

**ANNUAL FINANCIAL REPORT**  
**LEWIS COUNTY, TENNESSEE**

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



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**LEWIS 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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***Director***

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***CHRIS HUGHES***  
***BETHANY GRAVES***  
***State Auditors***

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

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## LEWIS COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

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

## ***Scope***

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

## ***Results***

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

Our audit resulted in nine findings and recommendations, which we have reviewed with Lewis 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 COUNTY MAYOR**

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ Lewis County has a material recurring audit finding.
- ◆ General Fund expenditures exceeded appropriations.
- ◆ The office had deficiencies related to payroll deductions resulting in a cash shortage of \$12,671.
- ◆ The office had deficiencies in the payment of federal tax deposits resulting in assessments of penalties and interest totaling \$132,433.

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### **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Some Central Cafeteria Fund invoices were not paid currently resulting in the assessment of finance charges totaling \$5,905.

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### **OFFICE OF TRUSTEE**

- ◆ The trustee paid checks that exceeded available funds.
-

## **OFFICE OF COUNTY CLERK**

- ◆ A username and password were shared by employees.
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## **OFFICE OF SHERIFF**

- ◆ The office had accounting deficiencies.



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# INTRODUCTORY SECTION

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Lewis County Officials  
June 30, 2019

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**Officials**

Jonah Keltner, County Mayor  
Joyce Holt, Road Superintendent  
Benny Pace, Director of Schools  
Mike Webb, Trustee  
Travis Hinson, Assessor of Property  
Sandra Clayton, County Clerk  
Barbara Hinson, Circuit and General Sessions Courts Clerk  
Donna Couch, Clerk and Master  
Cheryl Staggs, Register of Deeds  
Dwayne Kilpatrick, Sheriff

**Board of County Commissioners**

Jonah Keltner, County Mayor, Chairman	Austin Carroll
Jerry Ashmore	Connie Sharp
Mike King	Aren Ragsdale
Robert Brewer	T. J. Hinson
Brian Peery	Allison Tanner
Larry Hensley	Jim Grinder
Timmie Hinson	Jason Fite
Wendell Kelley	Billy Dyer
Earl Taylor	Ronnie Brewer
Patrick Halfacre	

**Highway Commission**

Jonah Keltner, County Mayor, Chairman  
Brian Peery  
Alice Tubbs

(Continued)

## Lewis County Officials (Cont.)

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### **Board of Education**

Phyllis Townsend, Chairman

Marti Lomax

Cassie Couch

Ritchie Brewer

Nancy McDonald

Lindsey Himes

Derek Cotham

Glenda Atkinson

Johnny Clayton

### **Audit Committee**

Ronnie Brewer, Chairman

Bobby Page

Annette Peery

Ronnie Graves

Bert Moore

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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lewis 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 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, 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 Lewis County, Tennessee, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the schedules of changes in the county's net pension liability (asset) and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability (asset), and schedules of changes in the county's and school's total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 Lewis County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Lewis 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.

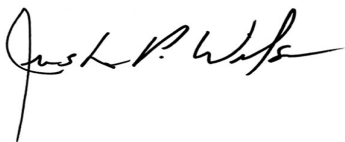
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Lewis County School Department (a discretely presented component unit), schedule of expenditures of federal awards, 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, combining and individual fund financial statements of the Lewis 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 December 12, 2019, on our consideration of Lewis 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 Lewis 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 Lewis County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 12, 2019

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Governmental Activities	Component Unit Lewis County School Department
<u>ASSETS</u>		
Cash	\$ 133,920	\$ 441,642
Equity in Pooled Cash and Investments	4,912,142	12,153,775
Net Pension Asset - Agent Plans	135,334	209,767
Net Pension Asset - Teacher Retirement Plan	0	46,612
Net Pension Asset - Teacher Legacy Pension Plan	0	663,315
Accounts Receivable	141,588	23,903
Allowance for Uncollectibles	(58,916)	0
Due from Other Governments	405,074	358,194
Property Taxes Receivable	3,045,637	1,405,529
Allowance for Uncollectible Property Taxes	(70,193)	(32,393)
Cash Shortage	12,671	0
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	26,577
Capital Assets:		
Assets Not Depreciated:		
Land	1,135,029	974,808
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,455,302	3,037,347
Infrastructure	6,070,032	0
Other Capital Assets	1,122,866	927,767
Total Assets	<u>\$ 18,440,486</u>	<u>\$ 20,236,843</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 115,284	\$ 218,249
Pension Contribution after Measurement Date	211,194	769,388
Pension Changes in Proportionate Share of NPL	0	52,609
Pension Changes in Assumptions	93,853	502,362
OPEB Changes in Assumptions	5,876	33,346
OPEB Changes in Experience	4,211	0
OPEB Benefits Paid After Measurement Date	6,443	47,269
Total Deferred Outflows of Resources	<u>\$ 436,861</u>	<u>\$ 1,623,223</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 405,415	\$ 87,944
Accrued Payroll	0	3,103
Payroll Deductions Payable	9,370	444,509
Due to State of Tennessee	1,090	0
Noncurrent Liabilities:		
Due Within One Year - Debt	158,935	0
Due Within One Year - Other	35,037	9,060
Due in More Than One Year - Debt	601,865	0
Due in More Than One Year - Other	937,844	1,048,337
Total Liabilities	<u>\$ 2,149,556</u>	<u>\$ 1,592,953</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Unit Lewis County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,901,460	\$ 1,338,993
Pension Changes in Experience	149,725	943,822
Pension Changes in Investment Earnings	28,572	176,640
Pension Changes in Proportionate Share of NPL	0	26,758
OPEB Changes in Assumptions	7,381	39,288
OPEB Changes in Experience	34,635	84,867
OPEB Changes in Proportion	0	15,043
Total Deferred Inflows of Resources	<u>\$ 3,121,773</u>	<u>\$ 2,625,411</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 9,022,429	\$ 4,939,922
Restricted for:		
General Government	66,328	0
Finance	48,522	0
Administration of Justice	45,619	0
Public Safety	196,178	0
Capital Outlay/Projects	179,528	0
Highway/Public Works	2,499,331	0
Education	0	40,210
Pensions	135,334	946,271
Unrestricted	<u>1,412,749</u>	<u>11,715,299</u>
Total Net Position	<u>\$ 13,606,018</u>	<u>\$ 17,641,702</u>

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

Exhibit B

Lewis 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 Governmental Activities	Component
						Unit
					Lewis County School Department	
Primary Government:						
Governmental Activities:						
General Government	\$ 2,095,349	\$ 148,806	\$ 732,363	\$ 0	\$ (1,214,180)	\$ 0
Finance	522,633	275,859	0	0	(246,774)	0
Administration of Justice	535,068	187,187	0	0	(347,881)	0
Public Safety	2,646,875	180,798	8,400	0	(2,457,677)	0
Public Health and Welfare	807,785	541,324	65,336	0	(201,125)	0
Social, Cultural, and Recreational Services	760,065	36,314	122,822	0	(600,929)	0
Agriculture and Natural Resources	112,053	0	39,884	0	(72,169)	0
Highways/Public Works	2,091,261	0	1,960,651	672,275	541,665	0
Total Governmental Activities	<u>\$ 9,571,089</u>	<u>\$ 1,370,288</u>	<u>\$ 2,929,456</u>	<u>\$ 672,275</u>	<u>\$ (4,599,070)</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 9,571,089</u>	<u>\$ 1,370,288</u>	<u>\$ 2,929,456</u>	<u>\$ 672,275</u>	<u>\$ (4,599,070)</u>	<u>\$ 0</u>
Component Unit:						
Lewis County School Department	\$ 14,911,998	\$ 254,986	\$ 2,187,479	\$ 0	\$ 0	\$ (12,469,533)
Total Component Unit	<u>\$ 14,911,998</u>	<u>\$ 254,986</u>	<u>\$ 2,187,479</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (12,469,533)</u>

(Continued)

Exhibit B

Lewis County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component
						Unit
					Lewis County School Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,735,745	\$ 1,264,527
Local Option Sales Taxes					458,616	1,715,856
Hotel/Motel Tax					33,420	0
Wheel Tax					261,262	0
Litigation Tax - General					30,792	0
Litigation Tax - Jail, Workhouse, or Courthouse					20,458	0
Business Tax					72,829	0
Wholesale Beer Tax					41,266	0
Other Local Taxes					13,196	38,173
Grants and Contributions Not Restricted to Specific Programs					790,072	10,785,725
Interest Income					164,358	79,843
Miscellaneous					128,129	49,339
<b>Total General Revenues</b>					<u>\$ 4,750,143</u>	<u>\$ 13,933,463</u>
Change in Net Position					\$ 151,073	\$ 1,463,930
Net Position, July 1, 2018					<u>13,454,945</u>	<u>16,177,772</u>
Net Position, June 30, 2019					<u>\$ 13,606,018</u>	<u>\$ 17,641,702</u>

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

Exhibit C-1

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General</u>	<u>Highway / Public Works</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 133,270	\$ 10	\$ 640	\$ 133,920
Equity in Pooled Cash and Investments	1,790,725	2,666,589	454,828	4,912,142
Accounts Receivable	29,487	0	112,101	141,588
Allowance for Uncollectibles	0	0	(58,916)	(58,916)
Due from Other Governments	64,249	340,825	0	405,074
Property Taxes Receivable	2,969,190	76,447	0	3,045,637
Allowance for Uncollectible Property Taxes	(68,431)	(1,762)	0	(70,193)
Cash Shortage	12,671	0	0	12,671
Total Assets	<u>\$ 4,931,161</u>	<u>\$ 3,082,109</u>	<u>\$ 508,653</u>	<u>\$ 8,521,923</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 389,805	\$ 15,610	\$ 0	\$ 405,415
Payroll Deductions Payable	5,682	3,688	0	9,370
Other Current Liabilities	1,090	0	0	1,090
Total Liabilities	<u>\$ 396,577</u>	<u>\$ 19,298</u>	<u>\$ 0</u>	<u>\$ 415,875</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,828,632	\$ 72,828	\$ 0	\$ 2,901,460
Deferred Delinquent Property Taxes	68,204	1,756	0	69,960
Other Deferred/Unavailable Revenue	32,000	170,000	46,426	248,426
Total Deferred Inflows of Resources	<u>\$ 2,928,836</u>	<u>\$ 244,584</u>	<u>\$ 46,426</u>	<u>\$ 3,219,846</u>

(Continued)

Exhibit C-1

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 66,328	\$ 0	\$ 0	\$ 66,328
Restricted for Finance	48,522	0	0	48,522
Restricted for Administration of Justice	45,619	0	0	45,619
Restricted for Public Safety	177,381	0	18,797	196,178
Restricted for Highways/Public Works	0	2,818,227	1,278	2,819,505
Restricted for Capital Projects	0	0	179,528	179,528
Committed:				
Committed for Public Health and Welfare	0	0	144,100	144,100
Committed for Social, Cultural, and Recreational Services	0	0	115,760	115,760
Committed for Debt Service	0	0	2,764	2,764
Unassigned	1,267,898	0	0	1,267,898
Total Fund Balances	<u>\$ 1,605,748</u>	<u>\$ 2,818,227</u>	<u>\$ 462,227</u>	<u>\$ 4,886,202</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,931,161</u>	<u>\$ 3,082,109</u>	<u>\$ 508,653</u>	<u>\$ 8,521,923</u>

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

Lewis 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)		\$	4,886,202
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,135,029	
Add: buildings and improvements net of accumulated depreciation		1,455,302	
Add: infrastructure net of accumulated depreciation		6,070,032	
Add: other capital assets net of accumulated depreciation		<u>1,122,866</u>	9,783,229
(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	\$	(556,800)	
Less: bonds payable		(204,000)	
Less: compensated absences payable		(35,037)	
Less: net pension liability		(730,459)	
Less: other postemployment benefits liability		<u>(207,385)</u>	(1,733,681)
(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 and OPEB expense in future years:			
Add: deferred outflows of resources related to pensions	\$	420,331	
Add: deferred outflows of resources related to OPEB		16,530	
Less: deferred inflows of resources related to pensions		(178,297)	
Less: deferred inflows of resources related to OPEB		<u>(42,016)</u>	216,548
(4) Net pension assets of the county agent plan are not current financial resources and therefore are not reported in the governmental funds.			135,334
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>318,386</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>13,606,018</u></u>

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

Exhibit C-3

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

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,888,778	\$ 78,387	\$ 19,921	\$ 3,987,086
Licenses and Permits	3,568	0	0	3,568
Fines, Forfeitures, and Penalties	51,046	0	2,902	53,948
Charges for Current Services	52,385	5	541,367	593,757
Other Local Revenues	355,446	30,127	30,818	416,391
Fees Received From County Officials	474,645	0	0	474,645
State of Tennessee	874,964	2,597,601	12,778	3,485,343
Federal Government	0	61,979	448,100	510,079
Other Governments and Citizens Groups	94,737	41,551	45,000	181,288
<b>Total Revenues</b>	<b>\$ 5,795,569</b>	<b>\$ 2,809,650</b>	<b>\$ 1,100,886</b>	<b>\$ 9,706,105</b>
<u>Expenditures</u>				
Current:				
General Government	\$ 1,051,357	\$ 0	\$ 480,910	\$ 1,532,267
Finance	428,488	0	0	428,488
Administration of Justice	435,106	0	400	435,506
Public Safety	2,346,761	0	13,686	2,360,447
Public Health and Welfare	234,301	0	541,383	775,684
Social, Cultural, and Recreational Services	128,284	0	146,260	274,544
Agriculture and Natural Resources	112,053	0	0	112,053
Other Operations	1,465,770	0	66,261	1,532,031
Highways	0	2,516,836	0	2,516,836
Debt Service:				
Principal on Debt	0	60,000	9,150	69,150
Other Debt Service	0	0	450	450
<b>Total Expenditures</b>	<b>\$ 6,202,120</b>	<b>\$ 2,576,836</b>	<b>\$ 1,258,500</b>	<b>\$ 10,037,456</b>

(Continued)



Exhibit C-3

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

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ (406,551)	\$ 232,814	\$ (157,614)	\$ (331,351)
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 0	\$ 264,000	\$ 0	\$ 264,000
Notes Issued	480,000	0	0	480,000
Insurance Recovery	1,590	9,039	0	10,629
Transfers In	0	0	326,600	326,600
Transfers Out	(326,600)	0	0	(326,600)
Total Other Financing Sources (Uses)	\$ 154,990	\$ 273,039	\$ 326,600	\$ 754,629
Net Change in Fund Balances	\$ (251,561)	\$ 505,853	\$ 168,986	\$ 423,278
Fund Balance, July 1, 2018	1,857,309	2,312,374	293,241	4,462,924
Fund Balance, June 30, 2019	\$ 1,605,748	\$ 2,818,227	\$ 462,227	\$ 4,886,202

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

Lewis 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)		\$ 423,278
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,224,965	
Less: current-year depreciation expense	<u>(875,010)</u>	349,955
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		(4,025)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 318,386	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(302,329)</u>	16,057
(4) The issuance of long-term debt (e.g., bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Less: note proceeds	\$ (480,000)	
Less: bond proceeds	(264,000)	
Add: principal payments on notes	9,150	
Add: principal payments on bonds	<u>60,000</u>	(674,850)
(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 net pension liability - county officials plan	\$ 31,188	
Change in net pension liability - highway plan	33,394	
Change in net pension asset - county plan	(14,608)	
Change in deferred outflows related to pensions	(9,306)	
Change in deferred outflows related to OPEB	10,538	
Change in deferred inflows related to pensions	15,560	
Change in deferred inflows related to OPEB	(33,348)	
Change in compensated absences payable	(4,899)	
Change in other postemployment benefits liability	<u>12,139</u>	<u>40,658</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 151,073</u>

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

## Exhibit C-5

Lewis County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,888,778	\$ 3,613,694	\$ 3,613,694	\$ 275,084
Licenses and Permits	3,568	3,800	3,800	(232)
Fines, Forfeitures, and Penalties	51,046	69,385	71,130	(20,084)
Charges for Current Services	52,385	62,850	62,850	(10,465)
Other Local Revenues	355,446	306,200	345,308	10,138
Fees Received From County Officials	474,645	491,513	491,513	(16,868)
State of Tennessee	874,964	1,114,400	1,429,758	(554,794)
Federal Government	0	13,500	13,500	(13,500)
Other Governments and Citizens Groups	94,737	45,000	52,204	42,533
Total Revenues	\$ 5,795,569	\$ 5,720,342	\$ 6,083,757	\$ (288,188)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 61,758	\$ 64,700	\$ 70,000	\$ 8,242
Board of Equalization	450	1,200	1,200	750
County Mayor/Executive	178,734	175,273	178,706	(28)
County Attorney	6,000	8,500	8,500	2,500
Election Commission	136,200	133,973	140,925	4,725
Register of Deeds	110,937	111,770	111,770	833
Geographical Information Systems	34,063	34,953	34,953	890
County Buildings	270,505	487,137	293,810	23,305
Other Facilities	252,710	34,720	277,389	24,679
<u>Finance</u>				
Property Assessor's Office	116,192	121,349	121,349	5,157
Reappraisal Program	28,787	28,833	28,833	46
County Trustee's Office	143,088	144,372	144,624	1,536
County Clerk's Office	140,421	138,583	143,103	2,682
<u>Administration of Justice</u>				
Circuit Court	89,887	91,864	91,864	1,977
General Sessions Judge	100,856	101,134	101,134	278
General Sessions Court Clerk	83,397	87,011	87,011	3,614
Chancery Court	113,671	114,044	114,044	373
Judicial Commissioners	47,295	47,821	47,821	526
<u>Public Safety</u>				
Sheriff's Department	921,951	906,930	946,978	25,027
Drug Enforcement	3,421	5,953	7,698	4,277
Administration of the Sexual Offender Registry	500	350	350	(150)
Jail	1,071,037	1,051,572	1,068,819	(2,218)
Fire Prevention and Control	49,122	54,323	54,323	5,201
Civil Defense	199,232	181,831	192,271	(6,961)
County Coroner/Medical Examiner	19,431	9,730	19,730	299
Other Public Safety	82,067	66,100	94,393	12,326
<u>Public Health and Welfare</u>				
Local Health Center	36,491	22,117	79,427	42,936
Rabies and Animal Control	2,621	3,600	3,600	979
Ambulance/Emergency Medical Services	142,800	142,800	142,800	0
Other Local Health Services	2,115	17,300	17,300	15,185
Regional Mental Health Center	7,000	7,000	7,000	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Sanitation Education/Information	\$ 43,274	\$ 44,200	\$ 45,452	\$ 2,178
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	6,000	6,000	6,000	0
Libraries	122,284	122,514	122,514	230
Parks and Fair Boards	0	115,600	57,600	57,600
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	58,053	58,604	58,604	551
Soil Conservation	54,000	53,961	63,000	9,000
<u>Other Operations</u>				
Other Economic and Community Development	34,894	53,300	53,300	18,406
Airport	330,237	76,320	333,440	3,203
Veterans' Services	15,560	16,250	16,250	690
Employee Benefits	699,291	667,400	667,400	(31,891)
Miscellaneous	385,788	124,350	197,141	(188,647)
Total Expenditures	\$ 6,202,120	\$ 5,735,342	\$ 6,252,426	\$ 50,306
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (406,551)	\$ (15,000)	\$ (168,669)	\$ (237,882)
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 480,000	\$ 0	\$ 0	\$ 480,000
Insurance Recovery	1,590	15,000	16,252	(14,662)
Transfers Out	(326,600)	0	(326,600)	0
Total Other Financing Sources	\$ 154,990	\$ 15,000	\$ (310,348)	\$ 465,338
Net Change in Fund Balance	\$ (251,561)	\$ 0	\$ (479,017)	\$ 227,456
Fund Balance, July 1, 2018	1,857,309	765,218	765,218	1,092,091
Fund Balance, June 30, 2019	\$ 1,605,748	\$ 765,218	\$ 286,201	\$ 1,319,547

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

Exhibit C-6

Lewis 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	\$ 78,387	\$ 75,825	\$ 75,885	\$ 2,502
Charges for Current Services	5	10	10	(5)
Other Local Revenues	30,127	6,100	6,350	23,777
State of Tennessee	2,597,601	2,543,927	2,543,927	53,674
Federal Government	61,979	0	0	61,979
Other Governments and Citizens Groups	41,551	7,000	7,000	34,551
Total Revenues	\$ 2,809,650	\$ 2,632,862	\$ 2,633,172	\$ 176,478
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 155,874	\$ 153,494	\$ 155,874	\$ 0
Highway and Bridge Maintenance	851,398	834,510	851,398	0
Operation and Maintenance of Equipment	182,738	267,181	279,944	97,206
Other Charges	69,372	67,276	69,534	162
Employee Benefits	261,532	293,534	293,534	32,002
Capital Outlay	995,922	1,016,867	1,000,367	4,445
<u>Principal on Debt</u>				
Highways and Streets	60,000	0	60,000	0
Total Expenditures	\$ 2,576,836	\$ 2,632,862	\$ 2,710,651	\$ 133,815
Excess (Deficiency) of Revenues Over Expenditures	\$ 232,814	\$ 0	\$ (77,479)	\$ 310,293
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 264,000	\$ 0	\$ 0	\$ 264,000
Insurance Recovery	9,039	0	9,039	0
Total Other Financing Sources	\$ 273,039	\$ 0	\$ 9,039	\$ 264,000
Net Change in Fund Balance	\$ 505,853	\$ 0	\$ (68,440)	\$ 574,293
Fund Balance, July 1, 2018	2,312,374	2,316,754	2,316,754	(4,380)
Fund Balance, June 30, 2019	\$ 2,818,227	\$ 2,316,754	\$ 2,248,314	\$ 569,913

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 477,022
Due from Other Governments	<u>225,113</u>
Total Assets	<u><u>\$ 702,135</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 225,113
Due to Litigants, Heirs, and Others	<u>477,022</u>
Total Liabilities	<u><u>\$ 702,135</u></u>

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

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lewis 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 Lewis County:

**A. Reporting Entity**

Lewis County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Lewis County (the primary government) and its component units. The financial statements of the Lewis County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its 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 Lewis County School Department operates the public school system in the county, and the voters of Lewis 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 Lewis County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Lewis County, and the Lewis 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 Lewis County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Lewis 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 Lewis County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Lewis County Emergency Communications District  
P.O. Box 611  
Hohenwald, TN 38462

**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 Lewis 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 Lewis 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.

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

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

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

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

Fund financial statements of Lewis County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Lewis 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. Lewis 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 fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Lewis County reports the following major governmental funds:

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

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

Additionally, Lewis County reports the following fund types:

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

**Capital Projects Funds** – These funds account for capital expenditures of 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 Lewis 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 Lewis County School Department reports the following major governmental fund:

**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.

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

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

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

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

**1. Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Lewis 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 the General Purpose School funds. Lewis 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 States of America. All other investments are reported at fair value.

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

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

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

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

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 Lewis 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 Lewis

County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Lewis 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 \$10,000 (\$5,000 for land) or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	8 - 30
Bridges	20 - 40

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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, pension changes in assumptions, pension changes in proportionate share of NPL, employer contributions made to the pension plan after the measurement date, OPEB changes in assumptions, OPEB changes in experience, and OPEB benefits paid after the measurement date.

