 2017, the Lincoln County Medical Center reported a payable of \$66,501 for the outstanding amount of contributions to the pension plan.

Proportionate Share. At the measurement date of June 30, 2016, the Lincoln County Medical Center proportion was 50.34 percent.

Care Centers. The care centers adopted a defined contribution pension plan, under Sections 401(a) and 457 of the Internal Revenue Code, covering all employees who are 21 years of age and have completed 1,000 hours of service. The plan is administered by One America, One America Square, P.O. Box 368, Indianapolis, IN 46206 or can be accessed at www.oneamerica.com. Benefit terms, including contribution requirements, for the pension plan are established and may be amended by the health system committee. Participants are immediately invested in their own contributions and become fully invested in the employer’s contributions after six years (20 percent after two years plus 20 percent for each subsequent year). Participants become eligible to retire at the age of 60 or completion of five years of service, whichever is later. The plan provides for early retirement at the age of 55 and the completion of 30 years of service. Eligible participants may contribute a portion of their salary, up to the legal limit established by the Internal Revenue Code. The care centers will match up to 50 percent of the employee’s contribution up to the first three percent of gross pay. Employer and employee contributions under this plan totaled \$18,653 and \$23,513 for the

year ended June 30, 2017. The pension administrative expense is paid by the employees under the plan.

Deferred Compensation Plan. The health system offers an optional deferred compensation plan to its employees created in accordance with Section 457 of the Internal Revenue Code. This plan is available to all employees on a voluntary basis and allows participants to defer a portion of their current income until future years to shelter such funds and earnings from federal income taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death, or unforeseen emergency.

The plan is administered through a third-party administrator, Massachusetts Mutual Life Insurance Company. The health system does not perform the investing function and has no fiduciary accountability for the plan. Thus, plan assets and any related liabilities to plan participants have been excluded from the health system's financial statements.

J. Risk Management

The health system contracts with Blue Cross of Tennessee to provide a self-insured group health insurance plan to eligible employees and their eligible dependents, as defined in the contract. The health system has also purchased reinsurance for claims paid in any one-contract year, in excess of \$100,000 per member, which includes employees and their eligible dependents. Claims are paid on a monthly basis by Blue Cross with a settlement at the end of each quarter for the excess or deficit of premiums paid by the health system over or under claims paid by Blue Cross. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (claims lag).

As of June 30, 2017, the health system accrued \$82,188 for an estimated claims lag. This total consists of prior quarter net amounts due/ (refunds) from the insurance provider of (\$104,395) and the accrued estimated lag due of \$186,583 as of June 30, 2017. Changes in the reported net liability for 2017 resulted from the following:

Balance, 7-1-16	\$ 156,547
Current-year Claims and Settlements	2,202,628
Claim Payments	<u>(2,276,987)</u>
Balance, 6-30-17	<u>\$ 82,188</u>

The health system has internally designated cash to use for payment of future insurance premiums. As of June 30, 2017, this internally designated cash, including interest earned, totaled \$200,301.

K. Concentrations of Credit Risk

The health system grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements and managed care health plans. The following is a summary of the mix of accounts receivable from third-party payors and patients as of June 30, 2017:

Medicare	27 %
Medicaid	19
Other Third-party Payors	25
Patients	<u>29</u>
Total	<u>100 %</u>

L. Management Agreement

The health system entered into an alliance management agreement with Saint Thomas Health effective March 1, 2015, through August 31, 2015, to provide certain executive staffing services and access to group purchasing arrangements. Informally, this arrangement was extended through September 30, 2015. No executive staffing fees or other fees were paid to Saint Thomas for the year ended June 30, 2017.

The health system retained its own executive personnel beginning in 2016.

M. Contingencies and Commitments

The health system is involved in litigation arising in the ordinary course of business. The ultimate outcome of the litigation is unknown at the present time. Accordingly, no provision for any liability that might result has been made in the accompanying financial statements. After consultation with legal counsel, management estimates that those matters not covered by insurance will be resolved without material adverse effect on the health system's financial position or results of operations.

The healthcare industry is subject to numerous laws and regulations of the federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Governmental activity includes investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be

subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Also, in the ordinary course of business, the health system has maintenance and service contract commitments under agreements with various vendors to maintain equipment and provide medical services for terms not to exceed generally a five-year period.

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. The health system leases various equipment and property under operating leases that can be canceled under terms less than one year.

The following is a schedule by year of future minimum noncancellable lease payments as of June 30, 2017:

Year Ending June 30	Amount
2018	\$ 42,371
2019	43,871
2020	27,290
2021	15,000
2022	<u>15,000</u>
Total	<u>\$ 143,532</u>

Rental expense under all operating leases for 2017 totaled \$362,467.

The health system leases office space in its medical office building to physicians primarily under three-year lease terms. The following is a schedule by year of future minimum rentals under noncancelable leases that expire under existing terms through 2020:

Year Ending June 30	Amount
2018	\$ 108,739
2019	108,739
2020	<u>90,616</u>
Total	<u>\$ 308,094</u>

Rental income received for 2017 totaled \$184,652. Rental income is included in other operating revenue in the accompanying financial statements. The cost and accumulated depreciation related to the medical office building is included in property and equipment (see Note VI.G.) as follows:

Cost	\$ 3,667,182
Accumulated Depreciation	<u>(1,650,936)</u>
Net Book Value	<u>\$ 2,016,246</u>

N. Lincoln County Health System Foundation

The Lincoln County Health System Foundation (foundation) is a legally separate, tax-exempt supporting organization closely related to the health system. The health system does not control the timing or amounts of receipts from the foundation or have the ability to access the resources from the foundation. Accordingly, the net assets of the foundation are not reported by the health system.

For informational purposes only, a summary of the foundation's assets, liabilities, net assets, results of operations, and changes in net assets follows as of June 30, 2017:

Assets, Cash, and Cash Equivalents	<u>\$ 42,202</u>
Liabilities	<u>(32,000)</u>
Unrestricted Net Position	<u>\$ 10,202</u>
Support and Revenue	\$ 29,302
Expenses	<u>(39,410)</u>
Excess of Expenses Over Support and Revenue	\$ (10,108)
Unrestricted Net Position, July 1, 2016	<u>20,310</u>
Unrestricted Net Position, June 30, 2017	<u>\$ 10,202</u>

O. Pledged Revenues

The health system has pledged revenues to secure certain revenue bonds as described in Note VI.H. The current-year revenues, debt service, and future pledge commitment are as follows:

Operating Revenues	Current-Year Principal and Interest Paid on Revenue Bonds	Percent of Current Revenue	Remaining Pledge Based on Future Principal and Interest Requirements	Commitment Period Through Fiscal Year
\$ 39,871,364	\$ 960,910	2.4%	\$ 11,178,250	2028

P. Electronic Health Record Incentive Payments

The Health Information Technology for Economic and Clinical Health Act (HITECH Act) established programs under Medicare and Medicaid to provide incentive payments for the meaningful use of certified EHR technology. The health system received \$2,940 in Medicare and Medicaid Electronic Health Record (EHR) unrestricted incentive payments for the year ended June 30, 2017, which is reported as other operating revenue.

Q. Net Service Revenue

Accounts receivable is reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the health system management analyzes its past collection history utilizing a hindsight review methodology along with identification of collection trends and current status of the existing receivables for each of its major sources of revenue to estimate the allowance for doubtful accounts and provision of bad debts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

The difference between the standard rates (or the discounted rates) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The allowance for doubtful accounts ranged from 34.4 percent to 31.1 percent of accounts receivable as of June 30, 2017 and 2016, respectively. Total net write-offs increased \$1,336,300 to \$5,021,626 for 2017 from \$3,685,326 for 2016.

The following schedule summarizes total revenues for the fiscal year ended June 30, 2017:

Patient Service Revenue (net of contractual allowances and discounts)	\$ 41,909,465
Provision for Bad Debt	<u>(5,274,262)</u>
Net Patient Revenue Less Provision for Bad Debt	\$ 36,635,203
Other Operating Revenue	<u>3,236,161</u>
Total Revenue	<u>\$ 39,871,364</u>

VII. OTHER NOTES – LINCOLN COUNTY BOARD OF PUBLIC UTILITIES (ENTERPRISE FUND)

A. Summary of Significant Accounting Policies

Reporting Entity – The Lincoln County Board of Public Utilities is an enterprise fund established under Section 5-16-101, *Tennessee Code Annotated*, by Lincoln County, Tennessee. The board sells drinking water to the residents of Lincoln County not served by municipal systems. The board is operated by a five-member board of commissioners appointed by the Lincoln County Commission. The Board of Commissioners employs a superintendent who is responsible for day-to-day operations of the water system, including hiring its other employees. The board is responsible for generating its own revenue and servicing its debt. The Lincoln County Commission has the authority to approve or reject budgets presented by the board and to approve bonds issued by the board. Some bonds issued for the board are secured by a pledge of the taxing authority of Lincoln County.

The financial information of the board is included as an enterprise fund in the Lincoln County annual financial report. Complete financial statements of Lincoln County can be obtained directly from the county's administrative office.

Measurement Focus and Basis of Accounting – The board's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and general practices of the utility industry. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flow.

The board is intended to operate in a manner whereby the costs of providing water distribution services and system expansion are recovered through user charges. The board distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from charges to customers for the provision of water and related services. Operating expenses include the purchased cost of these as well as costs to operate and maintain the various treatment, storage, transmission, and distribution systems plus general and administrative costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the board's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents for General Use – For purposes of the Statement of Cash Flows, the board considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Allowance for Uncollectible Accounts – The board provides an allowance for uncollectible accounts equal to the estimated loss that may be incurred in collection of water sales receivables when it is probable that a customer account will be uncollectible. The current year’s provision is offset against water sales revenues.

Materials and Supplies Inventories – Inventories of repair and maintenance supplies and extension materials are stated at the lower of average cost or replacement value.

Water Plant and Equipment – The board’s water plant capital assets are capitalized at cost at the time they become part of operations. Donated capital assets are recorded at estimated current cost of construction. Extensions and betterments are capitalized at cost.

Depreciation of capital assets is provided on a group straight-line basis over the estimated useful lives of the assets. Under the group depreciation method, gains and losses on asset dispositions are applied against accumulated depreciation and are not reflected as gains or losses in the Statement of Revenues, Expenses, and Changes in Net Position. Equipment and buildings are depreciated on the straight line basis over their estimated useful lives as follows: buildings over 40 years, vehicles and construction equipment over seven years, and all other equipment over six years. The board capitalizes equipment additions with a cost in excess of \$500 and plant additions in excess of \$2,000.

Capitalized Interest – Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Debt Issue Costs – Costs of issuance other than insurance are charged to expense in the period incurred. Premiums and discounts realized on debt issuances are deferred and amortized over the terms of the respective debt using a method that approximates the effective interest method.

Compensated Absences – The cost of vacation benefits are recorded as expense when earned. Employees accrue vacation leave from one to three weeks annually based on years of service. Up to 80 hours of vacation leave not used by each employee’s anniversary date can be carried over to the following year. Sick leave benefits are recorded as expense when used. Employees accrue 12 days sick leave each year with no accumulation limit. Sick leave does not vest, and no liability for unused sick leave is recorded in the financial statements.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future

period(s) and so will not be recognized as an outflow of resources until then. The board has three items reported in this category – contributions to the pension plan made subsequent to the measurement date of June 30, 2016, the difference between expected and actual experience in the calculation of the total pension liability, and the difference between expected and actual earnings on plan investments. Investment gains or losses are amortized over five years, while experience gains or losses are amortized over the average working lifetime of all participants.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The board includes the following item in this category – the difference between expected and actual experience in the calculation of the total pension liability. Experience gains or losses are amortized over the average working lifetime of all participants.

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

Net Position – Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets represents capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction, or improvement of those assets as well as any deferred outflows or inflows of resources attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Restricted assets occur when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributions, laws, regulations, etc. Unrestricted net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

As a general rule, when both restricted and unrestricted resources are available for use, it is the department's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Revenues – Revenues from water sales are recognized based on meter reading dates. No asset is recorded for water delivered between the last meter reading in the period and the end of the period. Revenues from connection fees and developer charges are recognized when service is activated.

Contributions in Aid of Construction – Connection fees charged to customers (including developers) in excess of the actual cost of installation of new services are reflected as nonoperating revenues in the period of new service installation. Amounts received as contributions or grants related to new line construction are reflected as capital contributions or grants.

Income Taxes and Tax Equivalents – The board is an instrumentality of Lincoln County, Tennessee; therefore, it is exempt from the payment of federal and state income taxes.

Management 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 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. The most significant estimates relate to depreciation and the value of distribution lines contributed to the board.

Budgets – State law requires the board to adopt a budget for submission to the Lincoln County Board of Commissioners prior to the start of each fiscal year. The board adopts its budget considering all cash receipts and disbursements.

B. Cash and Restricted Funds

The following is a summary of cash and restricted funds as of June 30, 2017:

Cash and Cash Equivalents for General Use	\$ 5,844,084
Special Funds - Restricted for Customer Deposits	100,975
Special Funds - Restricted for Short-Lived Equipment and System Costs	<u>451,178</u>
Total	<u>\$ 6,396,237</u>

Investments in the State Treasurer's Investment Pool are reported at amortized cost. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer.

Board cash consists of deposits in financial institutions or with the State Treasurer's Investment Pool with bank balances of \$6,413,059 and carrying

amounts of \$6,395,737. Of the amounts on deposit, all is fully insured by the Federal Deposit Insurance Corporation (FDIC) or Tennessee Bank Collateral Pool. The remaining \$500 is cash on hand.

All deposits with financial institutions must be secured by one of two methods depending on whether the financial institution participates in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public funds accounts for the state of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure. For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the board.

State statutes authorize the entity to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the government's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements. The board has not adopted policies that would further limit its investments.

Restricted Assets – The board is required to make monthly additions of \$29,000 to an asset management reserve to fund short-lived equipment and system costs. Amounts held for payment of customer deposits are also restricted.

C. Capital Assets

The following is a summary of capital assets activity for the year ended June 30, 2017:

	Balance			Balance
	7-1-16	Additions	Disposals	6-30-17
Non-Depreciable:				
Land	\$ 527,695	\$ 0	\$ 0	\$ 527,695
Construction in Progress	202,473	8,792	0	211,265
Total Non-Depreciable Assets	<u>\$ 730,168</u>	<u>\$ 8,792</u>	<u>\$ 0</u>	<u>\$ 738,960</u>
Depreciable:				
Distribution Lines and Tanks	\$ 33,059,088	\$ 194,762	\$ (8,560)	\$ 33,245,290
Wells and Treatment Plant	4,604,775	0	0	4,604,775
Buildings and Equipment	2,616,476	64,607	(6,700)	2,674,383
Total Depreciable Assets	<u>\$ 40,280,339</u>	<u>\$ 259,369</u>	<u>\$ (15,260)</u>	<u>\$ 40,524,448</u>
Total Capital Assets	<u>\$ 41,010,507</u>	<u>\$ 268,161</u>	<u>\$ (15,260)</u>	<u>\$ 41,263,408</u>

Accumulated depreciation of major classes of utility plant is as follows:

	Balance			Balance
	7-1-16	Additions	Disposals	6-30-17
Distribution Lines and Tanks	\$ 13,022,101	\$ 804,369	\$ (8,560)	\$ 13,817,910
Wells and Treatment Plant	1,752,236	107,549	0	1,859,785
Buildings and Equipment	2,267,269	113,909	(6,700)	2,374,478
Total Depreciation	<u>\$ 17,041,606</u>	<u>\$ 1,025,827</u>	<u>\$ (15,260)</u>	<u>\$ 18,052,173</u>

D. Long-term Debt

Bonds are payable from revenues of the board and are also secured by Lincoln County property taxes.

