

ANNUAL FINANCIAL REPORT

FENTRESS COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



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

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

FENTRESS COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in three 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

- ◆ Former accounts payable clerk stole at least \$239,681.
 - ◆ General ledger payroll liability accounts were not reconciled monthly.
 - ◆ The office had purchasing deficiencies.
-

INTRODUCTORY SECTION

Fentress County Officials

June 30, 2019

Officials

Jimmy Johnson, County Executive
Joey Reagan, Road Supervisor
Michael Jones, Director of Schools
Angie Sweet, 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
Tyler Arms, Finance Director

Board of County Commissioners

Jimmy Johnson, County Executive, Chairman	
Larry Cooper	Wade Matthews
Robert Cooper	Micki McDonald
Kim Davidson	Justin Elvis Miller
Lester Gooding	Leon Stepp
Benny Hughes	Rod Williams

Board of Education

Eddie Cook, Chairman	Felicia Garrett
Darlene Brannon	Gary Peters
William Cody	Kathy Pritchett
Karen Cooper	Russell Stephens
Lynette Pritchett Evans	Kathy Williams

Financial Management Committee

Larry Cooper, Chairman
Kim Davidson
Lester Gooding
Benny Hughes
Jimmy Johnson, County Executive
Michael Jones, Director of Schools
Joey Reagan, 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, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented 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, 2019, 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.

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 as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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.

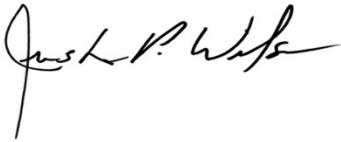
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Fentress County School Department (a discretely presented component unit), schedule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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2020, 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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 20, 2020

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

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

		Component Units	
	Primary	Fentress	Industrial
	Government	County	Development
	Governmental	School	Board of
	Activities	Department	Fentress
			County
<u>ASSETS</u>			
Cash	\$ 17,357	\$ 0	\$ 257,330
Equity in Pooled Cash and Investments	6,001,515	5,685,912	0
Accounts Receivable	352,760	45	0
Allowance for Uncollectibles	(182,913)	0	0
Due from Other Governments	838,463	630,029	0
Due from Component Units	152,029	0	0
Capital Lease Receivable	0	0	140,085
Property Taxes Receivable	6,043,872	786,776	0
Allowance for Uncollectible Property Taxes	(58,610)	(7,630)	0
Prepaid Items	0	0	941
Cash Shortage	237,616	0	0
Notes Receivable - Long-term	0	1,449	0
Capital Lease Receivable - Long-term	0	0	8,744,102
Net Pension Asset - Agent Plan	0	555,244	0
Net Pension Asset - Teacher Retirement Plan	0	66,465	0
Net Pension Asset - Teacher Legacy Plan	0	782,363	0
Restricted Assets:			
Amounts Accumulated for Pension Benefits	0	28,516	0
Capital Assets:			
Assets Not Depreciated:			
Land	5,457,653	411,763	1,002,090
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	16,533,700	11,773,925	1,515,938
Other Capital Assets	2,413,801	1,506,112	4,096
Infrastructure	23,328,060	0	951,089
Total Assets	\$ 61,135,303	\$ 22,220,969	\$ 12,615,671
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Changes in Experience	\$ 277,248	\$ 255,643	\$ 0
Pension Changes in Assumptions	161,861	560,689	0
Pension Changes in Proportionate Share	0	34,670	0
Pension Changes in Contributions after Measurement Date	329,163	1,018,640	0
OPEB Changes in Assumptions	9,430	67,412	0
OPEB Contributions after Measurement Date	2,215	167,401	0
Total Deferred Outflows of Resources	\$ 779,917	\$ 2,104,455	\$ 0
<u>LIABILITIES</u>			
Accounts Payable	\$ 40,761	\$ 0	\$ 2,811
Payroll Deductions Payable	64,449	621,117	0
Due to Primary Government	0	152,029	0
Due to State of Tennessee	0	5,247	0
Accrued Interest Payable	195,439	0	191,679
Other Current Liabilities	398	0	0
Noncurrent Liabilities:			
Due Within One Year - Debt	645,474	0	140,085
Due Within One Year - Other	230,236	176,875	0
Due in More Than One Year - Debt	11,322,536	0	8,744,102
Due in More Than One Year - Other	1,133,769	2,767,816	0
Total Liabilities	\$ 13,633,062	\$ 3,723,084	\$ 9,078,677

(Continued)

Exhibit A

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

		Component Units	
	Primary Governmental Activities	Fentress County School Department	Industrial Development Board of Fentress County
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,668,354	\$ 737,892	\$ 0
Pension Changes in Experience	205,212	1,464,788	0
Pension Changes in Investment Earnings	46,639	206,162	0
Pension Changes in Proportionate Share	0	28,930	0
OPEB Changes in Experience	45,047	318,830	0
OPEB Changes in Assumptions	8,480	115,233	0
OPEB Changes in Proportionate Share	0	220,255	0
Total Deferred Inflows of Resources	<u>\$ 5,973,732</u>	<u>\$ 3,092,090</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 38,433,233	\$ 13,691,800	\$ 3,473,213
Restricted for:			
General Government	10,817	0	0
Public Safety	66,991	0	470
Highways/Public Works	954,778	0	0
Capital Projects	42,648	0	0
Education	0	949,688	0
Pensions	0	1,432,588	0
Other Purposes	237,616	0	0
Unrestricted	<u>2,562,343</u>	<u>1,436,174</u>	<u>63,311</u>
Total Net Position	<u>\$ 42,308,426</u>	<u>\$ 17,510,250</u>	<u>\$ 3,536,994</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, 2019

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Units		Industrial Development Board of Fentress County
						Fentress County School Department		
Primary Government:								
Governmental Activities:								
General Government	\$ 2,016,562	\$ 254,654	\$ 35,564	\$ 0	\$ (1,726,344)	\$ 0		\$ 0
Finance	907,274	453,062	0	0	(454,212)	0		0
Administration of Justice	722,261	292,296	9,000	0	(420,965)	0		0
Public Safety	3,984,528	1,267,049	40,472	754,965	(1,922,042)	0		0
Public Health and Welfare	3,702,418	1,061,863	170,677	0	(2,469,878)	0		0
Social, Cultural, and Recreational Services	433,765	21,682	14,394	0	(397,689)	0		0
Agriculture and Natural Resources	111,172	0	0	0	(111,172)	0		0
Highways/Public Works	3,209,649	22,363	2,346,568	629,001	(211,717)	0		0
Interest on Long-term Debt	572,218	0	0	0	(572,218)	0		0
Total Primary Government	<u>\$ 15,659,847</u>	<u>\$ 3,372,969</u>	<u>\$ 2,616,675</u>	<u>\$ 1,383,966</u>	<u>\$ (8,286,237)</u>	<u>\$ 0</u>		<u>\$ 0</u>
Component Units:								
Fentress County School Department	\$ 19,323,861	\$ 38,412	\$ 3,637,047	\$ 60,000	\$ 0	\$ (15,588,402)		\$ 0
Industrial Development Board	430,250	363,184	10,515	507,667	0	0		451,116
Total Component Units	<u>\$ 19,754,111</u>	<u>\$ 401,596</u>	<u>\$ 3,647,562</u>	<u>\$ 567,667</u>	<u>\$ 0</u>	<u>\$ (15,588,402)</u>		<u>\$ 451,116</u>

(Continued)

Exhibit B

Fentress County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position					
		Program Revenues			Primary Government Total Governmental Activities	Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Fentress County School Department	Industrial Development Board of Fentress County
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 5,824,926	\$ 753,367	\$ 0
Property Taxes Levied for Debt Service					13,582	0	0
Local Option Sales Tax					1,107,420	1,908,398	0
Wheel Tax					0	438,049	0
Wholesale Beer Tax					209,211	0	0
Business Tax					108,105	31,130	0
Hotel/Motel Tax					37,455	0	0
Mineral Severance Tax					29,338	15,295	0
Litigation Taxes					102,787	0	0
Other Local Taxes					1,429	1,102	0
Grants and Contributions Not Restricted for Specific Programs					461,864	14,157,215	0
Unrestricted Investment Earnings					33,320	44,077	313
Miscellaneous					25,958	107,348	0
Sale of Equipment					90,884	0	10,195
Total General Revenues					\$ 8,046,279	\$ 17,455,981	\$ 10,508
Insurance Recovery					\$ 59,910	\$ 0	\$ 0
Change in Net Position					\$ (180,048)	\$ 1,867,579	\$ 461,624
Prior-period Adjustment - See Note I.D.9.					237,616	0	0
Net Position, July 1, 2018					42,250,858	15,642,671	3,075,370
Net Position, June 30, 2019					\$ 42,308,426	\$ 17,510,250	\$ 3,536,994

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, 2019

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,357	\$ 17,357
Equity in Pooled Cash and Investments	2,231,133	834,545	573,279	2,293,287	69,271	6,001,515
Accounts Receivable	328,879	17,803	0	0	6,078	352,760
Allowance for Uncollectibles	(182,913)	0	0	0	0	(182,913)
Due from Other Governments	179,343	128,058	405,697	60,615	64,750	838,463
Due from Other Funds	23,435	0	0	0	0	23,435
Cash Shortage	237,616	0	0	0	0	237,616
Property Taxes Receivable	5,101,005	395,282	0	547,585	0	6,043,872
Allowance for Uncollectible Property Taxes	(49,467)	(3,833)	0	(5,310)	0	(58,610)
Total Assets	\$ 7,869,031	\$ 1,371,855	\$ 978,976	\$ 2,896,177	\$ 157,456	\$ 13,273,495
<u>LIABILITIES</u>						
Accounts Payable	\$ 17,211	\$ 0	\$ 0	\$ 0	\$ 23,550	\$ 40,761
Payroll Deductions Payable	49,880	6,591	7,978	0	0	64,449
Due to Other Funds	0	0	0	0	23,435	23,435
Other Current Liabilities	339	8	51	0	0	398
Total Liabilities	\$ 67,430	\$ 6,599	\$ 8,029	\$ 0	\$ 46,985	\$ 129,043
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 4,762,759	\$ 368,946	\$ 0	\$ 536,649	\$ 0	\$ 5,668,354
Deferred Delinquent Property Taxes	227,036	17,691	0	4,423	0	249,150
Other Deferred/Unavailable Revenue	79,734	60,000	191,000	30,000	0	360,734
Total Deferred Inflows of Resources	\$ 5,069,529	\$ 446,637	\$ 191,000	\$ 571,072	\$ 0	\$ 6,278,238

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Nonspendable:						
Cash Shortage	\$ 237,616	\$ 0	\$ 0	\$ 0	\$ 0	237,616
Restricted:						
Restricted for General Government	3,709	0	0	0	0	3,709
Restricted for Public Safety	16,646	0	0	0	50,345	66,991
Restricted for Other Operations	7,108	0	0	0	0	7,108
Restricted for Highways/Public Works	0	0	779,947	0	0	779,947
Restricted for Capital Outlay	0	0	0	0	42,648	42,648
Committed:						
Committed for General Government	322,863	0	0	0	0	322,863
Committed for Public Health and Welfare	0	918,619	0	0	0	918,619
Committed for Social, Cultural, and Recreational Services	0	0	0	0	17,319	17,319
Committed for Debt Service	0	0	0	2,325,105	0	2,325,105
Assigned:						
Assigned for General Government	16,500	0	0	0	0	16,500
Assigned for Public Safety	3,095	0	0	0	0	3,095
Assigned for Public Health and Welfare	5,500	0	0	0	0	5,500
Assigned for Social, Cultural, and Recreational Services	0	0	0	0	159	159
Unassigned	2,119,035	0	0	0	0	2,119,035
Total Fund Balances	<u>\$ 2,732,072</u>	<u>\$ 918,619</u>	<u>\$ 779,947</u>	<u>\$ 2,325,105</u>	<u>\$ 110,471</u>	<u>\$ 6,866,214</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,869,031</u>	<u>\$ 1,371,855</u>	<u>\$ 978,976</u>	<u>\$ 2,896,177</u>	<u>\$ 157,456</u>	<u>\$ 13,273,495</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, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 6,866,214
(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: buildings and improvements net of accumulated depreciation	16,533,700	
Add: other capital assets net of accumulated depreciation	2,413,801	
Add: infrastructure net of accumulated depreciation	<u>23,328,060</u>	47,733,214
(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	\$ (337,866)	
Less: other loans payable	(2,745,956)	
Less: capital leases payable	(8,884,188)	
Add: debt to be contributed by the school department	152,029	
Less: accrued interest on notes, other loans and capital leases	(195,439)	
Less: compensated absences payable	(433,411)	
Less: net pension liability	(567,724)	
Less: net OPEB liability	(165,868)	
Less: landfill postclosure care costs	<u>(197,002)</u>	(13,375,425)
(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	\$ 768,272	
Less: deferred inflows of resources related to pensions	(251,851)	
Add: deferred outflows of resources related to OPEB	11,645	
Less: deferred inflows of resources related to OPEB	<u>(53,527)</u>	474,539
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>609,884</u>
Net position of governmental activities (Exhibit A)		<u>\$ 42,308,426</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, 2019

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 5,830,218	\$ 1,180,958	\$ 29,343	\$ 459,251	\$ 0	\$ 7,499,770
Licenses and Permits	13,846	0	0	0	0	13,846
Fines, Forfeitures, and Penalties	61,681	0	0	0	169,511	231,192
Charges for Current Services	1,366,399	243,577	0	0	0	1,609,976
Other Local Revenues	302,148	99,290	106,205	59,015	5,850	572,508
Fees Received From County Officials	697,999	0	0	0	0	697,999
State of Tennessee	1,143,757	78,653	2,963,316	0	0	4,185,726
Federal Government	32,920	0	12,253	0	263,614	308,787
Other Governments and Citizens Groups	121,463	0	0	66,417	0	187,880
Total Revenues	\$ 9,570,431	\$ 1,602,478	\$ 3,111,117	\$ 584,683	\$ 438,975	\$ 15,307,684
<u>Expenditures</u>						
Current:						
General Government	\$ 1,141,096	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,141,096
Finance	918,798	0	0	0	0	918,798
Administration of Justice	634,118	0	0	0	0	634,118
Public Safety	3,218,615	0	0	0	172,433	3,391,048
Public Health and Welfare	1,683,831	1,464,283	0	0	0	3,148,114
Social, Cultural, and Recreational Services	327,384	0	0	0	2,522	329,906
Agriculture and Natural Resources	109,502	0	0	0	0	109,502
Other Operations	961,792	76,080	0	0	0	1,037,872
Highways	0	0	2,820,515	0	0	2,820,515
Debt Service:						
Principal on Debt	135,348	0	37,447	608,704	0	781,499
Interest on Debt	315,684	0	1,206	60,777	0	377,667
Other Debt Service	0	0	0	48,508	0	48,508

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	435,656	\$ 435,656
Total Expenditures	\$ 9,446,168	\$ 1,540,363	\$ 2,859,168	\$ 717,989	\$ 610,611	\$ 15,174,299
Excess (Deficiency) of Revenues Over Expenditures	\$ 124,263	\$ 62,115	\$ 251,949	\$ (133,306)	\$ (171,636)	\$ 133,385
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	215,190	\$ 215,190
Insurance Recovery	7,410	52,500	0	0	0	59,910
Transfers In	0	0	0	11,165	20,000	31,165
Transfers Out	(20,000)	0	0	0	(11,165)	(31,165)
Total Other Financing Sources (Uses)	\$ (12,590)	\$ 52,500	\$ 0	\$ 11,165	\$ 224,025	\$ 275,100
Net Change in Fund Balances	\$ 111,673	\$ 114,615	\$ 251,949	\$ (122,141)	\$ 52,389	\$ 408,485
Prior-period Adjustment - See Note I.D.9.	237,616	0	0	0	0	237,616
Fund Balance, July 1, 2018	2,382,783	804,004	527,998	2,447,246	58,082	6,220,113
Fund Balance, June 30, 2019	\$ 2,732,072	\$ 918,619	\$ 779,947	\$ 2,325,105	\$ 110,471	\$ 6,866,214

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, 2019

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	408,485
(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	\$	781,775	
Less: current-year depreciation expense		(1,480,259)	(698,484)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.			
Add: assets donated and capitalized	\$	666,851	
Less: book value of capital assets disposed		(461,116)	205,735
(3) 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, 2019	\$	609,884	
Less: deferred delinquent property taxes and other deferred June 30, 2018		(1,028,622)	(418,738)
(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:			
Add: principal payments on notes	\$	270,239	
Add: principal payments on other loans		375,912	
Add: capital lease principal payments		135,348	
Less: note proceeds		(215,190)	
Less: contributions from the school department for principal on debt		(59,085)	507,224
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	(194,551)	
Change in postclosure care costs		(471)	
Change in net OPEB liability		20,305	
Change in deferred outflows related to OPEB		5,036	
Change in deferred inflows related to OPEB		(44,037)	
Change in compensated absences payable		(9,301)	
Change in net pension liability/asset		336,310	
Change in deferred outflows related to pensions		(153,520)	
Change in deferred inflows related to pensions		(144,041)	(184,270)
Change in net position of governmental activities (Exhibit B)		\$	(180,048)

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,830,218	\$ 0	\$ 0	\$ 5,830,218	\$ 5,999,088	\$ 5,997,088	\$ (166,870)
Licenses and Permits	13,846	0	0	13,846	13,800	13,800	46
Fines, Forfeitures, and Penalties	61,681	0	0	61,681	82,690	82,690	(21,009)
Charges for Current Services	1,366,399	0	0	1,366,399	1,316,700	1,328,871	37,528
Other Local Revenues	302,148	0	0	302,148	203,000	238,031	64,117
Fees Received From County Officials	697,999	0	0	697,999	717,500	697,500	499
State of Tennessee	1,143,757	0	0	1,143,757	1,150,959	1,138,511	5,246
Federal Government	32,920	0	0	32,920	600	33,520	(600)
Other Governments and Citizens Groups	121,463	0	0	121,463	100,000	101,000	20,463
Total Revenues	\$ 9,570,431	\$ 0	\$ 0	\$ 9,570,431	\$ 9,584,337	\$ 9,631,011	\$ (60,580)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 123,699	\$ 0	\$ 0	\$ 123,699	\$ 153,498	\$ 164,498	\$ 40,799
Board of Equalization	604	0	0	604	750	750	146
Beer Board	375	0	0	375	1,500	1,500	1,125
County Mayor/Executive	146,807	0	0	146,807	148,665	148,901	2,094
Personnel Office	42,602	0	0	42,602	45,423	44,098	1,496
Election Commission	234,895	0	0	234,895	235,477	236,508	1,613
Register of Deeds	167,666	0	0	167,666	171,696	171,696	4,030
Planning	15,727	0	0	15,727	13,750	17,432	1,705
County Buildings	403,768	(16,000)	16,500	404,268	447,561	467,359	63,091
Preservation of Records	4,953	0	0	4,953	5,799	5,799	846
<u>Finance</u>							
Accounting and Budgeting	288,665	0	0	288,665	298,539	299,865	11,200
Property Assessor's Office	171,715	0	0	171,715	175,630	175,630	3,915
Reappraisal Program	8,577	0	0	8,577	13,966	13,966	5,389
County Trustee's Office	195,613	0	0	195,613	196,277	196,277	664
County Clerk's Office	254,228	0	0	254,228	261,836	261,837	7,609