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

**6. Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation, sick leave and compensatory time benefits. There is no liability for unpaid accumulated sick leave since Lewis County does not have a policy to pay any amounts when employees separate from service with the government. All vacation and compensatory time is accrued when incurred in the government-wide financial statements for the county and the discretely presented school department. A liability for compensated absences 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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## 8. Net Position and Fund Balance

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

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

The government-wide Statement of Net Position reports \$3,170,840 of restricted net position, of which \$77,861 is restricted by enabling legislation.

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



amounts in any of these unrestricted fund balance classifications could be used.

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

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

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

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

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

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

## **E. Pension Plans**

### **Primary Government**

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

participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Lewis 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 Lewis 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 Lewis County. For this purpose, Lewis County recognizes benefit payments when due and payable in accordance with benefit terms. Lewis County's OPEB plan is not administered through a trust.

#### **Discretely Presented Lewis 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 Lewis 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 Lewis County School Department**

Exhibit H-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 Lewis County School Department**

Exhibit H-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. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department

level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2019, the Lewis County School Department reported the following encumbrances:

<u>Opinion Unit</u>	<u>Amount</u>
School Department:	
General Purpose School	\$ 325,903
Nonmajor Governmental	24,324

**B. Cash Shortage**

The benefits administrator received family medical insurance coverage and family hospital confinement coverage while contributing premiums based on single employee, resulting in a cash shortage in the General Fund of \$12,671 at June 30, 2019. A receivable has been reflected in the financial statements of the General Fund in the financial statements of this report for the theft of premiums. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Cost section of this report.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the county commission in the following major appropriation categories (the legal level of control) of the General Fund as reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
County Mayor/Executive	\$ 28
Administration of Sexual Offender Registry	150
Jail	2,218
Civil Defense	6,961
Employee Benefits	31,891
Miscellaneous	188,647

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Lewis County and the Lewis 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 Lewis 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 Lewis 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 Lewis 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	\$ 8,239
Developed Market International Equity	N/A	N/A	3,721
Emerging Market International Equity	N/A	N/A	1,063
U.S. Fixed Income	N/A	N/A	5,315
Real Estate	N/A	N/A	2,658
Short-term Securities	N/A	N/A	266
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	5,315
Total			\$ 26,577



Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity Developed Market	\$ 8,239	\$ 8,239	\$ 0	\$ 0	0
International Equity Emerging Market	3,721	3,721	0	0	0
International Equity	1,063	1,063	0	0	0
U.S. Fixed Income	5,315	0	5,315	0	0
Real Estate	2,658	0	0	2,658	0
Short-term Securities	266	0	266	0	0
Private Equity and Strategic Lending	5,315	0	0	0	5,315
Total	\$ 26,577	\$ 13,023	\$ 5,581	\$ 2,658	5,315

**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 Lewis 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 Lewis 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. Lewis 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 school department to pay retirement benefits of the school department employees.

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

**B. Capital Assets**

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

**Primary Government - Governmental Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,135,029	\$ 0	\$ 0	\$ 1,135,029
Total Capital Assets Not Depreciated	\$ 1,135,029	\$ 0	\$ 0	\$ 1,135,029
Capital Assets Depreciated:				
Buildings and Improvements	\$ 4,028,134	\$ 0	\$ 0	\$ 4,028,134
Infrastructure	22,645,308	817,675	0	23,462,983
Other Capital Assets	2,523,148	407,290	(72,500)	2,857,938
Total Capital Assets Depreciated	\$ 29,196,590	\$ 1,224,965	\$ (72,500)	\$ 30,349,055
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 2,415,276	\$ 157,556	\$ 0	\$ 2,572,832
Infrastructure	16,855,249	537,702	0	17,392,951
Other Capital Assets	1,623,795	179,752	(68,475)	1,735,072
Total Accumulated Depreciation	\$ 20,894,320	\$ 875,010	\$ (68,475)	\$ 21,700,855
Total Capital Assets Depreciated, Net	\$ 8,302,270	\$ 349,955	\$ (4,025)	\$ 8,648,200
Governmental Activities Capital Assets, Net	\$ 9,437,299	\$ 349,955	\$ (4,025)	\$ 9,783,229

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

**Governmental Activities:**

General Government	\$ 38,741
Finance	1,083
Public Safety	73,192
Public Health and Welfare	56,703
Social, Cultural, and Recreation	51,869
Highway/Public Works	<u>653,422</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 875,010</u></u>

**Discretely Presented Lewis County School Department -  
Governmental Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 968,577	\$ 6,231	\$ 0	\$ 974,808
Total Capital Assets Not Depreciated	<u>\$ 968,577</u>	<u>\$ 6,231</u>	<u>\$ 0</u>	<u>\$ 974,808</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,401,569	\$ 0	\$ 0	\$ 11,401,569
Other Capital Assets	3,103,008	206,836	(233,851)	3,075,993
Total Capital Assets Depreciated	<u>\$ 14,504,577</u>	<u>\$ 206,836</u>	<u>\$ (233,851)</u>	<u>\$ 14,477,562</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 8,145,804	\$ 218,418	\$ 0	\$ 8,364,222
Other Capital Assets	2,213,278	165,066	(230,118)	2,148,226
Total Accumulated Depreciation	<u>\$ 10,359,082</u>	<u>\$ 383,484</u>	<u>\$ (230,118)</u>	<u>\$ 10,512,448</u>
Total Capital Assets Depreciated, Net	<u>\$ 4,145,495</u>	<u>\$ (176,648)</u>	<u>\$ (3,733)</u>	<u>\$ 3,965,114</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 5,114,072</u></u>	<u><u>\$ (170,417)</u></u>	<u><u>\$ (3,733)</u></u>	<u><u>\$ 4,939,922</u></u>

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

**Governmental Activities:**

Support Services	\$ 362,021
Operation of Non-instructional Services	<u>21,463</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 383,484</u></u>

**C. Interfund Transfers**

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

**Primary Government**

Transfers Out	<u>Transfers In</u> Nonmajor Governmental Funds	Purpose
General Fund	\$ 326,600	Operations

**Discretely Presented Lewis County School Department**

Transfers Out	<u>Transfers In</u>		Purpose
	General Purpose School Fund	Nonmajor Governmental Fund	
General Purpose School Fund	\$ 0	\$ 38,330	Operations
Nonmajor governmental fund	19,967		0 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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**D. Long-term Debt**

**Primary Government**

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

General Obligation Bonds - Lewis County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 14 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The bond included in long-term debt as of June 30, 2019, will be retired from the Highway/Public Works Fund.

Direct Borrowing and Direct Placements - Lewis County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes outstanding were issued for original terms of up to 10 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	3.875 %	3-7-33	\$ 264,000	\$ 204,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	0 - 2.9	9-15-26	575,500	556,800

The annual requirements to amortize all general obligation bonds and capital outlay notes outstanding as of June 30, 2019, is presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 11,306	\$ 7,905	\$ 19,211
2021	11,744	7,467	19,211
2022	12,199	7,012	19,211
2023	12,672	6,539	19,211
2024	13,163	6,048	19,211
2025-2029	73,874	22,182	96,056
2030-2033	69,042	6,079	75,121
Total	\$ 204,000	\$ 63,232	\$ 267,232

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 147,629	\$ 12,445	\$ 160,074
2021	151,542	8,532	160,074
2022	25,099	4,501	29,600
2023	194,130	4,152	198,282
2024	9,600	0	9,600
2025-2027	28,800	0	28,800
Total	\$ 556,800	\$ 29,630	\$ 586,430

There is \$2,764 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$17, based on the 2010 federal census. Total debt per capita, including bonds and notes, totaled \$63, based on the 2010 federal census.

#### Changes in Long-term Debt

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

Governmental Activities:	Bonds	Notes - Direct Placement
	Balance, July 1, 2018	\$ 0
Additions	264,000	480,000
Reductions	(60,000)	(9,150)
Balance, June 30, 2019	\$ 204,000	\$ 556,800
Balance Due Within One Year	\$ 11,306	\$ 147,629

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 760,800
Less: Balance Due Within One Year - Debt	<u>(158,935)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u><u>\$ 601,865</u></u>

**E. Long-term Obligations**

**Primary Government**

**Changes in Long-term Obligations**

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

Governmental Activities:	Net Pension Liability - Officials Agent Plan	Net Pension Liability - Highway Agent Plan
Balance, July 1, 2018	\$ 294,918	\$ 500,123
Additions	270,160	242,252
Reductions	<u>(301,348)</u>	<u>(275,646)</u>
Balance, June 30, 2019	<u>\$ 263,730</u>	<u>\$ 466,729</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2018	\$ 30,138	\$ 219,524
Additions	45,810	27,478
Reductions	<u>(40,911)</u>	<u>(39,617)</u>
Balance, June 30, 2019	<u>\$ 35,037</u>	<u>\$ 207,385</u>
Balance Due Within One Year	<u>\$ 35,037</u>	<u>\$ 0</u>

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

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2019	\$ 972,881
Less: Balance Due Within One Year - Other	<u>(35,037)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 937,844</u>

**Discretely Presented Lewis County School Department**

Changes in Long-term Obligations

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

Governmental Activities:	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2018	\$ 9,272	\$ 1,070,004
Additions	7,551	132,718
Reductions	<u>(7,763)</u>	<u>(154,385)</u>
Balance, June 30, 2019	<u>\$ 9,060</u>	<u>\$ 1,048,337</u>
Balance Due Within One Year	<u>\$ 9,060</u>	<u>\$ 0</u>

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

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2019	\$ 1,057,397
Less: Balance Due Within One Year - Other	<u>(9,060)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,048,337</u>

**F. On-Behalf Payments – Discretely Presented Lewis County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Lewis County School Department. These payments are made by the state to the Local Education Group Insurance Plan. The plan is 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 for the year ended June 30, 2019, were \$29,326. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. **OTHER INFORMATION**

A. **Risk Management**

**Primary Government**

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

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

Lewis 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 Lewis County School Department**

The school department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The school department pays an annual premium to the TN-RMT for

its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

## **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Lewis 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. Change in Administration**

On August 31, 2018, Bill Webb left the Office of County Mayor and was succeeded by Jonah Keltner.

**E. Joint Ventures**

**Primary Government**

The Joint Economic and Community Development Board of Lewis County is a joint venture between Lewis County and the City of Hohenwald. The board comprises the mayor of the City of Hohenwald, the mayor of Lewis County, the president of the Lewis County Chamber of Commerce, a private citizen who owns greenbelt property, and a local industry representative. The purpose of the board is to develop, recommend, and direct a strategic plan of policies and action that improves the economic well-being of the community and those activities and services that support economic growth and improve the quality of life of the community's members. The city and county provide the majority of funding for the board based on the percentage of their population compared to the total census of the county. Lewis County did not appropriate any funds to the Joint Economic and Community Development Board of Lewis County for the year ended June 30, 2019.

The Twenty-first Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-first Judicial District, Williamson, Lewis, Hickman, and Perry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Lewis County did not appropriate any funds to the DTF for the year ended June 30, 2019.

Lewis County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Joint Economic and Community Development Board of Lewis County and the Twenty-first Judicial District Drug Task Force can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Joint Economic and Community Development  
Board of Lewis County  
196 North Court Street  
Hohenwald, TN 38462

Office of District Attorney General  
Twenty-first Judicial District Drug Task Force  
P.O. Box 937  
Franklin, TN 37065

**Discretely Presented Lewis County School Department**

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

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

Administrative Office:

Volunteer State Cooperative  
220 McLemore Street  
Dickson, TN 37055

**F. Jointly Governed Organization**

Lewis County, in conjunction with Hickman, Perry, and Wayne counties, and the cities of Hohenwald, Centerville, Waynesboro, and Linden, has created the South Central Tennessee Railroad Authority (SCTRA). The SCTRA's board comprises 16 members, consisting of the county mayors/executives, city mayors, and appointed members from the respective county commissions and city councils. Lewis County does not have any ongoing financial interest or responsibility for the entity, and the county did not appropriate any funds to

the SCTRA during the audit period. Funding sources for the SCTRA are lease payments, switching fees, interest, and grants.

**G. Retirement Commitments**

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

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Lewis County are provided a defined benefit pension plan through one of three Public Employee Retirement Plans. These plans are the Lewis County Plan, the Lewis County Officials Plan, and the Lewis County Highway Department Plan. These plans are agent multiple-employer pension plans 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](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

The Lewis County Plan does not provide its member and beneficiary annuitants an automatic cost of living adjustment (COLA) after retirement.

Member and beneficiary annuitants of the Lewis County Officials and the Lewis County Highway Department Plans 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:

	Lewis County	Lewis County Officials	Lewis County Highway Department
Inactive Employees or Beneficiaries Currently Receiving Benefits	8	13	26
Inactive Employees Entitled to But Not Yet Receiving Benefits	56	6	8
Active Employees	56	10	16
Total	120	29	50

*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. Lewis 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 contributions for Lewis County, Lewis County Officials, and the Lewis County Highway Department were as follows: \$47,741 based on a rate of 2.62 percent of covered payroll; \$68,966 based on a rate of 8.91 percent of covered payroll; and \$94,487 based on a rate of 20 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Lewis 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)

Lewis 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 Lewis 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)

### Lewis County:

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension Liability (a)	Fiduciary Net Position (b)	Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 1,483,473	\$ 1,633,415	\$ (149,942)
Changes for the Year:			
Service Cost	\$ 124,000	\$ 0	\$ 124,000
Interest	115,219	0	115,219
Differences Between Expected and Actual Experience	60,289	0	60,289
Changes in Assumptions	0	0	0
Contributions-Employer	0	67,363	(67,363)
Contributions-Employees	0	82,755	(82,755)
Net Investment Income	0	140,079	(140,079)
Benefit Payments, Including Refunds of Employee Contributions	(36,486)	(36,486)	0
Administrative Expense	0	(5,297)	5,297
Other Changes	0	0	0
Net Changes	<u>\$ 263,022</u>	<u>\$ 248,414</u>	<u>\$ 14,608</u>
Balance, June 30, 2018	<u>\$ 1,746,495</u>	<u>\$ 1,881,829</u>	<u>\$ (135,334)</u>

### Lewis County Officials:

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension Liability (a)	Fiduciary Net Position (b)	Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 2,736,784	\$ 2,441,866	\$ 294,918
Changes for the Year:			
Service Cost	\$ 57,357	\$ 0	\$ 57,357
Interest	197,295	0	197,295
Differences Between Expected and Actual Experience	14,558	0	14,558
Changes in Assumptions	0	0	0
Contributions-Employer	0	63,838	(63,838)
Contributions-Employees	0	36,731	(36,731)
Net Investment Income	0	200,779	(200,779)
Benefit Payments, Including Refunds of Employee Contributions	(145,654)	(145,654)	0
Administrative Expense	0	(950)	950
Other Changes	0	0	0
Net Changes	<u>\$ 123,556</u>	<u>\$ 154,744</u>	<u>\$ (31,188)</u>
Balance, June 30, 2018	<u>\$ 2,860,340</u>	<u>\$ 2,596,610</u>	<u>\$ 263,730</u>

Lewis County Highway Department:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 2,691,369	\$ 2,191,246	\$ 500,123
Changes for the Year:			
Service Cost	\$ 44,030	\$ 0	\$ 44,030
Interest	192,369	0	192,369
Differences Between Expected and Actual Experience	4,395	0	4,395
Changes in Assumptions	0	0	0
Contributions-Employer	0	72,371	(72,371)
Contributions-Employees	0	24,248	(24,248)
Net Investment Income	0	179,027	(179,027)
Benefit Payments, Including Refunds of Employee Contributions	(164,072)	(164,072)	0
Administrative Expense	0	(1,458)	1,458
Other Changes	0	0	0
Net Changes	\$ 76,722	\$ 110,116	\$ (33,394)
Balance, June 30, 2018	\$ 2,768,091	\$ 2,301,362	\$ 466,729

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

Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
	Lewis County	\$ 143,307	\$ (135,334)
Lewis County Officials	570,838	263,730	(324)
Lewis County Highway Department	778,838	466,729	202,495

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

*Pension Expense.* For the year ended June 30, 2019, Lewis County recognized pension expense of \$26,627, Lewis County Officials

recognized pension expense of \$56,200, and the Lewis County Highway Department recognized pension expense of \$70,675.

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

Lewis County:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 74,546	\$ 126,733
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	11,911
Changes in Assumptions	36,209	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	47,741	N/A
Total	<u>\$ 158,496</u>	<u>\$ 138,644</u>

Lewis County Officials:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 36,230	\$ 22,992
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	9,294
Changes in Assumptions	38,555	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	68,966	N/A
Total	<u>\$ 143,751</u>	<u>\$ 32,286</u>

Lewis County Highway Department:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 4,508	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	7,367
Changes in Assumptions	19,089	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	94,487	N/A
<b>Total</b>	<b>\$ 118,084</b>	<b>\$ 7,367</b>

- (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	Lewis County	Lewis County Officials	Lewis County Highway Department
2020	\$ 3,996	\$ 46,957	\$ 40,999
2021	(6,179)	19,027	(404)
2022	(18,592)	(18,398)	(19,830)
2023	(7,683)	(5,082)	(4,532)
2024	(4,137)	0	0
Thereafter	4,705	0	0

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

## **Discretely Presented Lewis County School Department**

### **Non-certified Employees**

#### **General Information About the Pension Plan**

*Plan Description.* Non-Certified employees of the discretely presented Lewis 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 at [www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	64
Inactive Employees Entitled to But Not Yet Receiving Benefits	79
Active Employees	89
Total	232

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The Lewis 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 \$106,739 based on a rate of 5.52 percent of covered payroll. 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)**

The Lewis 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	5.69	31
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
Short-term Securities	0.00	1
		100
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 Lewis

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

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 6,381,501	\$ 6,503,418	\$ (121,917)
Changes for the Year:			
Service Cost	\$ 177,883	\$ 0	\$ 177,883
Interest	463,707	0	463,707
Differences Between Expected and Actual Experience	(17,510)	0	(17,510)
Changes in Assumptions	0	0	0
Contributions-Employer	0	93,493	(93,493)
Contributions-Employees	0	93,493	(93,493)
Net Investment Income	0	533,656	(533,656)
Benefit Payments, Including Refunds of Employee Contributions	(326,849)	(326,849)	0
Administrative Expense	0	(8,712)	8,712
Other Changes	0	0	0
Net Changes	<u>\$ 297,231</u>	<u>\$ 385,081</u>	<u>\$ (87,850)</u>
Balance, June 30, 2018	<u>\$ 6,678,732</u>	<u>\$ 6,888,499</u>	<u>\$ (209,767)</u>

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



	1%	Current	1%
	Decrease	Discount	Increase
Net Pension Liability (Asset)	6.25%	Rate	7.25%
School Department	\$ 597,670	\$ (209,767)	\$ (886,434)

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

*Pension Expense.* For the year ended June 30, 2019, the Lewis County School Department recognized pension expense of \$68,819.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, the Lewis County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred	Deferred
	Outflows	Inflows
	of	of
	Resources	Resources
Difference Between Expected and Actual Experience	\$ 81,530	\$ 47,101
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	29,642
Changes in Assumptions	108,406	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	106,739	N/A
Total	<u>\$ 296,675</u>	<u>\$ 76,743</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	\$ 100,389
2021	34,265
2022	(4,459)
2023	(17,011)
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 Lewis County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$23,765, which is 1.94 percent of covered payroll. In addition, employer contributions of \$25,235, 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 (\$46,612) 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 .102777 percent. The proportion as of June 30, 2017, was .086316 percent.

*Pension Expense.* For the year ended June 30, 2019, the school department recognized pension expense of \$15,456.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,640	\$ 1,857
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,633
Changes in Assumptions	2,199	0
Changes in Proportion of Net Pension Liability (Asset)	0	5,336
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	23,765	N/A
Total	<u>\$ 28,604</u>	<u>\$ 9,826</u>

The school department's employer contributions of \$23,765, 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	\$ (803)
2021	(886)
2022	(1,261)
2023	(573)
2024	(223)
Thereafter	(1,241)

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

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

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 7,206	\$ (46,612)	\$ (86,263)

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

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

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Lewis County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$638,884, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### **Pension Liabilities (Assets), Pension Expense (Negative 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 (\$663,315) 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 .1885 percent. The proportion measured at June 30, 2017, was .194111 percent.

*Pension Expense (Negative Pension Expense).* For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$175,283).

*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	\$ 134,079	\$ 894,864
Changes in Assumptions	391,757	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	144,365
Changes in Proportion of Net Pension Liability (Asset)	52,609	21,422
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	<u>638,884</u>	N/A
Total	<u>\$ 1,217,329</u>	<u>\$ 1,060,651</u>

The school department's employer contributions of \$638,884 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	\$ 151,333
2021	(197,237)
2022	(371,151)
2023	(65,151)
2024	0
Thereafter	0

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability    \$    5,113,250    \$    (663,315)    \$    (5,442,617)

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

2.    **Deferred Compensation**

The Lewis County Highway Department offers its employees a deferred compensation plan established pursuant to IRC Section 401(k). All costs of administering and funding this program are the responsibility of plan participants. The Section 401(k) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 401(k) establishes participation, contribution, and withdrawal provisions for the plan.

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

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 \$66,130 and teachers contributed \$28,999 to this deferred compensation pension plan.

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

Lewis County and the discretely presented Lewis County School Department provide OPEB benefits to its retirees through state administered public entity risk pools. For reporting purposes the plans are considered single employer

defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

**OPEB Provided through State Administered Public Entity Risk Pools**

Retirees of Lewis County and the Lewis County Highway Department (Hwy) are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. The primary government’s LGPs are combined for presentation purposes. Likewise, the school department provides healthcare benefits to its retirees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of Lewis County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The county and the school department’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%
Discount Rate	3.62%
Salary Increases	Salary increase rates used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
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 .28% (LGP) and .32% (LEP) added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed under each plan

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

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

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

*Changes in Assumptions.* The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year. The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 to 6.75 percent. It was also decided to change the status of the LGP from a closed plan to one that is open to all eligible employees regardless of initial hire date.

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

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

*Benefits provided.* Lewis 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. Lewis 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:

	Lewis County	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	1	1
Inactive Employees Entitled to But Not Yet Receiving Benefits	0	0	0
Active Employees	62	15	77
Total	62	16	78

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 \$6,443 (County - \$1,146, Highway Dept - \$5,297) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Lewis County	Hwy Dept	Total OPEB Liability
Balance July 1, 2017	\$ 87,474	\$ 132,050	\$ 219,524
Changes for the Year:			
Service Cost	\$ 8,958	\$ 3,615	\$ 12,573
Interest	3,405	4,751	8,156
Changes in Benefit Terms	0	0	0
Difference between Expected and Actual Experience	(38,616)	4,991	(33,625)
Changes in Assumption and Other Inputs	3,416	3,333	6,749
Benefit Payments	(1,584)	(4,408)	(5,992)
Net Changes	<u>\$ (24,421)</u>	<u>\$ 12,282</u>	<u>\$ (12,139)</u>
Balance June 30, 2018	<u>\$ 63,053</u>	<u>\$ 144,332</u>	<u>\$ 207,385</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 \$17,114 (County - \$8,244, Highway Dept - \$8,870). At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (DO - Hwy \$4,211, DI - County \$34,635)	\$ 4,211	\$ 34,635
Changes in Assumptions (DO - County \$3,064, Hwy \$2,812) (DI - County \$3,475, Hwy \$3,906)	5,876	7,381
Benefits Paid after the Measurement Date of June 30, 2018 (1) (County \$1,146, Hwy \$5,297)	<u>6,443</u>	<u>0</u>
Total	<u>\$ 16,530</u>	<u>\$ 42,016</u>

- (1) The amount shown above for “Benefits Paid after the Measurement Date” will be recognized as a reduction to total OPEB liability in the following measurement period.



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

Year Ending June 30	Lewis County	Hwy Dept	Total Amount
2020	\$ (4,119)	\$ 504	\$ (3,615)
2021	(4,119)	504	(3,615)
2022	(4,119)	504	(3,615)
2023	(4,119)	504	(3,615)
2024	(4,119)	583	(3,536)
Thereafter	(14,451)	518	(13,933)

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%
Lewis County	\$ 68,143	\$ 63,053	\$ 58,258
Hwy Dept	153,373	144,332	135,771
Total OPEB Liability	\$ 221,516	\$ 207,385	\$ 194,029

*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%
Lewis County	\$ 54,970	\$ 63,053	\$ 72,760
Hwy Dept	133,270	144,332	156,777
<b>Total OPEB Liability</b>	<b>\$ 188,240</b>	<b>\$ 207,385</b>	<b>\$ 229,537</b>

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

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

Employees Covered by Benefit Terms

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

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	7
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>175</u>
Total	<u><u>182</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 \$47,269 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Lewis County School Department 63.6191%</u>	<u>State of TN 36.3809%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 1,070,003	\$ 588,040	\$ 1,658,043
Changes for the Year:			
Service Cost	\$ 57,159	\$ 32,687	\$ 89,846
Interest	38,775	22,174	60,949
Changes in Benefit Terms	0	0	0
Difference between Expected and Actual Experience	(93,617)	(53,535)	(147,152)
Changes in Proportion	(15,171)	15,171	0
Changes in Assumption and Other Inputs	36,784	21,035	57,819
Benefit Payments	(45,596)	(26,075)	(71,671)
Net Changes	<u>\$ (21,666)</u>	<u>\$ 11,457</u>	<u>\$ (10,209)</u>
Balance June 30, 2018	<u>\$ 1,048,337</u>	<u>\$ 599,497</u>	<u>\$ 1,647,834</u>

The Lewis 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 Lewis County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$50,699 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Lewis County School Department's proportionate share of the collective OPEB liability was 63.6191% and the State of Tennessee's share was 36.3809%.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, the school department recognized OPEB expense of \$135,094, including the state's share of the expense. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 84,867
Changes of Assumptions/Inputs	33,346	39,288
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	0	15,043
Benefits Paid After the Measurement Date of June 30, 2018 (1)	<u>47,269</u>	<u>0</u>
Total	<u>\$ 80,615</u>	<u>\$ 139,198</u>

(1) The amount shown above for "Benefits Paid After the Measurement Date" will be recognized as a reduction to total OPEB liability in the following measurement period.

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

<u>Year Ending June 30</u>	<u>School Department</u>
2020	\$ (11,540)
2021	(11,540)
2022	(11,540)
2023	(11,540)
2024	(11,540)
Thereafter	(48,152)

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.

Discount Rate

	1% Decrease	Current Discount Rate	1% Increase
	2.62%	3.62%	4.62%

Proportionate Share of the  
Collective Total OPEB  
Liability

\$ 1,124,686   \$ 1,048,337   \$ 975,393

*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.

Healthcare Cost Trend Rate

	1% Decrease	Current Rate	1% Increase
	5.75% to 2.85%	6.75% to 3.85%	7.75% to 4.85%

Proportionate Share of the  
Collective Total OPEB  
Liability

\$ 932,731   \$ 1,048,337   \$ 1,183,344

**I. Purchasing Laws**

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *Tennessee Code Annotated (TCA)*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Road Superintendent

Purchasing procedures for the highway department are governed by Chapter 395, Private Acts of 1937, as amended, and provisions of the Uniform Road Law, Section 54-7-113, *TCA*, which provide for purchases exceeding \$10,000 to be made after public advertisement, solicitation of competitive bids, and approval by the county Highway Advisory Commission.

Office of Director of Schools

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

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# REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit E-1

Lewis 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 - Lewis County  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
<b>Total Pension Liability</b>					
Service Cost	\$ 108,675	\$ 115,210	\$ 125,145	\$ 107,405	\$ 124,000
Interest	75,473	82,252	97,900	106,294	115,219
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(56,648)	39,229	(67,292)	(71,399)	60,289
Changes in Assumptions	0	0	0	48,279	0
Benefit Payments, Including Refunds of Employee Contributions	(29,556)	(57,733)	(18,250)	(33,917)	(36,486)
Net Change in Total Pension Liability	\$ 97,944	\$ 178,958	\$ 137,503	\$ 156,662	\$ 263,022
Total Pension Liability, Beginning	912,406	1,010,350	1,189,308	1,326,811	1,483,473
Total Pension Liability, Ending (a)	\$ 1,010,350	\$ 1,189,308	\$ 1,326,811	\$ 1,483,473	\$ 1,746,495
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 72,054	\$ 61,251	\$ 61,547	\$ 63,037	\$ 67,363
Contributions - Employee	75,846	73,975	74,333	76,132	82,755
Net Investment Income	151,684	35,450	33,985	161,188	140,079
Benefit Payments, Including Refunds of Employee Contributions	(29,556)	(57,733)	(18,250)	(33,917)	(36,486)
Administrative Expense	(1,993)	(2,791)	(3,892)	(4,549)	(5,297)
Net Change in Plan Fiduciary Net Position	\$ 268,035	\$ 110,152	\$ 147,723	\$ 261,891	\$ 248,414
Plan Fiduciary Net Position, Beginning	845,614	1,113,649	1,223,801	1,371,524	1,633,415
Plan Fiduciary Net Position, Ending (b)	\$ 1,113,649	\$ 1,223,801	\$ 1,371,524	\$ 1,633,415	\$ 1,881,829
Net Pension Liability (Asset), Ending (a - b)	\$ (103,299)	\$ (34,493)	\$ (44,713)	\$ (149,942)	\$ (135,334)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	110.22%	102.90%	103.37%	110.11%	107.75%
Covered Payroll	\$ 1,516,923	\$ 1,479,508	\$ 1,486,651	\$ 1,522,624	\$ 1,655,095
Net Pension Liability (Asset) as a Percentage of Covered Payroll	6.81%	2.33%	(3.01)%	(9.85)%	(8.18)%

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

Note 2. *Changes of assumptions*. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, salary growth, and mortality improvements.



Exhibit E-2

Lewis 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 - Lewis County Officials  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
<b>Total Pension Liability</b>					
Service Cost	\$ 49,142	\$ 43,838	\$ 58,056	\$ 58,620	\$ 57,357
Interest	167,342	171,815	188,141	191,250	197,295
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(33,095)	126,564	(66,561)	(12,703)	14,558
Changes in Assumptions	0	0	0	77,109	0
Benefit Payments, Including Refunds of Employee Contributions	(99,073)	(137,796)	(139,724)	(137,757)	(145,654)
Net Change in Total Pension Liability	\$ 84,316	\$ 204,421	\$ 39,912	\$ 176,519	\$ 123,556
Total Pension Liability, Beginning	2,231,616	2,315,932	2,520,353	2,560,265	2,736,784
Total Pension Liability, Ending (a)	\$ 2,315,932	\$ 2,520,353	\$ 2,560,265	\$ 2,736,784	\$ 2,860,340
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 56,871	\$ 59,026	\$ 59,489	\$ 60,572	\$ 63,838
Contributions - Employee	32,647	33,962	34,228	34,851	36,731
Net Investment Income	313,259	67,092	58,336	250,735	200,779
Benefit Payments, Including Refunds of Employee Contributions	(99,073)	(137,796)	(139,724)	(137,757)	(145,654)
Administrative Expense	(486)	(508)	(757)	(890)	(950)
Net Change in Plan Fiduciary Net Position	\$ 303,218	\$ 21,776	\$ 11,572	\$ 207,511	\$ 154,744
Plan Fiduciary Net Position, Beginning	1,897,789	2,201,007	2,222,783	2,234,355	2,441,866
Plan Fiduciary Net Position, Ending (b)	\$ 2,201,007	\$ 2,222,783	\$ 2,234,355	\$ 2,441,866	\$ 2,596,610
Net Pension Liability (Asset), Ending (a - b)	\$ 114,925	\$ 297,570	\$ 325,910	\$ 294,918	\$ 263,730
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.04%	88.19%	87.27%	89.22%	90.78%
Covered Payroll	\$ 652,939	\$ 679,244	\$ 684,565	\$ 697,029	\$ 734,616
Net Pension Liability (Asset) as a Percentage of Covered Payroll	17.60%	43.81%	47.61%	42.31%	35.90%

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

Note 2. *Changes of assumptions*. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

Exhibit E-3

Lewis 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 - Lewis County Highway Department  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
<b>Total Pension Liability</b>					
Service Cost	\$ 45,725	\$ 35,589	\$ 34,361	\$ 43,261	\$ 44,030
Interest	166,650	164,278	181,465	188,635	192,369
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(93,729)	174,008	14,844	6,935	4,395
Changes in Assumptions	0	0	0	57,267	0
Benefit Payments, Including Refunds of Employee Contributions	(128,013)	(152,273)	(134,721)	(153,206)	(164,072)
Net Change in Total Pension Liability	\$ (9,367)	\$ 221,602	\$ 95,949	\$ 142,892	\$ 76,722
Total Pension Liability, Beginning	2,240,293	2,230,926	2,452,528	2,548,477	2,691,369
Total Pension Liability, Ending (a)	\$ 2,230,926	\$ 2,452,528	\$ 2,548,477	\$ 2,691,369	\$ 2,768,091
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 40,997	\$ 44,277	\$ 50,813	\$ 68,277	\$ 72,371
Contributions - Employee	26,113	22,870	26,246	23,873	24,248
Net Investment Income	296,891	62,030	53,146	226,207	179,027
Benefit Payments, Including Refunds of Employee Contributions	(128,013)	(152,273)	(134,721)	(153,206)	(164,072)
Administrative Expense	(742)	(761)	(1,203)	(1,287)	(1,458)
Net Change in Plan Fiduciary Net Position	\$ 235,246	\$ (23,857)	\$ (5,719)	\$ 163,864	\$ 110,116
Plan Fiduciary Net Position, Beginning	1,821,712	2,056,958	2,033,101	2,027,382	2,191,246
Plan Fiduciary Net Position, Ending (b)	\$ 2,056,958	\$ 2,033,101	\$ 2,027,382	\$ 2,191,246	\$ 2,301,362
Net Pension Liability (Asset), Ending (a - b)	\$ 173,968	\$ 419,427	\$ 521,095	\$ 500,123	\$ 466,729
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.20%	82.90%	79.55%	81.42%	83.14%
Covered Payroll	\$ 522,259	\$ 457,407	\$ 524,924	\$ 477,460	\$ 476,753
Net Pension Liability (Asset) as a Percentage of Covered Payroll	33.31%	91.70%	99.27%	104.75%	97.90%

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

Note 2. *Changes of assumptions*. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

Exhibit E-4

Lewis 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 Lewis County School Department - Non-Certified Employees  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
<b>Total Pension Liability</b>					
Service Cost	\$ 150,031	\$ 160,695	\$ 154,765	\$ 176,425	\$ 177,883
Interest	379,629	389,972	418,980	436,058	463,707
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(186,002)	87,090	(82,734)	106,852	(17,510)
Changes in Assumptions	0	0	0	180,676	0
Benefit Payments, Including Refunds of Employee Contributions	(200,296)	(232,539)	(257,548)	(312,388)	(326,849)
Net Change in Total Pension Liability	\$ 143,362	\$ 405,218	\$ 233,463	\$ 587,623	\$ 297,231
Total Pension Liability, Beginning	5,011,835	5,155,197	5,560,415	5,793,878	6,381,501
Total Pension Liability, Ending (a)	\$ 5,155,197	\$ 5,560,415	\$ 5,793,878	\$ 6,381,501	\$ 6,678,732
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 184,607	\$ 184,651	\$ 191,949	\$ 203,484	\$ 93,493
Contributions - Employee	85,768	84,317	86,697	91,908	93,493
Net Investment Income	776,785	169,899	151,567	663,672	533,656
Benefit Payments, Including Refunds of Employee Contributions	(200,296)	(232,539)	(257,548)	(312,388)	(326,849)
Administrative Expense	(3,236)	(4,162)	(6,688)	(7,687)	(8,712)
Net Change in Plan Fiduciary Net Position	\$ 843,628	\$ 202,166	\$ 165,977	\$ 638,989	\$ 385,081
Plan Fiduciary Net Position, Beginning	4,652,658	5,496,286	5,698,452	5,864,429	6,503,418
Plan Fiduciary Net Position, Ending (b)	\$ 5,496,286	\$ 5,698,452	\$ 5,864,429	\$ 6,503,418	\$ 6,888,499
Net Pension Liability (Asset), Ending (a - b)	\$ (341,089)	\$ (138,037)	\$ (70,551)	\$ (121,917)	\$ (209,767)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.62%	102.48%	101.22%	101.91%	103.14%
Covered Payroll	\$ 1,692,114	\$ 1,668,034	\$ 1,733,952	\$ 1,838,165	\$ 1,869,848
Net Pension Liability (Asset) as a Percentage of Covered Payroll	20.16%	8.28%	(4.07)%	(6.63)%	(11.22)%

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

Note 2. *Changes of assumptions*. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

Exhibit E-5

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 72,054	\$ 61,251	\$ 61,547	\$ 63,037	\$ 67,363	\$ 47,741
Less Contributions in Relation to the						
Actuarially Determined Contribution	(72,054)	(61,251)	(61,547)	(63,037)	(67,363)	(47,741)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 1,516,923	\$ 1,479,508	\$ 1,486,651	\$ 1,522,624	\$ 1,655,095	\$ 1,822,176
Contributions as a Percentage of						
Covered Payroll	4.75%	4.14%	4.14%	4.14%	4.07%	2.62%

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

Exhibit E-6

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 56,871	\$ 59,026	\$ 59,489	\$ 60,572	\$ 63,838	\$ 68,966
Less Contributions in Relation to the						
Actuarially Determined Contribution	(56,871)	(59,026)	(59,489)	(60,572)	(63,838)	(68,966)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 652,939	\$ 679,244	\$ 684,565	\$ 697,029	\$ 734,616	\$ 774,031
Contributions as a Percentage of Covered Payroll	8.71%	8.69%	8.69%	8.69%	8.69%	8.91%

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

Exhibit E-7

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 40,997	\$ 44,277	\$ 50,813	\$ 68,277	\$ 72,371	\$ 94,487
Less Contributions in Relation to the Actuarially Determined Contribution	(40,997)	(44,277)	(50,813)	(68,277)	(72,371)	(80,928)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,559
Covered Payroll	\$ 522,259	\$ 457,407	\$ 524,924	\$ 477,460	\$ 476,753	\$ 472,432
Contributions as a Percentage of Covered Payroll	7.85%	9.68%	9.68%	14.30%	15.18%	20.00%

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

Exhibit E-8

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 184,607	\$ 184,651	\$ 191,949	\$ 203,484	\$ 92,370	\$ 106,739
Less Contributions in Relation to the Actuarially Determined Contribution	(184,607)	(184,651)	(191,949)	(203,484)	(93,493)	(106,739)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,123)	\$ 0
Covered Payroll	\$ 1,692,114	\$ 1,668,034	\$ 1,733,952	\$ 1,838,165	\$ 1,869,848	\$ 1,931,019
Contributions as a Percentage of Covered Payroll	10.91%	11.07%	11.07%	11.07%	5.00%	5.52%

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

Exhibit E-9

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 4,048	\$ 14,189	\$ 22,661	\$ 35,926	\$ 23,765
Less Contributions in Relation to the Contractually Required Contribution	(4,048)	(14,189)	(22,661)	(35,926)	(23,765)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 101,195	\$ 354,715	\$ 566,523	\$ 898,147	\$ 1,225,000
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 (1.94%) of covered payroll into the pension and placed 2.06% of covered payroll into the Pension Stabilization Reserve Trust.

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



Exhibit E-10

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 653,387	\$ 648,974	\$ 621,409	\$ 620,299	\$ 599,339	\$ 638,884
Less Contributions in Relation to the						
Contractually Required Contribution	(653,387)	(648,974)	(621,409)	(620,299)	(599,339)	(638,884)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,357,958	\$ 7,178,942	\$ 6,873,995	\$ 6,861,719	\$ 6,600,640	\$ 6,107,878
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%

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

Exhibit E-11

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.048705%	0.080616%	0.086316%	0.102777%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (1,959)	\$ (8,392)	\$ (22,772)	\$ (46,612)
Covered Payroll	\$ 101,195	\$ 354,715	\$ 566,523	\$ 898,147
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-12

Lewis County, Tennessee  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Lewis 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)	0.187464%	0.191770%	0.190426%	0.194111%	0.188500%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (30,462)	\$ 78,556	\$ 1,190,056	\$ (63,511)	\$ (663,315)
Covered Payroll	\$ 7,357,958	\$ 7,178,942	\$ 6,873,995	\$ 6,861,719	\$ 6,600,640
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-13

Lewis County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government OPEB Plans  
Primary Government  
For the Fiscal Year Ended June 30.

**Lewis County Plan**

	2017	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 9,162	\$ 8,958
Interest	2,608	3,405
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(38,616)
Changes in Assumptions or Other Inputs	(4,455)	3,416
Benefit Payments	0	(1,584)
Net Change in Total OPEB Liability	\$ 7,315	\$ (24,421)
Total OPEB Liability, Beginning	80,159	87,474
Total OPEB Liability, Ending	<u>\$ 87,474</u>	<u>\$ 63,053</u>
Covered Employee Payroll	\$ 2,789,615	\$ 2,557,496
Net OPEB Liability as a Percentage of Covered Employee Payroll	3.14%	2.47%

**Highway Department Plan**

	2017	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 3,865	\$ 3,615
Interest	3,960	4,751
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	4,991
Changes in Assumptions or Other Inputs	(5,500)	3,333
Benefit Payments	(4,078)	(4,408)
Net Change in Total OPEB Liability	\$ (1,753)	\$ 12,282
Total OPEB Liability, Beginning	133,803	132,050
Total OPEB Liability, Ending	<u>\$ 132,050</u>	<u>\$ 144,332</u>
Covered Employee Payroll	\$ 597,940	\$ 548,187
Net OPEB Liability as a Percentage of Covered Employee Payroll	22.08%	26.33%

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 change 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-14

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

	2017	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 96,067	\$ 89,846
Interest	50,078	60,949
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(147,152)
Changes in Assumptions or Other Inputs	(76,459)	57,819
Benefit Payments	(61,179)	(71,671)
Net Change in Total OPEB Liability	\$ 8,507	\$ (10,209)
Total OPEB Liability, Beginning	1,649,536	1,658,043
Total OPEB Liability, Ending	<u>\$ 1,658,043</u>	<u>\$ 1,647,834</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 588,040	\$ 599,497
Employer Proportionate Share of the Total OPEB Liability	1,070,003	1,048,337
Covered Employee Payroll	\$ 8,623,171	\$ 9,799,589
Net OPEB Liability as a Percentage of Covered Employee Payroll	12.41%	10.70%

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.

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

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

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

Methods and assumptions used to determine contribution rates:

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

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions relating to Lewis County’s waste disposal program.

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

Sports and Recreation Fund – The Sports and Recreation Fund is used to account for transactions relating to the Lewis County Memorial Park.

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.

## Debt Service Fund

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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 expenditures for principal and interest.

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# Capital Projects Funds

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

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for waterline extension projects of the county.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for capital expenditures of the highway department.

Exhibit F-1

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

	Special Revenue Funds				Debt Service	Capital
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Total	Fund General Debt Service	Projects Funds General Capital Projects
<u>ASSETS</u>						
Cash	\$ 600	\$ 0	\$ 40	\$ 640	\$ 0	\$ 0
Equity in Pooled Cash and Investments	136,741	18,797	115,720	271,258	2,764	179,528
Accounts Receivable	112,101	0	0	112,101	0	0
Allowance for Uncollectibles	(58,916)	0	0	(58,916)	0	0
<b>Total Assets</b>	<b>\$ 190,526</b>	<b>\$ 18,797</b>	<b>\$ 115,760</b>	<b>\$ 325,083</b>	<b>\$ 2,764</b>	<b>\$ 179,528</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Other Deferred/Unavailable Revenue	\$ 46,426	\$ 0	\$ 0	\$ 46,426	\$ 0	\$ 0
<b>Total Deferred Inflows of Resources</b>	<b>\$ 46,426</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 46,426</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 18,797	\$ 0	\$ 18,797	\$ 0	\$ 0
Restricted for Highways/Public Works	0	0	0	0	0	0
Restricted for Capital Projects	0	0	0	0	0	179,528
Committed:						
Committed for Public Health and Welfare	144,100	0	0	144,100	0	0
Committed for Social, Cultural, and Recreational Services	0	0	115,760	115,760	0	0
Committed for Debt Service	0	0	0	0	2,764	0
<b>Total Fund Balances</b>	<b>\$ 144,100</b>	<b>\$ 18,797</b>	<b>\$ 115,760</b>	<b>\$ 278,657</b>	<b>\$ 2,764</b>	<b>\$ 179,528</b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 190,526</b>	<b>\$ 18,797</b>	<b>\$ 115,760</b>	<b>\$ 325,083</b>	<b>\$ 2,764</b>	<b>\$ 179,528</b>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Funds (Cont.)</u>		
	<u>Highway Capital Projects</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 640
Equity in Pooled Cash and Investments	1,278	180,806	454,828
Accounts Receivable	0	0	112,101
Allowance for Uncollectibles	0	0	(58,916)
Total Assets	<u>\$ 1,278</u>	<u>\$ 180,806</u>	<u>\$ 508,653</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 46,426
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,426</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 18,797
Restricted for Highways/Public Works	1,278	1,278	1,278
Restricted for Capital Projects	0	179,528	179,528
Committed:			
Committed for Public Health and Welfare	0	0	144,100
Committed for Social, Cultural, and Recreational Services	0	0	115,760
Committed for Debt Service	0	0	2,764
Total Fund Balances	<u>\$ 1,278</u>	<u>\$ 180,806</u>	<u>\$ 462,227</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 1,278</u>	<u>\$ 180,806</u>	<u>\$ 508,653</u>

Exhibit F-2

Lewis 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					Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Total	General Debt Service
<u>Revenues</u>						
Local Taxes	\$ 19,918	\$ 0	\$ 0	\$ 0	\$ 19,918	\$ 0
Fines, Forfeitures, and Penalties	0	2,902	0	0	2,902	0
Charges for Current Services	530,521	0	10,751	95	541,367	0
Other Local Revenues	27,933	2,885	0	0	30,818	0
State of Tennessee	7,778	0	0	0	7,778	5,000
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	45,000	0	45,000	0
Total Revenues	\$ 586,150	\$ 5,787	\$ 55,751	\$ 95	\$ 647,783	\$ 5,000
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Administration of Justice	0	0	0	400	400	0
Public Safety	0	9,493	0	4,193	13,686	0
Public Health and Welfare	541,383	0	0	0	541,383	0
Social, Cultural, and Recreational Services	0	0	146,260	0	146,260	0
Other Operations	53,212	28	12,971	0	66,211	50
Debt Service:						
Principal on Debt	0	0	0	0	0	9,150
Other Debt Service	0	0	0	0	0	450
Total Expenditures	\$ 594,595	\$ 9,521	\$ 159,231	\$ 4,593	\$ 767,940	\$ 9,650

(Continued)

Exhibit F-2

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

	Special Revenue Funds					Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Total	General Debt Service
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,445)	\$ (3,734)	\$ (103,480)	\$ (4,498)	\$ (120,157)	\$ (4,650)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 115,600	\$ 0	\$ 115,600	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 115,600	\$ 0	\$ 115,600	\$ 0
Net Change in Fund Balances	\$ (8,445)	\$ (3,734)	\$ 12,120	\$ (4,498)	\$ (4,557)	\$ (4,650)
Fund Balance, July 1, 2018	152,545	22,531	103,640	4,498	283,214	7,414
Fund Balance, June 30, 2019	\$ 144,100	\$ 18,797	\$ 115,760	\$ 0	\$ 278,657	\$ 2,764

(Continued)

Exhibit F-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 3	\$ 3	\$ 19,921
Fines, Forfeitures, and Penalties	0	0	0	0	2,902
Charges for Current Services	0	0	0	0	541,367
Other Local Revenues	0	0	0	0	30,818
State of Tennessee	0	0	0	0	12,778
Federal Government	0	448,100	0	448,100	448,100
Other Governments and Citizens Groups	0	0	0	0	45,000
Total Revenues	\$ 0	\$ 448,100	\$ 3	\$ 448,103	\$ 1,100,886
<u>Expenditures</u>					
Current:					
General Government	\$ 32,810	\$ 448,100	\$ 0	\$ 480,910	\$ 480,910
Administration of Justice	0	0	0	0	400
Public Safety	0	0	0	0	13,686
Public Health and Welfare	0	0	0	0	541,383
Social, Cultural, and Recreational Services	0	0	0	0	146,260
Other Operations	0	0	0	0	66,261
Debt Service:					
Principal on Debt	0	0	0	0	9,150
Other Debt Service	0	0	0	0	450
Total Expenditures	\$ 32,810	\$ 448,100	\$ 0	\$ 480,910	\$ 1,258,500

(Continued)

Exhibit F-2

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

	Capital Projects Funds			Total	Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects		
Excess (Deficiency) of Revenues Over Expenditures	\$ (32,810)	\$ 0	\$ 3	\$ (32,807)	\$ (157,614)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 211,000	\$ 0	\$ 0	\$ 211,000	\$ 326,600
Total Other Financing Sources (Uses)	\$ 211,000	\$ 0	\$ 0	\$ 211,000	\$ 326,600
Net Change in Fund Balances	\$ 178,190	\$ 0	\$ 3	\$ 178,193	\$ 168,986
Fund Balance, July 1, 2018	1,338	0	1,275	2,613	293,241
Fund Balance, June 30, 2019	\$ 179,528	\$ 0	\$ 1,278	\$ 180,806	\$ 462,227

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 19,918	\$ 0	\$ 0	\$ 19,918
Charges for Current Services	530,521	561,933	561,933	(31,412)
Other Local Revenues	27,933	34,900	34,900	(6,967)
State of Tennessee	7,778	15,000	15,000	(7,222)
Total Revenues	<u>\$ 586,150</u>	<u>\$ 611,833</u>	<u>\$ 611,833</u>	<u>\$ (25,683)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Local Health Services	\$ 37	\$ 0	\$ 37	\$ 0
Transfer Stations	541,346	558,933	558,933	17,587
<u>Other Operations</u>				
Employee Benefits	47,476	43,900	47,476	0
Miscellaneous	5,736	9,000	9,000	3,264
Total Expenditures	<u>\$ 594,595</u>	<u>\$ 611,833</u>	<u>\$ 615,446</u>	<u>\$ 20,851</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,445)</u>	<u>\$ 0</u>	<u>\$ (3,613)</u>	<u>\$ (4,832)</u>
Net Change in Fund Balance	\$ (8,445)	\$ 0	\$ (3,613)	\$ (4,832)
Fund Balance, July 1, 2018	<u>152,545</u>	<u>46,298</u>	<u>46,298</u>	<u>106,247</u>
Fund Balance, June 30, 2019	<u>\$ 144,100</u>	<u>\$ 46,298</u>	<u>\$ 42,685</u>	<u>\$ 101,415</u>



Exhibit F-4

Lewis 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	\$ 2,902	\$ 2,550	\$ 2,550	\$ 352
Other Local Revenues	2,885	0	0	2,885
Other Governments and Citizens Groups	0	1,500	1,700	(1,700)
Total Revenues	<u>\$ 5,787</u>	<u>\$ 4,050</u>	<u>\$ 4,250</u>	<u>\$ 1,537</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 9,493	\$ 4,050	\$ 9,498	\$ 5
<u>Other Operations</u>				
Miscellaneous	28	0	28	0
Total Expenditures	<u>\$ 9,521</u>	<u>\$ 4,050</u>	<u>\$ 9,526</u>	<u>\$ 5</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,734)</u>	<u>\$ 0</u>	<u>\$ (5,276)</u>	<u>\$ 1,542</u>
Net Change in Fund Balance	\$ (3,734)	\$ 0	\$ (5,276)	\$ 1,542
Fund Balance, July 1, 2018	22,531	1,010	5,276	17,255
Fund Balance, June 30, 2019	<u>\$ 18,797</u>	<u>\$ 1,010</u>	<u>\$ 0</u>	<u>\$ 18,797</u>

Exhibit F-5

Lewis County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Sports and Recreation 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	\$ 10,751	\$ 0	\$ 0	\$ 10,751
Other Governments and Citizens Groups	45,000	162,600	47,000	(2,000)
Total Revenues	<u>\$ 55,751</u>	<u>\$ 162,600</u>	<u>\$ 47,000</u>	<u>\$ 8,751</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 146,260	\$ 137,815	\$ 151,215	\$ 4,955
<u>Other Operations</u>				
Employee Benefits	12,857	18,685	18,685	5,828
Miscellaneous	114	6,100	6,100	5,986
Total Expenditures	<u>\$ 159,231</u>	<u>\$ 162,600</u>	<u>\$ 176,000</u>	<u>\$ 16,769</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (103,480)</u>	<u>\$ 0</u>	<u>\$ (129,000)</u>	<u>\$ 25,520</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 115,600	\$ 0	\$ 115,600	\$ 0
Total Other Financing Sources	<u>\$ 115,600</u>	<u>\$ 0</u>	<u>\$ 115,600</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 12,120	\$ 0	\$ (13,400)	\$ 25,520
Fund Balance, July 1, 2018	103,640	211	13,400	90,240
Fund Balance, June 30, 2019	<u>\$ 115,760</u>	<u>\$ 211</u>	<u>\$ 0</u>	<u>\$ 115,760</u>

Exhibit F-6

Lewis 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>				
State of Tennessee	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Total Revenues	\$ 5,000	\$ 0	\$ 0	\$ 5,000
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 50	\$ 0	\$ 50	\$ 0
<u>Principal on Debt</u>				
General Government	9,150	29,600	29,150	20,000
<u>Other Debt Service</u>				
General Government	450	0	450	0
Total Expenditures	\$ 9,650	\$ 29,600	\$ 29,650	\$ 20,000
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,650)	\$ (29,600)	\$ (29,650)	\$ 25,000
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 29,600	\$ 29,600	\$ (29,600)
Total Other Financing Sources	\$ 0	\$ 29,600	\$ 29,600	\$ (29,600)
Net Change in Fund Balance	\$ (4,650)	\$ 0	\$ (50)	\$ (4,600)
Fund Balance, July 1, 2018	7,414	48,801	48,801	(41,387)
Fund Balance, June 30, 2019	\$ 2,764	\$ 48,801	\$ 48,751	\$ (45,987)

Exhibit F-7

Lewis County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 0	\$ 0	\$ 32,811	\$ (32,811)
Total Revenues	\$ 0	\$ 0	\$ 32,811	\$ (32,811)
<u>Expenditures</u>				
<u>General Government</u>				
Engineering	\$ 32,810	\$ 0	\$ 32,811	\$ 1
Total Expenditures	\$ 32,810	\$ 0	\$ 32,811	\$ 1
Excess (Deficiency) of Revenues Over Expenditures	\$ (32,810)	\$ 0	\$ 0	\$ (32,810)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 211,000	\$ 0	\$ 0	\$ 211,000
Total Other Financing Sources	\$ 211,000	\$ 0	\$ 0	\$ 211,000
Net Change in Fund Balance	\$ 178,190	\$ 0	\$ 0	\$ 178,190
Fund Balance, July 1, 2018	1,338	0	0	1,338
Fund Balance, June 30, 2019	\$ 179,528	\$ 0	\$ 0	\$ 179,528

Exhibit F-8

Lewis County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Community Development/Industrial Park Fund  
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 448,100	\$ 0	\$ 491,300	\$ (43,200)
Total Revenues	\$ 448,100	\$ 0	\$ 491,300	\$ (43,200)
<u>Expenditures</u>				
<u>General Government</u>				
Engineering	\$ 448,100	\$ 0	\$ 491,300	\$ 43,200
Total Expenditures	\$ 448,100	\$ 0	\$ 491,300	\$ 43,200
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2018	0	0	0	0
Fund Balance, June 30, 2019	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit F-9

Lewis County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway Capital Projects Fund  
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3	\$ 0	\$ 0	\$ 3
Total Revenues	<u>\$ 3</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3</u>
Net Change in Fund Balance	\$ 3	\$ 0	\$ 0	\$ 3
Fund Balance, July 1, 2018	<u>1,275</u>	<u>1,275</u>	<u>1,275</u>	<u>0</u>
Fund Balance, June 30, 2019	<u><u>\$ 1,278</u></u>	<u><u>\$ 1,275</u></u>	<u><u>\$ 1,275</u></u>	<u><u>\$ 3</u></u>

# Fiduciary Funds

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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.

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit 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 G-1

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 477,022	\$ 477,022
Due from Other Governments	225,113	0	225,113
Total Assets	<u>\$ 225,113</u>	<u>\$ 477,022</u>	<u>\$ 702,135</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 225,113	\$ 0	\$ 225,113
Due to Litigants, Heirs, and Others	0	477,022	477,022
Total Liabilities	<u>\$ 225,113</u>	<u>\$ 477,022</u>	<u>\$ 702,135</u>



Exhibit G-2

Lewis 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	\$ 1,249,762	\$ 1,249,762	\$ 0
Due from Other Governments	207,515	225,113	207,515	225,113
Total Assets	\$ 0	\$ 1,474,875	\$ 1,457,277	\$ 225,113
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 207,515	\$ 1,474,875	\$ 1,457,277	\$ 225,113
Total Liabilities	\$ 207,515	\$ 1,474,875	\$ 1,457,277	\$ 225,113
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 462,984	\$ 2,009,275	\$ 1,995,237	\$ 477,022
Total Assets	\$ 462,984	\$ 2,009,275	\$ 1,995,237	\$ 477,022
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 462,984	\$ 2,009,275	\$ 1,995,237	\$ 477,022
Total Liabilities	\$ 462,984	\$ 2,009,275	\$ 1,995,237	\$ 477,022
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 462,984	\$ 2,009,275	\$ 1,995,237	\$ 477,022
Equity in Pooled Cash and Investments	0	1,249,762	1,249,762	0
Due from Other Governments	207,515	225,113	207,515	225,113
Total Assets	\$ 670,499	\$ 3,484,150	\$ 3,452,514	\$ 702,135
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 207,515	\$ 1,474,875	\$ 1,457,277	\$ 225,113
Due to Litigants, Heirs, and Others	462,984	2,009,275	1,995,237	477,022
Total Liabilities	\$ 670,499	\$ 3,484,150	\$ 3,452,514	\$ 702,135

# Lewis County School Department

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

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

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

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

Exhibit H-1

Lewis County, Tennessee  
Statement of Activities  
Discretely Presented Lewis County School Department  
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 7,932,603	\$ 0	\$ 633,454	\$ (7,299,149)
Support Services	5,162,179	62,413	304,573	(4,795,193)
Operation of Non-instructional Services	1,817,216	192,573	1,249,452	(375,191)
<b>Total Governmental Activities</b>	<b>\$ 14,911,998</b>	<b>\$ 254,986</b>	<b>\$ 2,187,479</b>	<b>\$ (12,469,533)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,264,527
Local Option Sales Taxes				1,715,856
Other Local Taxes				38,173
Grants and Contributions Not Restricted to Specific Programs				10,785,725
Interest Income				79,843
Miscellaneous				49,339
<b>Total General Revenues</b>				<b>\$ 13,933,463</b>
Change in Net Position				\$ 1,463,930
Net Position, July 1, 2018				16,177,772
Net Position, June 30, 2019				<b>\$ 17,641,702</b>

Exhibit H-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 440,727	\$ 915	\$ 441,642
Equity in Pooled Cash and Investments	12,058,765	95,010	12,153,775
Accounts Receivable	23,903	0	23,903
Due from Other Governments	276,939	81,255	358,194
Property Taxes Receivable	1,405,529	0	1,405,529
Allowance for Uncollectible Property Taxes	(32,393)	0	(32,393)
Restricted Assets	26,577	0	26,577
Total Assets	<u>\$ 14,200,047</u>	<u>\$ 177,180</u>	<u>\$ 14,377,227</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 521	\$ 87,423	\$ 87,944
Accrued Payroll	3,103	0	3,103
Payroll Deductions Payable	444,509	0	444,509
Total Liabilities	<u>\$ 448,133</u>	<u>\$ 87,423</u>	<u>\$ 535,556</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,338,993	\$ 0	\$ 1,338,993
Deferred Delinquent Property Taxes	32,287	0	32,287
Other Deferred/Unavailable Revenue	100,000	0	100,000
Total Deferred Inflows of Resources	<u>\$ 1,471,280</u>	<u>\$ 0</u>	<u>\$ 1,471,280</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 453	\$ 39,757	\$ 40,210
Restricted for Hybrid Retirement Stabilization Funds	26,577	0	26,577
Committed:			
Committed for Education	0	50,000	50,000
Assigned:			
Assigned for Education	325,903	0	325,903
Assigned for Capital Outlay	9,645,990	0	9,645,990
Unassigned	2,281,711	0	2,281,711
Total Fund Balances	<u>\$ 12,280,634</u>	<u>\$ 89,757</u>	<u>\$ 12,370,391</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,200,047</u>	<u>\$ 177,180</u>	<u>\$ 14,377,227</u>

Exhibit H-3

Lewis County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Lewis 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 H-2)		\$ 12,370,391
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 974,808	
Add: buildings and improvements net of accumulated depreciation	3,037,347	
Add: other capital assets net of accumulated depreciation	<u>927,767</u>	4,939,922
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability	\$ (1,048,337)	
Less: compensated absences payable	<u>(9,060)</u>	(1,057,397)
(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 and OPEB expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,542,608	
Add: deferred outflows of resources related to OPEB	80,615	
Less: deferred inflows of resources related to pensions	(1,147,220)	
Less: deferred inflows of resources related to OPEB	<u>(139,198)</u>	336,805
(4) Net pension assets of the agent, teacher retirement, and teacher legacy pension plans are not current financial resources and therefore are not reported in the governmental funds.		
Add: agent plan	\$ 209,767	
Add: teacher retirement plan	46,612	
Add: teacher legacy pension plan	<u>663,315</u>	919,694
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>132,287</u>
Net position of governmental activities (Exhibit A)		<u>\$ 17,641,702</u>

Exhibit H-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,161,594	\$ 0	\$ 3,161,594
Licenses and Permits	342	0	342
Charges for Current Services	62,534	192,547	255,081
Other Local Revenues	130,338	749	131,087
State of Tennessee	10,792,883	9,873	10,802,756
Federal Government	0	2,007,428	2,007,428
Other Governments and Citizens Groups	10,844	0	10,844
Total Revenues	<u>\$ 14,158,535</u>	<u>\$ 2,210,597</u>	<u>\$ 16,369,132</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 7,729,327	\$ 723,234	\$ 8,452,561
Support Services	4,801,725	407,915	5,209,640
Operation of Non-Instructional Services	649,713	1,190,081	1,839,794
Capital Outlay	70,461	0	70,461
Total Expenditures	<u>\$ 13,251,226</u>	<u>\$ 2,321,230</u>	<u>\$ 15,572,456</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 907,309</u>	<u>\$ (110,633)</u>	<u>\$ 796,676</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 11,248	\$ 0	\$ 11,248
Transfers In	19,967	38,330	58,297
Transfers Out	(38,330)	(19,967)	(58,297)
Total Other Financing Sources (Uses)	<u>\$ (7,115)</u>	<u>\$ 18,363</u>	<u>\$ 11,248</u>
Net Change in Fund Balances	\$ 900,194	\$ (92,270)	\$ 807,924
Fund Balance, July 1, 2018	<u>11,380,440</u>	<u>182,027</u>	<u>11,562,467</u>
Fund Balance, June 30, 2019	<u>\$ 12,280,634</u>	<u>\$ 89,757</u>	<u>\$ 12,370,391</u>

Exhibit H-5

Lewis County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Discretely Presented Lewis 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 H-4)		\$	807,924
(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	\$	213,067	
Less: current-year depreciation expense		<u>(383,484)</u>	(170,417)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			(3,733)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$	132,287	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(125,491)</u>	6,796
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	212	
Change in other postemployment benefits liability		21,667	
Change in net pension asset - agent plan		87,850	
Change in net pension asset - teacher retirement plan		23,840	
Change in net pension asset - teacher legacy pension plan		599,804	
Change in deferred outflows related to pensions		(116,242)	
Change in deferred outflows related to OPEB		35,810	
Change in deferred inflows related to pensions		265,020	
Change in deferred inflows related to OPEB		<u>(94,601)</u>	823,360
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,463,930</u>

Exhibit H-6

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

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 915	\$ 915
Equity in Pooled Cash and Investments	35,550	59,460	95,010
Due from Other Governments	57,961	23,294	81,255
Total Assets	<u>\$ 93,511</u>	<u>\$ 83,669</u>	<u>\$ 177,180</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 19,527	\$ 67,896	\$ 87,423
Total Liabilities	<u>\$ 19,527</u>	<u>\$ 67,896</u>	<u>\$ 87,423</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 23,984	\$ 15,773	\$ 39,757
Committed:			
Committed for Education	50,000	0	50,000
Total Fund Balances	<u>\$ 73,984</u>	<u>\$ 15,773</u>	<u>\$ 89,757</u>
Total Liabilities and Fund Balances	<u>\$ 93,511</u>	<u>\$ 83,669</u>	<u>\$ 177,180</u>



Exhibit H-7

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

	Special Revenue Funds		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 192,547	\$ 192,547
Other Local Revenues	0	749	749
State of Tennessee	0	9,873	9,873
Federal Government	1,190,825	816,603	2,007,428
Total Revenues	\$ 1,190,825	\$ 1,019,772	\$ 2,210,597
<u>Expenditures</u>			
Current:			
Instruction	\$ 723,234	\$ 0	\$ 723,234
Support Services	407,915	0	407,915
Operation of Non-Instructional Services	0	1,190,081	1,190,081
Total Expenditures	\$ 1,131,149	\$ 1,190,081	\$ 2,321,230
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 59,676	\$ (170,309)	\$ (110,633)
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 38,330	\$ 38,330
Transfers Out	(19,967)	0	(19,967)
Total Other Financing Sources (Uses)	\$ (19,967)	\$ 38,330	\$ 18,363
Net Change in Fund Balances	\$ 39,709	\$ (131,979)	\$ (92,270)
Fund Balance, July 1, 2018	34,275	147,752	182,027
Fund Balance, June 30, 2019	\$ 73,984	\$ 15,773	\$ 89,757

Exhibit H-8

Lewis County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Lewis County School Department  
General Purpose School 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	
<b>Revenues</b>							
Local Taxes	\$ 3,161,594	\$ 0	\$ 0	\$ 3,161,594	\$ 2,831,975	\$ 2,830,975	\$ 330,619
Licenses and Permits	342	0	0	342	500	500	(158)
Charges for Current Services	62,534	0	0	62,534	28,800	30,300	32,234
Other Local Revenues	130,338	0	0	130,338	45,800	66,825	63,513
State of Tennessee	10,792,883	0	0	10,792,883	10,126,772	10,815,556	(22,673)
Other Governments and Citizens Groups	10,844	0	0	10,844	0	10,844	0
<b>Total Revenues</b>	<b>\$ 14,158,535</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 14,158,535</b>	<b>\$ 13,033,847</b>	<b>\$ 13,755,000</b>	<b>\$ 403,535</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 6,330,834	\$ (109)	\$ 1,275	\$ 6,332,000	\$ 6,640,919	\$ 6,493,543	\$ 161,543
Alternative Instruction Program	99,715	0	0	99,715	97,210	100,520	805
Special Education Program	989,981	(912)	0	989,069	1,027,850	1,028,465	39,396
Career and Technical Education Program	301,324	0	0	301,324	312,110	312,110	10,786
Student Body Education Program	7,473	0	0	7,473	9,970	9,970	2,497
<b>Support Services</b>							
Attendance	66,332	0	0	66,332	92,982	84,102	17,770
Health Services	184,708	(7,009)	1,707	179,406	91,852	181,851	2,445
Other Student Support	364,693	0	5,000	369,693	371,102	403,102	33,409
Regular Instruction Program	549,142	(4,740)	446	544,848	563,652	553,717	8,869
Special Education Program	185,578	0	0	185,578	179,640	190,020	4,442
Technology	148,803	(4,684)	18,155	162,274	156,130	166,230	3,956
Other Programs	29,326	0	0	29,326	0	29,326	0
Board of Education	235,333	(846)	713	235,200	253,795	260,420	25,220
Director of Schools	239,752	0	680	240,432	245,230	249,415	8,983
Office of the Principal	764,744	0	6,332	771,076	791,910	783,030	11,954
Fiscal Services	122,115	0	0	122,115	126,882	126,882	4,767
Operation of Plant	927,163	(2,687)	2,362	926,838	1,081,490	963,515	36,677
Maintenance of Plant	248,699	(7,179)	2,600	244,120	208,900	268,910	24,790

(Continued)

Exhibit H-8

Lewis County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Lewis County School Department  
General Purpose School 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>Support Services (Cont.)</u>							
Transportation	\$ 735,337	\$ (181,273)	\$ 201,532	\$ 755,596	\$ 630,922	\$ 804,985	\$ 49,389
<u>Operation of Non-Instructional Services</u>							
Food Service	410	0	0	410	0	415	5
Community Services	187,553	(3,811)	2,335	186,077	17,407	186,584	507
Early Childhood Education	461,750	0	15,827	477,577	43,894	478,648	1,071
<u>Capital Outlay</u>							
Regular Capital Outlay	70,461	(25,945)	66,939	111,455	100,000	112,485	1,030
Total Expenditures	\$ 13,251,226	\$ (239,195)	\$ 325,903	\$ 13,337,934	\$ 13,043,847	\$ 13,788,245	\$ 450,311
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 907,309	\$ 239,195	\$ (325,903)	\$ 820,601	\$ (10,000)	\$ (33,245)	\$ 853,846
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,248	\$ 0	\$ 0	\$ 11,248	\$ 0	\$ 11,248	\$ 0
Transfers In	19,967	0	0	19,967	10,000	10,000	9,967
Transfers Out	(38,330)	0	0	(38,330)	0	(38,330)	0
Total Other Financing Sources	\$ (7,115)	\$ 0	\$ 0	\$ (7,115)	\$ 10,000	\$ (17,082)	\$ 9,967
Net Change in Fund Balance							
Fund Balance, July 1, 2018	\$ 11,380,440	(239,195)	0	11,141,245	11,256,008	11,256,008	(114,763)
Fund Balance, June 30, 2019	\$ 12,280,634	\$ 0	\$ (325,903)	\$ 11,954,731	\$ 11,256,008	\$ 11,205,681	\$ 749,050

Exhibit H-9

Lewis County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Lewis County School Department  
School Federal Projects 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>						
Federal Government	\$ 1,190,825	\$ 0	\$ 1,190,825	\$ 1,142,389	\$ 1,343,061	\$ (152,236)
Total Revenues	\$ 1,190,825	\$ 0	\$ 1,190,825	\$ 1,142,389	\$ 1,343,061	\$ (152,236)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 453,402	\$ 22,116	\$ 475,518	\$ 434,995	\$ 508,512	\$ 32,994
Special Education Program	238,319	288	238,607	248,452	306,053	67,446
Career and Technical Education Program	31,513	40	31,553	29,325	32,124	571
<u>Support Services</u>						
Other Student Support	14,544	500	15,044	20,902	20,051	5,007
Regular Instruction Program	202,521	0	202,521	210,094	253,171	50,650
Special Education Program	168,735	264	168,999	161,619	176,263	7,264
Career and Technical Education Program	778	0	778	1,800	778	0
Transportation	21,337	776	22,113	16,778	24,560	2,447
Total Expenditures	\$ 1,131,149	\$ 23,984	\$ 1,155,133	\$ 1,123,965	\$ 1,321,512	\$ 166,379
Excess (Deficiency) of Revenues Over Expenditures	\$ 59,676	\$ (23,984)	\$ 35,692	\$ 18,424	\$ 21,549	\$ 14,143
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (19,967)	\$ 0	\$ (19,967)	\$ (18,425)	\$ (21,551)	\$ 1,584
Total Other Financing Sources	\$ (19,967)	\$ 0	\$ (19,967)	\$ (18,425)	\$ (21,551)	\$ 1,584
Net Change in Fund Balance	\$ 39,709	\$ (23,984)	\$ 15,725	\$ (1)	\$ (2)	\$ 15,727
Fund Balance, July 1, 2018	34,275	0	34,275	50,000	50,000	(15,725)
Fund Balance, June 30, 2019	\$ 73,984	\$ (23,984)	\$ 50,000	\$ 49,999	\$ 49,998	\$ 2

Exhibit H-10

Lewis County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Lewis County School Department  
Central Cafeteria 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>						
Charges for Current Services	\$ 192,547	\$ 0	\$ 192,547	\$ 88,200	\$ 195,200	\$ (2,653)
Other Local Revenues	749	0	749	1,500	3,925	(3,176)
State of Tennessee	9,873	0	9,873	11,000	11,000	(1,127)
Federal Government	816,603	0	816,603	1,085,000	1,009,401	(192,798)
Total Revenues	<u>\$ 1,019,772</u>	<u>\$ 0</u>	<u>\$ 1,019,772</u>	<u>\$ 1,185,700</u>	<u>\$ 1,219,526</u>	<u>\$ (199,754)</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,190,081	\$ 340	\$ 1,190,421	\$ 1,222,280	\$ 1,294,436	\$ 104,015
Total Expenditures	<u>\$ 1,190,081</u>	<u>\$ 340</u>	<u>\$ 1,190,421</u>	<u>\$ 1,222,280</u>	<u>\$ 1,294,436</u>	<u>\$ 104,015</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (170,309)</u>	<u>\$ (340)</u>	<u>\$ (170,649)</u>	<u>\$ (36,580)</u>	<u>\$ (74,910)</u>	<u>\$ (95,739)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 38,330	\$ 0	\$ 38,330	\$ 0	\$ 38,330	\$ 0
Total Other Financing Sources	<u>\$ 38,330</u>	<u>\$ 0</u>	<u>\$ 38,330</u>	<u>\$ 0</u>	<u>\$ 38,330</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (131,979)	\$ (340)	\$ (132,319)	\$ (36,580)	\$ (36,580)	\$ (95,739)
Fund Balance, July 1, 2018	<u>147,752</u>	<u>0</u>	<u>147,752</u>	<u>106,621</u>	<u>106,621</u>	<u>41,131</u>
Fund Balance, June 30, 2019	<u>\$ 15,773</u>	<u>\$ (340)</u>	<u>\$ 15,433</u>	<u>\$ 70,041</u>	<u>\$ 70,041</u>	<u>\$ (54,608)</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit I-1

Lewis County, Tennessee  
Schedule of Changes in Long-term Bonds and Notes  
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
<b><u>BONDS PAYABLE</u></b>								
<u>Payable through Highway/Public Works Fund</u>								
General Obligation Bond, Series 2018	\$ 264,000	3.875 %	3-7-19	3-7-33	\$ 0	\$ 264,000	\$ 60,000	\$ 204,000
Total Bonds Payable					<u>\$ 0</u>	<u>\$ 264,000</u>	<u>\$ 60,000</u>	<u>\$ 204,000</u>
<b><u>NOTES PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
Capital Outlay Note, Series 2016	95,500	0	9-15-16	9-15-26	\$ 85,950	\$ 0	\$ 9,150	\$ 76,800
Capital Outlay Note, Series 2018	230,000	2.25	7-9-18	7-9-22	0	230,000	0	230,000
Capital Outlay Note, Series 2019	250,000	2.90	6-26-19	6-26-21	0	250,000	0	250,000
Total Notes Payable					<u>\$ 85,950</u>	<u>\$ 480,000</u>	<u>\$ 9,150</u>	<u>\$ 556,800</u>

Exhibit I-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 11,306	\$ 7,905	\$ 19,211
2021	11,744	7,467	19,211
2022	12,199	7,012	19,211
2023	12,672	6,539	19,211
2024	13,163	6,048	19,211
2025	13,673	5,538	19,211
2026	14,203	5,008	19,211
2027	14,754	4,458	19,212
2028	15,325	3,886	19,211
2029	15,919	3,292	19,211
2030	16,536	2,675	19,211
2031	17,177	2,035	19,212
2032	18,520	691	19,211
2033	16,809	678	17,487
Total	\$ 204,000	\$ 63,232	\$ 267,232

Year Ending June 30	Notes		
	Principal	Interest	Total
2020	\$ 147,629	\$ 12,445	\$ 160,074
2021	151,542	8,532	160,074
2022	25,099	4,501	29,600
2023	194,130	4,152	198,282
2024	9,600	0	9,600
2025	9,600	0	9,600
2026	9,600	0	9,600
2027	9,600	0	9,600
Total	\$ 556,800	\$ 29,630	\$ 586,430



Exhibit I-3

Lewis County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Lewis 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	Sports and Recreation	Operations	\$ 115,600
"	General Capital Projects	"	<u>211,000</u>
Total Transfers Primary Government			<u>\$ 326,600</u>
<u>DISCRETELY PRESENTED LEWIS COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Operations	\$ 38,330
School Federal Projects	General Purpose School	Indirect costs	<u>19,967</u>
Total Transfers Discretely Presented Lewis County School Department			<u>\$ 58,297</u>

Exhibit I-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Bill Webb (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	\$ 14,923	\$ 100,000	RLI Insurance Company
Jonah Keltner (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	74,617 (1)	400,000	Local Government Property and Casualty Fund
Road Superintendent	Section 8-24-102, <i>TCA</i>	79,276	100,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	132,733 (2)	50,000	"
Trustee	Section 8-24-102, <i>TCA</i>	72,069	531,726	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,069	400,000	Local Government Property and Casualty Fund
County Clerk	Section 8-24-102, <i>TCA</i>	72,069	400,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	72,069	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	72,069	400,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,069	400,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	79,276 (3)	400,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			400,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			400,000	Tennessee Risk Management Trust

- (1) Does not include \$5,000 for serving as chairman of the county commission and \$2,000 for serving as chairman of the highway commission.
- (2) Includes a chief executive officer training supplement of \$1,000. Does not include 100 percent of the premiums for family health (\$18,855), dental (\$1,885), and vision (\$196) insurance.
- (3) Does not include \$6,000 for service as workhouse superintendent and a law enforcement training supplement of \$600.

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,563,729	\$ 0	\$ 0	\$ 0	\$ 0	\$ 66,281
Trustee's Collections - Prior Year	20,409	0	0	0	0	424
Trustee's Collections - Bankruptcy	129	0	0	0	0	3
Circuit Clerk/Clerk and Master Collections - Prior Years	33,020	0	0	0	0	1,305
Interest and Penalty	15,402	19,918	0	0	0	397
Payments in-Lieu-of Taxes - T.V.A.	7,425	0	0	0	0	191
Payments in-Lieu-of Taxes - Local Utilities	279,270	0	0	0	0	7,190
Payments in-Lieu-of Taxes - Other	9,554	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	458,616	0	0	0	0	0
Hotel/Motel Tax	33,420	0	0	0	0	0
Wheel Tax	261,262	0	0	0	0	0
Litigation Tax - General	30,792	0	0	0	0	0
Litigation Tax - Special Purpose	2,627	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	20,458	0	0	0	0	0
Litigation Tax - Victim-Offender Mediation Center	1,053	0	0	0	0	0
Business Tax	71,001	0	0	0	0	1,828
Mixed Drink Tax	3,016	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	29,829	0	0	0	0	768
Wholesale Beer Tax	41,266	0	0	0	0	0
Interstate Telecommunications Tax	6,500	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 3,888,778</b>	<b>\$ 19,918</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 78,387</b>

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 2,703	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	760	0	0	0	0	0
Other Permits	105	0	0	0	0	0
Total Licenses and Permits	\$ 3,568	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 3,680	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	5,807	0	0	0	0	0
Data Entry Fee - Circuit Court	542	0	0	0	0	0
Courtroom Security Fee	13	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	528	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	7,594	0	0	0	0	0
Officers Costs	14,647	0	0	0	0	0
Game and Fish Fines	45	0	0	0	0	0
Drug Control Fines	0	0	2,902	0	0	0
Drug Court Fees	766	0	0	0	0	0
Jail Fees	4,356	0	0	0	0	0
DUI Treatment Fines	285	0	0	0	0	0
Data Entry Fee - General Sessions Court	2,688	0	0	0	0	0
Courtroom Security Fee	91	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 43	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Chancery Court</u>						
Officers Costs	4,211	0	0	0	0	0
Data Entry Fee - Chancery Court	2,260	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	3,490	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	<u>\$ 51,046</u>	<u>\$ 0</u>	<u>\$ 2,902</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 0	\$ 83	\$ 0	\$ 0	\$ 0	\$ 0
Commercial and Industrial Waste Collection Charge	0	69,570	0	0	0	0
Residential Waste Collection Charge	0	432,315	0	0	0	0
Transfer Waste Stations Collection Charge	0	5,847	0	0	0	0
Surcharge - General	552	2,062	0	0	0	0
Solid Waste Disposal Fee	0	2,981	0	0	0	0
Surcharge - Waste Tire Disposal	0	17,663	0	0	0	0
Work Release Charges for Board	625	0	0	0	0	0
Other General Service Charges	25	0	0	0	0	0
<u>Fees</u>						
Airport Fees	11,223	0	0	0	0	0
Recreation Fees	0	0	0	10,751	0	0
Copy Fees	669	0	0	0	0	0
Library Fees	3,844	0	0	0	0	0
Archives and Records Management Fee	11,765	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Greenbelt Late Application Fee	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5
Telephone Commissions	14,269	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	95	0
Data Processing Fee - Register	4,234	0	0	0	0	0
Data Processing Fee - Sheriff	1,927	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,800	0	0	0	0	0
Data Processing Fee - County Clerk	1,252	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 52,385</b>	<b>\$ 530,521</b>	<b>\$ 0</b>	<b>\$ 10,751</b>	<b>\$ 95</b>	<b>\$ 5</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 164,358	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	72,279	4,595	0	0	0	0
Commissary Sales	2,644	0	0	0	0	0
Sale of Gasoline	21,719	0	0	0	0	0
Sale of Recycled Materials	0	21,310	0	0	0	0
Retirees' Insurance Payments	0	0	0	0	0	1,357
Miscellaneous Refunds	51,351	0	0	0	0	551
Expenditure Credits	400	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	2,028	0	0	0	28,219
Sale of Property	36,172	0	2,885	0	0	0
Damages Recovered from Individuals	6,523	0	0	0	0	0
<b>Total Other Local Revenues</b>	<b>\$ 355,446</b>	<b>\$ 27,933</b>	<b>\$ 2,885</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 30,127</b>

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 98,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	31,096	0	0	0	0	0
General Sessions Court Clerk	50,005	0	0	0	0	0
Clerk and Master	55,628	0	0	0	0	0
Register	51,467	0	0	0	0	0
Sheriff	24,481	0	0	0	0	0
Trustee	163,582	0	0	0	0	0
Total Fees Received From County Officials	<u>\$ 474,645</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Airport Maintenance Program	\$ 257,120	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	7,778	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	8,400	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	33,392	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	198,829
State Aid Program	0	0	0	0	0	423,446
Litter Program	19,368	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	2,808	0	0	0	0	0
Beer Tax	17,959	0	0	0	0	0
Vehicle Certificate of Title Fees	10,882	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 37,187	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Revenue Sharing - T.V.A.	349,037	0	0	0	0	32,000
State Revenue Sharing - Telecommunications	972	0	0	0	0	0
Contracted Prisoner Boarding	70,941	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,934,551
Petroleum Special Tax	0	0	0	0	0	8,775
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	50,426	0	0	0	0	0
Other State Revenues	1,308	0	0	0	0	0
Total State of Tennessee	<u>\$ 874,964</u>	<u>\$ 7,778</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,597,601</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0	11,979
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	50,000
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 61,979</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 27,457	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,551
Contributions	27,396	0	0	45,000	0	0
<u>Citizens Groups</u>						
Donations	39,884	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 94,737</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,000</u>	<u>\$ 0</u>	<u>\$ 41,551</u>
Total	<u>\$ 5,795,569</u>	<u>\$ 586,150</u>	<u>\$ 5,787</u>	<u>\$ 55,751</u>	<u>\$ 95</u>	<u>\$ 2,809,650</u>

(Continued)



Exhibit I-5

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

	Debt Service		Capital Projects Funds		Total
	Fund		Community		
	General	Debt	Development/ Industrial Park	Highway Capital Projects	
	Service				
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$	0	\$	0	\$ 2,630,010
Trustee's Collections - Prior Year		0		3	20,836
Trustee's Collections - Bankruptcy		0		0	132
Circuit Clerk/Clerk and Master Collections - Prior Years		0		0	34,325
Interest and Penalty		0		0	35,717
Payments in-Lieu-of Taxes - T.V.A.		0		0	7,616
Payments in-Lieu-of Taxes - Local Utilities		0		0	286,460
Payments in-Lieu-of Taxes - Other		0		0	9,554
<u>County Local Option Taxes</u>					
Local Option Sales Tax		0		0	458,616
Hotel/Motel Tax		0		0	33,420
Wheel Tax		0		0	261,262
Litigation Tax - General		0		0	30,792
Litigation Tax - Special Purpose		0		0	2,627
Litigation Tax - Jail, Workhouse, or Courthouse		0		0	20,458
Litigation Tax - Victim-Offender Mediation Center		0		0	1,053
Business Tax		0		0	72,829
Mixed Drink Tax		0		0	3,016
<u>Statutory Local Taxes</u>					
Bank Excise Tax		0		0	30,597
Wholesale Beer Tax		0		0	41,266
Interstate Telecommunications Tax		0		0	6,500
Total Local Taxes	\$	0	\$	3	\$ 3,987,086

(Continued)

Exhibit I-5

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

	Debt Service		Capital Projects Funds		Total
	Fund		Community	Highway	
	General	Debt	Development/ Industrial Park	Capital Projects	
	Service				
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$	0	\$	0	\$ 2,703
<u>Permits</u>					
Beer Permits		0		0	760
Other Permits		0		0	105
Total Licenses and Permits	\$	0	\$	0	\$ 3,568
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$	0	\$	0	\$ 3,680
Officers Costs		0		0	5,807
Data Entry Fee - Circuit Court		0		0	542
Courtroom Security Fee		0		0	13
<u>Criminal Court</u>					
Drug Court Fees		0		0	528
<u>General Sessions Court</u>					
Fines		0		0	7,594
Officers Costs		0		0	14,647
Game and Fish Fines		0		0	45
Drug Control Fines		0		0	2,902
Drug Court Fees		0		0	766
Jail Fees		0		0	4,356
DUI Treatment Fines		0		0	285
Data Entry Fee - General Sessions Court		0		0	2,688
Courtroom Security Fee		0		0	91

(Continued)

Exhibit I-5

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

	Debt Service		Capital Projects Funds		Total
	Fund		Community		
	General	Debt	Development/ Industrial Park	Highway Capital Projects	
	Service				
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court</u>					
Fines	\$	0	\$	0	\$ 43
<u>Chancery Court</u>					
Officers Costs		0		0	4,211
Data Entry Fee - Chancery Court		0		0	2,260
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties		0		0	3,490
Total Fines, Forfeitures, and Penalties	\$	0	\$	0	\$ 53,948
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Self-Insurance Premiums/Contributions	\$	0	\$	0	\$ 83
Commercial and Industrial Waste Collection Charge		0		0	69,570
Residential Waste Collection Charge		0		0	432,315
Transfer Waste Stations Collection Charge		0		0	5,847
Surcharge - General		0		0	2,614
Solid Waste Disposal Fee		0		0	2,981
Surcharge - Waste Tire Disposal		0		0	17,663
Work Release Charges for Board		0		0	625
Other General Service Charges		0		0	25
<u>Fees</u>					
Airport Fees		0		0	11,223
Recreation Fees		0		0	10,751
Copy Fees		0		0	669
Library Fees		0		0	3,844
Archives and Records Management Fee		0		0	11,765

(Continued)

Exhibit I-5

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

	Debt Service		Capital Projects Funds		Total
	Fund		Community		
	General	Debt	Development/ Industrial Park	Highway Capital Projects	
	Service				
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Greenbelt Late Application Fee	\$	0	\$	0	\$ 205
Telephone Commissions		0		0	14,269
Constitutional Officers' Fees and Commissions		0		0	95
Data Processing Fee - Register		0		0	4,234
Data Processing Fee - Sheriff		0		0	1,927
Sexual Offender Registration Fee - Sheriff		0		0	1,800
Data Processing Fee - County Clerk		0		0	1,252
<b>Total Charges for Current Services</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>	<b>\$ 593,757</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$	0	\$	0	\$ 164,358
Lease/Rentals		0		0	76,874
Commissary Sales		0		0	2,644
Sale of Gasoline		0		0	21,719
Sale of Recycled Materials		0		0	21,310
Retirees' Insurance Payments		0		0	1,357
Miscellaneous Refunds		0		0	51,902
Expenditure Credits		0		0	400
<u>Nonrecurring Items</u>					
Sale of Equipment		0		0	30,247
Sale of Property		0		0	39,057
Damages Recovered from Individuals		0		0	6,523
<b>Total Other Local Revenues</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>	<b>\$ 416,391</b>

(Continued)

Exhibit I-5

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

	Debt Service		Capital Projects Funds		Total
	Fund		Community		
	General	Debt	Development/ Industrial Park	Highway Capital Projects	
	Service				
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$	0	\$	0	\$ 98,386
Circuit Court Clerk		0		0	31,096
General Sessions Court Clerk		0		0	50,005
Clerk and Master		0		0	55,628
Register		0		0	51,467
Sheriff		0		0	24,481
Trustee		0		0	163,582
Total Fees Received From County Officials	\$	0	\$	0	\$ 474,645
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Airport Maintenance Program	\$	0	\$	0	\$ 257,120
Solid Waste Grants		0		0	7,778
<u>Public Safety Grants</u>					
Law Enforcement Training Programs		0		0	8,400
<u>Health and Welfare Grants</u>					
Health Department Programs		0		0	33,392
<u>Public Works Grants</u>					
Bridge Program		0		0	198,829
State Aid Program		0		0	423,446
Litter Program		0		0	19,368
<u>Other State Revenues</u>					
Income Tax		0		0	2,808
Beer Tax		0		0	17,959
Vehicle Certificate of Title Fees		0		0	10,882

(Continued)

Exhibit I-5

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

	Debt Service		Capital Projects Funds		Total
	Fund		Community		
	General	Debt	Development/ Industrial Park	Highway Capital Projects	
	Service				
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Alcoholic Beverage Tax	\$	0	\$	0	\$ 37,187
State Revenue Sharing - T.V.A.		5,000		0	386,037
State Revenue Sharing - Telecommunications		0		0	972
Contracted Prisoner Boarding		0		0	70,941
Gasoline and Motor Fuel Tax		0		0	1,934,551
Petroleum Special Tax		0		0	8,775
Registrar's Salary Supplement		0		0	15,164
Other State Grants		0		0	50,426
Other State Revenues		0		0	1,308
<b>Total State of Tennessee</b>	<b>\$</b>	<b>5,000</b>	<b>\$</b>	<b>0</b>	<b>\$ 3,485,343</b>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$	0	\$	448,100	\$ 448,100
Disaster Relief		0		0	11,979
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue		0		0	50,000
<b>Total Federal Government</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>448,100</b>	<b>\$ 510,079</b>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Paving and Maintenance	\$	0	\$	0	\$ 69,008
Contributions		0		0	72,396
<u>Citizens Groups</u>					
Donations		0		0	39,884
<b>Total Other Governments and Citizens Groups</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>	<b>\$ 181,288</b>
<b>Total</b>	<b>\$</b>	<b>5,000</b>	<b>\$</b>	<b>448,100</b>	<b>\$ 9,706,105</b>

Exhibit I-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,213,631	\$ 0	\$ 0	\$ 1,213,631
Trustee's Collections - Prior Year	14,140	0	0	14,140
Trustee's Collections - Bankruptcy	61	0	0	61
Circuit Clerk/Clerk and Master Collections - Prior Years	22,609	0	0	22,609
Interest and Penalty	7,290	0	0	7,290
Payments in-Lieu-of Taxes - T.V.A.	3,515	0	0	3,515
Payments in-Lieu-of Taxes - Local Utilities	132,199	0	0	132,199
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,715,856	0	0	1,715,856
Business Tax	33,610	0	0	33,610
<u>Statutory Local Taxes</u>				
Bank Excise Tax	14,120	0	0	14,120
Interstate Telecommunications Tax	4,563	0	0	4,563
Total Local Taxes	<u>\$ 3,161,594</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,161,594</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 342	\$ 0	\$ 0	\$ 342
Total Licenses and Permits	<u>\$ 342</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 342</u>
<u>Charges for Current Services</u>				
<u>Fees</u>				
Greenbelt Late Application Fee	\$ 95	\$ 0	\$ 0	\$ 95

(Continued)

Exhibit I-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 99,400	\$ 99,400
Lunch Payments - Adults	0	0	14,464	14,464
Income from Breakfast	0	0	105	105
A la Carte Sales	0	0	78,529	78,529
School Based Health Services - FFS	38,553	0	0	38,553
Receipts from Individual Schools	22,341	0	0	22,341
Community Service Fees - Children	75	0	0	75
TBI Criminal Background Fee	1,470	0	49	1,519
Total Charges for Current Services	\$ 62,534	\$ 0	\$ 192,547	\$ 255,081
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 79,183	\$ 0	\$ 660	\$ 79,843
Lease/Rentals	6,791	0	0	6,791
Sale of Materials and Supplies	14,818	0	85	14,903
Miscellaneous Refunds	13,471	0	0	13,471
<u>Nonrecurring Items</u>				
Sale of Equipment	14,025	0	0	14,025
Damages Recovered from Individuals	50	0	4	54
Contributions and Gifts	2,000	0	0	2,000
Total Other Local Revenues	\$ 130,338	\$ 0	\$ 749	\$ 131,087

(Continued)



Exhibit I-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 29,326	\$ 0	\$ 0	\$ 29,326
<u>State Education Funds</u>				
Basic Education Program	9,988,612	0	0	9,988,612
Early Childhood Education	422,976	0	0	422,976
School Food Service	0	0	9,873	9,873
Driver Education	3,837	0	0	3,837
Other State Education Funds	184,961	0	0	184,961
Coordinated School Health	90,000	0	0	90,000
Family Resource Centers	29,612	0	0	29,612
Career Ladder Program	42,262	0	0	42,262
<u>Other State Revenues</u>				
State Revenue Sharing - Telecommunications	1,297	0	0	1,297
Total State of Tennessee	\$ 10,792,883	\$ 0	\$ 9,873	\$ 10,802,756
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 473,602	\$ 473,602
USDA - Commodities	0	0	83,328	83,328
Breakfast	0	0	259,673	259,673
Vocational Education - Basic Grants to States	0	45,426	0	45,426
Title I Grants to Local Education Agencies	0	603,470	0	603,470
Special Education - Grants to States	0	422,133	0	422,133
Special Education Preschool Grants	0	19,891	0	19,891
Rural Education	0	21,033	0	21,033

(Continued)

Exhibit I-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Eisenhower Professional Development State Grants	\$ 0	\$ 74,069	\$ 0	\$ 74,069
Other Federal through State	0	4,803	0	4,803
Total Federal Government	\$ 0	\$ 1,190,825	\$ 816,603	\$ 2,007,428
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 10,844	\$ 0	\$ 0	\$ 10,844
Total Other Governments and Citizens Groups	\$ 10,844	\$ 0	\$ 0	\$ 10,844
Total	\$ 14,158,535	\$ 1,190,825	\$ 1,019,772	\$ 16,369,132

Exhibit I-7

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

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	5,000	
Secretary to Board		8,000	
Board and Committee Members Fees		30,550	
Audit Services		9,121	
Dues and Memberships		2,121	
Legal Notices, Recording, and Court Costs		663	
Printing, Stationery, and Forms		1,262	
Travel		4,274	
Food Supplies		173	
Office Supplies		594	
Total County Commission			\$ 61,758

Board of Equalization

Board and Committee Members Fees	\$	450	
Total Board of Equalization			450

County Mayor/Executive

County Official/Administrative Officer	\$	89,540	
Accountants/Bookkeepers		33,660	
Purchasing Personnel		29,132	
Other Salaries and Wages		2,000	
Data Processing Services		16,484	
Dues and Memberships		1,115	
Legal Notices, Recording, and Court Costs		336	
Printing, Stationery, and Forms		1,299	
Travel		4,410	
Office Supplies		758	
Total County Mayor/Executive			178,734

County Attorney

Contracts with Private Agencies	\$	6,000	
Total County Attorney			6,000

Election Commission

County Official/Administrative Officer	\$	64,862	
Part-time Personnel		26,302	
Election Commission		7,225	
Election Workers		13,875	
Data Processing Services		7,945	
Legal Notices, Recording, and Court Costs		2,744	
Maintenance and Repair Services - Office Equipment		396	
Printing, Stationery, and Forms		2,369	
Rentals		1,000	
Travel		4,273	
Other Contracted Services		2,681	
Food Supplies		207	
Office Supplies		1,535	
Other Supplies and Materials		786	
Total Election Commission			136,200

(Continued)

Exhibit I-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	72,069	
Secretary(ies)		27,251	
Data Processing Services		4,696	
Dues and Memberships		656	
Printing, Stationery, and Forms		2,148	
Office Supplies		4,117	
Total Register of Deeds			\$ 110,937

Geographical Information Systems

Data Processing Personnel	\$	32,143	
Salary Supplements		1,000	
Dues and Memberships		370	
Duplicating Supplies		250	
Office Supplies		300	
Total Geographical Information Systems			34,063

County Buildings

Supervisor/Director	\$	39,968	
Custodial Personnel		24,623	
Maintenance Personnel		29,994	
Part-time Personnel		1,875	
Communication		42,888	
Operating Lease Payments		2,228	
Maintenance Agreements		3,235	
Maintenance and Repair Services - Buildings		20,939	
Maintenance and Repair Services - Equipment		1,069	
Pest Control		1,403	
Postal Charges		12,675	
Other Contracted Services		27,469	
Custodial Supplies		3,649	
Food Supplies		2,509	
Gasoline		2,007	
Ice		1,494	
Office Supplies		678	
Propane Gas		22	
Tires and Tubes		240	
Utilities		34,872	
Building Improvements		15,859	
Maintenance Equipment		809	
Total County Buildings			270,505

Other Facilities

Communication	\$	1,486	
Legal Notices, Recording, and Court Costs		150	
Maintenance and Repair Services - Buildings		232,138	
Pest Control		6,398	
Custodial Supplies		813	
Utilities		11,725	
Total Other Facilities			252,710

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	72,069	
Assistant(s)		25,250	
Audit Services		1,350	
Data Processing Services		3,513	
Dues and Memberships		1,050	
Legal Notices, Recording, and Court Costs		142	
Maintenance Agreements		1,008	
Maintenance and Repair Services - Equipment		2,060	
Gasoline		447	
Office Supplies		1,515	
Premiums on Corporate Surety Bonds		125	
Motor Vehicles		7,253	
Office Equipment		410	
Total Property Assessor's Office			\$ 116,192

Reappraisal Program

Assistant(s)	\$	26,303	
Data Processing Services		2,218	
Office Supplies		266	
Total Reappraisal Program			28,787

County Trustee's Office

County Official/Administrative Officer	\$	72,069	
Data Processing Personnel		27,636	
Secretary(ies)		25,350	
Data Processing Services		10,077	
Dues and Memberships		541	
Legal Notices, Recording, and Court Costs		195	
Printing, Stationery, and Forms		329	
Travel		39	
Other Contracted Services		4,008	
Office Supplies		1,191	
Premiums on Corporate Surety Bonds		1,653	
Total County Trustee's Office			143,088

County Clerk's Office

County Official/Administrative Officer	\$	72,069	
Data Processing Personnel		27,848	
Secretary(ies)		27,251	
Data Processing Services		10,990	
Dues and Memberships		641	
Maintenance and Repair Services - Office Equipment		616	
Office Supplies		599	
Periodicals		257	
Premiums on Corporate Surety Bonds		150	
Total County Clerk's Office			140,421

(Continued)

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	72,069	
Other Salaries and Wages		3,735	
Jury and Witness Expense		3,560	
Data Processing Services		8,217	
Dues and Memberships		60	
Legal Notices, Recording, and Court Costs		360	
Printing, Stationery, and Forms		1,198	
Office Supplies		688	
Total Circuit Court			\$ 89,887

General Sessions Judge

Judge(s)	\$	94,939	
Secretary(ies)		2,211	
Dues and Memberships		475	
Travel		2,412	
Office Supplies		620	
Periodicals		199	
Total General Sessions Judge			100,856

General Sessions Court Clerk

Data Processing Personnel	\$	45,426	
Secretary(ies)		26,530	
Part-time Personnel		3,433	
Data Processing Services		3,910	
Operating Lease Payments		2,508	
Printing, Stationery, and Forms		1,181	
Travel		19	
Office Supplies		390	
Total General Sessions Court Clerk			83,397

Chancery Court

County Official/Administrative Officer	\$	72,069	
Secretary(ies)		28,699	
Data Processing Services		5,841	
Dues and Memberships		621	
Operating Lease Payments		2,048	
Legal Notices, Recording, and Court Costs		550	
Printing, Stationery, and Forms		1,126	
Other Contracted Services		300	
Data Processing Supplies		845	
Office Supplies		1,038	
Periodicals		474	
Premiums on Corporate Surety Bonds		60	
Total Chancery Court			113,671

Judicial Commissioners

Supervisor/Director	\$	24,278	
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(Continued)

Exhibit I-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Youth Service Officer(s)	\$	9,501	
Part-time Personnel		11,552	
Dues and Memberships		225	
Travel		1,155	
Office Supplies		584	
Total Judicial Commissioners			\$ 47,295

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,276
Supervisor/Director		8,515
Deputy(ies)		249,415
Investigator(s)		38,912
Captain(s)		72,349
Lieutenant(s)		50,474
Sergeant(s)		73,882
Guidance Personnel		79,824
Salary Supplements		9,000
Guards		22,203
Secretary(ies)		23,485
Part-time Personnel		14,588
Other Salaries and Wages		17,351
In-service Training		999
Advertising		539
Communication		3,617
Contracts with Government Agencies		785
Contracts with Private Agencies		740
Dues and Memberships		1,500
Evaluation and Testing		400
Operating Lease Payments		1,836
Licenses		178
Maintenance and Repair Services - Equipment		1,624
Maintenance and Repair Services - Vehicles		6,625
Printing, Stationery, and Forms		1,835
Towing Services		230
Travel		1,581
Other Contracted Services		3,520
Fuel Oil		1,144
Gasoline		43,013
Ice		300
Office Supplies		1,445
Periodicals		18
Tires and Tubes		7,963
Uniforms		4,556
Vehicle Parts		1,471
Liability Claims		465
In Service/Staff Development		7,425

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Charges	\$	1,217	
Communication Equipment		6,231	
Law Enforcement Equipment		2,391	
Motor Vehicles		79,029	
Total Sheriff's Department			\$ 921,951

Drug Enforcement

Veterinary Services	\$	134	
Food Supplies		330	
Other Charges		2,093	
Law Enforcement Equipment		864	
Total Drug Enforcement			3,421

Administration of the Sexual Offender Registry

Maintenance and Repair Services - Office Equipment	\$	500	
Total Administration of the Sexual Offender Registry			500

Jail

County Official/Administrative Officer	\$	6,000	
Supervisor/Director		44,247	
Captain(s)		20,360	
Lieutenant(s)		7,879	
Data Processing Personnel		27,728	
Guidance Personnel		57,294	
Guards		287,272	
Secretary(ies)		29,080	
Cafeteria Personnel		5,000	
Maintenance Personnel		10,207	
Other Salaries and Wages		17,990	
Communication		475	
Contracts with Government Agencies		21,882	
Contracts with Private Agencies		7,224	
Contracts with Public Carriers		900	
Operating Lease Payments		1,183	
Maintenance Agreements		13,969	
Maintenance and Repair Services - Buildings		72,102	
Maintenance and Repair Services - Equipment		5,512	
Maintenance and Repair Services - Vehicles		977	
Medical and Dental Services		267,234	
Pest Control		3,142	
Printing, Stationery, and Forms		2,011	
Travel		604	
Other Contracted Services		129	
Custodial Supplies		6,870	
Drugs and Medical Supplies		762	
Food Supplies		87,276	
Gasoline		4,685	

(Continued)



Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Ice	\$	487	
Office Supplies		1,227	
Prisoners Clothing		891	
Tires and Tubes		888	
Uniforms		3,159	
Utilities		44,263	
Vehicle Parts		214	
Other Charges		578	
Heating and Air Conditioning Equipment		6,545	
Law Enforcement Equipment		1,745	
Maintenance Equipment		1,046	
Total Jail			\$ 1,071,037

Fire Prevention and Control

Other Salaries and Wages	\$	11,000	
Contracts with Private Agencies		19,000	
Utilities		3,386	
Other Supplies and Materials		3,625	
Building and Contents Insurance		5,880	
Communication Equipment		6,231	
Total Fire Prevention and Control			49,122

Civil Defense

Supervisor/Director	\$	20,287	
Dispatchers/Radio Operators		156,416	
Maintenance Agreements		1,884	
Maintenance and Repair Services - Equipment		214	
Matching Share		11,979	
Other Contracted Services		6,290	
Gasoline		1,619	
Office Supplies		543	
Total Civil Defense			199,232

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	2,112	
Medical and Dental Services		17,244	
Premiums on Corporate Surety Bonds		75	
Total County Coroner/Medical Examiner			19,431

Other Public Safety

School Resource Officer	\$	70,067	
Motor Vehicles		12,000	
Total Other Public Safety			82,067

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	2,749	
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(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Communication	\$	3,699	
Contributions		10,836	
Maintenance and Repair Services - Buildings		260	
Other Contracted Services		799	
Custodial Supplies		15	
Office Supplies		333	
Periodicals		200	
Utilities		11,471	
Other Charges		6,129	
Total Local Health Center			\$ 36,491

Rabies and Animal Control

Other Contracted Services	\$	1,200	
Animal Food and Supplies		187	
Utilities		1,234	
Total Rabies and Animal Control			2,621

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$	142,800	
Total Ambulance/Emergency Medical Services			142,800

Other Local Health Services

Social Security	\$	1,792	
Other Supplies and Materials		305	
Other Charges		18	
Total Other Local Health Services			2,115

Regional Mental Health Center

Contributions	\$	7,000	
Total Regional Mental Health Center			7,000

Sanitation Education/Information

Other Salaries and Wages	\$	29,752	
Instructional Supplies and Materials		3,016	
Other Charges		10,506	
Total Sanitation Education/Information			43,274

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	6,000	
Total Senior Citizens Assistance			6,000

Libraries

Assistant(s)	\$	23,504	
Supervisor/Director		35,000	
Part-time Personnel		18,079	
Communication		2,045	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Dues and Memberships	\$	459	
Maintenance and Repair Services - Buildings		304	
Maintenance and Repair Services - Equipment		60	
Pest Control		280	
Travel		974	
Other Contracted Services		3,206	
Ice		424	
Library Books/Media		19,442	
Office Supplies		2,159	
Periodicals		1,669	
Utilities		7,157	
Other Charges		4,030	
Office Equipment		3,492	
Total Libraries			\$ 122,284

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	51,604	
Board and Committee Members Fees		650	
Communication		1,391	
Dues and Memberships		471	
Travel		3,000	
Office Supplies		937	
Total Agricultural Extension Service			58,053

Soil Conservation

Other Salaries and Wages	\$	36,000	
Contributions		18,000	
Total Soil Conservation			54,000

Other Operations

Other Economic and Community Development

Contracts with Private Agencies	\$	9,000	
Dues and Memberships		3,865	
Other Charges		22,029	
Total Other Economic and Community Development			34,894

Airport

Advertising	\$	36	
Communication		4,715	
Engineering Services		43,182	
Evaluation and Testing		500	
Maintenance and Repair Services - Buildings		92	
Maintenance and Repair Services - Equipment		3,188	
Travel		3,620	
Permits		100	
Custodial Supplies		350	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Gasoline	\$	20,258	
Utilities		8,112	
Excess Risk Insurance		2,308	
Refunds		200	
Other Charges		243,265	
Maintenance Equipment		311	
Total Airport			\$ 330,237

Veterans' Services

County Official/Administrative Officer	\$	12,000	
Travel		328	
Library Books/Media		66	
Office Supplies		320	
Office Equipment		2,846	
Total Veterans' Services			15,560

Employee Benefits

Other Salaries and Wages	\$	3,130	
Social Security		203,896	
Pensions		112,225	
Employee and Dependent Insurance		303,877	
Life Insurance		18,990	
Unemployment Compensation		14,536	
Workers' Compensation Insurance		42,637	
Total Employee Benefits			699,291

Miscellaneous

Contributions	\$	18,613	
Liability Insurance		92,167	
Premiums on Corporate Surety Bonds		100	
Trustee's Commission		77,964	
Fines, Assessments, and Penalties		139,201	
Other Charges		57,743	
Total Miscellaneous			385,788

Total General Fund \$ 6,202,120

Solid Waste/Sanitation Fund

Public Health and Welfare

Other Local Health Services

Social Security	\$	37	
Total Other Local Health Services			\$ 37

Transfer Stations

Supervisor/Director	\$	35,529	
Equipment Operators		22,627	
Clerical Personnel		34,392	

(Continued)

Exhibit I-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

Attendants	\$	54,830	
Part-time Personnel		18,525	
Other Salaries and Wages		1,366	
Communication		433	
Contracts with Other Public Agencies		29,922	
Contracts with Private Agencies		257,067	
Data Processing Services		1,003	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		1,410	
Maintenance and Repair Services - Buildings		1,697	
Maintenance and Repair Services - Equipment		15,349	
Postal Charges		3,000	
Printing, Stationery, and Forms		1,248	
Travel		651	
Permits		4,500	
Crushed Stone		974	
Custodial Supplies		8	
Diesel Fuel		6,743	
Food Supplies		408	
Gasoline		4,963	
Ice		285	
Office Supplies		1,199	
Propane Gas		668	
Tires and Tubes		2,624	
Uniforms		5,048	
Utilities		4,717	
Refunds		2,260	
Maintenance Equipment		1,966	
Motor Vehicles		27	
Office Equipment		2,000	
Solid Waste Equipment		23,807	
Total Transfer Stations			\$ 541,346

Other Operations

Employee Benefits

Social Security	\$	14,561	
Pensions		5,397	
Employee and Dependent Insurance		18,353	
Life Insurance		263	
Unemployment Compensation		839	
Workers' Compensation Insurance		8,063	
Total Employee Benefits			47,476

Miscellaneous

Trustee's Commission	\$	5,736	
Total Miscellaneous			5,736

Total Solid Waste/Sanitation Fund \$ 594,595

(Continued)

Exhibit I-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Other Charges	\$	3,678	
Law Enforcement Equipment		5,815	
Total Drug Enforcement			\$ 9,493

Other Operations

Miscellaneous

Trustee's Commission	\$	28	
Total Miscellaneous			28

Total Drug Control Fund \$ 9,521

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	35,250	
Temporary Personnel		14,399	
Part-time Personnel		22,547	
Communication		1,713	
Legal Notices, Recording, and Court Costs		110	
Maintenance and Repair Services - Buildings		1,871	
Maintenance and Repair Services - Equipment		610	
Permits		340	
Other Contracted Services		1,615	
Custodial Supplies		789	
Diesel Fuel		382	
Fertilizer, Lime, and Seed		21	
Food Supplies		611	
Gasoline		165	
Office Supplies		350	
Uniforms		1,251	
Utilities		37,113	
Fencing		325	
Chemicals		1,183	
Refunds		35	
Building Improvements		23,254	
Maintenance Equipment		1,845	
Office Equipment		481	
Total Parks and Fair Boards			\$ 146,260

Other Operations

Employee Benefits

Social Security	\$	5,523	
Pensions		1,459	
Life Insurance		61	
Unemployment Compensation		629	
Workers' Compensation Insurance		5,185	
Total Employee Benefits			12,857

(Continued)

Exhibit I-7

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

Sports and Recreation Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Trustee's Commission	\$ 114	
Total Miscellaneous		\$ 114

Total Sports and Recreation Fund \$ 159,231

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 200	
Total Circuit Court		\$ 200

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 200	
Total General Sessions Court		200

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 4,193	
Total Sheriff's Department		4,193

Total Constitutional Officers - Fees Fund 4,593

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 79,276
Secretary(ies)	30,350
Board and Committee Members Fees	900
Advertising	784
Communication	4,576
Contributions	6,000
Dues and Memberships	3,516
Legal Services	5,000
Licenses	75
Maintenance and Repair Services - Buildings	124
Postal Charges	212
Printing, Stationery, and Forms	98
Rentals	1,250
Travel	919
Permits	350
Other Contracted Services	2,419
Custodial Supplies	3,946
Electricity	5,042
Food Supplies	589
Natural Gas	69
Office Supplies	51
Water and Sewer	2,289

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Other Supplies and Materials	\$	901	
Office Equipment		7,138	
Total Administration			\$ 155,874

Highway and Bridge Maintenance

Foremen	\$	69,116	
Equipment Operators		25,398	
Equipment Operators - Light		108,967	
Truck Drivers		117,720	
Laborers		66,845	
Freight Expenses		248	
Rentals		6,825	
Other Contracted Services		90,972	
Asphalt - Cold Mix		18,031	
Asphalt - Liquid		200,035	
Concrete		3,775	
Crushed Stone		105,336	
Other Road Materials		26,287	
Pipe		7,862	
Road Signs		1,655	
Gravel and Chert		1,196	
Geotextile Materials		504	
Other Supplies and Materials		626	
Total Highway and Bridge Maintenance			851,398

Operation and Maintenance of Equipment

Foremen	\$	34,306	
Mechanic(s)		16,620	
Freight Expenses		558	
Rentals		80	
Other Contracted Services		30,325	
Diesel Fuel		41,554	
Equipment and Machinery Parts		22,466	
Garage Supplies		9,612	
Gasoline		12,633	
Lubricants		2,914	
Small Tools		566	
Tires and Tubes		3,984	
Uniforms		1,338	
Other Supplies and Materials		5,782	
Total Operation and Maintenance of Equipment			182,738

Other Charges

Liability Insurance	\$	22,995	
Trustee's Commission		21,096	
Workers' Compensation Insurance		25,281	
Total Other Charges			69,372

(Continued)



Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	34,046	
Pensions		94,487	
Employee and Dependent Insurance		2,537	
Life Insurance		2,786	
Medical Insurance		116,318	
Unemployment Compensation		3,162	
Employer Medicare		7,862	
Other Fringe Benefits		334	
Total Employee Benefits			\$ 261,532

Capital Outlay

Engineering Services	\$	13,611	
Matching Share		7,854	
Other Contracted Services		15,610	
Bridge Construction		198,829	
Highway Construction		423,446	
Highway Equipment		40,500	
Other Equipment		140,294	
Other Construction		155,778	
Total Capital Outlay			995,922

Principal on Debt

Highways and Streets

Principal on Bonds	\$	60,000	
Total Highways and Streets			60,000

Total Highway/Public Works Fund \$ 2,576,836

General Debt Service Fund

Other Operations

Miscellaneous

Trustee's Commission	\$	50	
Total Miscellaneous			\$ 50

Principal on Debt

General Government

Principal on Notes	\$	9,150	
Total General Government			9,150

Other Debt Service

General Government

Other Debt Issuance Charges	\$	450	
Total General Government			450

Total General Debt Service Fund 9,650

(Continued)

Exhibit I-7

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

<u>General Capital Projects Fund</u>			
<u>General Government</u>			
<u>Engineering</u>			
Architects	\$	32,810	
Total Engineering			\$ 32,810
Total General Capital Projects Fund			\$ 32,810
<u>Community Development/Industrial Park Fund</u>			
<u>General Government</u>			
<u>Engineering</u>			
Contracts with Government Agencies	\$	21,500	
Engineering Services		426,600	
Total Engineering			\$ 448,100
Total Community Development/Industrial Park Fund			448,100
Total Governmental Funds - Primary Government			<u>\$ 10,037,456</u>

Exhibit I-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,588,380	
Career Ladder Program	24,166	
Educational Assistants	76,739	
Certified Substitute Teachers	1,562	
Non-certified Substitute Teachers	48,738	
Social Security	272,223	
Pensions	433,263	
Medical Insurance	581,207	
Dental Insurance	1,437	
Unemployment Compensation	1,298	
Employer Medicare	63,711	
Other Contracted Services	1,730	
Instructional Supplies and Materials	65,189	
Textbooks - Bound	74,873	
Fee Waivers	770	
Regular Instruction Equipment	95,548	
Total Regular Instruction Program		\$ 6,330,834

Alternative Instruction Program

Teachers	\$ 57,888	
Other Salaries and Wages	13,475	
Non-certified Substitute Teachers	1,140	
Social Security	3,837	
Pensions	6,799	
Medical Insurance	15,157	
Employer Medicare	897	
Other Contracted Services	522	
Total Alternative Instruction Program		99,715

Special Education Program

Teachers	\$ 673,462	
Career Ladder Program	2,000	
Homebound Teachers	2,418	
Educational Assistants	13,475	
Speech Pathologist	55,524	
Other Salaries and Wages	92	
Non-certified Substitute Teachers	13,590	
Social Security	42,815	
Pensions	74,035	
Medical Insurance	101,590	
Dental Insurance	55	
Employer Medicare	10,013	
Instructional Supplies and Materials	912	
Total Special Education Program		989,981

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Teachers	\$	227,422	
Career Ladder Program		1,000	
Non-certified Substitute Teachers		3,420	
Social Security		13,293	
Pensions		23,159	
Medical Insurance		22,554	
Employer Medicare		3,109	
Contracts with Other School Systems		5,000	
Instructional Supplies and Materials		1,796	
Other Charges		571	
Total Career and Technical Education Program			\$ 301,324

Student Body Education Program

Other Salaries and Wages	\$	4,919	
Social Security		304	
Pensions		179	
Employer Medicare		71	
Other Contracted Services		2,000	
Total Student Body Education Program			7,473

Support Services

Attendance

Supervisor/Director	\$	53,108	
Social Security		3,234	
Pensions		5,555	
Employer Medicare		756	
Travel		2,243	
In Service/Staff Development		1,436	
Total Attendance			66,332

Health Services

Supervisor/Director	\$	56,184	
Medical Personnel		43,120	
Clerical Personnel		16,249	
Other Salaries and Wages		15,349	
Non-certified Substitute Teachers		1,264	
Social Security		7,771	
Pensions		9,627	
Medical Insurance		11,704	
Dental Insurance		402	
Employer Medicare		1,818	
Communication		480	
Other Contracted Services		6,710	
Drugs and Medical Supplies		825	
Other Supplies and Materials		9,468	
In Service/Staff Development		1,450	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Charges	\$	2,196	
Health Equipment		91	
Total Health Services			\$ 184,708

Other Student Support

Guidance Personnel	\$	202,073	
Clerical Personnel		14,145	
Social Security		12,402	
Pensions		21,230	
Medical Insurance		29,901	
Dental Insurance		302	
Employer Medicare		2,900	
Contracts with Government Agencies		69,226	
Contributions		12,000	
Other Supplies and Materials		15	
In Service/Staff Development		499	
Total Other Student Support			364,693

Regular Instruction Program

Supervisor/Director	\$	160,696	
Career Ladder Program		3,000	
Librarians		213,760	
Secretary(ies)		19,055	
Non-certified Substitute Teachers		1,170	
Social Security		22,937	
Pensions		40,100	
Medical Insurance		48,154	
Dental Insurance		398	
Employer Medicare		5,364	
Communication		343	
Other Contracted Services		4,500	
Library Books/Media		28,660	
In Service/Staff Development		1,005	
Total Regular Instruction Program			549,142

Special Education Program

Supervisor/Director	\$	71,848	
Career Ladder Program		500	
Psychological Personnel		73,188	
Social Security		8,612	
Pensions		14,685	
Medical Insurance		8,880	
Dental Insurance		402	
Employer Medicare		2,014	
Other Contracted Services		5,449	
Total Special Education Program			185,578

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Technology

Instructional Computer Personnel	\$	59,907	
Other Salaries and Wages		4,000	
Social Security		3,620	
Pensions		3,430	
Medical Insurance		7,412	
Employer Medicare		847	
Internet Connectivity		6,514	
Cabling		2,274	
Software		48,285	
In Service/Staff Development		1,033	
Other Equipment		11,481	
Total Technology			\$ 148,803

Other Programs

On-behalf Payments to OPEB	\$	29,326	
Total Other Programs			29,326

Board of Education

Secretary to Board	\$	2,000	
Board and Committee Members Fees		12,500	
Social Security		889	
Pensions		110	
Medical Insurance		23,126	
Dental Insurance		10	
Employer Medicare		208	
Audit Services		6,800	
Dues and Memberships		8,588	
Legal Services		781	
Postal Charges		150	
Travel		8,345	
Liability Insurance		22,171	
Premiums on Corporate Surety Bonds		1,185	
Trustee's Commission		46,093	
Workers' Compensation Insurance		77,142	
In Service/Staff Development		12,908	
Criminal Investigation of Applicants - TBI		2,517	
Refund to Applicant for Criminal Investigation		620	
Other Charges		9,190	
Total Board of Education			235,333

Director of Schools

County Official/Administrative Officer	\$	132,733	
Secretary(ies)		31,690	
Other Salaries and Wages		1,163	
Social Security		10,113	
Pensions		15,528	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Medical Insurance	\$	23,743	
Dental Insurance		2,043	
Employer Medicare		2,365	
Other Fringe Benefits		196	
Communication		5,512	
Dues and Memberships		1,564	
Postal Charges		1,364	
Travel		1,572	
Other Contracted Services		1,413	
Office Supplies		5,312	
In Service/Staff Development		1,379	
Other Charges		1,506	
Administration Equipment		556	
Total Director of Schools			\$ 239,752

Office of the Principal

Principals	\$	293,455	
Career Ladder Program		1,000	
Accountants/Bookkeepers		107,769	
Assistant Principals		113,203	
Secretary(ies)		72,142	
Other Salaries and Wages		4,560	
Social Security		33,708	
Pensions		51,186	
Medical Insurance		68,250	
Dental Insurance		683	
Employer Medicare		7,883	
Communication		4,755	
Travel		87	
Other Contracted Services		1,865	
In Service/Staff Development		3,000	
Administration Equipment		1,198	
Total Office of the Principal			764,744

Fiscal Services

Accountants/Bookkeepers	\$	76,716	
Social Security		4,323	
Pensions		4,235	
Medical Insurance		11,715	
Dental Insurance		344	
Employer Medicare		1,011	
Travel		827	
Other Contracted Services		14,684	
Data Processing Supplies		1,362	
Office Supplies		1,182	
In Service/Staff Development		2,730	
Administration Equipment		2,986	
Total Fiscal Services			122,115

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Supervisor/Director	\$	49,795	
Custodial Personnel		212,381	
Other Salaries and Wages		33,639	
Social Security		17,320	
Pensions		5,040	
Medical Insurance		30,121	
Employer Medicare		4,051	
Other Contracted Services		13,937	
Custodial Supplies		35,563	
Electricity		326,213	
Natural Gas		59,807	
Water and Sewer		45,831	
Boiler Insurance		3,168	
Building and Contents Insurance		57,718	
Plant Operation Equipment		32,579	
Total Operation of Plant			\$ 927,163

Maintenance of Plant

Maintenance Personnel	\$	115,920	
Other Salaries and Wages		12,954	
Social Security		6,704	
Pensions		5,354	
Medical Insurance		11,904	
Employer Medicare		1,573	
Communication		2,607	
Laundry Service		1,945	
Other Contracted Services		4,548	
Other Supplies and Materials		29,751	
Administration Equipment		33,518	
Maintenance Equipment		21,921	
Total Maintenance of Plant			248,699

Transportation

Supervisor/Director	\$	29,870	
Mechanic(s)		56,707	
Bus Drivers		253,502	
Other Salaries and Wages		7,456	
Social Security		20,632	
Pensions		16,034	
Medical Insurance		22,026	
Employer Medicare		4,825	
Communication		3,783	
Contracts with Parents		2,096	
Laundry Service		1,396	
Medical and Dental Services		2,140	
Travel		97	

(Continued)



Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Contracted Services	\$	2,760	
Diesel Fuel		60,742	
Garage Supplies		1,415	
Gasoline		4,754	
Lubricants		1,475	
Tires and Tubes		8,365	
Vehicle Parts		27,635	
Vehicle and Equipment Insurance		14,953	
In Service/Staff Development		974	
Other Charges		5,473	
Transportation Equipment		186,227	
Total Transportation			\$ 735,337

Operation of Non-Instructional Services

Food Service

Other Charges	\$	410	
Total Food Service			410

Community Services

Supervisor/Director	\$	35,244	
Teachers		20,204	
Educational Assistants		51,328	
Other Salaries and Wages		33,938	
Social Security		8,401	
Pensions		7,060	
Medical Insurance		8,767	
Employer Medicare		1,965	
Other Fringe Benefits		2,278	
Postal Charges		90	
Travel		108	
Instructional Supplies and Materials		5,617	
Other Supplies and Materials		4,548	
In Service/Staff Development		2,006	
Other Charges		5,999	
Total Community Services			187,553

Early Childhood Education

Supervisor/Director	\$	66,629	
Teachers		186,288	
Career Ladder Program		2,000	
Educational Assistants		61,726	
Non-certified Substitute Teachers		4,650	
Social Security		17,860	
Pensions		28,178	
Medical Insurance		54,602	
Dental Insurance		402	

(Continued)

Exhibit I-8

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Early Childhood Education (Cont.)</u>		
Employer Medicare	\$	4,177
Other Fringe Benefits		10,889
Communication		2,269
Instructional Supplies and Materials		19,935
In Service/Staff Development		2,145
Total Early Childhood Education		<u>461,750</u>
	\$	461,750
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Engineering Services	\$	1,484
Building Improvements		62,977
Land		6,000
Total Regular Capital Outlay		<u>70,461</u>
		70,461
Total General Purpose School Fund		\$ 13,251,226
<u>School Federal Projects Fund</u>		
<u>Instruction</u>		
<u>Regular Instruction Program</u>		
Teachers	\$	133,150
Educational Assistants		175,896
Non-certified Substitute Teachers		6,060
Social Security		19,188
Pensions		23,498
Medical Insurance		17,856
Dental Insurance		302
Employer Medicare		4,487
Other Fringe Benefits		1,790
Instructional Supplies and Materials		70,853
Regular Instruction Equipment		322
Total Regular Instruction Program		<u>453,402</u>
	\$	453,402
<u>Special Education Program</u>		
Teachers	\$	6,000
Educational Assistants		172,112
Speech Pathologist		18,690
Social Security		12,048
Pensions		10,810
Medical Insurance		7,847
Dental Insurance		294
Employer Medicare		2,817
Other Fringe Benefits		2,408
Instructional Supplies and Materials		3,698
Other Supplies and Materials		651
Special Education Equipment		944
Total Special Education Program		<u>238,319</u>
		238,319

(Continued)

Exhibit I-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	26	
Instructional Supplies and Materials		11,865	
Other Supplies and Materials		9,429	
Vocational Instruction Equipment		10,193	
Total Career and Technical Education Program			\$ 31,513

Support Services

Other Student Support

Other Salaries and Wages	\$	2,400	
Social Security		149	
Pensions		251	
Employer Medicare		35	
Travel		6,498	
Other Contracted Services		62	
In Service/Staff Development		3,262	
Other Charges		1,887	
Total Other Student Support			14,544

Regular Instruction Program

Secretary(ies)	\$	4,500	
Other Salaries and Wages		114,100	
Non-certified Substitute Teachers		1,380	
Social Security		6,396	
Pensions		11,447	
Medical Insurance		19,194	
Employer Medicare		1,586	
Other Supplies and Materials		1,300	
In Service/Staff Development		41,961	
Other Charges		657	
Total Regular Instruction Program			202,521

Special Education Program

Supervisor/Director	\$	6,365	
Psychological Personnel		37,490	
Assessment Personnel		21,220	
Secretary(ies)		31,827	
Social Security		5,740	
Pensions		7,515	
Medical Insurance		8,631	
Employer Medicare		1,342	
Other Fringe Benefits		406	
Communication		2,716	
Operating Lease Payments		962	
Other Contracted Services		30,944	
Other Supplies and Materials		5,039	
In Service/Staff Development		4,028	
Other Equipment		4,510	
Total Special Education Program			168,735

(Continued)

Exhibit I-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Career and Technical Education Program

Travel	\$	114	
In Service/Staff Development		664	
Total Career and Technical Education Program			\$ 778

Transportation

Bus Drivers	\$	12,299	
Other Salaries and Wages		6,602	
Social Security		1,172	
Pensions		364	
Employer Medicare		274	
Other Fringe Benefits		626	
Total Transportation			<u>21,337</u>

Total School Federal Projects Fund \$ 1,131,149

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	42,436	
Clerical Personnel		20,865	
Cafeteria Personnel		368,274	
Other Salaries and Wages		470	
In-service Training		6	
Social Security		24,694	
Pensions		18,827	
Medical Insurance		38,330	
Dental Insurance		2,895	
Employer Medicare		5,775	
Communication		3,078	
Maintenance and Repair Services - Equipment		7,195	
Transportation - Other than Students		97	
Travel		91	
Other Contracted Services		28,297	
Food Preparation Supplies		28,106	
Food Supplies		481,739	
Office Supplies		5,436	
Utilities		20,000	
USDA - Commodities		83,328	
Other Supplies and Materials		498	
In Service/Staff Development		352	
Other Charges		46	
Food Service Equipment		9,246	
Total Food Service			<u>\$ 1,190,081</u>

Total Central Cafeteria Fund 1,190,081

Total Governmental Funds - Lewis County School Department \$ 15,572,456

Exhibit I-9

Lewis County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2019

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,249,762
Total Cash Receipts	<u>\$ 1,249,762</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,237,422
Trustee's Commission	12,340
Total Cash Disbursements	<u>\$ 1,249,762</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2018	<u>0</u>
 Cash Balance, June 30, 2019	 <u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lewis County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Lewis County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated December 12, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lewis 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 Lewis County's internal control. Accordingly, we do not express an opinion on the effectiveness of Lewis County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be material weaknesses: 2019-001 and 2019-002.

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. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies: 2019-004(A,B,C,D), 2019-006, 2019-008, and 2019-009(D,E).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lewis County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2019-003, 2019-004(E), 2019-005, 2019-007, and 2019-009(A,B,C).

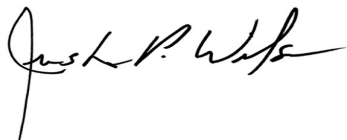
### **Lewis County's Responses to the Findings**

Lewis County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lewis 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 results 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 Lewis County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 12, 2019

JPW/yu





JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Lewis 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 Lewis County's major federal programs for the year ended June 30, 2019. Lewis 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 Lewis 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 Lewis 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 Lewis County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Lewis 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 Lewis 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 Lewis 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 Lewis 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.

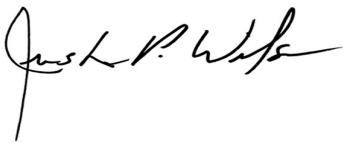
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 Lewis County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Lewis County's basic financial statements. We issued our report thereon dated December 12, 2019, 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

December 12, 2019

JPW/yu

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants Cluster: (4)			
Community Facilities Loans & Grants	10.766	N/A	\$ 314,000 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	83,328 (5)
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	259,673
National School Lunch Program	10.555	N/A	<u>473,602</u> (5)
Total U.S. Department of Agriculture			<u>\$ 1,130,603</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	(3)	<u>\$ 448,100</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 448,100</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 579,614
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	416,357
Special Education - Preschool Grants	84.173	N/A	19,652
Career and Technical Education - Basic Grants to States	84.048	N/A	45,386
Rural Education	84.358	N/A	13,347
Supporting Effective Instruction State Grants	84.367	N/A	73,530
Student Support and Academic Enrichment Program	84.424	N/A	<u>3,231</u>
Total U.S. Department of Education			<u>\$ 1,151,117</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	<u>\$ 11,979</u>
Total U.S. Department of Homeland Security			<u>\$ 11,979</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,741,799</u></u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Airport Improvement Grant - State Department of Transportation	N/A	(3)	\$ 257,120
Arts Student Ticket Subsidy - Tennessee Arts Commission	N/A	(3)	3,000
Coordinated School Health - State Department of Education	N/A	(3)	90,000
Courthouse Security Grant - Tennessee Administrative Office of the Courts	N/A	(3)	11,764
Early Childhood Education - State Department of Education	N/A	(3)	422,976
Family Resource Grant - State Department of Education	N/A	(3)	29,612
Library Technology Grant - Tennessee Secretary of State	N/A	(3)	3,460
Litter Program - State Department of Transportation	N/A	(3)	19,368
Local Health Services Grant - State Department of Health	N/A	(3)	33,392
Lottery for Education Afterschool Program - State Department of Education	N/A	(3)	128,443
Safe Schools Act Grant - State Department of Education	N/A	(3)	20,000
School Safety Grant - State Department of Education	N/A	(3)	33,518
Three Star Grant - State Department of Economic and Community Development	N/A	(3)	35,202
Used Oil Grant - State Department of Environment and Conservation	N/A	32701-02621	<u>7,778</u>
Total State Grants			<u>\$ 1,095,633</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Lewis County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Community Facilities Loans and Grants Cluster total \$314,000; Child Nutrition Cluster total \$816,603; Special Education Cluster total \$436,009.
- (5) Total for CFDA No. 10.555 is \$556,930.
- (6) Loan received during the year:  
 During the year, Lewis County received a direct loan of \$264,000 from the U.S. Department of Agriculture for the purchase of heavy equipment. The loan has no continuing requirements other than the repayment of the debt.

SUBRECIPIENTS Program Title	Federal CFDA Number	Amount Provided to Subrecipient	Subrecipient
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$448,100	City of Hohenwald

Lewis 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 Lewis 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
<b>OFFICE OF COUNTY MAYOR</b>					
2018	197	2018-001	Material Audit Adjustments were Required for Proper Financial Statement Presentation	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	198	2018-002	The Office had Deficiencies in Budget Operations	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	199	2018-003	General Ledger Cash Accounts were not Properly Reconciled with County Trustee Reports	N/A	Corrected
2018	199	2018-004	General Ledger Payroll Liability Accounts were not Reconciled with Payroll Reports and Payments in the General Fund	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	200	2018-005	The Office had Deficiencies in the Payment of Federal Tax Deposits	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	202	2018-006	The Office had Deficiencies in the Maintenance of Capital Asset Records	N/A	Corrected

***Prior-year Federal Awards Findings***

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

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**LEWIS COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2019**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Lewis County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **YES**
  - \* 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 and 10.555 Nutrition Cluster: School Breakfast Program  
and National School Lunch Program
  - \* CFDA Number: 84.010 Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

## **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 COUNTY MAYOR**

**FINDING 2019-001**                      **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2019, certain general ledger account balances in the General Fund were not materially correct, and audit adjustments totaling \$1,076,348 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Lewis County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and the failure to implement their corrective action plan. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

### **RECOMMENDATION**

Lewis County should have appropriate processes in place to ensure its general ledgers are materially correct.

### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

We concur with the finding. This was the result of our former finance officer failing to properly maintain accurate and updated records regarding county financial statements. This individual had also been responsible for the prior-year finding and was entrusted by management to take corrective action to solve this problem, but unfortunately, he failed to do so. The finance officer directly responsible for this finding has been replaced, and the new employee in this office will receive training so they will be able to take the necessary steps to make sure this doesn't occur again.



FINDING 2019-002

**LEWIS COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

Lewis County has a material audit finding that has been reported in its annual financial report for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
2017-001, 2018-001, 2019-001	Material audit adjustments were required for proper financial statement presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Lewis County has established an audit committee to address financial and other reporting practices, internal control, compliance with laws and regulation, and ethics.

RECOMMENDATION

Lewis County should work with its audit committee to correct the above-noted material weakness in internal control.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur with the finding. This was the result of our former finance officer failing to properly maintain accurate and updated records regarding county financial statements. This individual had also been responsible for the prior-year finding and was entrusted by management to take corrective action to solve this problem, but unfortunately, he failed to do so. The finance officer directly responsible for this finding has been replaced, and the new employee in this office will receive training so they will be able to take the necessary steps to make sure this doesn’t occur again.

FINDING 2019-003

**GENERAL FUND EXPENDITURES EXCEEDED APPROPRIATIONS**

(Material Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the county commission in six of 43 major appropriation categories (the legal level of control) in the General Fund as reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
County Mayor/Executive	\$ 28
Administration of the Sexual Offender Registry	150
Jail	2,218
Civil Defense	6,961
Employee Benefits	31,891
Miscellaneous	188,647

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures. Also, this deficiency is the result of a lack of management oversight, management’s failure to correct the finding noted in the prior-year audit report, and the failure to implement their corrective action plan.

**RECOMMENDATION**

Expenditures should be held within appropriations approved by the county commission.

**MANAGEMENT’S RESPONSE – COUNTY MAYOR**

We concur with the finding. This was the result of our former finance officer failing to properly monitor and see the deficit in these specific appropriation categories as we closed out the fiscal year. The county commission met on June 27, 2019, to amend the budget for any deficiencies, yet apparently these six categories were overlooked. The finance officer directly responsible for this finding has been replaced, and the new employee in this office will receive training so they will be able to take the necessary steps to make sure this doesn’t occur again.

**FINDING 2019-004**

**THE OFFICE HAD DEFICIENCIES RELATED TO PAYROLL DEDUCTIONS RESULTING IN A CASH SHORTAGE OF \$12,671**

(A., B., C., and D. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; E. – Material Noncompliance Under *Government Auditing Standards*)

Our audit revealed the following deficiencies related to the administration of payroll deductions:

- A. Several general ledger payroll liability accounts were not reconciled with subsidiary payroll records, monthly billings, and payments made from the

General Fund. This deficiency contributed to the deficit balances in the general ledger payroll liability accounts.

- B. The county continued to pay employee medical and hospital confinement insurance premiums for several former employees after they had separated from service with the county. The county paid premiums of \$26,278 for these unearned extended insurance benefits.
- C. Adequate documentation to support checks issued by the purchasing clerk for several payroll liability accounts was not on file. The only documentation provided was a check request, prepared by the benefits administrator, listing total amounts with no indication of review or approval by appropriate management.
- D. Duties were not segregated adequately for the activities related to the employee payroll deductions. One employee was responsible for employee benefits enrollment, preparing and entering employee payroll deductions into the accounting system, reviewing the monthly insurance billings, preparing check requests, and mailing the monthly payments.
- E. The benefits administrator received family medical insurance coverage and family hospital confinement coverage from January 2017 through October 2019, while contributing premiums based on a single employee. This theft of premiums resulted in a cash shortage in the General Fund of \$12,671 at June 30, 2019.