The board had the following bonds outstanding at June 30, 2017:

Water Revenue and Tax Bonds, Series 2010, issued March 6, 2014, due monthly to USDA in annual principal and interest amounts of \$205,056 through 2052 at 2.75%. Prepayments may be made at the option of the county.	\$ 4,580,873
Water Revenue and Tax Bonds, Series 2015, issued August 26, 2015. The bonds mature serially at annual interest rates ranging from 2.20% to 4% with final maturity in 2036. The bonds are subject to redemption prior to maturity on or after April 1, 2025, at a redemption price of 100%.	<u>6,105,000</u>
Total Revenue Bonds	<u>\$ 10,685,873</u>

Changes in principal balances during the year ended June 30, 2017, are summarized as follows:

Beginning Balance	\$ 11,277,284
Principal Payments	(307,912)
Amortization of Bond Premium	<u>(27,122)</u>
Total	<u>\$ 10,942,250</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2017, are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2018	\$ 315,062	\$ 320,155	\$ 635,217
2019	327,292	310,876	638,168
2020	334,583	301,234	635,817
2021	346,939	291,378	638,317
2022	359,360	278,557	637,917
2023-2027	1,995,546	1,189,111	3,184,657
2028-2032	2,302,028	886,308	3,188,336
2033-2037	2,229,035	522,576	2,751,611
2038-2042	733,114	292,166	1,025,280
2043-2047	841,044	184,236	1,025,280
2048-2052	901,870	61,468	963,338
Total	<u>\$ 10,685,873</u>	<u>\$ 4,638,065</u>	<u>\$ 15,323,938</u>

Principal and interest payments for these new bonds as a percentage of pledged revenues totaled 11.5 percent for the year. Interest totaled \$300,218 for the year, none of which was capitalized.

E. Pledged Revenues

The board has pledged its revenues to secure its revenue bonds described in Note VII.D. The current year revenues, debt service, and future pledge commitment are presented as follows:

	Current-Year Principal and Interest Paid on Revenue Bonds	Percent of Current Revenue	Remaining Pledge Based on Future Principal and Interest Requirements	Commitment Period Through Fiscal Year	
Operating Revenues	\$ 5,290,039	\$ 609,995	11.5%	\$ 15,323,938	2052

The Water Revenue and Tax Bonds, Series 2010 were paid off using available funds in August, 2017.

F. Pension Plan

General Information About the Pension Plan

Plan Description. Employees of Lincoln County Board of Public Utilities 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 (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	4
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	5
Active Employees	<u>27</u>
 Total	 <u><u>36</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The board makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, the Actuarial Required Contribution (ADC) for the board was \$98,122 based on a rate of 8.7 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the board’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The board’s net pension liability (asset) was measured as of June 30, 2016, 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 (asset) as of the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. 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, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2015	\$ 1,888,120	\$ 2,596,960	\$ (708,840)
Changes for the Year:			
Service Cost	\$ 77,693	\$ 0	\$ 77,693
Interest	144,409	0	144,409
Differences Between Expected and Actual Experience	(69,206)	0	(69,206)
Contributions-Employer	0	90,392	(90,392)
Contributions-Employees	0	51,949	(51,949)
Net Investment Income	0	69,676	(69,676)
Benefit Payments, Including Refunds of Employee Contributions	(80,727)	(80,727)	0
Administrative Expense	0	(2,001)	2,001
Net Changes	\$ 72,169	\$ 129,289	\$ (57,120)
Balance, June 30, 2016	\$ 1,960,289	\$ 2,726,249	\$ (765,960)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the board calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Lincoln County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
----------------	------------------------	-------------------------------------	------------------------

Net Pension Liability (Asset) \$ (501,891) \$ (765,960) \$ (985,457)

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

Negative Pension Expense. For the year ended June 30, 2017, the board recognized negative pension expense of \$39,311.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 27,405	\$ 159,467
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	90,879	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	<u>98,122</u>	<u>N/A</u>
Total	<u>\$ 216,406</u>	<u>\$ 159,467</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ending June 30	Amount
2018	\$ (14,458)
2019	(14,458)
2020	24,229
2021	2,100
2022	(23,366)
Thereafter	(15,240)

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

G. Risk Management

The board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2017, the board participated in a public entity risk pool for coverage of general liability, property, and workers' compensation losses. The board participated in the Local Government Fund, a public entity risk pool established by an association of Tennessee local governments. The board pays an annual premium to the pool for the insurance coverage. The pool is created to be self-sustaining through member premiums.

The board is self-insured for employee health claims between \$250 and \$5,000 per year per covered individual. Employees are responsible for the first \$250 of covered claims, with commercial insurance responsible for amounts over \$5,000. The plan liability at year end is determined based on subsequent payments. The change in the liability for medical benefits for the year ended June 30, 2017, is as follows:

Balance, June 30, 2016	\$ 2,127
Payments Made	34,546
Incurred Claims	<u>(24,487)</u>
Balance, June 30, 2017	<u>\$ 12,186</u>

The board continues to carry commercial insurance for other risks of loss, including employee bonds and employee health and accident losses above the \$5,000 level. Settled claims in the past three years have not exceeded the coverage.

H. Water Sources

The board's primary sources of water are the Taft and Flintville well fields with additional sources being the Elora well field and the City of Fayetteville, Tennessee. The City of Fayetteville is the sole supplier of water to nine

percent of the board's customers and is a supplemental and primary back-up source of water for the remaining customers.

I. Related-party Transactions

The board provides water to Lincoln County related entities at the same billing rate as other customers. In the year ended June 30, 2017, these sales totaled \$40,542, and accounts receivable at June 30, 2017, related to these sales were \$229.

J. Current and Planned Projects

The board is requesting permits from the State of Tennessee that would allow for the construction of a water treatment plant on the Elk River. The plant would enhance the water available from the board's current wells that are the primary source of water to 91 percent of the board's customers. At June 30, 2017, the board had purchased land for \$202,000, and had recorded construction in progress cost of \$211,265 related to the roadway, other site development costs, and engineering and permitting costs. The estimated cost of the treatment plant and related distribution lines is \$18,000,000. No significant costs are anticipated to be incurred in the near-term and actual plant construction is not expected to begin within the next three years.

K. Contingency

During the year ended June 30, 2014, the Tennessee Comptroller's Office issued a report that concluded that unauthorized pension contributions were made for both active and currently retired employees. No further communication has been received by the board concerning what action, if any, will be required due to the unauthorized pension contributions.

The board's facilities and operations are subject to a wide range of environmental protection laws related to the use and disposal of hazardous materials. As a result, there is the possibility that environmental conditions may arise, which would require the board to incur cleanup costs. As in prior years, management continues its efforts to comply, and to determine compliance, with all applicable environmental protection laws and does not believe such costs, if any, would materially affect the board's financial position or its future cash flows.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 1,678,947	\$ 1,671,820	\$ 1,699,206
Interest	3,271,086	3,523,331	3,664,827
Changes in Benefit Terms	0	0	0
Differences Between Actual and Expected Experience	254,576	(1,346,469)	(750,316)
Changes in Assumptions	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,849,190)	(1,819,228)	(2,159,695)
Net Change in Total Pension Liability	\$ 3,355,419	\$ 2,029,454	\$ 2,454,022
Total Pension Liability, Beginning	42,860,128	46,215,547	48,245,001
Total Pension Liability, Ending (a)	\$ 46,215,547	\$ 48,245,001	\$ 50,699,023
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,145,798	\$ 601,764	\$ 594,431
Contributions - Employee	937,568	926,755	923,579
Net Investment Income	7,103,007	1,536,071	1,350,375
Benefit Payments, Including Refunds of Employee Contributions	(1,849,190)	(1,819,228)	(2,159,695)
Administrative Expense	(23,285)	(29,352)	(42,837)
Other	0	0	16,241
Net Change in Plan Fiduciary Net Position	\$ 7,313,898	\$ 1,216,010	\$ 682,094
Plan Fiduciary Net Position, Beginning	42,703,886	50,017,784	51,233,794
Plan Fiduciary Net Position, Ending (b)	\$ 50,017,784	\$ 51,233,794	\$ 51,915,888
Net Pension Liability (Asset), Ending (a - b)	\$ (3,802,237)	\$ (2,988,793)	\$ (1,216,865)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.23%	106.20%	102.40%
Covered Payroll	\$ 18,722,223	\$ 18,688,322	\$ 18,449,895
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(20.31)%	(15.99)%	(6.60)%

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

Note: data presented includes the primary government's Governmental Activities, the medical center (Business-type Activity), and non-certified employees of the discretely presented School Department.

Exhibit F-2

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

	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 74,745	\$ 64,598	\$ 77,693
Interest	138,371	132,868	144,409
Changes in Benefit Terms	0	0	0
Differences Between Actual and Expected Experience	(156,724)	35,235	(69,206)
Changes in Assumptions	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(136,129)	(103,109)	(80,727)
Net Change in Total Pension Liability	\$ (79,737)	\$ 129,592	\$ 72,169
Total Pension Liability, Beginning	1,838,265	1,758,528	1,888,120
Total Pension Liability, Ending (a)	\$ 1,758,528	\$ 1,888,120	\$ 1,960,289
Plan Fiduciary Net Position			
Contributions - Employer	\$ 89,791	\$ 87,393	\$ 90,392
Contributions - Employee	52,509	50,226	51,949
Net Investment Income	353,248	77,098	69,676
Benefit Payments, Including Refunds of Employee Contributions	(136,129)	(103,109)	(80,727)
Administrative Expense	(1,066)	(1,289)	(2,001)
Net Change in Plan Fiduciary Net Position	\$ 358,353	\$ 110,319	\$ 129,289
Plan Fiduciary Net Position, Beginning	2,128,288	2,486,641	2,596,960
Plan Fiduciary Net Position, Ending (b)	\$ 2,486,641	\$ 2,596,960	\$ 2,726,249
Net Pension Liability (Asset), Ending (a - b)	\$ (728,113)	\$ (708,840)	\$ (765,960)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	141.40%	137.54%	139.07%
Covered Payroll	\$ 1,050,185	\$ 1,004,520	\$ 1,038,984
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(69.33)%	(70.57)%	(73.72)%

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

Exhibit F-3

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

	2014	2015	2016	2017
Contractually Determined Contribution	\$ 1,145,798	\$ 601,764	\$ 594,431	\$ 645,943
Less Contributions in Relation to the Contractually Determined Contribution	<u>(1,145,798)</u>	<u>(601,764)</u>	<u>(594,431)</u>	<u>(645,943)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 18,722,223	\$ 18,688,322	\$ 18,449,895	\$ 20,864,622
Contributions as a Percentage of Covered Payroll	6.12%	3.22%	3.22%	3.22%

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

Note: data presented includes the primary government's Governmental Activities, the medical center (Business-type Activity), and non-certified employees of the discretely presented School Department.

Exhibit F-4

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

	2014	2015	2016	2017
Contractually Determined Contribution	\$ 89,791	\$ 87,393	\$ 90,392	\$ 98,122
Less Contributions in Relation to the Contractually Determined Contribution	<u>(89,791)</u>	<u>(87,393)</u>	<u>(90,392)</u>	<u>(98,122)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 1,050,185	\$ 1,004,520	\$ 1,038,984	\$ 1,127,834
Contributions as a Percentage of Covered Payroll	8.55%	8.70%	8.70%	8.70%

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

Exhibit F-5

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

	2015	2016	2017
Contractually Required Contribution	\$ 25,754	\$ 54,382	\$ 91,411
Less Contributions in Relation to the Contractually Required Contribution	<u>(25,754)</u>	<u>(54,382)</u>	<u>(91,411)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 643,863	\$ 1,359,555	\$ 2,290,167
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%

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

Exhibit F-6

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

	2014	2015	2016	2017
Contractually Required Contribution	\$ 1,327,053	\$ 1,309,860	\$ 1,308,473	\$ 1,256,364
Less Contributions in Relation to the Contractually Required Contribution	<u>(1,327,053)</u>	<u>(1,309,860)</u>	<u>(1,308,473)</u>	<u>(1,256,364)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 14,944,287	\$ 14,489,626	\$ 14,474,266	\$ 13,896,987
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%

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

Exhibit F-7

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

	<u>2016</u>	<u>2017</u>
School Department's Proportion of the Net Pension Liability/Asset	0.309886%	0.308985%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (12,467)	\$ (32,166)
Covered Payroll	\$ 643,863	\$ 1,359,555
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%

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

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

Exhibit F-8

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

	2015	2016	2017
School Department's Proportion of the Net Pension Liability/Asset	0.380747%	0.387060%	0.400971%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (61,870)	\$ 158,553	\$ 2,505,848
Covered Payroll	\$ 14,944,287	\$ 14,489,626	\$ 14,474,266
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.41)%	1.09%	17.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%

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

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

Exhibit F-9

Lincoln County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Lincoln County School Department
June 30, 2017

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-11	\$ 0	\$ 279	\$ 279	0 %	\$ 5,191	5 %
"	7-1-13	0	123	123	0	5,191	2
"	7-1-15	0	268	268	0	5,577	5
<u>DISCRETELY PRESENTED LINCOLN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-11	0	2,756	2,756	0	17,429	16
"	7-1-13	0	1,583	1,583	0	17,429	9
"	7-1-15	0	2,046	2,046	0	18,623	11

LINCOLN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

County Plan and Board of Public Utilities Plan

Valuation Date: Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the county’s convenience center operations and transfer fees for hauling solid waste.

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

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

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used in the acquisition or construction of major capital projects.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit G-1

Lincoln County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Solid Waste / Sanitation</u>	<u>Drug Control</u>	<u>Total</u>	<u>General Capital Projects</u>	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 1,305,953	\$ 368,742	\$ 1,674,695	\$ 82,092	\$ 1,756,787
Accounts Receivable	5,646	0	5,646	8	5,654
Allowance for Uncollectibles	(2,292)	0	(2,292)	0	(2,292)
Due from Other Governments	201,633	0	201,633	0	201,633
Total Assets	\$ 1,510,940	\$ 368,742	\$ 1,879,682	\$ 82,100	\$ 1,961,782
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,060	\$ 714	\$ 1,774	\$ 0	\$ 1,774
Accrued Payroll	2,393	0	2,393	0	2,393
Due to Cities	17,676	0	17,676	0	17,676
Total Liabilities	\$ 21,129	\$ 714	\$ 21,843	\$ 0	\$ 21,843
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 106,908	\$ 0	\$ 106,908	\$ 0	\$ 106,908
Total Deferred Inflows of Resources	\$ 106,908	\$ 0	\$ 106,908	\$ 0	\$ 106,908
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 368,028	\$ 368,028	\$ 0	\$ 368,028
Restricted for Public Health and Welfare	1,382,903	0	1,382,903	0	1,382,903
Restricted for Capital Projects	0	0	0	82,100	82,100
Total Fund Balances	\$ 1,382,903	\$ 368,028	\$ 1,750,931	\$ 82,100	\$ 1,833,031
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,510,940	\$ 368,742	\$ 1,879,682	\$ 82,100	\$ 1,961,782

Exhibit G-2

Lincoln County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 0	\$ 117,812	\$ 0	\$ 117,812	\$ 0	\$ 117,812
Charges for Current Services	1,153,430	0	1,317	1,154,747	0	1,154,747
Other Local Revenues	14,375	0	0	14,375	95	14,470
State of Tennessee	50,271	0	0	50,271	0	50,271
Total Revenues	\$ 1,218,076	\$ 117,812	\$ 1,317	\$ 1,337,205	\$ 95	\$ 1,337,300
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 1,317	\$ 1,317	\$ 0	\$ 1,317
Public Safety	0	78,533	0	78,533	0	78,533
Public Health and Welfare	1,185,347	0	0	1,185,347	0	1,185,347
Capital Projects	0	0	0	0	16,736	16,736
Total Expenditures	\$ 1,185,347	\$ 78,533	\$ 1,317	\$ 1,265,197	\$ 16,736	\$ 1,281,933
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,729	\$ 39,279	\$ 0	\$ 72,008	\$ (16,641)	\$ 55,367
Net Change in Fund Balances	\$ 32,729	\$ 39,279	\$ 0	\$ 72,008	\$ (16,641)	\$ 55,367
Fund Balance, July 1, 2016	1,350,174	328,749	0	1,678,923	98,741	1,777,664
Fund Balance, June 30, 2017	\$ 1,382,903	\$ 368,028	\$ 0	\$ 1,750,931	\$ 82,100	\$ 1,833,031