(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)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 245,627	\$ 0	\$ 0	\$ 245,627	\$ 258,619	\$ 258,619	\$ 12,992
General Sessions Court	147,755	0	0	147,755	150,320	150,320	2,565
Chancery Court	144,501	0	0	144,501	150,406	150,926	6,425
Juvenile Court	22,593	0	0	22,593	26,107	26,107	3,514
Other Administration of Justice	26,897	0	0	26,897	27,700	27,700	803
Probation Services	46,745	0	0	46,745	51,715	51,715	4,970
<u>Public Safety</u>							
Sheriff's Department	1,418,246	0	0	1,418,246	1,408,969	1,447,925	29,679
Administration of the Sexual Offender Registry	1,500	0	0	1,500	4,100	4,100	2,600
Jail	1,369,066	0	1,095	1,370,161	1,458,982	1,458,982	88,821
Fire Prevention and Control	134,293	0	0	134,293	124,500	139,855	5,562
Civil Defense	53,475	0	2,000	55,475	56,536	62,936	7,461
Rescue Squad	27,000	0	0	27,000	27,000	27,000	0
Other Emergency Management	186,030	0	0	186,030	189,945	189,945	3,915
County Coroner/Medical Examiner	29,005	0	0	29,005	42,250	42,250	13,245
<u>Public Health and Welfare</u>							
Local Health Center	31,747	0	0	31,747	32,223	33,548	1,801
Ambulance/Emergency Medical Services	1,481,014	0	5,500	1,486,514	1,529,602	1,529,601	43,087
Other Local Health Services	124,647	0	0	124,647	154,920	154,920	30,273
Appropriation to State	34,423	0	0	34,423	35,213	35,213	790
General Welfare Assistance	0	0	0	0	1,000	1,000	1,000
Other Local Welfare Services	12,000	0	0	12,000	8,000	12,000	0
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	146,339	0	0	146,339	142,199	156,100	9,761
Libraries	157,045	0	0	157,045	158,498	162,593	5,548
Parks and Fair Boards	24,000	0	0	24,000	45,000	45,000	21,000
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	75,766	0	0	75,766	66,156	77,756	1,990
Soil Conservation	33,736	0	0	33,736	33,736	33,736	0

(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)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 66,412	\$ 0	\$ 0	\$ 66,412	\$ 66,409	\$ 66,412	\$ 0
Industrial Development	15,658	0	0	15,658	37,500	37,500	21,842
Other Economic and Community Development	15,618	0	0	15,618	25,950	25,950	10,332
Veterans' Services	44,753	0	0	44,753	52,185	52,185	7,432
Contributions to Other Agencies	43,802	0	0	43,802	60,992	60,992	17,190
Miscellaneous	775,549	0	0	775,549	972,128	798,096	22,547
<u>Principal on Debt</u>							
General Government	135,348	0	0	135,348	0	135,348	0
<u>Interest on Debt</u>							
General Government	315,684	0	0	315,684	0	315,684	0
<u>Capital Projects</u>							
Other General Government Projects	0	0	0	0	0	32,000	32,000
Total Expenditures	\$ 9,446,168	\$ (16,000)	\$ 25,095	\$ 9,455,263	\$ 9,569,227	\$ 10,010,130	\$ 554,867
Excess (Deficiency) of Revenues Over Expenditures	\$ 124,263	\$ 16,000	\$ (25,095)	\$ 115,168	\$ 15,110	\$ (379,119)	\$ 494,287
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,410	\$ 0	\$ 0	\$ 7,410	\$ 0	\$ 12,874	\$ (5,464)
Transfers Out	(20,000)	0	0	(20,000)	0	(20,000)	0
Total Other Financing Sources	\$ (12,590)	\$ 0	\$ 0	\$ (12,590)	\$ 0	\$ (7,126)	\$ (5,464)
Net Change in Fund Balance	\$ 111,673	\$ 16,000	\$ (25,095)	\$ 102,578	\$ 15,110	\$ (386,245)	\$ 488,823
Prior-period Adjustment - See Note I.D.9.	237,616	0	0	237,616	0	0	0
Fund Balance, July 1, 2018	2,382,783	(16,000)	0	2,366,783	2,499,234	2,499,234	(132,451)
Fund Balance, June 30, 2019	\$ 2,732,072	\$ 0	\$ (25,095)	\$ 2,469,361	\$ 2,514,344	\$ 2,112,989	\$ 356,372

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,180,958	\$ 1,176,577	\$ 1,176,577	\$ 4,381
Charges for Current Services	243,577	228,795	228,795	14,782
Other Local Revenues	99,290	103,500	103,500	(4,210)
State of Tennessee	78,653	104,296	104,296	(25,643)
Total Revenues	<u>\$ 1,602,478</u>	<u>\$ 1,613,168</u>	<u>\$ 1,613,168</u>	<u>\$ (10,690)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 122,009	\$ 129,399	\$ 122,834	\$ 825
Sanitation Education/Information	8,215	8,500	8,500	285
Waste Pickup	225,861	249,861	240,076	14,215
Convenience Centers	414,005	426,046	429,462	15,457
Problem Waste Centers	4,402	4,800	4,800	398
Other Waste Collection	1,157	1,200	1,200	43
Recycling Center	262,489	285,963	277,287	14,798
Landfill Operation and Maintenance	422,187	400,000	432,790	10,603
Postclosure Care Costs	3,958	6,650	4,000	42
<u>Other Operations</u>				
Other Charges	75,664	84,500	76,554	890
Employee Benefits	416	900	900	484
Total Expenditures	<u>\$ 1,540,363</u>	<u>\$ 1,597,819</u>	<u>\$ 1,598,403</u>	<u>\$ 58,040</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 62,115</u>	<u>\$ 15,349</u>	<u>\$ 14,765</u>	<u>\$ 47,350</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 52,500	\$ 0	\$ 0	\$ 52,500
Total Other Financing Sources	<u>\$ 52,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 52,500</u>
Net Change in Fund Balance	\$ 114,615	\$ 15,349	\$ 14,765	\$ 99,850
Fund Balance, July 1, 2018	<u>804,004</u>	<u>598,058</u>	<u>598,058</u>	<u>205,946</u>
Fund Balance, June 30, 2019	<u><u>\$ 918,619</u></u>	<u><u>\$ 613,407</u></u>	<u><u>\$ 612,823</u></u>	<u><u>\$ 305,796</u></u>

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 29,343	\$ 28,000	\$ 28,000	\$ 1,343
Other Local Revenues	106,205	50,000	50,000	56,205
State of Tennessee	2,963,316	3,776,649	3,776,649	(813,333)
Federal Government	12,253	50,000	50,000	(37,747)
Total Revenues	<u>\$ 3,111,117</u>	<u>\$ 3,904,649</u>	<u>\$ 3,904,649</u>	<u>\$ (793,532)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 200,162	\$ 212,535	\$ 214,924	\$ 14,762
Highway and Bridge Maintenance	979,417	1,577,641	1,576,791	597,374
Operation and Maintenance of Equipment	484,101	494,324	514,634	30,533
Other Charges	95,553	97,510	98,252	2,699
Employee Benefits	50,583	79,000	79,000	28,417
Capital Outlay	1,010,699	1,640,276	1,599,106	588,407
<u>Principal on Debt</u>				
Highways and Streets	37,447	20,051	37,447	0
<u>Interest on Debt</u>				
Highways and Streets	1,206	23	1,206	0
Total Expenditures	<u>\$ 2,859,168</u>	<u>\$ 4,121,360</u>	<u>\$ 4,121,360</u>	<u>\$ 1,262,192</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 251,949</u>	<u>\$ (216,711)</u>	<u>\$ (216,711)</u>	<u>\$ 468,660</u>
Net Change in Fund Balance	\$ 251,949	\$ (216,711)	\$ (216,711)	\$ 468,660
Fund Balance, July 1, 2018	<u>527,998</u>	<u>527,997</u>	<u>527,997</u>	<u>1</u>
Fund Balance, June 30, 2019	<u><u>\$ 779,947</u></u>	<u><u>\$ 311,286</u></u>	<u><u>\$ 311,286</u></u>	<u><u>\$ 468,661</u></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, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 783,516
Accounts Receivable	3,742
Due from Other Governments	<u>140,673</u>
Total Assets	<u><u>\$ 927,931</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 140,673
Due to Litigants, Heirs, and Others	<u>787,258</u>
Total Liabilities	<u><u>\$ 927,931</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, 2019

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, 2019, the county appropriated an operating subsidy of \$186,030 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, 2019, the county appropriated an operating subsidy of \$15,658 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, 2019.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary 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; the State Treasurer's Intermediate Term investment Fund; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pooled complied with accounting principles generally accepted in the United State of America.

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

2. Receivables and Payables

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

All ambulance and property taxes 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 .97 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. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Fentress County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Fentress County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Fentress County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are

reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than 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

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

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

6. 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.

7. Long-term Debt and Long-term Obligations

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

systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. Net Position and Fund Balance

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

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

As of June 30, 2019, Fentress County had \$2,668,029 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.

9. Prior-period Adjustment

A prior-period adjustment was posted to the General Fund to recognize a cash shortage of \$237,616 that occurred over a five-year period.

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, 2019, Fentress County reported encumbrances in the following funds:

<u>Fund</u>	<u>Amount</u>
Primary Government:	
Major Fund:	
General	\$ 25,095
Nonmajor Fund:	
Other Special Revenue	159
School Department:	
Major Fund:	
General Purpose School	222,663

B. Cash Shortages – Prior and Current 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, 2019, was \$7,285.

On September 4, 2019, the Comptroller of the Treasury released an investigative report related to the misappropriation of funds totaling \$239,681 from the Fentress County Finance Department (\$237,616) and the Kirby Jones Memorial Ballpark (\$2,065). Details of this cash shortage are discussed in the Schedule of Findings and Questioned Cost section of this 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. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2019.

TCRS Stabilization Trust

Legal Provisions. The Fentress County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

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

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

Investments are reported at fair value or amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the

TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Fentress County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 8,840
Developed Market International Equity	N/A	N/A	3,992
Emerging Market International Equity	N/A	N/A	1,141
U.S. Fixed Income	N/A	N/A	5,703
Real Estate	N/A	N/A	2,852
Short-term Securities	N/A	N/A	285
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>5,703</u>
Total			<u><u>\$ 28,516</u></u>

Investment by Fair Value Level	Fair Value Measurements Using				Amortized Cost
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Fair Value	6-30-19				NAV
U.S. Equity	\$ 8,840	\$ 8,840	\$ 0	\$ 0	0
Developed Market International Equity	3,992	3,992	0	0	0
Emerging Market International Equity	1,141	1,141	0	0	0
U.S. Fixed Income	5,703	0	5,703	0	0
Real Estate	2,852	0	0	2,852	0
Short-term Securities	285	0	285	0	0
Private Equity and Strategic Lending	5,703	0	0	0	5,703
Total	<u>\$ 28,516</u>	<u>\$ 13,973</u>	<u>\$ 5,988</u>	<u>\$ 2,852</u>	<u>\$ 5,703</u>

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fentress

County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fentress County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Fentress County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Fentress County School Department to pay retirement benefits of the school department employees.

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

B. Notes Receivable

The General Purpose School Fund had long-term notes receivable of \$1,449 on June 30, 2019. 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 \$32 at June 30, 2019.

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, 2019.

C. Capital Assets

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

**Primary Government
Governmental Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 5,457,653	\$ 0	\$ 0	\$ 5,457,653
Construction in Progress	240,493	0	(240,493)	0
Total Capital Assets Not Depreciated	<u>\$ 5,698,146</u>	<u>\$ 0</u>	<u>\$ (240,493)</u>	<u>\$ 5,457,653</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 21,133,727	\$ 358,682	\$ (764,530)	\$ 20,727,879
Infrastructure	31,146,634	0	0	31,146,634
Other Capital Assets	5,745,458	1,330,437	(530,135)	6,545,760
Total Capital Assets Depreciated	<u>\$ 58,025,819</u>	<u>\$ 1,689,119</u>	<u>\$ (1,294,665)</u>	<u>\$ 58,420,273</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,167,145	\$ 407,715	\$ (380,681)	\$ 4,194,179
Infrastructure	7,180,102	638,472	0	7,818,574
Other Capital Assets	4,150,755	434,072	(452,868)	4,131,959
Total Accumulated Depreciation	<u>\$ 15,498,002</u>	<u>\$ 1,480,259</u>	<u>\$ (833,549)</u>	<u>\$ 16,144,712</u>
Total Capital Assets Depreciated, Net	<u>\$ 42,527,817</u>	<u>\$ 208,860</u>	<u>\$ (461,116)</u>	<u>\$ 42,275,561</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,225,963</u>	<u>\$ 208,860</u>	<u>\$ (701,609)</u>	<u>\$ 47,733,214</u>

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

Governmental Activities:

General Government	\$	23,843
Administration of Justice		88,109
Public Safety		395,158
Public Health and Welfare		237,965
Social, Cultural, and Recreational Services		40,728
Agriculture and Natural Resources		1,670
Highways/Public Works		<u>692,786</u>

Total Depreciation Expense - Governmental Activities	\$	<u>1,480,259</u>
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Discretely Presented Fentress County School Department**Governmental Activities:**

	Balance 7-1-18	Increases	Balance 6-30-19
Capital Assets Not Depreciated:			
Land	\$ 411,763	\$ 0	\$ 411,763
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets Not Depreciated	<u>\$ 411,763</u>	<u>\$ 0</u>	<u>\$ 411,763</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,652,904	\$ 0	\$ 19,652,904
Other Capital Assets	<u>3,774,823</u>	<u>219,811</u>	<u>3,994,634</u>
Total Capital Assets Depreciated	<u>\$ 23,427,727</u>	<u>\$ 219,811</u>	<u>\$ 23,647,538</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 7,399,430	\$ 479,549	\$ 7,878,979
Other Capital Assets	<u>2,253,679</u>	<u>234,843</u>	<u>2,488,522</u>
Total Accumulated Depreciation	<u>\$ 9,653,109</u>	<u>\$ 714,392</u>	<u>\$ 10,367,501</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,774,618</u>	<u>\$ (494,581)</u>	<u>\$ 13,280,037</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,186,381</u>	<u>\$ (494,581)</u>	<u>\$ 13,691,800</u>

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

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

Governmental Activities:

Instruction	\$ 556,587
Support Services	148,067
Operation of Non-instructional Services	<u>9,738</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 714,392</u></u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 23,435
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	30,012

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:

Receivable	Payable	Amount
	Component Unit:	
Primary Government:	School Department:	
Governmental Activities	Governmental Activities	152,029

The Due to Primary Government is the balance of notes (\$140,073) and other loans (\$11,956) 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, 2019, consisted of the following amount:

Primary Government

Transfers Out	Transfers In		Purpose
	Nonmajor Governmental Fund	General Debt Service Fund	
General Fund	\$ 20,000	\$ 0	Operations
Nonmajor government fund	0	11,165	Debt Repayment
Total	<u>\$ 20,000</u>	<u>\$ 11,165</u>	

Discretely Presented Fentress County School Department

Transfer Out	Transfer In		Purpose
	General Purpose School Fund		
Nonmajor government fund	\$	17,972	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 November 17, 2016, Fentress County entered into a 36-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>(703,743)</u>
Total Book Value	<u>\$ 11,044,147</u>

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

Year Ending June 30	Governmental Funds
2020	\$ 451,032
2021	451,032
2022	451,032
2023	451,032
2024	451,032
2025-2029	2,255,160
2030-2034	2,255,160
2035-2039	2,255,160
2040-2044	2,255,160
2045-2049	2,255,160
2050-2053	<u>1,799,453</u>
Total Minimum Lease Payments	\$ 15,330,413
Less: Amount Representing Interest	<u>(6,446,225)</u>
Present Value of Minimum Lease Payments	<u>\$ 8,884,188</u>

F. Long-term Debt

Primary Government

General Obligation Notes and Other Loans

Direct Borrowing and Direct Placements - 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. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority 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 notes, and other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service and Highway /Public Works funds.

Capital outlay notes, other loans, and capital leases outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	2.2 to 4 %	4-15-22	\$ 692,625	\$ 337,866
Other Loans	variable	5-25-26	7,000,000	2,734,000
Other Loans	0	3-1-20	111,406	11,956
Capital Leases	3.5	11-17-52	9,276,656	8,884,188

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, 2019, the variable interest rate for each loan was 1.78 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, 2019, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 115,433	\$ 9,393	\$ 124,826
2021	118,808	6,017	124,825
2022	103,625	2,562	106,187
Total	\$ 337,866	\$ 17,972	\$ 355,838

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 389,956	\$ 48,665	\$ 37,035	\$ 475,656
2021	397,000	41,937	32,197	471,134
2022	417,000	34,870	27,115	478,985
2023	358,000	27,448	20,758	406,206
2024	376,000	21,075	16,175	413,250
2025-2026	808,000	21,751	17,681	847,432
Total	\$ 2,745,956	\$ 195,746	\$ 150,961	\$ 3,092,663

There is \$2,325,105 available in the General Debt Service Fund to service long-term debt. Debt per capita, including notes, other loans, and capital leases totaled \$666, based on the 2010 federal census.

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

Description of Debt	Outstanding 6-30-19
<u>Notes Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Roof Projects	\$ 140,073
<u>Other Loans Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficient Schools Initiative Loans	11,956
Total	<u>\$ 152,029</u>

Changes in Long-term Debt

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

Governmental Activities:

	Notes - Direct Placement	Other Loans - Direct Placement	Capital Leases - Direct Placement
Balance, July 1, 2018	\$ 392,915	\$ 3,121,868	\$ 9,019,536
Additions	215,190	0	0
Reductions	(270,239)	(375,912)	(135,348)
Balance, June 30, 2019	<u>\$ 337,866</u>	<u>\$ 2,745,956</u>	<u>\$ 8,884,188</u>
Balance Due Within One Year	<u>\$ 115,433</u>	<u>\$ 389,956</u>	<u>\$ 140,085</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 11,968,010
Less: Balance Due Within One Year - Debt	<u>(645,474)</u>

Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 11,322,536</u>
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G. Long-term Obligations

Changes in Long-term Obligations

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

	Compensated Absences	Other Postemployment Benefits	Net Pension Liability - Agent Plan
Balance, July 1, 2018	\$ 424,110	\$ 186,173	\$ 904,034
Additions	392,094	36,143	1,212,576
Reductions	(382,793)	(56,448)	(1,548,886)
Balance, June 30, 2019	<u>\$ 433,411</u>	<u>\$ 165,868</u>	<u>\$ 567,724</u>
Balance Due Within One Year	<u>\$ 216,708</u>	<u>\$ 0</u>	<u>\$ 0</u>

	Landfill Postclosure Care Costs
Balance, July 1, 2018	\$ 196,531
Additions	4,429
Reductions	(3,958)
	<hr/>
Balance, June 30, 2019	\$ 197,002
	<hr/>
Balance Due Within One Year	\$ 13,528
	<hr/>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 1,364,005
Less: Balance Due Within One Year - Other	(230,236)
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	\$ 1,133,769
	<hr/>

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, 2019, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2018	\$ 426,147	\$ 3,530,059
Additions	132,312	366,473
Reductions	(116,269)	(1,394,031)
	<hr/>	<hr/>
Balance, June 30, 2019	\$ 442,190	\$ 2,502,501
	<hr/>	<hr/>
Balance Due Within One Year	\$ 176,875	\$ 0
	<hr/>	<hr/>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 2,944,691
Less: Balance Due Within One Year - Other	<u>(176,875)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 2,767,816</u>

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

H. 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, 2019, were \$79,630 and \$42,015, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. 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, 2019, was as follows:

	Balance 7-1-18	Issued	Paid	Balance 6-30-19
Tax Anticipation Notes	\$ 0	\$ 143,363	\$ (143,363)	\$ 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 2019, 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 settled three claims totaling \$300,000 during the year.

