

ANNUAL FINANCIAL REPORT
FENTRESS COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
FENTRESS COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2018**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Fentress County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Fentress County as of and for the year ended June 30, 2018.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ Operations of the Finance Office are currently being reviewed.
 - ◆ The HOME Investment Partnerships Grant Program Fund and the Pall Mall Emergency Center Fund had deficits in unassigned fund balance at June 30, 2018.
 - ◆ The HOME Investment Partnerships Grant Program Fund had a cash overdraft of \$41,050 at June 30, 2018.
 - ◆ General ledger payroll liability accounts were not reconciled monthly.
-

OFFICE OF COUNTY CLERK

- ◆ The county commission's minutes were not maintained properly.
 - ◆ The county clerk had not formally documented internal controls.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The circuit and general sessions courts clerk personally received property purchased in a delinquent tax sale.
-

OTHER FINDING

- ◆ A county commissioner violated the conflict of interest statute by performing contract work for the Chancery Court.
-

**OFFICES OF COUNTY CLERK AND CIRCUIT AND GENERAL SESSIONS
COURTS CLERK**

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Fentress County Officials
June 30, 2018

Officials

J. Michael Cross, County Executive
Scott Norris, Road Supervisor
Michael Jones, Director of Schools
Wanda Tompkins, Trustee
Melynda Sullivan, Assessor of Property
Marilyn Stephens, County Clerk
Gina Mullinix, Circuit and General Sessions Courts Clerk
Linda Smith, Clerk and Master
Patricia Slaven, Register of Deeds
Michael Reagon, Sheriff
Vacant - Finance Director

Board of County Commissioners

J. Michael Cross, County Executive, Chairman	
Larry Cooper	Jimmy Johnson
Kim Davidson	Wade Matthews
Lester Gooding	Justin Elvis Miller
Jeff Green	J.P. Reagan
Benny Hughes	Don Williams

Board of Education

Gary Tinch, Chairman	Barbara Pile
William Cody	Kathy Pritchett
Eddie Cook	Lynette Pritchett
Karen Cooper	Russell Stephens
Felicia Garrett	Kathy Williams

Financial Management Committee

Larry Cooper, Chairman
Kim Davidson
Jeff Green
Jimmy Johnson
J. Michael Cross, County Executive
Michael Jones, Director of Schools
Scott Norris, Road Supervisor

Audit Committee

Phillip Horst, Chairman
Kim Davidson
Lester Gooding
Julie Linder
David Ramsey

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Fentress County Executive and
Board of County Commissioners
Fentress County, Tennessee

To the County Executive and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fentress County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Industrial Development Board of Fentress County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Board of Fentress County, is based solely on the report of the other auditors. We were unable to determine the Industrial Development Board of Fentress County's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Fentress County Emergency Communications District, a component unit requiring discrete presentation, was not included in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to

obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fentress County, Tennessee, as of June 30, 2018, and the respective changes in financial position, and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Fentress County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes restatements reducing the beginning net position of the Governmental Activities of the primary government and the discretely presented Fentress County School Department by \$14,440 and \$1,866,510, respectively, on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension asset and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension assets, and schedules of county and school changes in the total OPEB liability and related ratios - other postemployment benefits plans on pages 102-112 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 Fentress County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Fentress County School Department (a discretely presented component unit), miscellaneous schedules, and the other information, such as, the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Fentress County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and

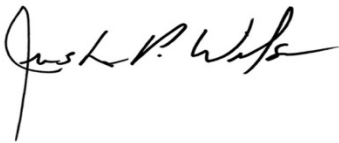
miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of Fentress 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 Fentress 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 Fentress County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 20, 2018

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Fentress County, Tennessee
Statement of Net Position
June 30, 2018

	Component Units		
	Primary Governmental Activities	Fentress County School Department	Industrial Development Board of Fentress County
<u>ASSETS</u>			
Cash	\$ 15,576	\$ 0	\$ 241,711
Equity in Pooled Cash and Investments	5,515,132	5,166,255	0
Accounts Receivable	1,590,422	81	0
Allowance for Uncollectibles	(847,270)	0	0
Due from Other Governments	879,617	507,727	0
Due from Primary Government	0	367	0
Due from Component Units	211,114	0	0
Capital Lease Receivable	0	0	135,348
Property Taxes Receivable	5,908,347	793,905	0
Allowance for Uncollectible Property Taxes	(137,211)	(18,437)	0
Prepaid Items	0	0	4,156
Notes Receivable - Long-term	0	4,749	0
Capital Lease Receivable - Long-term	0	0	8,884,187
Net Pension Asset - Agent Plan	0	374,538	0
Net Pension Asset - Teacher Retirement Plan	0	44,317	0
Net Pension Asset - Teacher Legacy Plan	0	72,297	0
Capital Assets:			
Assets Not Depreciated:			
Land	5,457,653	411,763	1,002,090
Construction in Progress	240,493	0	37,300
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	16,966,582	12,253,474	1,569,788
Other Capital Assets	1,594,703	1,521,144	417,700
Infrastructure	23,966,532	0	0
Total Assets	<u>\$ 61,361,690</u>	<u>\$ 21,132,180</u>	<u>\$ 12,292,280</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Changes in Experience	\$ 397,191	\$ 185,744	\$ 0
Pension Changes in Investment Earnings	0	10,974	0
Pension Changes in Assumptions	202,327	743,511	0
Pension Other Deferrals	0	35,562	0
Pension Changes in Contributions after Measurement Date	322,274	925,117	0
OPEB Contributions after Measurement Date	6,609	234,394	0
Total Deferred Outflows of Resources	<u>\$ 928,401</u>	<u>\$ 2,135,302</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 8,191	\$ 0	\$ 2,775
Payroll Deductions Payable	185	479,563	0
Cash Overdraft	41,050	0	0
Contracts Payable	53,413	0	0
Due to Primary Government	0	211,114	0
Due to Component Units	367	0	0
Due to State of Tennessee	0	7,636	0
Accrued Interest Payable	888	0	194,600
Noncurrent Liabilities:			
Due Within One Year	893,818	170,458	135,348
Due in More Than One Year	13,351,349	3,785,748	8,884,187
Total Liabilities	<u>\$ 14,349,261</u>	<u>\$ 4,654,519</u>	<u>\$ 9,216,910</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Fentress County School Department	Industrial Development Board of Fentress County
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,572,672	\$ 748,801	\$ 0
Pension Changes in Experience	103,421	2,040,283	0
Pension Changes in Investment Earnings	4,389	3,826	0
Pension Other Deferrals	0	38,746	0
OPEB Changes in Assumptions	9,490	138,636	0
Total Deferred Inflows of Resources	<u>\$ 5,689,972</u>	<u>\$ 2,970,292</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 38,712,758	\$ 14,186,381	\$ 3,026,877
Restricted for:			
General Government	7,702	0	471
Administration of Justice	3,107	0	0
Public Safety	60,572	0	0
Highways/Public Works	718,998	0	0
Capital Projects	11,165	0	0
Education	0	808,450	0
Pensions	0	491,152	0
Unrestricted	<u>2,736,556</u>	<u>156,688</u>	<u>48,022</u>
Total Net Position	<u>\$ 42,250,858</u>	<u>\$ 15,642,671</u>	<u>\$ 3,075,370</u>

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

Exhibit B

Fentress County, Tennessee
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Units		
						Fentress County School Department	Industrial Development Board of Fentress County	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,901,669	\$ 263,763	\$ 34,963	\$ 48,000	\$ (1,554,943)	\$ 0	\$ 0	
Finance	916,222	447,411	0	0	(468,811)	0	0	
Administration of Justice	722,230	276,060	9,000	38,527	(398,643)	0	0	
Public Safety	3,490,235	980,333	74,124	188,160	(2,247,618)	0	0	
Public Health and Welfare	3,497,646	926,646	210,353	0	(2,360,647)	0	0	
Social, Cultural, and Recreational Services	478,594	22,825	17,945	0	(437,824)	0	0	
Agriculture and Natural Resources	86,132	0	0	0	(86,132)	0	0	
Highways/Public Works	2,299,133	0	2,218,518	0	(80,615)	0	0	
Interest on Long-term Debt	381,941	0	0	0	(381,941)	0	0	
Total Primary Government	\$ 13,773,802	\$ 2,917,038	\$ 2,564,903	\$ 274,687	\$ (8,017,174)	\$ 0	\$ 0	
Component Units:								
Fentress County School Department	\$ 19,031,508	\$ 36,877	\$ 3,517,571	\$ 23,814	\$ 0	\$ (15,453,246)	\$ 0	
Industrial Development Board	512,696	410,261	15,014	25,000	0	0	(62,421)	
Total Component Units	\$ 19,544,204	\$ 447,138	\$ 3,532,585	\$ 48,814	\$ 0	\$ (15,453,246)	\$ (62,421)	

(Continued)

Exhibit B

Fentress County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Total Activities	Component Units	
						Fentress County School Department	Industrial Development Board of Fentress County
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 5,453,960	\$ 746,354	\$ 0
Property Taxes Levied for Debt Service					100,754	0	0
Local Option Sales Tax					1,068,450	1,795,566	0
Wheel Tax					0	430,286	0
Wholesale Beer Tax					210,080	0	0
Business Tax					107,346	31,054	0
Hotel/Motel Tax					36,225	0	0
Mineral Severance Tax					28,696	16,720	0
Litigation Taxes					100,265	0	0
Other Local Taxes					15,986	1,121	0
Grants and Contributions Not Restricted for Specific Programs					470,909	13,509,523	0
Unrestricted Investment Earnings					29,603	31,742	163
Miscellaneous					60,048	52,923	0
Total General Revenues					<u>\$ 7,682,322</u>	<u>\$ 16,615,289</u>	<u>\$ 163</u>
Insurance Recovery					\$ 77,904	\$ 0	\$ 0
Change in Net Position					\$ (256,948)	\$ 1,162,043	\$ (62,258)
Net Position, July 1, 2017					42,522,246	16,347,138	3,137,628
Restatement - See Note I.D.8.					(14,440)	(1,866,510)	0
Net Position, June 30, 2018					<u>\$ 42,250,858</u>	<u>\$ 15,642,671</u>	<u>\$ 3,075,370</u>

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

Exhibit C-1

Fentress County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
ASSETS						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,576	\$ 15,576
Equity in Pooled Cash and Investments	2,054,127	714,839	273,300	2,410,884	61,982	5,515,132
Accounts Receivable	1,514,314	18,684	48,368	5,365	3,691	1,590,422
Allowance for Uncollectibles	(847,270)	0	0	0	0	(847,270)
Due from Other Governments	195,965	128,481	397,330	60,536	97,305	879,617
Due from Other Funds	19,267	0	0	0	0	19,267
Property Taxes Receivable	5,367,815	439,182	0	101,350	0	5,908,347
Allowance for Uncollectible Property Taxes	(124,658)	(10,199)	0	(2,354)	0	(137,211)
Total Assets	\$ 8,179,560	\$ 1,290,987	\$ 718,998	\$ 2,575,781	\$ 178,554	\$ 12,943,880
LIABILITIES						
Accounts Payable	\$ 1,449	\$ 0	\$ 0	\$ 0	\$ 6,742	\$ 8,191
Payroll Deductions Payable	185	0	0	0	0	185
Cash Overdraft	0	0	0	0	41,050	41,050
Contracts Payable	0	0	0	0	53,413	53,413
Due to Other Funds	0	0	0	0	19,267	19,267
Due to Component Units	367	0	0	0	0	367
Total Liabilities	\$ 2,001	\$ 0	\$ 0	\$ 0	\$ 120,472	\$ 122,473
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	\$ 5,062,850	\$ 414,230	\$ 0	\$ 95,592	\$ 0	\$ 5,572,672
Deferred Delinquent Property Taxes	155,869	12,753	0	2,943	0	171,565
Other Deferred/Unavailable Revenue	576,057	60,000	191,000	30,000	0	857,057
Total Deferred Inflows of Resources	\$ 5,794,776	\$ 486,983	\$ 191,000	\$ 128,535	\$ 0	\$ 6,601,294

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 148	\$ 0	\$ 0	\$ 0	\$ 0	\$ 148
Restricted for Administration of Justice	3,107	0	0	0	0	3,107
Restricted for Public Safety	12,805	0	0	0	47,767	60,572
Restricted for Other Operations	7,554	0	0	0	0	7,554
Restricted for Highways/Public Works	0	0	527,998	0	0	527,998
Restricted for Capital Outlay	0	0	0	0	11,165	11,165
Committed:						
Committed for General Government	322,863	0	0	0	0	322,863
Committed for Public Health and Welfare	0	804,004	0	0	0	804,004
Committed for Debt Service	0	0	0	2,447,246	0	2,447,246
Assigned:						
Assigned for General Government	16,000	0	0	0	0	16,000
Unassigned	2,020,306	0	0	0	(850)	2,019,456
Total Fund Balances	<u>\$ 2,382,783</u>	<u>\$ 804,004</u>	<u>\$ 527,998</u>	<u>\$ 2,447,246</u>	<u>\$ 58,082</u>	<u>\$ 6,220,113</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,179,560</u>	<u>\$ 1,290,987</u>	<u>\$ 718,998</u>	<u>\$ 2,575,781</u>	<u>\$ 178,554</u>	<u>\$ 12,943,880</u>

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

Exhibit C-2

Fentress County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2018

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)		\$ 6,220,113
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 5,457,653	
Add: construction in progress	240,493	
Add: buildings and improvements net of accumulated depreciation	16,966,582	
Add: other capital assets net of accumulated depreciation	1,594,703	
Add: infrastructure net of accumulated depreciation	<u>23,966,532</u>	48,225,963
(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	\$ (392,915)	
Less: other loans payable	(3,121,868)	
Less: capital leases payable	(9,019,536)	
Add: debt to be contributed by the School Department	211,114	
Less: accrued interest on notes and other loans	(888)	
Less: compensated absences payable	(424,110)	
Less: net pension liability	(904,034)	
Less: net OPEB liability	(186,173)	
Less: landfill postclosure care costs	<u>(196,531)</u>	(14,034,941)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 921,792	
Less: deferred inflows of resources related to pensions	(107,810)	
Add: deferred outflows of resources related to OPEB	6,609	
Less: deferred inflows of resources related to OPEB	<u>(9,490)</u>	811,101
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,028,622</u>
Net position of governmental activities (Exhibit A)		<u>\$ 42,250,858</u>

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

Exhibit C-3

Fentress County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 5,692,098	\$ 1,150,212	\$ 28,696	\$ 455,248	\$ 0	\$ 7,326,254
Licenses and Permits	14,149	0	0	0	0	14,149
Fines, Forfeitures, and Penalties	70,799	0	0	0	41,659	112,458
Charges for Current Services	1,283,909	247,939	0	0	0	1,531,848
Other Local Revenues	246,405	128,471	32,567	64,380	0	471,823
Fees Received From County Officials	678,803	0	0	0	0	678,803
State of Tennessee	1,249,177	67,573	2,179,518	0	0	3,496,268
Federal Government	80,535	0	0	0	306,128	386,663
Other Governments and Citizens Groups	105,435	0	0	79,228	0	184,663
Total Revenues	\$ 9,421,310	\$ 1,594,195	\$ 2,240,781	\$ 598,856	\$ 347,787	\$ 14,202,929
<u>Expenditures</u>						
Current:						
General Government	\$ 1,193,088	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,193,088
Finance	911,397	0	0	0	0	911,397
Administration of Justice	632,162	0	0	0	0	632,162
Public Safety	3,111,164	0	0	0	75,172	3,186,336
Public Health and Welfare	1,717,276	1,475,707	0	0	0	3,192,983
Social, Cultural, and Recreational Services	369,520	0	0	0	0	369,520
Agriculture and Natural Resources	84,777	0	0	0	0	84,777
Other Operations	603,036	71,171	0	0	0	674,207
Highways	0	0	1,976,504	0	0	1,976,504
Debt Service:						
Principal on Debt	130,771	0	238,927	505,607	0	875,305
Interest on Debt	320,261	0	2,008	59,944	0	382,213
Other Debt Service	0	0	0	54,947	0	54,947

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 306,978	\$ 306,978
Total Expenditures	\$ 9,073,452	\$ 1,546,878	\$ 2,217,439	\$ 620,498	\$ 382,150	\$ 13,840,417
<u>Excess (Deficiency) of Revenues Over Expenditures</u>						
	\$ 347,858	\$ 47,317	\$ 23,342	\$ (21,642)	\$ (34,363)	\$ 362,512
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 1,637	\$ 76,267	\$ 0	\$ 0	\$ 77,904
Total Other Financing Sources (Uses)	\$ 0	\$ 1,637	\$ 76,267	\$ 0	\$ 0	\$ 77,904
<u>Net Change in Fund Balances</u>						
Fund Balance, July 1, 2017	\$ 2,034,925	\$ 755,050	\$ 428,389	\$ 2,468,888	\$ 92,445	\$ 5,779,697
Fund Balance, June 30, 2018	\$ 2,382,783	\$ 804,004	\$ 527,998	\$ 2,447,246	\$ 58,082	\$ 6,220,113

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

Exhibit C-4

Fentress 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, 2018

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)	\$	440,416	
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>			
Add: capital assets purchased in the current period	\$	364,737	
Less: current-year depreciation expense		<u>(1,084,936)</u>	(720,199)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.</p>			
Less: book value of capital assets disposed			(81,996)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>			
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$	1,028,622	
Less: deferred delinquent property taxes and other deferred June 30, 2017		<u>(1,722,366)</u>	(693,744)
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>			
Add: principal payments on notes	\$	372,812	
Add: principal payments on other loans		371,722	
Add: capital lease principal payments		130,771	
Less: contributions from the School Department for principal on debt		<u>(70,234)</u>	805,071
<p>(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.</p>			
Change in accrued interest payable	\$	272	
Change in postclosure care costs		3,171	
Change in net OPEB liability (net of restatement)		(9,733)	
Change in deferred outflows related to OPEB		6,609	
Change in deferred inflows related to OPEB		(9,490)	
Change in compensated absences payable		4,754	
Change in net pension liability/asset		85,973	
Change in deferred outflows related to pensions		(135,374)	
Change in deferred inflows related to pensions		<u>47,322</u>	<u>(6,496)</u>
Change in net position of governmental activities (Exhibit B)	\$		<u><u>(256,948)</u></u>

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

Exhibit C-5

Fentress County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,692,098	\$ 0	\$ 5,692,098	\$ 5,709,278	\$ 5,709,278	\$ (17,180)
Licenses and Permits	14,149	0	14,149	13,800	13,800	349
Fines, Forfeitures, and Penalties	70,799	0	70,799	82,565	84,565	(13,766)
Charges for Current Services	1,283,909	0	1,283,909	1,326,200	1,320,194	(36,285)
Other Local Revenues	246,405	0	246,405	202,000	250,316	(3,911)
Fees Received From County Officials	678,803	0	678,803	714,500	694,500	(15,697)
State of Tennessee	1,249,177	0	1,249,177	951,859	1,026,563	222,614
Federal Government	80,535	0	80,535	40,310	39,255	41,280
Other Governments and Citizens Groups	105,435	0	105,435	106,000	106,000	(565)
Total Revenues	\$ 9,421,310	\$ 0	\$ 9,421,310	\$ 9,146,512	\$ 9,244,471	\$ 176,839
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 118,555	\$ 0	\$ 118,555	\$ 116,105	\$ 122,005	\$ 3,450
Board of Equalization	567	0	567	750	750	183
Beer Board	1,500	0	1,500	1,500	1,500	0
County Mayor/Executive	143,136	0	143,136	147,322	147,322	4,186
Personnel Office	42,335	0	42,335	0	42,639	304
Election Commission	176,138	0	176,138	188,444	188,444	12,306
Register of Deeds	165,173	0	165,173	166,202	166,202	1,029
Planning	13,458	0	13,458	13,750	13,750	292
County Buildings	529,441	16,000	545,441	537,566	571,777	26,336
Preservation of Records	2,785	0	2,785	2,909	2,909	124
<u>Finance</u>						
Accounting and Budgeting	294,776	0	294,776	288,460	294,929	153
Property Assessor's Office	164,697	0	164,697	165,694	165,694	997

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
Reappraisal Program	\$ 11,734	\$ 0	\$ 11,734	\$ 13,746	\$ 13,746	\$ 2,012
County Trustee's Office	196,253	0	196,253	196,550	196,550	297
County Clerk's Office	243,937	0	243,937	255,271	255,271	11,334
<u>Administration of Justice</u>						
Circuit Court	245,890	0	245,890	247,673	249,755	3,865
General Sessions Court	145,952	0	145,952	147,322	147,322	1,370
Chancery Court	144,165	0	144,165	145,917	145,917	1,752
Juvenile Court	21,408	0	21,408	25,516	25,516	4,108
Other Administration of Justice	25,417	0	25,417	23,000	27,700	2,283
Probation Services	49,330	0	49,330	49,501	49,501	171
<u>Public Safety</u>						
Sheriff's Department	1,218,203	0	1,218,203	1,234,656	1,256,521	38,318
Administration of the Sexual Offender Registry	2,400	0	2,400	4,100	4,100	1,700
Jail	1,460,557	0	1,460,557	1,375,544	1,490,546	29,989
Fire Prevention and Control	136,487	0	136,487	176,929	152,526	16,039
Civil Defense	54,502	0	54,502	50,296	55,895	1,393
Rescue Squad	24,204	0	24,204	24,300	24,300	96
Other Emergency Management	175,142	0	175,142	174,150	179,150	4,008
County Coroner/Medical Examiner	39,669	0	39,669	22,250	42,250	2,581
<u>Public Health and Welfare</u>						
Local Health Center	31,141	0	31,141	32,223	32,222	1,081
Ambulance/Emergency Medical Services	1,492,352	0	1,492,352	1,478,453	1,502,452	10,100
Maternal and Child Health Services	9,996	0	9,996	10,000	10,000	4
Other Local Health Services	133,321	0	133,321	149,520	158,120	24,799
Appropriation to State	34,423	0	34,423	35,213	35,213	790