Exhibit G-3

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,153,430	\$ 0	\$ 1,153,430	\$ 1,142,000	\$ 1,142,000	\$ 11,430
Other Local Revenues	14,375	0	14,375	8,000	8,000	6,375
State of Tennessee	50,271	0	50,271	343,681	343,681	(293,410)
Total Revenues	<u>\$ 1,218,076</u>	<u>\$ 0</u>	<u>\$ 1,218,076</u>	<u>\$ 1,493,681</u>	<u>\$ 1,493,681</u>	<u>\$ (275,605)</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 30,000	\$ 0	\$ 30,000	\$ 30,000	\$ 30,000	\$ 0
Convenience Centers	188,740	(200)	188,540	198,943	227,156	38,616
Other Waste Disposal	936,044	0	936,044	934,374	979,374	43,330
Postclosure Care Costs	30,563	0	30,563	529,522	484,522	453,959
Total Expenditures	<u>\$ 1,185,347</u>	<u>\$ (200)</u>	<u>\$ 1,185,147</u>	<u>\$ 1,692,839</u>	<u>\$ 1,721,052</u>	<u>\$ 535,905</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 32,729</u>	<u>\$ 200</u>	<u>\$ 32,929</u>	<u>\$ (199,158)</u>	<u>\$ (227,371)</u>	<u>\$ 260,300</u>
Net Change in Fund Balance	\$ 32,729	\$ 200	\$ 32,929	\$ (199,158)	\$ (227,371)	\$ 260,300
Fund Balance, July 1, 2016	<u>1,350,174</u>	<u>(200)</u>	<u>1,349,974</u>	<u>1,347,348</u>	<u>1,349,974</u>	<u>0</u>
Fund Balance, June 30, 2017	<u>\$ 1,382,903</u>	<u>\$ 0</u>	<u>\$ 1,382,903</u>	<u>\$ 1,148,190</u>	<u>\$ 1,122,603</u>	<u>\$ 260,300</u>

Exhibit G-4

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 117,812	\$ 21,000	\$ 21,000	\$ 96,812
Total Revenues	\$ 117,812	\$ 21,000	\$ 21,000	\$ 96,812
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 78,533	\$ 39,800	\$ 79,800	\$ 1,267
Total Expenditures	\$ 78,533	\$ 39,800	\$ 79,800	\$ 1,267
Excess (Deficiency) of Revenues Over Expenditures	\$ 39,279	\$ (18,800)	\$ (58,800)	\$ 98,079
Net Change in Fund Balance	\$ 39,279	\$ (18,800)	\$ (58,800)	\$ 98,079
Fund Balance, July 1, 2016	328,749	318,182	328,749	0
Fund Balance, June 30, 2017	\$ 368,028	\$ 299,382	\$ 269,949	\$ 98,079

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,041,736	\$ 1,981,775	\$ 1,981,775	\$ 59,961
Total Revenues	\$ 2,041,736	\$ 1,981,775	\$ 1,981,775	\$ 59,961
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 471,160	\$ 355,000	\$ 471,160	\$ 0
Education	1,848,840	1,965,000	1,848,840	0
<u>Interest on Debt</u>				
General Government	235,207	210,384	235,207	0
Education	358,822	383,645	358,822	0
<u>Other Debt Service</u>				
General Government	31,794	50,000	50,000	18,206
Education	1,344	5,000	5,000	3,656
Total Expenditures	\$ 2,947,167	\$ 2,969,029	\$ 2,969,029	\$ 21,862
Excess (Deficiency) of Revenues Over Expenditures	\$ (905,431)	\$ (987,254)	\$ (987,254)	\$ 81,823
Net Change in Fund Balance	\$ (905,431)	\$ (987,254)	\$ (987,254)	\$ 81,823
Fund Balance, July 1, 2016	5,113,364	5,089,024	5,113,364	0
Fund Balance, June 30, 2017	\$ 4,207,933	\$ 4,101,770	\$ 4,126,110	\$ 81,823

Fiduciary Funds

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

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

City School ADA - Fayetteville Fund – The City School ADA - Fayetteville Fund is used to account for the city school system’s share of education revenues collected by the county that must be apportioned between the city and county school systems on an average daily attendance basis. These collections are remitted to the city school system on a monthly basis.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues held in trust for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

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

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

Exhibit I-1

Lincoln County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	Agency Funds					Total
	Cities - Sales Tax	City School ADA -	Judicial District Drug	Constitu - tional Officers - Agency	District Attorney General	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 778	\$ 1,560,390	\$ 0	\$ 1,561,168
Equity in Pooled Cash and Investments	0	98,302	458,361	0	64,394	621,057
Accounts Receivable	0	0	3,000	765	0	3,765
Due from Other Governments	440,801	217,548	28,723	0	0	687,072
Property Taxes Receivable	0	1,292,834	0	0	0	1,292,834
Allowance for Uncollectible Property Taxes	0	(19,367)	0	0	0	(19,367)
Total Assets	\$ 440,801	\$ 1,589,317	\$ 490,862	\$ 1,561,155	\$ 64,394	\$ 4,146,529
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 5,600	\$ 0	\$ 0	\$ 5,600
Accrued Payroll	0	0	1,051	0	0	1,051
Due to Other Taxing Units	440,801	1,589,317	0	0	0	2,030,118
Due to Litigants, Heirs, and Others	0	0	0	1,561,155	64,394	1,625,549
Due to Joint Ventures	0	0	484,211	0	0	484,211
Total Liabilities	\$ 440,801	\$ 1,589,317	\$ 490,862	\$ 1,561,155	\$ 64,394	\$ 4,146,529

Exhibit I-2

Lincoln County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,626,798	\$ 2,626,798	\$ 0
Due from Other Governments	431,108	440,801	431,108	440,801
Total Assets	\$ 431,108	\$ 3,067,599	\$ 3,057,906	\$ 440,801
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 431,108	\$ 3,067,599	\$ 3,057,906	\$ 440,801
Total Liabilities	\$ 431,108	\$ 3,067,599	\$ 3,057,906	\$ 440,801
<u>City School ADA - Fayetteville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 97,401	\$ 2,330,576	\$ 2,329,675	\$ 98,302
Due from Other Governments	206,068	217,548	206,068	217,548
Property Taxes Receivable	1,302,139	1,292,834	1,302,139	1,292,834
Allowance for Uncollectible Property Taxes	(15,546)	(19,367)	(15,546)	(19,367)
Total Assets	\$ 1,590,062	\$ 3,821,591	\$ 3,822,336	\$ 1,589,317
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,590,062	\$ 3,821,591	\$ 3,822,336	\$ 1,589,317
Total Liabilities	\$ 1,590,062	\$ 3,821,591	\$ 3,822,336	\$ 1,589,317
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 2,841	\$ 778	\$ 2,841	\$ 778
Equity in Pooled Cash and Investments	470,345	322,152	334,136	458,361
Accounts Receivable	20,766	3,000	20,766	3,000
Due from Other Governments	13,296	28,723	13,296	28,723
Total Assets	\$ 507,248	\$ 354,653	\$ 371,039	\$ 490,862
<u>Liabilities</u>				
Accounts Payable	\$ 77,124	\$ 5,600	\$ 77,124	\$ 5,600
Accrued Payroll	896	1,051	896	1,051
Due to Joint Ventures	429,228	348,002	293,019	484,211
Total Liabilities	\$ 507,248	\$ 354,653	\$ 371,039	\$ 490,862

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,575,699	\$ 10,587,310	\$ 10,602,619	\$ 1,560,390
Accounts Receivable	991	765	991	765
Total Assets	<u>\$ 1,576,690</u>	<u>\$ 10,588,075</u>	<u>\$ 10,603,610</u>	<u>\$ 1,561,155</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,576,690	\$ 10,588,075	\$ 10,603,610	\$ 1,561,155
Total Liabilities	<u>\$ 1,576,690</u>	<u>\$ 10,588,075</u>	<u>\$ 10,603,610</u>	<u>\$ 1,561,155</u>
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 75,664	\$ 13,697	\$ 24,967	\$ 64,394
Total Assets	<u>\$ 75,664</u>	<u>\$ 13,697</u>	<u>\$ 24,967</u>	<u>\$ 64,394</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 75,664	\$ 13,697	\$ 24,967	\$ 64,394
Total Liabilities	<u>\$ 75,664</u>	<u>\$ 13,697</u>	<u>\$ 24,967</u>	<u>\$ 64,394</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,578,540	\$ 10,588,088	\$ 10,605,460	\$ 1,561,168
Equity in Pooled Cash and Investments	643,410	5,293,223	5,315,576	621,057
Account Receivable	21,757	3,765	21,757	3,765
Due from Other Governments	650,472	687,072	650,472	687,072
Property Taxes Receivable	1,302,139	1,292,834	1,302,139	1,292,834
Allowance for Uncollectible Property Taxes	(15,546)	(19,367)	(15,546)	(19,367)
Total Assets	<u>\$ 4,180,772</u>	<u>\$ 17,845,615</u>	<u>\$ 17,879,858</u>	<u>\$ 4,146,529</u>
<u>Totals - All Agency Funds</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 77,124	\$ 5,600	\$ 77,124	\$ 5,600
Accrued Payroll	896	1,051	896	1,051
Due to Other Taxing Units	2,021,170	6,889,190	6,880,242	2,030,118
Due to Litigants, Heirs, and Others	1,652,354	10,601,772	10,628,577	1,625,549
Due to Joint Ventures	429,228	348,002	293,019	484,211
Total Liabilities	<u>\$ 4,180,772</u>	<u>\$ 17,845,615</u>	<u>\$ 17,879,858</u>	<u>\$ 4,146,529</u>

Lincoln County School Department

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

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

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

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

Extended School Program Fund – The Extended School Program Fund is used to account for before- and after-school programs in the individual schools.

Education Capital Projects Fund – The Educational Capital Projects Fund is used to account for resources accumulated to be used for the acquisition, construction, and/or renovation projects for the School Department.

Exhibit J-1

Lincoln County, Tennessee
Statement of Activities
Discretely Presented Lincoln County School Department
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 18,788,679	\$ 0	\$ 2,923,190	\$ (15,865,489)
Support Services	8,643,883	43,765	423,455	(8,176,663)
Operation of Non-instructional Services	7,072,906	825,922	1,529,576	(4,717,408)
Total Governmental Activities	\$ 34,505,468	\$ 869,687	\$ 4,876,221	\$ (28,759,560)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,534,669
Local Option Sales Tax				2,842,714
Wholesale Beer Tax				97,032
Other Local Taxes				2,291
Grants and Contributions Not Restricted to Specific Programs				22,217,635
Unrestricted Investment Earnings				653
Miscellaneous				10,425
Gain on Sale of Capital Assets				66,393
Total General Revenues				\$ 29,771,812
Change in Net Position				\$ 1,012,252
Net Position, July 1, 2016				32,160,373
Net Position, June 30, 2017				\$ 33,172,625

Exhibit J-2

Lincoln County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Lincoln County School Department
June 30, 2017

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,409	\$ 1,409
Equity in Pooled Cash and Investments	5,099,081	1,126,994	704,376	6,930,451
Inventories	0	0	32,235	32,235
Accounts Receivable	7,545	62,489	12,451	82,485
Due from Other Governments	758,256	0	74,249	832,505
Property Taxes Receivable	3,569,290	1,171,893	0	4,741,183
Allowance for Uncollectible Property Taxes	(63,255)	(20,768)	0	(84,023)
Prepaid Items	568,952	0	0	568,952
Advances to Other Funds	1,000,000	0	0	1,000,000
Total Assets	\$ 10,939,869	\$ 2,340,608	\$ 824,720	\$ 14,105,197
<u>LIABILITIES</u>				
Accounts Payable	\$ 26,327	\$ 0	\$ 0	\$ 26,327
Accrued Payroll	842,688	0	110,962	953,650
Contracts Payable	0	530,751	0	530,751
Retainage Payable	0	27,934	0	27,934
Advances Payable to Other Funds	0	1,000,000	0	1,000,000
Total Liabilities	\$ 869,015	\$ 1,558,685	\$ 110,962	\$ 2,538,662
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,419,838	\$ 1,122,824	\$ 0	\$ 4,542,662
Deferred Delinquent Property Taxes	80,619	26,470	0	107,089
Other Deferred/Unavailable Revenue	235,879	0	58,912	294,791
Total Deferred Inflows of Resources	\$ 3,736,336	\$ 1,149,294	\$ 58,912	\$ 4,944,542

(Continued)

Exhibit J-2

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 32,235	\$ 32,235
Long-term Advances Receivable	1,000,000	0	0	1,000,000
Prepaid Items	568,952	0	0	568,952
Restricted:				
Restricted for Education	50,761	0	431,131	481,892
Committed:				
Committed for Education	2,495,240	0	191,480	2,686,720
Assigned:				
Assigned for Education	587,680	0	0	587,680
Unassigned	1,631,885	(367,371)	0	1,264,514
Total Fund Balances	<u>\$ 6,334,518</u>	<u>\$ (367,371)</u>	<u>\$ 654,846</u>	<u>\$ 6,621,993</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,939,869</u>	<u>\$ 2,340,608</u>	<u>\$ 824,720</u>	<u>\$ 14,105,197</u>

Exhibit J-3

Lincoln County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Lincoln County School Department
June 30, 2017

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	6,621,993
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	957,984	
Add: construction in progress		1,575,759	
Add: buildings and improvements net of accumulated depreciation		21,292,062	
Add: other capital assets net of accumulated depreciation		<u>3,740,000</u>	27,565,805
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability	\$	(741,406)	
Less: net pension liability - teacher legacy pension plan		(2,505,848)	
Less: compensated absences payable		<u>(34,148)</u>	(3,281,402)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	4,945,970	
Less: deferred inflows of resources related to pensions		<u>(3,374,561)</u>	1,571,409
(4) Net pension assets of the agent and cost-sharing plans are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent pension plan	\$	260,774	
Add: net pension asset - teacher retirement pension plan		<u>32,166</u>	292,940
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>401,880</u>
Net position of governmental activities (Exhibit A)		\$	<u>33,172,625</u>

Exhibit J-4

Lincoln County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Lincoln County School Department
For the Year Ended June 30, 2017

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 6,370,938	\$ 1,122,319	\$ 0	\$ 7,493,257
Licenses and Permits	1,736	0	0	1,736
Charges for Current Services	61,158	0	808,529	869,687
Other Local Revenues	216,334	0	8,609	224,943
State of Tennessee	22,578,999	0	0	22,578,999
Federal Government	0	0	4,471,976	4,471,976
Other Governments and Citizens Groups	64,757	0	0	64,757
Total Revenues	<u>\$ 29,293,922</u>	<u>\$ 1,122,319</u>	<u>\$ 5,289,114</u>	<u>\$ 35,705,355</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 17,509,403	\$ 0	\$ 1,625,191	\$ 19,134,594
Support Services	9,603,955	0	1,363,118	10,967,073
Operation of Non-Instructional Services	1,092,930	0	2,332,606	3,425,536
Capital Outlay	690,545	1,608,843	0	2,299,388
Total Expenditures	<u>\$ 28,896,833</u>	<u>\$ 1,608,843</u>	<u>\$ 5,320,915</u>	<u>\$ 35,826,591</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 397,089</u>	<u>\$ (486,524)</u>	<u>\$ (31,801)</u>	<u>\$ (121,236)</u>
Net Change in Fund Balances	\$ 397,089	\$ (486,524)	\$ (31,801)	\$ (121,236)
Fund Balance, July 1, 2016	<u>5,937,429</u>	<u>119,153</u>	<u>686,647</u>	<u>6,743,229</u>
Fund Balance, June 30, 2017	<u>\$ 6,334,518</u>	<u>\$ (367,371)</u>	<u>\$ 654,846</u>	<u>\$ 6,621,993</u>

Exhibit J-5

Lincoln County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Discretely Presented Lincoln County School Department
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (121,236)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,190,112	
Less: current-year depreciation expense	<u>(1,973,944)</u>	216,168
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(160,227)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$ 401,880	
Less: deferred delinquent property taxes and other deferred June 30, 2016	<u>(429,288)</u>	(27,408)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (1,401)	
Change in other postemployment benefits liability	29,436	
Change in net pension asset - agent pension plan	(338,180)	
Change in net pension asset - teacher retirement pension plan	19,699	
Change in net pension liability - teacher legacy pension plan	(2,347,296)	
Change in deferred outflows of resources for pensions	3,230,420	
Change in deferred inflows of resources for pensions	<u>512,277</u>	<u>1,104,955</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,012,252</u>

Lincoln County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Lincoln County School Department
June 30, 2017

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,409	\$ 0	\$ 1,409
Equity in Pooled Cash and Investments	110,795	457,549	136,032	704,376
Inventories	0	32,235	0	32,235
Accounts Receivable	1,250	3,005	8,196	12,451
Due from Other Governments	64,942	9,307	0	74,249
Total Assets	<u>\$ 176,987</u>	<u>\$ 503,505</u>	<u>\$ 144,228</u>	<u>\$ 824,720</u>
<u>LIABILITIES</u>				
Accrued Payroll	\$ 73,828	\$ 37,134	\$ 0	\$ 110,962
Total Liabilities	<u>\$ 73,828</u>	<u>\$ 37,134</u>	<u>\$ 0</u>	<u>\$ 110,962</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Other Deferred/Unavailable Revenue	\$ 55,907	\$ 3,005	\$ 0	\$ 58,912
Total Deferred Inflows of Resources	<u>\$ 55,907</u>	<u>\$ 3,005</u>	<u>\$ 0</u>	<u>\$ 58,912</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 32,235	\$ 0	\$ 32,235
Restricted:				
Restricted for Education	0	431,131	0	431,131
Committed:				
Committed for Education	47,252	0	144,228	191,480
Total Fund Balances	<u>\$ 47,252</u>	<u>\$ 463,366</u>	<u>\$ 144,228</u>	<u>\$ 654,846</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 176,987</u>	<u>\$ 503,505</u>	<u>\$ 144,228</u>	<u>\$ 824,720</u>