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. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Fentress County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

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

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

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

C. Contingent Liabilities

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

D. Changes in Administration

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.

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 \$197,002 reported as landfill postclosure care liability at June 30, 2019, 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, 2019, 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	57
Inactive Employees Entitled to But Not Yet Receiving Benefits	196
Active Employees	<u>168</u>
Total	<u><u>421</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 makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contribution was \$329,163 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, 2018, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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 Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 10,169,333	\$ 9,265,299	\$ 904,034
Changes for the Year:			
Service Cost	\$ 443,393	\$ 0	\$ 443,393
Interest	753,832	0	753,832
Differences Between Expected and Actual Experience	(184,202)	0	(184,202)
Changes in Assumptions	0	0	0
Contributions-Employer	0	322,100	(322,100)
Contributions-Employees	0	267,525	(267,525)
Net Investment Income	0	775,059	(775,059)
Benefit Payments, Including Refunds of Employee Contributions	(430,075)	(430,075)	0
Administrative Expense	0	(15,351)	15,351
Other Changes	0	0	0
Net Changes	\$ 582,948	\$ 919,258	\$ (336,310)
Balance, June 30, 2018	\$ 10,752,281	\$ 10,184,557	\$ 567,724

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 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Fentress County			
Net Pension Liability	\$ 2,057,661	\$ 567,724	\$ (653,940)

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

Pension Expense. For the year ended June 30, 2019, Fentress County recognized pension expense of \$290,240.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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	\$ 277,248	\$ 205,212
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	46,639
Changes in Assumptions	161,861	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	329,163	N/A
Total	<u>\$ 768,272</u>	<u>\$ 251,851</u>

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

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

Year Ending June 30	Amount
2020	\$ 140,051
2021	124,181
2022	(45,793)
2023	(471)
2024	(30,700)
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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	71
Inactive Employees Entitled to But Not Yet Receiving Benefits	191
Active Employees	<u>145</u>
Total	<u><u>407</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, 2019, the employer contribution was \$184,147 based on a rate of 7.53 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, 2018, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from the 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, 2017	\$ 7,474,573	\$ 7,849,111	\$ (374,538)
Changes for the Year:			
Service Cost	\$ 226,917	\$ 0	\$ 226,917
Interest	544,931	0	544,931
Differences Between Expected and Actual Experience	(40,731)	0	(40,731)
Changes in Assumptions	0	0	0
Contributions-Employer	0	167,179	(167,179)
Contributions-Employees	0	111,453	(111,453)
Net Investment Income	0	647,136	(647,136)
Benefit Payments, Including Refunds of Employee Contributions	(370,397)	(370,397)	0
Administrative Expense	0	(13,945)	13,945
Other Changes	0	0	0
Net Changes	\$ 360,720	\$ 541,426	\$ (180,706)
Balance, June 30, 2018	\$ 7,835,293	\$ 8,390,537	\$ (555,244)

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 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School Department	6.25%	7.25%	8.25%

Net Pension Liability \$ 411,289 \$ (555,244) \$ (1,357,829)

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

Pension Expense. For the year ended June 30, 2019, Fentress County School Department recognized (negative) pension expense of (\$41,847).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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	\$ 93,737	\$ 406,671
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	32,133
Changes in Assumptions	95,485	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	184,147	N/A
Total	<u>\$ 373,369</u>	<u>\$ 438,804</u>

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

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

Year Ending June 30	Amount
2020	\$ (41,791)
2021	(38,370)
2022	(153,036)
2023	(16,381)
2024	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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for

non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$34,533, which is 1.94 percent of covered payroll. In addition, employer contributions of \$27,076, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$66,465) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .146550 percent. The proportion as of June 30, 2017, was .167974 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$23,147.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 3,764	\$ 2,647
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,754
Changes in Assumptions	3,136	0
Changes in Proportion of Net Pension Liability (Asset)	7,091	1,360
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	34,533	N/A
Total	\$ 48,524	\$ 7,761

The school department's employer contributions of \$34,533, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. Other amounts reported as

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

Year Ending June 30	Amount
2020	\$ (37)
2021	(156)
2022	(691)
2023	290
2024	790
Thereafter	6,034

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

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

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

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

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

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

return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability	\$	10,275	\$	(66,465)	\$	(123,004)
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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.

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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service

related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Fentress County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$799,960, which is 10.45 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$782,363) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school

department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .222331 percent. The proportion measured at June 30, 2017, was .220965 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$227,094).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 158,142	\$ 1,055,470
Changes in Assumptions	462,068	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	170,275
Changes in Proportion of Net Pension Liability (Asset)	27,579	27,570
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	799,960	N/A
Total	<u>\$ 1,447,749</u>	<u>\$ 1,253,315</u>

The school department's employer contributions of \$799,960 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 158,141
2021	(252,988)
2022	(439,279)
2023	(71,399)
2024	0
Thereafter	0

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

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

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

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

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

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

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

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

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

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

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

percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability	\$	6,030,950	\$	(782,363)	\$	(6,419,431)
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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**

Fentress County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401(k). The school department offers its employees a deferred compensation plan established pursuant to IRC Section 401(k). All costs of administering and funding these programs are the responsibility of plan participants. The 401(k) and 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 401(k) and 457 establish 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 \$74,268 and teachers contributed \$41,220 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 their retirees through state administered public entity risk pools. For reporting purposes the plans are all 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.

Retirees of Fentress County are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. Likewise, the school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. Certified and noncertified employees of the school department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare. However, the Fentress County School Department does not provide premium support for teachers in the TNM plan.

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

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

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

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

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

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

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, 2018, the following employees were covered by the benefit terms:

	<u>Fentress County</u>
Retirees and Beneficiaries	1
Inactive, Nonretired Members	0
Active Members Eligible for Future Benefits	130
Active Members Not Eligible for Future Benefits	<u>15</u>
Total	<u><u>146</u></u>

An insurance committee, created in accordance with *TCA 8-27-701*, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the county paid \$2,215 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Fentress County
Balance July 1, 2017	<u>\$ 186,173</u>
Changes for the Year:	
Service Cost	\$ 18,540
Interest	7,170
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	(49,839)
Changes in Assumption and Other Inputs	10,433
Benefit Payments	<u>(6,609)</u>
Net Changes	<u>\$ (20,305)</u>
Balance June 30, 2018	<u><u>\$ 165,868</u></u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$20,911. At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 45,047
Changes of Assumptions/Inputs	9,430	8,480
Net Difference Between Projected and Benefits paid after the Measurement Date of June 30, 2018	<u>2,215</u>	<u>0</u>
Total	<u><u>\$ 11,645</u></u>	<u><u>\$ 53,527</u></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
2020	\$ (4,799)
2021	(4,799)
2022	(4,799)
2023	(4,799)
2024	(4,799)
Thereafter	(20,102)

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

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

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	\$ 181,875	\$ 165,868	\$ 151,055

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

	1% Decrease 5.75 to 2.81%	Current Trend Rates 6.75 to 3.81%	1% Increase 7.75 to 4.81%
Total OPEB Liability	\$ 143,009	\$ 165,868	\$ 193,481

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 retiree’s premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

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

	<u>School Department</u>
Retirees and Beneficiaries	24
Inactive, Nonretired Members	0
Active Members Eligible for Future Benefits	224
Active Members Not Eligible for Future Benefits	<u>36</u>
Total	<u><u>284</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 \$167,401 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		
	Fentress County School Department 68.8035%	State of TN 31.1965%	Total OPEB Liability
Balance July 1, 2017	\$ 3,530,059	\$ 1,254,535	\$ 4,784,594
Changes for the Year:			
Service Cost	\$ 172,920	\$ 78,405	\$ 251,325
Interest	119,262	54,075	173,337
Changes in Benefit Terms	(574,895)	(260,665)	(835,560)
Difference between Expected and Actuarial Experience	(351,364)	(159,313)	(510,677)
Changes in Assumption and Other Inputs	74,291	(159,313)	107,975
Benefit Payments	(229,682)	(159,313)	(333,823)
Change in Proportionate Share	(238,091)	238,091	0
Net Changes	\$ (1,027,558)	\$ (368,035)	\$ (1,147,423)
Balance June 30, 2018	\$ 2,502,501	\$ 886,500	\$ 3,637,171

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 is required by GASB Statement No. 75 to recognize revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department employees. The amount of the subsidy is equal to the nonemployer share of collective OPEB expenses. During the year, collective OPEB expenses for Fentress County School employees was negative. Consequently, Fentress County has recorded the negative collective OPEB expense (\$468,609) for the nonemployer share of the collective OPEB expense.

During the year, the Fentress County School Department's proportionate share of the collective OPEB liability was 68.8035% and the State of Tennessee's share was 31.1965%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized negative OPEB expense of \$468,609, including the state's share of the expense of \$123,715. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 318,830
Changes of Assumptions/Inputs	67,412	115,233
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	220,255
Benefits Paid After the Measurement Date of June 30, 2018	167,401	0
Total	<u>\$ 234,813</u>	<u>\$ 654,318</u>

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

Year Ending June 30	School Department
2020	\$ (62,182)
2021	(39,707)
2022	(39,707)
2023	(39,707)
2024	(39,707)
Thereafter	(168,115)

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 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
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Proportionate Share of the Collective Total OPEB Liability	\$ 2,683,848	\$ 2,502,501	\$ 2,329,018
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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 5.75 to 2.85%	Curent Rates 6.75 to 3.85%	1% Increase 7.75 to 4.85%
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Proportionate Share of the Collective Total OPEB Liability	\$ 2,228,709	\$ 2,502,501	\$ 2,824,791
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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.

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, 2019, 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, 2019:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,002,090	\$ 0	\$ 0	\$ 1,002,090
Construction in Progress	37,300	0	(37,300)	0
Total Capital Assets Not Depreciated	\$ 1,039,390	\$ 0	\$ (37,300)	\$ 1,002,090
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,154,009	\$ 15,240	\$ (15,240)	\$ 2,154,009
Waterlines	523,911	551,607	0	1,075,518
Office Equipment	5,120	0	0	5,120
Total Capital Assets Depreciated	\$ 2,683,040	\$ 566,847	\$ (15,240)	\$ 3,234,647
Total Assets	\$ 3,722,430	\$ 566,847	\$ (52,540)	\$ 4,236,737

The following is a schedule of accumulated depreciation as of June 30, 2019:

	Accumulated Depreciation			Accumulated Depreciation		
	7-1-18	Increases	Decreases	6-30-19		
Capital Assets:						
Buildings and						
Improvements	\$ 584,221	\$ 53,850	\$ 0	\$ 638,071		
Waterlines	111,331	13,098	0	124,429		
Office Equipment	0	1,024	0	1,024		
Total Accumulated						
Depreciation	\$ 695,552	\$ 67,972	\$ 0	\$ 763,524		

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, 2019, the carrying amount of the board's cash deposits was \$257,330. 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, 2019, 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, 2019, the balance of the loan was \$8,884,187.

Payments are due annually per the following schedule.

Year	Principal	Interest	Total	Balance
2020	\$ 140,086	\$ 310,946	\$ 451,032	\$ 8,744,101
2021	144,988	306,044	451,032	8,599,113
2022	150,063	300,969	451,032	8,449,050
2023	155,315	295,717	451,032	8,293,735
2024	160,751	290,281	451,032	8,132,984
2025-2029	892,194	1,362,966	2,255,160	7,240,790
2030-2034	1,059,647	1,195,513	2,255,160	6,181,143
2035-2039	1,258,528	996,632	2,255,160	4,922,615
2040-2044	1,494,736	760,424	2,255,160	3,427,879
2045-2049	1,775,278	479,882	2,255,160	1,652,601
2050-2053	1,652,601	146,851	1,799,452	0
Total	<u>\$ 8,884,187</u>	<u>\$ 6,446,225</u>	<u>\$ 15,330,412</u>	

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

Description	6-30-18 Balance	Additions	Principal Payments	6-30-19 Balance	Due in One Year
USDA Loan	<u>\$ 9,019,536</u>	<u>\$ 0</u>	<u>\$ (135,349)</u>	<u>\$ 8,884,187</u>	<u>\$ 140,085</u>
Total	<u>\$ 9,019,536</u>	<u>\$ 0</u>	<u>\$ (135,349)</u>	<u>\$ 8,884,187</u>	<u>\$ 140,085</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, 2019, the balance of the lease was \$8,884,187. Future minimum lease payments are as follows:

Year	Principal	Interest	Total	Balance
2020	\$ 140,086	\$ 310,946	\$ 451,032	\$ 8,744,101
2021	144,988	306,044	451,032	8,599,113
2022	150,063	300,969	451,032	8,449,050
2023	155,315	295,717	451,032	8,293,735
2024	160,751	290,281	451,032	8,132,984
2025-2029	892,194	1,362,966	2,255,160	7,240,790
2030-2034	1,059,647	1,195,513	2,255,160	6,181,143
2035-2039	1,258,528	996,632	2,255,160	4,922,615
2040-2044	1,494,736	760,424	2,255,160	3,427,879
2045-2049	1,775,278	479,882	2,255,160	1,652,601
2050-2053	<u>1,652,601</u>	<u>146,851</u>	<u>1,799,452</u>	0
Total	<u>\$ 8,884,187</u>	<u>\$ 6,446,225</u>	<u>\$ 15,330,412</u>	

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

Description	6-30-18 Balance	Additions	Principal Payments	6-30-19 Balance	Due in One Year
Justice Center	<u>\$ 9,019,536</u>	<u>\$ 0</u>	<u>\$ (135,349)</u>	<u>\$ 8,884,187</u>	<u>\$ 140,085</u>
Total	<u>\$ 9,019,536</u>	<u>\$ 0</u>	<u>\$ (135,349)</u>	<u>\$ 8,884,187</u>	<u>\$ 140,085</u>

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	2018
Total Pension Liability (Asset)					
Service Cost	\$ 379,351	\$ 339,177	\$ 385,704	\$ 416,773	\$ 443,393
Interest	551,684	572,115	657,161	709,557	753,832
Differences Between Actual and Expected Experience	(310,265)	551,752	111,603	56,298	(184,202)
Changes in Assumptions	0	0	0	242,793	0
Benefit Payments, Including Refunds of Employee Contributions	(238,800)	(377,551)	(373,712)	(600,142)	(430,075)
Net Change in Total Pension Liability (Asset)	\$ 381,970	\$ 1,085,493	\$ 780,756	\$ 825,279	\$ 582,948
Total Pension Liability (Asset), Beginning	7,095,835	7,477,805	8,563,298	9,344,054	10,169,333
Total Pension Liability, Ending (a)	\$ 7,477,805	\$ 8,563,298	\$ 9,344,054	\$ 10,169,333	\$ 10,752,281
Plan Fiduciary Net Position					
Contributions - Employer	\$ 275,784	\$ 291,706	\$ 312,079	\$ 317,267	\$ 322,100
Contributions - Employee	232,400	242,282	259,204	263,513	267,525
Net Investment Income	1,067,336	235,457	213,495	944,908	775,059
Benefit Payments, Including Refunds of Employee Contributions	(238,800)	(377,551)	(373,712)	(600,142)	(430,075)
Administrative Expense	(5,356)	(7,579)	(11,861)	(14,294)	(15,351)
Other	0	0	157	0	0
Net Change in Plan Fiduciary Net Position	\$ 1,331,364	\$ 384,315	\$ 399,362	\$ 911,252	\$ 919,258
Plan Fiduciary Net Position, Beginning	6,239,006	7,570,370	7,954,685	8,354,047	9,265,299
Plan Fiduciary Net Position, Ending (b)	\$ 7,570,370	\$ 7,954,685	\$ 8,354,047	\$ 9,265,299	\$ 10,184,557
Net Pension Liability (Asset), Ending (a - b)	\$ (7,570,370)	\$ 608,613	\$ 990,007	\$ 904,034	\$ 567,724
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.24%	92.89%	89.40%	91.11%	94.72%
Covered Payroll	\$ 4,642,851	\$ 4,845,610	\$ 5,184,034	\$ 5,270,217	\$ 5,350,488
Net Pension Liability (Asset) as a Percentage of Covered Payroll	1.99%	12.56%	19.10%	17.15%	10.61%

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	2018
Total Pension Liability (Asset)					
Service Cost	\$ 192,786	\$ 197,164	\$ 209,501	\$ 221,413	\$ 226,917
Interest	486,751	482,715	518,294	558,189	544,931
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(385,946)	128,858	126,959	(519,661)	(40,731)
Changes in Assumptions	0	0	0	159,141	0
Benefit Payments, Including Refunds of Employee Contributions	(348,385)	(355,160)	(338,239)	(331,223)	(370,397)
Net Change in Total Pension Liability (Asset)	\$ (54,794)	\$ 453,577	\$ 516,515	\$ 87,859	\$ 360,720
Total Pension Liability (Asset), Beginning	6,471,416	6,416,622	6,870,199	7,386,714	7,474,573
Total Pension Liability (Asset), Ending (a)	\$ 6,416,622	\$ 6,870,199	\$ 7,386,714	\$ 7,474,573	\$ 7,835,293
Plan Fiduciary Net Position					
Contributions - Employer	\$ 136,816	\$ 132,147	\$ 145,356	\$ 142,857	\$ 167,179
Contributions - Employee	106,056	102,759	113,029	111,088	111,453
Net Investment Income	996,848	212,281	185,576	803,614	647,136
Benefit Payments, Including Refunds of Employee Contributions	(348,385)	(355,160)	(338,239)	(331,223)	(370,397)
Administrative Expense	(5,745)	(7,786)	(11,265)	(12,354)	(13,945)
Other	0	0	1,807	0	0
Net Change in Plan Fiduciary Net Position	\$ 885,590	\$ 84,241	\$ 96,264	\$ 713,982	\$ 541,426
Plan Fiduciary Net Position, Beginning	6,069,034	6,954,624	7,038,865	7,135,129	7,849,111
Plan Fiduciary Net Position, Ending (b)	\$ 6,954,624	\$ 7,038,865	\$ 7,135,129	\$ 7,849,111	\$ 8,390,537
Net Pension Liability (Asset), Ending (a - b)	\$ (538,002)	\$ (168,666)	\$ 251,585	\$ (374,538)	\$ (555,244)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.38%	102.46%	96.59%	105.01%	107.09%
Covered Payroll	\$ 2,121,124	\$ 2,055,161	\$ 2,260,582	\$ 2,221,720	\$ 2,229,057
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(25.36)%	(8.21)%	11.13%	(16.86)%	(24.91)%