These deficiencies resulted from a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and the failure to implement their corrective action plan. Sound business practices dictate that employee payroll deductions and the employer's contributions for benefits be reconciled monthly with billings and balances in the payroll liability accounts be reconciled with amounts due the insurance companies monthly. Also, sound business practices dictate that duties be segregated adequately among employees. These deficiencies increase the risk that errors will not be discovered and corrected in a timely manner. This finding has been discussed with the district attorney general.

#### RECOMMENDATION

All payroll deductions and general ledger payroll liability accounts should be reconciled monthly with subsidiary payroll records, monthly billings, and payments, and any errors discovered should be corrected promptly. Procedures should be in place to ensure insurance premium payments cease when employees separate from county employment. Adequate documentation should be on file to support all checks issued by the county mayor's office. Officials should segregate duties to the extent possible using available resources. Management should seek restitution of the \$12,671 theft of insurance premiums from the benefits administrator.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. On October 22, 2019, our former finance officer/benefits administrator, Blair Scott, was arrested for shoplifting. Later that afternoon, Mr. Scott resigned from his position with Lewis County Government. Management immediately began an internal audit of Mr. Scott's office to determine if anything inappropriate had been occurring. Unfortunately, some disturbing discoveries were made.

In early 2017, Mr. Scott, while acting as the county's lone benefits administrator, signed himself up for a family medical plan. However, unbeknownst to management in the current or former administration, Mr. Scott got on the computer to set it up in the payroll system where his contributions would be deducted only based on a single employee plan. Furthermore, it was also discovered that Mr. Scott had gotten on the computer and set it up in the payroll system where there would be zero contributions deducted from his paycheck for any type of medical coverage during three pay periods of his employment with Lewis County Government (11/05/18, 11/20/18 and 12/05/18).

After this was discovered, it was self-reported by management to auditors. This is only a repeat finding because it had been occurring since March 2017, not because management had been notified about it in the past and refused to act appropriately.

The finance officer/benefits administrator directly responsible for this finding has been replaced. In the future, another employee will closely monitor and provide oversight to the deductions and payroll of the finance officer/benefits administrator, so that individual is not the only one overseeing their deductions and payroll.

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### FINDING 2019-005

### **THE OFFICE HAD DEFICIENCIES IN THE PAYMENT OF FEDERAL TAX DEPOSITS RESULTING IN ASSESSMENTS OF PENALTIES AND INTEREST TOTALING \$132,433**

*(Material Noncompliance Under Government Auditing Standards)*

Lewis County had deficiencies in depositing and reporting federal employment taxes, as noted in the prior-year audit report. During the period under review, the Internal Revenue Service (IRS) determined Lewis County had failed to report and remit federal employment taxes totaling \$153,539 for the period October 2016 through March 2019. Furthermore, penalty and interest charges were assessed totaling \$132,433 through June 30, 2019. Auditors proposed adjustments to reflect the total IRS liability of \$285,972 (\$153,539 plus \$132,433), which management accepted to properly recognize this liability in the financial statements of this report.

On August 13, 2019, Lewis County remitted \$129,368 to the IRS to partially satisfy the outstanding liability. On September 17, 2019, the IRS recorded a Notice of Federal Tax Lien totaling \$123,345 against Lewis County. As a result of the lien, the county mayor entered a contract for tax consultation and representation services on September 25, 2019. On November 1, 2019, Lewis County remitted \$156,604 to the IRS to satisfy the accumulated

taxes, penalties, and interest, and the tax lien was removed. Lewis County's tax consultant has appealed the payment of penalty and interest.

The following deficiencies contributed to the IRS assessment:

- A. Lewis County did not always properly report their employment tax liability to the IRS.
- B. Federal tax deposits were not always made in a timely manner as required by IRS regulations.
- C. Bank statements for the bank clearing account were not reconciled with payroll liabilities.
- D. Amounts deposited into the clearing account did not always reconcile with the actual payroll liabilities.

These deficiencies resulted from of a lack of technical skills in proper reporting and depositing of federal employment tax liabilities, a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and the failure to implement their corrective action plan.

#### RECOMMENDATION

All federal employment tax liabilities should be reported properly, and the corresponding tax deposits should be made in accordance with tax regulations prescribed by the IRS. Bank statements for the clearing account should be reconciled monthly.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. In September 2018, after being made aware of this finding during our 2018 audit exit interview, management immediately reached out to the IRS to correct this problem. Initially the IRS responded by sending the county a letter in October 2018 stating the county owed ZERO dollars in delinquent federal tax deposits to the federal government.

However, the IRS later sent the county a letter in December 2018, saying that they had made a mistake, and the county did owe over \$279,000 in delinquent federal tax deposits, including interest and penalties. After that letter, from December 2018 until June 2019, our former finance officer contacted the IRS nearly every week, attempting to work with the IRS agent assigned to our case to get things straightened out and made right. However, the agent soon stopped communicating with us, and for several months we never could get any information from the IRS about our case, nor about the agent's status, when we contacted other IRS agents, because they said we could only talk to her about our case.

Finally, in June 2019, in an unannounced visit, another IRS agent stopped by the courthouse to see our former finance officer. This new agent informed us that the original agent no longer worked within his department, and that he would be handling our case from now on.

In the months that followed, the county continued to try and negotiate a payoff with the IRS; however, an agreement could never be reached. Therefore, management contracted with a tax attorney to help the county come to a settlement agreement with the IRS. As mentioned in the audit report, the county went ahead and paid off the entire IRS liability they claimed the county owed in November 2019. The county's tax attorney continues to appeal the interest and penalties involving this matter that was levied upon the county by the IRS.

The finance officer directly responsible for this finding has been replaced, and the new employee in this office will receive proper training so they will be able to take the necessary steps to make sure all federal tax deposits are paid on time.

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## **OFFICE OF DIRECTOR OF SCHOOLS**

### **FINDING 2019-006**

### **SOME CENTRAL CAFETERIA FUND INVOICES WERE NOT PAID CURRENTLY RESULTING IN THE ASSESSMENT OF FINANCE CHARGES TOTALING \$5,905**

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

While reviewing purchases made from the Central Cafeteria Fund, auditors noted seven invoices that had finance charges totaling \$5,905. Finance charges were not assessed if the vendor received payment by the end of the following month; however, these invoice payments were remitted two to three months after invoice date. Sound business practices dictate that invoices should be paid when due to avoid unnecessary finance charges. The accounting and purchasing system should be designed to ensure that invoices are paid timely. This deficiency was the result of a lack of management oversight.

### **RECOMMENDATION**

Invoices should be paid timely to avoid the assessment of finance charges.

### **MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS**

We concur with this finding. Our food service department transitioned off CEP (Community Eligibility Program) for the 2018-19 school year causing cash flow issues. The largest issue with cash flow, at times, was waiting more than 30 days for meal reimbursements from the state. We will work diligently to ensure this does not occur again.

## **OFFICE OF TRUSTEE**

**FINDING 2019-007**

### **THE TRUSTEE PAID CHECKS THAT EXCEEDED AVAILABLE FUNDS**

(Noncompliance Under *Government Auditing Standards*)

The trustee paid checks issued from the General Debt Service and General Capital Projects funds that exceeded available cash balances on deposit at various times during the year by as much as \$6,629. Section 8-11-104(5), *Tennessee Code Annotated*, prohibits the trustee from paying a check if sufficient funds are not available. Paying checks that exceed available cash is the result of a lack of management oversight and the failure to properly monitor the checking system. This deficiency exists because the county mayor issued checks that exceeded cash on deposit with the trustee, and the trustee honored the checks.

## **RECOMMENDATION**

The trustee should not pay checks that exceed available cash as required by state statute.

## **MANAGEMENT'S RESPONSE – TRUSTEE**

Management does concur with the finding. The checks disbursed that exceeded the available fund balance for departments 151 and 171 were with the understanding that the appropriate funds would be moved to bring the departments out of a negative balance prior to me closing the month, this did not happen resulting in me having to close the month, since I have 10 days to do so. After pulling the resolution and reviewing it, it took from October 2018 until December 2018 for the funds to be deposited. In addition, it was noted on the resolution per audit that a resolution was not needed to move the funds in the first place. Going forward my corrective action is to deny any checks presented that will exceed the available fund balance.

---

## **OFFICE OF COUNTY CLERK**

**FINDING 2019-008**

### **A USERNAME AND PASSWORD WERE SHARED BY EMPLOYEES**

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

An employee of the office disclosed her username and password to other employees. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. Management was made aware of the importance of unique and confidential usernames and passwords and corrected the issue in March 2019.

## RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure transactions are properly identified to that employee. Usernames and passwords should remain confidential and should not be shared between employees.

## MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding and have taken steps to correct it. After being made aware of the finding, I immediately spoke with my software vendor.

## OFFICE OF SHERIFF

### FINDING 2019-009

### **THE OFFICE HAD ACCOUNTING DEFICIENCIES**

(A., B., and C. – Noncompliance Under *Government Auditing Standards*; D. and E. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The following deficiencies were noted during our examination of the office's accounting records. These deficiencies can be attributed to a lack of management oversight and a lack of understanding of internal controls, generally accepted accounting principles, and sound business practices.

- A. During our examination of bank records for cash seizures, we noted deposits totaling \$3,422 in May 2019. These deposits were for proceeds received from the sale of seized property that had been awarded to the county, which should have been deposited with the county trustee and credited to the Drug Control Fund rather than being deposited into the office's seized funds bank account.
- B. The office failed to remit county revenues and fees collected to the county trustee promptly. Section 8-24-103, *Tennessee Code Annotated (TCA)*, provides that all funds earned by the sheriff's department should be reported to the county trustee monthly. Section 67-4-213(d), *TCA*, requires officials collecting fees and county revenues to report those collections to the county within 15 days after the end of the month in which the funds were collected. Our review of financial records and bank statements noted that fees and other collections for the months of April and May 2019 were not remitted to the trustee until July 2019.
- C. The sheriff's department issued a check totaling \$2,000 from its drug fund checking account to a vendor to fund the unbudgeted portion of a patrol car purchase. This practice resulted in the office bypassing the purchasing and budgetary processes and disbursing county funds that had not been appropriated by the county commission as required by statute. Section 5-9-401, *TCA*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."



- D. Bank statements were not reconciled properly with general ledger accounts during the year. While outstanding checks and deposits in transit were netted against the statement balance, the resulting balance was not reconciled with general ledger accounts. Sound business practices require the reconciliation of bank statements with general ledger accounts to ensure all collections and disbursements are recorded in the accounting records accurately. The failure to reconcile bank statements with the general ledger allows errors to remain undiscovered and uncorrected.
  
- E. The cash journal was not properly maintained and contained numerous errors. Although the cash journal contained columns to account for cash in bank, no transactions were posted. Other columns were not always totaled, and ending balances were not always carried forward accurately. The official cash journal is the primary cash control record of the office that summarizes financial operations; therefore, the proper maintenance of the cash journal on a current basis is necessary for the official to determine the financial position of the office. The failure to properly maintain accounting records also increases the risks of fraud and abuse.

#### RECOMMENDATION

Funds awarded Lewis County from the sale of seized property should be remitted to the county trustee and deposited into the Drug Control Fund. All fees and county revenues should be remitted to the trustee by the 15th day of the subsequent month. All operating expenditures of the sheriff's department should be appropriated by the county commission and paid through the county's budgetary process. Bank statements should be reconciled with the general ledger monthly, and any errors discovered should be corrected promptly. The official cash journal should be properly maintained, and all transactions should be posted on a current basis.

#### MANAGEMENT'S RESPONSE – SHERIFF

No formal management's response was submitted. However, explanation to the finding is included in the Corrective Action Plan found in the Single Audit Section of this report.

### **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.

**Lewis 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 COUNTY MAYOR**

2019-001	Material Audit Adjustments were Required for Proper Financial Statement Presentation	212
2019-002	Lewis County has a Material Recurring Audit Finding	212
2019-003	General Fund Expenditures Exceeded Appropriations	212
2019-004	The Office had Deficiencies Related to Payroll Deductions Resulting in a Cash Shortage of \$12,671	213
2019-005	The Office had Deficiencies in the Payment of Federal Tax Deposits Resulting in Assessments of Penalties and Interest Totaling \$132,433	214

**OFFICE OF DIRECTOR OF SCHOOLS**

2019-006	Some Central Cafeteria Fund invoices were not Paid Currently Resulting in the Assessment of Finance Charges Totaling \$5,905	216
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**OFFICE OF TRUSTEE**

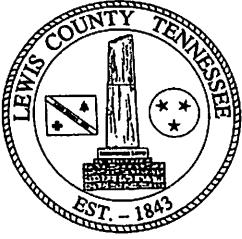
2019-007	The Trustee Paid Checks that Exceeded Available Funds	217
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**OFFICE OF COUNTY CLERK**

2019-008	A Username and Password were Shared by Employees	218
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**OFFICE OF SHERIFF**

2019-009	The Office had Accounting Deficiencies	219
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# Lewis County Government

Jonah Keltner, County Mayor

110 North Park, Room 108 • Hohenwald, Tennessee 38462

931-796-3378

## Corrective Action Plan

**FINDING: MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION AND AS A RESULT, LEWIS COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**

**Response and Corrective Action Plan Prepared by:**  
Jonah Keltner, County Mayor

**Person Responsible for Implementing the Corrective Action:**  
Jonah Keltner, County Mayor

**Anticipated Completion Date of Corrective Action:**  
December 1, 2019

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
We concur with the finding. This was the result of our former Finance Officer failing to properly maintain accurate and updated records regarding county financial statements. This individual had also been responsible for the prior year's finding, and was entrusted by management to take corrective action to solve this problem, but unfortunately, they failed to do so.

**Planned Corrective Action:**  
The Finance Officer directly responsible for this finding has been replaced, and the new employee in this office will receive training so that they will be able to take the necessary steps to make sure this doesn't occur again.

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**FINDING: EXPENDITURES EXCEEDED APPROPRIATIONS**

**Response and Corrective Action Plan Prepared by:**  
Jonah Keltner, County Mayor

**Person Responsible for Implementing the Corrective Action:**  
Jonah Keltner, County Mayor

**Anticipated Completion Date of Corrective Action:**  
December 1, 2019

**Repeat Finding:**

Yes

**Reason Corrective Action was Not Taken in the Prior Year:**

We concur with the finding. This was also the result of our former Finance Officer failing to properly monitor and see the deficit in these specific appropriation categories as we closed out the fiscal year. The county commission met on June 27, 2019 to amend the budget for any deficiencies, yet apparently these six categories were overlooked.

**Planned Corrective Action:**

The Finance Officer directly responsible for this finding has been replaced, and the new employee in this office will receive training so that they will be able to take the necessary steps to make sure this doesn't occur again.

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**FINDING: THE OFFICE HAD DEFICIENCIES RELATED TO PAYROLL DEDUCTIONS RESULTING IN A CASH SHORTAGE OF \$12,671**

**Response and Corrective Action Plan Prepared by:**

Jonah Keltner, County Mayor

**Person Responsible for Implementing the Corrective Action:**

Jonah Keltner, County Mayor

**Anticipated Completion Date of Corrective Action:**

December 1, 2019

**Repeat Finding:**

Yes

**Reason Corrective Action was Not Taken in the Prior Year:**

We concur with this finding. On October 22, 2019 our former Finance Officer/Benefits Administrator, Blair Scott, was arrested for shoplifting. Later that afternoon, Mr. Scott resigned from his position with Lewis County Government. Management immediately began an internal audit of Mr. Scott's office to determine if anything inappropriate had been occurring. Unfortunately, some disturbing discoveries were made.

In early 2017, Mr. Scott, while acting as the county's lone Benefits Administrator, signed himself up for a family medical plan. However, unbeknownst to management in the current or former administration, Mr. Scott got on the computer and set it up in the payroll system where his contributions would be deducted only based on a single employee plan. Furthermore, it was also discovered that Mr. Scott had got on the computer and set it up in the payroll system where there would be zero contributions deducted from his paycheck for any type of medical coverage during three pay periods of his employment with Lewis County Government (11/05/18, 11/20/18 & 12/05/18).

After this was discovered, it was self-reported by management to auditors. This is only a repeat finding because it had been occurring since March of 2017, not because management had been notified about it in the past and refused to act appropriately.

**Planned Corrective Action:**

The Finance Officer/Benefits Administrator directly responsible for this finding has been replaced. In the future, there will be another employee who will closely monitor and provide oversight to the deductions and payroll of the Finance Officer/Benefits Administrator, so that individual is not the only one overseeing their deductions and payroll.

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**FINDING: THE OFFICE HAD DEFICIENCIES IN THE PAYMENT OF FEDERAL TAX DEPOSITS RESULTING IN ASSESSMENTS OF PENALTIES AND INTEREST TOTALING \$132,433.**

**Response and Corrective Action Plan Prepared by:**  
Jonah Keltner, County Mayor

**Person Responsible for Implementing the Corrective Action:**  
Jonah Keltner, County Mayor

**Anticipated Completion Date of Corrective Action:**  
November 1, 2019.

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**

We concur with the finding. In September of 2018, after being made aware of this finding during our 2018 Audit exit interview, management immediately reached out to the IRS to correct this problem. Initially the IRS responded by sending the county a letter in October of 2018 stating the county owed ZERO dollars in delinquent federal tax deposits to the federal government.

However, the IRS later sent the county a letter in December of 2018, saying that they had made a mistake, and that the county did owe over \$279,000 in delinquent federal tax deposits, including interest and penalties. After that letter, from December of 2018 until June 2019, our former Finance Officer contacted the IRS nearly every week, attempting to work with the IRS Agent assigned to our case, Ms. Keena Snyder, in order to get things straightened out and made right. However, Ms. Snyder soon stopped communicating with us, and for several months we never could get any information from the IRS about our case, nor about Ms. Snyder's status, when we contacted other IRS agents, because they said we could only talk to her about our case.

Finally, in June of 2019, in an unannounced visit, IRS Agent William O'Reilly stopped by the courthouse to see our former Finance Officer. Mr. O'Reilly informed us that Ms. Snyder no longer worked within his department, and that he would be handling our case from now on.

In the months that followed, the county continued to try and negotiate a payoff with the IRS, however an agreement could never be reach. Therefore, management contracted with a tax attorney to help the county come to a settlement agreement with the IRS. As mentioned in the audit report, the county went ahead and paid off the entire IRS liability they claimed the county owed in November of 2019. The county's tax attorney continues to appeal the interest and penalties involving this matter that was levied upon the county by the IRS.

**Planned Corrective Action:**

The Finance Officer directly responsible for this finding has been replaced, and the new employee in this office will receive proper training so that they will be able to take the necessary steps to make sure all federal tax deposits are paid on time.

Signature: John Kiltner Date: 12/12/19



# LEWIS COUNTY SCHOOLS

206 South Court Street  
Hohenwald, Tennessee 38462

Benjamin (Benny) Pace  
Director

(931) 796-3264

## Corrective Action Plan

**FINDING: INVOICES ON CAFETERIA PURCHASES WERE NOT PAID CURRENTLY RESULTING IN THE ASSESSMENT OF FINANCE CHARGES TOTALING \$5,905**

**Response and Corrective Action Plan Prepared by:**  
Benny Pace, Director of Schools

**Person Responsible for Implementing the Corrective Action:**  
Benny Pace, Director of Schools

**Anticipated Completion Date of Corrective Action:**  
June 30, 2020

**Repeat Finding:**  
No

**Planned Corrective Action:**

Our food service department will pay invoices in a timely manner to avoid finance charges in the future. The BOE has helped alleviate the cash shortfall by reimbursing food service for the employer match for medical insurance. Also, the BOE will be combining the accounting software to their server to avoid a large amount of service fees that the BOE is already paying. Changes have been made in the cafeterias to increase sales and as employees leave, the positions are absorbed within.

Signature: \_\_\_\_\_



(SUBMIT CORRECTIVE ACTION PLAN ON LETTERHEAD. INSERT YOUR LETTERHEAD HERE AND DELETE THIS HIGHLIGHTED WORDING)

*Corrective Action Plan*

**FINDING:** THE TRUSTEE PAID CHECKS THAT EXCEEDED AVAILABLE FUNDS

**Response and Corrective Action Plan Prepared by:**  
Mike Webb, Trustee

**Person Responsible for Implementing the Corrective Action:**  
Mike Webb, Trustee

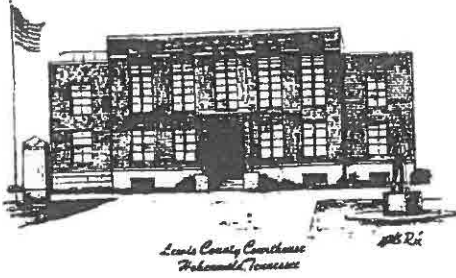
**Anticipated Completion Date of Corrective Action:**  
June 30, 2020

**Repeat Finding:**  
No

**Planned Corrective Action:**  
How you plan to correct this finding.

We will not honor checks going forward when they exceed the fund balance. Regardless of being advised that funds will be deposited prior to our closing of our working month.

Signature: \_\_\_\_\_



*Sandra Clayton*

LEWIS COUNTY CLERK

Corrective Action Plan

**FINDING:** A USERNAME AND PASSWORD WERE SHARED BY EMPLOYEES

**Response and Corrective Action Plan Prepared by:**  
Sandra Clayton, Lewis County Clerk

**Person Responsible for Implementing the Corrective Action:**  
Sandra Clayton, Lewis County Clerk

**Anticipated Completion Date of Corrective Action:**  
March, 2019

**Repeat Finding:**  
No

**Planned Corrective Action:**  
Each user has been assigned a unique and confidential username and password.

Signature:

*Sandra Clayton 9-10-19*



Lewis County Sheriff's Department  
 Sheriff Dwayne Kilpatrick  
 437 Swan Avenue  
 Hohenwald, TN 38462  
 Phone: 931.796.5096 Fax: 931.796.3199



Corrective Action Plan

**FINDING: THE OFFICE HAD ACCOUNTING DEFICIENCIES**

Response and Corrective Action Plan Prepared by: Dwayne Kilpatrick, Sheriff

Person Responsible for Implementing the Corrective Action: Dwayne Kilpatrick, Sheriff

Anticipated Completion Date of Corrective Action: Immediately

Repeat Finding: No

Planned Corrective Action:

- A.) Check for \$3,422.00 from Peoples Bank deposited to Lewis County Trustee – Dated 12/11/2019
- B.) Employee Franks has done this task since May 2018. To my knowledge, this was the first time she had made this mistake. Moving forward, another employee will review the cash journal / ledger in an attempt to discover possible mistakes and to ensure timely processing of transactions (to meet 15 day after end of month deadline)
- C.) This office now completely understands the process desired for these funds and this office follow said guidelines moving forward.
- D.) Please see "B.)"
- E.) Please see "B.)"

Signature: *Dwayne Kilpatrick*

Date: 12/11/19

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Lewis County.

### **LEWIS COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Lewis County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.