Exhibit J-7

Lincoln County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Lincoln County School Department
For the Year Ended June 30, 2017

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 693,757	\$ 114,772	\$ 808,529
Other Local Revenues	0	8,609	0	8,609
Federal Government	2,961,461	1,510,515	0	4,471,976
Total Revenues	<u>\$ 2,961,461</u>	<u>\$ 2,212,881</u>	<u>\$ 114,772</u>	<u>\$ 5,289,114</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 1,625,191	\$ 0	\$ 0	\$ 1,625,191
Support Services	1,363,118	0	0	1,363,118
Operation of Non-Instructional Services	0	2,241,904	90,702	2,332,606
Total Expenditures	<u>\$ 2,988,309</u>	<u>\$ 2,241,904</u>	<u>\$ 90,702</u>	<u>\$ 5,320,915</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (26,848)</u>	<u>\$ (29,023)</u>	<u>\$ 24,070</u>	<u>\$ (31,801)</u>
Net Change in Fund Balances	<u>\$ (26,848)</u>	<u>\$ (29,023)</u>	<u>\$ 24,070</u>	<u>\$ (31,801)</u>
Fund Balance, July 1, 2016	74,100	492,389	120,158	686,647
Fund Balance, June 30, 2017	<u>\$ 47,252</u>	<u>\$ 463,366</u>	<u>\$ 144,228</u>	<u>\$ 654,846</u>

Exhibit J-8

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lincoln County School Department
General Purpose School Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 6,370,938	\$ 0	\$ 0	\$ 6,370,938	\$ 6,095,170	\$ 6,095,170	\$ 275,768
Licenses and Permits	1,736	0	0	1,736	2,000	2,000	(264)
Charges for Current Services	61,158	0	0	61,158	95,338	95,338	(34,180)
Other Local Revenues	216,334	0	0	216,334	8,950	142,156	74,178
State of Tennessee	22,578,999	0	0	22,578,999	21,250,908	22,557,641	21,358
Other Governments and Citizens Groups	64,757	0	0	64,757	10,703	62,149	2,608
Total Revenues	\$ 29,293,922	\$ 0	\$ 0	\$ 29,293,922	\$ 27,463,069	\$ 28,954,454	\$ 339,468
Expenditures							
Instruction							
Regular Instruction Program	\$ 14,013,313	\$ (211,511)	\$ 39,993	\$ 13,841,795	\$ 14,859,853	\$ 14,709,542	\$ 867,747
Alternative Instruction Program	228,983	0	0	228,983	202,191	231,188	2,205
Special Education Program	1,982,114	(1,258)	0	1,980,856	1,976,409	2,009,009	28,153
Career and Technical Education Program	1,217,913	0	0	1,217,913	1,295,542	1,293,098	75,185
Student Body Education Program	67,080	0	0	67,080	101,338	117,138	50,058
Support Services							
Attendance	176,662	0	0	176,662	176,865	183,326	6,664
Health Services	369,719	0	0	369,719	246,488	378,560	8,841
Other Student Support	739,594	0	3,529	743,123	672,853	780,829	37,706
Regular Instruction Program	962,208	(1,348)	5,746	966,606	925,583	1,004,074	37,468
Special Education Program	174,908	0	0	174,908	172,083	183,583	8,675
Career and Technical Education Program	128,814	(2,406)	0	126,408	140,940	153,384	26,976
Technology	31,093	0	0	31,093	0	32,309	1,216
Other Programs	113,137	0	0	113,137	0	113,137	0
Board of Education	733,299	0	0	733,299	820,326	820,326	87,027
Director of Schools	287,087	0	0	287,087	340,238	348,633	61,546
Office of the Principal	1,463,987	0	0	1,463,987	1,467,064	1,491,659	27,672
Operation of Plant	1,898,369	0	0	1,898,369	2,110,665	2,120,062	221,693
Maintenance of Plant	932,099	(39,374)	24,602	917,327	962,302	965,021	47,694

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 1,592,979	\$ (276,520)	\$ 273,124	\$ 1,589,583	\$ 1,817,769	\$ 1,875,152	\$ 285,569
<u>Operation of Non-Instructional Services</u>							
Food Service	56,064	0	923	56,987	55,957	57,237	250
Community Services	265,690	0	0	265,690	12,603	330,000	64,310
Early Childhood Education	771,176	(322)	6,715	777,569	163,129	850,780	73,211
<u>Capital Outlay</u>							
Regular Capital Outlay	690,545	(331,059)	233,048	592,534	355,000	604,409	11,875
Total Expenditures	<u>\$ 28,896,833</u>	<u>\$ (863,798)</u>	<u>\$ 587,680</u>	<u>\$ 28,620,715</u>	<u>\$ 28,875,198</u>	<u>\$ 30,652,456</u>	<u>\$ 2,031,741</u>
Excess (Deficiency) of Revenues							
Over Expenditures	<u>\$ 397,089</u>	<u>\$ 863,798</u>	<u>\$ (587,680)</u>	<u>\$ 673,207</u>	<u>\$ (1,412,129)</u>	<u>\$ (1,698,002)</u>	<u>\$ 2,371,209</u>
Net Change in Fund Balance							
Fund Balance, July 1, 2016	\$ 5,937,429	(863,798)	0	5,073,631	4,439,225	5,073,631	0
Fund Balance, June 30, 2017	<u>\$ 6,334,518</u>	<u>\$ 0</u>	<u>\$ (587,680)</u>	<u>\$ 5,746,838</u>	<u>\$ 3,027,096</u>	<u>\$ 3,375,629</u>	<u>\$ 2,371,209</u>

Exhibit J-9

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lincoln County School Department
School Federal Projects Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,961,461	\$ 0	\$ 2,961,461	\$ 3,074,522	\$ 3,232,611	\$ (271,150)
Total Revenues	\$ 2,961,461	\$ 0	\$ 2,961,461	\$ 3,074,522	\$ 3,232,611	\$ (271,150)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 867,688	\$ 2,013	\$ 869,701	\$ 910,537	\$ 952,761	\$ 83,060
Alternative Instruction Program	61,914	0	61,914	51,865	62,965	1,051
Special Education Program	645,699	0	645,699	656,977	652,651	6,952
Career and Technical Education Program	49,890	0	49,890	49,228	49,890	0
<u>Support Services</u>						
Other Student Support	18,750	0	18,750	102,195	101,674	82,924
Regular Instruction Program	1,072,915	0	1,072,915	1,173,931	1,130,930	58,015
Special Education Program	165,475	0	165,475	182,809	173,350	7,875
Career and Technical Education Program	1,360	0	1,360	1,500	1,360	0
Transportation	104,618	0	104,618	102,480	107,030	2,412
Total Expenditures	\$ 2,988,309	\$ 2,013	\$ 2,990,322	\$ 3,231,522	\$ 3,232,611	\$ 242,289
Excess (Deficiency) of Revenues Over Expenditures	\$ (26,848)	\$ (2,013)	\$ (28,861)	\$ (157,000)	\$ 0	\$ (28,861)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 157,000	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 157,000	\$ 0	\$ 0

(Continued)

Exhibit J-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (26,848)	\$ (2,013)	\$ (28,861)	0	0	\$ (28,861)
Fund Balance, July 1, 2016	74,100	0	74,100	74,100	74,100	0
Fund Balance, June 30, 2017	\$ 47,252	\$ (2,013)	\$ 45,239	\$ 74,100	\$ 74,100	\$ (28,861)

Exhibit J-10

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lincoln County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 693,757	\$ 0	\$ 693,757	\$ 736,000	\$ 736,000	\$ (42,243)
Other Local Revenues	8,609	0	8,609	4,600	4,600	4,009
Federal Government	1,510,515	0	1,510,515	1,323,000	1,456,295	54,220
Total Revenues	\$ 2,212,881	\$ 0	\$ 2,212,881	\$ 2,063,600	\$ 2,196,895	\$ 15,986
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,241,904	\$ (1,875)	\$ 2,240,029	\$ 2,122,662	\$ 2,286,217	\$ 46,188
Total Expenditures	\$ 2,241,904	\$ (1,875)	\$ 2,240,029	\$ 2,122,662	\$ 2,286,217	\$ 46,188
Excess (Deficiency) of Revenues Over Expenditures	\$ (29,023)	\$ 1,875	\$ (27,148)	\$ (59,062)	\$ (89,322)	\$ 62,174
Net Change in Fund Balance	\$ (29,023)	\$ 1,875	\$ (27,148)	\$ (59,062)	\$ (89,322)	\$ 62,174
Fund Balance, July 1, 2016	492,389	(1,875)	490,514	486,242	490,514	0
Fund Balance, June 30, 2017	\$ 463,366	\$ 0	\$ 463,366	\$ 427,180	\$ 401,192	\$ 62,174

Exhibit J-11

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Lincoln County School Department
Extended School Program Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 114,772	\$ 104,500	\$ 104,500	\$ 10,272
Total Revenues	\$ 114,772	\$ 104,500	\$ 104,500	\$ 10,272
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Community Services	\$ 90,702	\$ 104,500	\$ 115,225	\$ 24,523
Total Expenditures	\$ 90,702	\$ 104,500	\$ 115,225	\$ 24,523
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,070	\$ 0	\$ (10,725)	\$ 34,795
Net Change in Fund Balance	\$ 24,070	\$ 0	\$ (10,725)	\$ 34,795
Fund Balance, July 1, 2016	120,158	94,819	120,158	0
Fund Balance, June 30, 2017	\$ 144,228	\$ 94,819	\$ 109,433	\$ 34,795

MISCELLANEOUS SCHEDULES

Exhibit K-1

Lincoln County, Tennessee
Schedule of Changes in Long-term Notes, Bonds, and Other Loans
For the Year Ended June 30, 2017

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-17
GOVERNMENTAL ACTIVITIES								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Renovations	\$ 1,000,000	2.195 %	4-14-15	4-1-27	\$ 925,000	\$ 0	\$ 80,000	\$ 845,000
Total Notes Payable					\$ 925,000	\$ 0	\$ 80,000	\$ 845,000
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation School Refunding	14,765,000	4 to 5.25	8-1-01	4-1-21	\$ 6,005,000	\$ 0	\$ 1,645,000	\$ 4,360,000
General Obligation Refunding	6,470,000	3.9	6-12-07	5-1-21	1,740,000	0	320,000	1,420,000
General Obligation	7,000,000	3.25	3-6-14	6-1-34	6,210,000	0	275,000	5,935,000
Total Bonds Payable					\$ 13,955,000	\$ 0	\$ 2,240,000	\$ 11,715,000
BUSINESS-TYPE ACTIVITY								
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through Sewer Fund</u>								
State Revolving Loan	3,558,000	0.91	9-18-15	9-20-28	\$ 1,980,556	\$ 1,399,544	\$ 115,974	\$ 3,264,126
State Revolving Loan	600,000	0.75	11-10-16	4-20-37	0	600,000	4,636	595,364
Total Other Loans Payable					\$ 1,980,556	\$ 1,999,544	\$ 120,610	\$ 3,859,490

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes		Total
	Principal	Interest	
2018	\$ 80,000	\$ 18,548	\$ 98,548
2019	80,000	16,792	96,792
2020	80,000	15,036	95,036
2021	80,000	13,280	93,280
2022	85,000	11,524	96,524
2023	85,000	9,658	94,658
2024	85,000	7,792	92,792
2025	90,000	5,926	95,926
2026	90,000	3,951	93,951
2027	90,000	1,975	91,975
Total	\$ 845,000	\$ 104,482	\$ 949,482

Year Ending June 30	Bonds		Total
	Principal	Interest	
2018	\$ 2,050,000	\$ 469,286	\$ 2,519,286
2019	2,010,000	375,021	2,385,021
2020	1,685,000	283,216	1,968,216
2021	1,170,000	208,768	1,378,768
2022	300,000	158,930	458,930
2023	310,000	149,930	459,930
2024	320,000	140,630	460,630
2025	330,000	131,030	461,030
2026	340,000	121,130	461,130
2027	350,000	110,930	460,930
2028	365,000	99,992	464,992
2029	375,000	88,313	463,313
2030	390,000	76,125	466,125
2031	405,000	62,963	467,963
2032	420,000	48,787	468,787
2033	440,000	33,562	473,562
2034	455,000	17,063	472,063
Total	\$ 11,715,000	\$ 2,575,676	\$ 14,290,676

(Continued)

Exhibit K-2

Lincoln County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

BUSINESS-TYPE ACTIVITY

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2018	\$ 183,816	\$ 33,420	\$ 3,024	\$ 220,260
2019	185,436	31,800	2,868	220,104
2020	187,092	30,144	2,724	219,960
2021	188,760	28,476	2,568	219,804
2022	190,440	26,796	2,424	219,660
2023	192,132	25,104	2,268	219,504
2024	193,836	23,400	2,112	219,348
2025	195,564	21,672	1,956	219,192
2026	197,304	19,932	1,800	219,036
2027	199,056	18,180	1,632	218,868
2028	200,832	16,404	1,476	218,712
2029	202,620	14,616	1,320	218,556
2030	204,420	12,816	1,152	218,388
2031	206,232	11,004	996	218,232
2032	208,080	9,156	828	218,064
2033	209,928	7,308	660	217,896
2034	211,800	5,436	492	217,728
2035	213,672	3,564	324	217,560
2036	215,580	1,656	156	217,392
2037	72,890	151	16	73,057
Total	\$ 3,859,490	\$ 341,035	\$ 30,796	\$ 4,231,321

Exhibit K-3

Lincoln County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Lincoln County School Department
For the Year Ended June 30, 2017

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 79,949	\$ 100,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	76,143	100,000	"
Director of Schools	State Board of Education and Local Board of Education	132,905 (1) (5)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	69,221	1,146,899	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	69,221	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	69,221	100,000	"
Circuit and General Sessions Courts Clerk: Clerk and Master	Section 8-24-102, <i>TCA</i>	69,221	100,000	"
	Section 8-24-102, <i>TCA</i> , and Chancery Judge	69,221 (2)	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	69,221	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	76,143 (3)	100,000	"
Director of Finance	County Commission	78,294 (4)	100,000	"
Employee Blanket Bonds				
	Public Employee Dishonesty - County Departments		400,000	Local Government Property and Casualty Fund
	Public Employee Dishonesty - School Departments		400,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$1,000 and a travel allowance of \$600 per month.
(2) Does not include special commissioner fees of \$1,317.
(3) Does not include a law enforcement training supplement of \$600.
(4) Includes \$10,000 for serving as the solid waste administrative officer.
(5) Director of Schools is additionally covered by the employee fidelity insurance pursuant to Section 8-19-101, *TCA*.