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
General Welfare Assistance	\$ 1,000	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000	\$ 0
Other Local Welfare Services	8,000	0	8,000	8,000	8,000	0
Other Public Health and Welfare	7,043	0	7,043	8,710	7,055	12
<u>Social, Cultural, and Recreational Services</u>						
Adult Activities	118,620	0	118,620	123,570	135,814	17,194
Libraries	166,900	0	166,900	156,234	167,800	900
Parks and Fair Boards	84,000	0	84,000	84,000	84,000	0
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	51,041	0	51,041	66,261	66,261	15,220
Soil Conservation	33,736	0	33,736	33,736	33,736	0
<u>Other Operations</u>						
Tourism	66,409	0	66,409	66,409	66,409	0
Industrial Development	7,500	0	7,500	45,000	45,000	37,500
Other Economic and Community Development	368	0	368	1,590	1,590	1,222
Veterans' Services	45,143	0	45,143	51,594	51,594	6,451
Contributions to Other Agencies	48,834	0	48,834	55,492	60,492	11,658
Miscellaneous	434,782	0	434,782	928,147	469,031	34,249
<u>Principal on Debt</u>						
General Government	130,771	0	130,771	0	130,771	0
<u>Interest on Debt</u>						
General Government	320,261	0	320,261	0	320,261	0
Total Expenditures	\$ 9,073,452	\$ 16,000	\$ 9,089,452	\$ 9,130,575	\$ 9,421,308	\$ 331,856
Excess (Deficiency) of Revenues Over Expenditures	\$ 347,858	\$ (16,000)	\$ 331,858	\$ 15,937	\$ (176,837)	\$ 508,695

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 347,858	\$ (16,000)	\$ 331,858	\$ 15,937	\$ (176,837)	\$ 508,695
Fund Balance, July 1, 2017	2,034,925	0	2,034,925	1,960,499	1,960,499	74,426
Fund Balance, June 30, 2018	<u>\$ 2,382,783</u>	<u>\$ (16,000)</u>	<u>\$ 2,366,783</u>	<u>\$ 1,976,436</u>	<u>\$ 1,783,662</u>	<u>\$ 583,121</u>

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

Exhibit C-6

Fentress County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,150,212	\$ 1,173,025	\$ 1,173,025	\$ (22,813)
Charges for Current Services	247,939	228,795	228,795	19,144
Other Local Revenues	128,471	103,500	103,500	24,971
State of Tennessee	67,573	104,296	104,296	(36,723)
Total Revenues	\$ 1,594,195	\$ 1,609,616	\$ 1,609,616	\$ (15,421)
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 127,386	\$ 125,341	\$ 128,176	\$ 790
Sanitation Education/Information	6,315	8,500	6,594	279
Waste Pickup	203,649	216,936	204,053	404
Convenience Centers	446,766	475,689	455,121	8,355
Problem Waste Centers	3,510	4,800	4,800	1,290
Other Waste Collection	992	1,200	1,200	208
Recycling Center	283,923	290,200	292,123	8,200
Landfill Operation and Maintenance	396,520	380,000	399,892	3,372
Postclosure Care Costs	6,646	6,500	6,650	4
<u>Other Operations</u>				
Other Charges	71,015	73,800	72,035	1,020
Employee Benefits	156	900	900	744
Total Expenditures	\$ 1,546,878	\$ 1,583,866	\$ 1,571,544	\$ 24,666
Excess (Deficiency) of Revenues Over Expenditures	\$ 47,317	\$ 25,750	\$ 38,072	\$ 9,245
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,637	\$ 0	\$ 0	\$ 1,637
Total Other Financing Sources	\$ 1,637	\$ 0	\$ 0	\$ 1,637
Net Change in Fund Balance	\$ 48,954	\$ 25,750	\$ 38,072	\$ 10,882
Fund Balance, July 1, 2017	755,050	755,050	755,050	0
Fund Balance, June 30, 2018	\$ 804,004	\$ 780,800	\$ 793,122	\$ 10,882

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

Exhibit C-7

Fentress County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 28,696	\$ 28,000	\$ 28,000	\$ 696
Other Local Revenues	32,567	80,000	80,000	(47,433)
State of Tennessee	2,179,518	2,867,648	2,867,648	(688,130)
Federal Government	0	50,000	50,000	(50,000)
Total Revenues	<u>\$ 2,240,781</u>	<u>\$ 3,025,648</u>	<u>\$ 3,025,648</u>	<u>\$ (784,867)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 186,189	\$ 196,498	\$ 196,498	\$ 10,309
Highway and Bridge Maintenance	1,184,460	1,378,599	1,403,469	219,009
Operation and Maintenance of Equipment	369,695	421,175	421,175	51,480
Other Charges	95,237	98,175	98,305	3,068
Employee Benefits	61,575	78,000	78,000	16,425
Capital Outlay	79,348	820,496	795,496	716,148
<u>Principal on Debt</u>				
Highways and Streets	238,927	238,927	238,927	0
<u>Interest on Debt</u>				
Highways and Streets	2,008	2,010	2,010	2
Total Expenditures	<u>\$ 2,217,439</u>	<u>\$ 3,233,880</u>	<u>\$ 3,233,880</u>	<u>\$ 1,016,441</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 23,342</u>	<u>\$ (208,232)</u>	<u>\$ (208,232)</u>	<u>\$ 231,574</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 76,267	\$ 0	\$ 0	\$ 76,267
Total Other Financing Sources	<u>\$ 76,267</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 76,267</u>
Net Change in Fund Balance	\$ 99,609	\$ (208,232)	\$ (208,232)	\$ 307,841
Fund Balance, July 1, 2017	428,389	428,390	428,390	(1)
Fund Balance, June 30, 2018	<u>\$ 527,998</u>	<u>\$ 220,158</u>	<u>\$ 220,158</u>	<u>\$ 307,840</u>

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

Exhibit D

Fentress County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 865,054
Due from Other Governments	<u>130,843</u>
Total Assets	<u><u>\$ 995,897</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 130,843
Due to Litigants, Heirs, and Others	<u>865,054</u>
Total Liabilities	<u><u>\$ 995,897</u></u>

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

FENTRESS COUNTY, TENNESSEE
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FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fentress 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 Fentress County:

A. Reporting Entity

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

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

The Fentress County School Department operates the public school system in the county, and the voters of Fentress 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 Fentress County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Fentress County, and the Fentress 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 Fentress County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report. During

the year ended June 30, 2018, the county appropriated an operating subsidy of \$175,142 to the district.

The Industrial Development Board of Fentress County provides assistance in industrial recruitment in Fentress County, and the county commission appoints its seven-member board. Fentress County substantially funds the Industrial Development Board through annual appropriations. During the year ended June 30, 2018, the county appropriated an operating subsidy of \$7,500 to the board.

The Fentress 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 Fentress County Emergency Communications District and the Industrial Development Board of Fentress County can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Fentress County Emergency Communications District
310 South Main
Jamestown, TN 38556

Industrial Development Board of Fentress County
114 Central Avenue West
Jamestown, TN 38556

B. Government-wide and Fund Financial Statements

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

Fentress County issues all debt for the discretely presented Fentress County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2018.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay

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

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

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.

Fentress County reports the following major governmental funds:

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

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

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

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

Additionally, Fentress County reports the following fund types:

Capital Projects Funds – These funds account for resources collected for the capital facilities and public works projects within the county.

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

The discretely presented Fentress 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.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. Grant funds and collections from food sales are the foundational revenues of this fund.

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Fentress County

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

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.23 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 Circuit Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

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

3. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	5 - 15
Infrastructure	20 - 75

4. 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 investment earnings, changes in assumptions, changes in proportionate share of contributions, employer contributions made to the pension plan after the measurement date, and OPEB contributions 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) 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, changes in investment earnings, changes in proportionate share of contributions, OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

5. Compensated Absences

Most offices and departments in Fentress County allow employees to earn vacation and sick leave benefits; however, there are several different methods used by county offices and departments regarding the accumulation of these benefits. All county offices, except the Highway Department, allow the unlimited accumulation of sick leave. The Highway Department does not offer sick leave to its employees. There is no liability for unpaid accumulated sick leave in the primary government since Fentress County does not have a policy to pay any amounts when employees separate from service with the government. The Fentress County School Department reports a liability for unpaid accumulated sick leave according to its policy to pay \$25 per accumulated sick leave day when employees separate from service with the School Department.

Noncertified School Department employees and some county offices allow employees to accumulate vacation days beyond year-end. The Finance Department, working together with the elected officials, is responsible for maintaining the balances of accumulated leave in accordance with the policies of the individual offices and departments of the county. 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.

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors,

grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2018, Fentress County had \$3,021,114 in outstanding debt for capital purposes for the discretely presented Fentress County School Department. This debt is a liability of Fentress County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Fentress 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 on the same manner.

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

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

8. Restatements

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Fentress County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities of the primary government and the discretely presented Fentress County School Department by \$14,440 and \$1,866,510, respectively, have been recognized to account for the transitional requirements.

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 Fentress County’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Fentress 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 Fentress County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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

Discretely Presented Fentress County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Fentress County School Department

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

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

Primary Government

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

Discretely Presented Fentress County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2018, Fentress County reported encumbrances in the following fund:

<u>Fund</u>	<u>Amount</u>
General	\$ 16,000

B. Cash Shortage – Prior Years

On January 28, 2014, the Comptroller of the Treasury released an investigative audit report regarding misappropriation of funds at the Fentress County Public Library. The report revealed a cash shortage of \$40,217 resulting from the misappropriation of funds by the former library director. During the investigation, the former director deposited \$7,000 in personal funds to the library bank account, which left a shortage of \$33,217 at June 30, 2014. On September 25, 2014, the former library director pled guilty to theft of property and received ten years' probation. She was also ordered to pay restitution to the library with payments beginning in October 2014. The unpaid restitution, as of June 30, 2018, was \$9,685.

C. Fund Deficits

The Home Investment Partnerships Grant Program Fund and the Pall Mall Emergency Center Fund had deficits in unassigned fund balance of \$350 and \$500, respectively, at June 30, 2018. These deficits occurred because department personnel did not request the reimbursement of grant funds on a timely basis. Sound business practices dictate that requests for grant reimbursements be made on a current basis. As of the date of this report, the grant reimbursements have been received, and the deficits have been liquidated.

D. Cash Overdraft

The Home Investment Partnerships Grant Program Fund had a cash overdraft of \$41,050 at June 30, 2018. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2018.

E. Pending Review of Operations of the Finance Department

In response to a fraud report filed by Fentress County officials, the Comptroller's Division of Investigations is currently reviewing certain operations of the Fentress County Finance Department. Findings, if any, resulting from this review will be included in a subsequent report.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

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

The county had no pooled and nonpooled investments as of June 30, 2018.

B. Notes Receivable

The General Purpose School Fund had long-term notes receivable of \$4,749 on June 30, 2018. These notes receivable are the result of agreements entered into with two individuals, a current employee and a former employee of the School Department.

The School Department entered into an agreement with an employee in which the department would pay for the employee's training as a speech therapist in return for a service commitment by the employee when the training was completed. The employee did not complete the training, and in accordance with the agreement, became liable for the costs incurred by the School Department. The School Department is deducting \$50 per pay period (\$1,200 annually) until the amount is repaid. The entire amount becomes due and payable if the employee leaves employment with the School Department before payment is made in full. The balance on this note is \$3,332 at June 30, 2018.

A school employee resigned her position with the School Department in December 2013. Following her resignation and after receiving all of the compensation due to her, this former employee received three additional payroll checks from Fentress County totaling \$3,850.12. Upon realizing the error, Fentress County contacted the employee and requested the funds be returned. In February 2014, the county received \$1,238.38 from the former employee leaving a balance of \$2,566.74. The School Department entered an agreement with this former employee to repay the remaining amount at the rate of \$25 per month beginning on March 15, 2014, and continuing through September 15, 2022. If for any reason a payment is missed or is late, the full balance becomes immediately payable. The balance on this note is \$1,417 at June 30, 2018.

C. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 5,457,653	\$ 0	\$ 0	\$ 5,457,653
Construction in Progress	36,035	204,458	0	240,493
Total Capital Assets Not Depreciated	\$ 5,493,688	\$ 204,458	\$ 0	\$ 5,698,146
Capital Assets Depreciated:				
Buildings and Improvements	\$ 21,133,727	\$ 0	\$ 0	\$ 21,133,727
Infrastructure	31,146,634	0	0	31,146,634
Other Capital Assets	5,736,079	160,279	(150,900)	5,745,458
Total Capital Assets Depreciated	\$ 58,016,440	\$ 160,279	\$ (150,900)	\$ 58,025,819
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,799,558	\$ 367,587	\$ 0	\$ 4,167,145
Infrastructure	6,838,447	341,655	0	7,180,102
Other Capital Assets	3,843,965	375,694	(68,904)	4,150,755
Total Accumulated Depreciation	\$ 14,481,970	\$ 1,084,936	\$ (68,904)	\$ 15,498,002
Total Capital Assets Depreciated, Net	\$ 43,534,470	\$ (924,657)	\$ (81,996)	\$ 42,527,817
Governmental Activities Capital Assets, Net	<u>\$ 49,028,158</u>	<u>\$ (720,199)</u>	<u>\$ (81,996)</u>	<u>\$ 48,225,963</u>

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

Governmental Activities:

General Government	\$	18,116
Administration of Justice		88,109
Public Safety		332,036
Public Health and Welfare		228,268
Social, Cultural, and Recreational Services		34,210
Agriculture and Natural Resources		1,355
Highways/Public Works		<u>382,842</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,084,936</u>

Discretely Presented Fentress County School Department

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 411,763	\$ 0	\$ 0	\$ 411,763
Construction in Progress	2,127,000	0	(2,127,000)	0
Total Capital Assets Not Depreciated	<u>\$ 2,538,763</u>	<u>\$ 0</u>	<u>\$ (2,127,000)</u>	<u>\$ 411,763</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 17,525,904	\$ 2,127,000	\$ 0	\$ 19,652,904
Other Capital Assets	3,533,820	241,003	0	3,774,823
Total Capital Assets Depreciated	<u>\$ 21,059,724</u>	<u>\$ 2,368,003</u>	<u>\$ 0</u>	<u>\$ 23,427,727</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 7,020,775	\$ 378,655	\$ 0	\$ 7,399,430
Other Capital Assets	2,022,032	231,647	0	2,253,679
Total Accumulated Depreciation	<u>\$ 9,042,807</u>	<u>\$ 610,302</u>	<u>\$ 0</u>	<u>\$ 9,653,109</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,016,917</u>	<u>\$ 1,757,701</u>	<u>\$ 0</u>	<u>\$ 13,774,618</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,555,680</u>	<u>\$ 1,757,701</u>	<u>\$ (2,127,000)</u>	<u>\$ 14,186,381</u>

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

Governmental Activities:

Instruction	\$ 362,396
Support Services	243,037
Operation of Non-instructional Services	<u>4,869</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 610,302</u></u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 19,267
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	512

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

Due to/from Primary Government and Component Unit:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Component Unit:		
School Department:	Primary Government:	
General Purpose School Fund	General Fund	\$ 367
Primary Government:	Component Unit:	
Governmental Activities	School Department:	
	Governmental Activities	211,114

The Due to Primary Government is the balance of notes (\$183,246) and other loans (\$27,868) issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire these debt obligations. These long-term obligations are reflected in the governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2018, consisted of the following amount:

Discretely Presented Fentress County School Department

Transfer Out	<div style="text-align: center;"> <u>Transfer In</u> General Purpose School Fund </div>	Purpose
Nonmajor government fund	\$ 17,059	Indirect costs

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

E. Capital Lease

On December 18, 2012, Fentress County entered into a 40-year lease purchase agreement for the justice center. The terms of the agreement require total lease payments of \$9,276,656 plus interest of 3.5 percent. Title to the justice center transfers to Fentress County at the end of the lease period. The lease payments are being made from the General Fund.

The asset acquired through the capital lease is as follows:

Assets	Governmental Activities
Buildings	\$ 11,747,890
Less: Accumulated Depreciation	<u>(264,327)</u>
Total Book Value	<u>\$ 11,483,563</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

Year Ending June 30	Governmental Funds
2019	\$ 451,032
2020	451,032
2021	451,032
2022	451,032
2023	451,032
2024-2028	2,255,160
2029-2033	2,255,160
2034-2038	2,255,160
2039-2043	2,255,160
2044-2048	2,255,160
2049-2053	<u>2,250,485</u>
Total Minimum Lease Payments	\$ 15,781,445
Less: Amount Representing Interest	<u>(6,761,909)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 9,019,536</u></u>

F. Long-term Obligations

Primary Government

General Obligation Notes and Other Loans

Fentress County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 12 years for notes and up to 25 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2018, will be retired from the General Debt Service Fund. Notes included in long-term debt as of June 30, 2018, will be retired from the Highway/Public Works and General Debt Service funds.

Capital outlay notes, other loans, and capital leases outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
Capital Outlay Notes	1.34 to 4 %	4-15-22	\$ 2,952,435	\$ 392,915
Other Loans	variable	5-25-26	7,000,000	3,094,000
Other Loans	0	3-1-20	111,406	27,868
Capital Leases	3.5	11-17-52	9,276,656	9,019,536

In prior years, Fentress County entered into two loan agreements with the Montgomery County Public Building Authority. Under these agreements, the authority loaned funds to Fentress County for the construction of an elementary school (\$6,000,000) and for various public works projects (\$1,000,000). The loans are repayable at tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2018, the variable interest rate for each loan was 1.41 percent, and other fees totaled approximately 1.2 percent (letter of credit), .08 percent (remarketing) of the outstanding loan principal, and the trustee fee was \$85 per month.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2018, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 157,212	\$ 10,673	\$ 167,885
2020	140,514	7,299	147,813
2021	46,695	3,810	50,505
2022	48,494	1,954	50,448
Total	<u>\$ 392,915</u>	<u>\$ 23,736</u>	<u>\$ 416,651</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 375,912	\$ 43,625	\$ 41,643	\$ 461,180
2020	389,956	38,550	37,035	465,541
2021	397,000	33,220	32,197	462,417
2022	417,000	27,622	27,115	471,737
2023	358,000	21,742	20,758	400,500
2024-2026	1,184,000	33,924	33,856	1,251,780
Total	\$ 3,121,868	\$ 198,683	\$ 192,604	\$ 3,513,155

There is \$2,447,246 available in the General Debt Service Fund to service long-term debt. Debt per capita, including notes, other loans, and capital leases totaled \$698, based on the 2010 federal census.

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

Description of Indebtedness	Outstanding 6-30-18
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Roof Projects	\$ 183,246
<u>Other Loans Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficient Schools Initiative Loans	27,868
Total	<u>\$ 211,114</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Notes	Other Loans	Capital Leases
Balance, July 1, 2017	\$ 765,727	\$ 3,493,590	\$ 9,150,307
Additions	0	0	0
Reductions	(372,812)	(371,722)	(130,771)
Balance, June 30, 2018	<u>\$ 392,915</u>	<u>\$ 3,121,868</u>	<u>\$ 9,019,536</u>
Balance Due Within One Year	<u>\$ 157,212</u>	<u>\$ 375,912</u>	<u>\$ 135,348</u>

	Compensated Absences	Other Postemployment Benefits*	Net Pension Liability - Agent Plan
Balance, July 1, 2017	\$ 428,865	\$ 176,440	\$ 990,007
Additions	171,309	25,219	1,439,715
Reductions	(176,064)	(15,486)	(1,525,688)
Balance, June 30, 2018	<u>\$ 424,110</u>	<u>\$ 186,173</u>	<u>\$ 904,034</u>
Balance Due Within One Year	<u>\$ 212,057</u>	<u>\$ 0</u>	<u>\$ 0</u>

	Landfill Postclosure Care Costs
Balance, July 1, 2017	\$ 199,702
Additions	3,475
Reductions	(6,646)
Balance, June 30, 2018	<u>\$ 196,531</u>
Balance Due Within One Year	<u>\$ 13,289</u>

*Restated Beginning Balance – See Note I.D.8.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 14,245,167
Less: Balance Due Within One Year	<u>(893,818)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 13,351,349</u>

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

Discretely Presented Fentress County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Fentress County School Department for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits*	Net Pension Liability - Agent Plan #
Balance, July 1, 2017	\$ 439,360	\$ 3,605,790	\$ 251,585
Additions	131,121	307,917	951,097
Reductions	(144,334)	(383,648)	(1,577,220)
Balance, June 30, 2018	<u>\$ 426,147</u>	<u>\$ 3,530,059</u>	<u>\$ (374,538)</u>
Balance Due Within One Year	<u>\$ 170,458</u>	<u>\$ 0</u>	<u>\$ 0</u>

* Restated Beginning Balance – See Note I.D.8.

The Public Employee Retirement Plan had a net pension asset at June 30, 2018.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 3,956,206
Less: Balance Due Within One Year	<u>(170,458)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,785,748</u>

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

G. On-Behalf Payments - Discretely Presented Fentress County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Fentress County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the

Medicare Supplement Plan. Both 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, 2018, were \$97,548 and \$32,100, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Fentress County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet debt service payments coming due before current tax collections. Short-term debt activity for the year ended June 30, 2018 was as follows:

	Balance			Balance
	7-1-17	Issued	Paid	6-30-18
Tax Anticipation Notes	\$ 0	\$ 451,000	\$ (451,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Fentress County

The county is exposed to various risks related to general liability, property, and casualty losses. During 2018, 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 continues to carry commercial insurance for workers' compensation. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Fentress 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 Fentress County School Department

The discretely presented Fentress 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, and casualty 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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. Changes in Administration

On July 18, 2017, the county commission appointed Michael Reagon as sheriff until the August 2018 election.

On June 18, 2018, Marsha Delk left the Office of Finance Director.