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	2019
Actuarially Determined Contribution	\$ 275,784	\$ 291,706	\$ 312,079	\$ 317,267	\$ 322,100	\$ 329,163
Less Contributions in Relation to the Actuarially Determined Contribution	(275,784)	(291,706)	(312,079)	(317,267)	(322,100)	(329,163)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 4,642,851	\$ 4,845,610	\$ 5,184,034	\$ 5,270,217	\$ 5,350,488	\$ 5,468,668
Contributions as a Percentage of Covered Payroll	5.94%	6.02%	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	2019
Actuarially Determined Contribution	\$ 136,816	\$ 132,147	\$ 145,356	\$ 142,857	\$ 167,179	\$ 184,147
Less Contributions in Relation to the Actuarially Determined Contribution	(136,816)	(132,147)	(145,356)	(142,857)	(167,179)	(184,147)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 2,121,124	\$ 2,055,161	\$ 2,260,582	\$ 2,221,720	\$ 2,229,057	\$ 2,446,166
Contributions as a Percentage of Covered Payroll	6.45%	6.43%	6.43%	6.43%	7.50%	7.53%

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	2019*
Contractually Required Contribution	\$ 10,900	\$ 32,845	\$ 44,099	\$ 51,227	\$ 34,533
Less Contributions in Relation to the Contractually Required Contribution	(10,900)	(32,845)	(44,099)	(51,227)	(34,533)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 272,509	\$ 821,109	\$ 1,102,470	\$ 1,280,670	\$ 1,519,336
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%

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

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

Exhibit E-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	2019
Contractually Required Contribution	\$ 773,144	\$ 758,729	\$ 741,440	\$ 706,114	\$ 706,905	\$ 799,960
Less Contributions in Relation to the Contractually Required Contribution	(773,144)	(758,729)	(741,440)	(706,114)	(706,905)	(799,960)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 8,706,579	\$ 8,393,011	\$ 8,201,766	\$ 7,810,955	\$ 7,785,294	\$ 7,657,141
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.45%

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Asset	0.128450%	0.186615	0.167974	0.146550
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (5,276)	\$ (19,427)	\$ (44,317)	\$ (66,465)
Covered Payroll	\$ 272,509	\$ 821,109	\$ 1,102,470	\$ 1,280,670
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

Exhibit E-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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.221824%	0.224202%	0.227209%	0.220965%	0.222331%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (36,045)	\$ 91,841	\$ 1,419,927	\$ (72,297)	\$ (782,363)
Covered Payroll	\$ 8,706,579	\$ 8,393,011	\$ 8,201,766	\$ 7,810,995	\$ 7,785,294
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.41)%	1.09%	17.31%	(.93)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

Exhibit E-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

	2017	2018
Total OPEB Liability		
Service Cost	\$ 19,568	\$ 18,540
Interest	5,651	7,170
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(49,839)
Changes in Assumptions or Other Inputs	(10,500)	10,433
Benefit Payments	(4,986)	(6,609)
Net Change in Total OPEB Liability	\$ 9,733	\$ (20,305)
Total OPEB Liability, Beginning	176,440	186,173
Total OPEB Liability, Ending	<u>\$ 186,173</u>	<u>\$ 165,868</u>
Covered Employee Payroll	\$ 5,353,364	\$ 5,468,668
Net OPEB Liability as a Percentage of Covered Employee Payroll	3.48%	3.03%

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

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

2017	2.92%
2018	3.56%
2019	3.62%

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

Exhibit E-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

	2017	2018
Total OPEB Liability		
Service Cost	\$ 271,269	\$ 251,325
Interest	146,078	173,337
Changes in Benefit Terms	0	(835,560)
Differences Between Actual and Expected Experience	0	(510,677)
Changes in Assumptions or Other Inputs	(208,329)	107,975
Benefit Payments	(311,662)	(333,823)
Net Change in Total OPEB Liability	\$ (102,644)	\$ (1,147,423)
Total OPEB Liability, Beginning	4,887,238	4,784,594
Total OPEB Liability, Ending	\$ 4,784,594	\$ 3,637,171
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,254,535	\$ 1,134,670
Employer Proportionate Share of the Total OPEB Liability	3,530,059	2,502,501
Covered Employee Payroll	\$ 11,289,022	\$ 11,624,636
Net OPEB Liability as a Percentage of Covered Employee Payroll	42.38%	31.29%

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

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

2017	2.92%
2018	3.56%
2019	3.62%

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

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

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	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.25%

Changes in Assumptions: In 2017, the following assumptions were changed: (1) decreased the inflation rate from 3.0 to 2.5 percent; (2) decreased the investment rate from 7.5 to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 to 2.25 percent; (4) decreased the salary growth rate graded ranges from an average of 4.25 to 4.0 percent; and (5) modified mortality assumptions.

**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.

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for revenues received for the senior citizens meal program. The county expects to receive grant proceeds for this program in future periods.

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. This fund closed during the year.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for net proceeds used to purchase capital assets for the highway department.

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, 2019

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Total	Highway Capital Projects	HOME Investment Partnerships Program Grant
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 17,357	\$ 17,357	\$ 0	\$ 0
Equity in Pooled Cash and Investments	50,345	17,478	0	67,823	1	1,000
Accounts Receivable	0	0	6,078	6,078	0	0
Due from Other Governments	0	0	0	0	0	64,750
Total Assets	\$ 50,345	\$ 17,478	\$ 23,435	\$ 91,258	\$ 1	\$ 65,750
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,550
Due to Other Funds	0	0	23,435	23,435	0	0
Total Liabilities	\$ 0	\$ 0	\$ 23,435	\$ 23,435	\$ 0	\$ 23,550
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 50,345	\$ 0	\$ 0	\$ 50,345	\$ 0	\$ 0
Restricted for Capital Outlay	0	0	0	0	1	42,200
Committed:						
Committed for Social, Cultural, and Recreational Services	0	17,319	0	17,319	0	0
Assigned:						
Assigned for Social, Cultural, and Recreational Services	0	159	0	159	0	0
Total Fund Balances	\$ 50,345	\$ 17,478	\$ 0	\$ 67,823	\$ 1	\$ 42,200
Total Liabilities and Fund Balances	\$ 50,345	\$ 17,478	\$ 23,435	\$ 91,258	\$ 1	\$ 65,750

(Continued)

Exhibit F-1

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

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments

 Total Assets

LIABILITIES

Accounts Payable
 Due to Other Funds
 Total Liabilities

FUND BALANCES

Restricted:
 Restricted for Public Safety
 Restricted for Capital Outlay
 Committed:
 Committed for Social, Cultural, and Recreational Services
 Assigned:
 Assigned for Social, Cultural, and Recreational Services
 Total Fund Balances

 Total Liabilities and Fund Balances

Capital Projects Funds (Cont.)

Pall Mall Emergency Center		Total	Total Nonmajor Governmental Funds
\$	0	\$	0
	447		1,448
	0		0
	0		64,750
<hr/>			
\$	447	\$	66,198
		\$	157,456
<hr/>			
\$	0	\$	23,550
	0		0
<hr/>			
\$	0	\$	23,550
<hr/>			
\$	0	\$	0
	447		42,648
	0		0
	0		0
<hr/>			
\$	447	\$	42,648
		\$	110,471
<hr/>			
\$	447	\$	66,198
		\$	157,456
<hr/>			

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, 2019

	Special Revenue Funds			Capital Projects Funds		
	Drug Control	Other Special Revenue	Total	Community Development/ Industrial Park	Highway Capital Projects	HOME Investment Partnerships Program Grant
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 169,511	\$ 0	\$ 169,511	\$ 0	\$ 0	\$ 0
Other Local Revenues	5,500	0	5,500	0	0	350
Federal Government	0	0	0	0	0	175,500
Total Revenues	<u>\$ 175,011</u>	<u>\$ 0</u>	<u>\$ 175,011</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 175,850</u>
<u>Expenditures</u>						
Current:						
Public Safety	\$ 172,433	\$ 0	\$ 172,433	\$ 0	\$ 0	\$ 0
Social, Cultural, and Recreational Services	0	2,522	2,522	0	0	0
Capital Projects	0	0	0	0	215,189	133,300
Total Expenditures	<u>\$ 172,433</u>	<u>\$ 2,522</u>	<u>\$ 174,955</u>	<u>\$ 0</u>	<u>\$ 215,189</u>	<u>\$ 133,300</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,578</u>	<u>\$ (2,522)</u>	<u>\$ 56</u>	<u>\$ 0</u>	<u>\$ (215,189)</u>	<u>\$ 42,550</u>
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 215,190	\$ 0
Transfers In	0	20,000	20,000	0	0	0
Transfers Out	0	0	0	(11,165)	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ (11,165)</u>	<u>\$ 215,190</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 2,578	\$ 17,478	\$ 20,056	\$ (11,165)	\$ 1	\$ 42,550
Fund Balance, July 1, 2018	<u>47,767</u>	<u>0</u>	<u>47,767</u>	<u>11,165</u>	<u>0</u>	<u>(350)</u>
Fund Balance, June 30, 2019	<u>\$ 50,345</u>	<u>\$ 17,478</u>	<u>\$ 67,823</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 42,200</u>

(Continued)

Exhibit F-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Pall Mall Emergency Center	Total	
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 169,511
Other Local Revenues	0	350	5,850
Federal Government	88,114	263,614	263,614
Total Revenues	<u>\$ 88,114</u>	<u>\$ 263,964</u>	<u>\$ 438,975</u>
<u>Expenditures</u>			
Current:			
Public Safety	\$ 0	\$ 0	\$ 172,433
Social, Cultural, and Recreational Services	0	0	2,522
Capital Projects	87,167	435,656	435,656
Total Expenditures	<u>\$ 87,167</u>	<u>\$ 435,656</u>	<u>\$ 610,611</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 947</u>	<u>\$ (171,692)</u>	<u>\$ (171,636)</u>
<u>Other Financing Sources (Uses)</u>			
Notes Issued	\$ 0	\$ 215,190	\$ 215,190
Transfers In	0	0	20,000
Transfers Out	0	(11,165)	(11,165)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 204,025</u>	<u>\$ 224,025</u>
Net Change in Fund Balances	\$ 947	\$ 32,333	\$ 52,389
Fund Balance, July 1, 2018	<u>(500)</u>	<u>10,315</u>	<u>58,082</u>
Fund Balance, June 30, 2019	<u>\$ 447</u>	<u>\$ 42,648</u>	<u>\$ 110,471</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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 169,511	\$ 49,000	\$ 136,662	\$ 32,849
Other Local Revenues	5,500	3,500	3,500	2,000
State of Tennessee	0	200	200	(200)
Total Revenues	<u>\$ 175,011</u>	<u>\$ 52,700</u>	<u>\$ 140,362</u>	<u>\$ 34,649</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 172,433	\$ 93,600	\$ 181,263	\$ 8,830
Total Expenditures	<u>\$ 172,433</u>	<u>\$ 93,600</u>	<u>\$ 181,263</u>	<u>\$ 8,830</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,578</u>	<u>\$ (40,900)</u>	<u>\$ (40,901)</u>	<u>\$ 43,479</u>
Net Change in Fund Balance	\$ 2,578	\$ (40,900)	\$ (40,901)	\$ 43,479
Fund Balance, July 1, 2018	<u>47,767</u>	<u>52,604</u>	<u>52,604</u>	<u>(4,837)</u>
Fund Balance, June 30, 2019	<u><u>\$ 50,345</u></u>	<u><u>\$ 11,704</u></u>	<u><u>\$ 11,703</u></u>	<u><u>\$ 38,642</u></u>

Exhibit F-4

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>						
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	\$ 2,522	\$ 159	\$ 2,681	\$ 0	\$ 20,000	\$ 17,319
Total Expenditures	\$ 2,522	\$ 159	\$ 2,681	\$ 0	\$ 20,000	\$ 17,319
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,522)	\$ (159)	\$ (2,681)	\$ 0	\$ (20,000)	\$ 17,319
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 20,000	\$ 0	\$ 20,000	\$ 0	\$ 20,000	\$ 0
Total Other Financing Sources	\$ 20,000	\$ 0	\$ 20,000	\$ 0	\$ 20,000	\$ 0
Net Change in Fund Balance	\$ 17,478	\$ (159)	\$ 17,319	\$ 0	\$ 0	\$ 17,319
Fund Balance, July 1, 2018	0	0	0	0	0	0
Fund Balance, June 30, 2019	\$ 17,478	\$ (159)	\$ 17,319	\$ 0	\$ 0	\$ 17,319

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 459,251	\$ 476,731	\$ 476,731	\$ (17,480)
Other Local Revenues	59,015	64,380	64,380	(5,365)
Other Governments and Citizens Groups	66,417	0	66,417	0
Total Revenues	<u>\$ 584,683</u>	<u>\$ 541,111</u>	<u>\$ 607,528</u>	<u>\$ (22,845)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 255,619	\$ 255,619	\$ 255,619	\$ 0
Education	353,085	294,000	353,085	0
<u>Interest on Debt</u>				
General Government	5,305	14,664	14,664	9,359
Education	55,472	140,500	147,832	92,360
<u>Other Debt Service</u>				
General Government	10,898	21,000	21,000	10,102
Education	37,610	52,000	52,000	14,390
Total Expenditures	<u>\$ 717,989</u>	<u>\$ 777,783</u>	<u>\$ 844,200</u>	<u>\$ 126,211</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (133,306)</u>	<u>\$ (236,672)</u>	<u>\$ (236,672)</u>	<u>\$ 103,366</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 11,165	0	0	\$ 11,165
Total Other Financing Sources	<u>\$ 11,165</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,165</u>
Net Change in Fund Balance	\$ (122,141)	\$ (236,672)	\$ (236,672)	\$ 114,531
Fund Balance, July 1, 2018	<u>2,447,246</u>	<u>2,541,057</u>	<u>2,541,057</u>	<u>(93,811)</u>
Fund Balance, June 30, 2019	<u>\$ 2,325,105</u>	<u>\$ 2,304,385</u>	<u>\$ 2,304,385</u>	<u>\$ 20,720</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, 2019

	Agency Funds		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 783,516	\$ 783,516
Accounts Receivable	0	3,742	3,742
Due from Other Governments	140,673	0	140,673
Total Assets	\$ 140,673	\$ 787,258	\$ 927,931
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 140,673	\$ 0	\$ 140,673
Due to Litigants, Heirs, and Others	0	787,258	787,258
Total Liabilities	\$ 140,673	\$ 787,258	\$ 927,931

Exhibit H-2

Fentress County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 781,624	\$ 781,624	\$ 0
Due from Other Governments	130,843	140,673	130,843	140,673
Total Assets	<u>\$ 130,843</u>	<u>\$ 922,297</u>	<u>\$ 912,467</u>	<u>\$ 140,673</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 130,843</u>	<u>\$ 922,297</u>	<u>\$ 912,467</u>	<u>\$ 140,673</u>
Total Liabilities	<u>\$ 130,843</u>	<u>\$ 922,297</u>	<u>\$ 912,467</u>	<u>\$ 140,673</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 865,054	\$ 4,029,879	\$ 4,111,417	\$ 783,516
Accounts Receivable	0	3,742	0	3,742
Total Assets	<u>\$ 865,054</u>	<u>\$ 4,033,621</u>	<u>\$ 4,111,417</u>	<u>\$ 787,258</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 865,054</u>	<u>\$ 4,033,621</u>	<u>\$ 4,111,417</u>	<u>\$ 787,258</u>
Total Liabilities	<u>\$ 865,054</u>	<u>\$ 4,033,621</u>	<u>\$ 4,111,417</u>	<u>\$ 787,258</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 865,054	\$ 4,029,879	\$ 4,111,417	\$ 783,516
Equity in Pooled Cash and Investments	0	781,624	781,624	0
Accounts Receivable	0	3,742	0	3,742
Due from Other Governments	130,843	140,673	130,843	140,673
Total Assets	<u>\$ 995,897</u>	<u>\$ 4,955,918</u>	<u>\$ 5,023,884</u>	<u>\$ 927,931</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 130,843	\$ 922,297	\$ 912,467	\$ 140,673
Due to Litigants, Heirs, and Others	865,054	4,033,621	4,111,417	787,258
Total Liabilities	<u>\$ 995,897</u>	<u>\$ 4,955,918</u>	<u>\$ 5,023,884</u>	<u>\$ 927,931</u>

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, 2019

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	\$ 11,084,141	\$ 0	\$ 1,352,650	\$ 60,000	\$ (9,671,491)
Support Services	6,075,079	0	2,033,409	0	(4,041,670)
Operation of Non-Instructional Services	2,157,309	38,412	250,988	0	(1,867,909)
Interest on Long-term Debt	7,332	0	0	0	(7,332)
Total Governmental Activities	\$ 19,323,861	\$ 38,412	\$ 3,637,047	\$ 60,000	\$ (15,588,402)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 753,367
Local Option Sales Taxes					1,908,398
Wheel Tax					438,049
Mineral Severance Tax					15,295
Business Tax					31,130
Other Local Taxes					1,102
Grants and Contributions Not Restricted to Specific Programs					14,157,215
Unrestricted Investment Earnings					44,077
Miscellaneous					107,348
Total General Revenues					\$ 17,455,981
Change in Net Position					\$ 1,867,579
Net Position, July 1, 2018					15,642,671
Net Position, June 30, 2019					\$ 17,510,250

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>School Federal Projects</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 4,544,247	\$ 988,230	\$ 153,435	\$ 5,685,912
Accounts Receivable	0	0	45	45
Due from Other Governments	588,328	8,533	33,168	630,029
Due from Other Funds	0	0	30,012	30,012
Property Taxes Receivable	786,776	0	0	786,776
Allowance for Uncollectible Property Taxes	(7,630)	0	0	(7,630)
Restricted Assets	28,516	0	0	28,516
Notes Receivable - Long-term	1,449	0	0	1,449
Total Assets	<u>\$ 5,941,686</u>	<u>\$ 996,763</u>	<u>\$ 216,660</u>	<u>\$ 7,155,109</u>
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 534,706	\$ 19,751	\$ 66,660	\$ 621,117
Due to Other Funds	30,012	0	0	30,012
Due to State of Tennessee	5,247	0	0	5,247
Total Liabilities	<u>\$ 569,965</u>	<u>\$ 19,751</u>	<u>\$ 66,660</u>	<u>\$ 656,376</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 737,892	\$ 0	\$ 0	\$ 737,892
Deferred Delinquent Property Taxes	32,434	0	0	32,434
Other Deferred/Unavailable Revenue	151,000	0	0	151,000
Total Deferred Inflows of Resources	<u>\$ 921,326</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 921,326</u>

(Continued)