Exhibit K-4

Lincoln County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2017

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 5,644,392	\$ 0	\$ 0	\$ 0	\$ 971,448	\$ 1,102,371
Trustee's Collections - Prior Year	147,613	0	0	0	25,409	28,834
Trustee's Collections - Bankruptcy	15,542	0	0	0	2,694	2,970
Circuit Clerk/Clerk and Master Collections - Prior Years	47,219	0	0	0	8,128	9,223
Interest and Penalty	28,221	0	0	0	4,857	5,512
Payments in-Lieu-of Taxes - T.V.A.	2,733	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	248,906	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	617,269	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	1,245,672	0	0	0	0	0
Hotel/Motel Tax	135,800	0	0	0	0	0
Wheel Tax	196,511	0	0	0	1,267,229	799,498
Litigation Tax - General	93,290	0	0	0	0	0
Litigation Tax - Special Purpose	113,958	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	34,824	0	0	0	0	91,129
Litigation Tax - Courthouse Security	93,228	0	0	0	0	0
Business Tax	312,791	0	0	0	0	0
Mixed Drink Tax	14	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	37,074	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	106,157	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	2,199
Total Local Taxes	\$ 9,084,140	\$ 0	\$ 0	\$ 0	\$ 2,316,839	\$ 2,041,736

(Continued)

Exhibit K-4

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 106,733	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	3,304	0	0	0	0	0
Building Permits	100	0	0	0	0	0
Other Permits	4,320	0	0	0	0	0
Total Licenses and Permits	\$ 114,457	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 435	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	8,744	0	0	0	0	0
Drug Control Fines	5,647	0	9,388	0	0	0
Jail Fees	3,388	0	0	0	0	0
DUI Treatment Fines	115	0	0	0	0	0
Data Entry Fee - Circuit Court	4,855	0	0	0	0	0
Courtroom Security Fee	427	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	20,724	0	0	0	0	0
Officers Costs	56,905	0	0	0	0	0
Game and Fish Fines	279	0	0	0	0	0
Drug Control Fines	2,569	0	3,676	0	0	0
Drug Court Fees	10,218	0	0	0	0	0
Jail Fees	24,238	0	0	0	0	0
Judicial Commissioner Fees	3,200	0	0	0	0	0
DUI Treatment Fines	10,272	0	0	0	0	0

(Continued)

Exhibit K-4

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Data Entry Fee - General Sessions Court	\$ 15,308	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	4,938	0	0	0	0	0
<u>Juvenile Court</u>						
Officers Costs	270	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,861	0	0	0	0	0
Data Entry Fee - Chancery Court	2,426	0	0	0	0	0
Courtroom Security Fee	25	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	15,716	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	53,308	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	51,440	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 194,560	\$ 0	\$ 117,812	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 62,374	\$ 0	\$ 0	\$ 0	\$ 0
Residential Waste Collection Charge	0	1,091,056	0	0	0	0
Patient Charges	4,610	0	0	0	0	0
<u>Fees</u>						
Copy Fees	151	0	0	0	0	0
Archives and Records Management Fee	5,116	0	0	0	0	0
Greenbelt Late Application Fee	250	0	0	0	0	0

(Continued)

Exhibit K-4

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	\$ 58,438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	41,733	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	1,317	0	0
Data Processing Fee - Register	10,818	0	0	0	0	0
Data Processing Fee - Sheriff	3,690	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,973	0	0	0	0	0
Data Processing Fee - County Clerk	2,961	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	2,643	0	0	0	0	0
Total Charges for Current Services	\$ 136,383	\$ 1,153,430	\$ 0	\$ 1,317	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 112,877	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	52,680	0	0	0	0	0
Sale of Materials and Supplies	0	6,114	0	0	15,006	0
Commissary Sales	3,464	0	0	0	0	0
Miscellaneous Refunds	92,933	8,261	0	0	9,934	0
Total Other Local Revenues	\$ 261,954	\$ 14,375	\$ 0	\$ 0	\$ 24,940	\$ 0
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 496,913	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	104,413	0	0	0	0	0
General Sessions Court Clerk	239,391	0	0	0	0	0

(Continued)

Exhibit K-4

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
Clerk and Master	\$ 101,015	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Register	140,389	0	0	0	0	0
Sheriff	16,812	0	0	0	0	0
Trustee	421,040	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,519,973	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
On-behalf Contributions for OPEB	450	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	20,400	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	310,817	0	0	0	0	0
Other Health and Welfare Grants	10,000	28,634	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	349,867	0
Litter Program	22,187	0	0	0	0	0
<u>Other State Revenues</u>						
Vehicle Certificate of Title Fees	9,167	0	0	0	0	0
Alcoholic Beverage Tax	80,741	0	0	0	0	0
Emergency Hospital - Prisoners	52,355	0	0	0	0	0
Contracted Prisoner Boarding	815,595	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,018,756	0
Petroleum Special Tax	0	0	0	0	24,071	0

(Continued)

Exhibit K-4

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Shared Sales Tax - Cities	5,257	0	0	0	0	0
Other State Grants	49,432	0	0	0	0	0
Other State Revenues	47,463	21,637	0	0	0	0
Total State of Tennessee	\$ 1,448,028	\$ 50,271	\$ 0	\$ 0	\$ 2,392,694	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 71,264	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	38,848	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	5,959	0	0	0	0	0
Total Federal Government	\$ 116,071	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Citizens Groups</u>						
Donations	\$ 47,948	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 47,948	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 12,923,514	\$ 1,218,076	\$ 117,812	\$ 1,317	\$ 4,734,473	\$ 2,041,736

(Continued)

Exhibit K-4

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

	Capital Projects Fund		General Capital Projects	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$	0	\$	7,718,211
Trustee's Collections - Prior Year		0		201,856
Trustee's Collections - Bankruptcy		0		21,206
Circuit Clerk/Clerk and Master Collections - Prior Years		0		64,570
Interest and Penalty		0		38,590
Payments in-Lieu-of Taxes - T.V.A.		0		2,733
Payments in-Lieu-of Taxes - Local Utilities		0		248,906
Payments in-Lieu-of Taxes - Other		0		617,269
<u>County Local Option Taxes</u>				
Local Option Sales Tax		0		1,245,672
Hotel/Motel Tax		0		135,800
Wheel Tax		0		2,263,238
Litigation Tax - General		0		93,290
Litigation Tax - Special Purpose		0		113,958
Litigation Tax - Jail, Workhouse, or Courthouse		0		125,953
Litigation Tax - Courthouse Security		0		93,228
Business Tax		0		312,791
Mixed Drink Tax		0		14
Mineral Severance Tax		0		37,074
<u>Statutory Local Taxes</u>				
Bank Excise Tax		0		106,157
Interstate Telecommunications Tax		0		2,199
Total Local Taxes	\$	0	\$	13,442,715

(Continued)

Exhibit K-4

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

	<u>Capital Projects Fund</u>		<u>General Capital Projects</u>	<u>Total</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$	0	\$	106,733
<u>Permits</u>				
Beer Permits		0		3,304
Building Permits		0		100
Other Permits		0		4,320
Total Licenses and Permits	\$	0	\$	114,457
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$	0	\$	435
Officers Costs		0		8,744
Drug Control Fines		0		15,035
Jail Fees		0		3,388
DUI Treatment Fines		0		115
Data Entry Fee - Circuit Court		0		4,855
Courtroom Security Fee		0		427
<u>General Sessions Court</u>				
Fines		0		20,724
Officers Costs		0		56,905
Game and Fish Fines		0		279
Drug Control Fines		0		6,245
Drug Court Fees		0		10,218
Jail Fees		0		24,238
Judicial Commissioner Fees		0		3,200
DUI Treatment Fines		0		10,272

(Continued)

Exhibit K-4

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

	Capital Projects Fund		General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>General Sessions Court (Cont.)</u>				
Data Entry Fee - General Sessions Court	\$ 0	\$	15,308	
Courtroom Security Fee	0		4,938	
<u>Juvenile Court</u>				
Officers Costs	0		270	
<u>Chancery Court</u>				
Officers Costs	0		3,861	
Data Entry Fee - Chancery Court	0		2,426	
Courtroom Security Fee	0		25	
<u>Other Courts - In-county</u>				
Fines	0		15,716	
<u>Judicial District Drug Program</u>				
Drug Task Force Forfeitures and Seizures	0		53,308	
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0		51,440	
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$</u>	<u>312,372</u>	
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Commercial and Industrial Waste Collection Charge	\$ 0	\$	62,374	
Residential Waste Collection Charge	0		1,091,056	
Patient Charges	0		4,610	
<u>Fees</u>				
Copy Fees	0		151	
Archives and Records Management Fee	0		5,116	
Greenbelt Late Application Fee	0		250	

(Continued)

Exhibit K-4

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

	<u>Capital Projects Fund</u>		<u>General Capital Projects</u>	<u>Total</u>
<u>Charges for Current Services (Cont.)</u>				
<u>Fees (Cont.)</u>				
Telephone Commissions	\$ 0	\$	58,438	
Vending Machine Collections	0		41,733	
Special Commissioner Fees/Special Master Fees	0		1,317	
Data Processing Fee - Register	0		10,818	
Data Processing Fee - Sheriff	0		3,690	
Sexual Offender Registration Fee - Sheriff	0		5,973	
Data Processing Fee - County Clerk	0		2,961	
<u>Education Charges</u>				
Other Charges for Services	0		2,643	
Total Charges for Current Services	<u>\$ 0</u>	\$	<u>1,291,130</u>	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 95	\$	112,972	
Lease/Rentals	0		52,680	
Sale of Materials and Supplies	0		21,120	
Commissary Sales	0		3,464	
Miscellaneous Refunds	0		111,128	
Total Other Local Revenues	<u>\$ 95</u>	\$	<u>301,364</u>	
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$ 0	\$	496,913	
Circuit Court Clerk	0		104,413	
General Sessions Court Clerk	0		239,391	

(Continued)

Exhibit K-4

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

	<u>Capital Projects Fund</u>		<u>General Capital Projects</u>	<u>Total</u>
<u>Fees Received From County Officials (Cont.)</u>				
<u>Fees In-Lieu-of Salary (Cont.)</u>				
Clerk and Master	\$	0	\$	101,015
Register		0		140,389
Sheriff		0		16,812
Trustee		0		421,040
Total Fees Received From County Officials	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>1,519,973</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$	0	\$	9,000
On-behalf Contributions for OPEB		0		450
<u>Public Safety Grants</u>				
Law Enforcement Training Programs		0		20,400
<u>Health and Welfare Grants</u>				
Health Department Programs		0		310,817
Other Health and Welfare Grants		0		38,634
<u>Public Works Grants</u>				
State Aid Program		0		349,867
Litter Program		0		22,187
<u>Other State Revenues</u>				
Vehicle Certificate of Title Fees		0		9,167
Alcoholic Beverage Tax		0		80,741
Emergency Hospital - Prisoners		0		52,355
Contracted Prisoner Boarding		0		815,595
Gasoline and Motor Fuel Tax		0		2,018,756
Petroleum Special Tax		0		24,071

(Continued)

Exhibit K-4

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

	<u>Capital Projects Fund</u>		<u>General Capital Projects</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Registrar's Salary Supplement	\$	0	\$	15,164
State Shared Sales Tax - Cities		0		5,257
Other State Grants		0		49,432
Other State Revenues		0		69,100
Total State of Tennessee	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>3,890,993</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
Homeland Security Grants	\$	0	\$	71,264
Law Enforcement Grants		0		38,848
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue		0		5,959
Total Federal Government	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>116,071</u>
<u>Other Governments and Citizens Groups</u>				
<u>Citizens Groups</u>				
Donations	\$	0	\$	47,948
Total Other Governments and Citizens Groups	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>47,948</u>
Total	<u>\$</u>	<u>95</u>	<u>\$</u>	<u>21,037,023</u>

Exhibit K-5

Lincoln County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Lincoln County School Department
For the Year Ended June 30, 2017

	Special Revenue Funds				Capital Projects Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,279,936	\$ 0	\$ 0	\$ 0	\$ 1,076,867	\$ 4,356,803
Trustee's Collections - Prior Year	85,205	0	0	0	28,157	113,362
Trustee's Collections - Bankruptcy	9,095	0	0	0	2,900	11,995
Circuit Clerk/Clerk and Master Collections - Prior Years	28,104	0	0	0	9,010	37,114
Interest and Penalty	15,737	0	0	0	5,385	21,122
<u>County Local Option Taxes</u>						
Local Option Sales Tax	2,853,751	0	0	0	0	2,853,751
Mixed Drink Tax	10	0	0	0	0	10
<u>Statutory Local Taxes</u>						
Wholesale Beer Tax	97,032	0	0	0	0	97,032
Interstate Telecommunications Tax	2,068	0	0	0	0	2,068
Total Local Taxes	\$ 6,370,938	\$ 0	\$ 0	\$ 0	\$ 1,122,319	\$ 7,493,257
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,736	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,736
Total Licenses and Permits	\$ 1,736	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,736
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	\$ 0	\$ 0	\$ 515,321	\$ 0	\$ 0	\$ 515,321
Lunch Payments - Adults	0	0	38,151	0	0	38,151
Income from Breakfast	0	0	105,007	0	0	105,007
Special Milk Sales	0	0	1,848	0	0	1,848

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Capital Projects Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
A la Carte Sales	\$ 0	\$ 0	\$ 33,430	\$ 0	\$ 0	\$ 33,430
Receipts from Individual Schools	43,765	0	0	0	0	43,765
Community Service Fees - Children	0	0	0	114,772	0	114,772
Other Charges for Services	17,393	0	0	0	0	17,393
Total Charges for Current Services	\$ 61,158	\$ 0	\$ 693,757	\$ 114,772	\$ 0	\$ 869,687
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 653	\$ 0	\$ 0	\$ 653
Sale of Materials and Supplies	1,549	0	0	0	0	1,549
E-Rate Funding	7,594	0	0	0	0	7,594
Miscellaneous Refunds	207,191	0	7,956	0	0	215,147
Total Other Local Revenues	\$ 216,334	\$ 0	\$ 8,609	\$ 0	\$ 0	\$ 224,943
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 113,137	\$ 0	\$ 0	\$ 0	\$ 0	\$ 113,137
<u>State Education Funds</u>						
Basic Education Program	20,343,097	0	0	0	0	20,343,097
Early Childhood Education	686,835	0	0	0	0	686,835
School Food Service	19,061	0	0	0	0	19,061
Driver Education	18,652	0	0	0	0	18,652
Other State Education Funds	438,404	0	0	0	0	438,404
Career Ladder Program	89,948	0	0	0	0	89,948

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Capital Projects Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 68,032	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,032
Beer Tax	13,463	0	0	0	0	13,463
State Revenue Sharing - T.V.A.	788,370	0	0	0	0	788,370
Total State of Tennessee	<u>\$ 22,578,999</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,578,999</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 923,546	\$ 0	\$ 0	\$ 923,546
USDA - Commodities	0	0	108,295	0	0	108,295
Breakfast	0	0	417,551	0	0	417,551
USDA - Other	0	0	37,871	0	0	37,871
Vocational Education - Basic Grants to States	0	61,728	0	0	0	61,728
Title I Grants to Local Education Agencies	0	851,026	0	0	0	851,026
Special Education - Grants to States	0	940,994	0	0	0	940,994
Special Education Preschool Grants	0	35,443	0	0	0	35,443
English Language Acquisition Grants	0	3,944	0	0	0	3,944
Rural Education	0	74	0	0	0	74
Eisenhower Professional Development State Grants	0	112,406	0	0	0	112,406
Other Federal through State	0	955,846	23,252	0	0	979,098
Total Federal Government	<u>\$ 0</u>	<u>\$ 2,961,461</u>	<u>\$ 1,510,515</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,471,976</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 25,983	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,983

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Capital Projects Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	
<u>Other Governments and Citizens Groups (Cont.)</u>						
<u>Citizens Groups</u>						
Donations	\$ 38,774	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,774
Total Other Governments and Citizens Groups	\$ 64,757	\$ 0	\$ 0	\$ 0	\$ 0	\$ 64,757
 Total	 \$ 29,293,922	 \$ 2,961,461	 \$ 2,212,881	 \$ 114,772	 \$ 1,122,319	 \$ 35,705,355

Exhibit K-6

Lincoln County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2017

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	104,210	
Social Security		6,191	
Employer Medicare		1,511	
On-behalf Payments to OPEB		450	
Contributions		5,050	
Dues and Memberships		2,367	
Legal Notices, Recording, and Court Costs		9,002	
Postal Charges		1,432	
Travel		11,733	
Total County Commission			\$ 141,946

County Mayor/Executive

County Official/Administrative Officer	\$	79,949	
Secretary(ies)		21,158	
Clerical Personnel		28,527	
Other Salaries and Wages		750	
Social Security		7,616	
Pensions		3,493	
Medical Insurance		7,320	
Employer Medicare		1,781	
Communication		2,598	
Dues and Memberships		2,489	
Legal Notices, Recording, and Court Costs		335	
Postal Charges		383	
Travel		4,436	
Duplicating Supplies		1,515	
Office Supplies		1,706	
Periodicals		1,113	
In Service/Staff Development		1,010	
Total County Mayor/Executive			166,179

County Attorney

County Official/Administrative Officer	\$	26,103	
Social Security		1,618	
Employer Medicare		379	
Other Contracted Services		23,037	
Other Charges		1,500	
Total County Attorney			52,637

Election Commission

County Official/Administrative Officer	\$	62,299	
Deputy(ies)		53,963	
Election Commission		14,216	
Election Workers		70,742	
Social Security		8,070	
Pensions		3,791	
Medical Insurance		7,320	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Employer Medicare	\$	1,887	
Communication		6,700	
Data Processing Services		4,921	
Legal Notices, Recording, and Court Costs		11,157	
Maintenance Agreements		7,648	
Postal Charges		3,880	
Printing, Stationery, and Forms		6,078	
Other Contracted Services		10,180	
Duplicating Supplies		1,044	
Office Supplies		3,259	
Other Supplies and Materials		3,469	
In Service/Staff Development		9,264	
Office Equipment		428	
Total Election Commission			\$ 290,316