E. Landfill Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Fentress County closed its landfill on July 27, 1994, and has contracted with Scott County for its waste disposal. The Solid Waste/Sanitation Fund (special revenue fund) reports postclosure care costs as expenditures in each period in which they are incurred. The \$196,531 reported as landfill postclosure care liability at June 30, 2018, represents estimated postclosure care costs based on the use of 100 percent of the landfill's capacity. Actual costs may vary from estimates due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Eighth Judicial District Drug Task (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District and the municipalities within the district. The district is composed of Fentress, Campbell, Claiborne, Scott, and Union 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 each judicial district. Fentress County made no contributions to the DTF for the year ended June 30, 2018, and does not have an equity interest in this joint venture. Complete financial statements for the Eighth Judicial District Task Force can be obtained from its administrative office at the following address:

Administrative Office:

Eighth Judicial District Drug Task Force
P.O. Box 10
Huntsville, TN 37756

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Fentress 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 (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 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, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	56
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	166
Active Employees	168
 Total	 <u>390</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. Fentress 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, 2018, the employer contribution was \$322,274 based on a rate of 6.02 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Fentress County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Fentress County's net pension liability (asset) was measured as of June 30, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Fentress 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	Plan	Net Pension
	Pension Liability (a)	Fiduciary Net Position (b)	Liability (Asset) (a)-(b)
Balance, July 1, 2016	\$ 9,344,054	\$ 8,354,047	\$ 990,007
Changes for the Year:			
Service Cost	\$ 416,773	\$ 0	\$ 416,773
Interest	709,557	0	709,557
Differences Between Expected and Actual Experience	56,298	0	56,298
Changes in Assumptions	242,793	0	242,793
Contributions-Employer	0	317,267	(317,267)
Contributions-Employees	0	263,513	(263,513)
Net Investment Income	0	944,908	(944,908)
Benefit Payments, Including Refunds of Employee Contributions	(600,142)	(600,142)	0
Administrative Expense	0	(14,294)	14,294
Other Changes	0	0	0
Net Changes	\$ 825,279	\$ 911,252	\$ (85,973)
Balance, June 30, 2017	\$ 10,169,333	\$ 9,265,299	\$ 904,034

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

	1%	Current	1%
	Decrease	Discount Rate	Increase
Fentress County	6.25%	7.25%	8.25%
Net Pension Liability	\$ 2,358,418	\$ 904,034	\$ 289,234

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2018, Fentress County recognized pension expense of \$324,289.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Fentress 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	\$ 397,191	\$ 103,421
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,389
Changes in Assumptions	202,327	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	<u>322,274</u>	<u>N/A</u>
Total	<u>\$ 921,792</u>	<u>\$ 107,810</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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
2019	\$ 72,469
2020	190,371
2021	174,501
2022	4,527
2023	49,849
Thereafter	0

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

Discretely Presented Fentress County School Department

Non-certified Employees

Plan Description. Non-Certified employees of the discretely presented Fentress 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 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 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, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	68
Inactive Employees Entitled to But Not Yet Receiving Benefits	177
Active Employees	147
Total	<u><u>392</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. Fentress County School Department makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution was \$167,181 based on a rate of 7.50 percent of covered. By law, employer contributions are required to be paid. The TCRS may intercept The School Department’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Fentress County School Department’s net pension liability (asset) was measured as of June 30, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2016	\$ 7,386,714	\$ 7,135,129	\$ 251,585
Changes for the Year:			
Service Cost	\$ 221,413	\$ 0	\$ 221,413
Interest	558,189	0	558,189
Differences Between Expected and Actual Experience	(519,661)	0	(519,661)
Changes in Assumptions	159,141	0	159,141
Contributions-Employer	0	142,857	(142,857)
Contributions-Employees	0	111,088	(111,088)
Net Investment Income	0	803,614	(803,614)
Benefit Payments, Including Refunds of Employee Contributions	(331,223)	(331,223)	0
Administrative Expense	0	(12,354)	12,354
Other Changes	0	0	0
Net Changes	\$ 87,859	\$ 713,982	\$ (626,123)
Balance, June 30, 2017	\$ 7,474,573	\$ 7,849,111	\$ (374,538)

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

	1%	Current	1%
	Decrease	Discount Rate	Increase
School Department	6.25%	7.25%	8.25%
Net Pension Liability	\$ 557,385	\$ (374,538)	\$ (1,152,757)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2018, Fentress County School Department recognized pension expense of \$24,699.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Fentress 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	\$ 140,605	\$ 544,379
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,441
Changes in Assumptions	127,313	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	167,181	N/A
Total	<u>\$ 435,099</u>	<u>\$ 545,820</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

(2) 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
2019	\$ (124,396)
2020	(15,227)
2021	(11,806)
2022	(126,472)
2023	0
Thereafter	0

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

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Fentress County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/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, 2018, to the Teacher Retirement Plan were \$50,954, 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, 2018, the School Department reported a liability (asset) of (\$44,317) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's

proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .167974 percent. The proportion as of June 30, 2016, was .186615 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$20,104.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,553	\$ 3,333
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,385
Changes in Assumptions	3,893	0
Changes in Proportion of Net Pension Liability (Asset)	2,064	1,496
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	50,954	N/A
Total	<u>\$ 58,464</u>	<u>\$ 7,214</u>

The School Department's employer contributions of \$50,954, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. 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
2019	\$ (210)
2020	(210)
2021	(346)
2022	(959)
2023	165
Thereafter	1,858

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 8,842	\$ (44,317)	\$ (83,310)

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 Fentress County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/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 Fentress County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$706,982, which is 9.08 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, 2018, the School Department reported a liability (asset) of (\$72,297) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to

calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .220965 percent. The proportion measured at June 30, 2016, was .227209 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$6,678.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 43,585	\$ 1,492,571
Changes in Assumptions	612,305	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	10,974	0
Changes in Proportion of Net Pension Liability (Asset)	33,498	37,250
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	706,982	N/A
Total	<u>\$ 1,407,344</u>	<u>\$ 1,529,821</u>

The School Department's employer contributions of \$706,982 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2019. 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
2019	\$ (511,472)
2020	228,129
2021	(180,474)
2022	(365,642)
2023	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability	\$	6,487,006	\$	(72,297)	\$	(5,493,992)
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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 School Department offers its employees a deferred compensation plan established pursuant to IRC Section 401(k). All costs of administering and funding the program are the responsibility of plan participants. The 401(k) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 401(k) establishes participation, contribution, and withdrawal provisions for the plan.

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion, which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$51,221 and teachers contributed \$61,087 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

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

OPEB Provided through State Administered Public Entity Risk Pools

Primary Government

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

The county’s total OPEB liability for each plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2017, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	LGP - Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing over a 33-year period to an ultimate trend rate of 3.53% with .18% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.56 percent, based on the daily rate of Fidelity's 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

Closed Local Government OPEB Plan (Primary Government)

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

Benefits Provided. Fentress County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health

savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Fentress County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>Fentress County</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	1
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	129
Total	<u><u>130</u></u>

An insurance committee, created in accordance with *TCA 8-27-701*, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2018, the county paid \$6,609 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Fentress County</u>
Balance July 1, 2016	<u>\$ 176,440</u>
Changes for the Year:	
Service Cost	\$ 19,568
Interest	5,651
Changes in	
Benefit Terms	0
Difference between	
Expected and Actuarial	
Experience	0
Changes in Assumption	
and Other Inputs	(10,500)
Benefit Payments	<u>(4,986)</u>
Net Changes	<u>\$ 9,733</u>
Balance June 30, 2017	<u>\$ 186,173</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the county recognized OPEB expense of \$24,209. At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	9,490
Net Difference Between Projected and Benefits paid after the measurement date	<u>6,609</u>	<u>0</u>
Total	<u>\$ 6,609</u>	<u>\$ 9,490</u>

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

Year Ending June 30	Total Amount
2019	\$ (1,010)
2020	(1,010)
2021	(1,010)
2022	(1,010)
2023	(1,010)
Thereafter	(4,440)

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

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

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Total OPEB Liability	\$ 202,758	\$ 186,173	\$ 170,741

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

	1% Decrease 6 to 3.77%	Current Trend Rates 7 to 4.77%	1% Increase 8 to 5.77%
Total OPEB Liability	\$ 161,548	\$ 186,173	\$ 215,915

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

Plan Description. Employees of the Fentress County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP)

administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Fentress County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Fentress County does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	30
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>290</u>
Total	<u><u>320</u></u>

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates.

Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$234,394 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Fentress County School Department</u> 73.78%	<u>State of TN</u> 26.22%	<u>Total OPEB Liability</u>
Balance July 1, 2016	\$ 3,605,790	\$ 1,281,448	\$ 4,887,238
Changes for the Year:			
Service Cost	\$ 200,141	\$ 71,128	\$ 271,269
Interest	107,776	38,302	146,078
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(153,705)	(54,624)	(208,329)
Benefit Payments	(229,943)	(81,719)	(311,662)
Net Changes	\$ (75,731)	\$ (26,913)	\$ (102,644)
Balance June 30, 2017	\$ 3,530,059	\$ 1,254,535	\$ 4,784,594

The Fentress County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Fentress County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$104,074 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Fentress County School Department's proportionate share of the collective OPEB liability was 73.78% and the State of Tennessee's share was 26.22%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$396,923, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	138,636
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	<u>234,394</u>	<u>0</u>
Total	<u>\$ 234,394</u>	<u>\$ 138,636</u>

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

Year Ending June 30	School Department
2019	\$ (15,069)
2020	(15,069)
2021	(15,069)
2022	(15,069)
2023	(15,069)
Thereafter	(63,292)

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

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

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.56%	3.56%	4.56%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,772,059	\$ 3,530,059	\$ 3,297,616
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Current Rates	1% Increase
	6.5 to 2.71%	7.5 to 3.71%	8.5 to 4.71%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,145,463	\$ 3,530,059	\$ 3,983,460
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I. Office of Central Accounting, Budgeting, and Purchasing

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

J. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Fentress County. All purchase orders are issued by the Finance Department. Purchases exceeding \$10,000 are required to be competitively bid.

K. Subsequent Events

On July 24, 2018, the Financial Management Committee selected Tyler Arms as the Finance Director.

County Executive J. Michael Cross, Road Supervisor Scott Norris, and Trustee Wanda Tompkins left office on August 31, 2018, and were succeeded by Jimmy Johnson, Joe Reagan, and Angie Sweet, respectively, effective September 1, 2018.

On October 25, 2018, the county's General Debt Service Fund issued a \$143,636 tax anticipation note to the General Fund for temporary operating funds.

On November 19, 2018, the county commission approved a \$230,000 capital outlay note for the purchase of a fuel system and tractor for the Highway Department.

VI. OTHER NOTES – DISCRETELY PRESENTED INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY

A. Organization

The Industrial Development Board of Fentress County (IDB) was incorporated December 27, 1978. The purpose of the IDB is to do business as an industrial development corporation as prescribed by Chapter 210 of the Public Act of 1955, as codified in 6-2801, et seq. *Tennessee Code Annotated*, and as amended by Chapter 222, Public Act of 1959. The IDB is a component unit of Fentress County, Tennessee. The directors are elected by the governing body of Fentress County. The IDB must file a budget with Fentress County each year. Upon dissolution, the title to all funds and properties owned by the IDB at that time shall become the property of Fentress County. In the governmental fund financial statements, the board considers receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year. Program revenues consist of rental income, operating and capital grants and contributions.

B. Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report the governmental activities of the Industrial Development Board of Fentress County. The governmental activities are reported on the economic resources measurement focus on the accrual basis of accounting.

C. Fund Financial Statements

To ensure observance of limitations and restrictions placed on the use of resources available to the Industrial Development Board of Fentress County, the accounts of the board are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. The fund financial statements report using current financial resources measurement focus and the modified accrual basis of accounting. The measurement focus of governmental fund accounting is on expenditures rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred.

Fund Balances

Nonspendable Fund Balance

- Fund balances reported as nonspendable in the accompanying financial statements represent amounts for prepaid expenses.

Restricted Fund Balance

- Fund balances reported as restricted are the result of externally imposed restrictions placed upon certain resources accounted for in the restricted funds. This includes grant funds.
- 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.

Assigned Fund Balance

- Amounts that are constrained by the board's intent to be used for specific purposes are reflected as assigned in the accompanying financial statements.

Unassigned Fund Balance

- This classification represents fund balance that is not restricted and has not been assigned to specific purposes.
- When both assigned and unassigned resources are available for use, it is the board's policy to use assigned resources first, then unassigned resources as they are needed.

D. Capital Assets and Depreciation

The board's property, plant, and equipment with useful lives of more than one year are stated at historical cost. The capital assets purchased in the current year are reported in the fund financial statements as expenditures in the current year. Donated assets are stated at fair value on the date donated. The board generally capitalizes assets that have a cost of over \$500 and have a useful life of more than one year.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. All capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

E. Subsequent Events

The board has evaluated subsequent events through the date in which the financial statements were available to be issued.

F. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions. The organization's cash at June 30, 2018, was maintained as follows: the operating fund, the development fund and the justice center fund were maintained in separate checking accounts.

G. Compensated Absences

The board has no employees; therefore, compensated absences are not accrued in the financial statements.

H. Property, Plant, and Equipment

The following is a schedule of property as of June 30, 2018:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 1,002,090	\$ 0	\$ 0	\$ 1,002,090
Construction in Progress	0	37,300	0	37,300
Total Capital Assets Not Depreciated	<u>\$ 1,002,090</u>	<u>\$ 37,300</u>	<u>\$ 0</u>	<u>\$ 1,039,390</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,154,009	\$ 0	\$ 0	\$ 2,154,009
Waterlines	523,911	0	0	523,911
Office Equipment	5,549	5,120	(5,549)	5,120
Total Capital Assets Depreciated	<u>\$ 2,683,469</u>	<u>\$ 5,120</u>	<u>\$ (5,549)</u>	<u>\$ 2,683,040</u>
Total Assets	<u>\$ 3,685,559</u>	<u>\$ 42,420</u>	<u>\$ (5,549)</u>	<u>\$ 3,722,430</u>

The following is a schedule of accumulated depreciation as of June 30, 2018:

	Accumulated Depreciation 7-1-17	Increases	Decreases	Accumulated Depreciation 6-30-18
Capital Assets:				
Buildings and Improvements	\$ 530,371	\$ 53,850	\$ 0	\$ 584,221
Waterlines	98,234	13,097	0	111,331
Office Equipment	5,549	0	(5,549)	0
Total Accumulated Depreciation	<u>\$ 634,154</u>	<u>\$ 66,947</u>	<u>\$ (5,549)</u>	<u>\$ 695,552</u>

I. Cash in Bank

Tennessee Code Annotated (TCA) requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

At June 30, 2018, the carrying amount of the board's cash deposits was \$216,711. All cash deposits are covered by the Federal Deposit Insurance

Corporation up to the limit of \$250,000. The amount over \$250,000, if any, is collateralized by the governmental collateral pool of which First Volunteer Bank is a member. The board is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *TCA*. [Acts 1992, ch. 891, section 10].

J. Budget

The director of the board and staff compile the budget. It is then brought before the city and county for approval. Changes made by the city or county are not reflected in the budget. This is a non-appropriated budget used for guidance only and is not legally binding.

K. Risk

The board maintains general liability and property insurance on buildings. There have been no claims or settlement that exceeded coverage during the prior three years.

L. Contract Management Fees

S3 Consulting provides management services for the board and is paid monthly. The owner of S3 Consulting is a prior board member and officer. The total amount of management fees for the year ended June 30, 2018, was \$33,210.

M. Loans

Beginning October 23, 2013, the board began receiving funds from a USDA construction loan to build a justice center in Jamestown, Tennessee. USDA approved this project for \$9,500,000. As of June 30, 2018, the balance of the loan was \$9,019,536.

Payments are due annually per the following schedule.

Year	Principal	Interest	Total	Balance
2019	\$ 135,348	\$ 315,684	\$ 451,032	\$ 8,884,188
2020	140,086	310,947	451,033	8,744,102
2021	144,988	306,044	451,032	8,599,114
2022	150,063	300,967	451,030	8,449,051
2023	155,315	295,717	451,032	8,293,736
2024-2028	862,023	1,393,137	2,255,160	7,431,713
2029-2033	1,023,813	1,231,347	2,255,160	6,407,900
2034-2038	1,215,969	1,039,191	2,255,160	5,191,931
2039-2043	1,444,190	810,971	2,255,161	3,747,741
2044-2048	1,715,244	539,916	2,255,160	2,032,497
2049-2053	2,032,497	217,988	2,250,485	0
Total	<u>\$ 9,019,536</u>	<u>\$ 6,761,909</u>	<u>\$ 15,781,445</u>	

A schedule of changes in long-term debt is as follows:

Description	6-30-17 Balance	Additions	Principal Payments	6-30-18 Balance	Due in One Year
USDA Loan	\$ 9,150,307	\$ 0	\$ (130,771)	\$ 9,019,536	\$ 135,348
Total	<u>\$ 9,150,307</u>	<u>\$ 0</u>	<u>\$ (130,771)</u>	<u>\$ 9,019,536</u>	<u>\$ 135,348</u>

N. Long-term Lease Receivable

Fentress County leases the justice center in Jamestown, Tennessee, that was completed in November 2016 and pays lease income to the board under a capital lease. As of June 30, 2018, the balance of the lease was \$9,019,536. Future minimum lease payments are as follows:

Year	Principal	Interest	Total	Balance
2019	\$ 135,348	\$ 315,684	\$ 451,032	\$ 8,884,188
2020	140,086	310,947	451,033	8,744,102
2021	144,988	306,044	451,032	8,599,114
2022	150,063	300,967	451,030	8,449,051
2023	155,315	295,717	451,032	8,293,736
2024-2028	862,023	1,393,137	2,255,160	7,431,713
2029-2033	1,023,813	1,231,347	2,255,160	6,407,900
2034-2038	1,215,969	1,039,191	2,255,160	5,191,931
2039-2043	1,444,190	810,971	2,255,161	3,747,741
2044-2048	1,715,244	539,916	2,255,160	2,032,497
2049-2053	2,032,497	217,988	2,250,485	0
Total	<u>\$ 9,019,536</u>	<u>\$ 6,761,909</u>	<u>\$ 15,781,445</u>	

A schedule of changes in the long-term lease receivable is as follows:

Description	6-30-17 Balance	Additions	Principal Payments	6-30-18 Balance	Due in One Year
Justice Center	\$ 9,150,307	\$ 0	\$ (130,771)	\$ 9,019,536	\$ 135,348
Total	\$ 9,150,307	\$ 0	\$ (130,771)	\$ 9,019,536	\$ 135,348

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	2014	2015	2016	2017
Total Pension Liability (Asset)				
Service Cost	\$ 379,351	\$ 339,177	\$ 385,704	\$ 416,773
Interest	551,684	572,115	657,161	709,557
Differences Between Actual and Expected Experience	(310,265)	551,752	111,603	56,298
Changes in Assumptions	0	0	0	242,793
Benefit Payments, Including Refunds of Employee Contributions	(238,800)	(377,551)	(373,712)	(600,142)
Net Change in Total Pension Liability (Asset)	\$ 381,970	\$ 1,085,493	\$ 780,756	\$ 825,279
Total Pension Liability (Asset), Beginning	7,095,835	7,477,805	8,563,298	9,344,054
Total Pension Liability, Ending (a)	\$ 7,477,805	\$ 8,563,298	\$ 9,344,054	\$ 10,169,333
Plan Fiduciary Net Position				
Contributions - Employer	\$ 275,784	\$ 291,706	\$ 312,079	\$ 317,267
Contributions - Employee	232,400	242,282	259,204	263,513
Net Investment Income	1,067,336	235,457	213,495	944,908
Benefit Payments, Including Refunds of Employee Contributions	(238,800)	(377,551)	(373,712)	(600,142)
Administrative Expense	(5,356)	(7,579)	(11,861)	(14,294)
Other	0	0	157	0
Net Change in Plan Fiduciary Net Position	\$ 1,331,364	\$ 384,315	\$ 399,362	\$ 911,252
Plan Fiduciary Net Position, Beginning	6,239,006	7,570,370	7,954,685	8,354,047
Plan Fiduciary Net Position, Ending (b)	\$ 7,570,370	\$ 7,954,685	\$ 8,354,047	\$ 9,265,299
Net Pension Liability (Asset), Ending (a - b)	\$ (7,570,370)	\$ 608,613	\$ 990,007	\$ 904,034
Plan Fiduciary Net Position as a Percentage of Total Pension Liability Covered Payroll	101.24%	92.89%	89.40%	91.11%
Net Pension Liability (Asset) as a Percentage of Covered Payroll	\$ 4,642,851	\$ 4,845,610	\$ 5,184,034	\$ 5,270,217
	1.99%	12.56%	19.10%	17.15%

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

Exhibit E-2

Fentress County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Discretely Presented Fentress County School Department – Non-Certified Employees
For the Fiscal Year Ended June 30

	2014	2015	2016	2017
Total Pension Liability (Asset)				
Service Cost	\$ 192,786	\$ 197,164	\$ 209,501	\$ 221,413
Interest	486,751	482,715	518,294	558,189
Changes in Benefit Terms	0	0	0	0
Differences Between Actual and Expected Experience	(385,946)	128,858	126,959	(519,661)
Changes in Assumptions	0	0	0	159,141
Benefit Payments, Including Refunds of Employee Contributions	(348,385)	(355,160)	(338,239)	(331,223)
Net Change in Total Pension Liability (Asset)	\$ (54,794)	\$ 453,577	\$ 516,515	\$ 87,859
Total Pension Liability (Asset), Beginning	6,471,416	6,416,622	6,870,199	7,386,714
Total Pension Liability (Asset), Ending (a)	\$ 6,416,622	\$ 6,870,199	\$ 7,386,714	\$ 7,474,573
Plan Fiduciary Net Position				
Contributions - Employer	\$ 136,816	\$ 132,147	\$ 145,356	\$ 142,857
Contributions - Employee	106,056	102,759	113,029	111,088
Net Investment Income	996,848	212,281	185,576	803,614
Benefit Payments, Including Refunds of Employee Contributions	(348,385)	(355,160)	(338,239)	(331,223)
Administrative Expense	(5,745)	(7,786)	(11,265)	(12,354)
Other	0	0	1,807	0
Net Change in Plan Fiduciary Net Position	\$ 885,590	\$ 84,241	\$ 96,264	\$ 713,982
Plan Fiduciary Net Position, Beginning	6,069,034	6,954,624	7,038,865	7,135,129
Plan Fiduciary Net Position, Ending (b)	\$ 6,954,624	\$ 7,038,865	\$ 7,135,129	\$ 7,849,111
Net Pension Liability (Asset), Ending (a - b)	\$ (538,002)	\$ (168,666)	\$ 251,585	\$ (374,538)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.38%	102.46%	96.59%	105.01%
Covered Payroll	\$ 2,121,124	\$ 2,055,161	\$ 2,260,582	\$ 2,221,720
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(25.36)%	(8.21)%	11.13%	(16.86)%