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>School Federal Projects</u>	<u>Total Governmental Funds</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Long-term Notes Receivable	\$ 1,449	\$ 0	\$ 0	\$ 1,449
Restricted:				
Restricted for Education	0	977,012	0	977,012
Restricted for Hybrid Retirement Stabilization Funds	28,516	0	0	28,516
Committed:				
Committed for Education	7,873	0	150,000	157,873
Assigned:				
Assigned for Education	222,663	0	0	222,663
Unassigned	4,189,894	0	0	4,189,894
Total Fund Balances	<u>\$ 4,450,395</u>	<u>\$ 977,012</u>	<u>\$ 150,000</u>	<u>\$ 5,577,407</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,941,686</u>	<u>\$ 996,763</u>	<u>\$ 216,660</u>	<u>\$ 7,155,109</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, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	5,577,407
(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		11,773,925	
Add: other capital assets net of accumulated depreciation		<u>1,506,112</u>	13,691,800
(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	\$	(140,073)	
Less: contributions due to the primary government debt for other loans		(11,956)	
Less: net OPEB liability		(2,502,501)	
Less: compensated absences payable		<u>(442,190)</u>	(3,096,720)
(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	\$	1,869,642	
Less: deferred inflows of resources related to pensions		(1,699,880)	
Add: deferred outflows of resources related to OPEB		234,813	
Less: deferred inflows of resources related to OPEB		<u>(654,318)</u>	(249,743)
(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	\$	555,244	
Add: net pension asset - teacher retirement plan		66,465	
Add: net pension asset - teacher legacy plan		<u>782,363</u>	1,404,072
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>183,434</u>
Net position of governmental activities (Exhibit A)		\$	<u>17,510,250</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, 2019

	Major Funds		Nonmajor Fund	
	General Purpose School	Central Cafeteria	School Federal Projects	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 3,136,858	\$ 0	\$ 0	\$ 3,136,858
Licenses and Permits	1,102	0	0	1,102
Charges for Current Services	0	38,412	0	38,412
Other Local Revenues	199,297	2,849	0	202,146
State of Tennessee	14,610,054	13,542	24,000	14,647,596
Federal Government	124,167	1,421,578	1,731,845	3,277,590
Total Revenues	\$ 18,071,478	\$ 1,476,381	\$ 1,755,845	\$ 21,303,704
<u>Expenditures</u>				
Current:				
Instruction	\$ 10,709,883	\$ 0	\$ 1,026,031	\$ 11,735,914
Support Services	5,820,535	0	659,443	6,479,978
Operation of Non-Instructional Services	763,343	1,331,843	52,399	2,147,585
Capital Outlay	340,997	0	0	340,997
Debt Service:				
Principal on Debt	59,085	0	0	59,085
Interest on Debt	7,332	0	0	7,332
Total Expenditures	\$ 17,701,175	\$ 1,331,843	\$ 1,737,873	\$ 20,770,891
Excess (Deficiency) of Revenues Over Expenditures	\$ 370,303	\$ 144,538	\$ 17,972	\$ 532,813
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 17,972	\$ 0	\$ 0	\$ 17,972
Transfers Out	0	0	(17,972)	(17,972)
Total Other Financing Sources (Uses)	\$ 17,972	\$ 0	\$ (17,972)	\$ 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	
	General Purpose School	Central Cafeteria	School Federal Projects	Total Governmental Funds
Net Change in Fund Balances	\$ 388,275	\$ 144,538	\$ 0	\$ 532,813
Fund Balance, July 1, 2018	4,062,120	832,474	150,000	5,044,594
Fund Balance, June 30, 2019	<u>\$ 4,450,395</u>	<u>\$ 977,012</u>	<u>\$ 150,000</u>	<u>\$ 5,577,407</u>

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, 2019

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	532,813
(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	\$	219,811	
Less: current-year depreciation expense		(714,392)	(494,581)
(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, 2019	\$	183,434	
Less: deferred delinquent property taxes and other deferred June 30, 2018		(174,053)	9,381
(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	\$	43,173	
Add: principal contributions on other loans to the primary government		15,912	59,085
(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	\$	(16,043)	
Change in OPEB liability		1,027,558	
Change in deferred outflows related to OPEB		419	
Change in deferred inflows related to OPEB		(515,682)	
Change in net pension liability - agent plan		180,706	
Change in net pension liability - teacher legacy plan		710,066	
Change in net pension asset - teacher plan		22,148	
Change in deferred outflows related to pensions		(31,266)	
Change in deferred inflows related to pensions		382,975	1,760,881
Change in net position of governmental activities (Exhibit B)		\$	<u>1,867,579</u>

Exhibit I-6

Fentress County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Fentress County School Department
General Purpose School Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,136,858	\$ 0	\$ 3,136,858	\$ 3,114,850	\$ 3,114,850	\$ 22,008
Licenses and Permits	1,102	0	1,102	1,250	1,250	(148)
Other Local Revenues	199,297	0	199,297	187,900	182,329	16,968
State of Tennessee	14,610,054	0	14,610,054	13,942,097	14,244,392	365,662
Federal Government	124,167	0	124,167	225,000	108,200	15,967
Total Revenues	\$ 18,071,478	\$ 0	\$ 18,071,478	\$ 17,471,097	\$ 17,651,021	\$ 420,457
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 9,286,650	\$ 0	\$ 9,286,650	\$ 10,389,600	\$ 10,390,590	\$ 1,103,940
Alternative Instruction Program	110,775	0	110,775	143,870	143,870	33,095
Special Education Program	1,094,949	0	1,094,949	1,188,199	1,182,628	87,679
Career and Technical Education Program	217,509	0	217,509	160,880	220,880	3,371
<u>Support Services</u>						
Attendance	144,379	0	144,379	171,932	171,932	27,553
Health Services	257,644	0	257,644	308,180	308,180	50,536
Other Student Support	277,388	0	277,388	442,456	442,456	165,068
Regular Instruction Program	539,088	0	539,088	831,484	830,494	291,406
Special Education Program	225,054	0	225,054	253,489	253,489	28,435
Career and Technical Education Program	29,701	0	29,701	34,090	34,090	4,389
Technology	100,598	0	100,598	116,088	116,088	15,490
Other Programs	121,645	0	121,645	0	121,645	0
Board of Education	652,709	0	652,709	691,440	691,440	38,731
Director of Schools	151,437	0	151,437	176,780	176,780	25,343
Office of the Principal	712,796	0	712,796	753,244	753,244	40,448

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Fiscal Services	\$ 129,110	\$ 0	\$ 129,110	\$ 142,370	\$ 142,370	\$ 13,260
Operation of Plant	1,082,642	63	1,082,705	1,342,220	1,342,220	259,515
Maintenance of Plant	279,700	0	279,700	413,866	413,866	134,166
Transportation	1,116,644	0	1,116,644	1,326,644	1,326,644	210,000
<u>Operation of Non-Instructional Services</u>						
Community Services	165,902	0	165,902	174,382	168,715	2,813
Early Childhood Education	597,441	0	597,441	622,796	598,416	975
<u>Capital Outlay</u>						
Regular Capital Outlay	340,997	222,600	563,597	1,075,000	1,075,000	511,403
<u>Principal on Debt</u>						
Education	59,085	0	59,085	71,188	71,188	12,103
<u>Interest on Debt</u>						
Education	7,332	0	7,332	10,590	10,590	3,258
<u>Other Debt Service</u>						
Education	0	0	0	1,000	1,000	1,000
Total Expenditures	\$ 17,701,175	\$ 222,663	\$ 17,923,838	\$ 20,841,788	\$ 20,987,815	\$ 3,063,977
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 370,303	 \$ (222,663)	 \$ 147,640	 \$ (3,370,691)	 \$ (3,336,794)	 \$ 3,484,434
 <u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 17,972	\$ 0	\$ 17,972	\$ 0	\$ 0	\$ 17,972
Total Other Financing Sources	\$ 17,972	\$ 0	\$ 17,972	\$ 0	\$ 0	\$ 17,972

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 388,275	\$ (222,663)	\$ 165,612	\$ (3,370,691)	\$ (3,336,794)	\$ 3,502,406
Fund Balance, July 1, 2018	4,062,120	0	4,062,120	4,075,247	4,075,247	(13,127)
Fund Balance, June 30, 2019	<u>\$ 4,450,395</u>	<u>\$ (222,663)</u>	<u>\$ 4,227,732</u>	<u>\$ 704,556</u>	<u>\$ 738,453</u>	<u>\$ 3,489,279</u>

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 24,000	\$ 0	\$ 24,000	\$ 0
Federal Government	1,731,845	2,073,853	2,052,353	(320,508)
Total Revenues	\$ 1,755,845	\$ 2,073,853	\$ 2,076,353	\$ (320,508)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 597,100	\$ 663,439	\$ 662,164	\$ 65,064
Special Education Program	395,058	474,897	469,397	74,339
Career and Technical Education Program	33,873	34,250	33,873	0
<u>Support Services</u>				
Other Student Support	35,109	36,677	38,707	3,598
Regular Instruction Program	416,033	575,219	575,688	159,655
Special Education Program	186,446	192,425	197,925	11,479
Career and Technical Education Program	2,030	2,600	2,030	0
Board of Education	0	141	0	0
Transportation	19,825	25,515	25,380	5,555
<u>Operation of Non-Instructional Services</u>				
Community Services	52,399	50,000	52,501	102
Total Expenditures	\$ 1,737,873	\$ 2,055,163	\$ 2,057,665	\$ 319,792
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,972	\$ 18,690	\$ 18,688	\$ (716)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (17,972)	\$ (17,972)	\$ (17,972)	\$ 0
Total Other Financing Sources	\$ (17,972)	\$ (17,972)	\$ (17,972)	\$ 0
Net Change in Fund Balance	\$ 0	\$ 718	\$ 716	\$ (716)
Fund Balance, July 1, 2018	150,000	0	0	150,000
Fund Balance, June 30, 2019	\$ 150,000	\$ 718	\$ 716	\$ 149,284

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 38,412	\$ 40,000	\$ 40,000	\$ (1,588)
Other Local Revenues	2,849	18,500	18,500	(15,651)
State of Tennessee	13,542	15,000	15,000	(1,458)
Federal Government	1,421,578	1,520,000	1,526,000	(104,422)
Total Revenues	<u>\$ 1,476,381</u>	<u>\$ 1,593,500</u>	<u>\$ 1,599,500</u>	<u>\$ (123,119)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,331,843	\$ 1,782,500	\$ 1,782,500	\$ 450,657
Total Expenditures	<u>\$ 1,331,843</u>	<u>\$ 1,782,500</u>	<u>\$ 1,782,500</u>	<u>\$ 450,657</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 144,538</u>	<u>\$ (189,000)</u>	<u>\$ (183,000)</u>	<u>\$ 327,538</u>
Net Change in Fund Balance	\$ 144,538	\$ (189,000)	\$ (183,000)	\$ 327,538
Fund Balance, July 1, 2018	<u>832,474</u>	<u>832,472</u>	<u>832,472</u>	<u>2</u>
Fund Balance, June 30, 2019	<u><u>\$ 977,012</u></u>	<u><u>\$ 643,472</u></u>	<u><u>\$ 649,472</u></u>	<u><u>\$ 327,540</u></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, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
<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	\$ 20,050	\$ 0	\$ 20,050	\$ 0
Highway Improvement, Series 2018	215,190	2.2	2-9-19	2-9-22	0	215,190	17,397	197,793
Total Payable through Highway/Public Works Fund					<u>\$ 20,050</u>	<u>\$ 215,190</u>	<u>\$ 37,447</u>	<u>\$ 197,793</u>
<u>Payable through General Debt Service Fund</u>								
Ice Storm Repairs	2,000,000	1.75	6-5-15	7-25-18	\$ 189,619	\$ 0	\$ 189,619	\$ 0
<u>Contributions Due by the School Department from the General</u> <u>Purpose School Fund to the General Debt Service Fund</u>								
School Roof Projects	477,435	4	6-24-10	4-15-22	\$ 183,246	\$ 0	\$ 43,173	\$ 140,073
Total Notes Payable					<u>\$ 392,915</u>	<u>\$ 215,190</u>	<u>\$ 270,239</u>	<u>\$ 337,866</u>
<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	\$ 2,810,000	\$ 0	\$ 294,000	\$ 2,516,000
Public Works Project	1,000,000	Variable	5-21-02	5-25-22	284,000	0	66,000	218,000
Total Payable through General Debt Service Fund					<u>\$ 3,094,000</u>	<u>\$ 0</u>	<u>\$ 360,000</u>	<u>\$ 2,734,000</u>
<u>Contributions Due by the School Department from the General</u> <u>Purpose School Fund to the General Debt Service Fund</u>								
Energy Efficient Schools Initiative Loan	111,406	0	4-1-13	3-1-20	\$ 27,868	0	\$ 15,912	\$ 11,956
Total Other Loans Payable					<u>\$ 3,121,868</u>	<u>\$ 0</u>	<u>\$ 375,912</u>	<u>\$ 2,745,956</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Justice Center	9,276,656	3.5	11-17-16	11-17-52	\$ 9,019,536	\$ 0	\$ 135,348	\$ 8,884,188

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2020	\$ 115,433	\$ 9,393	\$ 124,826
2021	118,808	6,017	124,825
2022	103,625	2,562	106,187
Total	\$ 337,866	\$ 17,972	\$ 355,838

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2020	\$ 389,956	\$ 48,665	\$ 37,035	\$ 475,656
2021	397,000	41,937	32,197	471,134
2022	417,000	34,870	27,115	478,985
2023	358,000	27,448	20,758	406,206
2024	376,000	21,075	16,175	413,250
2025	394,000	14,382	11,362	419,744
2026	414,000	7,369	6,319	427,688
Total	\$ 2,745,956	\$ 195,746	\$ 150,961	\$ 3,092,663

(Continued)

Exhibit J-2

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

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
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	\$ 8,884,188	\$ 6,446,225	\$ 15,330,413

Exhibit J-3

Fentress County, Tennessee
Schedule of Notes Receivable
Discretely Presented Fentress County School Department
For the Year Ended June 30, 2019

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-19
<u>General Purpose School Fund</u>						
Repayment of training expenses	Michelle Wright	\$ 14,133	7-1-09	3-31-21	0 %	\$ 33
Repayment of unearned salary	Regina Copeland	2,567	2-14-14	9-30-22	0	<u>1,416</u>
Total Notes Receivable						<u><u>\$ 1,449</u></u>

Exhibit J-4

Fentress County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Fentress County School Department

For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Other Special Revenue	Operations	\$ 20,000
Community Development/Industrial Park	General Debt Service	Debt Repayment	<u>11,165</u>
Total Transfers Primary Government			<u>\$ 31,165</u>
<u>DISCRETELY PRESENTED FENTRESS COUNTY</u>			
<u>SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 17,972</u>
Total Transfers Discretely Presented Fentress County School Department			<u>\$ 17,972</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, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive:				
J. Michael Cross (7-1-18 to 8-31-18)	Section 8-24-102, <i>TCA</i>	\$ 16,007	\$ 100,000	Western Surety Company
Jimmy Johnson (9-1-18 to 6-30-19)	Section 8-24-102, <i>TCA</i>	67,231	(1)	
Road Supervisor:				
Scott Norris (7-1-18 to 8-31-18)	Section 8-24-102, <i>TCA</i>	15,245	100,000	Western Surety Company
Joey Reagan (9-1-18 to 6-30-19)	Section 8-24-102, <i>TCA</i>	64,031	(1)	
Director of Schools	State Board of Education and Fentress County Board of Education	90,848 (2)	(1)	
Trustee:				
Wanda Tompkins (7-1-18 to 8-31-18)	Section 8-24-102, <i>TCA</i>	13,859	754,528	Western Surety Company
Angie Sweet (9-1-18 to 6-30-19)	Section 8-24-102, <i>TCA</i>	58,210	774,263	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,069	(1)	
Finance Director:				
Vacant (7-1-18 to 7-29-18)	County Commission	0 (3)		
Tyler Arms (7-30-18 to 6-30-19)	County Commission	39,084	(1)	
County Clerk	Section 8-24-102, <i>TCA</i>	72,069	(1)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	72,069	100,000	Western Surety Company
Clerk and Master	Section 8-24-102, <i>TCA</i> Chancery Court Judge	72,069 (4)	(1)	
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,069	100,000	Western Surety Company
Sheriff	Section 8-24-102, <i>TCA</i>	79,276 (5)	(1)	
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) Official was covered by the \$400,000 employee blanket bond.
(2) Does not includes a chief executive officer training supplement of \$1,000, attendance bonus of \$500 or differentiated pay of \$300.
(3) Deputies filled in until an official appointment was made for the vacancy.
(4) Does not include special commissioner fees of \$5,196.
(5) 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, 2019

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	HOME Investment Partnerships Program Grant
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,934,500	\$ 384,505	\$ 0	\$ 0	\$ 96,127	\$ 0
Trustee's Collections - Prior Year	226,869	18,321	0	0	4,321	0
Circuit Clerk/Clerk and Master Collections - Prior Years	61,989	5,072	0	0	1,170	0
Interest and Penalty	25,431	2,060	0	0	483	0
Pickup Taxes	69	5	0	0	1	0
Payments in-Lieu-of Taxes - Other	75,507	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	758,413	0	0	349,007	0
Hotel/Motel Tax	37,455	0	0	0	0	0
Litigation Tax - General	28,345	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	30,700	0	0	0	0	0
Litigation Tax - Victim-Offender Mediation Center	20,066	0	0	0	0	0
Litigation Tax - Courthouse Security	23,676	0	0	0	0	0
Business Tax	87,381	12,582	0	0	8,142	0
Mineral Severance Tax	0	0	0	29,338	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	67,784	0	0	0	0	0
Wholesale Beer Tax	209,211	0	0	0	0	0
Beer Privilege Tax	1,235	0	0	0	0	0
Coal Severance Tax	0	0	0	5	0	0
Total Local Taxes	\$ 5,830,218	\$ 1,180,958	\$ 0	\$ 29,343	\$ 459,251	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 11,346	\$ 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 Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	HOME Investment Partnerships Program Grant
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 2,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 13,846	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,504	\$ 0	\$ 4,250	\$ 0	\$ 0	\$ 0
Officers Costs	3,344	0	0	0	0	0
Drug Control Fines	0	0	27,251	0	0	0
Courtroom Security Fee	13	0	0	0	0	0
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	1,187	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	24,637	0	0	0	0	0
Officers Costs	5,224	0	0	0	0	0
Game and Fish Fines	475	0	0	0	0	0
Drug Control Fines	0	0	19,358	0	0	0
Data Entry Fee - General Sessions Court	3,551	0	0	0	0	0
Courtroom Security Fee	76	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	228	0	0	0	0	0
Data Entry Fee - Chancery Court	619	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	54	0	0	0	0	0
Officers Costs	16,986	0	0	0	0	0
DUI Treatment Fines	2,783	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 Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	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	\$ 12,504	\$ 0	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	106,148	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 61,681	\$ 0	\$ 169,511	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 223,120	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	20,457	0	0	0	0
Patient Charges	1,240,580	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	10,190	0	0	0	0	0
Library Fees	11,492	0	0	0	0	0
Greenbelt Late Application Fee	250	0	0	0	0	0
Vending Machine Collections	619	0	0	0	0	0
Data Processing Fee - Register	7,100	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,395	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	195	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	90,578	0	0	0	0	0
Total Charges for Current Services	\$ 1,366,399	\$ 243,577	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 33,320	\$ 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 Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	HOME Investment Partnerships Program Grant
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Lease/Rentals	\$ 87,000	\$ 5,500	\$ 0	\$ 0	\$ 59,015	\$ 0
Commissary Sales	64,361	0	0	0	0	0
Sale of Recycled Materials	613	78,197	0	22,363	0	0
Miscellaneous Refunds	47,733	5,368	2,700	5,983	0	350
<u>Nonrecurring Items</u>						
Sale of Equipment	0	10,225	2,800	77,859	0	0
Sale of Property	27,135	0	0	0	0	0
Contributions and Gifts	2,832	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	39,154	0	0	0	0	0
Total Other Local Revenues	\$ 302,148	\$ 99,290	\$ 5,500	\$ 106,205	\$ 59,015	\$ 350
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 163,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	55,245	0	0	0	0	0
General Sessions Court Clerk	81,018	0	0	0	0	0
Clerk and Master	31,216	0	0	0	0	0
Register	80,624	0	0	0	0	0
Sheriff	26,979	0	0	0	0	0
Trustee	259,917	0	0	0	0	0
Total Fees Received From County Officials	\$ 697,999	\$ 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 Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	HOME Investment Partnerships Program Grant
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Aging Programs	6,474	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	4,672	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	92,024	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	629,001	0	0
Litter Program	0	33,137	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	20,738	0	0	0	0	0
Beer Tax	17,959	0	0	0	0	0
Vehicle Certificate of Title Fees	2,385	0	0	0	0	0
Alcoholic Beverage Tax	35,832	0	0	0	0	0
State Revenue Sharing - Telecommunications	54,995	0	0	0	0	0
Contracted Prisoner Boarding	853,125	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	2,321,357	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	20,400	10,420	0	0	0	0
Other State Revenues	10,989	35,096	0	0	0	0
Total State of Tennessee	\$ 1,143,757	\$ 78,653	\$ 0	\$ 2,963,316	\$ 0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	HOME Investment Partnerships Program Grant
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	25,000	0	0	0	0	0
Other Federal through State	7,920	0	0	0	0	175,500
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	12,253	0	0
Total Federal Government	<u>\$ 32,920</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,253</u>	<u>\$ 0</u>	<u>\$ 175,500</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 120,463	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	0	0	0	0	66,417	0
<u>Other</u>						
Other	1,000	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 121,463</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 66,417</u>	<u>\$ 0</u>
Total	<u>\$ 9,570,431</u>	<u>\$ 1,602,478</u>	<u>\$ 175,011</u>	<u>\$ 3,111,117</u>	<u>\$ 584,683</u>	<u>\$ 175,850</u>