Register of Deeds

County Official/Administrative Officer	\$	69,221	
Deputy(ies)		59,860	
Social Security		7,815	
Pensions		4,010	
Medical Insurance		21,959	
Employer Medicare		1,828	
Communication		1,682	
Data Processing Services		9,974	
Dues and Memberships		743	
Postal Charges		574	
Duplicating Supplies		1,260	
Office Supplies		6,811	
In Service/Staff Development		1,405	
Office Equipment		2,000	
Total Register of Deeds			189,142

Planning

County Official/Administrative Officer	\$	47,142	
Secretary(ies)		22,011	
Board and Committee Members Fees		4,200	
Social Security		4,114	
Pensions		1,986	
Medical Insurance		13,675	
Employer Medicare		962	
Communication		1,548	
Contracts with Government Agencies		1,012	
Data Processing Services		20,000	
Dues and Memberships		527	
Legal Notices, Recording, and Court Costs		2,469	
Maintenance and Repair Services - Vehicles		575	
Postal Charges		384	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Rentals	\$	7,200	
Duplicating Supplies		1,246	
Gasoline		710	
Office Supplies		1,589	
In Service/Staff Development		1,527	
Other Charges		1,057	
Office Equipment		712	
Total Planning			\$ 134,646

County Buildings

Custodial Personnel	\$	12,332	
Social Security		765	
Employer Medicare		179	
Communication		8,456	
Janitorial Services		86,910	
Maintenance and Repair Services - Buildings		79,524	
Maintenance and Repair Services - Equipment		37,091	
Pest Control		1,554	
Disposal Fees		1,200	
Custodial Supplies		15,574	
Electricity		91,709	
Natural Gas		7,070	
Water and Sewer		3,744	
Building and Contents Insurance		384,835	
Land		6,610	
Other Construction		14,093	
Other Capital Outlay		102	
Total County Buildings			751,748

Preservation of Records

Board and Committee Members Fees	\$	4,500	
Social Security		279	
Employer Medicare		65	
Other Contracted Services		11,850	
Office Supplies		320	
Office Equipment		2,791	
Total Preservation of Records			19,805

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	68,294	
Accountants/Bookkeepers		166,808	
Social Security		13,143	
Pensions		7,512	
Medical Insurance		43,918	
Employer Medicare		3,074	
Communication		2,654	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Contracts with Government Agencies	\$	12,010	
Data Processing Services		17,483	
Dues and Memberships		659	
Legal Notices, Recording, and Court Costs		2,204	
Maintenance Agreements		1,858	
Postal Charges		4,889	
Printing, Stationery, and Forms		4,184	
Travel		288	
Duplicating Supplies		1,915	
Office Supplies		5,287	
Other Supplies and Materials		1,725	
In Service/Staff Development		1,505	
Office Equipment		2,261	
Total Accounting and Budgeting			\$ 361,671

Property Assessor's Office

County Official/Administrative Officer	\$	69,221	
Deputy(ies)		46,789	
Other Salaries and Wages		25,642	
Board and Committee Members Fees		3,444	
Social Security		8,640	
Pensions		4,554	
Medical Insurance		18,244	
Employer Medicare		2,021	
Communication		1,279	
Contracts with Government Agencies		5,782	
Contracts with Private Agencies		10,517	
Dues and Memberships		1,775	
Legal Notices, Recording, and Court Costs		464	
Maintenance Agreements		2,000	
Postal Charges		741	
Travel		620	
Duplicating Supplies		2,978	
Gasoline		1,273	
Office Supplies		1,148	
In Service/Staff Development		832	
Total Property Assessor's Office			207,964

Reappraisal Program

Secretary(ies)	\$	30,381	
Other Salaries and Wages		30,056	
Social Security		3,624	
Pensions		1,485	
Medical Insurance		14,348	
Employer Medicare		848	
Contracts with Government Agencies		2,507	
Total Reappraisal Program			83,249

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	69,221	
Deputy(ies)		55,106	
Other Salaries and Wages		18,246	
Social Security		7,799	
Pensions		4,003	
Medical Insurance		14,639	
Employer Medicare		1,989	
Communication		1,974	
Contracts with Government Agencies		8,270	
Data Processing Services		8,750	
Dues and Memberships		863	
Legal Notices, Recording, and Court Costs		103	
Maintenance Agreements		4,044	
Maintenance and Repair Services - Office Equipment		500	
Postal Charges		7,310	
Duplicating Supplies		564	
Office Supplies		2,768	
In Service/Staff Development		2,659	
Office Equipment		616	
Total County Trustee's Office			\$ 209,424

County Clerk's Office

County Official/Administrative Officer	\$	69,221	
Deputy(ies)		103,116	
Part-time Personnel		320	
Social Security		10,039	
Pensions		5,549	
Medical Insurance		29,279	
Employer Medicare		2,348	
Communication		1,258	
Data Processing Services		7,187	
Dues and Memberships		768	
Maintenance Agreements		6,970	
Postal Charges		5,758	
Printing, Stationery, and Forms		1,326	
Duplicating Supplies		898	
Office Supplies		1,538	
In Service/Staff Development		1,577	
Other Charges		1,803	
Office Equipment		201	
Total County Clerk's Office			249,156

Data Processing

County Official/Administrative Officer	\$	47,390	
Social Security		2,938	
Pensions		1,526	
Employer Medicare		687	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Communication	\$	1,425	
Office Supplies		325	
In Service/Staff Development		365	
Data Processing Equipment		4,347	
Total Data Processing			\$ 59,003

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	69,221	
Clerical Personnel		239,270	
Other Salaries and Wages		1,575	
Jury and Witness Expense		21,951	
Social Security		19,093	
Pensions		9,816	
Medical Insurance		44,515	
Employer Medicare		4,465	
Communication		4,298	
Data Processing Services		15,470	
Dues and Memberships		728	
Legal Notices, Recording, and Court Costs		2,287	
Maintenance Agreements		19,394	
Maintenance and Repair Services - Office Equipment		256	
Postal Charges		3,212	
Printing, Stationery, and Forms		5,827	
Other Contracted Services		1,603	
Duplicating Supplies		1,617	
Office Supplies		8,100	
In Service/Staff Development		638	
Data Processing Equipment		26,152	
Office Equipment		8,143	
Total Circuit Court			507,631

General Sessions Court

Judge(s)	\$	137,505	
Social Security		7,481	
Pensions		4,428	
Medical Insurance		7,320	
Employer Medicare		1,885	
Communication		365	
Dues and Memberships		534	
Travel		972	
Office Supplies		74	
Total General Sessions Court			160,564

Chancery Court

County Official/Administrative Officer	\$	69,221	
Deputy(ies)		109,330	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Other Salaries and Wages	\$	2,738	
Social Security		10,864	
Pensions		5,514	
Medical Insurance		28,660	
Employer Medicare		2,572	
Communication		1,196	
Data Processing Services		8,840	
Dues and Memberships		808	
Legal Notices, Recording, and Court Costs		2,478	
Maintenance Agreements		367	
Maintenance and Repair Services - Office Equipment		472	
Postal Charges		1,903	
Printing, Stationery, and Forms		769	
Duplicating Supplies		1,183	
Office Supplies		3,464	
In Service/Staff Development		4,034	
Office Equipment		5,901	
Total Chancery Court			\$ 260,314

Juvenile Court

Assistant(s)	\$	39,905	
Youth Service Officer(s)		37,982	
Salary Supplements		10,000	
Other Salaries and Wages		15,406	
Social Security		6,261	
Pensions		3,326	
Medical Insurance		14,639	
Employer Medicare		1,464	
Communication		1,579	
Postal Charges		184	
Travel		2,483	
Other Contracted Services		45,313	
Office Supplies		2,677	
Total Juvenile Court			181,219

Judicial Commissioners

Other Salaries and Wages	\$	30,134	
Social Security		1,868	
Employer Medicare		437	
Communication		903	
In Service/Staff Development		599	
Total Judicial Commissioners			33,941

Courtroom Security

Deputy(ies)	\$	105,515	
Overtime Pay		22,251	
Social Security		7,761	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security (Cont.)

Pensions	\$	4,098	
Medical Insurance		15,370	
Employer Medicare		1,815	
Maintenance and Repair Services - Buildings		7,310	
Other Contracted Services		3,211	
Uniforms		2,098	
In Service/Staff Development		8,625	
Law Enforcement Equipment		11,025	
Motor Vehicles		112,408	
Total Courtroom Security			\$ 301,487

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	76,143
Assistant(s)		50,565
Deputy(ies)		577,479
Investigator(s)		166,552
Captain(s)		49,405
Lieutenant(s)		47,920
Sergeant(s)		217,519
Accountants/Bookkeepers		32,990
Salary Supplements		20,400
Temporary Personnel		9,350
Part-time Personnel		18,028
School Resource Officer		15,751
Overtime Pay		73,592
Bonus Payments		12,950
Other Salaries and Wages		6,200
Social Security		86,968
Pensions		44,976
Medical Insurance		188,803
Employer Medicare		20,339
Communication		35,313
Contracts with Government Agencies		408,931
Contributions		5,000
Dues and Memberships		3,505
Maintenance and Repair Services - Equipment		3,806
Maintenance and Repair Services - Office Equipment		2,524
Maintenance and Repair Services - Vehicles		85,588
Medical and Dental Services		34,424
Postal Charges		4,715
Towing Services		2,010
Travel		2,050
Duplicating Supplies		1,724
Gasoline		96,078
Law Enforcement Supplies		21,367
Office Supplies		6,133

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Uniforms	\$	16,825	
Other Supplies and Materials		1,500	
In Service/Staff Development		12,681	
Other Charges		2,518	
Law Enforcement Equipment		41,271	
Motor Vehicles		317,300	
Office Equipment		1,853	
Total Sheriff's Department			\$ 2,823,046

Special Patrols

Overtime Pay	\$	25,713	
Social Security		1,537	
Pensions		828	
Employer Medicare		360	
Total Special Patrols			28,438

Jail

Supervisor/Director	\$	47,920	
Lieutenant(s)		35,929	
Sergeant(s)		132,052	
Guards		883,666	
Cafeteria Personnel		73,535	
Maintenance Personnel		54,515	
Overtime Pay		78,243	
Other Salaries and Wages		116,411	
Social Security		85,839	
Pensions		35,744	
Medical Insurance		241,370	
Employer Medicare		20,044	
Communication		7,144	
Data Processing Services		8,093	
Legal Services		356	
Maintenance and Repair Services - Buildings		31,379	
Maintenance and Repair Services - Equipment		42,276	
Maintenance and Repair Services - Vehicles		9,967	
Medical and Dental Services		233,951	
Pest Control		3,720	
Postal Charges		2,500	
Transportation - Other than Students		3,153	
Disposal Fees		1,920	
Custodial Supplies		53,193	
Drugs and Medical Supplies		35,835	
Duplicating Supplies		902	
Electricity		96,907	
Food Supplies		252,602	
Gasoline		15,707	
Natural Gas		28,513	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Office Supplies	\$	7,926	
Prisoners Clothing		7,454	
Uniforms		13,890	
Water and Sewer		46,316	
Other Supplies and Materials		5,363	
In Service/Staff Development		6,514	
Other Charges		1,358	
Communication Equipment		1,356	
Law Enforcement Equipment		3,565	
Maintenance Equipment		1,277	
Motor Vehicles		415	
Total Jail			\$ 2,728,820

Fire Prevention and Control

Contributions	\$	67,526	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		13,897	
Maintenance and Repair Services - Equipment		8,388	
Maintenance and Repair Services - Vehicles		21,589	
Postal Charges		98	
Electricity		18,877	
Food Supplies		1,517	
Gasoline		6,922	
Natural Gas		6,287	
Office Supplies		502	
Uniforms		46,495	
Water and Sewer		4,401	
Other Supplies and Materials		6,056	
Liability Insurance		4,196	
In Service/Staff Development		4,383	
Other Equipment		209	
Other Capital Outlay		64,272	
Total Fire Prevention and Control			275,815

Civil Defense

Supervisor/Director	\$	47,779	
Deputy(ies)		26,094	
Secretary(ies)		14,315	
Part-time Personnel		2,609	
Social Security		5,492	
Pensions		1,354	
Medical Insurance		11,655	
Employer Medicare		1,285	
Communication		7,971	
Data Processing Services		14,703	
Legal Notices, Recording, and Court Costs		94	
Maintenance and Repair Services - Buildings		566	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Maintenance and Repair Services - Equipment	\$	780	
Maintenance and Repair Services - Office Equipment		594	
Maintenance and Repair Services - Vehicles		7,105	
Pest Control		168	
Postal Charges		139	
Travel		932	
Custodial Supplies		279	
Duplicating Supplies		1,458	
Electricity		6,401	
Gasoline		2,654	
Natural Gas		1,531	
Office Supplies		179	
Road Signs		360	
Uniforms		436	
Water and Sewer		844	
Other Supplies and Materials		986	
In Service/Staff Development		820	
Other Charges		408	
Office Equipment		2,268	
Other Capital Outlay		13,003	
Total Civil Defense			\$ 175,262

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	233,122	
Social Security		14,354	
Pensions		4,444	
Medical Insurance		12,162	
Employer Medicare		3,357	
Communication		2,476	
Contracts with Government Agencies		40,326	
Janitorial Services		46,860	
Maintenance and Repair Services - Equipment		6,254	
Pest Control		216	
Postal Charges		242	
Travel		7,702	
Disposal Fees		480	
Other Contracted Services		396	
Electricity		9,747	
Natural Gas		897	
Office Supplies		517	
Water and Sewer		2,497	
Other Supplies and Materials		1,943	
In Service/Staff Development		350	
Other Charges		29,707	
Total Local Health Center			418,049

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Maternal and Child Health Services

Contracts with Other Public Agencies	\$ 22,500	
Total Maternal and Child Health Services		\$ 22,500

Other Local Welfare Services

Contracts with Other Public Agencies	\$ 8,899	
Total Other Local Welfare Services		8,899

Sanitation Management

Salary Supplements	\$ 1,200	
Other Salaries and Wages	27,447	
Social Security	1,776	
Pensions	922	
Employer Medicare	415	
Contracts with Private Agencies	69,392	
Other Charges	9,243	
Total Sanitation Management		110,395

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$ 14,350	
Total Adult Activities		14,350

Libraries

Contributions	\$ 97,926	
Total Libraries		97,926

Parks and Fair Boards

Contributions	\$ 16,000	
Total Parks and Fair Boards		16,000

Other Social, Cultural, and Recreational

Contributions	\$ 9,200	
Total Other Social, Cultural, and Recreational		9,200

Agriculture and Natural Resources

Agricultural Extension Service

Board and Committee Members Fees	\$ 900	
Communication	1,649	
Contracts with Other Public Agencies	87,455	
Travel	4,000	
Duplicating Supplies	1,758	
Office Supplies	283	
Office Equipment	2,200	
Total Agricultural Extension Service		98,245

Forest Service

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

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	22,212	
Other Salaries and Wages		21,677	
Social Security		2,670	
Pensions		1,159	
Medical Insurance		6,701	
Employer Medicare		624	
Other Charges		2,110	
Total Soil Conservation			\$ 57,153

Other Operations

Industrial Development

Contracts with Government Agencies	\$	134,867	
Contracts with Other Public Agencies		55,231	
Contributions		92,500	
Total Industrial Development			282,598

Other Economic and Community Development

Contracts with Government Agencies	\$	12,144	
Contracts with Other Public Agencies		73,123	
Contributions		291,606	
Travel		1,857	
Total Other Economic and Community Development			378,730

Airport

Airport Improvement	\$	25,940	
Total Airport			25,940

Veterans' Services

Clerical Personnel	\$	11,928	
Part-time Personnel		1,655	
Social Security		842	
Employer Medicare		197	
Communication		1,686	
Maintenance and Repair Services - Vehicles		769	
Postal Charges		51	
Travel		506	
Gasoline		2,093	
Office Supplies		788	
Motor Vehicles		19,162	
Total Veterans' Services			39,677

Contributions to Other Agencies

Contributions	\$	4,900	
Total Contributions to Other Agencies			4,900

Miscellaneous

Unemployment Compensation	\$	9,075	
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(Continued)

