

# ANNUAL FINANCIAL REPORT

## LEWIS COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2020



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT**  
**LEWIS COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT***  
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***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, 2020

## ***Scope***

We have audited the basic financial statements of Lewis County as of and for the year ended June 30, 2020.

## ***Results***

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

Our audit resulted in three 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**

- ◆ A theft of insurance premiums resulted in a cash shortage of \$14,163.

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### **OFFICE OF COUNTY CLERK**

- ◆ The office did not review its software audit logs.

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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, 2020

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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  
Kaitlin Bates, Clerk and Master  
Cheryl Staggs, Register of Deeds  
Dwayne Kilpatrick, Sheriff

### **Board of County Commissioners**

Jonah Keltner, County Mayor, Chairman  
Jerry Ashmore  
Vacant  
Robert Brewer  
Brian Peery  
Larry Hensley  
Timmie Hinson  
Wendell Kelley  
Vacant  
Patrick Halfacre

Austin Carroll  
Connie Sharp  
Aren Ragsdale  
T. J. Hinson  
Allison Tanner  
Jim Grinder  
Jason Fite  
Billy Dyer  
Ronnie Brewer

### **Highway Commission**

Jonah Keltner, County Mayor, Chairman  
Brian Peery  
Alice Tubbs

(Continued)

## Lewis County Officials (Cont.)

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### **Board of Education**

Glenda Atkinson, Chairman  
Blake Farr  
Cassie Couch  
Jackie Holt  
Nancy McDonald

Lindsey Himes  
Derek Cotham  
Phyllis Townsend  
Johnny Clayton

### **Audit Committee**

Patrick Halfacre, Chairman  
Jim Grinder  
Annette Peery  
Connie Sharp  
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, 2020, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***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, 2020, 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 county and school changes in the 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 other information such as the introductory section 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.

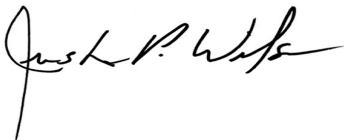
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Lewis County School Department (a discretely presented component unit), schedule of expenditures of federal awards, 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020, 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

November 24, 2020

JPW/tg

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Lewis County, Tennessee  
Statement of Net Position  
June 30, 2020

	Primary Government Governmental Activities	Component Unit Lewis County School Department
<u>ASSETS</u>		
Cash	\$ 1,427	\$ 485,578
Equity in Pooled Cash and Investments	4,596,287	12,605,994
Net Pension Asset - Agent Plans	193,443	38,132
Net Pension Asset - Teacher Retirement Plan	0	71,099
Net Pension Asset - Teacher Legacy Pension Plan	0	1,872,304
Accounts Receivable	128,010	11,137
Allowance for Uncollectibles	(29,592)	0
Due from Other Governments	544,580	432,130
Property Taxes Receivable	3,040,149	1,402,931
Allowance for Uncollectible Property Taxes	(54,932)	(25,169)
Cash Shortage	14,163	0
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	57,992
Capital Assets:		
Assets Not Depreciated:		
Land	1,135,029	974,808
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,742,925	2,898,655
Infrastructure	6,475,411	0
Other Capital Assets	1,225,000	975,459
Total Assets	<u>\$ 19,011,900</u>	<u>\$ 21,801,050</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 69,929	\$ 293,721
Pension Contribution after Measurement Date	235,988	819,905
Pension Changes in Proportion	0	32,800
Pension Changes in Assumptions	49,452	327,044
OPEB Changes in Assumptions	8,968	29,640
OPEB Changes in Experience	3,431	50,764
OPEB Benefits Paid After Measurement Date	918	36,294
Total Deferred Outflows of Resources	<u>\$ 368,686</u>	<u>\$ 1,590,168</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 367,482	\$ 40,481
Payroll Deductions Payable	2,332	483,693
Noncurrent Liabilities:		
Due Within One Year - Debt	165,610	0
Due Within One Year - Other	17,900	13,761
Due in More Than One Year - Debt	376,255	0
Due in More Than One Year - Other	378,671	1,053,528
Total Liabilities	<u>\$ 1,308,250</u>	<u>\$ 1,591,463</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Lewis County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,909,155	\$ 1,342,636
Pension Changes in Experience	376,644	1,183,104
Pension Changes in Investment Earnings	83,286	623,773
Pension Changes in Proportion	0	30,211
OPEB Changes in Assumptions	6,094	113,248
OPEB Changes in Experience	117,061	75,435
OPEB Changes in Proportion	0	23,530
Total Deferred Inflows of Resources	<u>\$ 3,492,240</u>	<u>\$ 3,391,937</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 10,036,500	\$ 4,848,922
Restricted for:		
General Government	74,112	0
Finance	11,407	0
Administration of Justice	42,476	0
Public Safety	101,061	0
Highway/Public Works	2,419,223	0
Education	0	76,860
Pensions	193,443	2,039,527
Unrestricted	<u>1,701,874</u>	<u>11,442,509</u>
Total Net Position	<u>\$ 14,580,096</u>	<u>\$ 18,407,818</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, 2020

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	\$ 1,650,346	\$ 197,160	\$ 606,637	\$ 0	\$ (846,549)	\$ 0
Finance	525,961	341,769	0	0	(184,192)	0
Administration of Justice	642,302	189,589	0	0	(452,713)	0
Public Safety	3,117,019	106,788	10,400	0	(2,999,831)	0
Public Health and Welfare	1,029,929	560,266	436,988	0	(32,675)	0
Social, Cultural, and Recreational Services	348,455	25,519	82,715	0	(240,221)	0
Agriculture and Natural Resources	110,426	0	33,407	0	(77,019)	0
Highways/Public Works	1,698,457	0	1,881,129	125,696	308,368	0
Total Governmental Activities	<u>\$ 9,122,895</u>	<u>\$ 1,421,091</u>	<u>\$ 3,051,276</u>	<u>\$ 125,696</u>	<u>\$ (4,524,832)</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 9,122,895</u>	<u>\$ 1,421,091</u>	<u>\$ 3,051,276</u>	<u>\$ 125,696</u>	<u>\$ (4,524,832)</u>	<u>\$ 0</u>
Component Unit:						
Lewis County School Department	\$ 16,143,093	\$ 246,244	\$ 2,344,939	\$ 0	\$ 0	\$ (13,551,910)
Total Component Unit	<u>\$ 16,143,093</u>	<u>\$ 246,244</u>	<u>\$ 2,344,939</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (13,551,910)</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 Government Governmental Activities	Component
						Unit
						Lewis County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,801,628	\$ 1,269,504
Local Option Sales Taxes					642,637	1,956,304
Hotel/Motel Tax					38,411	0
Wheel Tax					697,034	0
Litigation Tax - General					27,830	0
Litigation Tax - Jail, Workhouse, or Courthouse					38,542	0
Business Tax					68,581	0
Wholesale Beer Tax					45,954	0
Other Local Taxes					8,702	32,004
Grants and Contributions Not Restricted to Specific Programs					790,429	10,958,749
Interest Income					196,662	95,128
Miscellaneous					142,500	6,337
Total General Revenues					<u>\$ 5,498,910</u>	<u>\$ 14,318,026</u>
Change in Net Position					\$ 974,078	\$ 766,116
Net Position, July 1, 2019					<u>13,606,018</u>	<u>17,641,702</u>
Net Position, June 30, 2020					<u><u>\$ 14,580,096</u></u>	<u><u>\$ 18,407,818</u></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, 2020

	Major Funds		Nonmajor Funds	
	General	Highway / Public Works	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 577	\$ 10	\$ 840	\$ 1,427
Equity in Pooled Cash and Investments	1,504,711	2,786,813	304,763	4,596,287
Accounts Receivable	34,967	0	93,043	128,010
Allowance for Uncollectibles	0	0	(29,592)	(29,592)
Due from Other Governments	293,118	251,462	0	544,580
Property Taxes Receivable	2,963,702	76,447	0	3,040,149
Allowance for Uncollectible Property Taxes	(53,170)	(1,762)	0	(54,932)
Cash Shortage	14,163	0	0	14,163
Total Assets	<u>\$ 4,758,068</u>	<u>\$ 3,112,970</u>	<u>\$ 369,054</u>	<u>\$ 8,240,092</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 34,645	\$ 292,000	\$ 40,837	\$ 367,482
Payroll Deductions Payable	0	2,332	0	2,332
Total Liabilities	<u>\$ 34,645</u>	<u>\$ 294,332</u>	<u>\$ 40,837</u>	<u>\$ 369,814</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,836,327	\$ 72,828	\$ 0	\$ 2,909,155
Deferred Delinquent Property Taxes	69,688	1,756	0	71,444
Other Deferred/Unavailable Revenue	67,009	125,731	22,754	215,494
Total Deferred Inflows of Resources	<u>\$ 2,973,024</u>	<u>\$ 200,315</u>	<u>\$ 22,754</u>	<u>\$ 3,196,093</u>

(Continued)

Exhibit C-1

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

	Major Funds		Nonmajor Funds	
	General	Highway / Public Works	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 74,112	\$ 0	\$ 0	\$ 74,112
Restricted for Finance	11,407	0	0	11,407
Restricted for Administration of Justice	42,476	0	0	42,476
Restricted for Public Safety	77,146	0	23,915	101,061
Restricted for Highways/Public Works	0	2,618,323	1,281	2,619,604
Committed:				
Committed for Public Health and Welfare	0	0	35,375	35,375
Committed for Social, Cultural, and Recreational Services	39,954	0	62,835	102,789
Committed for Debt Service	0	0	182,057	182,057
Assigned:				
Assigned for General Government	3,956	0	0	3,956
Assigned for Public Safety	160,854	0	0	160,854
Unassigned	1,340,494	0	0	1,340,494
Total Fund Balances	<u>\$ 1,750,399</u>	<u>\$ 2,618,323</u>	<u>\$ 305,463</u>	<u>\$ 4,674,185</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,758,068</u>	<u>\$ 3,112,970</u>	<u>\$ 369,054</u>	<u>\$ 8,240,092</u>

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

Exhibit C-2

Lewis County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2020

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)		\$ 4,674,185
(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	1,742,925	
Add: infrastructure net of accumulated depreciation	6,475,411	
Add: other capital assets net of accumulated depreciation	<u>1,225,000</u>	10,578,365
(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	\$ (409,171)	
Less: bonds payable	(132,694)	
Less: compensated absences payable	(17,900)	
Less: net pension liability	(253,236)	
Less: other postemployment benefits liability	<u>(125,435)</u>	(938,436)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 355,369	
Add: deferred outflows of resources related to OPEB	13,317	
Less: deferred inflows of resources related to pensions	(459,930)	
Less: deferred inflows of resources related to OPEB	<u>(123,155)</u>	(214,399)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		193,443
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>286,938</u>
Net position of governmental activities (Exhibit A)		<u>\$ 14,580,096</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, 2020

	Major Funds		Nonmajor Funds	
	General	Highway / Public Works	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 4,213,330	\$ 78,069	\$ 344,098	\$ 4,635,497
Licenses and Permits	3,927	0	0	3,927
Fines, Forfeitures, and Penalties	43,944	0	2,327	46,271
Charges for Current Services	67,348	3	575,648	642,999
Other Local Revenues	401,573	48,949	27,780	478,302
Fees Received From County Officials	557,608	0	0	557,608
State of Tennessee	1,186,823	2,093,796	8,010	3,288,629
Federal Government	318,799	56,512	0	375,311
Other Governments and Citizens Groups	47,057	6,224	46,596	99,877
Total Revenues	\$ 6,840,409	\$ 2,283,553	\$ 1,004,459	\$ 10,128,421
<u>Expenditures</u>				
Current:				
General Government	\$ 1,096,605	\$ 0	\$ 0	\$ 1,096,605
Finance	432,593	0	0	432,593
Administration of Justice	453,310	0	50	453,360
Public Safety	2,688,692	0	2,061	2,690,753
Public Health and Welfare	576,890	0	681,650	1,258,540
Social, Cultural, and Recreational Services	137,292	0	218,608	355,900
Agriculture and Natural Resources	110,426	0	0	110,426
Other Operations	1,064,825	0	65,788	1,130,613
Highways	0	2,404,245	0	2,404,245
Debt Service:				
Principal on Debt	0	71,306	147,629	218,935
Interest on Debt	0	7,906	12,445	20,351
Capital Projects	206,089	0	0	206,089
Total Expenditures	\$ 6,766,722	\$ 2,483,457	\$ 1,128,231	\$ 10,378,410

(Continued)

Exhibit C-3

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

	Major Funds		Nonmajor Funds	
	General	Highway / Public Works	Other Govern- mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 73,687	\$ (199,904)	\$ (123,772)	\$ (249,989)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 27,036	\$ 0	\$ 10,936	\$ 37,972
Transfers In	179,528	0	135,600	315,128
Transfers Out	(135,600)	0	(179,528)	(315,128)
Total Other Financing Sources (Uses)	\$ 70,964	\$ 0	\$ (32,992)	\$ 37,972
Net Change in Fund Balances	\$ 144,651	\$ (199,904)	\$ (156,764)	\$ (212,017)
Fund Balance, July 1, 2019	1,605,748	2,818,227	462,227	4,886,202
Fund Balance, June 30, 2020	\$ 1,750,399	\$ 2,618,323	\$ 305,463	\$ 4,674,185

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

Exhibit C-4

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, 2020

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)		\$	(212,017)
(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	\$	1,698,507	
Less: current-year depreciation expense		<u>(903,371)</u>	795,136
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2019	\$	(318,386)	
Add: deferred delinquent property taxes and other deferred June 30, 2020		<u>286,938</u>	(31,448)
(3) 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.			
Add: principal payments on notes	\$	147,629	
Add: principal payments on bonds		<u>71,306</u>	218,935
(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 net pension asset/liability - county officials plan	\$	139,206	
Change in net pension asset/liability - highway plan		338,017	
Change in net pension asset/liability - county plan		58,109	
Change in deferred outflows related to pensions		(64,962)	
Change in deferred outflows related to OPEB		(3,213)	
Change in deferred inflows related to pensions		(281,633)	
Change in deferred inflows related to OPEB		(81,139)	
Change in compensated absences payable		17,137	
Change in other postemployment benefits liability		<u>81,950</u>	<u>203,472</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 974,078</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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,213,330	\$ 4,260,192	\$ 4,260,192	\$ (46,862)
Licenses and Permits	3,927	3,730	3,730	197
Fines, Forfeitures, and Penalties	43,944	59,760	59,760	(15,816)
Charges for Current Services	67,348	58,480	61,780	5,568
Other Local Revenues	401,573	333,494	357,364	44,209
Fees Received From County Officials	557,608	511,000	511,000	46,608
State of Tennessee	1,186,823	1,070,409	1,304,975	(118,152)
Federal Government	318,799	3,000	310,923	7,876
Other Governments and Citizens Groups	47,057	60,000	60,000	(12,943)
Total Revenues	\$ 6,840,409	\$ 6,360,065	\$ 6,929,724	\$ (89,315)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 58,782	\$ 64,760	\$ 64,760	\$ 5,978
Board of Equalization	1,000	1,750	1,750	750
County Mayor/Executive	192,166	190,785	193,361	1,195
County Attorney	14,279	7,000	14,480	201
Election Commission	119,532	131,265	131,265	11,733
Register of Deeds	108,861	112,567	112,567	3,706
Building	78,077	0	78,077	0
Geographical Information Systems	34,291	35,596	35,596	1,305
County Buildings	310,532	266,412	320,985	10,453
Other Facilities	149,525	43,051	152,342	2,817
Other General Administration	29,560	30,000	30,000	440
<u>Finance</u>				
Property Assessor's Office	107,734	116,721	114,102	6,368
Reappraisal Program	33,541	29,949	34,301	760
County Trustee's Office	144,511	148,825	148,825	4,314
County Clerk's Office	146,807	141,490	148,539	1,732
<u>Administration of Justice</u>				
Circuit Court	91,118	94,272	94,272	3,154
General Sessions Judge	102,966	105,528	105,528	2,562
General Sessions Court Clerk	91,679	89,544	93,233	1,554
Chancery Court	120,672	117,080	121,480	808
Judicial Commissioners	46,875	48,732	48,732	1,857
<u>Public Safety</u>				
Sheriff's Department	909,065	936,535	936,535	27,470
Drug Enforcement	3,468	6,000	6,000	2,532
Administration of the Sexual Offender Registry	850	900	900	50
Jail	1,107,878	1,010,686	1,355,525	247,647
Juvenile Services	0	2,000	2,000	2,000
Fire Prevention and Control	385,047	43,950	386,589	1,542
Civil Defense	182,531	175,728	187,862	5,331
County Coroner/Medical Examiner	21,408	19,773	21,689	281
Other Public Safety	78,445	89,327	80,927	2,482
<u>Public Health and Welfare</u>				
Local Health Center	372,834	363,921	387,137	14,303
Rabies and Animal Control	2,408	3,600	3,600	1,192

(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>				
Ambulance/Emergency Medical Services	\$ 142,800	\$ 142,800	\$ 142,800	\$ 0
Other Local Health Services	426	17,100	17,100	16,674
Regional Mental Health Center	7,000	7,000	7,000	0
Sanitation Education/Information	51,422	44,200	51,700	278
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	6,000	6,000	6,000	0
Libraries	131,292	124,959	131,302	10
Parks and Fair Boards	0	115,600	0	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	58,389	60,063	60,063	1,674
Soil Conservation	52,037	54,681	54,681	2,644
<u>Other Operations</u>				
Other Economic and Community Development	30,060	73,300	80,096	50,036
Airport	182,047	73,085	200,783	18,736
Veterans' Services	16,242	16,490	16,490	248
Employee Benefits	645,678	676,750	818,854	173,176
Miscellaneous	190,798	189,290	198,290	7,492
<u>Capital Projects</u>				
General Administration Projects	97,318	100,000	100,000	2,682
Other General Government Projects	108,771	71,000	137,371	28,600
Total Expenditures	\$ 6,766,722	\$ 6,200,065	\$ 7,435,489	\$ 668,767
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 73,687	\$ 160,000	\$ (505,765)	\$ 579,452
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 27,036	\$ 5,000	\$ 172,489	\$ (145,453)
Transfers In	179,528	0	0	179,528
Transfers Out	(135,600)	0	(135,600)	0
Total Other Financing Sources	\$ 70,964	\$ 5,000	\$ 36,889	\$ 34,075
Net Change in Fund Balance				
Fund Balance, July 1, 2019	\$ 1,605,748	\$ 1,817,342	\$ (468,876)	\$ 613,527
Fund Balance, June 30, 2020	\$ 1,750,399	\$ 1,982,342	\$ 1,348,466	\$ 401,933

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 78,069	\$ 75,825	\$ 75,825	\$ 2,244
Charges for Current Services	3	10	10	(7)
Other Local Revenues	48,949	3,000	3,000	45,949
State of Tennessee	2,093,796	2,000,811	2,000,811	92,985
Federal Government	56,512	0	4,281	52,231
Other Governments and Citizens Groups	6,224	10,000	10,000	(3,776)
Total Revenues	<u>\$ 2,283,553</u>	<u>\$ 2,089,646</u>	<u>\$ 2,093,927</u>	<u>\$ 189,626</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 162,032	\$ 158,418	\$ 162,900	\$ 868
Highway and Bridge Maintenance	980,125	926,729	1,000,986	20,861
Operation and Maintenance of Equipment	252,424	257,260	256,110	3,686
Other Charges	68,066	67,614	68,764	698
Employee Benefits	319,284	651,319	321,200	1,916
Capital Outlay	622,314	448,867	625,315	3,001
<u>Principal on Debt</u>				
Highways and Streets	71,306	0	71,306	0
<u>Interest on Debt</u>				
Highways and Streets	7,906	0	7,906	0
Total Expenditures	<u>\$ 2,483,457</u>	<u>\$ 2,510,207</u>	<u>\$ 2,514,487</u>	<u>\$ 31,030</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (199,904)</u>	<u>\$ (420,561)</u>	<u>\$ (420,560)</u>	<u>\$ 220,656</u>
Net Change in Fund Balance	\$ (199,904)	\$ (420,561)	\$ (420,560)	\$ 220,656
Fund Balance, July 1, 2019	<u>2,818,227</u>	<u>2,647,750</u>	<u>2,647,750</u>	<u>170,477</u>
Fund Balance, June 30, 2020	<u><u>\$ 2,618,323</u></u>	<u><u>\$ 2,227,189</u></u>	<u><u>\$ 2,227,190</u></u>	<u><u>\$ 391,133</u></u>

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, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 500,645
Due from Other Governments	<u>260,438</u>
Total Assets	<u><u>\$ 761,083</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 260,438
Due to Litigants, Heirs, and Others	<u>500,645</u>
Total Liabilities	<u><u>\$ 761,083</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, 2020**

**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, 2020.

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; the State Treasurer's Intermediate Term Investment Fund; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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 Pool complied with accounting principles generally accepted in the United States of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund 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 fund under the same terms and conditions 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 Intermediate Term Investment Fund complied with accounting principles generally accepted in the United States of America. Lewis County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

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. These items are for pension changes in experience, assumptions, and proportion; employer contributions made to the pension and OPEB plans after the measurement date; and OPEB changes in assumptions and experience.