(Continued)

Exhibit J-6

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

	Capital Projects Fund		
	Pall Mall Emergency Center		Total
<hr/>			
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$	0	\$ 5,415,132
Trustee's Collections - Prior Year		0	249,511
Circuit Clerk/Clerk and Master Collections - Prior Years		0	68,231
Interest and Penalty		0	27,974
Pickup Taxes		0	75
Payments in-Lieu-of Taxes - Other		0	75,507
<u>County Local Option Taxes</u>			
Local Option Sales Tax		0	1,107,420
Hotel/Motel Tax		0	37,455
Litigation Tax - General		0	28,345
Litigation Tax - Jail, Workhouse, or Courthouse		0	30,700
Litigation Tax - Victim-Offender Mediation Center		0	20,066
Litigation Tax - Courthouse Security		0	23,676
Business Tax		0	108,105
Mineral Severance Tax		0	29,338
<u>Statutory Local Taxes</u>			
Bank Excise Tax		0	67,784
Wholesale Beer Tax		0	209,211
Beer Privilege Tax		0	1,235
Coal Severance Tax		0	5
Total Local Taxes	<hr/>	<hr/>	<hr/>
	\$	0	\$ 7,499,770
<hr/>			
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$	0	\$ 11,346

(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>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Beer Permits	\$ 0	\$ 2,500
Total Licenses and Permits	\$ 0	\$ 13,846
<hr/>		
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 6,754
Officers Costs	0	3,344
Drug Control Fines	0	27,251
Courtroom Security Fee	0	13
<u>Criminal Court</u>		
Data Entry Fee - Criminal Court	0	1,187
<u>General Sessions Court</u>		
Fines	0	24,637
Officers Costs	0	5,224
Game and Fish Fines	0	475
Drug Control Fines	0	19,358
Data Entry Fee - General Sessions Court	0	3,551
Courtroom Security Fee	0	76
<u>Chancery Court</u>		
Officers Costs	0	228
Data Entry Fee - Chancery Court	0	619
<u>Other Courts - In-county</u>		
Fines	0	54
Officers Costs	0	16,986
DUI Treatment Fines	0	2,783

(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	\$ 12,504
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	106,148
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 231,192</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	\$ 0	\$ 223,120
Surcharge - Waste Tire Disposal	0	20,457
Patient Charges	0	1,240,580
<u>Fees</u>		
Recreation Fees	0	10,190
Library Fees	0	11,492
Greenbelt Late Application Fee	0	250
Vending Machine Collections	0	619
Data Processing Fee - Register	0	7,100
Sexual Offender Registration Fee - Sheriff	0	5,395
Vehicle Insurance Coverage and Reinstatement Fees	0	195
<u>Education Charges</u>		
Other Charges for Services	0	90,578
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,609,976</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 33,320

(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>Other Local Revenues (Cont.)</u>		
<u>Recurring Items (Cont.)</u>		
Lease/Rentals	\$ 0	\$ 151,515
Commissary Sales	0	64,361
Sale of Recycled Materials	0	101,173
Miscellaneous Refunds	0	62,134
<u>Nonrecurring Items</u>		
Sale of Equipment	0	90,884
Sale of Property	0	27,135
Contributions and Gifts	0	2,832
<u>Other Local Revenues</u>		
Other Local Revenues	0	39,154
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 572,508</u>
 <u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 163,000
Circuit Court Clerk	0	55,245
General Sessions Court Clerk	0	81,018
Clerk and Master	0	31,216
Register	0	80,624
Sheriff	0	26,979
Trustee	0	259,917
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 697,999</u>

(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>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Aging Programs	0	6,474
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	4,672
<u>Health and Welfare Grants</u>		
Health Department Programs	0	92,024
<u>Public Works Grants</u>		
State Aid Program	0	629,001
Litter Program	0	33,137
<u>Other State Revenues</u>		
Income Tax	0	20,738
Beer Tax	0	17,959
Vehicle Certificate of Title Fees	0	2,385
Alcoholic Beverage Tax	0	35,832
State Revenue Sharing - Telecommunications	0	54,995
Contracted Prisoner Boarding	0	853,125
Gasoline and Motor Fuel Tax	0	2,321,357
Petroleum Special Tax	0	12,958
Registrar's Salary Supplement	0	15,164
Other State Grants	0	30,820
Other State Revenues	0	46,085
Total State of Tennessee	<hr/> \$ 0	<hr/> \$ 4,185,726

(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>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	\$ 88,114	\$ 88,114
Homeland Security Grants	0	25,000
Other Federal through State	0	183,420
<u>Direct Federal Revenue</u>		
Other Direct Federal Revenue	0	12,253
Total Federal Government	<u>\$ 88,114</u>	<u>\$ 308,787</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Prisoner Board	\$ 0	\$ 120,463
Contributions	0	66,417
<u>Other</u>		
Other	0	1,000
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 187,880</u>
Total	<u>\$ 88,114</u>	<u>\$ 15,307,684</u>

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, 2019

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 704,927	\$ 0	\$ 0	\$ 704,927
Trustee's Collections - Prior Year	25,625	0	0	25,625
Circuit Clerk/Clerk and Master Collections - Prior Years	9,687	0	0	9,687
Interest and Penalty	3,737	0	0	3,737
Pickup Taxes	10	0	0	10
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,908,398	0	0	1,908,398
Wheel Tax	438,049	0	0	438,049
Business Tax	31,130	0	0	31,130
Mineral Severance Tax	15,290	0	0	15,290
<u>Statutory Local Taxes</u>				
Coal Severance Tax	5	0	0	5
Total Local Taxes	<u>\$ 3,136,858</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,136,858</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,102	\$ 0	\$ 0	\$ 1,102
Total Licenses and Permits	<u>\$ 1,102</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,102</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Adults	\$ 0	\$ 0	\$ 27,823	\$ 27,823
A la Carte Sales	0	0	10,589	10,589
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,412</u>	<u>\$ 38,412</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	\$ 42,266	\$ 0	\$ 1,811	\$ 44,077
Lease/Rentals	11,625	0	0	11,625
E-Rate Funding	30,773	0	0	30,773
Miscellaneous Refunds	38,740	0	1,038	39,778
<u>Nonrecurring Items</u>				
Sale of Property	55,945	0	0	55,945
Contributions and Gifts	15,146	0	0	15,146
<u>Other Local Revenues</u>				
Other Local Revenues	4,802	0	0	4,802
Total Other Local Revenues	\$ 199,297	\$ 0	\$ 2,849	\$ 202,146
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 121,645	\$ 0	\$ 0	\$ 121,645
<u>State Education Funds</u>				
Basic Education Program	12,547,975	0	0	12,547,975
Early Childhood Education	598,289	0	0	598,289
School Food Service	0	0	13,542	13,542
Driver Education	4,236	0	0	4,236
Other State Education Funds	470,959	24,000	0	494,959
Career Ladder Program	67,200	0	0	67,200
Career Ladder - Extended Contract	1,181	0	0	1,181
Vocational Equipment	60,000	0	0	60,000

(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>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 651,704	\$ 0	\$ 0	\$ 651,704
Other State Grants	2,275	0	0	2,275
Safe Schools	84,590	0	0	84,590
Total State of Tennessee	<u>\$ 14,610,054</u>	<u>\$ 24,000</u>	<u>\$ 13,542</u>	<u>\$ 14,647,596</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 966,752	\$ 966,752
USDA - Commodities	0	0	104,668	104,668
Breakfast	0	0	334,262	334,262
USDA - Other	0	0	15,896	15,896
Vocational Education - Basic Grants to States	0	52,350	0	52,350
Title I Grants to Local Education Agencies	0	906,815	0	906,815
Special Education - Grants to States	0	509,982	0	509,982
Special Education Preschool Grants	0	95,079	0	95,079
Rural Education	0	35,016	0	35,016
Eisenhower Professional Development State Grants	0	52,835	0	52,835
Other Federal through State	52,183	79,768	0	131,951
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	71,984	0	0	71,984
Total Federal Government	<u>\$ 124,167</u>	<u>\$ 1,731,845</u>	<u>\$ 1,421,578</u>	<u>\$ 3,277,590</u>
Total	<u>\$ 18,071,478</u>	<u>\$ 1,755,845</u>	<u>\$ 1,476,381</u>	<u>\$ 21,303,704</u>

Exhibit J-8

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

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	62,429	
Social Security		3,871	
Employer Medicare		905	
Audit Services		7,370	
Contributions		1,676	
Legal Services		41,421	
Other Charges		6,027	
Total County Commission			\$ 123,699

Board of Equalization

Board and Committee Members Fees	\$	604	
Total Board of Equalization			604

Beer Board

Board and Committee Members Fees	\$	375	
Total Beer Board			375

County Mayor/Executive

County Official/Administrative Officer	\$	83,238	
Assistant(s)		30,583	
Social Security		6,871	
Pensions		6,852	
Medical Insurance		3,852	
Unemployment Compensation		280	
Employer Medicare		1,607	
Communication		3,258	
Postal Charges		211	
Travel		5,025	
Office Supplies		3,316	
Other Equipment		1,714	
Total County Mayor/Executive			146,807

Personnel Office

Deputy(ies)	\$	30,680	
Social Security		1,889	
Pensions		1,847	
Unemployment Compensation		140	
Employer Medicare		442	
Communication		1,175	
Postal Charges		218	
Printing, Stationery, and Forms		1,016	
Travel		180	
Office Supplies		1,117	
Other Supplies and Materials		354	
In Service/Staff Development		2,576	
Office Equipment		968	
Total Personnel Office			42,602

(Continued)

Exhibit J-8

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

General Fund (Cont.)General Government (Cont.)Election Commission

County Official/Administrative Officer	\$	64,862	
Deputy(ies)		30,326	
Clerical Personnel		15,730	
Election Commission		6,825	
Election Workers		37,617	
Social Security		9,502	
Pensions		6,270	
Medical Insurance		6,198	
Unemployment Compensation		1,175	
Employer Medicare		2,222	
Communication		2,484	
Data Processing Services		13,677	
Dues and Memberships		2,700	
Maintenance and Repair Services - Equipment		3,911	
Postal Charges		2,087	
Printing, Stationery, and Forms		7,807	
Travel		6,943	
Office Supplies		5,874	
Liability Insurance		3,100	
Office Equipment		35	
Voting Machines		5,550	
Total Election Commission			\$ 234,895

Register of Deeds

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		26,678	
Clerical Personnel		24,557	
Social Security		7,429	
Pensions		7,423	
Medical Insurance		12,060	
Unemployment Compensation		280	
Employer Medicare		1,737	
Communication		1,181	
Data Processing Services		5,829	
Maintenance and Repair Services - Equipment		78	
Postal Charges		991	
Printing, Stationery, and Forms		305	
Duplicating Supplies		2,988	
Office Supplies		4,061	
Total Register of Deeds			167,666

Planning

Board and Committee Members Fees	\$	1,600	
Dues and Memberships		13,935	
Other Supplies and Materials		192	
Total Planning			15,727

(Continued)

Exhibit J-8

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

General Fund (Cont.)General Government (Cont.)County Buildings

Deputy(ies)	\$	25,480	
Maintenance Personnel		20,654	
Social Security		2,842	
Pensions		2,707	
Medical Insurance		4,020	
Unemployment Compensation		268	
Employer Medicare		665	
Communication		599	
Data Processing Services		2,550	
Maintenance and Repair Services - Buildings		96,419	
Custodial Supplies		4,736	
Utilities		242,460	
Other Supplies and Materials		368	
Total County Buildings			\$ 403,768

Preservation of Records

Part-time Personnel	\$	3,608	
Social Security		224	
Unemployment Compensation		72	
Employer Medicare		52	
Office Equipment		997	
Total Preservation of Records			4,953

FinanceAccounting and Budgeting

Supervisor/Director	\$	39,084	
Deputy(ies)		39,352	
Accountants/Bookkeepers		120,480	
In-service Training		1,650	
Social Security		11,636	
Pensions		11,135	
Medical Insurance		21,105	
Unemployment Compensation		1,132	
Employer Medicare		2,721	
Communication		12,833	
Data Processing Services		7,903	
Postal Charges		1,413	
Printing, Stationery, and Forms		2,510	
Travel		2,864	
Office Supplies		4,426	
Other Supplies and Materials		25	
Furniture and Fixtures		8,184	
Office Equipment		212	
Total Accounting and Budgeting			288,665

Property Assessor's Office

County Official/Administrative Officer	\$	72,069	
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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.)Property Assessor's Office (Cont.)

Clerical Personnel	\$	60,185	
Social Security		8,181	
Pensions		7,962	
Medical Insurance		4,020	
Unemployment Compensation		280	
Employer Medicare		1,913	
Audit Services		2,720	
Communication		1,017	
Contracts with Government Agencies		4,268	
Postal Charges		716	
Travel		2,397	
Office Supplies		2,682	
Office Equipment		3,305	
Total Property Assessor's Office			\$ 171,715

Reappraisal Program

Part-time Personnel	\$	4,100	
Social Security		254	
Unemployment Compensation		82	
Employer Medicare		59	
Data Processing Services		3,000	
Office Supplies		1,082	
Total Reappraisal Program			8,577

County Trustee's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		58,981	
Clerical Personnel		2,000	
Social Security		8,180	
Pensions		8,010	
Medical Insurance		12,228	
Unemployment Compensation		420	
Employer Medicare		1,913	
Communication		2,073	
Contracts with Government Agencies		3,084	
Postal Charges		8,157	
Printing, Stationery, and Forms		2,464	
Travel		47	
Office Supplies		1,285	
Premiums on Corporate Surety Bonds		3,456	
Data Processing Equipment		11,246	
Total County Trustee's Office			195,613

County Clerk's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		104,093	
Part-time Personnel		1,926	

(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.)

Social Security	\$	11,005	
Pensions		10,605	
Medical Insurance		8,040	
Unemployment Compensation		627	
Employer Medicare		2,574	
Communication		3,086	
Data Processing Services		12,877	
Maintenance Agreements		2,449	
Postal Charges		5,866	
Printing, Stationery, and Forms		3,394	
Office Supplies		5,647	
Office Equipment		9,970	
Total County Clerk's Office			\$ 254,228

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		101,717	
Jury and Witness Expense		4,804	
Social Security		10,548	
Pensions		10,462	
Medical Insurance		8,710	
Unemployment Compensation		803	
Employer Medicare		2,467	
Communication		103	
Data Processing Services		16,296	
Postal Charges		4,257	
Printing, Stationery, and Forms		2,539	
Office Supplies		5,945	
Premiums on Corporate Surety Bonds		100	
Data Processing Equipment		528	
Office Equipment		4,279	
Total Circuit Court			245,627

General Sessions Court

Judge(s)	\$	94,092	
Deputy(ies)		29,910	
Social Security		7,575	
Pensions		7,465	
Medical Insurance		4,020	
Unemployment Compensation		140	
Employer Medicare		1,772	
Travel		1,137	
Office Supplies		1,644	
Total General Sessions Court			147,755

(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	\$	72,069	
Deputy(ies)		37,934	
Social Security		6,647	
Pensions		6,622	
Medical Insurance		5,360	
Unemployment Compensation		280	
Employer Medicare		1,554	
Data Processing Services		4,851	
Postal Charges		74	
Office Supplies		4,993	
Office Equipment		4,117	
Total Chancery Court			\$ 144,501

Juvenile Court

Social Workers	\$	18,887	
Social Security		1,171	
Pensions		1,137	
Unemployment Compensation		140	
Employer Medicare		274	
Contracts with Other Public Agencies		875	
Office Supplies		109	
Total Juvenile Court			22,593

Other Administration of Justice

Special Commissioner Fees/Special Master Fees	\$	14,769	
Gasoline		12,128	
Total Other Administration of Justice			26,897

Probation Services

Probation Officer(s)	\$	30,352	
Social Workers		7,888	
Social Security		2,354	
Pensions		2,302	
Medical Insurance		615	
Unemployment Compensation		163	
Employer Medicare		551	
Testing		2,520	
Total Probation Services			46,745

Public SafetySheriff's Department

County Official/Administrative Officer	\$	79,276	
Deputy(ies)		541,633	
Salary Supplements		10,800	
Clerical Personnel		99,438	
Part-time Personnel		35,977	
School Resource Officer		205,838	

(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.)