Exhibit K-6

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Communication	\$	1,237	
Dues and Memberships		820	
Medical and Dental Services		14,125	
Pauper Burials		400	
Premiums on Corporate Surety Bonds		1,324	
Trustee's Commission		155,438	
Workers' Compensation Insurance		155,060	
Other Charges		25,981	
Total Miscellaneous			\$ 363,460

Total General Fund \$ 12,343,445

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Contributions	\$	30,000	
Total Sanitation Management			\$ 30,000

Convenience Centers

Part-time Personnel	\$	78,021	
Social Security		4,837	
Employer Medicare		1,131	
Communication		6,332	
Contracts with Other Public Agencies		83,640	
Maintenance and Repair Services - Equipment		9,811	
Electricity		3,867	
Water and Sewer		734	
Other Supplies and Materials		367	
Total Convenience Centers			188,740

Other Waste Disposal

County Official/Administrative Officer	\$	10,000	
Clerical Personnel		29,947	
Social Security		2,394	
Pensions		1,286	
Medical Insurance		7,320	
Employer Medicare		560	
Contracts with Government Agencies		105,601	
Contracts with Other Public Agencies		680,698	
Legal Services		1,105	
Travel		30	
Disposal Fees		55,494	
Office Supplies		483	
Trustee's Commission		10,470	
Other Charges		385	
Administration Equipment		1,011	
Motor Vehicles		29,260	
Total Other Waste Disposal			936,044

(Continued)

Exhibit K-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Postclosure Care Costs

Contracts for Postclosure Care Costs	\$ 30,563	
Total Postclosure Care Costs	<u>30,563</u>	\$ 30,563

Total Solid Waste/Sanitation Fund \$ 1,185,347

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 10,000	
Maintenance and Repair Services - Vehicles	225	
Towing Services	2,200	
Other Contracted Services	3,000	
Animal Food and Supplies	2,411	
Law Enforcement Supplies	9,998	
Trustee's Commission	1,179	
In Service/Staff Development	8,066	
Other Charges	1,551	
Motor Vehicles	39,903	
Total Drug Enforcement	<u>78,533</u>	\$ 78,533

Total Drug Control Fund 78,533

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 1,317	
Total Chancery Court	<u>1,317</u>	\$ 1,317

Total Constitutional Officers - Fees Fund 1,317

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 76,143
Assistant(s)	46,030
Accountants/Bookkeepers	40,914
Longevity Pay	1,000
Overtime Pay	1,034
Social Security	10,256
Pensions	5,322
Medical Insurance	14,662
Employer Medicare	2,399
Communication	2,675
Dues and Memberships	4,281
Janitorial Services	2,400
Legal Notices, Recording, and Court Costs	46
Maintenance and Repair Services - Office Equipment	824

(Continued)

Exhibit K-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Postal Charges	\$	382	
Travel		1,300	
Electricity		4,483	
Office Supplies		329	
Water and Sewer		275	
Office Equipment		303	
Total Administration			\$ 215,058

Highway and Bridge Maintenance

Foremen	\$	52,485	
Equipment Operators		148,942	
Truck Drivers		173,017	
Laborers		102,415	
Longevity Pay		7,000	
Overtime Pay		1,678	
Social Security		29,408	
Pensions		14,299	
Medical Insurance		81,856	
Employer Medicare		6,878	
Other Contracted Services		47,924	
Asphalt		727,347	
Asphalt - Hot Mix		1,502,033	
Crushed Stone		48,558	
General Construction Materials		2,268	
Other Road Materials		28	
Pipe - Metal		81,260	
Road Signs		27,606	
Wood Products		648	
Total Highway and Bridge Maintenance			3,055,650

Operation and Maintenance of Equipment

Mechanic(s)	\$	58,454	
Longevity Pay		500	
Overtime Pay		2,396	
Social Security		3,772	
Pensions		1,429	
Medical Insurance		8,353	
Employer Medicare		882	
Laundry Service		1,185	
Maintenance and Repair Services - Equipment		28,296	
Diesel Fuel		86,902	
Equipment and Machinery Parts		120,724	
Garage Supplies		5,547	
Gasoline		22,621	
Lubricants		10,897	
Office Supplies		40	
Propane Gas		663	

(Continued)

Exhibit K-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Tires and Tubes	\$	43,519	
Other Supplies and Materials		1,190	
Total Operation and Maintenance of Equipment			\$ 397,370

Quarry Operations

Foremen	\$	38,355	
Equipment Operators		35,074	
Truck Drivers		28,642	
Longevity Pay		1,500	
Overtime Pay		98	
Social Security		6,281	
Pensions		3,344	
Medical Insurance		17,098	
Employer Medicare		1,469	
Explosive and Drilling Services		61,552	
Maintenance and Repair Services - Equipment		16,438	
Electricity		27,481	
Water and Sewer		1,892	
In Service/Staff Development		1,155	
Total Quarry Operations			240,379

Other Charges

Electricity	\$	478	
Trustee's Commission		53,673	
Vehicle and Equipment Insurance		58,415	
Total Other Charges			112,566

Employee Benefits

Unemployment Compensation	\$	1,184	
Workers' Compensation Insurance		85,848	
Total Employee Benefits			87,032

Capital Outlay

Engineering Services	\$	69,645	
Bridge Construction		220,635	
Highway Equipment		348,748	
Total Capital Outlay			639,028

Total Highway/Public Works Fund \$ 4,747,083

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	391,160	
Principal on Notes		80,000	
Total General Government			\$ 471,160

(Continued)

Exhibit K-6

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 1,848,840	
Total Education		\$ 1,848,840

Interest on Debt

General Government

Interest on Bonds	\$ 214,903	
Interest on Notes	20,304	
Total General Government		235,207

Education

Interest on Bonds	\$ 358,822	
Total Education		358,822

Other Debt Service

General Government

Trustee's Commission	\$ 31,794	
Total General Government		31,794

Education

Other Debt Issuance Charges	\$ 1,344	
Total Education		1,344

Total General Debt Service Fund		\$ 2,947,167
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General Capital Projects Fund

Capital Projects

Public Safety Projects

Data Processing Services	\$ 2,391	
Maintenance and Repair Services - Buildings	6,670	
Maintenance and Repair Services - Equipment	7,486	
Electricity	35	
Trustee's Commission	1	
Other Construction	153	
Total Public Safety Projects		\$ 16,736

Total General Capital Projects Fund		16,736
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Total Governmental Funds - Primary Government		\$ 21,319,628
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Exhibit K-7

Lincoln County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Lincoln County School Department
For the Year Ended June 30, 2017

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,388,839	
Career Ladder Program	52,236	
Career Ladder Extended Contracts	7,000	
Educational Assistants	332,866	
Certified Substitute Teachers	21,863	
Non-certified Substitute Teachers	91,804	
Social Security	573,368	
Pensions	860,423	
Employee and Dependent Insurance	70,456	
Medical Insurance	1,166,338	
Unemployment Compensation	103	
Employer Medicare	134,303	
Data Processing Services	177,044	
Operating Lease Payments	289,872	
Maintenance and Repair Services - Equipment	60,356	
Other Contracted Services	13,718	
Instructional Supplies and Materials	87,372	
Textbooks - Bound	360,863	
Other Supplies and Materials	3,469	
Fee Waivers	45,180	
Furniture and Fixtures	37,850	
Regular Instruction Equipment	237,990	
Total Regular Instruction Program		\$ 14,013,313

Alternative Instruction Program

Teachers	\$ 186,883	
Career Ladder Program	1,000	
Social Security	9,612	
Pensions	14,588	
Medical Insurance	14,130	
Employer Medicare	2,632	
Instructional Supplies and Materials	138	
Total Alternative Instruction Program		228,983

Special Education Program

Teachers	\$ 908,052	
Career Ladder Program	7,000	
Educational Assistants	448,090	
Speech Pathologist	85,376	
Certified Substitute Teachers	5,753	
Non-certified Substitute Teachers	32,900	
Social Security	86,042	
Pensions	102,275	
Employee and Dependent Insurance	92,558	
Medical Insurance	136,358	
Employer Medicare	20,147	

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Contracts with Other Public Agencies	\$	19,667	
Contracts with Private Agencies		18,900	
Instructional Supplies and Materials		7,589	
Other Supplies and Materials		3,615	
Special Education Equipment		7,792	
Total Special Education Program			\$ 1,982,114

Career and Technical Education Program

Teachers	\$	844,407	
Career Ladder Program		3,985	
Certified Substitute Teachers		1,925	
Non-certified Substitute Teachers		5,100	
Social Security		49,637	
Pensions		76,678	
Medical Insurance		99,361	
Employer Medicare		11,611	
Maintenance and Repair Services - Equipment		8,039	
Instructional Supplies and Materials		44,633	
Other Supplies and Materials		957	
Other Charges		28,159	
Vocational Instruction Equipment		43,421	
Total Career and Technical Education Program			1,217,913

Student Body Education Program

Salary Supplements	\$	11,667	
Other Salaries and Wages		44,224	
Social Security		2,770	
Pensions		2,153	
Employer Medicare		781	
Other Charges		5,485	
Total Student Body Education Program			67,080

Support Services

Attendance

Supervisor/Director	\$	77,993	
Career Ladder Program		1,000	
Other Salaries and Wages		46,020	
Social Security		7,624	
Pensions		8,623	
Employee and Dependent Insurance		3,403	
Medical Insurance		5,718	
Employer Medicare		1,783	
Travel		2,896	
Other Contracted Services		21,602	
Total Attendance			176,662

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Supervisor/Director	\$	68,856	
Medical Personnel		204,342	
Clerical Personnel		19,526	
Social Security		16,931	
Pensions		13,128	
Employee and Dependent Insurance		17,105	
Medical Insurance		10,572	
Employer Medicare		3,960	
Postal Charges		500	
Travel		8,587	
Drugs and Medical Supplies		3,399	
Other Supplies and Materials		2,813	
Total Health Services			\$ 369,719

Other Student Support

Guidance Personnel	\$	453,734	
School Resource Officer		64,972	
Other Salaries and Wages		36,401	
In-service Training		1,745	
Social Security		28,373	
Pensions		41,055	
Medical Insurance		58,775	
Employer Medicare		6,682	
Evaluation and Testing		28,188	
Travel		1,128	
Other Supplies and Materials		2,196	
In Service/Staff Development		5,250	
Other Charges		3,471	
Other Equipment		7,624	
Total Other Student Support			739,594

Regular Instruction Program

Supervisor/Director	\$	206,086	
Career Ladder Program		3,500	
Librarians		335,442	
Instructional Computer Personnel		70,420	
Other Salaries and Wages		46,940	
In-service Training		4,285	
Social Security		38,987	
Pensions		56,914	
Employee and Dependent Insurance		5,682	
Medical Insurance		68,493	
Employer Medicare		9,118	
Travel		11,568	
Instructional Supplies and Materials		4,049	
Library Books/Media		11,827	

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$	61,236	
Other Charges		<u>27,661</u>	
Total Regular Instruction Program			\$ 962,208

Special Education Program

Supervisor/Director	\$	69,510	
Psychological Personnel		54,624	
Clerical Personnel		5,424	
Social Security		7,370	
Pensions		11,382	
Medical Insurance		16,112	
Employer Medicare		1,724	
Travel		3,180	
Other Supplies and Materials		937	
In Service/Staff Development		<u>4,645</u>	
Total Special Education Program			174,908

Career and Technical Education Program

Supervisor/Director	\$	63,312	
Career Ladder Program		500	
Clerical Personnel		18,785	
Social Security		3,441	
Pensions		4,095	
Employer Medicare		1,166	
Travel		20,545	
In Service/Staff Development		3,854	
Other Charges		<u>13,116</u>	
Total Career and Technical Education Program			128,814

Technology

Internet Connectivity	\$	<u>31,093</u>	
Total Technology			31,093

Other Programs

On-behalf Payments to OPEB	\$	<u>113,137</u>	
Total Other Programs			113,137

Board of Education

Secretary to Board	\$	1,000	
Board and Committee Members Fees		34,858	
Social Security		1,952	
Pensions		37	
Employer Medicare		520	
Audit Services		13,200	
Data Processing Services		2,273	
Dues and Memberships		<u>10,795</u>	

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Legal Services	\$	5,828	
Travel		2,051	
Liability Insurance		290,045	
Trustee's Commission		117,618	
Workers' Compensation Insurance		230,184	
Criminal Investigation of Applicants - TBI		6,786	
Other Charges		16,152	
Total Board of Education			\$ 733,299

Director of Schools

County Official/Administrative Officer	\$	132,905	
Secretary(ies)		70,435	
Other Salaries and Wages		9,916	
Social Security		11,664	
Pensions		14,606	
Employee and Dependent Insurance		3,403	
Medical Insurance		5,718	
Employer Medicare		3,121	
Communication		19,632	
Travel		12,410	
Office Supplies		3,250	
Other Charges		27	
Total Director of Schools			287,087

Office of the Principal

Assistant(s)	\$	213,754	
Principals		556,231	
Career Ladder Program		7,000	
Clerical Personnel		287,286	
Social Security		61,285	
Pensions		79,165	
Employee and Dependent Insurance		45,087	
Medical Insurance		55,689	
Employer Medicare		14,333	
Communication		10,419	
Contributions		46,500	
Travel		1,298	
Duplicating Supplies		85,940	
Total Office of the Principal			1,463,987

Operation of Plant

Custodial Personnel	\$	473,863	
Social Security		27,920	
Pensions		12,296	
Employee and Dependent Insurance		76,070	
Employer Medicare		6,530	

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Contracted Services	\$	11,452	
Custodial Supplies		83,287	
Electricity		984,873	
Natural Gas		99,525	
Water and Sewer		88,390	
Other Charges		34,163	
Total Operation of Plant			\$ 1,898,369

Maintenance of Plant

Supervisor/Director	\$	74,707	
Maintenance Personnel		252,081	
Other Salaries and Wages		176,080	
Social Security		30,003	
Pensions		20,540	
Employee and Dependent Insurance		39,771	
Medical Insurance		11,435	
Employer Medicare		7,017	
Maintenance and Repair Services - Buildings		91,160	
Maintenance and Repair Services - Equipment		124,270	
General Construction Materials		25,930	
Other Supplies and Materials		26,755	
Other Charges		23,120	
Heating and Air Conditioning Equipment		29,230	
Total Maintenance of Plant			932,099

Transportation

Supervisor/Director	\$	76,354	
Mechanic(s)		80,619	
Bus Drivers		613,377	
Secretary(ies)		28,738	
Other Salaries and Wages		43,440	
Social Security		48,618	
Pensions		28,756	
Employee and Dependent Insurance		46,090	
Medical Insurance		8,590	
Employer Medicare		11,964	
Communication		2,957	
Medical and Dental Services		7,225	
Gasoline		198,114	
Lubricants		5,857	
Tires and Tubes		20,304	
Vehicle Parts		80,187	
Other Supplies and Materials		13,739	
Other Charges		3,790	
Transportation Equipment		274,260	
Total Transportation			1,592,979

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	37,016	
Social Security		2,193	
Pensions		3,346	
Medical Insurance		2,887	
Employer Medicare		513	
Maintenance and Repair Services - Equipment		648	
Travel		4,000	
Other Contracted Services		1,500	
Other Supplies and Materials		1,304	
In Service/Staff Development		635	
Other Charges		2,022	
Total Food Service			\$ 56,064

Community Services

Teachers	\$	197,715	
Educational Assistants		29,492	
Social Security		13,702	
Pensions		18,139	
Employer Medicare		3,295	
Other Supplies and Materials		2,018	
In Service/Staff Development		1,329	
Total Community Services			265,690

Early Childhood Education

Supervisor/Director	\$	61,311	
Teachers		377,348	
Medical Personnel		7,441	
Educational Assistants		126,716	
Certified Substitute Teachers		193	
Non-certified Substitute Teachers		6,455	
Social Security		34,276	
Pensions		43,678	
Employee and Dependent Insurance		28,559	
Medical Insurance		33,961	
Employer Medicare		8,018	
Communication		78	
Travel		6,650	
Instructional Supplies and Materials		30,976	
Textbooks - Bound		751	
Other Equipment		4,765	
Total Early Childhood Education			771,176

Capital Outlay

Regular Capital Outlay

Other Construction	\$	690,545	
Total Regular Capital Outlay			690,545

Total General Purpose School Fund \$ 28,896,833

(Continued)