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, investment earnings, and proportion; OPEB changes in assumptions, experience, and proportion; and various receivables for revenues, 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 employee pension plans, 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 \$2,841,722 of restricted net position, of which \$16,725 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, 2020, the Lewis County School Department reported the following encumbrances:

<u>Funds</u>	<u>Amount</u>
School Department:	
Major Fund:	
General Purpose School	\$ 307,860
Nonmajor Fund:	
School Federal Projects	5,880

#### 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 \$14,163 at June 30, 2020. 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.

#### **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, the State Treasurer's Intermediate Term Investment Fund, 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. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund 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 Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating 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.

**Investment Balances.** As of June 30, 2020, Lewis County had the following investments carried at amortized cost using a stable net asset value. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Lewis County and the discretely presented Lewis County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Amortized Cost
State Treasurer's Investment Pool	1 to 105	\$ 4,388

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Lewis County does not have a formal investment policy that limits 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. State statutes limit the ratings of certain investments as previously explained. Lewis County has no investment policy that would further limit its investment choices. As of June 30, 2020,

Lewis County's investment in the State Treasurer's Investment Pool was unrated.

### **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. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

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

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with the FASB principles for investment companies.

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.

On June 30, 2020, 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	\$ 17,978
Developed Market International Equity	N/A	N/A	8,119
Emerging Market International Equity	N/A	N/A	2,320
U.S. Fixed Income	N/A	N/A	11,598
Real Estate	N/A	N/A	5,799
Short-term Securities	N/A	N/A	580
NAV - Private Equity and Strategic Lending	N/A	N/A	11,598
Total			<u>\$ 57,992</u>

		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment by Fair Value Level	Fair Value 6-30-20				
U.S. Equity	\$ 17,978	\$ 17,978	\$ 0	\$ 0	0
Developed Market International Equity	8,119	8,119	0	0	0
Emerging Market International Equity	2,320	2,320	0	0	0
U.S. Fixed Income	11,598	0	11,598	0	0
Real Estate	5,799	0	0	5,799	0
Short-term Securities	580	0	580	0	0
Private Equity and Strategic Lending	11,598	0	0	0	11,598
Total	<u>\$ 57,992</u>	<u>\$ 28,417</u>	<u>\$ 12,178</u>	<u>\$ 5,799</u>	<u>\$ 11,598</u>

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

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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 Lewis County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2020, was as follows:

**Primary Government - Governmental Activities:**

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
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	\$ 426,559	\$ 0	\$ 4,454,693
Infrastructure	23,462,983	966,622	0	24,429,605
Other Capital Assets	2,857,938	305,326	(138,279)	3,024,985
Total Capital Assets Depreciated	\$ 30,349,055	\$ 1,698,507	\$ (138,279)	\$ 31,909,283
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 2,572,832	\$ 138,936	\$ 0	\$ 2,711,768
Infrastructure	17,392,951	561,243	0	17,954,194
Other Capital Assets	1,735,072	203,192	(138,279)	1,799,985
Total Accumulated Depreciation	\$ 21,700,855	\$ 903,371	\$ (138,279)	\$ 22,465,947
Total Capital Assets Depreciated, Net	\$ 8,648,200	\$ 795,136	\$ 0	\$ 9,443,336
Governmental Activities Capital Assets, Net	\$ 9,783,229	\$ 795,136	\$ 0	\$ 10,578,365

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

**Governmental Activities:**

General Government	\$ 40,572
Finance	1,300
Public Safety	77,564
Public Health and Welfare	44,257
Social, Cultural, and Recreation	52,706
Highway/Public Works	<u>686,972</u>

Total Depreciation Expense - Governmental Activities	<u><u>\$ 903,371</u></u>
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**Discretely Presented Lewis County School Department -  
Governmental Activities:**

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 974,808	\$ 0	\$ 974,808
Total Capital Assets Not Depreciated	<u>\$ 974,808</u>	<u>\$ 0</u>	<u>\$ 974,808</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 11,401,569	\$ 66,450	\$ 11,468,019
Other Capital Assets	3,075,993	213,684	3,289,677
Total Capital Assets Depreciated	<u>\$ 14,477,562</u>	<u>\$ 280,134</u>	<u>\$ 14,757,696</u>
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ 8,364,222	\$ 205,142	\$ 8,569,364
Other Capital Assets	2,148,226	165,992	2,314,218
Total Accumulated Depreciation	<u>\$ 10,512,448</u>	<u>\$ 371,134</u>	<u>\$ 10,883,582</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,965,114</u>	<u>\$ (91,000)</u>	<u>\$ 3,874,114</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 4,939,922</u></u>	<u><u>\$ (91,000)</u></u>	<u><u>\$ 4,848,922</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2020.

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

**Governmental Activities:**

Instruction	\$ 2,552
Support Services	348,055
Operation of Non-instructional Services	<u>20,527</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 371,134</u></u>

**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2020, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	\$ 70,839

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2020, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		Purpose
	General Fund	Nonmajor Governmental Funds	
General Fund	\$ 0	\$ 135,600	Operations
Nonmajor governmental funds	<u>179,528</u>	<u>0</u>	To close fund
Total	<u><u>\$ 179,528</u></u>	<u><u>\$ 135,600</u></u>	

## Discretely Presented Lewis County School Department

Transfers Out	Transfers In		Purpose
	General Purpose School Fund	Nonmajor Governmental Funds	
General Purpose School Fund	\$ 0	\$ 25,486	Operations
Nonmajor governmental funds	29,684	0	Indirect Cost
Total	<u>\$ 29,684</u>	<u>\$ 25,486</u>	

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 10 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The bonds included in long-term debt as of June 30, 2020, 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, 2020, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-20
General Obligation Bonds	3.875 %	3-7-29	\$ 264,000	\$ 132,694
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	0 - 2.9	9-15-26	575,500	409,171

The annual requirements to amortize all general obligation bonds and capital outlay notes outstanding as of June 30, 2020, is presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 14,069	\$ 5,142	\$ 19,211
2022	14,614	4,597	19,211
2023	15,181	4,030	19,211
2024	15,769	3,442	19,211
2025	16,380	2,831	19,211
2026-2029	56,681	4,726	61,407
Total	\$ 132,694	\$ 24,768	\$ 157,462

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 151,541	\$ 8,532	\$ 160,073
2022	25,099	4,501	29,600
2023	194,131	4,151	198,282
2024	9,600	0	9,600
2025	9,600	0	9,600
2026-2027	19,200	0	19,200
Total	\$ 409,171	\$ 17,184	\$ 426,355

There is \$182,057 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$11, based on the 2010 federal census. Total debt per capita, including bonds and notes, totaled \$45, based on the 2010 federal census.

### Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

Governmental Activities:			Notes -	
	Bonds		Direct Placement	
Balance, July 1, 2019	\$	204,000	\$	556,800
Additions		0		0
Reductions		(71,306)		(147,629)
Balance, June 30, 2020	\$	132,694	\$	409,171
Balance Due Within One Year	\$	14,069	\$	151,541

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$	541,865
Less: Balance Due Within One Year - Debt		<u>(165,610)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A		<u>\$ 376,255</u>

### **E. Long-term Obligations**

#### **Primary Government**

### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2020, was as follows:

Governmental Activities:	Net Pension Liability - Officials Agent Plan		Net Pension Liability - Highway Agent Plan	
Balance, July 1, 2019	\$	263,730	\$	466,729
Additions		267,391		249,631
Reductions		(406,597)		(587,648)
Balance, June 30, 2020	\$	124,524	\$	128,712
Balance Due Within One Year	\$	0	\$	0

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2019	\$ 35,037	\$ 207,385
Additions	37,355	26,751
Reductions	(54,492)	(108,701)
Balance, June 30, 2020	<u>\$ 17,900</u>	<u>\$ 125,435</u>
Balance Due Within One Year	<u>\$ 17,900</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, 2020	\$ 396,571
Less: Balance Due Within One Year - Other	<u>(17,900)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 378,671</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, 2020, was as follows:

Governmental Activities:	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2019	\$ 9,060	\$ 1,048,337
Additions	8,104	94,445
Reductions	(3,403)	(89,254)
Balance, June 30, 2020	<u>\$ 13,761</u>	<u>\$ 1,053,528</u>
Balance Due Within One Year	<u>\$ 13,761</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, 2020	\$ 1,067,289
Less: Balance Due Within One Year - Other	<u>(13,761)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,053,528</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, 2020, were \$26,866. 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. 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.

#### **C. Change in Administration**

On March 31, 2020, Donna Couch left the Office of Clerk and Master and was succeeded by Kaitlin Bates.

#### **D. 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, 2020.

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, 2020.

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 participating county school systems, city school systems, and certain special

school districts. 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

**E. 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.

**F. 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 <https://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 nonservice-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, 2019, 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	12	11	22
Inactive Employees Entitled to But Not Yet Receiving Benefits	66	5	10
Active Employees	67	10	14
Total	145	26	46

*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, 2020, the employer contributions for Lewis County, Lewis County Officials, and the Lewis County Highway Department were as follows: \$58,275 based on a rate of 2.85 percent of covered payroll; \$68,935 based on a rate of 8.64 percent of covered payroll; and \$108,778 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, 2019, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2019, 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, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and 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 asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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 Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2018	\$ 1,746,495	\$ 1,881,829	\$ (135,334)
Changes for the Year:			
Service Cost	\$ 127,882	\$ 0	\$ 127,882
Interest	134,209	0	134,209
Differences Between Expected and Actual Experience	(43,431)	0	(43,431)
Contributions-Employer	0	47,742	(47,742)
Contributions-Employees	0	91,111	(91,111)
Net Investment Income	0	143,359	(143,359)
Benefit Payments, Including Refunds of Employee Contributions	(46,438)	(46,438)	0
Administrative Expense	0	(5,443)	5,443
Net Changes	\$ 172,222	\$ 230,331	\$ (58,109)
Balance, June 30, 2019	\$ 1,918,717	\$ 2,112,160	\$ (193,443)

### Lewis County Officials:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2018	\$ 2,860,340	\$ 2,596,610	\$ 263,730
Changes for the Year:			
Service Cost	\$ 61,182	\$ 0	\$ 61,182
Interest	206,209	0	206,209
Differences Between Expected and Actual Experience	(108,254)	0	(108,254)
Contributions-Employer	0	68,966	(68,966)
Contributions-Employees	0	38,702	(38,702)
Net Investment Income	0	191,565	(191,565)
Benefit Payments, Including Refunds of Employee Contributions	(154,522)	(154,522)	0
Administrative Expense	0	(890)	890
Net Changes	\$ 4,615	\$ 143,821	\$ (139,206)
Balance, June 30, 2019	\$ 2,864,955	\$ 2,740,431	\$ 124,524

Lewis County Highway Department:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2018	\$ 2,768,091	\$ 2,301,362	\$ 466,729
Changes for the Year:			
Service Cost	\$ 50,576	\$ 0	\$ 50,576
Interest	199,055	0	199,055
Differences Between Expected and Actual Experience	(300,772)	0	(300,772)
Contributions-Employer	0	94,302	(94,302)
Contributions-Employees	0	23,576	(23,576)
Net Investment Income	0	170,260	(170,260)
Benefit Payments, Including Refunds of Employee Contributions	(146,153)	(146,153)	0
Administrative Expense	0	(1,262)	1,262
Net Changes	\$ (197,294)	\$ 140,723	\$ (338,017)
Balance, June 30, 2019	\$ 2,570,797	\$ 2,442,085	\$ 128,712

*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	\$ 107,911	\$ (193,443)	\$ (435,575)
Lewis County Officials	451,700	124,524	(154,825)
Lewis County Highway Department	402,680	128,712	(105,376)

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

*Pension Expense (Negative Pension Expense).* For the year ended June 30, 2020, Lewis County recognized pension expense of \$33,875, Lewis County Officials recognized pension expense of \$61,937, and the Lewis County Highway Department recognized (negative) pension expense of (\$48,745).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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	\$ 62,651	\$ 141,893
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	23,063
Changes in Assumptions	30,174	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	58,275	N/A
Total	<u>\$ 151,100</u>	<u>\$ 164,956</u>

Lewis County Officials:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 7,278	\$ 84,365
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	31,869
Changes in Assumptions	19,278	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	68,935	N/A
Total	<u>\$ 95,491</u>	<u>\$ 116,234</u>

Lewis County Highway Department:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 150,386
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	28,354
Changes in Assumptions	0	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	108,778	N/A
Total	<u>\$ 108,778</u>	<u>\$ 178,740</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources, 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
2021	\$ (13,138)	\$ (9,045)	\$ (151,686)
2022	(25,551)	(46,470)	(20,726)
2023	(14,642)	(33,154)	(5,428)
2024	(11,096)	(1,009)	(900)
2025	(9,035)	0	0
Thereafter	1,331	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 <https://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 nonservice-related disability eligibility. The service related and nonservice-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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	67
Inactive Employees Entitled to But Not Yet Receiving Benefits	80
Active Employees	95
Total	<u>242</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The 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, 2020, the employer contribution was \$118,181 based on a rate of 5.62 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, 2019, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2019, 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, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and 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 asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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	
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, 2018	\$ 6,678,732	\$ 6,888,499	\$ (209,767)
Changes for the Year:			
Service Cost	\$ 179,852	\$ 0	\$ 179,852
Interest	483,550	0	483,550
Differences Between Expected and Actual Experience	209,164	0	209,164
Contributions-Employer	0	106,643	(106,643)
Contributions-Employees	0	96,598	(96,598)
Net Investment Income	0	506,101	(506,101)
Benefit Payments, Including Refunds of Employee Contributions	(377,852)	(377,852)	0
Administrative Expense	0	(8,411)	8,411
Net Changes	\$ 494,714	\$ 323,079	\$ 171,635
Balance, June 30, 2019	\$ 7,173,446	\$ 7,211,578	\$ (38,132)

*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% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)			
School Department	\$ 822,753	\$ (38,132)	\$ (759,188)

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

*Pension Expense.* For the year ended June 30, 2020, the Lewis County School Department recognized pension expense of \$232,451.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, the Lewis County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 199,615	\$ 27,052
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	85,814
Changes in Assumptions	72,271	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	118,181	N/A
Total	\$ 390,067	\$ 112,866

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources, 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
2021	\$ 83,892
2022	45,168
2023	32,616
2024	(2,656)
2025	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 employed by 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 <https://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 nonservice-related disability eligibility. The service-related and nonservice-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, 2020, to the Teacher Retirement Plan were \$30,523, which is 2.03 percent of covered payroll. In addition, employer contributions of \$29,621, which is 1.97 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, 2020, the school department reported a liability (asset) of (\$71,099) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .125954 percent. The proportion as of June 30, 2018, was .102777 percent.

*Pension Expense.* For the year ended June 30, 2020, the school department recognized pension expense of \$21,037.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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	\$ 2,948	\$ 12,412
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,006
Changes in Assumptions	2,470	0
Changes in Proportion of Net Pension Liability (Asset)	0	14,654
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	30,523	N/A
Total	<u>\$ 35,941</u>	<u>\$ 30,072</u>

The school department's employer contributions of \$30,523, 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (2,783)
2022	(3,243)
2023	(2,400)
2024	(1,970)
2025	(1,848)
Thereafter	(12,410)

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

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

Inflation	2.5%
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, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and 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 asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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	
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 (Asset)	\$ 22,527	\$ (71,099)	\$ (140,306)
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*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

### **Teacher Legacy Pension Plan**

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

*Plan Description.* Teachers employed by 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 <https://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 nonservice-related disability eligibility. The service-related and nonservice-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, 2020, to the Teacher Legacy Pension Plan were \$671,201, which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liability (Assets).* At June 30, 2020, the school department reported a liability (asset) of (\$1,872,304) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .182099 percent. The proportion measured at June 30, 2018, was .188500 percent.

*Pension Expense.* For the year ended June 30, 2020, the school department recognized pension expense of \$265,386.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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	\$ 91,158	\$ 1,143,640
Changes in Assumptions	252,303	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	534,953
Changes in Proportion of Net Pension Liability (Asset)	32,800	15,557
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	671,201	N/A
Total	<u>\$ 1,047,462</u>	<u>\$ 1,694,150</u>

The school department's employer contributions of \$671,201 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (366,505)
2022	(535,160)
2023	(239,646)
2024	(176,578)
2025	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, 2019, 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, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and 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 asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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	
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		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset)      \$ 3,828,320    \$ (1,872,304)    \$ (6,406,992)

*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 \$74,992 and teachers contributed \$34,484 to this deferred compensation pension plan.

## G. **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 (TNP), 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 TNP.

The county and the school department's total OPEB liability for each plan was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2019, 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	2.20%
Salary Increases	Salary increase rates used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation, averaging 4%
Discount Rate	3.51%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.03% for pre-65 retirees in the 2019 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5%
Retirees Share of Benefit	
Related Cost	Discussed under each plan

The discount rate was 3.51 percent, based on an average rating of AA/Aa as shown the Bond Buyer 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, 2019, valuations were the same as those employed in the June 30, 2019, 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 was changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2019 plan year was revised from 6.75 percent to 6.03 percent.

### **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 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 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.

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, 2019, the following employees were covered by the benefit terms of the LGP:

	Lewis County	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	0	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	0	0	0
Active Employees	54	15	69
Total	54	15	69

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, 2020, Lewis County paid \$918 (County - \$507, Highway Dept - \$411) 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, 2018	\$ 63,053	\$ 144,332	\$ 207,385
Changes for the Year:			
Service Cost	\$ 12,909	\$ 5,774	\$ 18,683
Interest	2,729	5,339	8,068
Difference between Expected and Actual Experience	(16,994)	(90,020)	(107,014)
Changes in Assumptions	2,413	2,343	4,756
Benefit Payments	(1,146)	(5,297)	(6,443)
Net Changes	\$ (89)	\$ (81,861)	\$ (81,950)
Balance June 30, 2019	\$ 62,964	\$ 62,471	\$ 125,435

**OPEB Expense (Negative OPEB Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

*OPEB Expense (Negative OPEB Expense).* For the year ended June 30, 2020, Lewis County recognized OPEB expense of \$9,633, and the Lewis County Highway Department recognized (negative) OPEB expense of (\$6,313).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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 \$3,431) (DI - County \$45,450, Hwy \$71,611)	\$ 3,431	\$ 117,061
Changes in Assumptions (DO - County \$4,813, Hwy \$4,155) (DI - County 2,985, Hwy \$3,109)	8,968	6,094
Benefits Paid after the Measurement Date of June 30, 2019 (County \$507, Hwy \$411)	918	N/A
Total	<u>\$ 13,317</u>	<u>\$ 123,155</u>

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
2021	\$ (6,005)	\$ (17,426)	\$ (23,431)
2022	(6,005)	(17,426)	(23,431)
2023	(6,005)	(17,426)	(23,431)
2024	(6,005)	(15,374)	(21,379)
2025	(6,005)	518	(5,487)
Thereafter	(13,597)	0	(13,597)

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:

<u>Discount Rate</u>	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
Lewis County	\$ 68,450	\$ 62,964	\$ 57,887
Hwy Dept	66,455	62,471	58,591
Total OPEB Liability	<u>\$ 134,905</u>	<u>\$ 125,435</u>	<u>\$ 116,478</u>

*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:

<u>Healthcare Cost Trend Rate</u>	1% Decrease 5.03 to 3.5%	Current Trend Rates 6.03 to 4.5%	1% Increase 7.03 to 5.5%
Lewis County	\$ 55,037	\$ 62,964	\$ 72,358
Hwy Dept	57,040	62,471	68,463
Total OPEB Liability	<u>\$ 112,077</u>	<u>\$ 125,435</u>	<u>\$ 140,821</u>

#### **Closed Teacher Group 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 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, 25 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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	6
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>177</u>
Total	<u><u>183</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 \$36,294 to the LEP for OPEB benefits as they came due.

### Changes in the Collective Total OPEB Liability

	Share of Collective Liability		
	Lewis County School Department 63.0485%	State of TN 36.9515%	Total OPEB Liability
Balance July 1, 2018	\$ 1,048,337	\$ 599,497	\$ 1,647,834
Changes for the Year:			
Service Cost	\$ 55,686	\$ 32,637	\$ 88,323
Interest	38,759	22,716	61,475
Difference between Expected and Actual Experience	56,843	33,314	90,157
Changes in Assumptions	(88,402)	(51,811)	(140,213)
Change in Proportion	(9,403)	9,403	0
Benefit Payments	(48,292)	(28,303)	(76,595)
Net Changes	\$ 5,191	\$ 17,956	\$ 23,147
Balance June 30, 2019	\$ 1,053,528	\$ 617,453	\$ 1,670,981

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 \$50,326 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 63.0485% and the State of Tennessee's share was 36.9515%.

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

*OPEB Expense.* For the year ended June 30, 2020, the school department recognized OPEB expense of \$128,743, including the state's share of the expense.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* At June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 50,764	\$ 75,435
Changes of Assumptions/Inputs	29,640	113,248
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	23,530
Benefits Paid After the Measurement Date of June 30, 2019	36,294	N/A
Total	<u>\$ 116,698</u>	<u>\$ 212,213</u>

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	School Department
2021	\$ (16,028)
2022	(16,028)
2023	(16,028)
2024	(16,028)
2025	(16,028)
Thereafter	(51,669)

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

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

<u>Discount Rate</u>	Current		
	1%	Discount	1%
	Decrease	Rate	Increase
	2.51%	3.51%	4.51%
Proportionate Share of the Collective Total OPEB Liability	\$ 1,138,312	\$ 1,053,528	\$ 973,237

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

<u>Healthcare Cost Trend Rate</u>	Current		
	1%	Trend	1%
	Decrease	Rates	Increase
	5.03 to 3.5%	6.03 to 4.5%	7.03 to 5.5%
Proportionate Share of the Collective Total OPEB Liability	\$ 933,682	\$ 1,053,528	\$ 1,194,369

## H. 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	2019
<b>Total Pension Liability</b>						
Service Cost	\$ 108,675	\$ 115,210	\$ 125,145	\$ 107,405	\$ 124,000	\$ 127,882
Interest	75,473	82,252	97,900	106,294	115,219	134,209
Differences Between Actual and Expected Experience	(56,648)	39,229	(67,292)	(71,399)	60,289	(43,431)
Changes in Assumptions	0	0	0	48,279	0	0
Benefit Payments, Including Refunds of Employee Contributions	(29,556)	(57,733)	(18,250)	(33,917)	(36,486)	(46,438)
Net Change in Total Pension Liability	\$ 97,944	\$ 178,958	\$ 137,503	\$ 156,662	\$ 263,022	\$ 172,222
Total Pension Liability, Beginning	912,406	1,010,350	1,189,308	1,326,811	1,483,473	1,746,495
Total Pension Liability, Ending (a)	\$ 1,010,350	\$ 1,189,308	\$ 1,326,811	\$ 1,483,473	\$ 1,746,495	\$ 1,918,717
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 72,054	\$ 61,251	\$ 61,547	\$ 63,037	\$ 67,363	\$ 47,742
Contributions - Employee	75,846	73,975	74,333	76,132	82,755	91,111
Net Investment Income	151,684	35,450	33,985	161,188	140,079	143,359
Benefit Payments, Including Refunds of Employee Contributions	(29,556)	(57,733)	(18,250)	(33,917)	(36,486)	(46,438)
Administrative Expense	(1,993)	(2,791)	(3,892)	(4,549)	(5,297)	(5,443)
Net Change in Plan Fiduciary Net Position	\$ 268,035	\$ 110,152	\$ 147,723	\$ 261,891	\$ 248,414	\$ 230,331
Plan Fiduciary Net Position, Beginning	845,614	1,113,649	1,223,801	1,371,524	1,633,415	1,881,829
Plan Fiduciary Net Position, Ending (b)	\$ 1,113,649	\$ 1,223,801	\$ 1,371,524	\$ 1,633,415	\$ 1,881,829	\$ 2,112,160
Net Pension Liability (Asset), Ending (a - b)	\$ (103,299)	\$ (34,493)	\$ (44,713)	\$ (149,942)	\$ (135,334)	\$ (193,443)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	110.22%	102.90%	103.37%	110.11%	107.75%	110.08%
Covered Payroll	\$ 1,516,923	\$ 1,479,508	\$ 1,486,651	\$ 1,522,624	\$ 1,655,095	\$ 1,822,224
Net Pension Liability (Asset) as a Percentage of Covered Payroll	6.81%	2.33%	(3.01)%	(9.85)%	(8.18)%	(10.62)%

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	2019
<b>Total Pension Liability</b>						
Service Cost	\$ 49,142	\$ 43,838	\$ 58,056	\$ 58,620	\$ 57,357	\$ 61,182
Interest	167,342	171,815	188,141	191,250	197,295	206,209
Differences Between Actual and Expected Experience	(33,095)	126,564	(66,561)	(12,703)	14,558	(108,254)
Changes in Assumptions	0	0	0	77,109	0	0
Benefit Payments, Including Refunds of Employee Contributions	(99,073)	(137,796)	(139,724)	(137,757)	(145,654)	(154,522)
Net Change in Total Pension Liability	\$ 84,316	\$ 204,421	\$ 39,912	\$ 176,519	\$ 123,556	\$ 4,615
Total Pension Liability, Beginning	2,231,616	2,315,932	2,520,353	2,560,265	2,736,784	2,860,340
Total Pension Liability, Ending (a)	\$ 2,315,932	\$ 2,520,353	\$ 2,560,265	\$ 2,736,784	\$ 2,860,340	\$ 2,864,955
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 56,871	\$ 59,026	\$ 59,489	\$ 60,572	\$ 63,838	\$ 68,966
Contributions - Employee	32,647	33,962	34,228	34,851	36,731	38,702
Net Investment Income	313,259	67,092	58,336	250,735	200,779	191,565
Benefit Payments, Including Refunds of Employee Contributions	(99,073)	(137,796)	(139,724)	(137,757)	(145,654)	(154,522)
Administrative Expense	(486)	(508)	(757)	(890)	(950)	(890)
Net Change in Plan Fiduciary Net Position	\$ 303,218	\$ 21,776	\$ 11,572	\$ 207,511	\$ 154,744	\$ 143,821
Plan Fiduciary Net Position, Beginning	1,897,789	2,201,007	2,222,783	2,234,355	2,441,866	2,596,610
Plan Fiduciary Net Position, Ending (b)	\$ 2,201,007	\$ 2,222,783	\$ 2,234,355	\$ 2,441,866	\$ 2,596,610	\$ 2,740,431
Net Pension Liability (Asset), Ending (a - b)	\$ 114,925	\$ 297,570	\$ 325,910	\$ 294,918	\$ 263,730	\$ 124,524
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.04%	88.19%	87.27%	89.22%	90.78%	95.65%
Covered Payroll	\$ 652,939	\$ 679,244	\$ 684,565	\$ 697,029	\$ 734,616	\$ 774,031
Net Pension Liability (Asset) as a Percentage of Covered Payroll	17.60%	43.81%	47.61%	42.31%	35.90%	16.09%

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	2019
<b>Total Pension Liability</b>						
Service Cost	\$ 45,725	\$ 35,589	\$ 34,361	\$ 43,261	\$ 44,030	\$ 50,576
Interest	166,650	164,278	181,465	188,635	192,369	199,055
Differences Between Actual and Expected Experience	(93,729)	174,008	14,844	6,935	4,395	(300,772)
Changes in Assumptions	0	0	0	57,267	0	0
Benefit Payments, Including Refunds of Employee Contributions	(128,013)	(152,273)	(134,721)	(153,206)	(164,072)	(146,153)
Net Change in Total Pension Liability	\$ (9,367)	\$ 221,602	\$ 95,949	\$ 142,892	\$ 76,722	\$ (197,294)
Total Pension Liability, Beginning	2,240,293	2,230,926	2,452,528	2,548,477	2,691,369	2,768,091
Total Pension Liability, Ending (a)	\$ 2,230,926	\$ 2,452,528	\$ 2,548,477	\$ 2,691,369	\$ 2,768,091	\$ 2,570,797
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 40,997	\$ 44,277	\$ 50,813	\$ 68,277	\$ 72,371	\$ 94,302
Contributions - Employee	26,113	22,870	26,246	23,873	24,248	23,576
Net Investment Income	296,891	62,030	53,146	226,207	179,027	170,260
Benefit Payments, Including Refunds of Employee Contributions	(128,013)	(152,273)	(134,721)	(153,206)	(164,072)	(146,153)
Administrative Expense	(742)	(761)	(1,203)	(1,287)	(1,458)	(1,262)
Net Change in Plan Fiduciary Net Position	\$ 235,246	\$ (23,857)	\$ (5,719)	\$ 163,864	\$ 110,116	\$ 140,723
Plan Fiduciary Net Position, Beginning	1,821,712	2,056,958	2,033,101	2,027,382	2,191,246	2,301,362
Plan Fiduciary Net Position, Ending (b)	\$ 2,056,958	\$ 2,033,101	\$ 2,027,382	\$ 2,191,246	\$ 2,301,362	\$ 2,442,085
Net Pension Liability (Asset), Ending (a - b)	\$ 173,968	\$ 419,427	\$ 521,095	\$ 500,123	\$ 466,729	\$ 128,712
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.20%	82.90%	79.55%	81.42%	83.14%	94.99%
Covered Payroll	\$ 522,259	\$ 457,407	\$ 524,924	\$ 477,460	\$ 476,753	\$ 471,512
Net Pension Liability (Asset) as a Percentage of Covered Payroll	33.31%	91.70%	99.27%	104.75%	97.90%	27.30%

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	2019
<b>Total Pension Liability</b>						
Service Cost	\$ 150,031	\$ 160,695	\$ 154,765	\$ 176,425	\$ 177,883	\$ 179,852
Interest	379,629	389,972	418,980	436,058	463,707	483,550
Differences Between Actual and Expected Experience	(186,002)	87,090	(82,734)	106,852	(17,510)	209,164
Changes in Assumptions	0	0	0	180,676	0	0
Benefit Payments, Including Refunds of Employee Contributions	(200,296)	(232,539)	(257,548)	(312,388)	(326,849)	(377,852)
Net Change in Total Pension Liability	\$ 143,362	\$ 405,218	\$ 233,463	\$ 587,623	\$ 297,231	\$ 494,714
Total Pension Liability, Beginning	5,011,835	5,155,197	5,560,415	5,793,878	6,381,501	6,678,732
Total Pension Liability, Ending (a)	\$ 5,155,197	\$ 5,560,415	\$ 5,793,878	\$ 6,381,501	\$ 6,678,732	\$ 7,173,446
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 184,607	\$ 184,651	\$ 191,949	\$ 203,484	\$ 93,493	\$ 106,643
Contributions - Employee	85,768	84,317	86,697	91,908	93,493	96,598
Net Investment Income	776,785	169,899	151,567	663,672	533,656	506,101
Benefit Payments, Including Refunds of Employee Contributions	(200,296)	(232,539)	(257,548)	(312,388)	(326,849)	(377,852)
Administrative Expense	(3,236)	(4,162)	(6,688)	(7,687)	(8,712)	(8,411)
Net Change in Plan Fiduciary Net Position	\$ 843,628	\$ 202,166	\$ 165,977	\$ 638,989	\$ 385,081	\$ 323,079
Plan Fiduciary Net Position, Beginning	4,652,658	5,496,286	5,698,452	5,864,429	6,503,418	6,888,499
Plan Fiduciary Net Position, Ending (b)	\$ 5,496,286	\$ 5,698,452	\$ 5,864,429	\$ 6,503,418	\$ 6,888,499	\$ 7,211,578
Net Pension Liability (Asset), Ending (a - b)	\$ (341,089)	\$ (138,037)	\$ (70,551)	\$ (121,917)	\$ (209,767)	\$ (38,132)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.62%	102.48%	101.22%	101.91%	103.14%	100.53%
Covered Payroll	\$ 1,692,114	\$ 1,668,034	\$ 1,733,952	\$ 1,838,165	\$ 1,869,848	\$ 1,931,920
Net Pension Liability (Asset) as a Percentage of Covered Payroll	20.16%	8.28%	(4.07)%	(6.63)%	(11.22)%	(1.97)%

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	2020
Actuarially Determined Contribution	\$ 72,054	\$ 61,251	\$ 61,547	\$ 63,037	\$ 67,363	\$ 47,742	\$ 58,275
Less Contributions in Relation to the							
Actuarially Determined Contribution	(72,054)	(61,251)	(61,547)	(63,037)	(67,363)	(47,742)	(58,275)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 1,516,923	\$ 1,479,508	\$ 1,486,651	\$ 1,522,624	\$ 1,655,095	\$ 1,822,224	\$ 2,044,727
Contributions as a Percentage of							
Covered Payroll	4.75%	4.14%	4.14%	4.14%	4.07%	2.62%	2.85%

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	2020
Actuarially Determined Contribution	\$ 56,871	\$ 59,026	\$ 59,489	\$ 60,572	\$ 63,838	\$ 68,966	\$ 68,935
Less Contributions in Relation to the							
Actuarially Determined Contribution	(56,871)	(59,026)	(59,489)	(60,572)	(63,838)	(68,966)	(68,935)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 652,939	\$ 679,244	\$ 684,565	\$ 697,029	\$ 734,616	\$ 774,031	\$ 797,856
Contributions as a Percentage of Covered Payroll	8.71%	8.69%	8.69%	8.69%	8.69%	8.91%	8.64%

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	2020
Actuarially Determined Contribution	\$ 40,997	\$ 44,277	\$ 50,813	\$ 68,277	\$ 72,371	\$ 80,770	\$ 91,645
Less Contributions in Relation to the							
Actuarially Determined Contribution	(40,997)	(44,277)	(50,813)	(68,277)	(72,371)	(94,302)	(108,778)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (13,532)	\$ (17,133)
Covered Payroll	\$ 522,259	\$ 457,407	\$ 524,924	\$ 477,460	\$ 476,753	\$ 471,512	\$ 543,890
Contributions as a Percentage of							
Covered Payroll	7.85%	9.68%	9.68%	14.30%	15.18%	20.00%	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	2020
Actuarially Determined Contribution	\$ 184,607	\$ 184,651	\$ 191,949	\$ 203,484	\$ 92,370	\$ 106,643	\$ 118,181
Less Contributions in Relation to the							
Actuarially Determined Contribution	(184,607)	(184,651)	(191,949)	(203,484)	(93,493)	(106,643)	(118,181)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,123)	\$ 0	\$ 0
Covered Payroll	\$ 1,692,114	\$ 1,668,034	\$ 1,733,952	\$ 1,838,165	\$ 1,869,848	\$ 1,931,920	\$ 2,102,862
Contributions as a Percentage of							
Covered Payroll	10.91%	11.07%	11.07%	11.07%	5.00%	5.52%	5.62%

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	2020
Contractually Required Contribution	\$ 4,048	\$ 14,189	\$ 22,661	\$ 35,926	\$ 25,857	\$ 30,523
Less Contributions in Relation to the Contractually Required Contribution	(4,048)	(14,189)	(22,661)	(35,926)	(25,857)	(30,523)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 101,195	\$ 354,715	\$ 566,523	\$ 898,147	\$ 1,332,865	\$ 1,503,604
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%

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	2020
Contractually Required Contribution	\$ 653,387	\$ 648,974	\$ 621,409	\$ 620,299	\$ 599,339	\$ 638,691	\$ 671,201
Less Contributions in Relation to the							
Contractually Required Contribution	(653,387)	(648,974)	(621,409)	(620,299)	(599,339)	(638,691)	(671,201)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,357,958	\$ 7,178,942	\$ 6,873,995	\$ 6,861,719	\$ 6,600,640	\$ 6,106,027	\$ 6,314,211
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%

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	2019
School Department's Proportion of the Net Pension Liability (Asset)	0.048705%	0.080616%	0.086316%	0.102777%	0.125954%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (1,959)	\$ (8,392)	\$ (22,772)	\$ (46,612)	\$ (71,099)
Covered Payroll	\$ 101,195	\$ 354,715	\$ 566,523	\$ 898,147	\$ 1,332,865
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)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

Note: Ten years of data will be precented 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	2019
School Department's Proportion of the Net Pension Liability (Asset)	0.187464%	0.191770%	0.190426%	0.194111%	0.188500%	0.182099%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (30,462)	\$ 78,556	\$ 1,190,056	\$ (63,511)	\$ (663,315)	\$ (1,872,304)
Covered Payroll	\$ 7,357,958	\$ 7,178,942	\$ 6,873,995	\$ 6,861,719	\$ 6,600,640	\$ 6,106,027
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)%	(30.66)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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

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

**Lewis County Plan**

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 9,162	\$ 8,958	\$ 12,909
Interest	2,608	3,405	2,729
Differences Between Actual and Expected Experience	0	(38,616)	(16,994)
Changes in Assumptions	(4,455)	3,416	2,413
Benefit Payments	0	(1,584)	(1,146)
Net Change in Total OPEB Liability	\$ 7,315	\$ (24,421)	\$ (89)
Total OPEB Liability, Beginning	80,159	87,474	63,053
Total OPEB Liability, Ending	\$ 87,474	\$ 63,053	\$ 62,964
Covered Employee Payroll	\$ 2,789,615	\$ 2,557,496	\$ 2,596,207
Net OPEB Liability as a Percentage of Covered Employee Payroll	3.14%	2.47%	2.43%

**Highway Department Plan**

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 3,865	\$ 3,615	\$ 5,774
Interest	3,960	4,751	5,339
Differences Between Actual and Expected Experience	0	4,991	(90,020)
Changes in Assumptions	(5,500)	3,333	2,343
Benefit Payments	(4,078)	(4,408)	(5,297)
Net Change in Total OPEB Liability	\$ (1,753)	\$ 12,282	\$ (81,861)
Total OPEB Liability, Beginning	133,803	132,050	144,332
Total OPEB Liability, Ending	\$ 132,050	\$ 144,332	\$ 62,471
Covered Employee Payroll	\$ 597,940	\$ 548,187	\$ 472,431
Net OPEB Liability as a Percentage of Covered Employee Payroll	22.08%	26.33%	13.22%

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

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

Plan year 2019 - from 5.4% to 6.75%  
Plan year 2020 - from 6.75% to 6.03%

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

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

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 96,067	\$ 89,846	\$ 88,323
Interest	50,078	60,949	61,475
Differences Between Actual and Expected Experience	0	(147,152)	90,157
Changes in Assumptions	(76,459)	57,819	(140,213)
Benefit Payments	(61,179)	(71,671)	(76,595)
Net Change in Total OPEB Liability	\$ 8,507	\$ (10,209)	\$ 23,147
Total OPEB Liability, Beginning	1,649,536	1,658,043	1,647,834
 Total OPEB Liability, Ending	 \$ 1,658,043	 \$ 1,647,834	 \$ 1,670,981
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 588,040	 \$ 599,497	 \$ 617,453
Employer Proportionate Share of the Total OPEB Liability	1,070,003	1,048,337	1,053,528
 Covered Employee Payroll	 \$ 8,623,171	 \$ 9,799,589	 \$ 9,263,897
 Employer Proportionate Share of the Total OPEB Liability as a Percentage of Covered Employee Payroll	 12.41%	 10.70%	 11.37%

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

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

Plan year 2019 - from 5.4% to 6.75%  
Plan year 2020 - from 6.75% to 6.03%

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, 2020**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018, 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.

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, 2020

	Special Revenue Funds				Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Total	General Debt Service
<u>ASSETS</u>					
Cash	\$ 800	\$ 0	\$ 40	\$ 840	\$ 0
Equity in Pooled Cash and Investments	65,494	23,594	67,936	157,024	146,458
Accounts Receivable	57,088	356	0	57,444	35,599
Allowance for Uncollectibles	(29,592)	0	0	(29,592)	0
Total Assets	\$ 93,790	\$ 23,950	\$ 67,976	\$ 185,716	\$ 182,057
<u>LIABILITIES</u>					
Accounts Payable	\$ 35,661	\$ 35	\$ 5,141	\$ 40,837	\$ 0
Total Liabilities	\$ 35,661	\$ 35	\$ 5,141	\$ 40,837	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 22,754	\$ 0	\$ 0	\$ 22,754	\$ 0
Total Deferred Inflows of Resources	\$ 22,754	\$ 0	\$ 0	\$ 22,754	\$ 0
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 23,915	\$ 0	\$ 23,915	\$ 0
Restricted for Highways/Public Works	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	35,375	0	0	35,375	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Total	General Debt Service
<u>FUND BALANCES (Cont.)</u>					
Committed (Cont.):					
Committed for Social, Cultural, and Recreational Services	\$ 0	\$ 0	\$ 62,835	\$ 62,835	\$ 0
Committed for Debt Service	0	0	0	0	182,057
Total Fund Balances	<u>\$ 35,375</u>	<u>\$ 23,915</u>	<u>\$ 62,835</u>	<u>\$ 122,125</u>	<u>\$ 182,057</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 93,790</u>	<u>\$ 23,950</u>	<u>\$ 67,976</u>	<u>\$ 185,716</u>	<u>\$ 182,057</u>

(Continued)

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

	<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>	
	Highway Capital Projects			
<u>ASSETS</u>				
Cash	\$	0	\$	840
Equity in Pooled Cash and Investments		1,281		304,763
Accounts Receivable		0		93,043
Allowance for Uncollectibles		0		(29,592)
Total Assets	\$	1,281	\$	369,054
<u>LIABILITIES</u>				
Accounts Payable	\$	0	\$	40,837
Total Liabilities	\$	0	\$	40,837
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Other Deferred/Unavailable Revenue	\$	0	\$	22,754
Total Deferred Inflows of Resources	\$	0	\$	22,754
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$	0	\$	23,915
Restricted for Highways/Public Works		1,281		1,281
Committed:				
Committed for Public Health and Welfare		0		35,375

(Continued)

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

	<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>	
	Highway Capital Projects			
<u>FUND BALANCES (Cont.)</u>				
Committed (Cont.):				
Committed for Social, Cultural, and Recreational Services	\$	0	\$	62,835
Committed for Debt Service		0		182,057
Total Fund Balances	\$	1,281	\$	305,463
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$	 1,281	 \$	 369,054

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, 2020

	Special Revenue Funds					Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees	Total	General Debt Service
<u>Revenues</u>						
Local Taxes	\$ 22,386	\$ 0	\$ 0	\$ 0	\$ 22,386	\$ 321,709
Fines, Forfeitures, and Penalties	0	2,327	0	0	2,327	0
Charges for Current Services	571,662	0	3,936	50	575,648	0
Other Local Revenues	24,058	3,722	0	0	27,780	0
State of Tennessee	8,010	0	0	0	8,010	0
Other Governments and Citizens Groups	0	1,150	45,446	0	46,596	0
Total Revenues	\$ 626,116	\$ 7,199	\$ 49,382	\$ 50	\$ 682,747	\$ 321,709
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 50	\$ 50	\$ 0
Public Safety	0	2,061	0	0	2,061	0
Public Health and Welfare	681,650	0	0	0	681,650	0
Social, Cultural, and Recreational Services	0	0	218,608	0	218,608	0
Other Operations	53,191	20	10,235	0	63,446	2,342
Debt Service:						
Principal on Debt	0	0	0	0	0	147,629
Interest on Debt	0	0	0	0	0	12,445
Total Expenditures	\$ 734,841	\$ 2,081	\$ 228,843	\$ 50	\$ 965,815	\$ 162,416
Excess (Deficiency) of Revenues Over Expenditures	\$ (108,725)	\$ 5,118	\$ (179,461)	\$ 0	\$ (283,068)	\$ 159,293

(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	Constitu - tional Officers - Fees	Total	General Debt Service
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 10,936	\$ 0	\$ 10,936	\$ 0
Transfers In	0	0	115,600	0	115,600	20,000
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 126,536</u>	<u>\$ 0</u>	<u>\$ 126,536</u>	<u>\$ 20,000</u>
Net Change in Fund Balances	\$ (108,725)	\$ 5,118	\$ (52,925)	\$ 0	\$ (156,532)	\$ 179,293
Fund Balance, July 1, 2019	144,100	18,797	115,760	0	278,657	2,764
Fund Balance, June 30, 2020	<u>\$ 35,375</u>	<u>\$ 23,915</u>	<u>\$ 62,835</u>	<u>\$ 0</u>	<u>\$ 122,125</u>	<u>\$ 182,057</u>

(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	Highway Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 3	\$ 3	\$ 344,098
Fines, Forfeitures, and Penalties	0	0	0	2,327
Charges for Current Services	0	0	0	575,648
Other Local Revenues	0	0	0	27,780
State of Tennessee	0	0	0	8,010
Other Governments and Citizens Groups	0	0	0	46,596
Total Revenues	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 1,004,459</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 50
Public Safety	0	0	0	2,061
Public Health and Welfare	0	0	0	681,650
Social, Cultural, and Recreational Services	0	0	0	218,608
Other Operations	0	0	0	65,788
Debt Service:				
Principal on Debt	0	0	0	147,629
Interest on Debt	0	0	0	12,445
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,128,231</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ (123,772)</u>

(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	Highway Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 10,936
Transfers In	0	0	0	135,600
Transfers Out	(179,528)	0	(179,528)	(179,528)
Total Other Financing Sources (Uses)	<u>\$ (179,528)</u>	<u>\$ 0</u>	<u>\$ (179,528)</u>	<u>\$ (32,992)</u>
Net Change in Fund Balances	\$ (179,528)	\$ 3	\$ (179,525)	\$ (156,764)
Fund Balance, July 1, 2019	179,528	1,278	180,806	462,227
Fund Balance, June 30, 2020	<u>\$ 0</u>	<u>\$ 1,281</u>	<u>\$ 1,281</u>	<u>\$ 305,463</u>

## 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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 22,386	\$ 13,000	\$ 13,000	\$ 9,386
Charges for Current Services	571,662	549,450	550,150	21,512
Other Local Revenues	24,058	22,800	22,800	1,258
State of Tennessee	8,010	50,000	50,000	(41,990)
Total Revenues	<u>\$ 626,116</u>	<u>\$ 635,250</u>	<u>\$ 635,950</u>	<u>\$ (9,834)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 681,650	\$ 581,090	\$ 689,575	\$ 7,925
<u>Other Operations</u>				
Employee Benefits	46,883	45,160	48,475	1,592
Miscellaneous	6,308	9,000	9,000	2,692
Total Expenditures	<u>\$ 734,841</u>	<u>\$ 635,250</u>	<u>\$ 747,050</u>	<u>\$ 12,209</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (108,725)</u>	<u>\$ 0</u>	<u>\$ (111,100)</u>	<u>\$ 2,375</u>
Net Change in Fund Balance	\$ (108,725)	\$ 0	\$ (111,100)	\$ 2,375
Fund Balance, July 1, 2019	<u>144,100</u>	<u>144,100</u>	<u>144,100</u>	<u>0</u>
Fund Balance, June 30, 2020	<u><u>\$ 35,375</u></u>	<u><u>\$ 144,100</u></u>	<u><u>\$ 33,000</u></u>	<u><u>\$ 2,375</u></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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 2,327	\$ 2,000	\$ 2,000	\$ 327
Other Local Revenues	3,722	0	0	3,722
Other Governments and Citizens Groups	1,150	1,500	1,500	(350)
Total Revenues	<u>\$ 7,199</u>	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ 3,699</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 2,061	\$ 3,500	\$ 3,500	\$ 1,439
<u>Other Operations</u>				
Miscellaneous	20	0	25	5
Total Expenditures	<u>\$ 2,081</u>	<u>\$ 3,500</u>	<u>\$ 3,525</u>	<u>\$ 1,444</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,118</u>	<u>\$ 0</u>	<u>\$ (25)</u>	<u>\$ 5,143</u>
Net Change in Fund Balance	\$ 5,118	\$ 0	\$ (25)	\$ 5,143
Fund Balance, July 1, 2019	<u>18,797</u>	<u>18,797</u>	<u>18,797</u>	<u>0</u>
Fund Balance, June 30, 2020	<u><u>\$ 23,915</u></u>	<u><u>\$ 18,797</u></u>	<u><u>\$ 18,772</u></u>	<u><u>\$ 5,143</u></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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 3,936	\$ 11,000	\$ 11,000	\$ (7,064)
Other Governments and Citizens Groups	45,446	162,600	47,000	(1,554)
Total Revenues	<u>\$ 49,382</u>	<u>\$ 173,600</u>	<u>\$ 58,000</u>	<u>\$ (8,618)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 218,608	\$ 137,815	\$ 223,320	\$ 4,712
<u>Other Operations</u>				
Employee Benefits	10,196	18,685	13,660	3,464
Miscellaneous	39	6,100	6,100	6,061
Total Expenditures	<u>\$ 228,843</u>	<u>\$ 162,600</u>	<u>\$ 243,080</u>	<u>\$ 14,237</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (179,461)</u>	<u>\$ 11,000</u>	<u>\$ (185,080)</u>	<u>\$ 5,619</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 10,936	\$ 0	\$ 0	\$ 10,936
Transfers In	115,600	0	115,600	0
Total Other Financing Sources	<u>\$ 126,536</u>	<u>\$ 0</u>	<u>\$ 115,600</u>	<u>\$ 10,936</u>
Net Change in Fund Balance	<u>\$ (52,925)</u>	<u>\$ 11,000</u>	<u>\$ (69,480)</u>	<u>\$ 16,555</u>
Fund Balance, July 1, 2019	<u>115,760</u>	<u>116,356</u>	<u>116,356</u>	<u>(596)</u>
Fund Balance, June 30, 2020	<u><u>\$ 62,835</u></u>	<u><u>\$ 127,356</u></u>	<u><u>\$ 46,876</u></u>	<u><u>\$ 15,959</u></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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 321,709	\$ 170,617	\$ 180,617	\$ 141,092
Total Revenues	\$ 321,709	\$ 170,617	\$ 180,617	\$ 141,092
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 2,342	\$ 0	\$ 2,342	\$ 0
<u>Principal on Debt</u>				
General Government	147,629	170,617	166,841	19,212
<u>Interest on Debt</u>				
General Government	12,445	0	12,445	0
Total Expenditures	\$ 162,416	\$ 170,617	\$ 181,628	\$ 19,212
Excess (Deficiency) of Revenues Over Expenditures	\$ 159,293	\$ 0	\$ (1,011)	\$ 160,304
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Total Other Financing Sources	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Net Change in Fund Balance	\$ 179,293	\$ 0	\$ (1,011)	\$ 180,304
Fund Balance, July 1, 2019	2,764	2,764	2,764	0
Fund Balance, June 30, 2020	\$ 182,057	\$ 2,764	\$ 1,753	\$ 180,304

## 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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (179,528)	\$ 0	\$ (179,528)	\$ 0
Total Other Financing Sources	\$ (179,528)	\$ 0	\$ (179,528)	\$ 0
Net Change in Fund Balance	\$ (179,528)	\$ 0	\$ (179,528)	\$ 0
Fund Balance, July 1, 2019	179,528	179,528	179,528	0
Fund Balance, June 30, 2020	\$ 0	\$ 179,528	\$ 0	\$ 0

Exhibit F-8

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3	\$ 0	\$ 0	\$ 3
Total Revenues	\$ 3	\$ 0	\$ 0	\$ 3
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 3	\$ 0	\$ 0	\$ 3
Net Change in Fund Balance	\$ 3	\$ 0	\$ 0	\$ 3
Fund Balance, July 1, 2019	1,278	1,278	1,278	0
Fund Balance, June 30, 2020	\$ 1,281	\$ 1,278	\$ 1,278	\$ 3

# 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, 2020

	Agency Funds		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 500,645	\$ 500,645
Due from Other Governments	260,438	0	260,438
Total Assets	<u>\$ 260,438</u>	<u>\$ 500,645</u>	<u>\$ 761,083</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 260,438	\$ 0	\$ 260,438
Due to Litigants, Heirs, and Others	0	500,645	500,645
Total Liabilities	<u>\$ 260,438</u>	<u>\$ 500,645</u>	<u>\$ 761,083</u>

## Exhibit G-2

Lewis County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,323,769	\$ 1,323,769	\$ 0
Due from Other Governments	225,113	260,438	225,113	260,438
Total Assets	\$ 0	\$ 1,584,207	\$ 1,548,882	\$ 260,438
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 225,113	\$ 1,584,207	\$ 1,548,882	\$ 260,438
Total Liabilities	\$ 225,113	\$ 1,584,207	\$ 1,548,882	\$ 260,438
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 477,022	\$ 2,524,793	\$ 2,501,170	\$ 500,645
Total Assets	\$ 477,022	\$ 2,524,793	\$ 2,501,170	\$ 500,645
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 477,022	\$ 2,524,793	\$ 2,501,170	\$ 500,645
Total Liabilities	\$ 477,022	\$ 2,524,793	\$ 2,501,170	\$ 500,645
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 477,022	\$ 2,524,793	\$ 2,501,170	\$ 500,645
Equity in Pooled Cash and Investments	0	1,323,769	1,323,769	0
Due from Other Governments	225,113	260,438	225,113	260,438
Total Assets	\$ 702,135	\$ 4,109,000	\$ 4,050,052	\$ 761,083
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 225,113	\$ 1,584,207	\$ 1,548,882	\$ 260,438
Due to Litigants, Heirs, and Others	477,022	2,524,793	2,501,170	500,645
Total Liabilities	\$ 702,135	\$ 4,109,000	\$ 4,050,052	\$ 761,083

# 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, 2020

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	\$ 8,808,937	\$ 0	\$ 941,114	\$ (7,867,823)
Support Services	5,455,169	62,284	326,614	(5,066,271)
Operation of Non-instructional Services	1,878,987	183,960	1,077,211	(617,816)
Total Governmental Activities	<u>\$ 16,143,093</u>	<u>\$ 246,244</u>	<u>\$ 2,344,939</u>	<u>\$ (13,551,910)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,269,504
Local Option Sales Taxes				1,956,304
Other Local Taxes				32,004
Grants and Contributions Not Restricted to Specific Programs				10,958,749
Interest Income				95,128
Miscellaneous				6,337
Total General Revenues				<u>\$ 14,318,026</u>
Change in Net Position				\$ 766,116
Net Position, July 1, 2019				<u>17,641,702</u>
Net Position, June 30, 2020				<u>\$ 18,407,818</u>

## Exhibit H-2

Lewis County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Lewis County School Department  
June 30, 2020

	Major Fund	Nonmajor Funds	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>ASSETS</u>			
Cash	\$ 485,188	\$ 390	\$ 485,578
Equity in Pooled Cash and Investments	12,510,488	95,506	12,605,994
Accounts Receivable	11,137	0	11,137
Due from Other Governments	297,910	134,220	432,130
Due from Other Funds	70,839	0	70,839
Property Taxes Receivable	1,402,931	0	1,402,931
Allowance for Uncollectible Property Taxes	(25,169)	0	(25,169)
Restricted Assets	57,992	0	57,992
Total Assets	<u>\$ 14,811,316</u>	<u>\$ 230,116</u>	<u>\$ 15,041,432</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 4,857	\$ 35,624	\$ 40,481
Payroll Deductions Payable	483,693	0	483,693
Due to Other Funds	0	70,839	70,839
Total Liabilities	<u>\$ 488,550</u>	<u>\$ 106,463</u>	<u>\$ 595,013</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,342,636	\$ 0	\$ 1,342,636
Deferred Delinquent Property Taxes	32,988	0	32,988
Other Deferred/Unavailable Revenue	100,000	0	100,000
Total Deferred Inflows of Resources	<u>\$ 1,475,624</u>	<u>\$ 0</u>	<u>\$ 1,475,624</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 3,207	\$ 73,653	\$ 76,860
Restricted for Hybrid Retirement Stabilization Funds	57,992	0	57,992
Committed:			
Committed for Education	0	50,000	50,000
Assigned:			
Assigned for Education	307,860	0	307,860
Assigned for Capital Outlay	10,169,226	0	10,169,226
Unassigned	2,308,857	0	2,308,857
Total Fund Balances	<u>\$ 12,847,142</u>	<u>\$ 123,653</u>	<u>\$ 12,970,795</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,811,316</u>	<u>\$ 230,116</u>	<u>\$ 15,041,432</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, 2020

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)		\$ 12,970,795
(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	2,898,655	
Add: other capital assets net of accumulated depreciation	<u>975,459</u>	4,848,922
(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	\$ (1,053,528)	
Less: compensated absences payable	<u>(13,761)</u>	(1,067,289)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 1,473,470	
Add: deferred outflows of resources related to OPEB	116,698	
Less: deferred inflows of resources related to pensions	(1,837,088)	
Less: deferred inflows of resources related to OPEB	<u>(212,213)</u>	(459,133)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 38,132	
Add: net pension asset - teacher retirement plan	71,099	
Add: net pension asset - teacher legacy pension plan	<u>1,872,304</u>	1,981,535
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>132,988</u>
Net position of governmental activities (Exhibit A)		<u>\$ 18,407,818</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, 2020

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,390,287	\$ 0	\$ 3,390,287
Licenses and Permits	408	0	408
Charges for Current Services	62,367	183,940	246,307
Other Local Revenues	102,694	1,778	104,472
State of Tennessee	11,027,211	7,649	11,034,860
Federal Government	0	2,132,174	2,132,174
Total Revenues	<u>\$ 14,582,967</u>	<u>\$ 2,325,541</u>	<u>\$ 16,908,508</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 8,249,820	\$ 702,539	\$ 8,952,359
Support Services	4,941,180	406,049	5,347,229
Operation of Non-Instructional Services	689,555	1,178,859	1,868,414
Capital Outlay	154,429	0	154,429
Total Expenditures	<u>\$ 14,034,984</u>	<u>\$ 2,287,447</u>	<u>\$ 16,322,431</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 547,983</u>	<u>\$ 38,094</u>	<u>\$ 586,077</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 14,327	\$ 0	\$ 14,327
Transfers In	29,684	25,486	55,170
Transfers Out	(25,486)	(29,684)	(55,170)
Total Other Financing Sources (Uses)	<u>\$ 18,525</u>	<u>\$ (4,198)</u>	<u>\$ 14,327</u>
Net Change in Fund Balances	\$ 566,508	\$ 33,896	\$ 600,404
Fund Balance, July 1, 2019	<u>12,280,634</u>	<u>89,757</u>	<u>12,370,391</u>
Fund Balance, June 30, 2020	<u>\$ 12,847,142</u>	<u>\$ 123,653</u>	<u>\$ 12,970,795</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, 2020

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)		\$	600,404
(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	\$	280,134	
Less: current-year depreciation expense		<u>(371,134)</u>	(91,000)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2019	\$	(132,287)	
Add: deferred delinquent property taxes and other deferred June 30, 2020		<u>132,988</u>	701
(3) 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	\$	(4,701)	
Change in other postemployment benefits liability		(5,191)	
Change in net pension asset - agent plan		(171,635)	
Change in net pension asset - teacher retirement plan		24,487	
Change in net pension asset - teacher legacy pension plan		1,208,989	
Change in deferred outflows related to pensions		(69,138)	
Change in deferred outflows related to OPEB		36,083	
Change in deferred inflows related to pensions		(689,868)	
Change in deferred inflows related to OPEB		<u>(73,015)</u>	<u>256,011</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 766,116</u>

## Exhibit H-6

Lewis County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Lewis County School Department  
June 30, 2020

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 390	\$ 390
Equity in Pooled Cash and Investments	83,798	11,708	95,506
Due from Other Governments	37,598	96,622	134,220
Total Assets	<u>\$ 121,396</u>	<u>\$ 108,720</u>	<u>\$ 230,116</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 35,624	\$ 35,624
Due to Other Funds	70,839	0	70,839
Total Liabilities	<u>\$ 70,839</u>	<u>\$ 35,624</u>	<u>\$ 106,463</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 557	\$ 73,096	\$ 73,653
Committed:			
Committed for Education	50,000	0	50,000
Total Fund Balances	<u>\$ 50,557</u>	<u>\$ 73,096</u>	<u>\$ 123,653</u>
Total Liabilities and Fund Balances	<u>\$ 121,396</u>	<u>\$ 108,720</u>	<u>\$ 230,116</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, 2020

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 183,940	\$ 183,940
Other Local Revenues	0	1,778	1,778
State of Tennessee	0	7,649	7,649
Federal Government	1,152,443	979,731	2,132,174
Total Revenues	<u>\$ 1,152,443</u>	<u>\$ 1,173,098</u>	<u>\$ 2,325,541</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 702,539	\$ 0	\$ 702,539
Support Services	406,049	0	406,049
Operation of Non-Instructional Services	37,598	1,141,261	1,178,859
Total Expenditures	<u>\$ 1,146,186</u>	<u>\$ 1,141,261</u>	<u>\$ 2,287,447</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,257</u>	<u>\$ 31,837</u>	<u>\$ 38,094</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 25,486	\$ 25,486
Transfers Out	(29,684)	0	(29,684)
Total Other Financing Sources (Uses)	<u>\$ (29,684)</u>	<u>\$ 25,486</u>	<u>\$ (4,198)</u>
Net Change in Fund Balances	\$ (23,427)	\$ 57,323	\$ 33,896
Fund Balance, July 1, 2019	<u>73,984</u>	<u>15,773</u>	<u>89,757</u>
Fund Balance, June 30, 2020	<u><u>\$ 50,557</u></u>	<u><u>\$ 73,096</u></u>	<u><u>\$ 123,653</u></u>

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,390,287	\$ 0	\$ 0	\$ 3,390,287	\$ 2,935,639	\$ 2,935,639	\$ 454,648
Licenses and Permits	408	0	0	408	500	500	(92)
Charges for Current Services	62,367	0	0	62,367	28,800	28,800	33,567
Other Local Revenues	102,694	0	0	102,694	56,000	58,250	44,444
State of Tennessee	11,027,211	0	0	11,027,211	10,669,707	11,031,142	(3,931)
Total Revenues	\$ 14,582,967	\$ 0	\$ 0	\$ 14,582,967	\$ 13,690,646	\$ 14,054,331	\$ 528,636
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,774,524	\$ (1,275)	\$ 0	\$ 6,773,249	\$ 6,740,715	\$ 6,888,248	\$ 114,999
Alternative Instruction Program	87,070	0	0	87,070	86,940	88,123	1,053
Special Education Program	1,023,928	0	0	1,023,928	1,062,867	1,062,867	38,939
Career and Technical Education Program	351,435	0	0	351,435	321,530	356,225	4,790
Student Body Education Program	12,863	0	0	12,863	9,470	13,145	282
<u>Support Services</u>							
Attendance	83,634	0	0	83,634	86,505	84,888	1,254
Health Services	199,759	(1,707)	730	198,782	107,017	201,599	2,817
Other Student Support	382,759	(5,000)	0	377,759	360,007	405,331	27,572
Regular Instruction Program	571,016	(446)	1,545	572,115	572,922	580,583	8,468
Special Education Program	149,030	0	0	149,030	193,297	172,297	23,267
Technology	192,048	(18,155)	0	173,893	165,045	187,178	13,285
Other Programs	26,866	0	0	26,866	0	26,866	0
Board of Education	246,510	(713)	0	245,797	263,025	261,725	15,928
Director of Schools	257,391	(680)	0	256,711	254,031	262,104	5,393
Office of the Principal	824,172	(6,332)	4,000	821,840	798,120	830,114	8,274
Fiscal Services	136,375	0	0	136,375	145,007	138,497	2,122
Operation of Plant	909,068	(2,362)	255	906,961	988,020	957,659	50,698
Maintenance of Plant	205,308	(2,600)	2,638	205,346	212,100	231,491	26,145
Transportation	757,244	(201,532)	96,214	651,926	595,940	670,132	18,206

(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 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 22,220	\$ 0	\$ 0	\$ 22,220	\$ 0	\$ 23,700	\$ 1,480
Community Services	202,348	(2,335)	0	200,013	17,522	200,227	214
Early Childhood Education	464,987	(15,827)	0	449,160	448,440	449,960	800
<u>Capital Outlay</u>							
Regular Capital Outlay	154,429	(66,939)	202,478	289,968	272,126	290,176	208
Total Expenditures	\$ 14,034,984	\$ (325,903)	\$ 307,860	\$ 14,016,941	\$ 13,700,646	\$ 14,383,135	\$ 366,194
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 547,983	\$ 325,903	\$ (307,860)	\$ 566,026	\$ (10,000)	\$ (328,804)	\$ 894,830
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 14,327	\$ 0	\$ 0	\$ 14,327	\$ 0	\$ 14,309	\$ 18
Transfers In	29,684	0	0	29,684	10,000	10,000	19,684
Transfers Out	(25,486)	0	0	(25,486)	0	(65,486)	40,000
Total Other Financing Sources	\$ 18,525	\$ 0	\$ 0	\$ 18,525	\$ 10,000	\$ (41,177)	\$ 59,702
Net Change in Fund Balance							
Fund Balance, July 1, 2019	\$ 566,508	\$ 325,903	\$ (307,860)	\$ 584,551	\$ 0	\$ (369,981)	\$ 954,532
	12,280,634	(325,903)	0	11,954,731	12,779,321	12,779,321	(824,590)
Fund Balance, June 30, 2020	\$ 12,847,142	\$ 0	\$ (307,860)	\$ 12,539,282	\$ 12,779,321	\$ 12,409,340	\$ 129,942

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,152,443	\$ 0	\$ 0	\$ 1,152,443	\$ 1,151,362	\$ 1,342,295	\$ (189,852)
Total Revenues	\$ 1,152,443	\$ 0	\$ 0	\$ 1,152,443	\$ 1,151,362	\$ 1,342,295	\$ (189,852)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 447,067	\$ (22,116)	\$ 0	\$ 424,951	\$ 438,773	\$ 506,050	\$ 81,099
Special Education Program	223,873	(288)	5,360	228,945	232,887	285,949	57,004
Career and Technical Education Program	31,599	(40)	0	31,559	14,657	34,198	2,639
<u>Support Services</u>							
Other Student Support	11,642	(500)	0	11,142	24,672	16,764	5,622
Regular Instruction Program	210,323	0	0	210,323	223,603	257,725	47,402
Special Education Program	162,337	(264)	520	162,593	166,300	184,452	21,859
Career and Technical Education Program	427	0	0	427	1,736	427	0
Transportation	21,320	(776)	0	20,544	23,605	23,606	3,062
<u>Operation of Non-Instructional Services</u>							
Food Service	37,598	0	0	37,598	37,598	37,598	0
Total Expenditures	\$ 1,146,186	\$ (23,984)	\$ 5,880	\$ 1,128,082	\$ 1,163,831	\$ 1,346,769	\$ 218,687
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,257	\$ 23,984	\$ (5,880)	\$ 24,361	\$ (12,469)	\$ (4,474)	\$ 28,835
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (29,684)	\$ 0	\$ 0	\$ (29,684)	\$ (25,128)	\$ (33,122)	\$ 3,438
Total Other Financing Sources	\$ (29,684)	\$ 0	\$ 0	\$ (29,684)	\$ (25,128)	\$ (33,122)	\$ 3,438
Net Change in Fund Balance	\$ (23,427)	\$ 23,984	\$ (5,880)	\$ (5,323)	\$ (37,597)	\$ (37,596)	\$ 32,273
Fund Balance, July 1, 2019	73,984	(23,984)	0	50,000	50,000	50,000	0
Fund Balance, June 30, 2020	\$ 50,557	\$ 0	\$ (5,880)	\$ 44,677	\$ 12,403	\$ 12,404	\$ 32,273

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 183,940	\$ 0	\$ 183,940	\$ 197,800	\$ 197,800	\$ (13,860)
Other Local Revenues	1,778	0	1,778	1,500	3,059	(1,281)
State of Tennessee	7,649	0	7,649	11,000	11,000	(3,351)
Federal Government	979,731	0	979,731	845,000	930,052	49,679
Total Revenues	\$ 1,173,098	\$ 0	\$ 1,173,098	\$ 1,055,300	\$ 1,141,911	\$ 31,187
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,141,261	\$ (340)	\$ 1,140,921	\$ 1,117,740	\$ 1,269,837	\$ 128,916
Total Expenditures	\$ 1,141,261	\$ (340)	\$ 1,140,921	\$ 1,117,740	\$ 1,269,837	\$ 128,916
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,837	\$ 340	\$ 32,177	\$ (62,440)	\$ (127,926)	\$ 160,103
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 25,486	\$ 0	\$ 25,486	\$ 0	\$ 65,486	\$ (40,000)
Total Other Financing Sources	\$ 25,486	\$ 0	\$ 25,486	\$ 0	\$ 65,486	\$ (40,000)
Net Change in Fund Balance	\$ 57,323	\$ 340	\$ 57,663	\$ (62,440)	\$ (62,440)	\$ 120,103
Fund Balance, July 1, 2019	15,773	(340)	15,433	77,873	77,873	(62,440)
Fund Balance, June 30, 2020	\$ 73,096	\$ 0	\$ 73,096	\$ 15,433	\$ 15,433	\$ 57,663

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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, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Paid and/or Matured During Period	Outstanding 6-30-20
<u>BONDS PAYABLE</u>							
<u>Payable through Highway/Public Works Fund</u>							
General Obligation Bond, Series 2018	\$ 264,000	3.875 %	3-7-19	3-7-29	\$ 204,000	\$ 71,306	\$ 132,694
Total Bonds Payable					\$ 204,000	\$ 71,306	\$ 132,694
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Capital Outlay Note, Series 2016	95,500	0	9-15-16	9-15-26	\$ 76,800	\$ 9,600	\$ 67,200
Capital Outlay Note, Series 2018	230,000	2.25	7-9-18	7-9-22	230,000	14,825	215,175
Capital Outlay Note, Series 2019	250,000	2.90	6-26-19	6-26-21	250,000	123,204	126,796
Total Notes Payable					\$ 556,800	\$ 147,629	\$ 409,171

Exhibit I-2

Lewis County, Tennessee

Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 14,069	\$ 5,142	\$ 19,211
2022	14,614	4,597	19,211
2023	15,181	4,030	19,211
2024	15,769	3,442	19,211
2025	16,380	2,831	19,211
2026	17,015	2,196	19,211
2027	17,674	1,537	19,211
2028	18,359	852	19,211
2029	3,633	141	3,774
Total	\$ 132,694	\$ 24,768	\$ 157,462

Year Ending June 30	Notes		
	Principal	Interest	Total
2021	\$ 151,541	\$ 8,532	\$ 160,073
2022	25,099	4,501	29,600
2023	194,131	4,151	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	\$ 409,171	\$ 17,184	\$ 426,355

Exhibit I-3

Lewis County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Lewis County School Department

For the Year Ended June 30, 2020

<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 Debt Service	"	20,000
General Capital Projects	General	Closed fund	<u>179,528</u>
Total Transfers Primary Government			<u>\$ 315,128</u>
<u>DISCRETELY PRESENTED LEWIS COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Operations	\$ 25,486
School Federal Projects	General Purpose School	Indirect costs	<u>29,684</u>
Total Transfers Discretely Presented Lewis County School Department			<u>\$ 55,170</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, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 92,367 (1)	\$ 400,000	Local Government Property and
Road Superintendent	Section 8-24-102, <i>TCA</i>	81,368	100,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	138,333 (2)	400,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <i>TCA</i>	73,971	531,726	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	73,971	400,000	Local Government Property and Casualty Fund
County Clerk	Section 8-24-102, <i>TCA</i>	73,971	400,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	73,971	400,000	"
Clerk and Master:				
Donna Couch (7-1-19 through 3-31-20)	Section 8-24-102, <i>TCA</i>	55,478	400,000	"
Kaitlin Bates (4-1-20 through 6-30-20)	Section 8-24-102, <i>TCA</i>	18,493	400,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	73,971	400,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	81,368 (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 \$2,400 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 (\$19,560), dental (\$1,771), and vision (\$196) insurance.
- (3) Does not include \$6,000 for serving as workhouse superintendent or a law enforcement training supplement of \$800.

## Exhibit I-5

Lewis County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2020

	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	\$ 2,567,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65,999
Trustee's Collections - Prior Year	85,515	0	0	0	0	1,728
Circuit Clerk/Clerk and Master Collections - Prior Years	38,620	0	0	0	0	850
Interest and Penalty	16,825	22,386	0	0	0	418
Payments in-Lieu-of Taxes - T.V.A.	6,854	0	0	0	0	177
Payments in-Lieu-of Taxes - Local Utilities	251,901	0	0	0	0	6,485
Payments in-Lieu-of Taxes - Other	9,753	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	607,628	0	0	0	0	0
Hotel/Motel Tax	38,411	0	0	0	0	0
Wheel Tax	375,325	0	0	0	0	0
Litigation Tax - General	27,830	0	0	0	0	0
Litigation Tax - Special Purpose	2,484	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	38,542	0	0	0	0	0
Litigation Tax - Victim-Offender Mediation Center	1,000	0	0	0	0	0
Business Tax	67,610	0	0	0	0	971
Mixed Drink Tax	5,218	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	26,060	0	0	0	0	1,441
Wholesale Beer Tax	45,954	0	0	0	0	0
Total Local Taxes	\$ 4,213,330	\$ 22,386	\$ 0	\$ 0	\$ 0	\$ 78,069
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 2,510	\$ 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>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 998	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	419	0	0	0	0	0
Total Licenses and Permits	<u>\$ 3,927</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,658	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	5,261	0	0	0	0	0
Data Entry Fee - Circuit Court	568	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	698	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	6,479	0	0	0	0	0
Fines for Littering	48	0	0	0	0	0
Officers Costs	12,353	0	0	0	0	0
Game and Fish Fines	52	0	0	0	0	0
Drug Control Fines	0	0	2,327	0	0	0
Drug Court Fees	511	0	0	0	0	0
Jail Fees	6,250	0	0	0	0	0
DUI Treatment Fines	380	0	0	0	0	0
Data Entry Fee - General Sessions Court	2,522	0	0	0	0	0
Courtroom Security Fee	104	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	718	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>Chancery Court</u>						
Officers Costs	\$ 3,458	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	1,856	0	0	0	0	0
Courtroom Security Fee	28	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 43,944	\$ 0	\$ 2,327	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 0	\$ 724	\$ 0	\$ 0	\$ 0	\$ 0
Commercial and Industrial Waste Collection Charge	0	78,154	0	0	0	0
Residential Waste Collection Charge	0	460,911	0	0	0	0
Transfer Waste Stations Collection Charge	0	12,050	0	0	0	0
Surcharge - General	935	2,101	0	0	0	0
Solid Waste Disposal Fee	0	1,570	0	0	0	0
Surcharge - Waste Tire Disposal	0	16,152	0	0	0	0
Work Release Charges for Board	3,209	0	0	0	0	0
<u>Fees</u>						
Airport Fees	11,598	0	0	0	0	0
Recreation Fees	0	0	0	3,936	0	0
Copy Fees	230	0	0	0	0	0
Library Fees	3,835	0	0	0	0	0
Archives and Records Management Fee	18,227	0	0	0	0	0
Greenbelt Late Application Fee	133	0	0	0	0	3
Telephone Commissions	15,891	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	50	0
Data Processing Fee - Register	4,927	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>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Sheriff	\$ 1,614	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sexual Offender Registration Fee - Sheriff	2,700	0	0	0	0	0
Data Processing Fee - County Clerk	3,799	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	250	0	0	0	0	0
Total Charges for Current Services	\$ 67,348	\$ 571,662	\$ 0	\$ 3,936	\$ 50	\$ 3
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 196,662	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	94,980	11,993	0	0	0	0
Sale of Materials and Supplies	25	0	0	0	0	0
Commissary Sales	2,329	0	0	0	0	0
Sale of Gasoline	17,748	0	0	0	0	0
Sale of Recycled Materials	0	12,065	0	0	0	0
Miscellaneous Refunds	79,321	0	300	0	0	3,545
<u>Nonrecurring Items</u>						
Sale of Equipment	4,681	0	0	0	0	45,404
Sale of Property	4,631	0	3,422	0	0	0
Damages Recovered from Individuals	1,000	0	0	0	0	0
Contributions and Gifts	196	0	0	0	0	0
Total Other Local Revenues	\$ 401,573	\$ 24,058	\$ 3,722	\$ 0	\$ 0	\$ 48,949
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 147,582	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

## Exhibit I-5

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

	Special Revenue Funds					Highway / Public Works
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees	
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
Circuit Court Clerk	\$ 33,393	\$ 0	\$ 0	\$ 0	\$ 0	0
General Sessions Court Clerk	48,010	0	0	0	0	0
Clerk and Master	61,915	0	0	0	0	0
Register	68,986	0	0	0	0	0
Sheriff	26,177	0	0	0	0	0
Trustee	171,545	0	0	0	0	0
Total Fees Received From County Officials	\$ 557,608	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Airport Maintenance Program	\$ 212,371	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	10,400	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	342,983	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	61,459
State Aid Program	0	0	0	0	0	64,237
Litter Program	65,167	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	14,937	0	0	0	0	0
Beer Tax	18,175	0	0	0	0	0
Vehicle Certificate of Title Fees	12,822	0	0	0	0	0
Alcoholic Beverage Tax	39,419	0	0	0	0	0
State Revenue Sharing - T.V.A.	368,798	0	0	0	0	32,000

(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>						
State Revenue Sharing - Telecommunications	\$ 1,607	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Prisoner Boarding	48,594	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,916,623
Petroleum Special Tax	0	0	0	0	0	8,775
Registrar's Salary Supplement	18,955	0	0	0	0	0
Other State Grants	11,767	0	0	0	0	10,702
Other State Revenues	20,828	8,010	0	0	0	0
Total State of Tennessee	\$ 1,186,823	\$ 8,010	\$ 0	\$ 0	\$ 0	\$ 2,093,796
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 307,923	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0	56,512
Homeland Security Grants	10,876	0	0	0	0	0
Total Federal Government	\$ 318,799	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,512
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,224
Contributions	13,650	0	1,150	45,446	0	0
<u>Citizens Groups</u>						
Donations	33,407	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 47,057	\$ 0	\$ 1,150	\$ 45,446	\$ 0	\$ 6,224
Total	\$ 6,840,409	\$ 626,116	\$ 7,199	\$ 49,382	\$ 50	\$ 2,283,553

(Continued)

## Exhibit I-5

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

	Debt Service Fund	Capital Projects Fund	Total
	General Debt Service	Highway Capital Projects	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 0	\$ 2,633,799
Trustee's Collections - Prior Year	0	3	87,246
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	39,470
Interest and Penalty	0	0	39,629
Payments in-Lieu-of Taxes - T.V.A.	0	0	7,031
Payments in-Lieu-of Taxes - Local Utilities	0	0	258,386
Payments in-Lieu-of Taxes - Other	0	0	9,753
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	607,628
Hotel/Motel Tax	0	0	38,411
Wheel Tax	321,709	0	697,034
Litigation Tax - General	0	0	27,830
Litigation Tax - Special Purpose	0	0	2,484
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	38,542
Litigation Tax - Victim-Offender Mediation Center	0	0	1,000
Business Tax	0	0	68,581
Mixed Drink Tax	0	0	5,218
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	27,501
Wholesale Beer Tax	0	0	45,954
Total Local Taxes	\$ 321,709	\$ 3	\$ 4,635,497
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$ 0	\$ 0	\$ 2,510

(Continued)

## Exhibit I-5

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

	Debt Service Fund	Capital Projects Fund	
	General Debt Service	Highway Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Beer Permits	\$ 0	\$ 0	\$ 998
Other Permits	0	0	419
Total Licenses and Permits	\$ 0	\$ 0	\$ 3,927
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	\$ 2,658
Officers Costs	0	0	5,261
Data Entry Fee - Circuit Court	0	0	568
<u>Criminal Court</u>			
Drug Court Fees	0	0	698
<u>General Sessions Court</u>			
Fines	0	0	6,479
Fines for Littering	0	0	48
Officers Costs	0	0	12,353
Game and Fish Fines	0	0	52
Drug Control Fines	0	0	2,327
Drug Court Fees	0	0	511
Jail Fees	0	0	6,250
DUI Treatment Fines	0	0	380
Data Entry Fee - General Sessions Court	0	0	2,522
Courtroom Security Fee	0	0	104
<u>Juvenile Court</u>			
Fines	0	0	718

(Continued)

## Exhibit I-5

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

	Debt Service Fund	Capital Projects Fund	
	General Debt Service	Highway Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Chancery Court</u>			
Officers Costs	\$ 0	\$ 0	\$ 3,458
Data Entry Fee - Chancery Court	0	0	1,856
Courtroom Security Fee	0	0	28
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 46,271
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 724
Commercial and Industrial Waste Collection Charge	0	0	78,154
Residential Waste Collection Charge	0	0	460,911
Transfer Waste Stations Collection Charge	0	0	12,050
Surcharge - General	0	0	3,036
Solid Waste Disposal Fee	0	0	1,570
Surcharge - Waste Tire Disposal	0	0	16,152
Work Release Charges for Board	0	0	3,209
<u>Fees</u>			
Airport Fees	0	0	11,598
Recreation Fees	0	0	3,936
Copy Fees	0	0	230
Library Fees	0	0	3,835
Archives and Records Management Fee	0	0	18,227
Greenbelt Late Application Fee	0	0	136
Telephone Commissions	0	0	15,891
Constitutional Officers' Fees and Commissions	0	0	50
Data Processing Fee - Register	0	0	4,927

(Continued)

## Exhibit I-5

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

	Debt Service Fund	Capital Projects Fund	Total
	General Debt Service	Highway Capital Projects	
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Data Processing Fee - Sheriff	\$ 0	\$ 0	\$ 1,614
Sexual Offender Registration Fee - Sheriff	0	0	2,700
Data Processing Fee - County Clerk	0	0	3,799
Vehicle Insurance Coverage and Reinstatement Fees	0	0	250
Total Charges for Current Services	\$ 0	\$ 0	\$ 642,999
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 196,662
Lease/Rentals	0	0	106,973
Sale of Materials and Supplies	0	0	25
Commissary Sales	0	0	2,329
Sale of Gasoline	0	0	17,748
Sale of Recycled Materials	0	0	12,065
Miscellaneous Refunds	0	0	83,166
<u>Nonrecurring Items</u>			
Sale of Equipment	0	0	50,085
Sale of Property	0	0	8,053
Damages Recovered from Individuals	0	0	1,000
Contributions and Gifts	0	0	196
Total Other Local Revenues	\$ 0	\$ 0	\$ 478,302
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$ 0	\$ 147,582

(Continued)

## Exhibit I-5

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

	Debt Service Fund	Capital Projects Fund	
	General Debt Service	Highway Capital Projects	Total
<u>Fees Received From County Officials (Cont.)</u>			
<u>Fees In-Lieu-of Salary (Cont.)</u>			
Circuit Court Clerk	\$ 0	\$ 0	\$ 33,393
General Sessions Court Clerk	0	0	48,010
Clerk and Master	0	0	61,915
Register	0	0	68,986
Sheriff	0	0	26,177
Trustee	0	0	171,545
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 557,608
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Airport Maintenance Program	\$ 0	\$ 0	\$ 212,371
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	10,400
<u>Health and Welfare Grants</u>			
Health Department Programs	0	0	342,983
<u>Public Works Grants</u>			
Bridge Program	0	0	61,459
State Aid Program	0	0	64,237
Litter Program	0	0	65,167
<u>Other State Revenues</u>			
Income Tax	0	0	14,937
Beer Tax	0	0	18,175
Vehicle Certificate of Title Fees	0	0	12,822
Alcoholic Beverage Tax	0	0	39,419
State Revenue Sharing - T.V.A.	0	0	400,798

(Continued)

## Exhibit I-5

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

	Debt Service Fund	Capital Projects Fund	
	General Debt Service	Highway Capital Projects	Total
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
State Revenue Sharing - Telecommunications	\$ 0	\$ 0	\$ 1,607
Contracted Prisoner Boarding	0	0	48,594
Gasoline and Motor Fuel Tax	0	0	1,916,623
Petroleum Special Tax	0	0	8,775
Registrar's Salary Supplement	0	0	18,955
Other State Grants	0	0	22,469
Other State Revenues	0	0	28,838
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,288,629</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$ 0	\$ 0	\$ 307,923
Disaster Relief	0	0	56,512
Homeland Security Grants	0	0	10,876
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 375,311</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Paving and Maintenance	\$ 0	\$ 0	\$ 6,224
Contributions	0	0	60,246
<u>Citizens Groups</u>			
Donations	0	0	33,407
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 99,877</u>
Total	<u>\$ 321,709</u>	<u>\$ 3</u>	<u>\$ 10,128,421</u>

## 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, 2020

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,209,097	\$ 0	\$ 0	\$ 1,209,097
Trustee's Collections - Prior Year	36,378	0	0	36,378
Circuit Clerk/Clerk and Master Collections - Prior Years	15,635	0	0	15,635
Interest and Penalty	7,693	0	0	7,693
Payments in-Lieu-of Taxes - T.V.A.	3,245	0	0	3,245
Payments in-Lieu-of Taxes - Local Utilities	117,595	0	0	117,595
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,956,304	0	0	1,956,304
Business Tax	32,004	0	0	32,004
<u>Statutory Local Taxes</u>				
Bank Excise Tax	12,336	0	0	12,336
Total Local Taxes	<u>\$ 3,390,287</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,390,287</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 408	\$ 0	\$ 0	\$ 408
Total Licenses and Permits	<u>\$ 408</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 408</u>
<u>Charges for Current Services</u>				
<u>Fees</u>				
Greenbelt Late Application Fee	\$ 63	\$ 0	\$ 0	\$ 63
<u>Education Charges</u>				
Lunch Payments - Children	0	0	103,160	103,160
Lunch Payments - Adults	0	0	11,352	11,352

(Continued)

## Exhibit I-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Income from Breakfast	\$ 0	\$ 0	\$ 54	\$ 54
A la Carte Sales	0	0	69,374	69,374
School Based Health Services - FFS	41,531	0	0	41,531
Receipts from Individual Schools	19,734	0	0	19,734
Community Service Fees - Children	20	0	0	20
TBI Criminal Background Fee	1,019	0	0	1,019
Total Charges for Current Services	<u>\$ 62,367</u>	<u>\$ 0</u>	<u>\$ 183,940</u>	<u>\$ 246,307</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 94,844	\$ 0	\$ 284	\$ 95,128
Lease/Rentals	5,600	0	0	5,600
Miscellaneous Refunds	0	0	674	674
<u>Nonrecurring Items</u>				
Contributions and Gifts	2,250	0	820	3,070
Total Other Local Revenues	<u>\$ 102,694</u>	<u>\$ 0</u>	<u>\$ 1,778</u>	<u>\$ 104,472</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 26,866	\$ 0	\$ 0	\$ 26,866
<u>Health and Welfare Grants</u>				
Health Department Programs	15,000	0	0	15,000
<u>State Education Funds</u>				
Basic Education Program	10,222,694	0	0	10,222,694

(Continued)

## Exhibit I-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Early Childhood Education	\$ 393,835	\$ 0	\$ 0	\$ 393,835
School Food Service	0	0	7,649	7,649
Driver Education	4,816	0	0	4,816
Other State Education Funds	207,002	0	0	207,002
Coordinated School Health	90,000	0	0	90,000
Family Resource Centers	29,612	0	0	29,612
Career Ladder Program	36,428	0	0	36,428
<u>Other State Revenues</u>				
State Revenue Sharing - Telecommunications	958	0	0	958
Total State of Tennessee	\$ 11,027,211	\$ 0	\$ 7,649	\$ 11,034,860
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 378,861	\$ 378,861
USDA - Commodities	0	0	85,052	85,052
Breakfast	0	0	211,814	211,814
Vocational Education - Basic Grants to States	0	42,124	0	42,124
Title I Grants to Local Education Agencies	0	556,577	0	556,577
Special Education - Grants to States	0	400,364	0	400,364
Special Education Preschool Grants	0	17,412	0	17,412
Rural Education	0	16,043	0	16,043
Eisenhower Professional Development State Grants	0	63,098	0	63,098
COVID-19 Grant #2	0	37,598	304,004	341,602
Other Federal through State	0	19,227	0	19,227
Total Federal Government	\$ 0	\$ 1,152,443	\$ 979,731	\$ 2,132,174
Total	\$ 14,582,967	\$ 1,152,443	\$ 1,173,098	\$ 16,908,508

## Exhibit I-7

Lewis County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2020

General FundGeneral GovernmentCounty Commission

County Official/Administrative Officer	\$	6,000	
Secretary to Board		7,480	
Board and Committee Members Fees		31,250	
Audit Services		4,500	
Dues and Memberships		3,116	
Legal Notices, Recording, and Court Costs		1,782	
Printing, Stationery, and Forms		76	
Travel		2,730	
Food Supplies		206	
Office Supplies		1,642	
Total County Commission			\$ 58,782

Board of Equalization

Board and Committee Members Fees	\$	1,000	
Total Board of Equalization			1,000

County Mayor/Executive

County Official/Administrative Officer	\$	92,367	
Accountants/Bookkeepers		37,728	
Purchasing Personnel		29,715	
Part-time Personnel		4,721	
Other Salaries and Wages		2,400	
Data Processing Services		15,425	
Dues and Memberships		1,623	
Legal Notices, Recording, and Court Costs		333	
Printing, Stationery, and Forms		1,562	
Travel		4,225	
Food Supplies		716	
Office Supplies		1,351	
Total County Mayor/Executive			192,166

County Attorney

Contracts with Private Agencies	\$	6,000	
Legal Services		8,279	
Total County Attorney			14,279

Election Commission

County Official/Administrative Officer	\$	66,574	
Part-time Personnel		19,570	
Election Commission		6,500	
Election Workers		8,259	
Data Processing Services		7,945	
Dues and Memberships		350	
Legal Notices, Recording, and Court Costs		1,431	
Maintenance and Repair Services - Office Equipment		396	
Printing, Stationery, and Forms		326	
Rentals		500	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Other Contracted Services	\$	2,501	
Food Supplies		230	
Office Supplies		1,394	
Other Supplies and Materials		933	
Voting Machines		2,623	
Total Election Commission			\$ 119,532

Register of Deeds

County Official/Administrative Officer	\$	73,971	
Secretary(ies)		27,796	
Data Processing Services		4,248	
Dues and Memberships		675	
Printing, Stationery, and Forms		1,061	
Office Supplies		1,110	
Total Register of Deeds			108,861

Building

Engineering Services	\$	78,077	
Total Building			78,077

Geographical Information Systems

Data Processing Personnel	\$	32,786	
Salary Supplements		1,000	
Dues and Memberships		380	
Office Supplies		125	
Total Geographical Information Systems			34,291

County Buildings

Supervisor/Director	\$	41,228	
Custodial Personnel		27,040	
Maintenance Personnel		33,660	
Part-time Personnel		19,692	
Communication		40,625	
Operating Lease Payments		2,783	
Maintenance Agreements		1,832	
Maintenance and Repair Services - Buildings		22,862	
Maintenance and Repair Services - Equipment		44,467	
Medical and Dental Services		356	
Pest Control		392	
Postal Charges		14,251	
Travel		154	
Other Contracted Services		10,886	
Custodial Supplies		4,337	
Diesel Fuel		8	
Food Supplies		3,214	
Gasoline		2,417	
Ice		1,449	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Office Supplies	\$	725	
Tires and Tubes		766	
Uniforms		159	
Utilities		28,715	
Building Improvements		8,213	
Maintenance Equipment		225	
Office Equipment		76	
Total County Buildings			\$ 310,532

Other Facilities

Communication	\$	2,358	
Maintenance Agreements		735	
Maintenance and Repair Services - Buildings		127,724	
Pest Control		7,202	
Other Contracted Services		265	
Custodial Supplies		845	
Utilities		10,396	
Total Other Facilities			149,525

Other General Administration

Legal Notices, Recording, and Court Costs	\$	133	
Maintenance and Repair Services - Buildings		2,926	
Pest Control		2,442	
Utilities		4,846	
Other Charges		11,953	
Building Improvements		7,260	
Total Other General Administration			29,560

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	73,971	
Assistant(s)		26,317	
Audit Services		1,150	
Data Processing Services		4,000	
Dues and Memberships		1,050	
Legal Notices, Recording, and Court Costs		301	
Maintenance and Repair Services - Equipment		89	
Gasoline		233	
Office Supplies		408	
Premiums on Corporate Surety Bonds		75	
Motor Vehicles		140	
Total Property Assessor's Office			107,734

Reappraisal Program

Assistant(s)	\$	26,829	
Data Processing Services		6,671	
Office Supplies		41	
Total Reappraisal Program			33,541

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	73,971	
Data Processing Personnel		27,932	
Secretary(ies)		26,325	
Data Processing Services		10,526	
Dues and Memberships		560	
Legal Notices, Recording, and Court Costs		229	
Printing, Stationery, and Forms		554	
Other Contracted Services		2,092	
Office Supplies		686	
Premiums on Corporate Surety Bonds		1,636	
Total County Trustee's Office			\$ 144,511

County Clerk's Office

County Official/Administrative Officer	\$	73,971	
Data Processing Personnel		26,952	
Secretary(ies)		27,797	
Part-time Personnel		3,921	
Board and Committee Members Fees		120	
Data Processing Services		11,724	
Dues and Memberships		600	
Legal Notices, Recording, and Court Costs		130	
Maintenance and Repair Services - Office Equipment		352	
Travel		155	
Office Supplies		624	
Periodicals		251	
Office Equipment		210	
Total County Clerk's Office			146,807

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	73,971	
Other Salaries and Wages		3,030	
Jury and Witness Expense		1,940	
Data Processing Services		8,632	
Dues and Memberships		620	
Legal Notices, Recording, and Court Costs		360	
Printing, Stationery, and Forms		1,148	
Office Supplies		1,417	
Total Circuit Court			91,118

General Sessions Judge

Judge(s)	\$	96,933	
Guidance Personnel		2,400	
Secretary(ies)		2,245	
Dues and Memberships		150	
Travel		653	
Office Supplies		585	
Total General Sessions Judge			102,966

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court Clerk

Data Processing Personnel	\$	52,650	
Secretary(ies)		27,086	
Data Processing Services		4,108	
Operating Lease Payments		2,499	
Printing, Stationery, and Forms		1,198	
Office Supplies		4,138	
Total General Sessions Court Clerk			\$ 91,679

Chancery Court

County Official/Administrative Officer	\$	73,971	
Secretary(ies)		29,273	
In-service Training		300	
Data Processing Services		6,136	
Dues and Memberships		660	
Operating Lease Payments		2,172	
Legal Notices, Recording, and Court Costs		382	
Printing, Stationery, and Forms		900	
Travel		216	
Other Contracted Services		402	
Data Processing Supplies		4,801	
Office Supplies		1,005	
Periodicals		394	
Premiums on Corporate Surety Bonds		60	
Total Chancery Court			120,672

Judicial Commissioners

Supervisor/Director	\$	24,764	
Youth Service Officer(s)		9,691	
Part-time Personnel		11,675	
Travel		538	
Office Supplies		207	
Total Judicial Commissioners			46,875

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	81,368	
Deputy(ies)		271,232	
Investigator(s)		41,500	
Captain(s)		92,894	
Lieutenant(s)		43,418	
Sergeant(s)		80,121	
Guidance Personnel		84,466	
Salary Supplements		12,772	
Guards		14,009	
Secretary(ies)		25,904	
Part-time Personnel		25,081	
Other Salaries and Wages		17,094	

(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.)

In-service Training	\$	1,810	
Advertising		252	
Communication		2,004	
Contracts with Government Agencies		400	
Contracts with Other School Systems		250	
Contracts with Private Agencies		760	
Dues and Memberships		1,500	
Evaluation and Testing		400	
Operating Lease Payments		1,721	
Licenses		20	
Maintenance and Repair Services - Equipment		2,692	
Maintenance and Repair Services - Vehicles		7,516	
Printing, Stationery, and Forms		473	
Towing Services		130	
Travel		2,488	
Other Contracted Services		3,125	
Fuel Oil		782	
Gasoline		40,211	
Ice		149	
Office Supplies		861	
Tires and Tubes		4,132	
Uniforms		5,107	
Vehicle Parts		1,595	
Liability Claims		500	
In Service/Staff Development		3,300	
Other Charges		2,300	
Law Enforcement Equipment		2,728	
Motor Vehicles		32,000	
Total Sheriff's Department			\$ 909,065

Drug Enforcement

Other Salaries and Wages	\$	696	
Veterinary Services		286	
Food Supplies		400	
Other Charges		1,086	
Law Enforcement Equipment		1,000	
Total Drug Enforcement			3,468

Administration of the Sexual Offender Registry

Maintenance and Repair Services - Office Equipment	\$	850	
Total Administration of the Sexual Offender Registry			850

Jail

County Official/Administrative Officer	\$	6,000	
Supervisor/Director		45,820	
Captain(s)		39,920	
Lieutenant(s)		10,554	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Sergeant(s)	\$	47,740	
Data Processing Personnel		22,793	
Guidance Personnel		7,600	
Guards		315,762	
Secretary(ies)		29,660	
Maintenance Personnel		14,837	
Part-time Personnel		13,061	
Other Salaries and Wages		23,706	
In-service Training		200	
Communication		835	
Contracts with Government Agencies		104,771	
Contracts with Private Agencies		7,044	
Contracts with Public Carriers		144	
Dues and Memberships		235	
Operating Lease Payments		1,721	
Maintenance Agreements		13,089	
Maintenance and Repair Services - Buildings		23,627	
Maintenance and Repair Services - Equipment		13,312	
Maintenance and Repair Services - Vehicles		1,159	
Medical and Dental Services		163,957	
Pest Control		1,234	
Printing, Stationery, and Forms		1,917	
Travel		2,207	
Disposal Fees		45	
Custodial Supplies		9,568	
Drugs and Medical Supplies		665	
Food Supplies		109,972	
Gasoline		2,551	
Ice		732	
Office Supplies		727	
Prisoners Clothing		1,676	
Tires and Tubes		570	
Uniforms		3,908	
Utilities		41,653	
Vehicle Parts		499	
Other Charges		220	
Heating and Air Conditioning Equipment		17,996	
Law Enforcement Equipment		1,001	
Maintenance Equipment		3,190	
Total Jail			\$ 1,107,878

Fire Prevention and Control

Other Salaries and Wages	\$	11,000
Consultants		10,000
Contracts with Private Agencies		19,000
Legal Notices, Recording, and Court Costs		87
Utilities		9,383

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Other Supplies and Materials	\$	27,000	
Building and Contents Insurance		2,438	
Other Equipment		306,139	
Total Fire Prevention and Control			\$ 385,047

Civil Defense

Supervisor/Director	\$	20,693	
Dispatchers/Radio Operators		135,803	
Maintenance Agreements		1,884	
Maintenance and Repair Services - Equipment		1,130	
Matching Share		14,795	
Other Contracted Services		6,290	
Gasoline		1,348	
Office Supplies		236	
Tires and Tubes		352	
Total Civil Defense			182,531

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	2,156	
Medical and Dental Services		19,160	
Premiums on Corporate Surety Bonds		92	
Total County Coroner/Medical Examiner			21,408

Other Public Safety

School Resource Officer	\$	76,309	
Contracts with Government Agencies		1,250	
Utilities		886	
Total Other Public Safety			78,445

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	3,230	
Communication		3,248	
Contributions		5,418	
Maintenance and Repair Services - Buildings		190	
Other Contracted Services		793	
Custodial Supplies		73	
Office Supplies		452	
Periodicals		200	
Utilities		9,284	
Other Charges		349,946	
Total Local Health Center			372,834

Rabies and Animal Control

Other Contracted Services	\$	1,200	
Animal Food and Supplies		82	
Utilities		1,126	
Total Rabies and Animal Control			2,408

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

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

Other Local Health Services

Other Supplies and Materials	\$	426	
Total Other Local Health Services			426

Regional Mental Health Center

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

Sanitation Education/Information

Other Salaries and Wages	\$	30,629	
Instructional Supplies and Materials		6,302	
Other Charges		14,491	
Total Sanitation Education/Information			51,422

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Assistant(s)	\$	26,000	
Supervisor/Director		35,700	
Part-time Personnel		22,534	
Communication		2,227	
Dues and Memberships		384	
Maintenance Agreements		441	
Maintenance and Repair Services - Buildings		500	
Maintenance and Repair Services - Equipment		100	
Pest Control		364	
Travel		1,250	
Disposal Fees		45	
Other Contracted Services		2,958	
Ice		393	
Library Books/Media		17,788	
Office Supplies		1,959	
Periodicals		1,400	
Utilities		7,342	
Other Charges		8,907	
Office Equipment		1,000	
Total Libraries			131,292

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	53,063	
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(Continued)

## Exhibit I-7

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Agricultural Extension Service (Cont.)

Board and Committee Members Fees	\$	1,100	
Communication		849	
Dues and Memberships		215	
Travel		3,000	
Office Supplies		162	
Total Agricultural Extension Service			\$ 58,389

Soil Conservation

Other Salaries and Wages	\$	34,037	
Contributions		18,000	
Total Soil Conservation			52,037

Other OperationsOther Economic and Community Development

Communication	\$	1,681	
Contracts with Private Agencies		18,000	
Dues and Memberships		3,865	
Other Charges		6,514	
Total Other Economic and Community Development			30,060

Airport

Advertising	\$	36	
Communication		5,725	
Legal Notices, Recording, and Court Costs		851	
Maintenance and Repair Services - Buildings		2,721	
Maintenance and Repair Services - Equipment		5,453	
Matching Share		4,792	
Pest Control		405	
Travel		3,577	
Disposal Fees		45	
Permits		120	
Other Contracted Services		130,556	
Custodial Supplies		279	
Gasoline		18,038	
Office Supplies		68	
Utilities		8,048	
Excess Risk Insurance		1,103	
Maintenance Equipment		230	
Total Airport			182,047

Veterans' Services

County Official/Administrative Officer	\$	12,240	
Travel		249	
Library Books/Media		562	
Office Supplies		400	
Other Charges		800	
Office Equipment		1,991	
Total Veterans' Services			16,242

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Other Salaries and Wages	\$	495	
Social Security		211,668	
Pensions		141,935	
Employee and Dependent Insurance		228,606	
Life Insurance		3,813	
Unemployment Compensation		9,738	
Workers' Compensation Insurance		49,423	
Total Employee Benefits			\$ 645,678

Miscellaneous

Contributions	\$	16,000	
Liability Insurance		89,948	
Premiums on Corporate Surety Bonds		150	
Trustee's Commission		79,842	
Other Charges		4,858	
Total Miscellaneous			190,798

Capital Projects

General Administration Projects

Architects	\$	1,000	
Maintenance and Repair Services - Buildings		96,318	
Total General Administration Projects			97,318

Other General Government Projects

Architects	\$	56,921	
Engineering Services		51,850	
Total Other General Government Projects			108,771

Total General Fund \$ 6,766,722

Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Supervisor/Director	\$	38,489	
Equipment Operators		23,893	
Clerical Personnel		35,080	
Attendants		56,245	
Part-time Personnel		27,895	
Other Salaries and Wages		486	
Audit Services		97	
Communication		600	
Contracts with Other Public Agencies		42,477	
Contracts with Private Agencies		338,981	
Data Processing Services		1,500	
Legal Notices, Recording, and Court Costs		4,763	
Maintenance and Repair Services - Buildings		25,159	
Maintenance and Repair Services - Equipment		37,613	

(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.)

Postal Charges	\$	3,000	
Printing, Stationery, and Forms		990	
Travel		86	
Disposal Fees		45	
Permits		4,500	
Custodial Supplies		176	
Diesel Fuel		7,996	
Food Supplies		128	
Gasoline		4,073	
Ice		523	
Office Supplies		1,200	
Propane Gas		676	
Tires and Tubes		1,420	
Uniforms		2,633	
Utilities		5,000	
Refunds		2,850	
Other Charges		200	
Maintenance Equipment		2,000	
Motor Vehicles		6,870	
Office Equipment		1,998	
Solid Waste Equipment		2,008	
Total Transfer Stations			\$ 681,650

Other Operations

Employee Benefits

Social Security	\$	13,265	
Pensions		7,119	
Employee and Dependent Insurance		20,318	
Life Insurance		199	
Unemployment Compensation		419	
Workers' Compensation Insurance		5,563	
Total Employee Benefits			46,883

Miscellaneous

Trustee's Commission	\$	6,308	
Total Miscellaneous			6,308

Total Solid Waste/Sanitation Fund \$ 734,841

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	61	
Other Charges		1,000	
Law Enforcement Equipment		1,000	
Total Drug Enforcement			\$ 2,061

(Continued)

## Exhibit I-7

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

Drug Control Fund (Cont.)Other OperationsMiscellaneous

Trustee's Commission	\$	20	
Total Miscellaneous			\$ 20

Total Drug Control Fund \$ 2,081

Sports and Recreation FundSocial, Cultural, and Recreational ServicesParks and Fair Boards

Supervisor/Director	\$	35,995	
Temporary Personnel		11,556	
Part-time Personnel		20,670	
Audit Services		150	
Communication		1,982	
Data Processing Services		400	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		140	
Maintenance and Repair Services - Buildings		83,105	
Maintenance and Repair Services - Equipment		2,235	
Printing, Stationery, and Forms		200	
Permits		340	
Other Contracted Services		3,800	
Custodial Supplies		1,125	
Diesel Fuel		665	
Fertilizer, Lime, and Seed		487	
Food Supplies		491	
Gasoline		448	
Instructional Supplies and Materials		200	
Office Supplies		798	
Sand		100	
Tires and Tubes		200	
Uniforms		1,288	
Utilities		34,956	
Fencing		474	
Refunds		100	
Building Improvements		14,808	
Maintenance Equipment		938	
Office Equipment		857	
Total Parks and Fair Boards			\$ 218,608

Other OperationsEmployee Benefits

Social Security	\$	5,200	
Pensions		1,490	
Life Insurance		65	
Unemployment Compensation		125	
Workers' Compensation Insurance		3,316	
Total Employee Benefits			10,196

(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

\$ 39

Total Miscellaneous

\$ 39

Total Sports and Recreation Fund

\$ 228,843

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses

\$ 50

Total Circuit Court

\$ 50

Total Constitutional Officers - Fees Fund

50

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer

\$ 81,368

Salary Supplements

3,739

Secretary(ies)

31,943

Board and Committee Members Fees

1,050

Advertising

665

Communication

4,696

Contributions

6,000

Dues and Memberships

3,459

Freight Expenses

33

Legal Services

232

Licenses

104

Maintenance and Repair Services - Buildings

509

Postal Charges

292

Printing, Stationery, and Forms

54

Rentals

955

Travel

462

Permits

12

Other Contracted Services

10,331

Custodial Supplies

3,899

Data Processing Supplies

59

Electricity

4,782

Food Supplies

461

Natural Gas

133

Office Supplies

383

Water and Sewer

2,066

Other Supplies and Materials

1,391

Office Equipment

2,954

Total Administration

\$ 162,032

Highway and Bridge Maintenance

Foremen

\$ 44,775

(Continued)

## Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Equipment Operators	\$	61,027	
Equipment Operators - Light		85,992	
Truck Drivers		91,984	
Laborers		137,194	
Freight Expenses		302	
Rentals		22,000	
Other Contracted Services		59,075	
Asphalt - Cold Mix		15,187	
Asphalt - Liquid		229,190	
Concrete		4,640	
Crushed Stone		183,941	
Riprap		17,263	
Other Road Materials		1,718	
Pipe		9,951	
Pipe - Metal		8,885	
Road Signs		2,312	
Wood Products		144	
Gravel and Chert		1,696	
Geotextile Materials		2,640	
Other Supplies and Materials		209	
Total Highway and Bridge Maintenance			\$ 980,125

Operation and Maintenance of Equipment

Foremen	\$	35,621	
Mechanic(s)		28,237	
Freight Expenses		846	
Rentals		778	
Other Contracted Services		26,089	
Diesel Fuel		52,231	
Equipment and Machinery Parts		67,089	
Garage Supplies		15,468	
Gasoline		12,709	
Small Tools		182	
Tires and Tubes		7,648	
Uniforms		1,183	
Other Supplies and Materials		4,343	
Total Operation and Maintenance of Equipment			252,424

Other Charges

Liability Insurance	\$	23,579	
Trustee's Commission		21,562	
Workers' Compensation Insurance		22,925	
Total Other Charges			68,066

Employee Benefits

Social Security	\$	41,342	
Pensions		133,778	

(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 (Cont.)

Life Insurance	\$	3,257	
Medical Insurance		132,290	
Employer Medicare		8,617	
Total Employee Benefits			\$ 319,284

Capital Outlay

Engineering Services	\$	1,690	
Other Contracted Services		14,941	
Highway Equipment		320,220	
Motor Vehicles		15,900	
Other Equipment		157,475	
Other Construction		112,088	
Total Capital Outlay			622,314

Principal on Debt

Highways and Streets

Principal on Bonds	\$	71,306	
Total Highways and Streets			71,306

Interest on Debt

Highways and Streets

Interest on Bonds	\$	7,906	
Total Highways and Streets			7,906

Total Highway/Public Works Fund \$ 2,483,457

General Debt Service Fund

Other Operations

Miscellaneous

Trustee's Commission	\$	2,342	
Total Miscellaneous			\$ 2,342

Principal on Debt

General Government

Principal on Notes	\$	147,629	
Total General Government			147,629

Interest on Debt

General Government

Interest on Notes	\$	12,445	
Total General Government			12,445

Total General Debt Service Fund 162,416

Total Governmental Funds - Primary Government \$ 10,378,410

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, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,747,866	
Career Ladder Program		22,999	
Homebound Teachers		455	
Educational Assistants		79,614	
Bonus Payments		159,250	
Other Salaries and Wages		341	
Certified Substitute Teachers		1,890	
Non-certified Substitute Teachers		49,780	
Social Security		290,591	
Pensions		451,697	
Medical Insurance		615,007	
Dental Insurance		1,297	
Unemployment Compensation		1,955	
Employer Medicare		67,961	
Other Contracted Services		556	
Instructional Supplies and Materials		61,428	
Textbooks - Bound		128,603	
Software		8,925	
Fee Waivers		1,155	
Regular Instruction Equipment		83,154	
Total Regular Instruction Program			\$ 6,774,524

Alternative Instruction Program

Teachers	\$	54,459	
Career Ladder Program		500	
Bonus Payments		1,500	
Other Salaries and Wages		10,122	
Non-certified Substitute Teachers		5,370	
Social Security		4,328	
Pensions		5,443	
Medical Insurance		3,798	
Employer Medicare		1,012	
Other Contracted Services		538	
Total Alternative Instruction Program			87,070

Special Education Program

Teachers	\$	708,725	
Career Ladder Program		2,000	
Homebound Teachers		2,608	
Educational Assistants		13,879	
Speech Pathologist		57,190	
Other Salaries and Wages		24	
Certified Substitute Teachers		150	
Non-certified Substitute Teachers		5,760	
Social Security		44,628	
Pensions		74,697	

(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.)

Special Education Program (Cont.)

Medical Insurance	\$	103,755	
Dental Insurance		74	
Employer Medicare		10,438	
Total Special Education Program			\$ 1,023,928

Career and Technical Education Program

Teachers	\$	237,059	
Career Ladder Program		1,000	
Bonus Payments		5,000	
Non-certified Substitute Teachers		1,710	
Social Security		14,114	
Pensions		24,124	
Medical Insurance		21,726	
Employer Medicare		3,301	
Contracts with Other School Systems		5,000	
Instructional Supplies and Materials		37,719	
Other Charges		682	
Total Career and Technical Education Program			351,435

Student Body Education Program

Other Salaries and Wages	\$	6,873	
Social Security		384	
Pensions		302	
Employer Medicare		90	
Other Contracted Services		1,050	
Other Equipment		4,164	
Total Student Body Education Program			12,863

Support Services

Attendance

Supervisor/Director	\$	65,098	
Bonus Payments		1,000	
Social Security		4,063	
Pensions		7,017	
Employer Medicare		950	
Travel		114	
Software		4,619	
In Service/Staff Development		773	
Total Attendance			83,634

Health Services

Supervisor/Director	\$	58,084	
Medical Personnel		45,025	
Clerical Personnel		16,737	
Bonus Payments		4,000	
Other Salaries and Wages		15,808	

(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.)

Non-certified Substitute Teachers	\$	384	
Social Security		8,257	
Pensions		10,809	
Medical Insurance		11,840	
Dental Insurance		385	
Employer Medicare		1,931	
Communication		543	
Other Contracted Services		18,220	
Drugs and Medical Supplies		1,358	
Other Supplies and Materials		3,809	
In Service/Staff Development		292	
Other Charges		1,552	
Health Equipment		725	
Total Health Services			\$ 199,759

Other Student Support

Guidance Personnel	\$	209,334	
Clerical Personnel		14,569	
Bonus Payments		5,000	
Social Security		13,247	
Pensions		21,976	
Medical Insurance		28,016	
Dental Insurance		385	
Employer Medicare		3,098	
Contracts with Government Agencies		80,649	
Evaluation and Testing		5,000	
Other Supplies and Materials		420	
In Service/Staff Development		1,065	
Total Other Student Support			382,759

Regular Instruction Program

Supervisor/Director	\$	165,008	
Career Ladder Program		3,000	
Librarians		221,050	
Secretary(ies)		19,627	
Bonus Payments		9,250	
Non-certified Substitute Teachers		1,920	
Social Security		24,340	
Pensions		43,341	
Medical Insurance		47,363	
Dental Insurance		381	
Employer Medicare		5,693	
Travel		64	
Other Contracted Services		6,000	
Library Books/Media		23,551	
In Service/Staff Development		428	
Total Regular Instruction Program			571,016

(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.)

Special Education Program

Supervisor/Director	\$	74,004	
Psychological Personnel		43,647	
Social Security		6,874	
Pensions		12,496	
Medical Insurance		10,401	
Employer Medicare		1,608	
Total Special Education Program			\$ 149,030

Technology

Instructional Computer Personnel	\$	62,704	
Bonus Payments		1,000	
Other Salaries and Wages		2,000	
Social Security		3,727	
Pensions		3,700	
Medical Insurance		7,522	
Employer Medicare		872	
Communication		401	
Internet Connectivity		51,923	
Other Contracted Services		1,080	
Cabling		165	
Software		42,220	
In Service/Staff Development		1,477	
Other Equipment		13,257	
Total Technology			192,048

Other Programs

On-behalf Payments to OPEB	\$	26,866	
Total Other Programs			26,866

Board of Education

Secretary to Board	\$	2,000	
Board and Committee Members Fees		11,550	
Social Security		825	
Pensions		112	
Medical Insurance		23,739	
Employer Medicare		193	
Audit Services		6,800	
Dues and Memberships		8,599	
Postal Charges		150	
Travel		3,333	
Liability Insurance		22,615	
Premiums on Corporate Surety Bonds		1,012	
Trustee's Commission		58,194	
Workers' Compensation Insurance		78,272	
In Service/Staff Development		15,857	
Criminal Investigation of Applicants - TBI		2,210	
Other Charges		11,049	
Total Board of Education			246,510

(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

County Official/Administrative Officer	\$	138,333	
Secretary(ies)		32,641	
Bonus Payments		1,000	
Social Security		10,302	
Pensions		16,574	
Medical Insurance		28,441	
Dental Insurance		1,934	
Employer Medicare		2,435	
Other Fringe Benefits		196	
Communication		9,753	
Dues and Memberships		1,594	
Postal Charges		1,578	
Travel		1,491	
Other Contracted Services		1,305	
Office Supplies		8,051	
In Service/Staff Development		840	
Other Charges		832	
Administration Equipment		91	
Total Director of Schools			\$ 257,391

Office of the Principal

Principals	\$	303,818	
Career Ladder Program		1,000	
Accountants/Bookkeepers		111,001	
Assistant Principals		116,864	
Secretary(ies)		74,398	
Bonus Payments		14,000	
Other Salaries and Wages		2,220	
Social Security		35,177	
Pensions		54,202	
Medical Insurance		83,634	
Dental Insurance		219	
Employer Medicare		8,227	
Communication		4,021	
Travel		287	
Software		3,860	
In Service/Staff Development		3,602	
Administration Equipment		7,642	
Total Office of the Principal			824,172

Fiscal Services

Accountants/Bookkeepers	\$	79,017	
Bonus Payments		2,000	
Social Security		4,494	
Pensions		4,547	
Medical Insurance		11,840	

(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.)

Fiscal Services (Cont.)

Dental Insurance	\$	380	
Employer Medicare		1,051	
Travel		822	
Other Contracted Services		23,341	
Data Processing Supplies		3,053	
Office Supplies		973	
In Service/Staff Development		2,562	
Administration Equipment		2,295	
Total Fiscal Services			\$ 136,375

Operation of Plant

Supervisor/Director	\$	51,289	
Custodial Personnel		216,018	
Bonus Payments		17,500	
Other Salaries and Wages		28,851	
Social Security		18,585	
Pensions		5,637	
Medical Insurance		30,509	
Employer Medicare		4,346	
Other Contracted Services		18,733	
Custodial Supplies		35,437	
Electricity		301,154	
Natural Gas		46,326	
Water and Sewer		47,907	
Boiler Insurance		3,240	
Building and Contents Insurance		59,039	
Other Charges		45	
Plant Operation Equipment		24,452	
Total Operation of Plant			909,068

Maintenance of Plant

Maintenance Personnel	\$	119,398	
Bonus Payments		3,000	
Other Salaries and Wages		12,080	
Social Security		7,165	
Pensions		6,899	
Medical Insurance		12,079	
Employer Medicare		1,676	
Communication		2,502	
Laundry Service		1,902	
Other Contracted Services		8,723	
Other Supplies and Materials		29,584	
Administration Equipment		300	
Total Maintenance of Plant			205,308

(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

Supervisor/Director	\$	30,766	
Mechanic(s)		58,409	
Bus Drivers		260,501	
Bonus Payments		14,000	
Other Salaries and Wages		3,524	
Social Security		21,841	
Pensions		19,058	
Medical Insurance		22,351	
Employer Medicare		5,108	
Communication		739	
Contracts with Parents		2,333	
Laundry Service		1,421	
Medical and Dental Services		1,760	
Other Contracted Services		2,802	
Diesel Fuel		44,342	
Garage Supplies		3,327	
Gasoline		3,200	
Lubricants		2,588	
Tires and Tubes		6,115	
Vehicle Parts		24,870	
Vehicle and Equipment Insurance		15,361	
In Service/Staff Development		415	
Other Charges		4,467	
Transportation Equipment		207,946	
Total Transportation			\$ 757,244

Operation of Non-Instructional Services

Food Service

Other Contracted Services	\$	20,154	
Other Charges		2,066	
Total Food Service			22,220

Community Services

Supervisor/Director	\$	36,301	
Teachers		30,658	
Educational Assistants		36,803	
Other Salaries and Wages		34,957	
Social Security		8,066	
Pensions		8,013	
Medical Insurance		13,454	
Employer Medicare		1,886	
Other Fringe Benefits		3,540	
Other Supplies and Materials		19,659	
In Service/Staff Development		1,280	
Other Charges		7,731	
Total Community Services			202,348

(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.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Supervisor/Director	\$	68,628	
Teachers		184,921	
Career Ladder Program		1,000	
Educational Assistants		63,447	
Certified Substitute Teachers		150	
Non-certified Substitute Teachers		4,358	
Social Security		17,819	
Pensions		29,101	
Medical Insurance		55,732	
Dental Insurance		385	
Employer Medicare		4,167	
Other Fringe Benefits		12,425	
Communication		2,910	
Instructional Supplies and Materials		18,370	
In Service/Staff Development		1,574	
Total Early Childhood Education			\$ 464,987

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	12,750	
Building Improvements		141,679	
Total Regular Capital Outlay			154,429

Total General Purpose School Fund \$ 14,034,984

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	86,150	
Educational Assistants		180,859	
Non-certified Substitute Teachers		3,780	
Social Security		16,044	
Pensions		18,333	
Medical Insurance		26,892	
Dental Insurance		318	
Employer Medicare		3,752	
Other Fringe Benefits		1,076	
Instructional Supplies and Materials		79,235	
Regular Instruction Equipment		30,628	
Total Regular Instruction Program			\$ 447,067

Special Education Program

Teachers	\$	6,000	
Educational Assistants		150,966	
Speech Pathologist		18,690	
Social Security		10,332	

(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.)

Special Education Program (Cont.)

Pensions	\$	10,621	
Medical Insurance		18,622	
Dental Insurance		380	
Employer Medicare		2,416	
Other Fringe Benefits		3,063	
Instructional Supplies and Materials		759	
Other Supplies and Materials		1,050	
Special Education Equipment		974	
Total Special Education Program			\$ 223,873

Career and Technical Education Program

Instructional Supplies and Materials	\$	7,415	
Other Supplies and Materials		7,401	
Other Charges		1,000	
Vocational Instruction Equipment		15,783	
Total Career and Technical Education Program			31,599

Support Services

Other Student Support

Other Salaries and Wages	\$	2,400	
Social Security		149	
Pensions		255	
Employer Medicare		35	
Travel		586	
Other Contracted Services		51	
In Service/Staff Development		6,097	
Other Charges		2,069	
Total Other Student Support			11,642

Regular Instruction Program

Secretary(ies)	\$	4,500	
Other Salaries and Wages		118,176	
Non-certified Substitute Teachers		420	
Social Security		6,994	
Pensions		12,670	
Medical Insurance		19,362	
Employer Medicare		1,636	
In Service/Staff Development		40,459	
Other Charges		146	
Other Equipment		5,960	
Total Regular Instruction Program			210,323

Special Education Program

Supervisor/Director	\$	6,365	
Psychological Personnel		38,976	
Assessment Personnel		21,857	

(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.)

Special Education Program (Cont.)

Secretary(ies)	\$	32,789	
Social Security		6,118	
Pensions		7,885	
Medical Insurance		4,558	
Dental Insurance		280	
Employer Medicare		1,431	
Other Fringe Benefits		470	
Communication		3,254	
Operating Lease Payments		904	
Other Contracted Services		23,959	
Other Supplies and Materials		4,333	
In Service/Staff Development		5,683	
Other Equipment		3,475	
Total Special Education Program			\$ 162,337

Career and Technical Education Program

Travel	\$	286	
In Service/Staff Development		141	
Total Career and Technical Education Program			427

Transportation

Bus Drivers	\$	12,775	
Other Salaries and Wages		5,468	
Social Security		1,131	
Pensions		307	
Employer Medicare		265	
Other Fringe Benefits		598	
Travel		776	
Total Transportation			21,320

Operation of Non-Instructional Services

Food Service

Medical Insurance	\$	37,598	
Total Food Service			37,598

Total School Federal Projects Fund \$ 1,146,186

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	43,709	
Clerical Personnel		21,855	
Cafeteria Personnel		347,514	
Bonus Payments		21,500	
Social Security		25,726	
Pensions		21,351	

(Continued)

Exhibit I-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	425	
Employer Medicare		6,016	
Communication		2,488	
Maintenance and Repair Services - Equipment		6,730	
Travel		213	
Other Contracted Services		9,766	
Food Preparation Supplies		23,822	
Food Supplies		497,342	
Office Supplies		5,483	
Utilities		20,000	
USDA - Commodities		85,052	
Other Supplies and Materials		235	
In Service/Staff Development		322	
Other Charges		820	
Food Service Equipment		892	
Total Food Service			\$ 1,141,261

Total Central Cafeteria Fund \$ 1,141,261

Total Governmental Funds - Lewis County School Department \$ 16,322,431

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, 2020

	Cities - Sales Tax Fund
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,323,769
Total Cash Receipts	<u>\$ 1,323,769</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,310,531
Trustee's Commission	13,238
Total Cash Disbursements	<u>\$ 1,323,769</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2019	<u>0</u>
Cash Balance, June 30, 2020	<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, 2020, 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 November 24, 2020.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lewis County's internal control. Accordingly, we do not express an opinion on the effectiveness of Lewis County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant

deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency: 2020-002.

## **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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: 2020-001 and 2020-003.

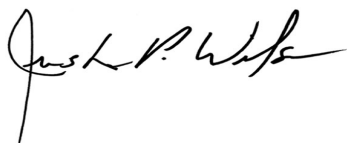
## **Lewis County's Responses to the Findings**

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

November 24, 2020

JPW/tg



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, 2020. 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, 2020.

### **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.

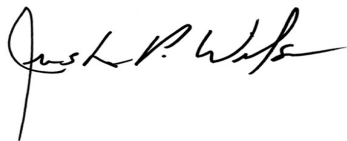
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2020, and the related notes to the financial statements, which collectively comprise Lewis County's basic financial statements. We issued our report thereon dated November 24, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 24, 2020

JPW/tg

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, 2020

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed-through to Subrecipients	Expenditures
U.S. Department of Agriculture:				
Passed-through State Department of Education:				
Child Nutrition Cluster: (4)				
School Breakfast Program	10.553	(3)	\$ 0	\$ 211,814 (5)
COVID 19 - School Breakfast Program	10.553	(3)	0	111,615 (5)
National School Lunch Program	10.555	(3)	0	378,861 (5)
COVID 19 - National School Lunch Program	10.555	(3)	0	192,389 (5)
Passed-through State Department of Agriculture:				
Child Nutrition Cluster: (4)				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(3)	0	85,052 (5)
Total U.S. Department of Agriculture				<u>\$ 979,731</u>
U.S. Department of Housing and Urban Development:				
Passed-through State Department of Economic and Community Development:				
Community Development Block Grants/State's Program and Non-				
Entitlement Grants in Hawaii	14.228	(3)	307,923	\$ 307,923 (6)
Total U.S. Department of Housing and Urban Development				<u>\$ 307,923</u>
U.S. Department of Education:				
Passed-through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	(3)	0	\$ 542,577
Special Education Cluster: (4)				
Special Education - Grants to States	84.027	(3)	0	443,109
Special Education - Preschool Grants	84.173	(3)	0	17,412
Career and Technical Education - Basic Grants to States	84.048	(3)	0	42,126
Rural Education	84.358	(3)	0	11,411
Supporting Effective Instruction State Grant	84.367	(3)	0	63,098
Student Support and Academic Enrichment Program	84.424	(3)	0	18,540
Education Stabilization Fund	84.425	(3)	0	37,598
Total U.S. Department of Education				<u>\$ 1,175,871</u>
U.S. Election Assistance Commission:				
Passed-through Tennessee Secretary of State:				
COVID 19 - Election Security Grants (Noncash Assistance)	90.404	(3)	0	\$ 610
Total U.S. Election Assistance Commission				<u>\$ 610</u>
U.S. Department of Homeland Security:				
Passed-through State Department of Military:				
COVID 19 - Disaster Grants - PPE Distribution (Noncash Assistance)	97.036	(3)	0	\$ 844 (5)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	0	56,512 (5)
Homeland Security Grant Program	97.067	(3)	0	10,876
Total U.S. Department of Homeland Security				<u>\$ 68,232</u>
Total Expenditures of Federal Awards				<u>\$ 2,532,367</u>

(Continued)

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

	Contract Number	
State Grants		
Local Health Services Grant - State Department of Health	(3)	\$ 15,000
Tourism Enhancement Grant - State Department of Economic and Community Development	(3)	11,767
Disaster Grant - State Department of Military	(3)	10,702
Litter Program - State Department of Transportation	(3)	65,167
Early Childhood Education - State Department of Education	(3)	393,835
Arts Student Ticket Subsidy - Tennessee Arts Commission	(3)	2,825
Local Health Services Grant - State Department of Health	GG-19-61769-00	342,983
Airport Improvement Grant - State Department of Transportation	(3)	212,371
COVID 19 - Personal Protective Equipment Distribution (Noncash Assistance) - State Department of Military	(3)	281
Lottery for Education Afterschool Program - State Department of Education	(3)	128,717
Coordinated School Health - State Department of Education	(3)	90,000
Family Resource Center - State Department of Education	(3)	29,612
CTE Equipment Grant - State Department of Education	(3)	36,000
School Safety Grant - State Department of Education	(3)	39,460
Total State Grants		\$ 1,378,720

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) Child Nutrition Cluster total is \$979,731; Special Education Cluster total is \$460,521.  
(5) Total for CFDA No. 10.553 is \$323,429; Total for CFDA No. 10.555 is \$656,302; Total for CFDA No. 97.036 is \$57,356.

(6) SUBRECIPIENTS	Federal CFDA Number	Amount Provided to Subrecipients	Subrecipients
Program Title			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$307,923	City of Hohenwald

Lewis County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2020

*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, 2020.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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**OFFICE OF COUNTY MAYOR**

2019	200	2019-001	Material Audit Adjustments were Required for Proper Financial Statement Presentation	N/A	Corrected
2019	201	2019-002	Lewis County has a Material Recurring Audit Finding	N/A	Corrected
2019	201	2019-003	General Fund Expenditures Exceeded Appropriations	N/A	Corrected
2019	202	2019-004	The Office had Deficiencies Related to Payroll Deductions Resulting in a Cash Shortage of \$12,671	N/A	Corrected
2019	204	2019-005	The Office had Deficiencies in the Payment of Federal Tax Deposits Resulting in Assessments of Penalties and Interest Totaling \$132,433	N/A	Corrected

**OFFICE OF DIRECTOR OF SCHOOLS**

2019	206	2019-006	Some Central Cafeteria Fund Invoices were not Paid Currently Resulting in the Assessment of Finance Charges Totaling \$5,905	N/A	Corrected
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**OFFICE OF TRUSTEE**

2019	207	2019-007	The Trustee Paid Checks that Exceeded Available Funds	N/A	Corrected
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**OFFICE OF COUNTY CLERK**

2019	207	2019-008	A Username and Password were Shared by Employees	N/A	Corrected
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**OFFICE OF SHERIFF**

2019	208	2019-009	The Office had Accounting Deficiencies	N/A	Not Corrected - See Explanation on Corrective Action Plan
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***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, 2020

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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? **NO**
  - \* Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
  - \* CFDA 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 2020-001**

#### **A THEFT OF INSURANCE PREMIUMS RESULTED IN A CASH SHORTAGE OF \$14,163**

(Noncompliance Under *Government Auditing Standards*)

A cash shortage totaling \$12,671 was discovered and reported during the prior-year audit. This cash shortage resulted from the benefits administrator receiving family medical insurance coverage and family hospital confinement coverage from January 2017 through October 2019, while contributing premiums based on a single employee. The benefits administrator resigned from his position on October 22, 2019. During the current-year audit, this theft of premiums increased \$1,492 to a total of \$14,163. Therefore, the General Fund reflected a total cash shortage of \$14,163 as of June 30, 2020, in the financial statements of this report. This deficiency resulted from a lack of management oversight.

On August 3, 2020, the former benefits administrator, Blair Scott, was indicted by the Lewis County Grand Jury and charged with one count of theft over \$10,000 but under \$60,000 and one count of official misconduct. The case is scheduled for a review on February 2, 2021.

#### **RECOMMENDATION**

Management should seek restitution of \$14,163 for the theft of insurance premiums by the former benefits administrator.

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

No formal management's response was submitted. However, explanation to the finding is included in the Corrective Action Plan.

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## **OFFICE OF COUNTY CLERK**

### **FINDING 2020-002**

#### **THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS**

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

The software application used by the office generated four audit logs that displayed changes made by users. Since these logs provide the only audit trail of these changes, they should be routinely reviewed for inappropriate activity. Although the county clerk was aware of the importance of these logs, the clerk chose to discontinue its routine review of the logs during the year. Without knowledge of system activity, errors and improper changes could occur and go undetected. This deficiency was the result of a lack of management oversight. When the importance of the logs was again brought to the clerk's attention in July 2020, the review process was resumed. Procedures for reviewing the logs are currently in place.

### **RECOMMENDATION**

The county clerk should review the audit logs on a routine basis. Any unusual transactions should be investigated.

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

I concur.

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## **OFFICE OF SHERIFF**

### **FINDING 2020-003**

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

(Noncompliance 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, management's failure to correct the finding noted in the prior-year audit, and management's failure to implement their corrective action plan.

- A. During our examination, deposits totaling \$1,200 were made to the office's drug control operating bank account. These deposits resulted from the sheriff charging fees to local bonding companies for hanging advertising signs on the jail fencing. The solicitation to advertise on county property is of questionable legality, and the county commission has not approved a policy allowing the practice. Furthermore, the fees collected were not remitted to the county trustee as required by Section 8-24-103, *Tennessee Code Annotated (TCA)*.
- B. The sheriff's department issued a check totaling \$2,400 from its drug control operating bank 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 of the county 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.”

## RECOMMENDATION

Solicitation to advertise on county property should be discontinued. If the county commission wants to pursue such a practice, they should adopt a policy allowing such and seek legal counsel to confirm the legality of such a policy. All fees and county revenues should be remitted to the trustee as required by state statute. All operating expenditures of the sheriff's department should be appropriated by the county commission and purchases should be made through the county's purchasing and budgetary processes.

## MANAGEMENT'S RESPONSE – SHERIFF

I concur with this finding. Please see corrective action plan. I would like to add the following regarding this finding:

A.) We were notified of this finding via email on 11/12/2020, and this office has stopped this practice. We forwarded the finding to the Lewis County Mayor's Office. The Lewis County Commission met on 11/16/2020. The Lewis County Mayor's Office is to consult with County Technical Assistance Service and the Lewis County Attorney for legal advice on the practice, regarding whether to adopt a policy to continue the practice. It is with high hopes that the Lewis County Commission will vote on this issue, whether to adopt or not to adopt such a policy, during their regular meeting in December 2020. If the Lewis County Commission does adopt such a policy, this office may continue said practice. If the county commission does not adopt such a policy, this office will cease this practice.

B.) Since receiving this finding the previous year (year ending 06/30/2019), we withdrew and deposited the recommended amount to the Lewis County Trustee's Office (about December 2019). This left a balance in said checking account. This office intended on leaving a small amount in said account for possible future undercover drug purchase needs (leaving \$316.43 in the account). This office needed the opportunity to disperse the majority of the money in the account and did so by paying for vehicle equipment (about March 2020), thus, resulting in the finding. This office understands the process and should not have a future finding like this.

### **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, 2020.

**Lewis County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2020**

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**

2020-001	A Theft of Insurance Premiums Resulted in a Cash Shortage of \$14,163	207
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**OFFICE OF COUNTY CLERK**

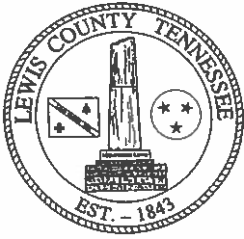
2020-002	The Office did not Review Its Software Audit Logs	209
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**OFFICE OF SHERIFF**

2020-003	The Office had Accounting Deficiencies	211
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**AUDITOR'S COMMENT ON COUNTY CLERK'S CORRECTIVE ACTION PLAN**

2020-002	The Office did not Review Its Software Audit Logs	210
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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: A THEFT OF INSURANCE PREMIUMS RESULTED IN A CASH SHORTAGE OF \$14,163**

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

**Person Responsible for Implementing the Corrective Action:**  
Jonah Keltner, Lewis County Mayor  
Johnny Clayton, Chief Operating Officer  
Sandra Collins, Accounts Administrator  
Renee Odom, Purchasing Agent

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

**Repeat Finding:**  
No

**Planned Corrective Action:**

As noted in the audit report, our former Benefits Administrator, Blair Scott, was solely responsible for this audit finding and theft of insurance premiums. Of course, he is no longer employed with Lewis County Government.

To keep this type of theft from happening in the future, Lewis County Government immediately implemented a corrective action plan last year that consists of a system of checks and balances so that one employee is no longer solely responsible for overseeing their insurance deductions.

Our new policy regarding employee insurance items consists of the County's Health Insurance Agent of Record, Five Points, compiling employee insurance deductions and then sending those to the County Mayor's office after each annual enrollment and during the year as new employees are hired.

The election forms are then entered by the Chief Operating Officer into the employee deductions on FlexGen, which is the County's software system.

After that, the Accounts Administrator and the Purchasing Agent will look over the deductions, especially the deductions for the Chief Operating Officer, and then sign off on the employee election form that they have reviewed the accuracy of the deductions.

Finally, the Chief Operating Officer will compare all employee insurance bills with the actual employee payroll deductions monthly. In addition, at least quarterly the Accounts Administrator and the Purchasing Agent will compare the insurance bills with the actual employee payroll deductions to ensure accuracy and will sign the employee payroll deductions report. The Chief Operating Officer will assign account numbers for insurance bills and will then give to the Purchasing Agent all completed insurance bills and documentation for employees. The Purchasing Agent can compare those numbers to the payroll deductions on a monthly basis before payment is made to the insurance companies.

We are confident that these steps will ensure all deductions are correct, and also make sure that as employees leave employment, they are being removed from insurance coverage.

Signature:

A handwritten signature in blue ink, appearing to read "J. L. Keltner", is written over a horizontal line.



*Sandra Clayton*

LEWIS COUNTY CLERK

NOVEMBER 23, 2020

TO: PENNY AUSTIN

FROM: SANDRA CLAYTON  
LEWIS COUNTY CLERK

RE: CORRECTION ACTION PLAN

FINDING: THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

RESPONSE AND CORRECTIVE ACTION PLAN PREPARED BY:  
SANDRA CLAYTON, LEWIS COUNTY CLERK

PERSON RESPONSIBLE FOR IMPLEMENTING THE CORRECTIVE PLAN:  
SANDRA CLAYTON, LEWIS COUNTY CLERK

ANTICIPATED COMPLETION DATE OF CORRECTIVE ACTION:  
JULY, 2020

REPEAT FINDING:  
NO

PLANNED CORRECTIVE ACTION:  
IN MARCH, 2019 MY DEPUTY CLERK BEGAN REVIEWING MV/RENEWAL AUDIT LOGS ON  
A WEEKLY BASIS.

SINCERELY,

*Sandra Clayton*  
SANDRA CLAYTON  
LEWIS COUNTY CLERK

AUDITOR'S COMMENT ON COUNTY CLERK'S CORRECTIVE ACTION PLAN

**FINDING 2020-002                      THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS**

The documentation provided during the audit did not reflect a consistent review of the audit logs by management.

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*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: (A.) No, (B.) Yes**

**Reason Corrective Action was Not Taken in the Prior Year: (For "B") Please see Management response letter included**

**Planned Corrective Action:**

**A.) If the Lewis County Commission adopts a policy allowing such practices, this office may or may not continue this practice. If the Lewis County Commission does not adopt a policy allowing such practices, this office will not continue practicing this. (note: this office ceased such practice as soon as we were notified of the Finding)**

**B.) This office understands the processes regarding this account and will not continue this practice. All monies for this account will be strictly for possible future undercover drug buy purposes only. Any seizure monies will be deposited in a newly made account strictly for seizure monies, pending court dispositions in which any funds awarded by the court(s) to this office will be deposited to the Trustees office. This office also understands the process of approval by the County Governing body for purchases.**

**Signature:**

A handwritten signature in black ink, appearing to read "Dwayne Kilpatrick", written over a horizontal line.

**Date:**

11-18-2020

## **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.