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

Exhibit E-3

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

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 275,784	\$ 291,706	\$ 312,079	\$ 317,267	\$ 322,274
Less Contributions in Relation to the Actuarially Determined Contribution	(275,784)	(291,706)	(312,079)	(317,267)	(322,274)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	0
Covered Payroll	\$ 4,642,851	\$ 4,845,610	\$ 5,184,034	\$ 5,270,217	\$ 5,353,364
Contributions as a Percentage of Covered Payroll	5.94%	6.02%	6.02%	6.02%	6.02%

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

Exhibit E-4

Fentress County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Discretely Presented Fentress County School Department – Non-Certified Employees
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 136,816	\$ 132,147	\$ 145,356	\$ 142,857	\$ 167,181
Less Contributions in Relation to the Actuarially Determined Contribution	(136,816)	(132,147)	(145,356)	(142,857)	(167,181)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	0
Covered Payroll	\$ 2,121,124	\$ 2,055,161	\$ 2,260,582	\$ 2,221,720	\$ 2,229,057
Contributions as a Percentage of Covered Payroll	6.45%	6.43%	6.43%	6.43%	7.50%

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

Exhibit E-5

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

	2015	2016	2017	2018
Contractually Required Contribution	\$ 10,900	\$ 32,845	\$ 44,099	\$ 50,954
Less Contributions in Relation to the Contractually Required Contribution	(10,900)	(32,845)	(44,099)	(50,954)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 272,509	\$ 821,109	\$ 1,102,470	\$ 1,273,816
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%

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

Exhibit E-6

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

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 773,144	\$ 758,729	\$ 741,440	\$ 706,114	\$ 706,982
Less Contributions in Relation to the Contractually Required Contribution	(773,144)	(758,729)	(741,440)	(706,114)	(706,982)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 8,706,579	\$ 8,393,011	\$ 8,201,766	\$ 7,810,955	\$ 7,786,149
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%

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

Exhibit E-7

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

	2016	2017	2018
School Department's Proportion of the Net Pension Asset	0.128450%	0.186615	0.167974
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (5,276) \$	(19,427) \$	(44,317)
Covered Payroll	\$ 272,509 \$	821,109 \$	1,102,470
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

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

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

Exhibit E-8

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.221824%	0.224202%	0.227209%	0.220965%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (36,045)	\$ 91,841	\$ 1,419,927	\$ (72,297)
Covered Payroll	\$ 8,706,579	\$ 8,393,011	\$ 8,201,766	\$ 7,810,995
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.41)%	1.09%	17.31%	(.93)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

* 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 E-9

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

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 19,568
Interest	5,651
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(10,500)
Benefit Payments	<u>(4,986)</u>
Net Change in Total OPEB Liability	\$ 9,733
Total OPEB Liability, Beginning	<u>176,440</u>
Total OPEB Liability, Ending	<u><u>\$ 186,173</u></u>

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

Covered Employee Payroll	\$ 5,353,364
Net OPEB Liability as a Percentage of Covered Employee Payroll	3.48%

Notes:

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

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

2017	2.92%
2018	3.56%

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

Exhibit E-10

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

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 271,269
Interest	146,078
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(208,329)
Benefit Payments	(311,662)
Net Change in Total OPEB Liability	\$ (102,644)
Total OPEB Liability, Beginning	<u>4,887,238</u>
 Total OPEB Liability, Ending	 <u>\$ 4,784,594</u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 1,254,535
Employer Proportionate Share of the Total OPEB Liability	3,530,059
 Covered Employee Payroll	 \$ 11,289,022
Net OPEB Liability as a Percentage of Covered Employee Payroll	42.38%

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

Notes:

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

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

2017	2.92%
2018	3.56%

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

**FENTRESS COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018**

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Primary Government and Discretely Presented Fentress County School Department – Non-certified Employees:

Actuarial Cost Method	Early Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	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 Adjustments	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.

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 Funds

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for funds held to maintain and improve industrial park buildings.

HOME Investment Partnerships Program Grant Fund – The HOME Investment Partnerships Program Grant Fund is used to account for grant proceeds for a low income home rehabilitation program.

Pall Mall Emergency Center Fund – The Pall Mall Emergency Center Fund is used to account for grant proceeds for the construction of an emergency shelter.

Exhibit F-1

Fentress County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds			Capital Projects Funds	
	Drug Control	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	HOME Investment Partnerships Program Grant
<u>ASSETS</u>					
Cash	\$ 0	\$ 15,576	\$ 15,576	\$ 0	\$ 0
Equity in Pooled Cash and Investments	47,767	0	47,767	11,165	0
Accounts Receivable	0	3,691	3,691	0	0
Due from Other Governments	0	0	0	0	47,442
Total Assets	\$ 47,767	\$ 19,267	\$ 67,034	\$ 11,165	\$ 47,442
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,742
Cash Overdraft	0	0	0	0	41,050
Contracts Payable	0	0	0	0	0
Due to Other Funds	0	19,267	19,267	0	0
Total Liabilities	\$ 0	\$ 19,267	\$ 19,267	\$ 0	\$ 47,792
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 47,767	\$ 0	\$ 47,767	\$ 0	\$ 0
Restricted for Capital Outlay	0	0	0	11,165	0
Unassigned	0	0	0	0	(350)
Total Fund Balances	\$ 47,767	\$ 0	\$ 47,767	\$ 11,165	\$ (350)
Total Liabilities and Fund Balances	\$ 47,767	\$ 19,267	\$ 67,034	\$ 11,165	\$ 47,442

(Continued)

Exhibit F-1

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

	<u>Capital Projects Funds (Cont.)</u>		
	Pall Mall Emergency Center	Total	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 15,576
Equity in Pooled Cash and Investments	3,050	14,215	61,982
Accounts Receivable	0	0	3,691
Due from Other Governments	49,863	97,305	97,305
Total Assets	<u>\$ 52,913</u>	<u>\$ 111,520</u>	<u>\$ 178,554</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 6,742	\$ 6,742
Cash Overdraft	0	41,050	41,050
Contracts Payable	53,413	53,413	53,413
Due to Other Funds	0	0	19,267
Total Liabilities	<u>\$ 53,413</u>	<u>\$ 101,205</u>	<u>\$ 120,472</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 47,767
Restricted for Capital Outlay	0	11,165	11,165
Unassigned	(500)	(850)	(850)
Total Fund Balances	<u>\$ (500)</u>	<u>\$ 10,315</u>	<u>\$ 58,082</u>
Total Liabilities and Fund Balances	<u>\$ 52,913</u>	<u>\$ 111,520</u>	<u>\$ 178,554</u>

Exhibit F-2

Fentress County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Fund	Capital Projects Funds				Total	Total Nonmajor Governmental Funds
	Drug Control	Community Development/ Industrial Park	HOME Investment Partnerships Program Grant	Pall Mall Emergency Center			
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 41,659	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	41,659
Federal Government	0	0	117,968	188,160	306,128		306,128
Total Revenues	<u>\$ 41,659</u>	<u>\$ 0</u>	<u>\$ 117,968</u>	<u>\$ 188,160</u>	<u>\$ 306,128</u>	<u>\$</u>	<u>347,787</u>
<u>Expenditures</u>							
Current:							
Public Safety	\$ 75,172	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	75,172
Capital Projects	0	0	118,318	188,660	306,978		306,978
Total Expenditures	<u>\$ 75,172</u>	<u>\$ 0</u>	<u>\$ 118,318</u>	<u>\$ 188,660</u>	<u>\$ 306,978</u>	<u>\$</u>	<u>382,150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (33,513)</u>	<u>\$ 0</u>	<u>\$ (350)</u>	<u>\$ (500)</u>	<u>\$ (850)</u>	<u>\$</u>	<u>(34,363)</u>
Net Change in Fund Balances	\$ (33,513)	\$ 0	\$ (350)	\$ (500)	\$ (850)	\$	(34,363)
Fund Balance, July 1, 2017	81,280	11,165	0	0	11,165		92,445
Fund Balance, June 30, 2018	<u>\$ 47,767</u>	<u>\$ 11,165</u>	<u>\$ (350)</u>	<u>\$ (500)</u>	<u>\$ 10,315</u>	<u>\$</u>	<u>58,082</u>

Exhibit F-3

Fentress County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 41,659	\$ 51,000	\$ 51,000	\$ (9,341)
Other Local Revenues	0	2,500	2,500	(2,500)
State of Tennessee	0	200	200	(200)
Total Revenues	<u>\$ 41,659</u>	<u>\$ 53,700</u>	<u>\$ 53,700</u>	<u>\$ (12,041)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 75,172	\$ 87,500	\$ 87,500	\$ 12,328
Total Expenditures	<u>\$ 75,172</u>	<u>\$ 87,500</u>	<u>\$ 87,500</u>	<u>\$ 12,328</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (33,513)</u>	<u>\$ (33,800)</u>	<u>\$ (33,800)</u>	<u>\$ 287</u>
Net Change in Fund Balance	\$ (33,513)	\$ (33,800)	\$ (33,800)	\$ 287
Fund Balance, July 1, 2017	<u>81,280</u>	<u>81,280</u>	<u>81,280</u>	<u>0</u>
Fund Balance, June 30, 2018	<u><u>\$ 47,767</u></u>	<u><u>\$ 47,480</u></u>	<u><u>\$ 47,480</u></u>	<u><u>\$ 287</u></u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Fentress County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 455,248	\$ 454,875	\$ 454,875	\$ 373
Other Local Revenues	64,380	64,380	64,380	0
Other Governments and Citizens Groups	79,228	0	79,228	0
Total Revenues	<u>\$ 598,856</u>	<u>\$ 519,255</u>	<u>\$ 598,483</u>	<u>\$ 373</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 155,373	\$ 155,375	\$ 155,375	\$ 2
Education	350,234	280,000	350,234	0
<u>Interest on Debt</u>				
General Government	9,548	22,350	22,350	12,802
Education	50,396	154,500	163,494	113,098
<u>Other Debt Service</u>				
General Government	14,159	21,000	21,000	6,841
Education	40,788	50,000	50,000	9,212
Total Expenditures	<u>\$ 620,498</u>	<u>\$ 683,225</u>	<u>\$ 762,453</u>	<u>\$ 141,955</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (21,642)</u>	<u>\$ (163,970)</u>	<u>\$ (163,970)</u>	<u>\$ 142,328</u>
Net Change in Fund Balance	\$ (21,642)	\$ (163,970)	\$ (163,970)	\$ 142,328
Fund Balance, July 1, 2017	<u>2,468,888</u>	<u>2,468,888</u>	<u>2,468,888</u>	<u>0</u>
Fund Balance, June 30, 2018	<u>\$ 2,447,246</u>	<u>\$ 2,304,918</u>	<u>\$ 2,304,918</u>	<u>\$ 142,328</u>

Fiduciary Funds

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

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

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

Exhibit H-1

Fentress County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>		
	<u>Cities -</u>	<u>Constitu -</u>	
	<u>Sales</u>	<u>tional</u>	
	<u>Tax</u>	<u>Officers -</u>	<u>Total</u>
		<u>Agency</u>	
<u>ASSETS</u>			
Cash	\$ 0	\$ 865,054	\$ 865,054
Due from Other Governments	130,843	0	130,843
Total Assets	<u>\$ 130,843</u>	<u>\$ 865,054</u>	<u>\$ 995,897</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 130,843	\$ 0	\$ 130,843
Due to Litigants, Heirs, and Others	0	865,054	865,054
Total Liabilities	<u>\$ 130,843</u>	<u>\$ 865,054</u>	<u>\$ 995,897</u>

Exhibit H-2

Fentress County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 733,365	\$ 733,365	\$ 0
Due from Other Governments	124,069	130,843	124,069	130,843
Total Assets	\$ 124,069	\$ 864,208	\$ 857,434	\$ 130,843
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 124,069	\$ 864,208	\$ 857,434	\$ 130,843
Total Liabilities	\$ 124,069	\$ 864,208	\$ 857,434	\$ 130,843
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 955,497	\$ 4,249,908	\$ 4,340,351	\$ 865,054
Total Assets	\$ 955,497	\$ 4,249,908	\$ 4,340,351	\$ 865,054
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 955,497	\$ 4,249,908	\$ 4,340,351	\$ 865,054
Total Liabilities	\$ 955,497	\$ 4,249,908	\$ 4,340,351	\$ 865,054
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 955,497	\$ 4,249,908	\$ 4,340,351	\$ 865,054
Equity in Pooled Cash and Investments	0	733,365	733,365	0
Due from Other Governments	124,069	130,843	124,069	130,843
Total Assets	\$ 1,079,566	\$ 5,114,116	\$ 5,197,785	\$ 995,897
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 124,069	\$ 864,208	\$ 857,434	\$ 130,843
Due to Litigants, Heirs, and Others	955,497	4,249,908	4,340,351	865,054
Total Liabilities	\$ 1,079,566	\$ 5,114,116	\$ 5,197,785	\$ 995,897

Fentress County School Department

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

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

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

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

Exhibit I-1

Fentress County, Tennessee
Statement of Activities
Discretely Presented Fentress County School Department
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 10,913,941	\$ 0	\$ 1,374,335	\$ 23,814	\$ (9,515,792)
Support Services	5,969,000	0	1,999,635	0	(3,969,365)
Operation of Non-Instructional Services	2,139,573	36,877	143,601	0	(1,959,095)
Interest on Long-term Debt	8,994	0	0	0	(8,994)
Total Governmental Activities	\$ 19,031,508	\$ 36,877	\$ 3,517,571	\$ 23,814	\$ (15,453,246)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 746,354
Local Option Sales Taxes					1,795,566
Wheel Tax					430,286
Mineral Severance Tax					16,720
Business Tax					31,054
Other Local Taxes					1,121
Grants and Contributions Not Restricted to Specific Programs					13,509,523
Unrestricted Investment Earnings					31,742
Miscellaneous					52,923
Total General Revenues					\$ 16,615,289
Change in Net Position					
Net Position, July 1, 2017					\$ 1,162,043
Restatement - See Note I.D.8.					16,347,138
					<u>(1,866,510)</u>
Net Position, June 30, 2018					\$ 15,642,671

Exhibit I-2

Fentress County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Fentress County School Department
June 30, 2018

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>School</u>	<u>Governmental</u>
	<u>School</u>		<u>Federal</u>	<u>Funds</u>
			<u>Projects</u>	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 4,270,274	\$ 846,916	\$ 49,065	\$ 5,166,255
Accounts Receivable	32	0	49	81
Due from Other Governments	356,941	4,777	146,009	507,727
Due from Other Funds	0	0	512	512
Due from Primary Government	367	0	0	367
Property Taxes Receivable	793,905	0	0	793,905
Allowance for Uncollectible Property Taxes	(18,437)	0	0	(18,437)
Notes Receivable - Long-term	4,749	0	0	4,749
Total Assets	<u>\$ 5,407,831</u>	<u>\$ 851,693</u>	<u>\$ 195,635</u>	<u>\$ 6,455,159</u>
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 414,709	\$ 19,219	\$ 45,635	\$ 479,563
Due to Other Funds	512	0	0	512
Due to State of Tennessee	7,636	0	0	7,636
Total Liabilities	<u>\$ 422,857</u>	<u>\$ 19,219</u>	<u>\$ 45,635</u>	<u>\$ 487,711</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 748,801	\$ 0	\$ 0	\$ 748,801
Deferred Delinquent Property Taxes	23,053	0	0	23,053
Other Deferred/Unavailable Revenue	151,000	0	0	151,000
Total Deferred Inflows of Resources	<u>\$ 922,854</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 922,854</u>

(Continued)

Exhibit I-2

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

FUND BALANCES

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>School</u>	<u>Governmental</u>
	<u>School</u>		<u>Federal</u>	<u>Funds</u>
			<u>Projects</u>	
Nonspendable:				
Long-term Notes Receivable	\$ 4,749	\$ 0	\$ 0	\$ 4,749
Restricted:				
Restricted for Education	0	832,474	0	832,474
Committed:				
Committed for Education	8,145	0	150,000	158,145
Unassigned	4,049,226	0	0	4,049,226
Total Fund Balances	<u>\$ 4,062,120</u>	<u>\$ 832,474</u>	<u>\$ 150,000</u>	<u>\$ 5,044,594</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,407,831</u>	<u>\$ 851,693</u>	<u>\$ 195,635</u>	<u>\$ 6,455,159</u>

Exhibit I-3

Fentress County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Fentress County School Department
June 30, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 5,044,594
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 411,763	
Add: buildings and improvements net of accumulated depreciation	12,253,474	
Add: other capital assets net of accumulated depreciation	<u>1,521,144</u>	14,186,381
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due to the primary government debt for notes	\$ (183,246)	
Less: contributions due to the primary government debt for other loans	(27,868)	
Less: net OPEB liability	(3,530,059)	
Less: compensated absences payable	<u>(426,147)</u>	(4,167,320)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,900,908	
Less: deferred inflows of resources related to pensions	(2,082,855)	
Add: deferred outflows of resources related to OPEB	234,394	
Less: deferred inflows of resources related to OPEB	<u>(138,636)</u>	(86,189)
(4) Net pension assets of the pension plans are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 374,538	
Add: net pension asset - teacher retirement plan	44,317	
Add: net pension asset - teacher legacy plan	<u>72,297</u>	491,152
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>174,053</u>
Net position of governmental activities (Exhibit A)		<u>\$ 15,642,671</u>

Exhibit I-4

Fentress County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Fentress County School Department
For the Year Ended June 30, 2018

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General Purpose School	Central Cafeteria	School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 3,026,623	\$ 0	\$ 0	\$ 3,026,623
Licenses and Permits	1,121	0	0	1,121
Charges for Current Services	0	36,877	0	36,877
Other Local Revenues	128,452	1,656	0	130,108
State of Tennessee	13,578,149	12,972	0	13,591,121
Federal Government	230,009	1,369,738	1,814,597	3,414,344
Total Revenues	\$ 16,964,354	\$ 1,421,243	\$ 1,814,597	\$ 20,200,194
<u>Expenditures</u>				
Current:				
Instruction	\$ 9,986,751	\$ 0	\$ 1,208,193	\$ 11,194,944
Support Services	5,548,181	0	550,229	6,098,410
Operation of Non-Instructional Services	773,579	1,326,405	39,116	2,139,100
Capital Outlay	279,059	0	0	279,059
Debt Service:				
Principal on Debt	70,234	0	0	70,234
Interest on Debt	8,994	0	0	8,994
Total Expenditures	\$ 16,666,798	\$ 1,326,405	\$ 1,797,538	\$ 19,790,741
Excess (Deficiency) of Revenues Over Expenditures	\$ 297,556	\$ 94,838	\$ 17,059	\$ 409,453
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 17,059	\$ 0	\$ 0	\$ 17,059
Transfers Out	0	0	(17,059)	(17,059)
Total Other Financing Sources (Uses)	\$ 17,059	\$ 0	\$ (17,059)	\$ 0

(Continued)

Exhibit I-4

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

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General Purpose School	Central Cafeteria	School Federal Projects	
Net Change in Fund Balances	\$ 314,615	\$ 94,838	\$ 0	\$ 409,453
Fund Balance, July 1, 2017	3,747,505	737,636	150,000	4,635,141
Fund Balance, June 30, 2018	\$ 4,062,120	\$ 832,474	\$ 150,000	\$ 5,044,594

Exhibit I-5

Fentress County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Fentress County School Department
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 409,453
(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	\$ 241,003	
Less: current-year depreciation expense	<u>(610,302)</u>	(369,299)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 174,053	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(180,696)</u>	(6,643)
(3) The contribution of long-term debt (e.g., notes, bonds, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on notes to the primary government	\$ 41,512	
Add: principal contributions on other loans to the primary government	<u>28,722</u>	70,234
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued compensated absences	\$ 13,213	
Change in OPEB liability (net of restatement)	75,731	
Change in deferred outflows related to OPEB	234,394	
Change in deferred inflows related to OPEB	(138,636)	
Change in net pension liability - agent plan	626,123	
Change in net pension liability - teacher legacy plan	1,492,224	
Change in net pension asset - teacher plan	24,890	
Change in deferred outflows related to pensions	(1,108,571)	
Change in deferred inflows related to pensions	<u>(161,070)</u>	<u>1,058,298</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,162,043</u>

Exhibit I-6

Fentress County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Fentress County School Department
General Purpose School Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,026,623	\$ 3,109,950	\$ 3,109,950	\$ (83,327)
Licenses and Permits	1,121	1,250	1,250	(129)
Other Local Revenues	128,452	177,500	177,500	(49,048)
State of Tennessee	13,578,149	13,733,397	13,908,345	(330,196)
Federal Government	230,009	225,000	225,000	5,009
Total Revenues	<u>\$ 16,964,354</u>	<u>\$ 17,247,097</u>	<u>\$ 17,422,045</u>	<u>\$ (457,691)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 8,648,410	\$ 10,048,700	\$ 10,053,288	\$ 1,404,878
Alternative Instruction Program	127,763	139,820	139,820	12,057
Special Education Program	1,040,011	1,109,336	1,109,336	69,325
Career and Technical Education Program	170,567	147,900	171,720	1,153
<u>Support Services</u>				
Attendance	134,759	148,667	148,667	13,908
Health Services	252,391	307,580	307,582	55,191
Other Student Support	227,491	391,760	391,760	164,269
Regular Instruction Program	517,567	864,017	864,017	346,450
Special Education Program	240,366	253,242	253,242	12,876
Career and Technical Education Program	29,860	34,090	34,090	4,230
Technology	99,198	109,158	109,158	9,960
Other Programs	129,648	0	129,648	0
Board of Education	504,393	666,940	666,940	162,547
Director of Schools	146,604	174,780	174,780	28,176
Office of the Principal	697,922	738,900	738,900	40,978
Fiscal Services	114,927	139,670	139,670	24,743
Operation of Plant	1,082,378	1,342,220	1,342,220	259,842
Maintenance of Plant	299,011	413,866	413,866	114,855
Transportation	1,071,666	1,326,644	1,326,644	254,978
<u>Operation of Non-Instructional Services</u>				
Community Services	156,653	161,215	168,716	12,063
Early Childhood Education	616,926	609,367	618,760	1,834
<u>Capital Outlay</u>				
Regular Capital Outlay	279,059	575,000	575,000	295,941
<u>Principal on Debt</u>				
Education	70,234	71,188	71,188	954
<u>Interest on Debt</u>				
Education	8,994	10,590	10,590	1,596
<u>Other Debt Service</u>				
Education	0	1,000	1,000	1,000
Total Expenditures	<u>\$ 16,666,798</u>	<u>\$ 19,785,650</u>	<u>\$ 19,960,602</u>	<u>\$ 3,293,804</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 297,556</u>	<u>\$ (2,538,553)</u>	<u>\$ (2,538,557)</u>	<u>\$ 2,836,113</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 17,059	\$ 0	\$ 0	\$ 17,059
Total Other Financing Sources	<u>\$ 17,059</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,059</u>

(Continued)

Exhibit I-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Net Change in Fund Balance	\$ 314,615	\$ (2,538,553)	\$ (2,538,557)	\$ 2,853,172
Fund Balance, July 1, 2017	3,747,505	3,758,186	3,758,186	(10,681)
Fund Balance, June 30, 2018	\$ 4,062,120	\$ 1,219,633	\$ 1,219,629	\$ 2,842,491

Exhibit I-7

Fentress County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Fentress County School Department
School Federal Projects Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,814,597	\$ 2,061,574	\$ 2,061,545	\$ (246,948)
Total Revenues	\$ 1,814,597	\$ 2,061,574	\$ 2,061,545	\$ (246,948)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 692,604	\$ 743,052	\$ 750,243	\$ 57,639
Special Education Program	482,578	518,426	518,823	36,245
Career and Technical Education Program	33,011	28,790	33,011	0
<u>Support Services</u>				
Other Student Support	24,294	28,800	26,646	2,352
Regular Instruction Program	372,492	461,525	450,259	77,767
Special Education Program	133,687	190,905	192,644	58,957
Career and Technical Education Program	2,142	2,300	2,142	0
Transportation	17,614	19,803	19,803	2,189
<u>Operation of Non-Instructional Services</u>				
Community Services	39,116	50,000	50,000	10,884
Total Expenditures	\$ 1,797,538	\$ 2,043,601	\$ 2,043,571	\$ 246,033
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,059	\$ 17,973	\$ 17,974	\$ (915)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (17,059)	\$ (17,972)	\$ (17,972)	\$ 913
Total Other Financing Sources	\$ (17,059)	\$ (17,972)	\$ (17,972)	\$ 913
Net Change in Fund Balance	\$ 0	\$ 1	\$ 2	\$ (2)
Fund Balance, July 1, 2017	150,000	150,000	150,000	0
Fund Balance, June 30, 2018	\$ 150,000	\$ 150,001	\$ 150,002	\$ (2)

Exhibit I-8

Fentress County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Fentress County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 36,877	\$ 40,000	\$ 40,000	\$ (3,123)
Other Local Revenues	1,656	18,500	18,500	(16,844)
State of Tennessee	12,972	15,000	15,000	(2,028)
Federal Government	1,369,738	1,518,500	1,523,903	(154,165)
Total Revenues	<u>\$ 1,421,243</u>	<u>\$ 1,592,000</u>	<u>\$ 1,597,403</u>	<u>\$ (176,160)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,326,405	\$ 1,781,000	\$ 1,786,403	\$ 459,998
Total Expenditures	<u>\$ 1,326,405</u>	<u>\$ 1,781,000</u>	<u>\$ 1,786,403</u>	<u>\$ 459,998</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 94,838	\$ (189,000)	\$ (189,000)	\$ 283,838
Net Change in Fund Balance	\$ 94,838	\$ (189,000)	\$ (189,000)	\$ 283,838
Fund Balance, July 1, 2017	<u>737,636</u>	<u>737,635</u>	<u>737,635</u>	<u>1</u>
Fund Balance, June 30, 2018	<u>\$ 832,474</u>	<u>\$ 548,635</u>	<u>\$ 548,635</u>	<u>\$ 283,839</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Fentress County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Capital Leases
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Paid and/or Matured During Period	Outstanding 6-30-18
<u>NOTES PAYABLE</u>							
<u>Payable through Highway/Public Works Fund</u> Highway Improvement, Series 2016	\$ 475,000	1.34 %	7-14-16	7-25-18	\$ 258,977	\$ 238,927	\$ 20,050
<u>Payable through General Debt Service Fund</u> Ice Storm Repairs	2,000,000	1.75	6-5-15	6-4-20	\$ 281,992	\$ 92,373	\$ 189,619
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u> School Roof Projects	477,435	4	6-24-10	4-15-22	\$ 224,758	\$ 41,512	\$ 183,246
Total Notes Payable					\$ 765,727	\$ 372,812	\$ 392,915
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u> School Construction - Southern System Facility	6,000,000	Variable	10-25-01	5-25-26	\$ 3,090,000	\$ 280,000	\$ 2,810,000
Public Works Project	1,000,000	Variable	5-21-02	5-25-22	347,000	63,000	284,000
Total Payable through General Debt Service Fund					\$ 3,437,000	\$ 343,000	\$ 3,094,000
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u> Energy Efficient Schools Initiative Loan	107,530	0	5-1-11	4-1-18	\$ 12,810	\$ 12,810	\$ 0
Energy Efficient Schools Initiative Loan	111,406	0	4-1-13	3-1-20	43,780	15,912	27,868
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 56,590	\$ 28,722	\$ 27,868
Total Other Loans Payable					\$ 3,493,590	\$ 371,722	\$ 3,121,868
<u>CAPITAL LEASES PAYABLE</u>							
<u>Payable through General Fund</u> Justice Center	9,276,656	3.5	11-17-16	11-17-52	\$ 9,150,307	\$ 130,771	\$ 9,019,536

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 157,212	\$ 10,673	\$ 167,885
2020	140,514	7,299	147,813
2021	46,695	3,810	50,505
2022	48,494	1,954	50,448
Total	<u>\$ 392,915</u>	<u>\$ 23,736</u>	<u>\$ 416,651</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 375,912	\$ 43,625	\$ 41,643	\$ 461,180
2020	389,956	38,550	37,035	465,541
2021	397,000	33,220	32,197	462,417
2022	417,000	27,622	27,115	471,737
2023	358,000	21,742	20,758	400,500
2024	376,000	16,694	16,175	408,869
2025	394,000	11,393	11,362	416,755
2026	414,000	5,837	6,319	426,156
Total	<u>\$ 3,121,868</u>	<u>\$ 198,683</u>	<u>\$ 192,604</u>	<u>\$ 3,513,155</u>

(Continued)

Exhibit J-2

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

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2019	\$ 135,348	\$ 315,684	\$ 451,032
2020	140,085	310,947	451,032
2021	144,988	306,044	451,032
2022	150,063	300,969	451,032
2023	155,315	295,717	451,032
2024	160,751	290,281	451,032
2025	166,378	284,654	451,032
2026	172,201	278,831	451,032
2027	178,228	272,804	451,032
2028	184,466	266,566	451,032
2029	190,922	260,110	451,032
2030	197,604	253,428	451,032
2031	204,521	246,511	451,032
2032	211,679	239,353	451,032
2033	219,087	231,945	451,032
2034	226,756	224,276	451,032
2035	234,692	216,340	451,032
2036	242,906	208,126	451,032
2037	251,408	199,624	451,032
2038	260,207	190,825	451,032
2039	269,314	181,718	451,032
2040	278,740	172,292	451,032
2041	288,496	162,536	451,032
2042	298,594	152,438	451,032
2043	309,045	141,987	451,032
2044	319,861	131,171	451,032
2045	331,056	119,976	451,032
2046	342,643	108,389	451,032
2047	354,636	96,396	451,032
2048	367,048	83,984	451,032
2049	379,895	71,137	451,032
2050	393,191	57,841	451,032
2051	406,953	44,079	451,032
2052	421,196	29,836	451,032
2053	431,263	15,094	446,357
Total	\$ 9,019,536	\$ 6,761,909	\$ 15,781,445

Exhibit J-3

Fentress County, Tennessee
Schedule of Notes Receivable
Discretely Presented Fentress County School Department
For the Year Ended June 30, 2018

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-18
<u>General Purpose School Fund</u>						
Repayment of training expenses	Michelle Wright	\$ 14,133	7-1-09	3-31-21	0 %	\$ 3,332
Repayment of unearned salary	Regina Copeland	2,567	2-14-14	9-30-22	0	<u>1,417</u>
Total Notes Receivable						<u>\$ 4,749</u>

Exhibit J-4

Fentress County, Tennessee
Schedule of Transfers
Discretely Presented Fentress County School Department
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 17,059</u>
Total Transfers Discretely Presented Fentress County School Department			<u><u>\$ 17,059</u></u>

Exhibit J-5

Fentress County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Fentress County School Department
For the Year Ended June 30, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <i>TCA</i>	\$ 79,326	\$ 100,000	Western Surety Company
Road Supervisor	Section 8-24-102, <i>TCA</i>	75,550	100,000	"
Director of Schools	State Board of Education and Fentress County Board of Education	90,112 (1)	150,000	"
Trustee	Section 8-24-102, <i>TCA</i>	68,682	754,528	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,682	50,000	"
Finance Director:				
Marsha Delk (7-1-17 to 6-18-18)	County Commission	60,451	100,000	"
Vacant (6-19-18 to 6-30-18)	County Commission	0 (3)		
County Clerk	Section 8-24-102, <i>TCA</i>	68,682	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	68,682	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	68,682 (2)	200,000	RLI Insurance Company
Register of Deeds	Chancery Court Judge			
	Section 8-24-102, <i>TCA</i>	68,682	100,000	Western Surety Company
Sheriff:				
Vacant (7-1-17 to 7-17-17)	Section 8-24-102, <i>TCA</i>	0 (3)		
Michael Reagon (7-18-17 to 6-30-18)	Section 8-24-102, <i>TCA</i>	70,958 (4)	100,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			400,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			400,000	Tennessee Risk Management Trust

- (1) Does not includes a chief executive officer training supplement of \$1,000 or differentiated pay of \$500.
- (2) Does not include special commissioner fees of \$9,899.
- (3) Deputies filled in until official appointments were made for vacant positions.
- (4) Does not include law enforcement training supplement of \$600.

Exhibit J-6

Fentress County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2018

	Special Revenue Funds				Debt Service	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Fund General Debt Service	HOME Investment Partnerships Program Grant
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,773,134	\$ 390,524	\$ 0	\$ 0	\$ 90,123	\$ 0
Trustee's Collections - Prior Year	205,243	16,792	0	0	3,875	0
Circuit Clerk/Clerk and Master Collections - Prior Years	77,033	6,750	0	0	7,027	0
Interest and Penalty	33,181	2,715	0	0	626	0
Pickup Taxes	45	4	0	0	1	0
Payments in-Lieu-of Taxes - Other	81,270	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	720,936	0	0	345,514	0
Hotel/Motel Tax	36,225	0	0	0	0	0
Litigation Tax - General	28,025	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	28,863	0	0	0	0	0
Litigation Tax - Victim-Offender Mediation Center	19,444	0	0	0	0	0
Litigation Tax - Courthouse Security	23,933	0	0	0	0	0
Business Tax	86,773	12,491	0	0	8,082	0
Mineral Severance Tax	0	0	0	28,696	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	73,045	0	0	0	0	0
Wholesale Beer Tax	210,080	0	0	0	0	0
Beer Privilege Tax	1,045	0	0	0	0	0
Interstate Telecommunications Tax	14,759	0	0	0	0	0
Total Local Taxes	\$ 5,692,098	\$ 1,150,212	\$ 0	\$ 28,696	\$ 455,248	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 13,149	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Debt Service	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Fund General Debt Service	HOME Investment Partnerships Program Grant
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Licenses and Permits	\$ 14,149	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,579	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	3,178	0	0	0	0	0
Drug Control Fines	0	0	19,566	0	0	0
Courtroom Security Fee	15	0	0	0	0	0
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	1,520	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	30,088	0	0	0	0	0
Officers Costs	7,041	0	0	0	0	0
Game and Fish Fines	450	0	0	0	0	0
Drug Control Fines	0	0	18,595	0	0	0
Data Entry Fee - General Sessions Court	3,644	0	0	0	0	0
Courtroom Security Fee	141	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	114	0	0	0	0	0
Data Entry Fee - Chancery Court	426	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	184	0	0	0	0	0
Officers Costs	17,786	0	0	0	0	0
DUI Treatment Fines	3,508	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Debt Service	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Fund General Debt Service	HOME Investment Partnerships Program Grant
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 1,928	\$ 0	\$ 0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	125	0	1,570	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 70,799	\$ 0	\$ 41,659	\$ 0	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 227,205	\$ 0	\$ 0	\$ 0	0
Surcharge - Waste Tire Disposal	0	20,734	0	0	0	0
Patient Charges	1,248,171	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	12,244	0	0	0	0	0
Library Fees	10,581	0	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0
Vending Machine Collections	582	0	0	0	0	0
Data Processing Fee - Register	7,256	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,000	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	25	0	0	0	0	0
Total Charges for Current Services	\$ 1,283,909	\$ 247,939	\$ 0	\$ 0	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 29,603	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	87,000	6,000	0	0	64,380	0
Commissary Sales	53,853	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Debt Service	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Fund General Debt Service	HOME Investment Partnerships Program Grant
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Recycled Materials	\$ 0	\$ 106,971	\$ 0	\$ 6,722	\$ 0	0
Miscellaneous Refunds	16,346	75	0	3,040	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	22,805	0	0
Contributions and Gifts	19,266	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	40,337	15,425	0	0	0	0
Total Other Local Revenues	\$ 246,405	\$ 128,471	\$ 0	\$ 32,567	\$ 64,380	\$ 0
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 158,400	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	60,735	0	0	0	0	0
General Sessions Court Clerk	77,706	0	0	0	0	0
Clerk and Master	23,544	0	0	0	0	0
Register	84,300	0	0	0	0	0
Sheriff	20,525	0	0	0	0	0
Trustee	253,593	0	0	0	0	0
Total Fees Received From County Officials	\$ 678,803	\$ 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
Aging Programs	8,632	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Debt Service	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Fund General Debt Service	HOME Investment Partnerships Program Grant
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 157,181	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Works Grants</u>						
Litter Program	0	43,176	0	0	0	0
Other Public Works Grants	1,500	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	15,000	0	0	0	0	0
Beer Tax	17,839	0	0	0	0	0
Vehicle Certificate of Title Fees	2,334	0	0	0	0	0
Alcoholic Beverage Tax	82,184	0	0	0	0	0
State Revenue Sharing - Telecommunications	44,809	0	0	0	0	0
Contracted Prisoner Boarding	799,825	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	2,166,560	0	0
Petroleum Special Tax	0	0	0	12,958	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	86,527	0	0	0	0	0
Other State Revenues	9,182	24,397	0	0	0	0
Total State of Tennessee	\$ 1,249,177	\$ 67,573	\$ 0	\$ 2,179,518	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Civil Defense Reimbursement	600	0	0	0	0	0
Homeland Security Grants	20,000	0	0	0	0	0
Other Federal through State	32,736	0	0	0	0	117,968

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Debt Service	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Fund General Debt Service	HOME Investment Partnerships Program Grant
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	\$ 27,199	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Federal Government	\$ 80,535	\$ 0	\$ 0	\$ 0	\$ 0	117,968
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 99,435	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	6,000	0	0	0	79,228	0
Total Other Governments and Citizens Groups	\$ 105,435	\$ 0	\$ 0	\$ 0	\$ 79,228	0
Total	\$ 9,421,310	\$ 1,594,195	\$ 41,659	\$ 2,240,781	\$ 598,856	\$ 117,968

(Continued)

Exhibit J-6

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

	<u>Capital Projects Fund</u>		<u>Pall Mall Emergency Center</u>	<u>Total</u>
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$	0	\$	5,253,781
Trustee's Collections - Prior Year		0		225,910
Circuit Clerk/Clerk and Master Collections - Prior Years		0		90,810
Interest and Penalty		0		36,522
Pickup Taxes		0		50
Payments in-Lieu-of Taxes - Other		0		81,270
<u>County Local Option Taxes</u>				
Local Option Sales Tax		0		1,066,450
Hotel/Motel Tax		0		36,225
Litigation Tax - General		0		28,025
Litigation Tax - Jail, Workhouse, or Courthouse		0		28,863
Litigation Tax - Victim-Offender Mediation Center		0		19,444
Litigation Tax - Courthouse Security		0		23,933
Business Tax		0		107,346
Mineral Severance Tax		0		28,696
<u>Statutory Local Taxes</u>				
Bank Excise Tax		0		73,045
Wholesale Beer Tax		0		210,080
Beer Privilege Tax		0		1,045
Interstate Telecommunications Tax		0		14,759
Total Local Taxes	\$	0	\$	7,326,254
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$	0	\$	13,149

(Continued)

Exhibit J-6

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

	Capital Projects Fund		Total
	Pall Mall Emergency Center		
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Beer Permits	\$ 0	\$	1,000
Total Licenses and Permits	<u>\$ 0</u>	<u>\$</u>	<u>14,149</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$	2,579
Officers Costs	0		3,178
Drug Control Fines	0		19,566
Courtroom Security Fee	0		15
<u>Criminal Court</u>			
Data Entry Fee - Criminal Court	0		1,520
<u>General Sessions Court</u>			
Fines	0		30,088
Officers Costs	0		7,041
Game and Fish Fines	0		450
Drug Control Fines	0		18,595
Data Entry Fee - General Sessions Court	0		3,644
Courtroom Security Fee	0		141
<u>Chancery Court</u>			
Officers Costs	0		114
Data Entry Fee - Chancery Court	0		426
<u>Other Courts - In-county</u>			
Fines	0		184
Officers Costs	0		17,786
DUI Treatment Fines	0		3,508

(Continued)

Exhibit J-6

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

	<u>Capital Projects Fund</u>	<u>Pall Mall Emergency Center</u>	<u>Total</u>
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Judicial District Drug Program</u>			
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	1,928
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	1,695
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>112,458</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Tipping Fees	\$ 0	\$ 0	227,205
Surcharge - Waste Tire Disposal	0	0	20,734
Patient Charges	0	0	1,248,171
<u>Fees</u>			
Recreation Fees	0	0	12,244
Library Fees	0	0	10,581
Greenbelt Late Application Fee	0	0	50
Vending Machine Collections	0	0	582
Data Processing Fee - Register	0	0	7,256
Sexual Offender Registration Fee - Sheriff	0	0	5,000
Vehicle Insurance Coverage and Reinstatement Fees	0	0	25
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>1,531,848</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	29,603
Lease/Rentals	0	0	157,380
Commissary Sales	0	0	53,853

(Continued)

Exhibit J-6

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

	<u>Capital Projects Fund</u>		
	Pall Mall Emergency Center		Total
<hr/>			
<u>Other Local Revenues (Cont.)</u>			
<u>Recurring Items (Cont.)</u>			
Sale of Recycled Materials	\$	0	\$ 113,693
Miscellaneous Refunds		0	19,461
<u>Nonrecurring Items</u>			
Sale of Equipment		0	22,805
Contributions and Gifts		0	19,266
<u>Other Local Revenues</u>			
Other Local Revenues		0	55,762
Total Other Local Revenues	\$	0	\$ 471,823
<hr/>			
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$	0	\$ 158,400
Circuit Court Clerk		0	60,735
General Sessions Court Clerk		0	77,706
Clerk and Master		0	23,544
Register		0	84,300
Sheriff		0	20,525
Trustee		0	253,593
Total Fees Received From County Officials	\$	0	\$ 678,803
<hr/>			
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$	0	\$ 9,000
Aging Programs		0	8,632

(Continued)

Exhibit J-6

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

	Capital Projects Fund	Pall Mall Emergency Center	Total
<u>State of Tennessee (Cont.)</u>			
<u>Health and Welfare Grants</u>			
Health Department Programs	\$ 0	\$ 0	157,181
<u>Public Works Grants</u>			
Litter Program		0	43,176
Other Public Works Grants		0	1,500
<u>Other State Revenues</u>			
Income Tax		0	15,000
Beer Tax		0	17,839
Vehicle Certificate of Title Fees		0	2,334
Alcoholic Beverage Tax		0	82,184
State Revenue Sharing - Telecommunications		0	44,809
Contracted Prisoner Boarding		0	799,825
Gasoline and Motor Fuel Tax		0	2,166,560
Petroleum Special Tax		0	12,958
Registrar's Salary Supplement		0	15,164
Other State Grants		0	86,527
Other State Revenues		0	33,579
Total State of Tennessee	\$ 0	\$ 0	3,496,268
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$ 188,160	\$ 0	188,160
Civil Defense Reimbursement		0	600
Homeland Security Grants		0	20,000
Other Federal through State		0	150,704

(Continued)

Exhibit J-6

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

	<u>Capital Projects Fund</u>		<u>Pall Mall Emergency Center</u>	<u>Total</u>
<hr/>				
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	\$	0	\$	27,199
Total Federal Government	\$	188,160	\$	386,663
<hr/>				
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Prisoner Board	\$	0	\$	99,435
Contributions		0		85,228
Total Other Governments and Citizens Groups	\$	0	\$	184,663
<hr/>				
Total	\$	188,160	\$	14,202,929

Exhibit J-7

Fentress County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Fentress County School Department
For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 705,954	\$ 0	\$ 0	\$ 705,954
Trustee's Collections - Prior Year	30,356	0	0	30,356
Circuit Clerk/Clerk and Master Collections - Prior Years	12,187	0	0	12,187
Interest and Penalty	4,886	0	0	4,886
Pickup Taxes	7	0	0	7
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,795,173	0	0	1,795,173
Wheel Tax	430,286	0	0	430,286
Business Tax	31,054	0	0	31,054
Mineral Severance Tax	16,720	0	0	16,720
Total Local Taxes	<u>\$ 3,026,623</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,026,623</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,121	\$ 0	\$ 0	\$ 1,121
Total Licenses and Permits	<u>\$ 1,121</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,121</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Adults	\$ 0	\$ 0	\$ 25,756	\$ 25,756
A la Carte Sales	0	0	11,121	11,121
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,877</u>	<u>\$ 36,877</u>

(Continued)

Exhibit J-7

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 30,086	\$ 0	\$ 1,656	\$ 31,742
Lease/Rentals	10,400	0	0	10,400
E-Rate Funding	30,743	0	0	30,743
Miscellaneous Refunds	42,523	0	0	42,523
<u>Nonrecurring Items</u>				
Contributions and Gifts	4,706	0	0	4,706
<u>Other Local Revenues</u>				
Other Local Revenues	9,994	0	0	9,994
Total Other Local Revenues	<u>\$ 128,452</u>	<u>\$ 0</u>	<u>\$ 1,656</u>	<u>\$ 130,108</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 129,648	\$ 0	\$ 0	\$ 129,648
<u>State Education Funds</u>				
Basic Education Program	11,777,025	0	0	11,777,025
Early Childhood Education	616,925	0	0	616,925
School Food Service	0	0	12,972	12,972
Other State Education Funds	339,821	0	0	339,821
Career Ladder Program	45,921	0	0	45,921
Vocational Equipment	23,814	0	0	23,814
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	615,119	0	0	615,119
Other State Grants	17,596	0	0	17,596
Safe Schools	12,280	0	0	12,280
Total State of Tennessee	<u>\$ 13,578,149</u>	<u>\$ 0</u>	<u>\$ 12,972</u>	<u>\$ 13,591,121</u>

(Continued)

Exhibit J-7

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 917,453	\$ 917,453
USDA - Commodities	0	0	111,627	111,627
Breakfast	0	0	325,591	325,591
USDA - Other	0	0	15,067	15,067
Vocational Education - Basic Grants to States	0	48,271	0	48,271
Title I Grants to Local Education Agencies	0	942,288	0	942,288
Special Education - Grants to States	0	603,254	0	603,254
Special Education Preschool Grants	0	36,899	0	36,899
Rural Education	0	23,242	0	23,242
Eisenhower Professional Development State Grants	0	109,610	0	109,610
Other Federal through State	159,491	51,033	0	210,524
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	70,518	0	0	70,518
Total Federal Government	<u>\$ 230,009</u>	<u>\$ 1,814,597</u>	<u>\$ 1,369,738</u>	<u>\$ 3,414,344</u>
Total	<u>\$ 16,964,354</u>	<u>\$ 1,814,597</u>	<u>\$ 1,421,243</u>	<u>\$ 20,200,194</u>

Exhibit J-8

Fentress County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	59,495	
Social Security		3,689	
Employer Medicare		863	
Audit Services		6,645	
Legal Services		42,574	
Other Charges		5,289	
Total County Commission			\$ 118,555

Board of Equalization

Board and Committee Members Fees	\$	567	
Total Board of Equalization			567

Beer Board

Board and Committee Members Fees	\$	1,500	
Total Beer Board			1,500

County Mayor/Executive

County Official/Administrative Officer	\$	79,326	
Assistant(s)		30,063	
Social Security		6,782	
Pensions		6,585	
Medical Insurance		4,070	
Unemployment Compensation		154	
Employer Medicare		1,586	
Communication		3,632	
Postal Charges		486	
Printing, Stationery, and Forms		991	
Travel		2,880	
Office Supplies		4,525	
Premiums on Corporate Surety Bonds		350	
Other Equipment		1,706	
Total County Mayor/Executive			143,136

Personnel Office

Deputy(ies)	\$	18,560	
Social Security		1,151	
Pensions		1,117	
Unemployment Compensation		231	
Employer Medicare		269	
Communication		1,652	
Data Processing Services		184	
Postal Charges		269	
Printing, Stationery, and Forms		1,492	
Travel		668	
Office Supplies		4,457	
Other Supplies and Materials		254	
Premiums on Corporate Surety Bonds		50	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

In Service/Staff Development	\$	2,064	
Data Processing Equipment		3,157	
Furniture and Fixtures		5,160	
Office Equipment		1,600	
Total Personnel Office			\$ 42,335

Election Commission

County Official/Administrative Officer	\$	61,633	
Deputy(ies)		29,799	
Clerical Personnel		10,235	
Election Commission		3,950	
Social Security		6,468	
Pensions		5,504	
Medical Insurance		3,870	
Unemployment Compensation		527	
Employer Medicare		1,513	
Communication		1,491	
Data Processing Services		13,044	
Dues and Memberships		2,325	
Maintenance and Repair Services - Equipment		340	
Postal Charges		1,556	
Printing, Stationery, and Forms		9,929	
Travel		5,291	
Office Supplies		8,858	
Liability Insurance		2,737	
Office Equipment		4,068	
Voting Machines		3,000	
Total Election Commission			176,138

Register of Deeds

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		26,158	
Clerical Personnel		24,037	
Social Security		7,273	
Pensions		7,156	
Medical Insurance		11,610	
Unemployment Compensation		308	
Employer Medicare		1,701	
Communication		1,570	
Data Processing Services		7,036	
Postal Charges		992	
Printing, Stationery, and Forms		840	
Duplicating Supplies		2,715	
Office Supplies		4,745	
Premiums on Corporate Surety Bonds		350	
Total Register of Deeds			165,173

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Planning

Board and Committee Members Fees	\$	2,025	
Dues and Memberships		10,750	
Other Supplies and Materials		683	
Total Planning			\$ 13,458

County Buildings

Deputy(ies)	\$	24,972	
Maintenance Personnel		34,615	
Social Security		3,694	
Pensions		3,559	
Medical Insurance		2,345	
Unemployment Compensation		470	
Employer Medicare		864	
Communication		539	
Data Processing Services		4,232	
Maintenance and Repair Services - Buildings		83,704	
Custodial Supplies		9,676	
Utilities		244,603	
Other Supplies and Materials		970	
Building Improvements		72,390	
Other Equipment		42,808	
Total County Buildings			529,441

Preservation of Records

Part-time Personnel	\$	2,080	
Social Security		129	
Unemployment Compensation		46	
Employer Medicare		30	
Office Equipment		500	
Total Preservation of Records			2,785

Finance

Accounting and Budgeting

Supervisor/Director	\$	60,451	
Accountants/Bookkeepers		160,632	
Other Salaries and Wages		907	
Social Security		13,104	
Pensions		13,364	
Medical Insurance		23,220	
Unemployment Compensation		924	
Employer Medicare		3,065	
Communication		3,657	
Postal Charges		1,472	
Printing, Stationery, and Forms		3,598	
Office Supplies		4,401	
Premiums on Corporate Surety Bonds		117	
Office Equipment		5,864	
Total Accounting and Budgeting			294,776

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	68,682	
Clerical Personnel		55,244	
Social Security		7,683	
Pensions		7,460	
Medical Insurance		3,870	
Unemployment Compensation		308	
Employer Medicare		1,797	
Audit Services		9,068	
Communication		1,114	
Contracts with Government Agencies		4,226	
Postal Charges		706	
Travel		661	
Office Supplies		2,983	
Premiums on Corporate Surety Bonds		175	
Office Equipment		720	
Total Property Assessor's Office			\$ 164,697

Reappraisal Program

Part-time Personnel	\$	4,800	
Social Security		298	
Unemployment Compensation		106	
Employer Medicare		70	
Data Processing Services		4,986	
Office Supplies		1,474	
Total Reappraisal Program			11,734

County Trustee's Office

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		62,004	
Clerical Personnel		1,990	
Social Security		8,226	
Pensions		7,868	
Medical Insurance		11,610	
Unemployment Compensation		352	
Employer Medicare		1,924	
Communication		1,845	
Contracts with Government Agencies		4,226	
Postal Charges		8,724	
Printing, Stationery, and Forms		2,018	
Travel		47	
Office Supplies		2,045	
Premiums on Corporate Surety Bonds		4,023	
Data Processing Equipment		10,669	
Total County Trustee's Office			196,253

County Clerk's Office

County Official/Administrative Officer	\$	68,682	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Deputy(ies)	\$	81,642	
Clerical Personnel		25,652	
Social Security		10,903	
Pensions		10,405	
Medical Insurance		11,245	
Unemployment Compensation		851	
Employer Medicare		2,550	
Communication		2,934	
Data Processing Services		10,906	
Maintenance Agreements		1,157	
Postal Charges		4,008	
Printing, Stationery, and Forms		2,447	
Office Supplies		7,845	
Premiums on Corporate Surety Bonds		350	
Office Equipment		2,360	
Total County Clerk's Office			\$ 243,937

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		102,520	
Jury and Witness Expense		4,384	
Social Security		10,519	
Pensions		10,307	
Medical Insurance		15,312	
Unemployment Compensation		626	
Employer Medicare		2,460	
Data Processing Services		14,582	
Postal Charges		2,754	
Printing, Stationery, and Forms		2,427	
Office Supplies		7,175	
Premiums on Corporate Surety Bonds		500	
Data Processing Equipment		605	
Office Equipment		3,037	
Total Circuit Court			245,890

General Sessions Court

Judge(s)	\$	92,157	
Deputy(ies)		29,390	
Social Security		7,435	
Pensions		7,317	
Medical Insurance		3,870	
Unemployment Compensation		154	
Employer Medicare		1,739	
Travel		1,608	
Office Supplies		2,282	
Total General Sessions Court			145,952

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		37,414	
Social Security		6,263	
Pensions		6,387	
Medical Insurance		7,740	
Unemployment Compensation		308	
Employer Medicare		1,465	
Data Processing Services		4,508	
Postal Charges		984	
Office Supplies		4,671	
Premiums on Corporate Surety Bonds		700	
Office Equipment		5,043	
Total Chancery Court			\$ 144,165

Juvenile Court

Social Workers	\$	18,366	
Social Security		1,139	
Pensions		1,106	
Unemployment Compensation		154	
Employer Medicare		266	
Contracts with Other Public Agencies		300	
Office Supplies		77	
Total Juvenile Court			21,408

Other Administration of Justice

Special Commissioner Fees/Special Master Fees	\$	16,320	
Gasoline		9,097	
Total Other Administration of Justice			25,417

Probation Services

Probation Officer(s)	\$	29,832	
Social Workers		7,489	
Social Security		2,300	
Pensions		2,230	
Medical Insurance		565	
Unemployment Compensation		176	
Employer Medicare		538	
Office Supplies		1,160	
Testing		5,040	
Total Probation Services			49,330

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,958	
Deputy(ies)		582,102	
Salary Supplements		9,000	
Clerical Personnel		86,751	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Part-time Personnel	\$	34,292	
School Resource Officer		54,726	
Other Salaries and Wages		8,566	
In-service Training		20,215	
Social Security		52,336	
Pensions		45,631	
Medical Insurance		40,740	
Unemployment Compensation		5,056	
Employer Medicare		12,240	
Communication		24,988	
Data Processing Services		2,586	
Legal Notices, Recording, and Court Costs		2,000	
Maintenance and Repair Services - Buildings		3,099	
Maintenance and Repair Services - Office Equipment		600	
Maintenance and Repair Services - Vehicles		53,389	
Postal Charges		500	
Printing, Stationery, and Forms		1,560	
Travel		17	
Gasoline		77,975	
Law Enforcement Supplies		1,158	
Office Supplies		5,615	
Tires and Tubes		8,764	
Uniforms		1,567	
Other Supplies and Materials		900	
Premiums on Corporate Surety Bonds		4,694	
Other Charges		45	
Law Enforcement Equipment		4,163	
Motor Vehicles		16	
Office Equipment		1,954	
Total Sheriff's Department			\$ 1,218,203

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	1,500	
Office Supplies		900	
Total Administration of the Sexual Offender Registry			2,400

Jail

Guards	\$	583,123
Cafeteria Personnel		53,717
Jury and Witness Expense		207
In-service Training		9,558
Social Security		39,363
Pensions		37,433
Medical Insurance		47,795
Unemployment Compensation		6,934
Employer Medicare		9,206
Data Processing Services		8,765

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Maintenance and Repair Services - Buildings	\$	41,537	
Medical and Dental Services		380,846	
Printing, Stationery, and Forms		180	
Custodial Supplies		41,858	
Diesel Fuel		623	
Food Supplies		175,111	
Office Supplies		3,900	
Prisoners Clothing		17,380	
Uniforms		579	
Other Supplies and Materials		272	
Furniture and Fixtures		756	
Office Equipment		1,414	
Total Jail			\$ 1,460,557

Fire Prevention and Control

In-service Training	\$	3,229	
Other Per Diem and Fees		37,603	
Contracts with Government Agencies		2,000	
Maintenance and Repair Services - Buildings		4,206	
Maintenance and Repair Services - Equipment		4,291	
Maintenance and Repair Services - Vehicles		13,247	
Gasoline		4,044	
Utilities		27,853	
Building Construction		13,163	
Other Equipment		26,851	
Total Fire Prevention and Control			136,487

Civil Defense

Supervisor/Director	\$	27,040	
In-service Training		500	
Social Security		1,676	
Pensions		1,628	
Medical Insurance		3,870	
Unemployment Compensation		154	
Employer Medicare		392	
Communication		1,749	
Maintenance and Repair Services - Vehicles		2,600	
Gasoline		2,469	
Other Supplies and Materials		3,670	
Other Charges		600	
Motor Vehicles		1,823	
Other Equipment		6,331	
Total Civil Defense			54,502

Rescue Squad

Communication	\$	1,686	
Contributions		1,500	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad (Cont.)

Maintenance and Repair Services - Vehicles	\$	3,189	
Medical and Dental Services		4,451	
Gasoline		2,560	
Other Supplies and Materials		4,975	
Other Equipment		5,843	
Total Rescue Squad			\$ 24,204

Other Emergency Management

Contributions	\$	175,142	
Total Other Emergency Management			175,142

County Coroner/Medical Examiner

Other Contracted Services	\$	39,669	
Total County Coroner/Medical Examiner			39,669

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	8,243	
Social Security		511	
Unemployment Compensation		164	
Employer Medicare		120	
Communication		4,345	
Maintenance and Repair Services - Buildings		15,062	
Drugs and Medical Supplies		1,207	
Office Supplies		1,489	
Total Local Health Center			31,141

Ambulance/Emergency Medical Services

Supervisor/Director	\$	56,732	
Medical Personnel		664,962	
Clerical Personnel		25,646	
Part-time Personnel		31,536	
Overtime Pay		189,675	
In-service Training		5,847	
Social Security		56,864	
Pensions		56,363	
Medical Insurance		48,140	
Unemployment Compensation		4,220	
Employer Medicare		13,299	
Communication		9,575	
Contracts with Government Agencies		23,165	
Contracts with Private Agencies		75,307	
Maintenance and Repair Services - Vehicles		27,232	
Postal Charges		512	
Travel		1,132	
Other Contracted Services		4,135	
Custodial Supplies		3,423	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Drugs and Medical Supplies	\$	72,648	
Gasoline		35,528	
Office Supplies		4,338	
Uniforms		7,214	
Refunds		7,459	
Motor Vehicles		67,400	
Total Ambulance/Emergency Medical Services			\$ 1,492,352

Maternal and Child Health Services

Other Supplies and Materials	\$	9,996	
Total Maternal and Child Health Services			9,996

Other Local Health Services

Medical Personnel	\$	99,316	
Social Security		6,158	
Pensions		5,979	
Medical Insurance		915	
Unemployment Compensation		462	
Employer Medicare		1,440	
Travel		10,519	
Instructional Supplies and Materials		3,542	
Other Charges		4,990	
Total Other Local Health Services			133,321

Appropriation to State

Other Contracted Services	\$	34,423	
Total Appropriation to State			34,423

General Welfare Assistance

Pauper Burials	\$	1,000	
Total General Welfare Assistance			1,000

Other Local Welfare Services

Contributions	\$	8,000	
Total Other Local Welfare Services			8,000

Other Public Health and Welfare

Other Supplies and Materials	\$	7,043	
Total Other Public Health and Welfare			7,043

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	31,616	
Custodial Personnel		8,942	
Other Salaries and Wages		25,231	
Social Security		4,079	
Pensions		3,422	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Adult Activities (Cont.)

Unemployment Compensation	\$	505	
Employer Medicare		954	
Communication		2,000	
Contracts with Private Agencies		1,330	
Postal Charges		344	
Travel		1,162	
Custodial Supplies		3,168	
Gasoline		207	
Office Supplies		5,342	
Utilities		21,013	
Other Supplies and Materials		6,844	
Premiums on Corporate Surety Bonds		175	
Office Equipment		799	
Other Equipment		1,487	
Total Adult Activities			\$ 118,620

Libraries

Supervisor/Director	\$	31,200	
Librarians		60,035	
Social Security		5,657	
Pensions		4,668	
Medical Insurance		11,610	
Unemployment Compensation		641	
Employer Medicare		1,323	
Communication		3,060	
Data Processing Services		3,225	
Maintenance and Repair Services - Buildings		3,395	
Postal Charges		148	
Printing, Stationery, and Forms		4,549	
Travel		1,155	
Custodial Supplies		3,664	
Library Books/Media		9,316	
Office Supplies		4,707	
Utilities		13,800	
Other Supplies and Materials		2,501	
Other Charges		2,246	
Total Libraries			166,900

Parks and Fair Boards

Consultants	\$	60,000	
Contributions		24,000	
Total Parks and Fair Boards			84,000

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	3,853	
Contributions		39,008	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Travel	\$	828	
Office Supplies		4,178	
Office Equipment		3,174	
Total Agricultural Extension Service			\$ 51,041

Soil Conservation

Contributions	\$	33,736	
Total Soil Conservation			33,736

Other Operations

Tourism

Contributions	\$	66,409	
Total Tourism			66,409

Industrial Development

Contributions	\$	7,500	
Total Industrial Development			7,500

Other Economic and Community Development

Other Supplies and Materials	\$	368	
Total Other Economic and Community Development			368

Veterans' Services

Supervisor/Director	\$	26,208	
Social Security		1,625	
Pensions		1,578	
Unemployment Compensation		154	
Employer Medicare		380	
Communication		2,493	
Contracts with Government Agencies		5,527	
Data Processing Services		399	
Postal Charges		171	
Travel		681	
Office Supplies		1,252	
Other Supplies and Materials		2,199	
Office Equipment		2,476	
Total Veterans' Services			45,143

Contributions to Other Agencies

Contributions	\$	18,192	
Dues and Memberships		12,964	
Remittance of Revenue Collected		17,678	
Total Contributions to Other Agencies			48,834

Miscellaneous

Advertising	\$	5,220	
Data Processing Services		21,650	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Medical and Dental Services	\$	2,310	
Postal Charges		2,600	
Road Signs		3,694	
Liability Insurance		114,786	
Trustee's Commission		124,538	
Vehicle and Equipment Insurance		39,355	
Workers' Compensation Insurance		98,953	
Other Charges		4,364	
Other Capital Outlay		17,312	
Total Miscellaneous			\$ 434,782

Principal on Debt

General Government

Principal on Capital Leases	\$	130,771	
Total General Government			130,771

Interest on Debt

General Government

Interest on Capital Leases	\$	320,261	
Total General Government			320,261

Total General Fund \$ 9,073,452

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Assistant(s)	\$	50,190	
Supervisor/Director		40,812	
Social Security		5,545	
Pensions		5,478	
Medical Insurance		11,610	
Unemployment Compensation		462	
Employer Medicare		1,297	
Communication		4,087	
Data Processing Services		2,786	
Postal Charges		736	
Printing, Stationery, and Forms		185	
Travel		3,249	
Other Supplies and Materials		949	
Total Sanitation Management			\$ 127,386

Sanitation Education/Information

Advertising	\$	2,150	
Instructional Supplies and Materials		1,294	
Other Supplies and Materials		2,871	
Total Sanitation Education/Information			6,315

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup

Truck Drivers	\$	48,542	
Laborers		24,544	
Social Security		4,409	
Pensions		2,703	
Medical Insurance		10,085	
Unemployment Compensation		462	
Employer Medicare		1,031	
Communication		1,200	
Maintenance and Repair Services - Equipment		8,470	
Maintenance and Repair Services - Vehicles		42,694	
Gasoline		35,621	
Tires and Tubes		3,989	
Uniforms		1,726	
Other Supplies and Materials		1,589	
Solid Waste Equipment		16,584	
Total Waste Pickup			\$ 203,649

Convenience Centers

Supervisor/Director	\$	51,381	
Paraprofessionals		31,304	
Equipment Operators - Heavy		23,544	
Attendants		224,459	
Social Security		20,351	
Pensions		15,464	
Medical Insurance		27,580	
Unemployment Compensation		3,581	
Employer Medicare		4,759	
Communication		5,626	
Maintenance and Repair Services - Equipment		6,779	
Permits		2,458	
Uniforms		2,992	
Utilities		12,823	
Other Supplies and Materials		6,930	
Site Development		999	
Other Equipment		5,736	
Total Convenience Centers			446,766

Problem Waste Centers

Advertising	\$	1,568	
Other Supplies and Materials		1,942	
Total Problem Waste Centers			3,510

Other Waste Collection

Other Supplies and Materials	\$	992	
Total Other Waste Collection			992

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center

Paraprofessionals	\$	29,858	
Laborers		127,094	
Social Security		9,731	
Pensions		9,433	
Medical Insurance		3,870	
Unemployment Compensation		1,075	
Employer Medicare		2,276	
Communication		1,370	
Contracts with Private Agencies		31,233	
Maintenance and Repair Services - Buildings		5,521	
Maintenance and Repair Services - Equipment		690	
Maintenance and Repair Services - Vehicles		2,916	
Gasoline		14,013	
Tires and Tubes		2,344	
Uniforms		2,209	
Utilities		8,468	
Other Supplies and Materials		3,696	
Other Equipment		28,126	
Total Recycling Center			\$ 283,923

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	396,520	
Total Landfill Operation and Maintenance			396,520

Postclosure Care Costs

Engineering Services	\$	4,500	
Permits		1,500	
Utilities		646	
Total Postclosure Care Costs			6,646

Other Operations

Other Charges

Liability Insurance	\$	5,392	
Trustee's Commission		18,380	
Vehicle and Equipment Insurance		9,600	
Workers' Compensation Insurance		37,643	
Total Other Charges			71,015

Employee Benefits

Medical and Dental Services	\$	156	
Total Employee Benefits			156

Total Solid Waste/Sanitation Fund \$ 1,546,878

(Continued)

Exhibit J-8

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

Drug Control Fund

Public Safety

Drug Enforcement

Other Salaries and Wages	\$	8,329	
In-service Training		3,043	
Social Security		516	
Pensions		501	
Unemployment Compensation		152	
Employer Medicare		121	
Confidential Drug Enforcement Payments		2,800	
Maintenance and Repair Services - Vehicles		4,045	
Veterinary Services		586	
Animal Food and Supplies		5,864	
Law Enforcement Supplies		5,311	
Other Supplies and Materials		11,819	
Trustee's Commission		422	
Other Charges		846	
Law Enforcement Equipment		15,428	
Motor Vehicles		15,389	
Total Drug Enforcement			\$ 75,172

Total Drug Control Fund \$ 75,172

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	75,550	
Clerical Personnel		72,145	
Social Security		9,157	
Pensions		8,891	
Employer Medicare		2,142	
Communication		6,503	
Dues and Memberships		3,226	
Licenses		86	
Postal Charges		92	
Travel		987	
Other Contracted Services		480	
Custodial Supplies		1,077	
Office Supplies		1,827	
Other Charges		1,665	
Office Equipment		2,361	
Total Administration			\$ 186,189

Highway and Bridge Maintenance

Foremen	\$	96,650
Equipment Operators		77,528
Truck Drivers		102,089
Laborers		216,537
Social Security		30,225
Pensions		29,662

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Employer Medicare	\$	7,069	
Rentals		6,818	
Asphalt - Cold Mix		45,685	
Asphalt - Liquid		217,565	
Crushed Stone		279,623	
Other Road Materials		9,079	
Pipe - Metal		40,354	
Road Signs		3,025	
Salt		17,418	
Other Charges		5,133	
Total Highway and Bridge Maintenance			\$ 1,184,460

Operation and Maintenance of Equipment

Foremen	\$	11,699	
Mechanic(s)		38,707	
Social Security		3,125	
Pensions		3,034	
Employer Medicare		731	
Freight Expenses		2,970	
Maintenance and Repair Services - Vehicles		10,756	
Diesel Fuel		79,560	
Electricity		7,196	
Equipment and Machinery Parts		111,981	
Garage Supplies		12,700	
Gasoline		28,304	
Lubricants		13,134	
Natural Gas		2,181	
Tires and Tubes		27,528	
Other Supplies and Materials		13,766	
Other Charges		2,323	
Total Operation and Maintenance of Equipment			369,695

Other Charges

Water and Sewer	\$	249	
Liability Insurance		35,832	
Premiums on Corporate Surety Bonds		667	
Trustee's Commission		21,616	
Workers' Compensation Insurance		36,873	
Total Other Charges			95,237

Employee Benefits

Medical Insurance	\$	56,368	
Unemployment Compensation		5,207	
Total Employee Benefits			61,575

Capital Outlay

Bridge Construction	\$	3,750	
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(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Building Improvements	\$ 3,303	
Communication Equipment	2,396	
Highway Equipment	61,399	
Surplus Equipment	8,500	
Total Capital Outlay	\$ 79,348	\$ 79,348

Principal on Debt

Highways and Streets

Principal on Notes	\$ 238,927	
Total Highways and Streets	238,927	238,927

Interest on Debt

Highways and Streets

Interest on Notes	\$ 2,008	
Total Highways and Streets	2,008	2,008

Total Highway/Public Works Fund \$ 2,217,439

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 92,373	
Principal on Other Loans	63,000	
Total General Government	\$ 155,373	\$ 155,373

Education

Principal on Notes	\$ 41,512	
Principal on Other Loans	308,722	
Total Education	350,234	350,234

Interest on Debt

General Government

Interest on Notes	\$ 4,935	
Interest on Other Loans	4,613	
Total General Government	9,548	9,548

Education

Interest on Notes	\$ 8,994	
Interest on Other Loans	41,402	
Total Education	50,396	50,396

Other Debt Service

General Government

Trustee's Commission	\$ 6,207	
Other Debt Service	7,952	
Total General Government	14,159	14,159

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

Education

Other Debt Service	\$ 40,788	
Total Education		\$ 40,788

Total General Debt Service Fund \$ 620,498

HOME Grant Fund

Capital Projects

Other General Government Projects

Other Contracted Services	\$ 11,243	
Other Capital Outlay	107,075	
Total Other General Government Projects		\$ 118,318

Total HOME Grant Fund 118,318

Pall Mall Emergency Center Fund Fund

Capital Projects

Public Safety Projects

Engineering Services	\$ 27,144	
Other Contracted Services	6,500	
Building Construction	155,016	
Total Public Safety Projects		\$ 188,660

Total Pall Mall Emergency Center Fund Fund 188,660

Total Governmental Funds - Primary Government \$ 13,840,417

Exhibit J-9

Fentress County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Fentress County School Department
For the Year Ended June 30, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,500,046	
Career Ladder Program	28,000	
Educational Assistants	382,266	
Bonus Payments	94,300	
Other Salaries and Wages	154,648	
Certified Substitute Teachers	90,730	
Non-certified Substitute Teachers	106,768	
Social Security	360,747	
Pensions	534,724	
Medical Insurance	742,957	
Unemployment Compensation	2,843	
Employer Medicare	85,301	
Maintenance and Repair Services - Equipment	99,970	
Instructional Supplies and Materials	249,696	
Textbooks - Bound	88,990	
Other Supplies and Materials	40,159	
Other Charges	10,647	
Regular Instruction Equipment	75,618	
Total Regular Instruction Program		\$ 8,648,410

Alternative Instruction Program

Teachers	\$ 104,557	
Bonus Payments	1,200	
Social Security	6,366	
Pensions	9,603	
Medical Insurance	4,516	
Unemployment Compensation	32	
Employer Medicare	1,489	
Total Alternative Instruction Program		127,763

Special Education Program

Teachers	\$ 513,509	
Career Ladder Program	5,000	
Educational Assistants	109,770	
Speech Pathologist	110,406	
Bonus Payments	15,400	
Certified Substitute Teachers	450	
Non-certified Substitute Teachers	35,220	
Social Security	42,879	
Pensions	66,397	
Medical Insurance	114,280	
Unemployment Compensation	373	
Employer Medicare	10,131	
Instructional Supplies and Materials	14,773	
Other Supplies and Materials	988	
Other Charges	435	
Total Special Education Program		1,040,011

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Teachers	\$	106,702	
Career Ladder Program		1,250	
Bonus Payments		1,800	
Social Security		6,230	
Pensions		9,943	
Medical Insurance		12,873	
Unemployment Compensation		32	
Employer Medicare		1,461	
Instructional Supplies and Materials		5,412	
Other Supplies and Materials		1,050	
Vocational Instruction Equipment		23,814	
Total Career and Technical Education Program			\$ 170,567

Support Services

Attendance

Supervisor/Director	\$	35,500	
Career Ladder Program		500	
Bonus Payments		750	
Other Salaries and Wages		57,102	
Social Security		5,226	
Pensions		7,357	
Medical Insurance		15,258	
Unemployment Compensation		46	
Employer Medicare		1,222	
Maintenance and Repair Services - Equipment		9,188	
Travel		1,340	
In Service/Staff Development		1,270	
Total Attendance			134,759

Health Services

Supervisor/Director	\$	50,814	
Medical Personnel		120,431	
Bonus Payments		3,000	
Other Salaries and Wages		10,765	
Social Security		10,613	
Pensions		12,771	
Medical Insurance		24,239	
Unemployment Compensation		134	
Employer Medicare		2,482	
Drugs and Medical Supplies		925	
Other Supplies and Materials		12,794	
In Service/Staff Development		2,596	
Other Charges		827	
Total Health Services			252,391

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$ 1,500	
Guidance Personnel	168,216	
Bonus Payments	2,500	
Social Security	9,863	
Pensions	14,173	
Medical Insurance	18,395	
Unemployment Compensation	62	
Employer Medicare	2,307	
Evaluation and Testing	8,563	
Other Supplies and Materials	1,912	
Total Other Student Support		\$ 227,491

Regular Instruction Program

Supervisor/Director	\$ 67,780	
Career Ladder Program	2,000	
Librarians	241,505	
Materials Supervisor	10,910	
Bonus Payments	4,400	
In-service Training	17,118	
Social Security	19,623	
Pensions	30,060	
Medical Insurance	40,126	
Unemployment Compensation	121	
Employer Medicare	4,589	
Communication	7,885	
Travel	3,165	
Other Contracted Services	23,713	
Other Supplies and Materials	351	
In Service/Staff Development	43,417	
Other Charges	804	
Total Regular Instruction Program		517,567

Special Education Program

Supervisor/Director	\$ 35,880	
Career Ladder Program	2,500	
Psychological Personnel	59,537	
Bonus Payments	1,000	
In-service Training	450	
Social Security	5,595	
Pensions	9,023	
Medical Insurance	9,787	
Unemployment Compensation	24	
Employer Medicare	1,308	
Travel	4,126	
Other Contracted Services	101,227	
In Service/Staff Development	9,909	
Total Special Education Program		240,366

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Career and Technical Education Program

Supervisor/Director	\$	29,413	
Unemployment Compensation		21	
Employer Medicare		426	
Total Career and Technical Education Program			\$ 29,860

Technology

Supervisor/Director	\$	35,500	
Career Ladder Program		500	
Bonus Payments		250	
Other Salaries and Wages		21,634	
Social Security		3,519	
Pensions		4,867	
Medical Insurance		3,933	
Unemployment Compensation		24	
Employer Medicare		823	
Internet Connectivity		28,103	
Cabling		45	
Total Technology			99,198

Other Programs

On-behalf Payments to OPEB	\$	129,648	
Total Other Programs			129,648

Board of Education

Board and Committee Members Fees	\$	12,000	
Social Security		733	
Medical Insurance		53,936	
Employer Medicare		171	
Audit Services		5,500	
Dues and Memberships		14,548	
Travel		200	
Liability Insurance		179,879	
Premiums on Corporate Surety Bonds		232	
Trustee's Commission		74,677	
Workers' Compensation Insurance		144,721	
In Service/Staff Development		1,464	
Criminal Investigation of Applicants - TBI		1,373	
Other Charges		14,959	
Total Board of Education			504,393

Director of Schools

County Official/Administrative Officer	\$	90,112	
Career Ladder Program		1,000	
Bonus Payments		500	
Social Security		5,643	
Pensions		8,318	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)
Support Services (Cont.)

Director of Schools (Cont.)

Medical Insurance	\$	7,139	
Unemployment Compensation		16	
Employer Medicare		1,320	
Communication		29,999	
In Service/Staff Development		2,557	
Total Director of Schools			\$ 146,604

Office of the Principal

Principals	\$	329,111	
Career Ladder Program		6,000	
Secretary(ies)		188,624	
Bonus Payments		8,000	
Social Security		30,956	
Pensions		44,938	
Medical Insurance		64,800	
Unemployment Compensation		244	
Employer Medicare		7,250	
Communication		17,999	
Total Office of the Principal			697,922

Fiscal Services

Accountants/Bookkeepers	\$	45,543	
Clerical Personnel		30,332	
Social Security		4,522	
Pensions		5,239	
Medical Insurance		4,360	
Unemployment Compensation		69	
Employer Medicare		1,058	
Data Processing Services		3,820	
Travel		20	
Office Supplies		5,760	
In Service/Staff Development		2,573	
Other Charges		9,668	
Administration Equipment		1,963	
Total Fiscal Services			114,927

Operation of Plant

Custodial Personnel	\$	278,720	
Bonus Payments		9,310	
Social Security		16,310	
Pensions		19,733	
Medical Insurance		22,498	
Unemployment Compensation		319	
Employer Medicare		4,020	
Disposal Fees		28,875	
Electricity		458,120	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Natural Gas	\$	90,343	
Water and Sewer		34,712	
Other Supplies and Materials		119,418	
Total Operation of Plant			\$ 1,082,378

Maintenance of Plant

Supervisor/Director	\$	34,475	
Other Salaries and Wages		39,860	
Social Security		4,609	
Pensions		5,174	
Medical Insurance		10,180	
Unemployment Compensation		69	
Employer Medicare		1,078	
Other Contracted Services		39,298	
Equipment and Machinery Parts		163,735	
Other Charges		533	
Total Maintenance of Plant			299,011

Transportation

Supervisor/Director	\$	35,669	
Mechanic(s)		29,657	
Bus Drivers		361,510	
Other Salaries and Wages		19,484	
Social Security		25,304	
Pensions		24,793	
Medical Insurance		14,410	
Unemployment Compensation		527	
Employer Medicare		6,383	
Contracts with Parents		2,039	
Maintenance and Repair Services - Vehicles		1,481	
Rentals		3,255	
Equipment and Machinery Parts		29,656	
Gasoline		125,226	
Lubricants		7,012	
Tires and Tubes		36,638	
Vehicle Parts		97,807	
Other Supplies and Materials		150	
Other Charges		21,170	
Transportation Equipment		229,495	
Total Transportation			1,071,666

Operation of Non-Instructional Services

Community Services

Teachers	\$	89,534	
Educational Assistants		23,687	
Bonus Payments		1,300	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Social Security	\$	6,435	
Pensions		9,460	
Medical Insurance		16,318	
Unemployment Compensation		59	
Employer Medicare		1,505	
Travel		6,889	
Instructional Supplies and Materials		1,466	
Total Community Services			\$ 156,653

Early Childhood Education

Supervisor/Director	\$	35,880	
Teachers		256,002	
Educational Assistants		137,509	
Bonus Payments		8,300	
Certified Substitute Teachers		225	
Non-certified Substitute Teachers		3,165	
Social Security		24,749	
Pensions		33,980	
Medical Insurance		66,946	
Unemployment Compensation		311	
Employer Medicare		5,791	
Travel		163	
Food Supplies		6,715	
Instructional Supplies and Materials		30,733	
In Service/Staff Development		5,459	
Other Charges		998	
Total Early Childhood Education			616,926

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	279,059	
Total Regular Capital Outlay			279,059

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	70,234	
Total Education			70,234

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	8,994	
Total Education			8,994

Total General Purpose School Fund \$ 16,666,798

(Continued)

Exhibit J-9

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Supervisor/Director	\$	1,739	
Teachers		507,792	
Educational Assistants		500	
Bonus Payments		7,600	
Social Security		30,130	
Pensions		40,959	
Medical Insurance		54,654	
Unemployment Compensation		232	
Employer Medicare		7,047	
Instructional Supplies and Materials		39,281	
Other Supplies and Materials		1,444	
Regular Instruction Equipment		1,226	
Total Regular Instruction Program			\$ 692,604

Special Education Program

Teachers	\$	157,464	
Educational Assistants		134,408	
Speech Pathologist		44,156	
Bonus Payments		5,300	
Social Security		20,106	
Pensions		28,230	
Medical Insurance		46,216	
Unemployment Compensation		277	
Employer Medicare		4,708	
Other Contracted Services		30,375	
Instructional Supplies and Materials		4,243	
Special Education Equipment		7,095	
Total Special Education Program			482,578

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	109	
Instructional Supplies and Materials		14,820	
Vocational Instruction Equipment		18,082	
Total Career and Technical Education Program			33,011

Support Services

Other Student Support

Other Salaries and Wages	\$	2,450	
Unemployment Compensation		5	
Employer Medicare		36	
Travel		9,272	
In Service/Staff Development		3,846	
Other Charges		8,685	
Total Other Student Support			24,294

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	67,539	
Instructional Computer Personnel		69,052	
Bonus Payments		2,000	
Other Salaries and Wages		73,474	
In-service Training		1,200	
Social Security		11,521	
Pensions		17,466	
Medical Insurance		29,538	
Unemployment Compensation		64	
Employer Medicare		2,694	
Travel		1,242	
Food Supplies		132	
Periodicals		140	
Other Supplies and Materials		2,850	
In Service/Staff Development		93,580	
Total Regular Instruction Program			\$ 372,492

Special Education Program

Psychological Personnel	\$	47,541	
Secretary(ies)		31,066	
Bonus Payments		1,000	
Social Security		4,287	
Pensions		6,743	
Medical Insurance		14,301	
Unemployment Compensation		32	
Employer Medicare		1,002	
Travel		656	
Other Contracted Services		26,479	
Other Supplies and Materials		280	
In Service/Staff Development		300	
Total Special Education Program			133,687

Career and Technical Education Program

Travel	\$	2,142	
Total Career and Technical Education Program			2,142

Transportation

Bus Drivers	\$	10,803	
Other Salaries and Wages		4,785	
Social Security		966	
Pensions		810	
Unemployment Compensation		24	
Employer Medicare		226	
Total Transportation			17,614

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	4,054	
Teachers		20,346	
Educational Assistants		7,702	
Other Salaries and Wages		255	
Social Security		2,002	
Pensions		2,279	
Unemployment Compensation		15	
Employer Medicare		468	
Instructional Supplies and Materials		1,738	
In Service/Staff Development		257	
Total Community Services			<u>\$ 39,116</u>

Total School Federal Projects Fund \$ 1,797,538

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	6,000	
Secretary(ies)		30,545	
Cafeteria Personnel		384,993	
Overtime Pay		239	
Bonus Payments		12,000	
Social Security		24,986	
Pensions		29,914	
Medical Insurance		67,494	
Unemployment Compensation		465	
Employer Medicare		5,941	
Communication		2,671	
Maintenance and Repair Services - Equipment		27,371	
Travel		6,986	
Other Contracted Services		11,452	
Food Supplies		517,655	
Uniforms		1,716	
USDA - Commodities		111,627	
Other Supplies and Materials		41,137	
In Service/Staff Development		1,361	
Other Charges		5,452	
Food Service Equipment		36,400	
Total Food Service			<u>\$ 1,326,405</u>

Total Central Cafeteria Fund 1,326,405

Total Governmental Funds - Fentress County School Department \$ 19,790,741

Exhibit J-10

Fentress County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2018

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 733,365
Total Cash Receipts	<u>\$ 733,365</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 726,032
Trustee's Commission	7,333
Total Cash Disbursements	<u>\$ 733,365</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2017	<u>0</u>
 Cash Balance, June 30, 2018	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

Fentress County Executive and
Board of County Commissioners
Fentress County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fentress County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Fentress County's basic financial statements, and have issued our report thereon dated December 20, 2018. Our report includes a reference to other auditors who audited the financial statements of the Industrial Development Board of Fentress County, as described in our report on Fentress 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 Fentress 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 Fentress County's internal control. Accordingly, we do not express an opinion on the effectiveness of Fentress County's internal control.

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

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2018-002, 2018-003, 2018-004, 2018-005, and 2018-009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fentress County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2018-001, 2018-006, 2018-007, and 2018-008.

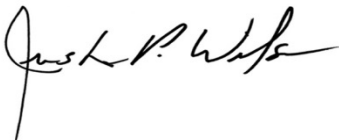
Fentress County's Responses to the Findings

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

Purpose of this Report

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

December 20, 2018

JPW/kp



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Fentress County Executive and
Board of County Commissioners
Fentress County, Tennessee

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Fentress 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 Fentress County's major federal programs for the year ended June 30, 2018. Fentress County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fentress 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 Fentress 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 Fentress County's compliance.

Opinion on Each Major Federal Program

In our opinion, Fentress 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, 2018.

Report on Internal Control Over Compliance

Management of Fentress 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 Fentress 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 Fentress County's internal control over compliance.

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

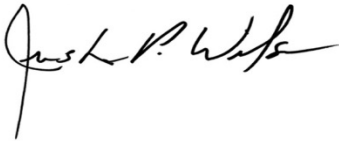
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fentress County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Fentress County's basic financial statements. We issued our report thereon dated December 20, 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.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 20, 2018

JPW/kp

Fentress County, Tennessee, and the Fentress County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2018

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	\$ 325,591
National School Lunch Program	10.555	N/A	921,596 (5)
Passed-through East Tennessee Human Resource Agency:			
Child Nutrition Cluster: (4)			
Summer Food Service Program for Children	10.559	N/A	7,021
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	115,530 (5)
Total U.S. Department of Agriculture			\$ 1,369,738
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	3300405105	\$ 188,160
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	31620-00330	118,668
Total U.S. Department of Housing and Urban Development			\$ 306,828
U.S. Department of the Interior:			
Direct Program:			
Payments-in-Lieu of Taxes	15.226	N/A	\$ 68,661
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(6)	\$ 12,727
Appalachian Regional Commission:			
Direct Program:			
Appalachian Area Development	23.002	(3)	\$ 19,799
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 942,138
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	603,254
Special Education - Preschool Grants	84.173	N/A	36,899
Career and Technical Education - Basic Grants to States	84.048	N/A	48,271
Special Education - Grants for Infants and Families	84.181	33195-00117	52,488
Twenty-first Century Community Learning Centers	84.287	N/A	39,116
Rural Education	84.358	N/A	23,246
Improving Teacher Quality State Grants	84.367	N/A	95,374
Student Support and Academic Enrichment Program	84.424	N/A	14,382
Total U.S. Department of Education			\$ 1,855,168

(Continued)

Fentress County, Tennessee, and the Fentress County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(3)	\$ 9,313
Passed-through State Department of Human Services:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	(3)	11,917
Passed-through State Department of Health:			
Maternal and Child Health Services Block Grant to the States	93.944	34352-08514	9,996
Total U.S. Department of Health and Human Services			<u>\$ 31,226</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grant Program	97.042	(3)	<u>\$ 20,000</u>
Total Expenditures of Federal Awards			<u>\$ 3,684,147</u>

<u>State Grants</u>		Contract Number	
Aging Program - Upper Cumberland Development District	N/A	(3)	\$ 8,632
Arts Build Communities (ABC) Grant Program - Tennessee Arts Commission	N/A	(3)	638
Youth Services Program - State Commission on Children and Youth	N/A	(3)	9,000
Local Health Services - State Department of Health	N/A	GG-19-55055-00	157,181
Parks and Recreation Master Plan Grant - State Department of Environment and Conservation	N/A	32701-03143	48,000
Litter Program - State Department of Transportation	N/A	(3)	43,176
Court Security Grant Program - State Administrative Office of the Courts	N/A	(3)	38,527
ConnecTenn - State Department of Education	N/A	(3)	5,496
Coordinated School Health Grant - State Department of Education	N/A	(3)	90,000
CTE Equipment Grant - State Department of Education	N/A	(3)	23,814
Fine Arts Camp Grant - Upper Cumberland Development District	N/A	(3)	958
Safe Schools Act - State Department of Education	N/A	(3)	12,280
Read to be Ready Grant - State Department of Education	N/A	(3)	10,000
Tennessee Early Intervention System Grant - State Department of Education	N/A	(3)	107,003
Early Childhood Education - State Department of Education	N/A	(3)	<u>616,925</u>
Total State Grants			<u>\$ 1,171,630</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) Fentress County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$1,369,738; Special Education Cluster total \$640,153.
- (5) Total for CFDA No. 10.555 is \$1,037,126.
- (6) Z17THS162: \$4,460; Z18THS110: \$8,267.

Fentress County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2018

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Fentress County, Tennessee, for the year ended June 30, 2018.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF FINANCE DIRECTOR</u>					
2017	189	2017-001	Expenditures exceeded appropriations in the General Purpose School Fund	N/A	Corrected
<u>OFFICE OF ROAD SUPERVISOR</u>					
2017	190	2017-002	Fuel dispensed from mobile fuel tanks was not reconciled with fuel obtained from Highway Department pumps	N/A	Corrected
<u>OFFICE OF COUNTY CLERK</u>					
2017	191	2017-003	The county commission's minutes were not maintained properly	N/A	Not Corrected - See Explanation on Corrective Action Plan
2017	192	2017-004	The county clerk had not formally documented internal controls	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICES OF COUNTY CLERK AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK</u>					
2017	192	2017-005	Duties were not segregated adequately	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

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

FENTRESS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|---|------------|
| 1. Our report on the financial statements of Fentress County is unmodified. | |
| 2. Internal Control Over Financial Reporting: | |
| * Material weakness identified? | NO |
| * Significant deficiency identified? | YES |
| 3. Noncompliance material to the financial statements noted? | NO |

Federal Awards:

- | | |
|---|--|
| 4. Internal Control Over Major Federal Programs: | |
| * Material weakness identified? | NO |
| * Significant deficiency identified? | NONE REPORTED |
| 5. Type of report auditor issued on compliance for major programs. | UNMODIFIED |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | NO |
| 7. Identification of Major Federal Programs: | |
| * CFDA Number 14.228 | Community Development Block Grants/
State's Program and Non-Entitlement
Grants in Hawaii |
| * CFDA Number 84.010 | Title I Grants to Local Educational
Agencies |
| 8. Dollar threshold used to distinguish between Type A and Type B Programs. | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | YES |

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF FINANCE DIRECTOR

FINDING 2018-001 **OPERATIONS OF THE FINANCE OFFICE ARE CURRENTLY BEING REVIEWED**
(Noncompliance Under *Government Auditing Standards*)

In response to a fraud report filed by Fentress County officials, the Comptroller's Division of Investigations is currently reviewing certain operations of the Fentress County Finance Department. Findings, if any, resulting from this review will be included in a subsequent report.

FINDING 2018-002 **THE HOME INVESTMENT PARTNERSHIPS GRANT PROGRAM FUND AND THE PALL MALL EMERGENCY CENTER FUND HAD DEFICITS IN UNASSIGNED FUND BALANCE AT JUNE 30, 2018**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Home Investment Partnerships Grant Program Fund and the Pall Mall Emergency Center Fund had deficits in unassigned fund balance of \$350 and \$500, respectively, at June 30, 2018. These deficits occurred because Finance Office personnel did not request the reimbursement of grant funds on a timely basis. Sound business practices dictate that requests for grant reimbursements be made on a current basis. As of the date of this report, the grant reimbursements have been received, and the deficits have been liquidated.

RECOMMENDATION

Management should ensure grant reimbursement requests are filed timely with the grantor agency to prevent the recurrence of a deficit in unassigned fund balance.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur with this finding. The deficit is due to the payments being made in the Fiscal Year 2017-2018 instead of being set up as a payable. The money had been received at the Trustee's Office in July, which would result in the Finance Office setting the revenue up as a receivable.

If the Finance Office had set the payment up as a payable the account would never have been in the deficit. In the future, the Finance Office will monitor all cash accounts more closely and especially at June 30.

FINDING 2018-003

THE HOME INVESTMENT PARTNERSHIPS GRANT PROGRAM FUND HAD A CASH OVERDRAFT OF \$41,050 AT JUNE 30, 2018
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Home Investment Partnerships Grant Program Fund had a cash overdraft of \$41,050 at June 30, 2018. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. Sound business practices dictate that disbursements be held within available cash. The cash overdraft was liquidated subsequent to June 30, 2018.

RECOMMENDATION

The Finance Office should not issue warrants exceeding cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur with this finding. The deficit is due to the payments being made in the Fiscal Year 2017-2018 instead of being set up as a payable. The money had been received at the Trustee Office in July, which would result in the Finance Office setting the revenue up as a receivable. If the Finance Office had set the payment up as a payable the account would never have been in the deficit. In the future the Finance Office will monitor all cash accounts more closely and especially at June 30. The Finance Office will also look closely at what payments will need to be set up as a payable at year end.

FINDING 2018-004

GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED MONTHLY
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments monthly in the General Purpose School, School Federal Projects, and Central Cafeteria funds. As a result, unidentified balances accumulated in the liability accounts for several payroll deductions. These errors were not corrected in the financial statements of this report; however, we do not consider the uncorrected amounts to be material to the financial statements. Sound business practices dictate that payroll liability accounts should be reconciled with billings and payments monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risks that errors will not be discovered and corrected in a timely manner. This deficiency exists due to a lack of management oversight

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur with this finding. In order to correct this issue, we intend to develop a reconciliation spreadsheet for our deduction accounts. By using this spreadsheet, we will be able to reconcile this account to a specific amount from month to month.

OFFICE OF COUNTY CLERK

FINDING 2018-005

THE COUNTY COMMISSION'S MINUTES WERE NOT MAINTAINED PROPERLY

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

As of September 2018, the following deficiencies were noted in the maintenance of the county commission's minutes:

- A. The county commission's minutes maintained by the county clerk had not been bound into the official minute book since September 2017. The minutes were being stored in folders in a filing cabinet in the clerk's office.
- B. The minutes had not been numbered or indexed since September 2017.
- C. The resolutions, contracts, and other supporting documentation in the minutes were typically not signed.
- D. Minutes were not always maintained in chronological order. In several instances, the minutes from a meeting were not filed with the supporting documentation for that meeting but were filed with the meeting in which they were approved.

The minutes are the official record of the county commission and should accurately reflect their actions. These deficiencies exist as a result of the clerk's failure to correct the finding noted in the prior-year audit report, which could result in a lack of documentation of the county commission's actions, and the failure of the clerk to implement her corrective action plan. Section 18-6-104, *Tennessee Code Annotated*, provides that the county clerk serve as the clerk of the county legislative body; therefore, the county clerk is responsible for the preparation, accuracy, and proper maintenance of the minutes.

RECOMMENDATION

The county clerk should ensure the county commission's minutes are properly maintained and they should provide a clear, accurate, and complete description of the commission's actions. The minutes should be bound in an official book with pages properly numbered and indexed, include all supporting documentation, and be filed in chronological order.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding. All the minutes are current and will remain current, as I have assigned Millie Rae Beaty to take care of all the copying and putting all minutes in the books.

FINDING 2018-006

THE COUNTY CLERK HAD NOT FORMALLY DOCUMENTED INTERNAL CONTROLS

(Noncompliance Under *Government Auditing Standards*)

Section 9-18-102(a), *Tennessee Code Annotated (TCA)*, requires each county government to establish and maintain internal controls to provide reasonable assurance for compliance with applicable laws, the safeguarding of assets, and proper accountability for the preparation of accurate and reliable financial records and reports. These provisions became effective for the fiscal year ended June 30, 2016. The county clerk had not formally documented internal controls for office operations to verify compliance with the above-noted statute. Formal documentation could be in the form of printed or digital policies and procedures for the maintenance of controls, including the segregation of employee duties. This deficiency is a result of the county clerk's failure to correct the finding noted in the prior-year audit report and the failure to implement her corrective action plan. Failure to implement and maintain internal controls could put public assets at risk of loss, misuse, or abuse.

RECOMMENDATION

The county clerk should formally document and maintain internal controls for office operations as required by Section 9-18-102(a), *TCA*.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding. I will have the internal controls corrected by December 2108.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2018-007

**THE CIRCUIT AND GENERAL SESSIONS COURTS
CLERK PERSONALLY RECEIVED PROPERTY
PURCHASED IN A DELINQUENT TAX SALE
(Noncompliance Under *Government Auditing Standards*)**

The circuit and general sessions courts clerk’s husband purchased a one-acre parcel at the county’s July 29, 2016, delinquent tax sale for \$500. This parcel was later quitclaim deeded to the clerk by her husband on October 30, 2017. In addition to this property, the circuit and general sessions courts clerk’s husband purchased three additional properties at the July 29, 2016, delinquent property tax sale; however, as of the date of this report, these properties have not been conveyed to the clerk. The purchase of these properties appears to violate Section 39-16-405, *Tennessee Code Annotated*, which states “A judge, sheriff, court clerk, court officer or employee of any court commits an offense who bids or purchases, directly or indirectly, for personal reasons or for any other person, on any kind of property sold through the court for which the judge, sheriff, court clerk, court officer, or employee discharges official duties.” This deficiency was the result of a lack of management oversight.

RECOMMENDATION

The clerk should not purchase directly or indirectly any property sold through the court in which they discharge official duties for the county as specified by state statute.

MANAGEMENT’S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

I disagree with this finding. Receiving property in a manner other than by bid or purchase at the auction and at a much later date than at the actual sale is not prohibited by the statute at all. I did not bid nor purchase at any auction. The statute mentions an “indirect” bid or purchase, but it is never clear as to how a spouse’s purchase would be an indirect purchase. Especially as spouses or family members are not strictly prohibited. Section 12-2-208, *Tennessee Code Annotated*, allows public officials to bid at public auctions. If the legislature had intended for families and even spouses to be prohibited from such bidding and purchasing in public auctions, then they would have to have included strict language in those prohibitory statutes. The order signed by the Judge transferred the property to the person listed in the order. I had no interest in the properties at auction neither directly or indirectly. I did not receive the property until over a year after the order was issued. The statute does not prohibit later transfers, and if it is read strictly, it would only prohibit bids or purchases at the actual auction.

REBUTTAL

Section 39-16-405, *Tennessee Code Annotated*, addresses the sale of property by the county and prohibits court officials from directly or indirectly purchasing property at a court auction conducted through the court they serve. The purchase of property by an official’s spouse is considered an indirect purchase by the official. This statute specifically addresses property sold through the courts, while Section 12-2-208, *Tennessee Code Annotated*, referenced by the clerk addresses the disposal of property owned by a governmental entity.

OTHER FINDING

FINDING 2018-008

A COUNTY COMMISSIONER VIOLATED THE CONFLICT OF INTEREST STATUTE BY PERFORMING CONTRACT WORK FOR THE CHANCERY COURT (Noncompliance Under *Government Auditing Standards*)

During the year, a county commissioner was contracted by the clerk and master to conduct a court-ordered sale of property. This contract appears to violate the County Financial Management System of 1981 conflict of interest statute. Green Acres Realty, a local realty company owned and operated by Fentress County Commissioner Jeff Green, received \$13,044 from the proceeds from the court-ordered sale of property. The proceeds included an eight percent commission (\$8,960) on the sale of the real property, a ten percent commission (\$197) on the sale of the personal property, and a reimbursement for auction expenses (\$3,887). Section 5-21-121(a), *Tennessee Code Annotated*, states "...members of the county legislative body, or other officials, employees, or members of the board of education or highway commission shall not be financially interested or have any personal beneficial interest, either directly or indirectly, in the purchase of any supplies, materials, equipment or contractual services for the county." This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Members of the county legislative body should not be financially interested or have any personal beneficial interest, either directly or indirectly, in the purchase of any supplies, materials, equipment or contractual services for the county as specified by state statute.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I concur with this finding. On June 7, 2017, I was ordered by the judicial judge of this court to select an auction company to assist me with the sale of certain property. Mr. Jeff Green of Green Acres Real Estate and Auction Company had previously been court-ordered to assist me in selling property. Due to this fact, and in trying to be fair to the local auction companies which I am ordered to select auction companies to assist me, I chose Green Acres Real Estate and Auction Company. I am a relatively new Clerk and Master and was not aware of this statute. I will see that this does not happen again.

MANAGEMENT'S RESPONSE – FORMER COMMISSIONER JEFF GREEN

Due to multiple years of working together, the Andersons as Petitioners, requested Green Acres Real Estate and Auction to work on their behalf and conduct an auction of settle the estate in question. The work for this family began long before I became a Fentress County Commissioner and was simply finalized in the fall of 2017.

REBUTTAL

Although the auctioneer had a pre-existing relationship with the family prior to becoming a county commissioner, the contract to perform auction services for the clerk and master was

during his commission term. Section 5-21-121(a), *Tennessee Code Annotated*, states that members of the county legislative body cannot perform contracted services for the county.

OFFICES OF COUNTY CLERK AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2018-009

DUTIES WERE NOT SEGREGATED ADEQUATELY
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees in the Offices of County Clerk and Circuit and General Sessions Courts Clerk. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risks of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report and the failure to implement their corrective action plans.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding. The segregation of duties will be corrected by December 2018.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

I concur with this finding. We will make sure the duties are segregated.

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, 2018.

Fentress County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
<u>OFFICE OF FINANCE DIRECTOR</u>		
2018-002	The HOME Investment Partnerships Grant Program Fund and the Pall Mall Emergency Center Fund had deficits in unassigned fund balance at June 30, 2018	207
2018-003	The HOME Investment Partnerships Grant Program Fund had a cash overdraft of \$41,050 at June 30, 2018	207
2018-004	General ledger payroll liability accounts were not reconciled	208
<u>OFFICE OF COUNTY CLERK</u>		
2018-005	The county commission's minutes were not maintained properly	209
2018-006	The county clerk had not formally documented internal controls	209
2018-007	Duties were not segregated adequately	210
<u>OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK</u>		
2018-007	The circuit and general sessions courts clerk personally received property purchased in a delinquent tax sale	211
2018-009	Duties were not segregated adequately	211
<u>OTHER FINDING</u>		
2018-008	A county commissioner violated the conflict of interest statute by performing contract work for the Chancery Court	213



Fentress County
101 Main Street • P.O. Box 800
Jamestown, Tennessee 38556

Finance Department

Phone No. 931-752-8971 • Fax No. 931-752-8970

Corrective Action Plan

FINDING: THE HOME INVESTMENT PARTNERSHIPS GRANT PROGRAM FUND AND THE PALL MALL EMERGENCY CENTER FUND HAD DEFICITS IN UNASSIGNED FUND BALANCE AT JUNE 30, 2018

Response and Corrective Action Plan Prepared by:
Tyler Arms, Finance Director

Person Responsible for Implementing the Corrective Action:
Tyler Arms, Finance Director

Anticipated Completion Date of Corrective Action:
July 31, 2018

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
The payment should have been set up as a payable, since the work had been performed in the 2017-2018 fiscal year. The money was received at the Trustee Office in July and was set up as a receivable within our office. When the checks were written without being set up as payable it made the cash account go into the negative. When the money was receipted it did not correct the cash like we thought that it would. We misunderstood that when you are writing checks out of a capital project account that the money would come in and even thought the account was in the negative that it would work itself out, had it been any time other than year end, this would not have been a problem. We will monitor the cash balance of funds more closely from now on.

FINDING: THE HOME INVESTMENT PARTNERSHIPS GRANT PROGRAM FUND HAD A CASH OVERDRAFT OF \$41,050 AT JUNE 30, 2018

Response and Corrective Action Plan Prepared by:
Tyler Arms, Finance Director

Person Responsible for Implementing the Corrective Action:
Tyler Arms, Finance Director

Anticipated Completion Date of Corrective Action:
July 31, 2018

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
The payment should have been set up as a payable, since the work had been performed in the 2017-2018 fiscal year. The money was received at the Trustee Office in July and was set up as a receivable within our office. When the checks were written without being set up as payable it made the cash account go into the negative. When the money was receipted it did not correct the cash like we thought that it would. We will monitor the cash balance of funds more closely from now on.

FINDING: GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED

Response and Corrective Action Plan Prepared by:
Tyler Arms, Finance Director

Person Responsible for Implementing the Corrective Action:
Tyler Arms, Finance Director

Anticipated Completion Date of Corrective Action:
November 30, 2018

Repeat Finding:
No

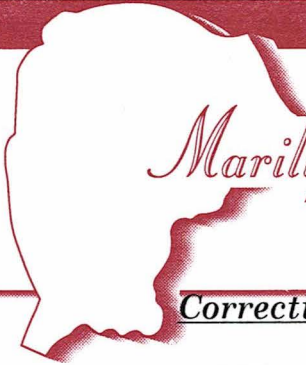
Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
In order to correct this issue, we intend to develop a reconciliation spread sheet for our deduction accounts. By using this spread sheet, we will be able to reconcile this account to a specific amount from month to month.

Signature: _____



Phone
Bus. (931) 879-8014
Home (931) 863-4877



Marilyn L. Stephens
CLERK

P.O. Box 823 • Jamestown, TN 38556

Corrective Action Plan

FINDING: COUNTY COMMISSION MINUTES WERE NOT MAINTAINED PROPERLY

Response and Corrective Action Plan Prepared by:

Marilyn Stephens, County Clerk

Person Responsible for Implementing the Corrective Action:

Marilyn Stephens, County Clerk

Anticipated Completion Date of Corrective Action:

October 2018

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

Being that I am the County Clerk, most of the people coming in ask to see me. I just didn't have time to spend in both places, but did run back and forth and did the best I could.

Planned Corrective Action

I assigned this to Millie Rae Beaty, and they are completely caught up and will remain up to date from this day forward.

FINDING: THE COUNTY CLERK HAD NOT FORMALLY DOCUMENTED INTERNAL CONTROLS

Response and Corrective Action Plan Prepared by:

Marilyn Stephens, County Clerk

Person Responsible for Implementing the Corrective Action:

Marilyn Stephens, County Clerk

Anticipated Completion Date of Corrective Action:

December 2018

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

I really thought I had this fixed, but will go back and do correctly.

Planned Corrective Action:

Go back and redo the Internal Control Assessment and correct errors.

FINDING:

DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:

Marilyn Stephens, County Clerk

Person Responsible for Implementing the Corrective Action:

Marilyn Stephens, County Clerk

Anticipated Completion Date of Corrective Action:

November 2018

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

I didn't know to do this , but will do in the future.

Planned Corrective Action:

I will sign off monthly on all bank statements, bank reconciliation, cash journal reports, and credit card reports.

Signature:

Marilyn Stephens 11-19, 2018

Gina Mullinix
Circuit Court
Fentress County, Tennessee Clerk

140 Justice Center Drive • Suite 126
Jamestown, TN 38556

931-879-7919 Phone
931-879-3014 Fax

Email: GinaMullinix@TNCourts.gov

JUVENILE • SESSIONS • CIRCUIT • CRIMINAL

Corrective Action Plan

**FINDING: THE CIRCUIT AND GENERAL SESSIONS COURT CLERK
RECEIVED PROPERTY PURCHASED IN A DELINQUENT TAX
SALE**

Response and Corrective Action Plan Prepared by:
Gina Mullinix, Circuit and General Sessions Courts Clerk

Person Responsible for Implementing the Corrective Action:
Gina Mullinix
Fentress County Circuit Court Clerk

Anticipated Completion Date of Corrective Action:
12/14/2018

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
To seek an Attorney General's opinion if audit is not satisfied with a Judge's order in any type of situation where my conduct would be questioned.

FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:
Gina Mullinix, Circuit and General Sessions Courts Clerk

Person Responsible for Implementing the Corrective Action:
Gina Mullinix
Fentress County Circuit Court Clerk

Anticipated Completion Date of Corrective Action:
12/14/2018

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:

We weren't aware of some of the duties that were to be segregated.

Planned Corrective Action:

To make sure the duties are segregated.

Signature:

Gina Muller

Clerk & Master of Chancery Court
Fentress County
140 Justice Center Drive, Suite 110
Jamestown, TN 38556
Phone 931-879-8615 Fax 931-879-4236

December 14, 2018

Corrective Action Plan

FINDING: A County Commissioner Violated the Conflict of Interest Statute by Performing Contract Work for the Chancery Court
(Noncompliance Under Government Auditing Standards)

Response and Corrective Action Plan Prepared by:
Linda Smith, Clerk & Master

Person Responsible for Implementing the Corrective Action:
Linda Smith, Clerk & Master

Anticipated Completion Date of Corrective Action:
December 14, 2018

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
I will not contract with members of the county legislative body that are financially interested or have any personal beneficial interest in the contract, as specified in T.C.A. §5-21-121(a).

Sincerely yours,



Linda Smith
Clerk & Master