Exhibit K-7

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Supervisor/Director	\$	4,000	
Teachers		534,869	
Educational Assistants		52,785	
Certified Substitute Teachers		1,980	
Non-certified Substitute Teachers		3,475	
Social Security		33,561	
Pensions		48,815	
Medical Insurance		68,494	
Employer Medicare		8,102	
Instructional Supplies and Materials		26,136	
Regular Instruction Equipment		85,471	
Total Regular Instruction Program			\$ 867,688

Alternative Instruction Program

Teachers	\$	45,979	
Social Security		2,571	
Pensions		4,156	
Medical Insurance		8,607	
Employer Medicare		601	
Total Alternative Instruction Program			61,914

Special Education Program

Educational Assistants	\$	337,907	
Speech Pathologist		150,334	
Social Security		27,143	
Pensions		23,487	
Medical Insurance		72,734	
Employer Medicare		6,480	
Contracts with Private Agencies		27,200	
Instructional Supplies and Materials		414	
Total Special Education Program			645,699

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	3,000	
Other Supplies and Materials		12,043	
Vocational Instruction Equipment		34,847	
Total Career and Technical Education Program			49,890

Support Services

Other Student Support

Evaluation and Testing	\$	390	
Travel		6,000	
In Service/Staff Development		4,479	
Other Charges		7,881	
Total Other Student Support			18,750

(Continued)

Exhibit K-7

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	160,098	
Other Salaries and Wages		698,777	
Social Security		52,972	
Pensions		76,641	
Medical Insurance		9,935	
Employer Medicare		12,390	
Travel		1,460	
Other Contracted Services		23,010	
Other Supplies and Materials		1,343	
In Service/Staff Development		33,911	
Other Equipment		2,378	
Total Regular Instruction Program			\$ 1,072,915

Special Education Program

Clerical Personnel	\$	21,694	
Social Security		738	
Pensions		699	
Medical Insurance		2,841	
Employer Medicare		173	
Travel		2,082	
Other Contracted Services		132,825	
In Service/Staff Development		4,423	
Total Special Education Program			165,475

Career and Technical Education Program

Travel	\$	960	
Other Charges		400	
Total Career and Technical Education Program			1,360

Transportation

Bus Drivers	\$	66,405	
Other Salaries and Wages		19,382	
Social Security		4,749	
Pensions		2,141	
Medical Insurance		5,712	
Employer Medicare		1,229	
Contracts with Parents		5,000	
Total Transportation			104,618

Total School Federal Projects Fund \$ 2,988,309

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	39,978	
Cafeteria Personnel		633,222	

(Continued)

Exhibit K-7

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Salaries and Wages	\$	40,592	
Social Security		39,127	
Pensions		22,344	
Employee and Dependent Insurance		132,860	
Medical Insurance		2,931	
Employer Medicare		9,473	
Communication		389	
Contracts with Private Agencies		125,877	
Dues and Memberships		6,571	
Maintenance and Repair Services - Equipment		42,570	
Other Contracted Services		16,542	
Custodial Supplies		28,851	
Food Preparation Supplies		51,448	
Food Supplies		872,689	
Office Supplies		2,916	
Uniforms		3,228	
USDA - Commodities		108,295	
Other Supplies and Materials		839	
Refunds		2,762	
Trustee's Commission		6	
Workers' Compensation Insurance		25,702	
In Service/Staff Development		5,823	
Other Charges		1,430	
Food Service Equipment		25,439	
Total Food Service			\$ 2,241,904

Total Central Cafeteria Fund \$ 2,241,904

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	64,336	
Social Security		3,971	
Pensions		3,527	
Employer Medicare		933	
Trustee's Commission		1,157	
Other Charges		14,053	
Other Equipment		2,725	
Total Community Services			\$ 90,702

Total Extended School Program Fund 90,702

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Trustee's Commission	\$	22,405	
Other Capital Outlay		1,586,438	
Total Regular Capital Outlay			\$ 1,608,843

Total Education Capital Projects Fund 1,608,843

Total Governmental Funds - Lincoln County School Department \$ 35,826,591

Exhibit K-8

Lincoln County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2017

	Cities - Sales Tax Fund	City School ADA - Fayetteville Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,189,074	\$ 1,189,074
Trustee's Collections - Prior Years	0	31,656	31,656
Trustee's Collections - Bankruptcy	0	3,358	3,358
Circuit/Clerk and Master Collections - Prior Years	0	7,572	7,572
Interest and Penalty	0	5,940	5,940
Local Option Sales Tax	2,626,798	1,030,685	3,657,483
Mixed Drink Tax	0	4	4
Wholesale Beer Tax	0	34,840	34,840
Interstate Telecommunications Tax	0	763	763
Marriage Licenses	0	638	638
Income Tax	0	21,094	21,094
Beer Tax	0	4,952	4,952
Total Cash Receipts	<u>\$ 2,626,798</u>	<u>\$ 2,330,576</u>	<u>\$ 4,957,374</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,626,798	\$ 2,304,742	\$ 4,931,540
Trustee's Commission	0	24,933	24,933
Total Cash Disbursements	<u>\$ 2,626,798</u>	<u>\$ 2,329,675</u>	<u>\$ 4,956,473</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 901	\$ 901
Cash Balance, July 1, 2016	0	97,401	97,401
Cash Balance, June 30, 2017	<u>\$ 0</u>	<u>\$ 98,302</u>	<u>\$ 98,302</u>

STATUTORY SECTION

This part of Lincoln County's annual financial report presents detailed information required by state statute for the Lincoln County Board of Public Utilities. This information is presented solely for the purposes of statutory compliance and additional analysis and is not a required part of the financial statements. This information is unaudited. It has not been subjected to any auditing procedures.

	Table(s)	Page(s)
Demographic and Economic Information:		

These schedules offer water rates and water loss reports required by state statute to help the reader understand how well the utility is performing.

1-2	213-215
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Source: Lincoln County Board of Public Utility Management.

Table 1

Lincoln County, Tennessee
Schedule of Utility Rates and Number of Customers
Lincoln County Board of Public Utilities
June 30, 2017

Meter Type	Number of Customers			
Residential and Commercial	9,183	Service Charge	\$	22.15
		Per \$1,000		4.81
Multi-User (Total 515 units. Rates are based on usage per each unit.)	515	Service Charge	\$	19.86
		Per \$1,000		4.81
 <u>Other Charges</u>				
Tap Fee - Individual - 3/4 inch		\$		1,550
Tap Fee - Individual - 1 inch				1,900

Table 2

Lincoln County, Tennessee
Schedule of Unaccounted for Water
Lincoln County Board of Public Utilities
For the Year Ended June 30, 2017

AWWA Free Water Audit Software: Reporting Worksheet				WAS v5.0 American Water Works Association Copyright © 2014, All Rights Reserved.	
Water Audit Report for: Lincoln County Board of Public Utilities (0000764 & 0000884)		Reporting Year: 2017 / 7/2016 - 6/2017			
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades					
All volumes to be entered as: MILLION GALLONS (US) PER YEAR					
To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds <u>all</u> criteria for that grade and all grades below it.					
WATER SUPPLIED				Master Meter and Supply Error Adjustments	
----- Enter grading in column 'E' and 'J' ----->					
Volume from own sources:	+ ? 9	642.470	MG/Yr	Pont: -1.00%	Value: MG/Yr
Water imported:	+ ? 9	184.595	MG/Yr	+ ? 7 -1.00%	MG/Yr
Water exported:	+ ? n/a	0.000	MG/Yr	+ ? 7	MG/Yr
WATER SUPPLIED:			835.419	MG/Yr	
AUTHORIZED CONSUMPTION					
Billed metered:	+ ? 7	499.386	MG/Yr	Pont: 1.25%	Value: MG/Yr
Billed unmetered:	+ ? n/a	0.000	MG/Yr		
Unbilled metered:	+ ? 10	2.450	MG/Yr		
Unbilled unmetered:	+ ?	10.443	MG/Yr		
Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed					
AUTHORIZED CONSUMPTION:			512.279	MG/Yr	
WATER LOSSES (Water Supplied - Authorized Consumption)				323.140	MG/Yr
Apparent Losses					
Unauthorized consumption:	+ ?	2.089	MG/Yr	Pont: 0.25%	Value: MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed					
Customer metering inaccuracies:	+ ? 3	23.647	MG/Yr	4.50%	MG/Yr
Systematic data handling errors:	+ ?	1.248	MG/Yr	0.25%	MG/Yr
Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed					
Apparent Losses:			26.984	MG/Yr	
Real Losses (Current Annual Real Losses or CARL)					
Real Losses = Water Losses - Apparent Losses:	?	296.157	MG/Yr		
WATER LOSSES:			323.140	MG/Yr	
NON-REVENUE WATER					
NON-REVENUE WATER:			336.033	MG/Yr	
= Water Losses + Unbilled Metered + Unbilled Unmetered					
SYSTEM DATA					
Length of mains:	+ ? 8	737.0	miles		
Number of active AND inactive service connections:	+ ? 8	9,323			
Service connection density:	?	13	conn./mile main		
Are customer meters typically located at the curbside or property line? <input type="checkbox"/> Yes (length of service line, beyond the property boundary, that is the responsibility of the utility)					
Average length of customer service line: Average length of customer service line has been set to zero and a data grading score of 10 has been applied					
Average operating pressure:	+ ? 5	75.0	psi		
COST DATA					
Total annual cost of operating water system:	+ ? 9	\$4,946,556	\$/Year		
Customer retail unit cost (applied to Apparent Losses):	+ ? 9	\$5.05	\$/1000 gallons (US)		
Variable production cost (applied to Real Losses):	+ ? 7	\$1,700.00	\$/Million gallons	<input type="checkbox"/> Use Customer Retail Unit Cost to value real losses	
WATER AUDIT DATA VALIDITY SCORE:					
*** YOUR SCORE IS: 77 out of 100 ***					
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score					
PRIORITY AREAS FOR ATTENTION:					
Based on the information provided, audit accuracy can be improved by addressing the following components:					
1: Customer metering inaccuracies					
2: Billed metered					
3: Volume from own sources					

Table 2a

Lincoln County, Tennessee
Schedule of Unaccounted for Water
Lincoln County Board of Public Utilities
For the Year Ended June 30, 2017

AWWA Free Water Audit Software:		WAS v6.0
System Attributes and Performance Indicators		American Water Works Association. Copyright © 2014, All Rights Reserved.
Water Audit Report for: Lincoln County Board of Public Utilities (0000764 & 0000884)		
Reporting Year: 2017 7/2016 - 6/2017		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 77 out of 100 ***		
System Attributes:		
	Apparent Losses:	26.984 MG/Yr
+	Real Losses:	296.157 MG/Yr
=	Water Losses:	323.140 MG/Yr
?	Unavoidable Annual Real Losses (UARL):	147.43 MG/Yr
	Annual cost of Apparent Losses:	\$136,266
	Annual cost of Real Losses:	\$503,466 Valued at Variable Production Cost
		<small>Return to Reporting Worksheet to change this assumption</small>
Performance Indicators:		
Financial:	Non-revenue water as percent by volume of Water Supplied:	40.2%
	Non-revenue water as percent by cost of operating system:	13.4% Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	7.93 gallons/connection/day
	Real Losses per service connection per day:	N/A gallons/connection/day
	Real Losses per length of main per day*:	1,100.93 gallons/mile/day
	Real Losses per service connection per day per psi pressure:	N/A gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	296.16 million gallons/year
?	Infrastructure Leakage Index (ILI) [CARL/UARL]:	2.01
<small>* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline</small>		

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

**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***

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated February 22, 2018. Our report includes a reference to other auditors who audited the financial statements of the Lincoln County Health System and the Lincoln County Board of Public Utilities (major enterprise funds), as described in our report on Lincoln 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 Lincoln County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

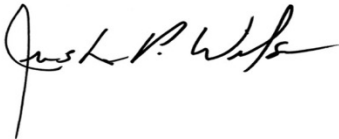
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 22, 2018

JPW/kp



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Lincoln 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 Lincoln County's major federal programs for the year ended June 30, 2017. Lincoln County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lincoln County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lincoln 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 Lincoln County's compliance.

Opinion on Each Major Federal Program

In our opinion, Lincoln County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lincoln 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 Lincoln County's internal control over compliance.

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

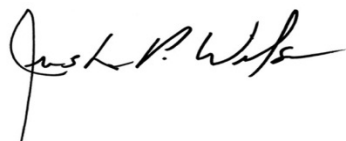
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements. We issued our report thereon dated February 22, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 22, 2018

JPW/kp

Lincoln County, Tennessee, and the Lincoln County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2017

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Environmental Quality Incentives Program	10.912	N/A	\$ 3,057
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	(3)	417,551
National School Lunch Program	10.555	(3)	961,417 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(3)	108,295 (5)
Passed-through State Department of Health and Human Services:			
Child Nutrition Cluster: (4)			
Summer Food Service Program for Children	10.559	(3)	23,252
Total U.S. Department of Agriculture			<u>\$ 1,513,572</u>
U.S. Department of Commerce and Economic Development:			
Direct Program:			
Economic Adjustment Assistance	11.307	N/A	\$ 491,396
Total U.S. Department of Commerce and Economic Development			<u>\$ 491,396</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 272
Total U.S. Department of Justice			<u>\$ 272</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(3)	\$ 2,487
Alcohol Open Container Requirements	20.607	(3)	16,932
National Priority Safety Programs	20.616	(3)	8,710
Total U.S. Department of Transportation			<u>\$ 28,129</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 850,435
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	942,050
Special Education - Preschool Grants	84.173	N/A	35,659
Career and Technical Education - Basic Grants to States	84.048	N/A	61,728
Rural Education	84.358	N/A	74
Improving Teacher Quality State Grants	84.367	N/A	112,484
Teacher Incentive Fund	84.374	N/A	937,743
English Language Acquisition State Grants	84.365	N/A	3,944
Total U.S. Department of Education			<u>\$ 2,944,117</u>
U.S. Department of Health and Human Services:			
Direct Program:			
National Bioterrorism Hospital Preparedness Program	93.889	(3)	\$ 1,453
Passed-through State Department of Health and Human Services:			
Small Rural Hospital Improvement Grant Program	93.301	(3)	13,712
Passed-through State Department of Education:			
Child Care and Development Block Grant	93.575	(3)	44,192
Total U.S. Department of Health and Human Services			<u>\$ 59,357</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 49,850
Homeland Security Grant Program	97.067	(3)	33,947
Total U.S. Department of Homeland Security			<u>\$ 83,797</u>
Total Expenditures of Federal Awards			<u>\$ 5,120,640</u>

(Continued)

Lincoln County, Tennessee, and the Lincoln County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Health Department Programs - State Department of Health	N/A	(3)	\$ 286,282
Early Childhood Education - State Department of Education	N/A	(3)	686,835
Lottery for Education Afterschool Program - State Department of Education	N/A	(3)	265,689
ConnectTN - State Department of Education	N/A	(3)	10,309
Coordinated School Health - State Department of Education	N/A	(3)	104,382
Family Resource Center - State Department of Education	N/A	(3)	29,612
Teacher Leader District Grant - State Department of Education	N/A	(3)	5,000
Safe Schools Act of 2003 - State Department of Education	N/A	(3)	23,412
Class 1 Old Closed Landfill Grant - State Department of Environment and Conservation	N/A	(3)	28,634
Capitalization Grants for Clean Water State Revolving Funds - State Department of Economic and Community Development	N/A	(3)	2,073,204
FastTrack Economic Development Grant - State Department of Economic and Community Development	N/A	(3)	43,312
Juvenile Justice - State Commission on Children and Youth	N/A	(3)	9,000
Litter Program - State Department of Transportation	N/A	(3)	23,970
Litter Removal Grant - State Department of Transportation	N/A	(3)	16,448
Multimodal Access Grant - State Department of Transportation	N/A	(3)	19,650
Access to Health and Healthy Active Built Environments - State Department of Health	N/A	(3)	<u>10,000</u>
Total State Grants			<u>\$ 3,635,739</u>

CFDA - Catalog of Federal Domestic Assistance
N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Lincoln County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$1,510,515; Special Education Cluster total \$977,709.
- (5) Total CFDA 10.555 was \$1,069,712.

Lincoln County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2017

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Lincoln County, Tennessee, for the year ended June 30, 2017.

Prior-year Financial Statement Findings

There were no prior-year financial statement findings to report.

Prior-year Federal Award Findings

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

LINCOLN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Lincoln County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NO**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553, 10.555, and 10.559 Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

There were no findings and recommendations, as a result of our audit of the financial statements of Lincoln County, Tennessee.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2017.

Lincoln County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2017

The audit of Lincoln County did not report any findings and recommendations. Therefore, no management responses are required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).