Overtime Pay	\$	4,544	
Other Salaries and Wages		4,209	
In-service Training		19,764	
Social Security		60,449	
Pensions		55,457	
Medical Insurance		50,014	
Unemployment Compensation		5,221	
Employer Medicare		14,137	
Communication		22,105	
Data Processing Services		2,035	
Maintenance and Repair Services - Buildings		3,446	
Maintenance and Repair Services - Office Equipment		1,050	
Maintenance and Repair Services - Vehicles		50,911	
Postal Charges		875	
Printing, Stationery, and Forms		546	
Travel		542	
Gasoline		98,675	
Law Enforcement Supplies		1,106	
Office Supplies		5,828	
Tires and Tubes		10,197	
Uniforms		6,208	
Other Supplies and Materials		1,123	
Other Charges		400	
Law Enforcement Equipment		2,520	
Office Equipment		23,922	
Total Sheriff's Department			\$ 1,418,246

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	1,500	
Total Administration of the Sexual Offender Registry			1,500

Jail

Guards	\$	594,382	
Cafeteria Personnel		54,315	
Jury and Witness Expense		154	
In-service Training		5,349	
Social Security		39,736	
Pensions		38,182	
Medical Insurance		60,926	
Unemployment Compensation		5,102	
Employer Medicare		9,293	
Contracts with Government Agencies		450	
Contracts with Private Agencies		161,713	
Data Processing Services		10,033	
Maintenance and Repair Services - Buildings		36,626	
Medical and Dental Services		72,286	
Postal Charges		875	

(Continued)

Exhibit J-8

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Printing, Stationery, and Forms	\$	389	
Travel		340	
Custodial Supplies		40,941	
Food Supplies		200,034	
Gasoline		42	
Office Supplies		5,823	
Prisoners Clothing		21,180	
Uniforms		624	
Other Supplies and Materials		900	
Data Processing Equipment		2,576	
Furniture and Fixtures		862	
Office Equipment		5,933	
Total Jail			\$ 1,369,066

Fire Prevention and Control

In-service Training	\$	1,558	
Other Per Diem and Fees		36,890	
Contracts with Government Agencies		2,000	
Maintenance and Repair Services - Buildings		1,370	
Maintenance and Repair Services - Equipment		4,762	
Maintenance and Repair Services - Vehicles		12,475	
Gasoline		8,482	
Utilities		23,452	
Building Construction		15,355	
Other Equipment		27,949	
Total Fire Prevention and Control			134,293

Civil Defense

Supervisor/Director	\$	27,560	
In-service Training		893	
Social Security		1,691	
Pensions		1,659	
Medical Insurance		4,020	
Unemployment Compensation		140	
Employer Medicare		395	
Communication		2,222	
Maintenance and Repair Services - Vehicles		2,402	
Gasoline		2,596	
Other Supplies and Materials		6,583	
Motor Vehicles		46	
Other Equipment		3,268	
Total Civil Defense			53,475

Rescue Squad

Communication	\$	5,000	
Contributions		4,000	
Maintenance and Repair Services - Vehicles		3,057	

(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.)

Gasoline	\$	3,000	
Other Supplies and Materials		927	
Motor Vehicles		7,500	
Other Equipment		3,516	
Total Rescue Squad			\$ 27,000

Other Emergency Management

Contributions	\$	186,030	
Total Other Emergency Management			186,030

County Coroner/Medical Examiner

Other Contracted Services	\$	28,935	
Gasoline		70	
Total County Coroner/Medical Examiner			29,005

Public Health and WelfareLocal Health Center

Custodial Personnel	\$	8,079	
Social Security		501	
Pensions		323	
Unemployment Compensation		162	
Employer Medicare		117	
Communication		3,926	
Maintenance and Repair Services - Buildings		13,887	
Drugs and Medical Supplies		1,431	
Office Supplies		2,326	
Other Charges		995	
Total Local Health Center			31,747

Ambulance/Emergency Medical Services

Supervisor/Director	\$	48,520	
Medical Personnel		675,545	
Clerical Personnel		34,180	
Part-time Personnel		39,622	
Overtime Pay		156,791	
In-service Training		8,592	
Social Security		55,413	
Pensions		54,855	
Medical Insurance		59,480	
Unemployment Compensation		4,214	
Employer Medicare		12,959	
Communication		9,916	
Contracts with Government Agencies		22,384	
Contracts with Private Agencies		69,713	
Maintenance and Repair Services - Vehicles		16,451	
Postal Charges		420	
Travel		529	

(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.)

Other Contracted Services	\$	7,284	
Custodial Supplies		2,014	
Drugs and Medical Supplies		51,568	
Gasoline		43,107	
Office Supplies		7,076	
Uniforms		8,440	
Refunds		3,910	
Motor Vehicles		84,976	
Health Equipment		3,055	
Total Ambulance/Emergency Medical Services			\$ 1,481,014

Other Local Health Services

Medical Personnel	\$	101,276	
Social Security		6,279	
Pensions		6,097	
Unemployment Compensation		420	
Employer Medicare		1,469	
Travel		9,106	
Total Other Local Health Services			124,647

Appropriation to State

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

Other Local Welfare Services

Contributions	\$	12,000	
Total Other Local Welfare Services			12,000

Social, Cultural, and Recreational ServicesAdult Activities

Assistant(s)	\$	25,402	
Supervisor/Director		32,136	
Custodial Personnel		16,755	
Other Salaries and Wages		2,598	
Social Security		4,767	
Pensions		3,620	
Unemployment Compensation		577	
Employer Medicare		1,115	
Communication		1,885	
Contracts with Private Agencies		1,941	
Postal Charges		400	
Travel		783	
Custodial Supplies		2,208	
Gasoline		863	
Office Supplies		4,351	
Utilities		25,499	
Other Supplies and Materials		16,488	

(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.)

Office Equipment	\$ 2,553	
Other Equipment	2,398	
Total Adult Activities		\$ 146,339

Libraries

Supervisor/Director	\$ 32,060	
Librarians	58,708	
Social Security	5,590	
Pensions	4,889	
Medical Insurance	9,045	
Unemployment Compensation	651	
Employer Medicare	1,307	
Communication	2,783	
Data Processing Services	2,983	
Maintenance and Repair Services - Buildings	3,065	
Postal Charges	320	
Printing, Stationery, and Forms	3,170	
Travel	1,056	
Custodial Supplies	3,471	
Office Supplies	6,440	
Utilities	15,000	
Other Supplies and Materials	6,507	
Total Libraries		157,045

Parks and Fair Boards

Contributions	\$ 24,000	
Total Parks and Fair Boards		24,000

Agriculture and Natural ResourcesAgricultural Extension Service

Communication	\$ 3,546	
Contributions	69,652	
Travel	928	
Office Supplies	1,640	
Total Agricultural Extension Service		75,766

Soil Conservation

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

Other OperationsTourism

Contributions	\$ 66,412	
Total Tourism		66,412

Industrial Development

Contributions	\$ 15,658	
Total Industrial Development		15,658

(Continued)

Exhibit J-8

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

General Fund (Cont.)Other Operations (Cont.)Other Economic and Community Development

Data Processing Services	\$	15,000	
Other Supplies and Materials		530	
Other Charges		88	
Total Other Economic and Community Development			\$ 15,618

Veterans' Services

Supervisor/Director	\$	26,728	
Social Security		1,656	
Pensions		1,609	
Unemployment Compensation		140	
Employer Medicare		387	
Communication		2,134	
Contracts with Government Agencies		5,666	
Postal Charges		55	
Travel		386	
Office Supplies		2,297	
Other Supplies and Materials		2,326	
Office Equipment		1,369	
Total Veterans' Services			44,753

Contributions to Other Agencies

Contributions	\$	10,692	
Dues and Memberships		12,799	
Remittance of Revenue Collected		20,311	
Total Contributions to Other Agencies			43,802

Miscellaneous

Advertising	\$	3,230	
Data Processing Services		21,384	
Medical and Dental Services		1,521	
Road Signs		2,429	
Liability Insurance		120,865	
Trustee's Commission		127,614	
Vehicle and Equipment Insurance		41,040	
Workers' Compensation Insurance		103,056	
Liability Claims		301,750	
Other Charges		19,170	
Other Capital Outlay		33,490	
Total Miscellaneous			775,549

Principal on DebtGeneral Government

Principal on Capital Leases	\$	135,348	
Total General Government			135,348

(Continued)

Exhibit J-8

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

General Fund (Cont.)Interest on DebtGeneral Government

Interest on Capital Leases

\$ 315,684

Total General Government

\$ 315,684

Total General Fund

\$ 9,446,168

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Assistant(s)

\$ 51,230

Supervisor/Director

39,832

Social Security

5,518

Pensions

5,482

Medical Insurance

9,715

Unemployment Compensation

420

Employer Medicare

1,291

Communication

3,785

Data Processing Services

2,933

Postal Charges

827

Printing, Stationery, and Forms

150

Other Supplies and Materials

826

Total Sanitation Management

\$ 122,009

Sanitation Education/Information

Advertising

\$ 1,716

Instructional Supplies and Materials

3,200

Other Supplies and Materials

3,299

Total Sanitation Education/Information

8,215

Waste Pickup

Truck Drivers

\$ 66,354

Laborers

28,351

Social Security

4,555

Pensions

3,214

Medical Insurance

7,705

Unemployment Compensation

489

Employer Medicare

1,065

Communication

1,190

Maintenance and Repair Services - Equipment

6,752

Maintenance and Repair Services - Vehicles

42,944

Gasoline

35,204

Tires and Tubes

3,998

Uniforms

1,463

Other Supplies and Materials

2,362

Solid Waste Equipment

20,215

Total Waste Pickup

225,861

(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.)Convenience Centers

Supervisor/Director	\$	23,921	
Paraprofessionals		31,824	
Equipment Operators - Heavy		23,216	
Attendants		228,687	
Social Security		20,063	
Pensions		15,383	
Medical Insurance		22,445	
Unemployment Compensation		3,034	
Employer Medicare		4,692	
Communication		5,445	
Maintenance and Repair Services - Equipment		4,893	
Permits		2,327	
Uniforms		2,649	
Utilities		14,365	
Other Supplies and Materials		4,961	
Site Development		600	
Other Equipment		5,500	
Total Convenience Centers			\$ 414,005

Problem Waste Centers

Advertising	\$	2,877	
Other Supplies and Materials		1,525	
Total Problem Waste Centers			4,402

Other Waste Collection

Other Supplies and Materials	\$	1,157	
Total Other Waste Collection			1,157

Recycling Center

Paraprofessionals	\$	30,264	
Laborers		126,760	
Social Security		9,717	
Pensions		9,389	
Medical Insurance		4,020	
Unemployment Compensation		1,098	
Employer Medicare		2,272	
Communication		1,105	
Contracts with Private Agencies		25,614	
Maintenance and Repair Services - Buildings		4,728	
Maintenance and Repair Services - Equipment		106	
Maintenance and Repair Services - Vehicles		952	
Gasoline		17,620	
Tires and Tubes		2,096	
Uniforms		2,151	
Utilities		5,541	
Other Supplies and Materials		2,617	
Other Equipment		16,439	
Total Recycling Center			262,489

(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.)Landfill Operation and Maintenance

Contracts with Private Agencies	\$ 422,187	
Total Landfill Operation and Maintenance		\$ 422,187

Postclosure Care Costs

Engineering Services	\$ 1,850	
Permits	1,460	
Utilities	648	
Total Postclosure Care Costs		3,958

Other OperationsOther Charges

Liability Insurance	\$ 5,562	
Trustee's Commission	18,226	
Vehicle and Equipment Insurance	11,822	
Workers' Compensation Insurance	40,054	
Total Other Charges		75,664

Employee Benefits

Medical and Dental Services	\$ 416	
Total Employee Benefits		416

Total Solid Waste/Sanitation Fund \$ 1,540,363

Drug Control FundPublic SafetyDrug Enforcement

Other Salaries and Wages	\$ 4,544	
In-service Training	290	
Social Security	378	
Employer Medicare	66	
Confidential Drug Enforcement Payments	6,000	
Maintenance and Repair Services - Vehicles	46,256	
Travel	922	
Veterinary Services	692	
Animal Food and Supplies	2,266	
Law Enforcement Supplies	10,166	
Office Supplies	208	
Tires and Tubes	425	
Other Supplies and Materials	2,305	
Trustee's Commission	1,694	
Other Charges	923	
Law Enforcement Equipment	25,458	
Motor Vehicles	69,840	
Total Drug Enforcement		\$ 172,433

Total Drug Control Fund 172,433

(Continued)

Exhibit J-8

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

Other Special Revenue FundSocial, Cultural, and Recreational ServicesSenior Citizens Assistance

Food Supplies	\$ 2,522	
Total Senior Citizens Assistance		\$ 2,522

Total Other Special Revenue Fund \$ 2,522

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 79,276	
Clerical Personnel	75,748	
Overtime Pay	1,430	
Social Security	9,630	
Pensions	9,419	
Unemployment Compensation	420	
Employer Medicare	2,252	
Communication	7,099	
Dues and Memberships	3,782	
Licenses	70	
Postal Charges	244	
Travel	1,938	
Other Contracted Services	960	
Custodial Supplies	1,063	
Office Supplies	3,061	
Other Charges	1,903	
Office Equipment	1,867	
Total Administration		\$ 200,162

Highway and Bridge Maintenance

Foremen	\$ 13,738	
Equipment Operators	128,601	
Truck Drivers	78,203	
Laborers	165,965	
Overtime Pay	16,227	
Social Security	24,639	
Pensions	23,107	
Unemployment Compensation	4,619	
Employer Medicare	5,762	
Rentals	5,250	
Other Contracted Services	13,582	
Asphalt - Cold Mix	51,328	
Asphalt - Liquid	92,033	
Crushed Stone	244,235	
Other Road Materials	10,978	
Pipe - Metal	78,635	
Road Signs	10,100	
Salt	4,487	
Other Charges	7,928	
Total Highway and Bridge Maintenance		979,417

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment

Foremen	\$	27,723	
Mechanic(s)		63,368	
Overtime Pay		3,817	
Social Security		5,760	
Pensions		5,713	
Unemployment Compensation		630	
Employer Medicare		1,347	
Freight Expenses		3,445	
Maintenance and Repair Services - Vehicles		26,110	
Diesel Fuel		83,619	
Electricity		7,467	
Equipment and Machinery Parts		155,985	
Garage Supplies		15,000	
Gasoline		18,491	
Lubricants		14,355	
Natural Gas		2,808	
Tires and Tubes		24,637	
Other Supplies and Materials		19,268	
Other Charges		4,558	
Total Operation and Maintenance of Equipment			\$ 484,101

Other Charges

Water and Sewer	\$	299	
Liability Insurance		37,162	
Premiums on Corporate Surety Bonds		50	
Trustee's Commission		23,553	
Workers' Compensation Insurance		34,489	
Total Other Charges			95,553

Employee Benefits

Medical Insurance	\$	50,508	
Unemployment Compensation		75	
Total Employee Benefits			50,583

Capital Outlay

Engineering Services	\$	10,791	
Building Improvements		24,707	
Communication Equipment		2,910	
Highway Construction		691,117	
Highway Equipment		160,154	
Surplus Equipment		102,433	
Other Capital Outlay		18,587	
Total Capital Outlay			1,010,699

Principal on DebtHighways and Streets

Principal on Notes	\$	37,447	
Total Highways and Streets			37,447

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Notes	\$ 1,206	
Total Highways and Streets		\$ 1,206

Total Highway/Public Works Fund \$ 2,859,168

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 189,619	
Principal on Other Loans	66,000	
Total General Government		\$ 255,619

Education

Principal on Notes	\$ 43,173	
Principal on Other Loans	309,912	
Total Education		353,085

Interest on Debt

General Government

Interest on Notes	\$ 464	
Interest on Other Loans	4,841	
Total General Government		5,305

Education

Interest on Notes	\$ 7,332	
Interest on Other Loans	48,140	
Total Education		55,472

Other Debt Service

General Government

Trustee's Commission	\$ 6,247	
Other Debt Service	4,651	
Total General Government		10,898

Education

Other Debt Service	\$ 37,610	
Total Education		37,610

Total General Debt Service Fund 717,989

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Highway Construction	\$ 118,189	
Highway Equipment	97,000	
Total Highway and Street Capital Projects		\$ 215,189

Total Highway Capital Projects Fund 215,189

(Continued)

Exhibit J-8

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

HOME Investment Partnerships Program Grant Fund

Capital Projects

Other General Government Projects

Other Contracted Services	\$	7,650	
Other Capital Outlay		125,650	
Total Other General Government Projects			\$ 133,300

Total HOME Investment Partnerships Program Grant Fund \$ 133,300

Pall Mall Emergency Center Fund Fund

Capital Projects

Public Safety Projects

Engineering Services	\$	11,615	
Other Contracted Services		2,050	
Building Construction		73,502	
Total Public Safety Projects			\$ 87,167

Total Pall Mall Emergency Center Fund Fund 87,167

Total Governmental Funds - Primary Government \$ 15,174,299

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, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,504,665	
Career Ladder Program	25,000	
Educational Assistants	380,016	
Bonus Payments	102,095	
Other Salaries and Wages	157,032	
Certified Substitute Teachers	118,048	
Non-certified Substitute Teachers	120,955	
Social Security	364,578	
Pensions	583,995	
Medical Insurance	797,086	
Employer Medicare	86,241	
Maintenance and Repair Services - Equipment	300,977	
Instructional Supplies and Materials	260,994	
Textbooks - Bound	271,317	
Other Supplies and Materials	105,362	
Other Charges	8,554	
Regular Instruction Equipment	99,735	
Total Regular Instruction Program		\$ 9,286,650

Alternative Instruction Program

Teachers	\$ 89,266	
Bonus Payments	700	
Social Security	5,400	
Pensions	9,410	
Medical Insurance	4,736	
Employer Medicare	1,263	
Total Alternative Instruction Program		110,775

Special Education Program

Teachers	\$ 467,407	
Career Ladder Program	5,000	
Homebound Teachers	24,723	
Educational Assistants	160,843	
Speech Pathologist	110,606	
Bonus Payments	21,200	
Certified Substitute Teachers	1,538	
Non-certified Substitute Teachers	34,552	
Social Security	45,815	
Pensions	75,905	
Medical Insurance	121,922	
Employer Medicare	10,732	
Other Supplies and Materials	12,569	
Other Charges	601	
Special Education Equipment	1,536	
Total Special Education Program		1,094,949

(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	\$	113,610	
Career Ladder Program		1,500	
Bonus Payments		1,200	
Social Security		6,567	
Pensions		12,040	
Medical Insurance		14,085	
Employer Medicare		1,555	
Instructional Supplies and Materials		5,636	
Other Supplies and Materials		1,316	
Vocational Instruction Equipment		60,000	
Total Career and Technical Education Program	\$		217,509

Support ServicesAttendance

Supervisor/Director	\$	35,797	
Career Ladder Program		500	
Bonus Payments		2,400	
Other Salaries and Wages		56,833	
Social Security		5,350	
Pensions		8,187	
Medical Insurance		16,227	
Employer Medicare		1,251	
Maintenance and Repair Services - Equipment		13,471	
Travel		1,370	
In Service/Staff Development		2,993	
Total Attendance			144,379

Health Services

Supervisor/Director	\$	52,027	
Medical Personnel		125,708	
Bonus Payments		4,800	
Other Salaries and Wages		10,556	
Social Security		11,064	
Pensions		14,421	
Medical Insurance		25,124	
Unemployment Compensation		1	
Employer Medicare		2,588	
Travel		200	
Drugs and Medical Supplies		2,815	
Other Supplies and Materials		5,302	
In Service/Staff Development		3,038	
Total Health Services			257,644

Other Student Support

Career Ladder Program	\$	1,500	
Guidance Personnel		172,688	

(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 (Cont.)

School Resource Officer	\$	40,000	
Bonus Payments		1,800	
Social Security		9,860	
Pensions		15,134	
Medical Insurance		22,046	
Employer Medicare		2,306	
Evaluation and Testing		12,054	
Total Other Student Support			\$ 277,388

Regular Instruction Program

Supervisor/Director	\$	68,311	
Career Ladder Program		2,000	
Librarians		246,789	
Bonus Payments		4,500	
In-service Training		17,573	
Social Security		20,098	
Pensions		35,407	
Medical Insurance		41,795	
Employer Medicare		4,700	
Communication		7,020	
Travel		4,223	
Other Contracted Services		44,811	
Other Supplies and Materials		375	
In Service/Staff Development		41,486	
Total Regular Instruction Program			539,088

Special Education Program

Supervisor/Director	\$	36,121	
Career Ladder Program		1,500	
Psychological Personnel		30,784	
Bonus Payments		900	
Social Security		3,890	
Pensions		7,210	
Medical Insurance		7,138	
Employer Medicare		910	
Travel		3,076	
Other Contracted Services		120,985	
In Service/Staff Development		12,540	
Total Special Education Program			225,054

Career and Technical Education Program

Supervisor/Director	\$	29,276	
Employer Medicare		425	
Total Career and Technical Education Program			29,701

(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.)Technology

Supervisor/Director	\$	35,797	
Career Ladder Program		500	
Bonus Payments		1,400	
Other Salaries and Wages		18,980	
Social Security		3,371	
Pensions		5,298	
Medical Insurance		2,394	
Employer Medicare		789	
Internet Connectivity		30,000	
Cabling		2,000	
Other Charges		69	
Total Technology			\$ 100,598

Other Programs

On-behalf Payments to OPEB	\$	121,645	
Total Other Programs			121,645

Board of Education

Board and Committee Members Fees	\$	27,000	
Social Security		1,655	
Medical Insurance		155,917	
Employer Medicare		387	
Dues and Memberships		15,925	
Legal Services		16,135	
Other Contracted Services		149	
Liability Insurance		181,783	
Premiums on Corporate Surety Bonds		232	
Trustee's Commission		75,832	
Workers' Compensation Insurance		143,939	
In Service/Staff Development		10,475	
Criminal Investigation of Applicants - TBI		3,533	
Other Charges		19,747	
Total Board of Education			652,709

Director of Schools

County Official/Administrative Officer	\$	90,848	
Secretary(ies)		302	
Bonus Payments		1,800	
Social Security		5,721	
Pensions		9,590	
Medical Insurance		7,449	
Employer Medicare		1,338	
Communication		30,202	
In Service/Staff Development		4,187	
Total Director of Schools			151,437

(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.)Office of the Principal

Principals	\$	322,867	
Career Ladder Program		6,000	
Secretary(ies)		191,181	
Bonus Payments		10,800	
Social Security		30,661	
Pensions		49,502	
Medical Insurance		77,317	
Employer Medicare		7,181	
Communication		15,956	
Other Charges		1,331	
Total Office of the Principal			\$ 712,796

Fiscal Services

Accountants/Bookkeepers	\$	47,260	
Clerical Personnel		30,098	
Bonus Payments		2,600	
Social Security		4,770	
Pensions		5,712	
Medical Insurance		4,788	
Employer Medicare		1,116	
Travel		55	
Office Supplies		8,709	
In Service/Staff Development		1,977	
Other Charges		20,205	
Administration Equipment		1,820	
Total Fiscal Services			129,110

Operation of Plant

Custodial Personnel	\$	279,299	
Bonus Payments		18,180	
Social Security		17,177	
Pensions		20,422	
Medical Insurance		24,051	
Employer Medicare		4,234	
Disposal Fees		29,950	
Electricity		458,130	
Natural Gas		88,262	
Water and Sewer		29,920	
Other Supplies and Materials		113,017	
Total Operation of Plant			1,082,642

Maintenance of Plant

Supervisor/Director	\$	35,007	
Bonus Payments		3,500	
Other Salaries and Wages		48,186	
Social Security		5,371	

(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.)Maintenance of Plant (Cont.)

Pensions	\$	6,322	
Medical Insurance		8,517	
Employer Medicare		1,256	
Other Contracted Services		39,017	
Equipment and Machinery Parts		131,824	
Other Charges		700	
Total Maintenance of Plant			\$ 279,700

Transportation

Supervisor/Director	\$	32,208	
Mechanic(s)		28,123	
Bus Drivers		366,479	
Bonus Payments		6,266	
Other Salaries and Wages		77,193	
Social Security		28,975	
Pensions		24,907	
Medical Insurance		15,409	
Employer Medicare		7,276	
Contracts with Parents		1,884	
Maintenance and Repair Services - Vehicles		1,971	
Rentals		3,585	
Equipment and Machinery Parts		33,441	
Gasoline		133,411	
Lubricants		4,515	
Tires and Tubes		25,142	
Vehicle Parts		76,971	
Other Supplies and Materials		3,140	
Other Charges		25,937	
Transportation Equipment		219,811	
Total Transportation			1,116,644

Operation of Non-Instructional ServicesCommunity Services

Teachers	\$	91,285	
Educational Assistants		23,597	
Bonus Payments		2,900	
Non-certified Substitute Teachers		165	
Social Security		6,299	
Pensions		10,267	
Medical Insurance		23,062	
Employer Medicare		1,473	
Travel		5,134	
Instructional Supplies and Materials		1,720	
Total Community Services			165,902

(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.)Early Childhood Education

Supervisor/Director	\$	36,121	
Teachers		270,859	
Educational Assistants		108,966	
Bonus Payments		9,400	
Certified Substitute Teachers		75	
Non-certified Substitute Teachers		5,855	
Social Security		23,762	
Pensions		37,252	
Medical Insurance		68,593	
Employer Medicare		5,557	
Food Supplies		3,926	
Instructional Supplies and Materials		22,591	
In Service/Staff Development		3,198	
Other Charges		1,286	
Total Early Childhood Education			\$ 597,441

Capital OutlayRegular Capital Outlay

Architects	\$	17,944	
Building Improvements		178,653	
Other Capital Outlay		144,400	
Total Regular Capital Outlay			340,997

Principal on DebtEducation

Debt Service Contribution to Primary Government	\$	59,085	
Total Education			59,085

Interest on DebtEducation

Debt Service Contribution to Primary Government	\$	7,332	
Total Education			7,332

Total General Purpose School Fund \$ 17,701,175

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	444,313	
Bonus Payments		4,950	
Certified Substitute Teachers		715	
Non-certified Substitute Teachers		678	
Social Security		24,786	
Pensions		43,712	
Medical Insurance		48,551	
Unemployment Compensation		156	

(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.)Instruction (Cont.)Regular Instruction Program (Cont.)

Employer Medicare	\$	5,797	
Instructional Supplies and Materials		23,397	
Other Charges		45	
Total Regular Instruction Program			\$ 597,100

Special Education Program

Teachers	\$	143,161	
Educational Assistants		114,634	
Speech Pathologist		43,672	
Bonus Payments		11,800	
Social Security		18,189	
Pensions		26,881	
Medical Insurance		32,241	
Unemployment Compensation		226	
Employer Medicare		4,254	
Total Special Education Program			395,058

Career and Technical Education Program

Instructional Supplies and Materials	\$	6,832	
Vocational Instruction Equipment		27,041	
Total Career and Technical Education Program			33,873

Support ServicesOther Student Support

Other Salaries and Wages	\$	2,362	
Social Security		54	
Unemployment Compensation		4	
Employer Medicare		34	
Travel		8,000	
Other Supplies and Materials		233	
In Service/Staff Development		8,447	
Other Charges		15,975	
Total Other Student Support			35,109

Regular Instruction Program

Supervisor/Director	\$	72,663	
Instructional Computer Personnel		69,712	
Bonus Payments		1,300	
Other Salaries and Wages		75,884	
Social Security		11,849	
Pensions		20,380	
Medical Insurance		30,771	
Unemployment Compensation		62	
Employer Medicare		2,771	
Travel		1,437	
Periodicals		140	

(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 (Cont.)

Other Supplies and Materials	\$	2,777	
In Service/Staff Development		126,287	
Total Regular Instruction Program			\$ 416,033

Special Education Program

Psychological Personnel	\$	53,057	
Secretary(ies)		30,888	
Bonus Payments		1,500	
Social Security		4,547	
Pensions		7,994	
Medical Insurance		15,701	
Unemployment Compensation		32	
Employer Medicare		1,063	
Travel		39	
Other Contracted Services		6,150	
Other Supplies and Materials		335	
Other Charges		787	
Other Equipment		64,353	
Total Special Education Program			186,446

Career and Technical Education Program

In Service/Staff Development	\$	2,030	
Total Career and Technical Education Program			2,030

Transportation

Bus Drivers	\$	12,855	
Other Salaries and Wages		4,575	
Social Security		1,081	
Pensions		857	
Unemployment Compensation		27	
Employer Medicare		253	
Contracts with Public Carriers		177	
Total Transportation			19,825

Operation of Non-Instructional ServicesCommunity Services

Supervisor/Director	\$	10,094	
Teachers		17,456	
Educational Assistants		9,397	
Other Salaries and Wages		250	
Social Security		2,312	
Pensions		3,051	
Unemployment Compensation		37	
Employer Medicare		541	
Travel		434	
Instructional Supplies and Materials		6,494	

(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 (Cont.)Community Services (Cont.)

In Service/Staff Development	\$	1,827	
Other Charges		506	
Total Community Services			\$ 52,399

Total School Federal Projects Fund \$ 1,737,873

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	6,000	
Secretary(ies)		30,305	
Cafeteria Personnel		370,952	
Bonus Payments		26,500	
Social Security		24,927	
Pensions		29,570	
Medical Insurance		59,962	
Unemployment Compensation		516	
Employer Medicare		5,918	
Communication		2,799	
Maintenance and Repair Services - Equipment		34,321	
Travel		6,029	
Other Contracted Services		16,635	
Food Supplies		546,163	
Uniforms		2,851	
USDA - Commodities		104,668	
Other Supplies and Materials		45,481	
In Service/Staff Development		523	
Other Charges		4,752	
Food Service Equipment		12,971	
Total Food Service			\$ 1,331,843

Total Central Cafeteria Fund 1,331,843

Total Governmental Funds - Fentress County School Department \$ 20,770,891

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, 2019

	Cities - Sales Tax Fund
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 781,624
Total Cash Receipts	<u>\$ 781,624</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 773,808
Trustee's Commission	<u>7,816</u>
Total Cash Disbursements	<u>\$ 781,624</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2018	<u>0</u>
Cash Balance, June 30, 2019	<u><u>\$ 0</u></u>

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, 2019, and the related notes to the financial statements, which collectively comprise Fentress County's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 20, 2020. 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: 2019-002 and 2019-003.

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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2019-001.

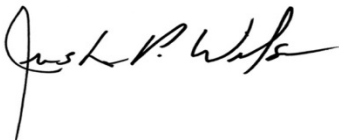
Fentress County's Responses to the Findings

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

February 20, 2020

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, 2019. 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, 2019.

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.

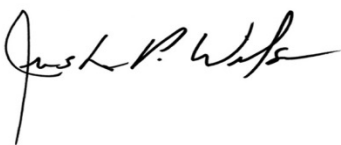
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2019, and the related notes to the financial statements, which collectively comprise Fentress County's basic financial statements. We issued our report thereon dated February 20, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 20, 2020

JPW/kp

Fentress County, Tennessee, and the Fentress County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7)
For the Year Ended June 30, 2019

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	\$ 12,253
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	334,262
National School Lunch Program	10.555	N/A	970,059 (5)
Passed-through East Tennessee Human Resource Agency:			
Child Nutrition Cluster: (4)			
Summer Food Service Program for Children	10.559	N/A	8,533
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	104,668 (5)
Commodity Rebate	10.555	N/A	4,056 (5)
Total U.S. Department of Agriculture			<u>\$ 1,433,831</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	<u>\$ 680,824 (6)</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	3300405105	\$ 88,114
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	N/A	<u>175,500</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 263,614</u>
U.S. Department of the Interior:			
Direct Program:			
Payments-in-Lieu of Taxes	15.226	N/A	<u>\$ 70,182</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 906,815
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	509,982
Special Education - Preschool Grants	84.173	N/A	95,079
Career and Technical Education - Basic Grants to States	84.048	N/A	52,350
Special Education - Grants for Infants and Families	84.181	N/A	45,783
Twenty-first Century Community Learning Centers	84.287	N/A	52,398
Rural Education	84.358	N/A	35,016
Supporting Effective Instruction State Grant	84.367	N/A	59,235
Student Support and Academic Enrichment Program	84.424	N/A	21,370
Total U.S. Department of Education			<u>\$ 1,778,028</u>

(Continued)

Fentress County, Tennessee, and the Fentress County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7) (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: (4)			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(3)	\$ 7,920
Passed-through State Department of Human Services:			
CCDF Cluster: (4)			
Child Care and Development Block Grant	93.575	(3)	6,000
Total U.S. Department of Health and Human Services			<u>\$ 13,920</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grant Program	97.042	(3)	<u>\$ 25,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,265,399</u></u>
		<u>Contract Number</u>	
<u>State Grants</u>			
Aging Program - Upper Cumberland Development District	N/A	(3)	\$ 6,474
Arts Build Communities (ABC) Grant Program - Upper Cumberland Development District	N/A	(3)	916
Youth Services Program - State Commission on Children and Youth	N/A	(3)	9,000
Local Health Services - State Department of Health	N/A	GG-19-59695-00	92,024
Tourism Enhancement Grant - State Department of Economic and Community Development	N/A	(3)	5,400
Litter Program - State Department of Transportation	N/A	(3)	33,137
Three Star Program - State Department of Economic and Community Development	N/A	(3)	15,000
Used Oil Grant - State Department of Environment and Conservation	N/A	(3)	10,420
Child Care Mandatory and Matching Funds of the Child Care and and Development Fund - State Department of Human Services and State Department of Education:	N/A	(3)	24,000
Coordinated School Heath Grant - State Department of Education	N/A	(3)	90,000
Special Education - Grants for Infants and Families - State Department of Education	N/A	(3)	123,783
Safe Schools Act - State Department of Education	N/A	(3)	84,590
Read to be Ready Grant - State Department of Education	N/A	(3)	1,359
Supporting Postsecondary Access in Rural Counties (SPARC) - State Department of Education	N/A	(3)	60,000
Early Childhood Education - State Department of Education	N/A	(3)	<u>598,289</u>
Total State Grants			<u><u>\$ 1,154,392</u></u>

(Continued)

Fentress County, Tennessee, and the Fentress County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7) (Cont.)

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 \$1,421,578; Special Education Cluster total \$605,061; Aging Cluster total \$7,920; CCDF Cluster total \$6,000.
- (5) Total for CFDA No. 10.555 is \$1,078,783.
- (6) During the year ended June 30, 2019, Fentress County received excess military equipment from the U.S. Department of Military valued at \$680,824.
- (7) CONSOLIDATED ADMINISTRATION
The following amounts were consolidated for administration purposes:

Program Title	Federal CFDA Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 88,296
Rural Education	84.358	563
Supporting Effective Instruction State Grant	84.367	7,488
Student Support and Academic Enrichment Program	84.424	168
Total amounts consolidated for administration purposes		<u>\$ 96,515</u>

Fentress County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2019

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Fentress County, Tennessee, for the year ended June 30, 2019.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF FINANCE DIRECTOR</u>					
2018	198	2018-001	Operations of the Finance Office are currently being reviewed	N/A	Corrected
2018	198	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	N/A	Corrected
2018	199	2018-003	The Home Investment Partnerships Grant Program Fund had a cash overdraft of \$41,050 at June 30, 2018	N/A	Corrected
2018	199	2018-004	General ledger payroll liability accounts were not reconciled monthly	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF COUNTY CLERK</u>					
2018	200	2018-005	The county commission's minutes were not maintained properly	N/A	Corrected
2018	201	2018-006	The county clerk had not formally documented internal controls	N/A	Corrected
<u>OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK</u>					
2018	202	2018-007	The Circuit and General Sessions Courts Clerk personally received property purchased in a delinquent tax sale	N/A	Corrected
<u>OTHER FINDING</u>					
2018	203	2018-008	A county commissioner violated the conflict of interest statute by performing contract work for the Chancery Court	N/A	Corrected
<u>OFFICES OF COUNTY CLERK AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK</u>					
2018	204	2018-009	Duties were not segregated adequately	N/A	Corrected

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, 2019

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? **YES**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553, 10.555, and 10.559 Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
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 2019-001 **FORMER ACCOUNTS PAYABLE CLERK STOLE AT LEAST \$239,681**
(Material Noncompliance Under *Government Auditing Standards*)

On September 4, 2019, the Comptroller's Office Division of Investigations issued an investigative report on the Fentress County Finance Department. This report disclosed that a former accounts payable clerk stole at least \$239,681 from the county between December 2014 and December 2018. This report is available at www.comptroller.tn.gov/ia. The former accounts payable clerk was indicted on one count of theft over \$60,000 on September 3, 2019 and a trial date is scheduled for April 6, 2020.

FINDING 2019-002 **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 monthly with subsidiary payroll records and payments in the General, Solid Waste/Sanitation, General Purpose School, School Federal Projects, and Central Cafeteria funds. As a result, unidentified balances accumulated in the liability accounts for several payroll deductions. 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, the failure of management to correct the audit finding noted in prior-year audit reports, and the failure to implement their corrective action plan.

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. Steps are in place and we are currently reconciling these accounts monthly with reports and spreadsheets from our software.

FINDING 2019-003

THE OFFICE HAD PURCHASING DEFICIENCIES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 50 disbursements totaling \$1,078,788 from a population of 5,840 vendor checks totaling \$12,934,143. Our examination revealed the following purchasing deficiencies, which are the result of a lack of management oversight.

- A. In three of 50 applicable instances, proper documentation was not on file to support the purchase. Sound business practices dictate that proper documentation should be on file to support all purchases. The absence of proper documentation increases the risks of fraud and unauthorized purchases.
- B. In three instances, purchase orders were not issued or were issued after the invoice date. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to properly issue purchase orders increases the risks of unauthorized purchases.
- C. Invoices were paid without documentation that goods had been received and/or services had been rendered in three of 50 applicable purchases. This practice weakens controls over the purchasing process and increases the risks of paying for something that was not received.
- D. The office paid invoices without canceling or marking them paid in seven of 50 applicable instances.

RECOMMENDATION

Proper documentation should be on file for all purchases. To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases prior to the purchase being made. The office should maintain documentation that goods have been received or services have been rendered before invoices are paid, and all invoices should be canceled when paid

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur with this finding. We are working closely with our new accounts payable clerk to ensure steps are being followed in our purchasing procedures.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

Fentress County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2019

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF FINANCE DIRECTOR

2019-002	General ledger payroll liability accounts were not reconciled monthly	208
2019-003	The office had purchasing deficiencies	208



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

Finance Department
Tyler Arms, Finance Director

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

Corrective Action Plan

**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:
July 2019

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Attempts to correct this issue was taken throughout the year. The lack of management following up with the issue is why it was not fully taken care of.

Planned Corrective Action:
As of this time, we are currently reconciling all liability accounts monthly through spread sheets and are able to better understand and reconcile with the new LGC system. We have changed up staffing and have someone focusing more on this area to ensure we are reconciling these liability accounts monthly.

FINDING: THE OFFICE HAD PURCHASING DEFICIENCIES

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:
February 2020

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

Work closely with new accounts payable clerk to ensure proper signatures are in place and proper purchasing procedures are being followed.

Signature:

