



ANNUAL FINANCIAL REPORT

The Metropolitan Government of Lynchburg, Moore County, Tennessee

For the Year Ended June 30, 2020

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
THE METROPOLITAN GOVERNMENT OF
LYNCHBURG, MOORE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2020

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

SHERRIE GILL, CFE
Senior Auditor

MARK HARVILL, CFE
KINSLEY HAYES
CHRIS HUGHES
CHRISVONTA SMITH
State Auditors

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

THE METROPOLITAN GOVERNMENT OF LYNCHBURG, MOORE COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Metropolitan Government of Lynchburg, Moore County, Tennessee
For the Year Ended June 30, 2020

Scope

We have audited the basic financial statements of the Metropolitan Government of Lynchburg, Moore County as of and for the year ended June 30, 2020.

Results

Our report on the business-type activities and the Metropolitan Lynchburg Moore County Water and Sewer Department, a major enterprise fund, is adverse because the financial statements of the water and sewer department were not available from other auditors at the date of this report. Our report on the metropolitan governmental activities, the aggregate discretely presented component units, each major fund (except the Metropolitan Lynchburg Moore County Water and Sewer Department), and the aggregate remaining fund information is unmodified.

Our audit resulted in two findings and recommendations, which we have reviewed with the metropolitan government's 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 METROPOLITAN MAYOR

- ◆ Users processed transactions utilizing the same username.
- ◆ The water and sewer department did not provide the accounting records for auditors to review on a timely basis.

INTRODUCTORY SECTION

Metropolitan Lynchburg, Moore County Officials June 30, 2020

Officials

Bonnie Lewis, Metropolitan Mayor
Milton Ferrell, Highway Superintendent
Chad Moorehead, Director of Schools
Lynn Harrison, Trustee
Darin Harrison, Assessor of Property
Nancy Hatfield, Metropolitan Clerk
Linda Wolaver, Circuit, General Sessions, and Juvenile Courts Clerk
Tammy Roberts, Clerk and Master
Pam Wells, Register of Deeds
Tyler Hatfield, Sheriff

Metropolitan Council

Denning Harder, Chairman	John Taylor
Amy Cashion	Houston Lindsey
Gerald Burnett	Gordon Millsaps
Tommy Brown	Patrick Maynard
Wayne Hawkins	Sandy Lewis
Keith Moses	Meghan Bailey
Arvis Bobo	Sunny Rae Moorehead
David Boyce	

Board of Education

Lorrie McKenzie, Chairman	Ronnie Smith
Jammie Cashion	Chris Roberts
Ed Cashion	

Audit Committee

Pam Case, Chairman	John Taylor
Sandy Lewis	Denning Harder
Gordon Millsaps	

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

Metropolitan Mayor and
Metropolitan Council
Lynchburg, Moore County, Tennessee

To the Metropolitan Mayor and Metropolitan Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Government of Lynchburg, Moore 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 unmodified and adverse audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Adverse
Aggregate Discretely Presented Component Units	Unmodified
General Fund	Unmodified
Highway/Public Works Fund	Unmodified
General Debt Service Fund	Unmodified
General Capital Projects Fund	Unmodified
Metropolitan Lynchburg, Moore County Water and Sewer Department	Adverse
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinions on Business-type Activities and Major Enterprise Fund

As discussed in Note I., the financial statements of the Metropolitan Lynchburg Moore County Water and Sewer Department, a major enterprise fund, and the entire business-type activities, had not been made available by other auditors as of the date of this report. Accordingly, the financial statements referred to above do not include amounts for the business-type activities and the Metropolitan Lynchburg Moore County Water and Sewer Department, a major enterprise fund, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the business-type activities and the Metropolitan Lynchburg Moore County Water and Sewer Department, a major enterprise fund, are not reasonably determinable.

Adverse Opinions

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinions on Business-type Activities and Major Enterprise Fund” paragraph, the financial statements referred to above do not present fairly the financial position of the business-type activities of the Metropolitan Government of Lynchburg, Moore County, Tennessee, as of June 30, 2020, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In addition, in our opinion, because of the significance of the matter described in the “Basis for Adverse Opinions on Business-type Activities and Major Enterprise Fund” paragraph, the financial statements referred to above do not present fairly the financial position of the Metropolitan Lynchburg Moore County Water and Sewer Department, a major enterprise fund of the Metropolitan Government of Lynchburg, Moore County, Tennessee, as of June 30, 2020, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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 (except for the Metropolitan Lynchburg Moore County Water and Sewer Department, a major enterprise fund), and the aggregate remaining fund information of the Metropolitan Government of Lynchburg, Moore 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 metropolitan government and school changes in net pension liability (asset) and related ratios, schedules of school contributions, schedules of school’s proportionate share of the net pension assets, and schedule of school changes in the 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 the metropolitan government's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Metropolitan 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.

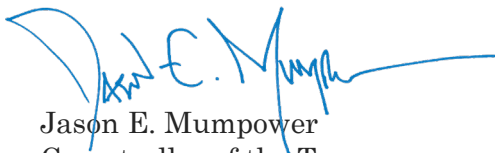
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Metropolitan School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Metropolitan 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 February 9, 2021, on our consideration of the metropolitan government'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 the metropolitan government'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 metropolitan government's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 9, 2021

JEM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Statement of Net Position
June 30, 2020

	Primary Government	Component Unit
	Governmental Activities	Metropolitan School Department
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 475	\$ 10,037
Equity in Pooled Cash and Investments	4,496,631	2,204,395
Inventories	0	12,962
Accounts Receivable	401,084	765
Allowance for Uncollectible	(43,789)	0
Due from Other Governments	612,149	55,062
Net Pension Asset - Agent Plan	96,587	199,576
Net Pension Asset - Teacher Retirement Plan	0	40,759
Net Pension Asset - Teacher Legacy Pension Plan	0	1,101,309
Property Taxes Receivable	4,116,389	3,190,082
Allowance for Uncollectible Property Taxes	(97,212)	(75,751)
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	35,327
Capital Assets:		
Assets Not Depreciated:		
Land	393,779	39,342
Construction in Progress	0	15,029,343
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,624,186	10,520,930
Other Capital Assets	1,209,466	782,860
Infrastructure	4,708,067	0
Total Assets	<u>\$ 18,517,812</u>	<u>\$ 33,146,998</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 91,476	\$ 60,736
Pension Changes in Proportion	0	31,098
Pension Changes in Assumptions	16,956	183,450
Pension Contributions After Measurement Date	67,058	491,884
OPEB Changes in Experience	0	57,540
OPEB Changes in Assumptions	0	33,836
OPEB Changes in Proportion	0	96,758
OPEB Contributions After Measurement Date	0	47,479
Total Deferred Outflows of Resources	<u>\$ 175,490</u>	<u>\$ 1,002,781</u>

(Continued)

Exhibit A

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Statement of Net Position (Cont.)

	Primary Government	Component Unit
	Governmental Activities	Metropolitan School Department
<u>LIABILITIES</u>		
Accounts Payable	\$ 93,003	\$ 11,144
Accrued Payroll	13,804	0
Accrued Interest Payable	95,598	0
Payroll Deductions Payable	27,309	364,444
Noncurrent Liabilities:		
Due Within One Year - Debt	881,000	0
Due Within One Year - Other	60,051	25,122
Due in More Than One Year - Debt	19,596,162	0
Due in More Than One Year - Other	90,076	1,335,093
Total Liabilities	<u>\$ 20,857,003</u>	<u>\$ 1,735,803</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 3,983,304	\$ 3,086,953
Pension Changes in Experience	5,458	746,479
Pension Changes in Investment Earnings	23,167	369,170
Pension Changes in Proportion	0	30,098
OPEB Changes in Experience	0	42,822
OPEB Changes in Assumptions	0	133,290
OPEB Changes in Proportion	0	171
Total Deferred Inflows of Resources	<u>\$ 4,011,929</u>	<u>\$ 4,408,983</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 8,739,858	\$ 26,372,475
Restricted for:		
General Government	9,171	0
Administration of Justice	72,959	0
Public Safety	56,216	0
Public Health and Welfare	62,033	0
Highway/Public Works	1,348,612	0
Pensions	96,587	1,376,971
Education	0	129,261
Other Purposes	36,154	0
Capital Projects	140,453	392,848
Unrestricted	<u>(16,737,673)</u>	<u>(266,562)</u>
Total Net Position	<u>\$ (6,175,630)</u>	<u>\$ 28,004,993</u>

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

Exhibit B

The Metropolitan Government of Lynchburg, Moore 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 Government Governmental Activities	Component Unit Metropolitan School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 791,031	\$ 60,857	\$ 18,978	\$ 0	\$ (711,196)	\$ 0
Finance	359,967	264,195	0	0	(95,772)	0
Administration of Justice	376,337	91,324	9,000	0	(276,013)	0
Public Safety	2,668,211	249,421	190,499	0	(2,228,291)	0
Public Health and Welfare	1,432,689	524,033	211,157	0	(697,499)	0
Social, Cultural, and Recreational Services	309,834	10,942	108,828	0	(190,064)	0
Agriculture and Natural Resources	108,678	0	2,100	0	(106,578)	0
Highways	1,476,175	0	1,867,057	345,194	736,076	0
Interest on Long-term Debt	256,377	0	0	0	(256,377)	0
Education	10,388,617	0	0	0	(10,388,617)	0
Total Primary Government	<u>\$ 18,167,916</u>	<u>\$ 1,200,772</u>	<u>\$ 2,407,619</u>	<u>\$ 345,194</u>	<u>\$ (14,214,331)</u>	<u>\$ 0</u>
Component Unit:						
Metropolitan School Department	<u>\$ 10,423,484</u>	<u>\$ 194,418</u>	<u>\$ 789,134</u>	<u>\$ 10,329,924</u>	<u>\$ 0</u>	<u>\$ 889,992</u>

(Continued)

Exhibit B

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position	
		Program Revenues			Primary	Component
		Charges for	Operating	Capital	Government	Unit
Functions/Programs	Expenses	Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Metropolitan School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,112,309	\$ 3,135,428
Property Taxes Levied for Debt Service					938,051	0
Local Option Sales Tax					586,657	601,378
Wholesale Beer Tax					87,310	0
Business Tax					38,638	0
Litigation Tax - Jail, Workhouse, & Courthouse					22,642	0
Litigation Tax - General					16,663	0
Other Local Taxes					13,055	0
Grants and Contributions Not Restricted to Specific Programs					676,674	5,332,580
Unrestricted Investment Income					62,328	1,494
Miscellaneous					39,851	94,332
Gain on Sale of Capital Assets					3,727	0
Total General Revenues					<u>\$ 5,597,905</u>	<u>\$ 9,165,212</u>
Change in Net Position						
Net Position, July 1, 2019					<u>\$ (8,616,426)</u>	<u>\$ 10,055,204</u>
					<u>2,440,796</u>	<u>17,949,789</u>
Net Position, June 30, 2020					<u>\$ (6,175,630)</u>	<u>\$ 28,004,993</u>

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

Exhibit C-1

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 475
Equity in Pooled Cash and Investments	1,249,414	959,927	1,840,679	93,321	353,290	4,496,631
Accounts Receivable	309,060	0	0	45,979	46,045	401,084
Allowance for Uncollectibles	(43,789)	0	0	0	0	(43,789)
Due from Other Governments	124,459	448,910	38,780	0	0	612,149
Property Taxes Receivable	2,760,647	46,011	950,890	92,022	266,819	4,116,389
Allowance for Uncollectible Property Taxes	(65,554)	(911)	(22,580)	(1,822)	(6,345)	(97,212)
Total Assets	<u>\$ 4,334,712</u>	<u>\$ 1,453,937</u>	<u>\$ 2,807,769</u>	<u>\$ 229,500</u>	<u>\$ 659,809</u>	<u>\$ 9,485,727</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 76,063	\$ 187	\$ 0	\$ 0	\$ 16,753	\$ 93,003
Accrued Payroll	0	13,804	0	0	0	13,804
Payroll Deductions Payable	16,162	8,751	0	0	2,396	27,309
Total Liabilities	<u>\$ 92,225</u>	<u>\$ 22,742</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,149</u>	<u>\$ 134,116</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 2,671,402	\$ 44,523	\$ 920,149	\$ 89,047	\$ 258,183	\$ 3,983,304
Deferred Delinquent Property Taxes	23,357	571	8,045	1,142	2,295	35,410
Other Deferred/Unavailable Revenue	219,824	288,498	20,515	0	27,914	556,751
Total Deferred Inflows of Resources	<u>\$ 2,914,583</u>	<u>\$ 333,592</u>	<u>\$ 948,709</u>	<u>\$ 90,189</u>	<u>\$ 288,392</u>	<u>\$ 4,575,465</u>

(Continued)

Exhibit C-1

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government - COVID-19	\$ 9,171	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,171
Restricted for Administration of Justice	72,959	0	0	0	0	72,959
Restricted for Public Safety	10,212	0	0	0	46,004	56,216
Restricted for Public Health and Welfare	35,181	0	0	0	0	35,181
Restricted for Highways/Public Works	0	1,097,603	0	0	0	1,097,603
Restricted for Capital Projects	0	0	0	139,311	0	139,311
Restricted for Other Purposes	0	0	0	0	36,065	36,065
Committed:						
Committed for Public Health and Welfare	0	0	0	0	270,199	270,199
Committed for Social, Cultural, and Recreational Services	935	0	0	0	0	935
Committed for Debt Service	0	0	1,859,060	0	0	1,859,060
Assigned:						
Assigned for General Government	824,943	0	0	0	0	824,943
Assigned for Administration of Justice	518	0	0	0	0	518
Assigned for Public Safety	44,122	0	0	0	0	44,122
Unassigned	329,863	0	0	0	0	329,863
Total Fund Balances	\$ 1,327,904	\$ 1,097,603	\$ 1,859,060	\$ 139,311	\$ 352,268	\$ 4,776,146
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,334,712	\$ 1,453,937	\$ 2,807,769	\$ 229,500	\$ 659,809	\$ 9,485,727

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

Exhibit C-2

The Metropolitan Government of Lynchburg, Moore 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)		\$	4,776,146
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	393,779	
Add: buildings and improvements net of accumulated depreciation		2,624,186	
Add: other capital assets net of accumulated depreciation		1,209,466	
Add: infrastructure net of accumulated depreciation		<u>4,708,067</u>	8,935,498
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loans payable	\$	(20,477,162)	
Less: compensated absences payable		(150,127)	
Less: accrued interest on other loans payable		<u>(95,598)</u>	(20,722,887)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	175,490	
Less: deferred inflows of resources related to pensions		<u>(28,625)</u>	146,865
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			96,587
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>592,161</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>(6,175,630)</u></u>

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

Exhibit C-3

The Metropolitan Government of Lynchburg, Moore 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	General Debt Service	General Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 3,197,719	\$ 57,237	\$ 1,234,637	\$ 90,276	\$ 269,366	\$ 4,849,235
Licenses and Permits	13,359	0	0	0	6,685	20,044
Fines, Forfeitures, and Penalties	19,753	0	0	0	9,529	29,282
Charges for Current Services	237,201	0	0	0	231,029	468,230
Other Local Revenues	119,082	7,512	0	0	49,273	175,867
Fees Received From County Officials	365,768	0	0	0	0	365,768
State of Tennessee	794,355	2,019,656	0	0	37,630	2,851,641
Federal Government	78,753	44,097	0	0	0	122,850
Other Governments and Citizens Groups	197,695	0	284,717	0	0	482,412
Total Revenues	\$ 5,023,685	\$ 2,128,502	\$ 1,519,354	\$ 90,276	\$ 603,512	\$ 9,365,329
<u>Expenditures</u>						
Current:						
General Government	\$ 694,289	\$ 0	\$ 0	\$ 0	\$ 911	\$ 695,200
Finance	261,872	0	0	0	0	261,872
Administration of Justice	270,459	0	0	0	51	270,510
Public Safety	2,125,034	0	0	0	6,610	2,131,644
Public Health and Welfare	648,807	0	0	0	548,439	1,197,246
Social, Cultural, and Recreational Services	235,480	0	0	0	0	235,480
Agriculture and Natural Resources	88,036	0	0	0	0	88,036
Other Operations	814,514	0	0	0	0	814,514
Highways	0	1,684,937	0	0	0	1,684,937
Debt Service:						
Principal on Debt	0	0	855,979	0	0	855,979
Interest on Debt	0	0	246,063	0	0	246,063
Other Debt Service	0	0	64,451	0	0	64,451

(Continued)

Exhibit C-3

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds		
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 10,484,102	\$ 0	\$	10,484,102
Total Expenditures	\$ 5,138,491	\$ 1,684,937	\$ 1,166,493	\$ 10,484,102	\$ 556,011	\$	19,030,034
Excess (Deficiency) of Revenues Over Expenditures	\$ (114,806)	\$ 443,565	\$ 352,861	\$ (10,393,826)	\$ 47,501	\$	(9,664,705)
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 10,347,924	\$ 0	\$	10,347,924
Insurance Recovery	0	6,250	0	0	0		6,250
Total Other Financing Sources (Uses)	\$ 0	\$ 6,250	\$ 0	\$ 10,347,924	\$ 0	\$	10,354,174
Net Change in Fund Balances	\$ (114,806)	\$ 449,815	\$ 352,861	\$ (45,902)	\$ 47,501	\$	689,469
Fund Balance, July 1, 2019	1,442,710	647,788	1,506,199	185,213	304,767		4,086,677
Fund Balance, June 30, 2020	\$ 1,327,904	\$ 1,097,603	\$ 1,859,060	\$ 139,311	\$ 352,268	\$	4,776,146

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

Exhibit C-4

The Metropolitan Government of Lynchburg, Moore 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)		\$	689,469
(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	\$	833,890	
Less: current-year depreciation expense		<u>(843,878)</u>	(9,988)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of capital assets disposed			(1,614)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2019	\$	(410,636)	
Add: deferred delinquent property taxes and other deferred June 30, 2020		<u>592,161</u>	181,525
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: other loan proceeds	\$	(10,347,924)	
Add: principal payments on other loans		<u>855,979</u>	(9,491,945)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	(10,314)	
Change in net pension asset		(42,161)	
Change in deferred outflows of resources related to pensions		65,716	
Change in deferred inflows of resources related to pensions		22,673	
Change in compensated absences payable		<u>(19,787)</u>	<u>16,127</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (8,616,426)</u>

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

Exhibit C-5

The Metropolitan Government of Lynchburg, Moore 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	\$ 3,197,719	\$ 3,101,683	\$ 3,096,683	\$ 101,036
Licenses and Permits	13,359	12,500	12,500	859
Fines, Forfeitures, and Penalties	19,753	15,787	15,787	3,966
Charges for Current Services	237,201	256,250	194,064	43,137
Other Local Revenues	119,082	36,250	55,894	63,188
Fees Received From County Officials	365,768	310,000	310,000	55,768
State of Tennessee	794,355	573,860	621,788	172,567
Federal Government	78,753	26,052	42,932	35,821
Other Governments and Citizens Groups	197,695	0	173,517	24,178
Total Revenues	\$ 5,023,685	\$ 4,332,382	\$ 4,523,165	\$ 500,520
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 180,887	\$ 196,004	\$ 196,004	\$ 15,117
County Mayor/Executive	177,416	172,744	177,416	0
County Attorney	8,224	9,224	9,224	1,000
Election Commission	98,272	112,880	112,880	14,608
Register of Deeds	73,812	75,351	75,351	1,539
Planning	12,342	14,273	14,273	1,931
County Buildings	132,396	111,038	132,467	71
Preservation of Records	10,940	12,248	12,248	1,308
<u>Finance</u>				
Property Assessor's Office	85,512	87,409	87,515	2,003
County Trustee's Office	80,527	83,051	83,051	2,524
County Clerk's Office	95,833	96,447	96,447	614
<u>Administration of Justice</u>				
Circuit Court	95,468	107,171	107,256	11,788
General Sessions Court	74,568	72,876	75,491	923
Chancery Court	74,030	78,008	78,008	3,978
Juvenile Court	9,864	9,600	10,100	236
Judicial Commissioners	16,529	18,006	18,006	1,477
<u>Public Safety</u>				
Sheriff's Department	1,012,017	961,523	1,065,423	53,406
Special Patrols	474	4,400	4,400	3,926
Administration of the Sexual Offender Registry	500	1,594	1,594	1,094
Jail	596,435	595,720	614,352	17,917
Commissary	1,791	2,550	2,550	759
Fire Prevention and Control	138,497	140,875	140,875	2,378
Disaster Relief	18,886	0	18,886	0
Other Emergency Management	356,434	369,303	364,623	8,189
<u>Public Health and Welfare</u>				
Local Health Center	116,819	167,589	174,935	58,116
Rabies and Animal Control	7,000	7,000	7,000	0
Ambulance/Emergency Medical Services	498,547	440,799	498,547	0
Alcohol and Drug Programs	7,027	1,250	7,027	0
Regional Mental Health Center	2,500	2,500	2,500	0
Other Waste Disposal	16,914	18,250	18,250	1,336

(Continued)

Exhibit C-5

The Metropolitan Government of Lynchburg, Moore 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>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	\$ 8,500	\$ 8,500	\$ 8,500	\$ 0
Libraries	121,643	122,291	127,851	6,208
Parks and Fair Boards	62,847	36,950	64,410	1,563
Other Social, Cultural, and Recreational	42,490	43,437	45,257	2,767
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	79,388	84,036	84,036	4,648
Forest Service	350	350	350	0
Soil Conservation	8,298	8,341	8,341	43
<u>Other Operations</u>				
Tourism	17,139	21,285	21,285	4,146
Veterans' Services	4,067	4,067	4,067	0
Other Charges	6,910	8,000	8,000	1,090
Employee Benefits	780,193	772,940	787,495	7,302
COVID-19 Grant #3	6,205	0	6,205	0
Total Expenditures	\$ 5,138,491	\$ 5,079,880	\$ 5,372,496	\$ 234,005
Excess (Deficiency) of Revenues Over Expenditures	\$ (114,806)	\$ (747,498)	\$ (849,331)	\$ 734,525
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 15,000	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ 15,000	\$ 0	\$ 0
Net Change in Fund Balance	\$ (114,806)	\$ (732,498)	\$ (849,331)	\$ 734,525
Fund Balance, July 1, 2019	1,442,710	1,043,679	1,442,710	0
Fund Balance, June 30, 2020	\$ 1,327,904	\$ 311,181	\$ 593,379	\$ 734,525

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

Exhibit C-6

The Metropolitan Government of Lynchburg, Moore 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	\$ 57,237	\$ 57,020	\$ 57,020	\$ 217
Other Local Revenues	7,512	2,500	3,806	3,706
State of Tennessee	2,019,656	2,048,750	2,048,750	(29,094)
Federal Government	44,097	0	0	44,097
Total Revenues	<u>\$ 2,128,502</u>	<u>\$ 2,108,270</u>	<u>\$ 2,109,576</u>	<u>\$ 18,926</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 228,480	\$ 239,188	\$ 240,494	\$ 12,014
Highway and Bridge Maintenance	664,823	904,500	904,500	239,677
Operation and Maintenance of Equipment	114,744	174,625	174,625	59,881
Other Charges	38,548	55,900	55,900	17,352
Employee Benefits	21,896	30,000	30,000	8,104
Capital Outlay	616,446	700,000	825,000	208,554
Total Expenditures	<u>\$ 1,684,937</u>	<u>\$ 2,104,213</u>	<u>\$ 2,230,519</u>	<u>\$ 545,582</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 443,565</u>	<u>\$ 4,057</u>	<u>\$ (120,943)</u>	<u>\$ 564,508</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 6,250	0	0	6,250
Total Other Financing Sources	<u>\$ 6,250</u>	<u>0</u>	<u>0</u>	<u>6,250</u>
Net Change in Fund Balance	\$ 449,815	4,057	(120,943)	570,758
Fund Balance, July 1, 2019	<u>647,788</u>	<u>336,375</u>	<u>647,788</u>	<u>0</u>
Fund Balance, June 30, 2020	<u><u>\$ 1,097,603</u></u>	<u><u>\$ 340,432</u></u>	<u><u>\$ 526,845</u></u>	<u><u>\$ 570,758</u></u>

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

Exhibit D

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2020

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash	<u>\$ 103,511</u>
Total Assets	<u><u>\$ 103,511</u></u>
<u>LIABILITIES</u>	
Due to Litigants, Heirs, and Others	<u>\$ 103,511</u>
Total Liabilities	<u><u>\$ 103,511</u></u>

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

**THE METROPOLITAN GOVERNMENT OF
LYNCHBURG, MOORE COUNTY, TENNESSEE**

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**THE METROPOLITAN GOVERNMENT OF
LYNCHBURG, MOORE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Metropolitan Government of Lynchburg, Moore County's financial statements are presented in accordance with generally accepted accounting principles (GAAP), except for the business-type activities and the Metropolitan Lynchburg Moore County Water and Sewer Department major fund, which have been omitted because the financial statements of the Metropolitan Lynchburg Moore County Water and Sewer Department, a major enterprise fund, and the entire business-type activities, had not been made available by other auditors as of the date of this report. Our auditor's opinion letter has been modified to reflect this omission. 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 the metropolitan government:

A. Reporting Entity

The Metropolitan Government of Lynchburg, Moore County (metropolitan government,) is a public municipal corporation governed by an elected 15-member metropolitan council. As required by GAAP, these financial statements present the metropolitan government (the primary government) and its component units. The financial statements of the Moore 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 metropolitan government's reporting entity because of the significance of their operational or financial relationships with the metropolitan government.

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

The metropolitan school department operates the public school system in the county, and the voters of Moore County elect its board. The school department is fiscally dependent on the metropolitan government because it may not issue debt, and its budget and property tax levy are subject to the metropolitan council's approval. The school department's taxes are levied

under the taxing authority of the metropolitan government and are included as part of the metropolitan government's total tax levy.

The Moore County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Moore County, and the metropolitan council 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 metropolitan council's approval. The financial statements of the Moore County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The school department does not issue separate financial statements from those of the metropolitan government. 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 Moore County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Moore County Emergency Communications District
1333 Main Street
Lynchburg, TN 37352

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. The primary government has one business-type activity to report, the Metropolitan Lynchburg – Moore County Water and Sewer Department. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The metropolitan 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.

The Metropolitan Government of Lynchburg, Moore County issues all debt for the discretely presented metropolitan school department. Net debt issues totaling \$10,329,924 were contributed by the metropolitan government to the school department during the year ended June 30, 2020.

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

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

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

Fund financial statements of the metropolitan government are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. The metropolitan government only reports one proprietary fund, the Metropolitan Lynchburg – Moore County Water and Sewer Department Fund, an enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and the fiduciary fund. Major individual governmental funds and the major enterprise fund 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 fund is 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 metropolitan government 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. The metropolitan government 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 metropolitan government receives cash.

Proprietary fund and 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The metropolitan government reports the following major governmental funds:

General Fund – This is the metropolitan government’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 metropolitan government’s highway department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

General Capital Projects Fund – This fund accounts for resources accumulated to be used for the general capital expenditures of the metropolitan government and the receipt of debt issued by the metropolitan government and contributed to the school department for building construction and renovations.

The metropolitan government reports the following major proprietary fund:

Water and Sewer Department Fund – This fund accounts for water and sewer services provided by the metropolitan government. The financial statement for this fund were not available from other auditors in time for inclusion in this report, as previously mentioned.

Additionally, the metropolitan government reports the following fund type:

Agency Fund – This fund accounts for amounts collected in an agency capacity by the constitutional officers. 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 Metropolitan School Department reports the following major governmental funds:

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

Education Capital Projects Fund – This fund is used to account for building construction and renovations of the school department.

Additionally, the metropolitan school department reports the following fund type:

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

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

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 metropolitan government's own legally issued bonds or notes.

The metropolitan trustee maintains a cash and internal investment pool that is used by all funds (excluding the Water and Sewer Fund, enterprise fund) and the discretely presented metropolitan school department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. The metropolitan government 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 pool 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. Metropolitan Government of Lynchburg, Moore County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

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

2. Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All ambulance, solid waste, and property taxes receivables are shown with allowances for uncollectibles. Ambulance and solid waste receivables allowances for uncollectibles are based on historical collection data. The allowance for uncollectible property taxes is equal to less than 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 receivables 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.

3. Inventories

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

4. 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 metropolitan 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 metropolitan school department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the metropolitan 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.

5. 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 acquired after July 1, 2003), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more (\$25,000 for infrastructure) and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or

constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government (excluding the Water and Sewer Fund, enterprise fund) 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 - 50
Other Capital Assets	5 - 15
Infrastructure:	
Roads	10 - 15
Bridges	40

6. Deferred Outflows/Inflows of Resources

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

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

pension changes in investment earnings, pension changes in proportion, OPEB changes in experience, OPEB changes in proportion, OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated Absences

Primary Government

It is the metropolitan government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the metropolitan government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred for the metropolitan government. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Discretely Presented Metropolitan School Department

The general policy of the metropolitan school department for all professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. The granting of sick leave for professional personnel has no guaranteed payment attached and therefore requires no accrual or recording. Noncertified personnel of the metropolitan school department earn varying amounts of annual and sick leave days. The metropolitan school department will only pay for accumulated sick leave balances in excess of 30 days that have accrued during the current year. Sick leave may only be paid in December or June. Therefore, no liability for accrued sick leave exists. A liability for annual leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

8. 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 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 notes payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

9. Net Position and Fund Balance

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

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

As of June 30, 2020, the metropolitan government had \$20,281,522 in outstanding debt for capital purposes for the discretely presented metropolitan school department. This debt is a liability of the metropolitan government, but the capital assets acquired are reported in the financial statements of the metropolitan school department. Therefore, the metropolitan government has incurred a liability significantly decreasing its unrestricted net position with no

corresponding increase in the metropolitan government's capital assets.

It is the metropolitan government'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 metropolitan government'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 metropolitan council, the primary government's highest level of decision-making authority and the Board of Education, the metropolitan 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 metropolitan government's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The metropolitan council has by resolution authorized the Budget Committee to make assignments for the general government. The Board of Education makes assignments for the metropolitan 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 has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

10. Minimum Fund Balance Policy

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, the following minimum fund balance policy exists and consists of the sum of committed, assigned, and unassigned fund balance:

General Fund – five percent of current-year appropriations.

General Debt Service Fund – the metropolitan government will typically have at least 75 percent of budgeted annual expenditures as fund balance.

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 the Metropolitan Government of Lynchburg, Moore County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the metropolitan government'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 Metropolitan 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 Benefits (OPEB) Plan

Discretely Presented Metropolitan 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 metropolitan school department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The metropolitan 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 Metropolitan School Department

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

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

Primary Government

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

Discretely Presented Metropolitan School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The metropolitan government 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 metropolitan council and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

The metropolitan government'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.

B. Metro Moore County Water and Sewer System Oversight Order

On September 19, 2019, the Tennessee Water and Wastewater Financing Board reviewed the financially distressed status of the Metro Moore County Water and Sewer System pursuant to Section 68-221-1010 *Tennessee Code Annotated*. Upon the review, it was determined Metro Moore County Water and Sewer System had complied with prior year directives to resolve the system's financial deficiencies. On September 30, 2019, the Tennessee Water and Wastewater Financing Board issued an oversight order stating the system shall send financial updates to the board by March 1st and September 1st of each year, beginning March 1, 2020, until the board releases the system from its oversight.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The metropolitan government (excluding the Water and Sewer Fund, an enterprise fund) and the metropolitan school department participate in an

internal cash and investment pool through the Office of Trustee. The metropolitan trustee is the treasurer of the metropolitan government and in this capacity is responsible for receiving, disbursing, and investing most metropolitan government 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 metropolitan government.

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 metropolitan government's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The metropolitan government 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 metropolitan government 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 metropolitan government 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.

The metropolitan government had no pooled and nonpooled investments as of June 30, 2020.

TCRS Stabilization Trust

Legal Provisions. The metropolitan 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 metropolitan 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 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 metropolitan 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	\$ 10,952
Developed Market International Equity	N/A	N/A	4,946
Emerging Market International Equity	N/A	N/A	1,413
U.S. Fixed Income	N/A	N/A	7,065
Real Estate	N/A	N/A	3,533
Short-term Securities	N/A	N/A	353
NAV - Private Equity and Strategic Lending	N/A	N/A	7,065
Total			<u>\$ 35,327</u>

Investment by Fair Value Level	Fair Value Measurements Using					NAV
	Fair Value 6-30-20	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
U.S. Equity	\$ 10,952	\$ 10,952	\$ 0	\$ 0	0	
Developed Market						
International Equity	4,946	4,946	0	0	0	
Emerging Market						
International Equity	1,413	1,413	0	0	0	
U.S. Fixed Income	7,065	0	7,065	0	0	
Real Estate	3,533	0	0	3,533	0	
Short-term Securities	353	0	353	0	0	
Private Equity and Strategic Lending	7,065	0	0	0	7,065	
Total	\$ 35,327	\$ 17,311	\$ 7,418	\$ 3,533	\$ 7,065	

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 metropolitan 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 metropolitan 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 metropolitan government's investment in a single issuer. metropolitan school department places no limit on the amount the metropolitan government 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 metropolitan government 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 metropolitan school department to pay retirement benefits of the school department employees.

For further information concerning the metropolitan 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	\$ 393,779	\$ 0	\$ 0	\$ 393,779
Total Capital Assets Not Depreciated	\$ 393,779	\$ 0	\$ 0	\$ 393,779
Capital Assets Depreciated:				
Buildings and Improvements	\$ 4,302,250	\$ 17,260	\$ 0	\$ 4,319,510
Other Capital Assets	5,325,552	200,184	(68,386)	5,457,350
Infrastructure	6,614,294	616,446	0	7,230,740
Total Capital Assets Depreciated	\$ 16,242,096	\$ 833,890	\$ (68,386)	\$ 17,007,600
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,543,061	\$ 152,263	\$ 0	\$ 1,695,324
Other Capital Assets	4,009,896	304,760	(66,772)	4,247,884
Infrastructure	2,135,818	386,855	0	2,522,673
Total Accumulated Depreciation	\$ 7,688,775	\$ 843,878	\$ (66,772)	\$ 8,465,881
Total Capital Assets Depreciated, Net	\$ 8,553,321	\$ (9,988)	\$ (1,614)	\$ 8,541,719
Governmental Activities Capital Assets, Net	\$ 8,947,100	\$ (9,988)	\$ (1,614)	\$ 8,935,498

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

Governmental Activities:

General Government	\$	32,035
Administration of Justice		5,420
Public Safety		214,473
Public Health and Welfare		102,159
Social, Cultural, and Recreational Services		80,947
Highway/Public Works		<u>408,844</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>843,878</u></u>

Discretely Presented Metropolitan School Department**Governmental Activities:**

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 39,342	\$ 0	\$ 0	\$ 39,342
Construction in Progress	<u>5,171,547</u>	<u>9,857,796</u>	<u>0</u>	<u>15,029,343</u>
Total Capital Assets Not Depreciated	<u>\$ 5,210,889</u>	<u>\$ 9,857,796</u>	<u>\$ 0</u>	<u>\$ 15,068,685</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 20,858,000	\$ 14,983	\$ 0	\$ 20,872,983
Other Capital Assets	<u>1,705,932</u>	<u>72,247</u>	<u>(92,334)</u>	<u>1,685,845</u>
Total Capital Assets Depreciated	<u>\$ 22,563,932</u>	<u>\$ 87,230</u>	<u>\$ (92,334)</u>	<u>\$ 22,558,828</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,904,119	\$ 447,934	\$ 0	\$ 10,352,053
Other Capital Assets	<u>907,920</u>	<u>87,399</u>	<u>(92,334)</u>	<u>902,985</u>
Total Accumulated Depreciation	<u>\$ 10,812,039</u>	<u>\$ 535,333</u>	<u>\$ (92,334)</u>	<u>\$ 11,255,038</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,751,893</u>	<u>\$ (448,103)</u>	<u>\$ 0</u>	<u>\$ 11,303,790</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,962,782</u>	<u>\$ 9,409,693</u>	<u>\$ 0</u>	<u>\$ 26,372,475</u>

Depreciation expense was charged to functions of the metropolitan school department as follows:

Governmental Activities:

Instruction	\$ 426,059
Support Services	<u>109,274</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 535,333</u>

C. Construction Commitments

At June 30, 2020, the Education Capital Projects funds had uncompleted construction contracts of approximately \$2,439,903 for the construction of an addition and renovations to an existing school. Funding for these future expenditures is expected to be received from draws on other loans already secured by the primary government.

D. Long-term Debt**Primary Government****Other Loans**

Direct Borrowing and Direct Placement - The metropolitan government issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented metropolitan school department. Other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. The other loans outstanding were issued for original terms of up to 28 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The other loans included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

Other loans 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
Direct Borrowing and Direct Placement:				
Other Loans	variable	% 3-1-43	\$ 26,834,142	\$ 20,477,162

During the prior years, the metropolitan government entered into two loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$8,300,000 and \$2,971,980 to the metropolitan government for various capital projects. These loans are

repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the metropolitan government pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2020, the variable interest rate was 0.23 percent, and other fees totaled approximately .57 percent (letter of credit), .08 percent (remarketing), and \$85 per month (trustee) for the \$8,300,000 loan. At June 30, 2020, the variable interest rate was 0.22 percent, and other fees totaled approximately .57 percent (letter of credit), .08 percent month (remarketing), and \$85 per month (trustee) for the \$2,971,980 loan.

During the 2017-18 year, the metropolitan government entered into a loan agreement with the City of Clarksville Public Building Authority. This loan agreement provided for the authority to make \$14,000,000 available for loan to the metropolitan government on an as-needed basis for various renovation and construction projects. The metropolitan government has borrowed \$13,994,499 of the authorized amount of this loan. This loan is repayable at a fixed interest rate of 2.51 percent.

In the current year, the metropolitan government entered into a loan agreement with the City of Clarksville Public Building Authority. This loan agreement provided for the authority to make \$3,000,000 available for loan to the metropolitan government on an as-needed basis for various renovation and construction projects. The metropolitan government has borrowed \$1,567,663 of the authorized amount of this loan. This loan is repayable at a fixed interest rate of 2.59 percent.

The annual requirements to amortize other loans outstanding as of June 30, 2020, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2021	\$ 881,000	\$ 377,859	\$ 39,376	\$ 1,298,235
2022	870,000	372,797	36,445	1,279,242
2023	857,000	359,904	32,636	1,249,540
2024	881,000	345,298	30,634	1,256,932
2025	905,000	330,324	28,567	1,263,891
2026-2030	4,914,000	1,413,179	109,484	6,436,663
2031-2035	5,633,000	976,994	46,972	6,656,966
2036-2040	3,369,663	525,209	0	3,894,872
2041-2043	2,166,499	109,800	0	2,276,299
Total	\$ 20,477,162	\$ 4,811,364	\$ 324,114	\$ 25,612,640

There is \$1,859,060 available in the General Debt Service Fund to service long-term debt. Debt per capita totaled \$3,219, 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:	Other Loans - Direct Placement
	<hr/>
Balance, July 1, 2019	\$ 10,985,217
Additions	10,347,924
Reductions	<hr/> (855,979)
Balance, June 30, 2020	<hr/> <hr/> \$ 20,477,162
Balance Due Within One Year	<hr/> <hr/> \$ 881,000

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 20,477,162
Less: Balance Due Within One Year - Debt	<hr/> (881,000)
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<hr/> <hr/> \$ 19,596,162

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:

	<u>Compensated Absences</u>
Balance, July 1, 2019	\$ 130,340
Additions	146,878
Reductions	<u>(127,091)</u>
Balance, June 30, 2020	<u>\$ 150,127</u>
Balance Due Within One Year	<u>\$ 60,051</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 150,127
Less: Balance Due Within One Year - Other	<u>(60,051)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 90,076</u>

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Metropolitan School Department

Changes in Long-term Obligations

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

Governmental Activities:		
	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2019	\$ 19,904	\$ 1,306,318
Additions	26,146	218,823
Reductions	(20,928)	(190,048)
Balance, June 30, 2020	<u>\$ 25,122</u>	<u>\$ 1,335,093</u>
Balance Due Within One Year	<u>\$ 25,122</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 1,360,215
Less: Balance Due Within One Year - Other	<u>(25,122)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,335,093</u>

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

F. On-Behalf Payments – Discretely Presented Metropolitan School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the metropolitan 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 \$19,673. The metropolitan school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

The metropolitan government and the discretely presented metropolitan school department participate 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 metropolitan government and the metropolitan school department pay 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.

Employee Health Insurance

The metropolitan government continues to carry commercial insurance for risks associated with the employees' health insurance plan. Retirees do not participate in this plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The discretely presented metropolitan 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, *Tennessee Code Annotated (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 metropolitan government is involved in several pending lawsuits. The metropolitan government attorney estimates that the potential claims against the metropolitan government not covered by insurance resulting from such litigation would not materially affect the metropolitan government's financial statements.

C. Joint Ventures

The Seventeenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Seventeenth Judicial District, Marshall, Lincoln, Moore, and Bedford counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. The metropolitan government did not contribute to the DTF for the year ended June 30, 2020.

The Interlocal Solid Waste Authority was formed by joint resolution of the counties of Bedford, Franklin, Moore, and Lincoln and the municipalities of Tullahoma and Fayetteville to develop a solid waste regional plan. Each participating county commission or city council appointed the authority's board for varying terms of office. The metropolitan government made no contribution to the Interlocal Solid Waste Authority for the year ended June 30, 2020.

The metropolitan government does not retain an equity interest in any of the

above-noted joint ventures.

Complete financial statements for the Seventeenth Judicial District Drug Task Force and the Interlocal Solid Waste Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

Interlocal Solid Waste Authority
c/o City of Tullahoma
P.O. Box 807
Tullahoma, TN 37388

D. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Certain employees of the metropolitan government are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are

provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits are 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	5
Inactive Employees Entitled to But Not Yet Receiving Benefits	3
Active Employees	<u>11</u>
Total	<u><u>19</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The metropolitan government 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 for the metropolitan government was \$67,058 based on a rate of 8.61 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the metropolitan government'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)

Pension liabilities (Assets). The metropolitan government's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability 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 metropolitan government 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)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2018	\$ 1,747,908	\$ 1,886,656	\$ (138,748)
Changes for the Year:			
Service Cost	\$ 60,156	\$ 0	\$ 60,156
Interest	128,481	0	128,481
Differences Between Expected and Actual Experience	109,241	0	109,241
Contributions-Employer	0	77,552	(77,552)
Contributions-Employees	0	37,107	(37,107)
Net Investment Income	0	142,037	(142,037)
Benefit Payments, Including Refunds of Employee Contributions	(71,826)	(71,826)	0
Administrative Expense	0	(979)	979
Net Changes	\$ 226,052	\$ 183,891	\$ 42,161
Balance, June 30, 2019	\$ 1,973,960	\$ 2,070,547	\$ (96,587)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the metropolitan government 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)	\$ 154,711	\$ (96,587)	\$ (308,187)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2020, the metropolitan government recognized pension expense (negative pension expense) of \$20,829.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the metropolitan government 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	\$ 91,476	\$ 5,458
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	23,167
Changes in Assumptions	16,956	0
Contributions Subsequent to the Measurement Date of June 30, 2019	67,058	N/A
Total	<u>\$ 175,490</u>	<u>\$ 28,625</u>

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

Year Ending June 30	Amount
2021	\$ 26,865
2022	13,017
2023	18,830
2024	21,095
2025	0
Thereafter	0

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

Discretely Presented Metropolitan School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. Non-certified employees of the metropolitan school department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits are 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	35
Inactive Employees Entitled to But Not Yet Receiving Benefits	63
Active Employees	<u>59</u>
Total	<u><u>157</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The metropolitan 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 for the metropolitan government was \$67,895 based on a rate of 4.72 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the metropolitan 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)

Pension liabilities (Assets). The metropolitan school department's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability 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 metropolitan government 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)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2018	\$ 4,103,732	\$ 4,285,846	\$ (182,114)
Changes for the Year:			
Service Cost	\$ 118,656	\$ 0	\$ 118,656
Interest	298,548	0	298,548
Differences Between Expected and Actual Experience	6,783	0	6,783
Contributions-Employer	0	62,991	(62,991)
Contributions-Employees	0	67,443	(67,443)
Net Investment Income	0	316,013	(316,013)
Benefit Payments, Including Refunds of Employee Contributions	(208,982)	(208,982)	0
Administrative Expense	0	(4,998)	4,998
Net Changes	\$ 215,005	\$ 232,467	\$ (17,462)
Balance, June 30, 2019	\$ 4,318,737	\$ 4,518,313	\$ (199,576)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the metropolitan 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)	\$ 352,692	\$ (199,576)	\$ (660,897)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2020, the metropolitan school department recognized pension expense (negative pension expense) of \$56,280.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the metropolitan 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	\$ 5,426	\$ 66,663
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	52,782
Changes in Assumptions	33,627	0
Contributions Subsequent to the Measurement Date of June 30, 2019	67,895	N/A
Total	<u>\$ 106,948</u>	<u>\$ 119,445</u>

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

Year Ending June 30	Amount
2021	\$ (18,585)
2022	(47,981)
2023	(13,514)
2024	(312)
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 of the metropolitan school department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2020, to the Teacher Retirement Plan were \$18,818, which is 2.03 percent of covered payroll. In addition, employer contributions of \$18,262, 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 Fund, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2020, the metropolitan school department reported a liability (asset) of (\$40,759) 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 metropolitan school department's proportion was 0.072206 percent. The proportion as of June 30, 2018, was 0.081932 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2020, the metropolitan school department recognized pension expense (negative pension expense) of \$13,259.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the metropolitan school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,690	\$ 7,115
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,723
Changes in Assumptions	1,416	0
Changes in Proportion of Net Pension Liability (Asset)	8,032	2,360
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	18,818	N/A
Total	<u>\$ 29,956</u>	<u>\$ 11,198</u>

The metropolitan school department's employer contributions of \$18,818, 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	\$ (397)
2022	(660)
2023	(177)
2024	70
2025	140
Thereafter	964

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

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the metropolitan 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 metropolitan 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)	\$	12,914	\$	(40,759)	\$	(80,434)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the metropolitan school department for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$405,171, 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2020, the metropolitan school department reported a liability (asset) of (\$1,101,309) 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

metropolitan school department's proportion of the net pension liability (asset) was based on the metropolitan 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 metropolitan school department's proportion was 0.107112 percent. The proportion measured at June 30, 2018, was 0.101821 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2020, the metropolitan school department recognized pension expense (negative pension expense) of \$143,057.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the metropolitan 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	\$ 53,620	\$ 672,701
Changes in Assumptions	148,407	0
Net Difference Between Projected and Actual Earnings on Pension Plan		
Investments	0	314,665
Changes in Proportion of Net Pension Liability (Asset)	23,066	27,738
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	405,171	N/A
Total	<u>\$ 630,264</u>	<u>\$ 1,015,104</u>

The metropolitan school department's employer contributions of \$405,171 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) in 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	\$ (228,628)
2022	(320,079)
2023	(135,999)
2024	(105,305)
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 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 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 metropolitan 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) \$ 2,251,858 \$ (1,101,309) \$ (3,768,661)

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 metropolitan government offers its employees a deferred compensation plan established pursuant to IRC Section 457. The metropolitan government contributes three percent of the costs of administering and funding this program. All other costs of administering and funding this program are the responsibility of plan participants. The Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 457 establishes participation, contribution, and withdrawal provisions for the plan.

Teachers hired after July 1, 2014, by the metropolitan 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 metropolitan 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 metropolitan school department contributed \$46,523 and teachers contributed \$12,996 to this deferred compensation pension plan.

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

The metropolitan school department provides OPEB benefits to retirees under the state administered public entity risk pools. For reporting purposes, the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is 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

The metropolitan school department provides healthcare benefits to its certified retirees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of the metropolitan school department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the metropolitan school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

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

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, actuarial valuation of the 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	2.2%
Salary Increases	Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
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, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date 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 2020 plan year was revised from 6.75 percent to 6.03 percent.

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

Plan Description. Employees of the metropolitan 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 metropolitan 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. During

the year, the metropolitan school department provided a direct subsidy ranging from \$323 to \$345 per month toward the cost of the insurance plan selected by the retiree. 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	5
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	0
Active Employees	<u>105</u>
Total	<u><u>110</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 metropolitan school department paid \$47,479 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		
	Metropolitan Moore	State of	Total OPEB
	School Department	TN	
	71.9336%	28.0664%	Liability
Balance July 1, 2018	\$ 1,306,318	\$ 511,319	\$ 1,817,637
Changes for the Year:			
Service Cost	\$ 73,322	\$ 28,608	\$ 101,930
Interest	48,875	19,070	67,945
Difference between			
Expected and Actuarial			
Experience	64,406	25,130	89,536
Changes in Proportion	1,174	(1,174)	0
Changes in Assumption			
and Other Inputs	(97,128)	(37,896)	(135,024)
Benefit Payments	(61,874)	(24,142)	(86,016)
Net Changes	\$ 28,775	\$ 9,596	\$ 38,371
Balance June 30, 2019	\$ 1,335,093	\$ 520,915	\$ 1,856,008

The metropolitan 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 metropolitan 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 metropolitan school department recognized \$32,220 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the metropolitan school department's proportionate share of the collective OPEB liability was 71.9336 percent and the State of Tennessee's share was 28.0664 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the metropolitan school department recognized OPEB expense of \$154,352, including the state's share of the expense. At June 30, 2020, the metropolitan 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	\$ 57,540	\$ 42,822
Changes of Assumptions/Inputs	33,836	133,290
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	96,758	171
Benefits Paid After the Measurement Date of June 30, 2019	47,479	0
Total	<u>\$ 235,613</u>	<u>\$ 176,283</u>

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

Year Ending June 30	School Department
2021	\$ (65)
2022	(65)
2023	(65)
2024	(65)
2025	(65)
Thereafter	12,176

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 metropolitan school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,451,895	\$ 1,335,093	\$ 1,224,720
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the metropolitan school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 5.03 to 3.5%	Current Rates 6.03 to 4.5%	1% Increase 7.03 to 5.5%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,169,883	\$ 1,335,093	\$ 1,531,123
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F. Purchasing Law

The metropolitan government follows the Metropolitan Charter, which provides for all purchases and contracts for goods or services to be made through a consolidated metropolitan purchasing department. The charter further provides for the metropolitan mayor to manage/conduct the metropolitan purchasing department according to the procedures adopted by the metropolitan council. The metropolitan council is required by the charter to establish a three-member oversight committee to oversee the activity of the metropolitan purchasing department.

The metropolitan council has not created a consolidated metropolitan purchasing department. However, effective June 21, 1999, (amended October 18, 2004) the council adopted the following purchasing procedures to be administered by the metropolitan mayor assisted by the director of schools and the highway superintendent:

1. Purchase orders are required for all purchases estimated to exceed \$500.

2. Purchase orders shall be approved by the metropolitan mayor for the general metropolitan government, the director of schools for the metropolitan school department, and the highway superintendent for the highway department.
3. Evidence of receiving goods or services should be noted on all invoices prior to payment.
4. The metropolitan council set the bid requirements for the Office of Metropolitan Mayor to follow the general statutes of the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for competitive bids on all purchases exceeding \$10,000.
5. The metropolitan council set the bid requirements for the Office of Highway Superintendent to follow the general statutes of the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *TCA*, and the Uniform Road Law, Section 54-7-113, *TCA*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.
6. The metropolitan council set the bid requirements for the Office of Director of Schools to follow the general statutes applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the 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.

G. Subsequent Event

On August 31, 2020, Milton Ferrell left the Office of Highway Superintendent and was succeeded by Shannon Cauble.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-1

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

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 43,773	\$ 45,336	\$ 45,961	\$ 55,432	\$ 57,974	\$ 60,156
Interest	104,800	111,497	105,928	113,805	120,071	128,481
Differences Between Actual and Expected Experience	8,069	(169,046)	(984)	(13,152)	6,805	109,241
Changes in Assumptions	0	0	0	42,387	0	0
Benefit Payments, Including Refunds of Employee Contributions	(68,860)	(68,943)	(56,403)	(54,281)	(70,245)	(71,826)
Net Change in Total Pension Liability	\$ 87,782	\$ (81,156)	\$ 94,502	\$ 144,191	\$ 114,605	\$ 226,052
Total Pension Liability, Beginning	1,387,984	1,475,766	1,394,610	1,489,112	1,633,303	1,747,908
Total Pension Liability, Ending (a)	\$ 1,475,766	\$ 1,394,610	\$ 1,489,112	\$ 1,633,303	\$ 1,747,908	\$ 1,973,960
Plan Fiduciary Net Position						
Contributions - Employer	\$ 54,991	\$ 57,406	\$ 60,945	\$ 64,426	\$ 67,844	\$ 77,552
Contributions - Employee	26,286	27,494	29,189	30,856	32,461	37,107
Net Investment Income	194,294	42,397	38,281	172,419	143,487	142,037
Benefit Payments, Including Refunds of Employee Contributions	(68,860)	(68,943)	(56,403)	(54,281)	(70,245)	(71,826)
Administrative Expense	(384)	(457)	(748)	(849)	(950)	(979)
Net Change in Plan Fiduciary Net Position	\$ 206,327	\$ 57,897	\$ 71,264	\$ 212,571	\$ 172,597	\$ 183,891
Plan Fiduciary Net Position, Beginning	1,166,000	1,372,327	1,430,224	1,501,488	1,714,059	1,886,656
Plan Fiduciary Net Position, Ending (b)	\$ 1,372,327	\$ 1,430,224	\$ 1,501,488	\$ 1,714,059	\$ 1,886,656	\$ 2,070,547
Net Pension Liability (Asset), Ending (a - b)	\$ 103,439	\$ (35,614)	\$ (12,376)	\$ (80,756)	\$ (138,748)	\$ (96,587)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.99%	102.55%	100.83%	104.94%	107.94%	104.89%
Covered Payroll	\$ 525,725	\$ 549,868	\$ 583,769	\$ 617,107	\$ 649,228	\$ 742,131
Net Pension Liability (Asset) as a Percentage of Covered Payroll	19.68%	6.48%	(2.12%)	(13.09%)	(21.37%)	(13.01%)

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

Exhibit E-2

The Metropolitan Government of Lynchburg, Moore 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 Metropolitan School Department - Non-Certified Employees
For the Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 89,333	\$ 95,048	\$ 110,147	\$ 106,742	\$ 115,127	\$ 118,656
Interest	240,127	249,499	264,200	278,235	284,044	298,548
Differences Between Actual and Expected Experience	(66,797)	(18,827)	(28,157)	(116,331)	(24,161)	6,783
Changes in Assumptions	0	0	0	84,069	0	0
Benefit Payments, Including Refunds of Employee Contributions	(150,417)	(136,435)	(153,168)	(158,125)	(147,992)	(208,982)
Net Change in Total Pension Liability	\$ 112,246	\$ 189,285	\$ 193,022	\$ 194,590	\$ 227,018	\$ 215,005
Total Pension Liability, Beginning	3,187,571	3,299,817	3,489,102	3,682,124	3,876,714	4,103,732
Total Pension Liability, Ending (a)	\$ 3,299,817	\$ 3,489,102	\$ 3,682,124	\$ 3,876,714	\$ 4,103,732	\$ 4,318,737
Plan Fiduciary Net Position						
Contributions - Employer	\$ 30,992	\$ 25,086	\$ 25,635	\$ 27,462	\$ 28,289	\$ 62,991
Contributions - Employee	55,743	56,246	57,478	61,574	63,429	67,443
Net Investment Income	517,468	110,225	96,230	413,102	330,846	316,013
Benefit Payments, Including Refunds of Employee Contributions	(150,417)	(136,435)	(153,168)	(158,125)	(147,992)	(208,982)
Administrative Expense	(2,135)	(2,893)	(4,324)	(4,616)	(5,345)	(4,998)
Net Change in Plan Fiduciary Net Position	\$ 451,651	\$ 52,229	\$ 21,851	\$ 339,397	\$ 269,227	\$ 232,467
Plan Fiduciary Net Position, Beginning	3,151,491	3,603,142	3,655,371	3,677,222	4,016,619	4,285,846
Plan Fiduciary Net Position, Ending (b)	\$ 3,603,142	\$ 3,655,371	\$ 3,677,222	\$ 4,016,619	\$ 4,285,846	\$ 4,518,313
Net Pension Liability (Asset), Ending (a - b)	\$ (303,325)	\$ (166,269)	\$ 4,902	\$ (139,905)	\$ (182,114)	\$ (199,576)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.19%	104.77%	99.87%	103.61%	104.44%	104.62%
Covered Payroll	\$ 1,114,845	\$ 1,124,926	\$ 1,149,541	\$ 1,231,478	\$ 1,268,564	\$ 1,348,844
Net Pension Liability (Asset) as a Percentage of Covered Payroll	27.21%	14.78%	0.43%	(11.36%)	(14.36%)	(14.8%)

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

Exhibit E-3

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

	2014	2015	2016	2017	2018	2019	2020
Contractually Determined Contribution	\$ 54,991	\$ 57,406	\$ 60,945	\$ 64,426	\$ 67,844	\$ 77,552	\$ 67,058
Less Contributions in Relation							
to the Contractually Determined Contribution	(54,991)	(57,406)	(60,945)	(64,426)	(67,844)	(77,552)	(67,058)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 525,725	\$ 549,868	\$ 583,769	\$ 617,107	\$ 649,228	\$ 742,131	\$ 778,839
Contributions as a Percentage of Covered Payroll	10.46%	10.44%	10.44%	10.44%	10.45%	10.45%	8.61%

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

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019	2020
Contractually Determined Contribution	\$ 30,992	\$ 25,086	\$ 25,635	\$ 27,462	\$ 28,289	\$ 62,991	\$ 67,895
Less Contributions in Relation to the Contractually Determined Contribution	(30,992)	(25,086)	(25,635)	(27,462)	(28,289)	(62,991)	(67,895)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 1,114,845	\$ 1,124,926	\$ 1,149,541	\$ 1,231,478	\$ 1,268,564	\$ 1,348,844	\$ 1,438,453
Contributions as a Percentage of Covered Payroll	2.78%	2.23%	2.23%	2.23%	2.23%	4.67%	4.72%

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

Exhibit E-5

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

	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 4,015	\$ 14,486	\$ 26,160	\$ 28,640	\$ 14,823	\$ 18,818
Less Contributions in Relation to the Contractually Required Contribution	(4,015)	(14,486)	(26,160)	(28,640)	(14,823)	(18,818)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 100,386	\$ 362,154	\$ 652,058	\$ 715,986	\$ 764,086	\$ 927,005
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-6

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

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 342,727	\$ 346,443	\$ 336,183	\$ 305,916	\$ 323,741	\$ 375,685	\$ 405,171
Less Contributions in Relation							
to the Contractually Required Contribution	(342,727)	(346,443)	(336,183)	(305,916)	(323,741)	(375,685)	(405,171)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 3,859,535	\$ 3,832,343	\$ 3,718,842	\$ 3,389,818	\$ 3,565,424	\$ 3,591,631	\$ 3,811,580
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-7

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

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.048314%	0.082307%	0.099644%	0.081932%	0.072206%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (1,944)	\$ (8,568)	\$ (26,290)	\$ (37,159)	\$ (40,759)
Covered Payroll	\$ 100,386	\$ 362,154	\$ 652,058	\$ 715,986	\$ 764,086
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	1.94%	(2.37%)	(4.03%)	(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 presented when available.

Exhibit E-8

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Metropolitan 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	0.098332%	0.102373%	0.103021%	0.095730%	0.101821%	0.107112%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (15,979)	\$ 41,935	\$ 643,822	\$ (31,322)	\$ (358,299)	\$ (1,101,309)
Covered Payroll	\$ 3,859,537	\$ 3,832,343	\$ 3,718,842	\$ 3,389,818	\$ 3,565,424	\$ 3,591,631
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0.414002%	1.094252%	17.310000%	(0.92%)	(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.

Exhibit E-9

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

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 99,481	\$ 91,570	\$ 101,930
Interest	56,319	66,184	67,945
Changes in Benefit Terms	0	(33,522)	0
Differences Between Actual and Expected Experience	0	(73,214)	89,536
Changes in Assumptions or Other Inputs	(92,380)	57,851	(135,024)
Benefit Payments	(132,714)	(117,546)	(86,016)
Net Change in Total OPEB Liability	\$ (69,294)	\$ (8,677)	\$ 38,371
Total OPEB Liability, Beginning	1,895,608	1,826,314	1,817,637
Total OPEB Liability, Ending	<u>\$ 1,826,314</u>	<u>\$ 1,817,637</u>	<u>\$ 1,856,008</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 629,118	\$ 511,319	\$ 520,915
Employer Proportionate Share of the Total OPEB Liability	1,197,196	1,306,318	1,335,093
Covered Employee Payroll	\$ 4,264,311	\$ 5,365,762	\$ 5,407,042
Net OPEB Liability as a Percentage of Covered Employee Payroll	28.07%	24.35%	24.69%

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:

For the 2019 plan year - from 5.4% to 6.75%
For the 2020 plan year - 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.

**THE METROPOLITAN GOVERNMENT OF LYNCHBURG,
MOORE 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.

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 4.00%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.25%

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Urban Services Fund – The Urban Services Fund represents financial activity for the Urban Services District.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for household garbage pick-up and the convenience center operations.

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

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

Exhibit F-1

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Urban Services	Solid Waste / Sanitation	Drug Control	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 34,159	\$ 273,127	\$ 46,004	\$ 353,290
Accounts Receivable	1,942	44,103	0	46,045
Property Taxes Receivable	6,091	260,728	0	266,819
Allowance for Uncollectible Property Taxes	(154)	(6,191)	0	(6,345)
Total Assets	<u>\$ 42,038</u>	<u>\$ 571,767</u>	<u>\$ 46,004</u>	<u>\$ 659,809</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 16,753	\$ 0	\$ 16,753
Payroll Deductions Payable	0	2,396	0	2,396
Total Liabilities	<u>\$ 0</u>	<u>\$ 19,149</u>	<u>\$ 0</u>	<u>\$ 19,149</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,884	\$ 252,299	\$ 0	\$ 258,183
Deferred Delinquent Property Taxes	89	2,206	0	2,295
Other Deferred/Unavailable Revenue	0	27,914	0	27,914
Total Deferred Inflows of Resources	<u>\$ 5,973</u>	<u>\$ 282,419</u>	<u>\$ 0</u>	<u>\$ 288,392</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 0	\$ 46,004	\$ 46,004
Restricted for Other Purposes	36,065	0	0	36,065
Committed:				
Committed for Public Health and Welfare	0	270,199	0	270,199
Total Fund Balances	<u>\$ 36,065</u>	<u>\$ 270,199</u>	<u>\$ 46,004</u>	<u>\$ 352,268</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 42,038</u>	<u>\$ 571,767</u>	<u>\$ 46,004</u>	<u>\$ 659,809</u>

Exhibit F-2

The Metropolitan Government of Lynchburg, Moore 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				Total Nonmajor Governmental Funds
	Urban Services	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 13,370	\$ 255,996	\$ 0	\$ 0	\$ 269,366
Licenses and Permits	6,685	0	0	0	6,685
Fines, Forfeitures, and Penalties	0	0	9,529	0	9,529
Charges for Current Services	0	230,978	0	51	231,029
Other Local Revenues	0	49,273	0	0	49,273
State of Tennessee	1,777	35,853	0	0	37,630
Total Revenues	\$ 21,832	\$ 572,100	\$ 9,529	\$ 51	\$ 603,512
<u>Expenditures</u>					
Current:					
General Government	\$ 911	\$ 0	\$ 0	\$ 0	\$ 911
Administration of Justice	0	0	0	51	51
Public Safety	0	0	6,610	0	6,610
Public Health and Welfare	0	548,439	0	0	548,439
Total Expenditures	\$ 911	\$ 548,439	\$ 6,610	\$ 51	\$ 556,011
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,921	\$ 23,661	\$ 2,919	\$ 0	\$ 47,501
Net Change in Fund Balances	\$ 20,921	\$ 23,661	\$ 2,919	\$ 0	\$ 47,501
Fund Balance, July 1, 2019	15,144	246,538	43,085	0	304,767
Fund Balance, June 30, 2020	\$ 36,065	\$ 270,199	\$ 46,004	\$ 0	\$ 352,268

Exhibit F-3

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Urban Services Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 13,370	\$ 7,788	\$ 7,788	\$ 5,582
Licenses and Permits	6,685	5,000	5,000	1,685
State of Tennessee	1,777	0	0	1,777
Total Revenues	<u>\$ 21,832</u>	<u>\$ 12,788</u>	<u>\$ 12,788</u>	<u>\$ 9,044</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 911	\$ 1,600	\$ 1,600	\$ 689
Total Expenditures	<u>\$ 911</u>	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ 689</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 20,921</u>	<u>\$ 11,188</u>	<u>\$ 11,188</u>	<u>\$ 9,733</u>
Net Change in Fund Balance	\$ 20,921	\$ 11,188	\$ 11,188	\$ 9,733
Fund Balance, July 1, 2019	15,144	26,503	15,144	0
Fund Balance, June 30, 2020	<u><u>\$ 36,065</u></u>	<u><u>\$ 37,691</u></u>	<u><u>\$ 26,332</u></u>	<u><u>\$ 9,733</u></u>

Exhibit F-4

The Metropolitan Government of Lynchburg, Moore 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	\$ 255,996	\$ 247,050	\$ 247,050	\$ 8,946
Charges for Current Services	230,978	235,000	235,000	(4,022)
Other Local Revenues	49,273	35,680	35,680	13,593
State of Tennessee	35,853	44,200	44,200	(8,347)
Total Revenues	<u>\$ 572,100</u>	<u>\$ 561,930</u>	<u>\$ 561,930</u>	<u>\$ 10,170</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 42,263	\$ 46,160	\$ 46,160	\$ 3,897
Recycling Center	506,176	575,668	575,668	69,492
Total Expenditures	<u>\$ 548,439</u>	<u>\$ 621,828</u>	<u>\$ 621,828</u>	<u>\$ 73,389</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 23,661</u>	<u>\$ (59,898)</u>	<u>\$ (59,898)</u>	<u>\$ 83,559</u>
Net Change in Fund Balance	\$ 23,661	\$ (59,898)	\$ (59,898)	\$ 83,559
Fund Balance, July 1, 2019	<u>246,538</u>	<u>134,741</u>	<u>246,538</u>	<u>0</u>
Fund Balance, June 30, 2020	<u><u>\$ 270,199</u></u>	<u><u>\$ 74,843</u></u>	<u><u>\$ 186,640</u></u>	<u><u>\$ 83,559</u></u>

Exhibit F-5

The Metropolitan Government of Lynchburg, Moore 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	\$ 9,529	\$ 6,600	\$ 6,600	\$ 2,929
Total Revenues	\$ 9,529	\$ 6,600	\$ 6,600	\$ 2,929
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 6,610	\$ 7,500	\$ 7,500	\$ 890
Total Expenditures	\$ 6,610	\$ 7,500	\$ 7,500	\$ 890
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,919	\$ (900)	\$ (900)	\$ 3,819
Net Change in Fund Balance	\$ 2,919	\$ (900)	\$ (900)	\$ 3,819
Fund Balance, July 1, 2019	43,085	43,949	43,085	0
Fund Balance, June 30, 2020	\$ 46,004	\$ 43,049	\$ 42,185	\$ 3,819

Major Governmental Funds

General Debt Service Fund

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

General Capital Projects Fund

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

Exhibit G-1

The Metropolitan Government of Lynchburg, Moore 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	\$ 1,234,637	\$ 1,176,300	\$ 1,176,300	\$ 58,337
Other Governments and Citizens Groups	284,717	300,000	300,000	(15,283)
Total Revenues	\$ 1,519,354	\$ 1,476,300	\$ 1,476,300	\$ 43,054
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 104,506	\$ 104,506	\$ 104,506	\$ 0
Education	751,473	751,473	751,473	0
<u>Interest on Debt</u>				
General Government	2,870	15,007	15,007	12,137
Education	243,193	606,466	606,466	363,273
<u>Other Debt Service</u>				
General Government	23,758	45,000	45,000	21,242
Education	40,693	70,000	70,000	29,307
Total Expenditures	\$ 1,166,493	\$ 1,592,452	\$ 1,592,452	\$ 425,959
Excess (Deficiency) of Revenues Over Expenditures	\$ 352,861	\$ (116,152)	\$ (116,152)	\$ 469,013
Net Change in Fund Balance	\$ 352,861	\$ (116,152)	\$ (116,152)	\$ 469,013
Fund Balance, July 1, 2019	1,506,199	722,881	1,506,199	0
Fund Balance, June 30, 2020	\$ 1,859,060	\$ 606,729	\$ 1,390,047	\$ 469,013

Exhibit G-2

The Metropolitan Government of Lynchburg, Moore 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	
<u>Revenues</u>				
Local Taxes	\$ 90,276	\$ 93,122	\$ 93,122	\$ (2,846)
Other Local Revenues	0	18,000	18,000	(18,000)
Total Revenues	\$ 90,276	\$ 111,122	\$ 111,122	\$ (20,846)
<u>Expenditures</u>				
<u>Capital Projects</u>				
General Administration Projects	\$ 34,865	\$ 40,000	\$ 38,892	\$ 4,027
Public Safety Projects	101,313	70,000	101,313	0
Education Capital Projects	10,347,924	0	10,347,924	0
Total Expenditures	\$ 10,484,102	\$ 110,000	\$ 10,488,129	\$ 4,027
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,393,826)	\$ 1,122	\$ (10,377,007)	\$ (16,819)
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 10,347,924	0	\$ 10,347,924	0
Total Other Financing Sources	\$ 10,347,924	0	\$ 10,347,924	0
Net Change in Fund Balance	\$ (45,902)	\$ 1,122	\$ (29,083)	\$ (16,819)
Fund Balance, July 1, 2019	185,213	155,115	185,213	0
Fund Balance, June 30, 2020	\$ 139,311	\$ 156,237	\$ 156,130	\$ (16,819)

Fiduciary Fund

Agency Funds are used to account for assets held by the metropolitan government 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.

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

Exhibit H

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Statement of Changes in Assets and Liabilities - Agency Fund
For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 65,167	\$ 1,447,390	\$ 1,409,046	\$ 103,511
Accounts Receivable	12	0	12	0
Total Assets	<u>\$ 65,179</u>	<u>\$ 1,447,390</u>	<u>\$ 1,409,058</u>	<u>\$ 103,511</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 65,179</u>	<u>\$ 1,447,390</u>	<u>\$ 1,409,058</u>	<u>\$ 103,511</u>
Total Liabilities	<u>\$ 65,179</u>	<u>\$ 1,447,390</u>	<u>\$ 1,409,058</u>	<u>\$ 103,511</u>

Metropolitan School Department

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

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the school department.

Exhibit I-1

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Statement of Activities
Discretely Presented Metropolitan School Department
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 5,779,185	\$ 15,722	\$ 259,004	\$ 10,329,924	\$ 4,825,465
Support Services	4,046,641	0	162,111	0	(3,884,530)
Operation of Non-instructional Services	597,658	178,696	368,019	0	(50,943)
Total Governmental Activities	<u>\$ 10,423,484</u>	<u>\$ 194,418</u>	<u>\$ 789,134</u>	<u>\$ 10,329,924</u>	<u>\$ 889,992</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,135,428
Local Option Sales Tax					601,378
Grants and Contributions Not Restricted for Specific Programs					5,332,580
Unrestricted Investment Income					1,494
Miscellaneous					94,332
Total General Revenues					<u>\$ 9,165,212</u>
Change in Net Position					\$ 10,055,204
Net Position, July 1, 2019					<u>17,949,789</u>
Net Position, June 30, 2020					<u>\$ 28,004,993</u>

Exhibit I-2

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Metropolitan School Department
June 30, 2020

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 10,037	\$ 10,037
Equity in Pooled Cash and Investments	1,657,888	392,848	153,659	2,204,395
Inventories	0	0	12,962	12,962
Accounts Receivable	668	0	97	765
Due from Other Governments	43,884	0	11,178	55,062
Property Taxes Receivable	3,190,082	0	0	3,190,082
Allowance for Uncollectible Property Taxes	(75,751)	0	0	(75,751)
Restricted Assets	35,327	0	0	35,327
Total Assets	<u>\$ 4,852,098</u>	<u>\$ 392,848</u>	<u>\$ 187,933</u>	<u>\$ 5,432,879</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 11,144	\$ 0	\$ 0	\$ 11,144
Payroll Deductions Payable	325,333	0	39,111	364,444
Total Liabilities	<u>\$ 336,477</u>	<u>\$ 0</u>	<u>\$ 39,111</u>	<u>\$ 375,588</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,086,953	\$ 0	\$ 0	\$ 3,086,953
Deferred Delinquent Property Taxes	26,990	0	0	26,990
Total Deferred Inflows of Resources	<u>\$ 3,113,943</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,113,943</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 12,962	\$ 12,962

(Continued)

Exhibit I-2

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Metropolitan School Department (Cont.)

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES (Cont.)</u>				
Restricted:				
Restricted for Education	\$ 439	\$ 0	\$ 115,860	\$ 116,299
Restricted for Capital Projects	0	392,848	0	392,848
Restricted for Hybrid Retirement Stabilization Funds	35,327	0	0	35,327
Committed:				
Committed for Education	56,708	0	20,000	76,708
Assigned:				
Assigned for Education	775,754	0	0	775,754
Unassigned	533,450	0	0	533,450
Total Fund Balances	<u>\$ 1,401,678</u>	<u>\$ 392,848</u>	<u>\$ 148,822</u>	<u>\$ 1,943,348</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,852,098</u>	<u>\$ 392,848</u>	<u>\$ 187,933</u>	<u>\$ 5,432,879</u>

Exhibit I-3

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Metropolitan 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 I-2)		\$	1,943,348
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	39,342	
Add: construction in progress		15,029,343	
Add: buildings and improvements net of accumulated depreciation		10,520,930	
Add: other capital assets net of accumulated depreciation		<u>782,860</u>	26,372,475
(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	\$	(1,335,093)	
Less: compensated absences payable		<u>(25,122)</u>	(1,360,215)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense and OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	767,168	
Add: deferred outflows of resources related to OPEB		235,613	
Less: deferred inflows of resources related to pensions		(1,145,747)	
Less: deferred inflows of resources related to OPEB		<u>(176,283)</u>	(319,249)
(4) Net pension assets of the agent and cost-sharing plans are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	199,576	
Add: net pension asset - teacher retirement plan		40,759	
Add: net pension asset - teacher legacy pension plan		<u>1,101,309</u>	1,341,644
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>26,990</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>28,004,993</u></u>

Exhibit I-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Metropolitan School Department
For the Year Ended June 30, 2020

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 3,733,589	\$ 0	\$ 0	\$ 3,733,589
Licenses and Permits	570	0	0	570
Charges for Current Services	54,900	0	139,518	194,418
Other Local Revenues	42,327	0	405	42,732
State of Tennessee	5,250,995	0	4,085	5,255,080
Federal Government	16,614	0	831,893	848,507
Other Governments and Citizens Groups	0	10,329,924	0	10,329,924
Total Revenues	\$ 9,098,995	\$ 10,329,924	\$ 975,901	\$ 20,404,820
<u>Expenditures</u>				
Current:				
Instruction	\$ 4,738,948	\$ 0	\$ 463,171	\$ 5,202,119
Support Services	4,066,717	0	89,601	4,156,318
Operation of Non-Instructional Services	146,394	0	458,305	604,699
Capital Outlay	89,429	0	0	89,429
Capital Projects	0	9,947,666	0	9,947,666
Total Expenditures	\$ 9,041,488	\$ 9,947,666	\$ 1,011,077	\$ 20,000,231
Excess (Deficiency) of Revenues Over Expenditures	\$ 57,507	\$ 382,258	\$ (35,176)	\$ 404,589
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 38,430	\$ 0	\$ 0	\$ 38,430
Total Other Financing Sources (Uses)	\$ 38,430	\$ 0	\$ 0	\$ 38,430
Net Change in Fund Balances	\$ 95,937	\$ 382,258	\$ (35,176)	\$ 443,019
Fund Balance, July 1, 2019	1,305,741	10,590	183,998	1,500,329
Fund Balance, June 30, 2020	\$ 1,401,678	\$ 392,848	\$ 148,822	\$ 1,943,348

Exhibit I-5

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Metropolitan 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 I-4)		\$ 443,019
(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	\$ 9,945,026	
Less: current-year depreciation expense	<u>(535,333)</u>	9,409,693
(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	\$ (23,773)	
Add: deferred delinquent property taxes and other deferred June 30, 2020	<u>26,990</u>	3,217
(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 net OPEB liability	\$ (28,775)	
Change in net pension asset - agent plan	17,462	
Change in net pension asset - teacher retirement plan	3,600	
Change in net pension liability - teacher legacy pension plan	743,010	
Change in deferred outflows of resources related to pensions	(65,940)	
Change in deferred outflows of resources related to OPEB	29,591	
Change in deferred inflows of resources related to pensions	(418,987)	
Change in deferred inflows of resources related to OPEB	(75,468)	
Change in compensated absences payable	<u>(5,218)</u>	199,275
Change in net position of governmental activities (Exhibit B)		<u>\$ 10,055,204</u>

Exhibit I-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Metropolitan School Department
June 30, 2020

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 10,037	\$ 10,037
Equity in Pooled Cash and Investments	46,785	106,874	153,659
Inventories	0	12,962	12,962
Accounts Receivable	0	97	97
Due from Other Governments	0	11,178	11,178
Total Assets	<u>\$ 46,785</u>	<u>\$ 141,148</u>	<u>\$ 187,933</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 26,070	\$ 13,041	\$ 39,111
Total Liabilities	<u>\$ 26,070</u>	<u>\$ 13,041</u>	<u>\$ 39,111</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 12,962	\$ 12,962
Restricted:			
Restricted for Education	715	115,145	115,860
Committed:			
Committed for Education	20,000	0	20,000
Total Fund Balances	<u>\$ 20,715</u>	<u>\$ 128,107</u>	<u>\$ 148,822</u>
Total Liabilities and Fund Balances	<u>\$ 46,785</u>	<u>\$ 141,148</u>	<u>\$ 187,933</u>

Exhibit I-7

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Metropolitan School Department
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 139,518	\$ 139,518
Other Local Revenues	0	405	405
State of Tennessee	0	4,085	4,085
Federal Government	553,243	278,650	831,893
Total Revenues	<u>\$ 553,243</u>	<u>\$ 422,658</u>	<u>\$ 975,901</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 463,171	\$ 0	\$ 463,171
Support Services	89,601	0	89,601
Operation of Non-Instructional Services	0	458,305	458,305
Total Expenditures	<u>\$ 552,772</u>	<u>\$ 458,305</u>	<u>\$ 1,011,077</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 471</u>	<u>\$ (35,647)</u>	<u>\$ (35,176)</u>
Net Change in Fund Balances	\$ 471	\$ (35,647)	\$ (35,176)
Fund Balance, July 1, 2019	20,244	163,754	183,998
Fund Balance, June 30, 2020	<u>\$ 20,715</u>	<u>\$ 128,107</u>	<u>\$ 148,822</u>

Exhibit I-8

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Metropolitan School Department
General Purpose School Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,733,589	\$ 3,647,000	\$ 3,675,605	\$ 57,984
Licenses and Permits	570	600	418	152
Charges for Current Services	54,900	45,000	53,927	973
Other Local Revenues	42,327	40,185	44,212	(1,885)
State of Tennessee	5,250,995	5,198,202	5,249,547	1,448
Federal Government	16,614	0	16,614	0
Total Revenues	<u>\$ 9,098,995</u>	<u>\$ 8,930,987</u>	<u>\$ 9,040,323</u>	<u>\$ 58,672</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,880,226	\$ 4,037,938	\$ 3,966,076	\$ 85,850
Alternative Instruction Program	52,784	78,326	56,450	3,666
Special Education Program	569,542	599,667	587,162	17,620
Career and Technical Education Program	236,396	235,571	242,435	6,039
<u>Support Services</u>				
Attendance	62,289	52,803	63,023	734
Health Services	138,047	161,915	161,844	23,797
Other Student Support	306,086	317,293	310,267	4,181
Regular Instruction Program	286,673	355,855	293,968	7,295
Special Education Program	115,479	121,569	119,042	3,563
Career and Technical Education Program	44,397	44,661	44,661	264
Technology	283,211	197,454	283,712	501
Other Programs	19,673	0	19,673	0
Board of Education	221,104	247,308	221,104	0
Director of Schools	220,165	260,041	224,874	4,709
Office of the Principal	686,910	694,925	696,960	10,050
Fiscal Services	143,972	148,026	147,034	3,062
Operation of Plant	753,955	756,889	783,441	29,486
Maintenance of Plant	272,941	264,617	287,072	14,131
Transportation	511,815	552,085	558,146	46,331
<u>Operation of Non-Instructional Services</u>				
Community Services	37,958	36,316	44,382	6,424
Early Childhood Education	108,436	111,370	111,635	3,199
<u>Capital Outlay</u>				
Regular Capital Outlay	89,429	265,000	100,000	10,571
Total Expenditures	<u>\$ 9,041,488</u>	<u>\$ 9,539,629</u>	<u>\$ 9,322,961</u>	<u>\$ 281,473</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 57,507</u>	<u>\$ (608,642)</u>	<u>\$ (282,638)</u>	<u>\$ 340,145</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 38,430	0	\$ 38,429	1
Total Other Financing Sources	<u>\$ 38,430</u>	<u>0</u>	<u>\$ 38,429</u>	<u>1</u>
Net Change in Fund Balance	\$ 95,937	\$ (608,642)	\$ (244,209)	\$ 340,146
Fund Balance, July 1, 2019	1,305,741	885,328	1,305,741	0
Fund Balance, June 30, 2020	<u><u>\$ 1,401,678</u></u>	<u><u>\$ 276,686</u></u>	<u><u>\$ 1,061,532</u></u>	<u><u>\$ 340,146</u></u>

Exhibit I-9

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Metropolitan School Department
School Federal Projects Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 553,243	\$ 532,739	\$ 575,788	\$ (22,545)
Total Revenues	\$ 553,243	\$ 532,739	\$ 575,788	\$ (22,545)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 261,458	\$ 265,531	\$ 276,333	\$ 14,875
Special Education Program	188,932	185,890	190,467	1,535
Career and Technical Education Program	12,781	10,150	12,781	0
<u>Support Services</u>				
Other Student Support	229	4,750	829	600
Regular Instruction Program	43,568	37,458	49,523	5,955
Special Education Program	38,216	22,550	38,267	51
Career and Technical Education Program	1,990	700	1,990	0
Transportation	5,598	5,710	5,598	0
Total Expenditures	\$ 552,772	\$ 532,739	\$ 575,788	\$ 23,016
Excess (Deficiency) of Revenues Over Expenditures	\$ 471	\$ 0	\$ 0	\$ 471
Net Change in Fund Balance	\$ 471	\$ 0	\$ 0	\$ 471
Fund Balance, July 1, 2019	20,244	0	0	20,244
Fund Balance, June 30, 2020	\$ 20,715	\$ 0	\$ 0	\$ 20,715

Exhibit I-10

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Metropolitan School Department
Central Cafeteria 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	\$ 139,518	\$ 273,000	\$ 273,000	\$ (133,482)
Other Local Revenues	405	200	200	205
State of Tennessee	4,085	4,500	4,500	(415)
Federal Government	278,650	302,000	302,000	(23,350)
Total Revenues	<u>\$ 422,658</u>	<u>\$ 579,700</u>	<u>\$ 579,700</u>	<u>\$ (157,042)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 458,305	\$ 582,467	\$ 582,467	\$ 124,162
Total Expenditures	<u>\$ 458,305</u>	<u>\$ 582,467</u>	<u>\$ 582,467</u>	<u>\$ 124,162</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (35,647)</u>	<u>\$ (2,767)</u>	<u>\$ (2,767)</u>	<u>\$ (32,880)</u>
Net Change in Fund Balance	\$ (35,647)	\$ (2,767)	\$ (2,767)	\$ (32,880)
Fund Balance, July 1, 2019	<u>163,754</u>	<u>150,757</u>	<u>163,754</u>	<u>0</u>
Fund Balance, June 30, 2020	<u>\$ 128,107</u>	<u>\$ 147,990</u>	<u>\$ 160,987</u>	<u>\$ (32,880)</u>

Exhibit I-11

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Metropolitan School Department
Education Capital Projects Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Governments and Citizens Groups	\$ 10,329,924	\$ 0	\$ 11,796,353	\$ (1,466,429)
Total Revenues	\$ 10,329,924	\$ 0	\$ 11,796,353	\$ (1,466,429)
<u>Expenditures</u>				
<u>Capital Projects</u>				
Education Capital Projects	\$ 9,947,666	\$ 0	\$ 11,796,353	\$ 1,848,687
Total Expenditures	\$ 9,947,666	\$ 0	\$ 11,796,353	\$ 1,848,687
Excess (Deficiency) of Revenues Over Expenditures	\$ 382,258	\$ 0	\$ 0	\$ 382,258
Net Change in Fund Balance	\$ 382,258	\$ 0	\$ 0	\$ 382,258
Fund Balance, July 1, 2019	10,590	0	0	10,590
Fund Balance, June 30, 2020	\$ 392,848	\$ 0	\$ 0	\$ 392,848

MISCELLANEOUS SCHEDULES

Exhibit J-1

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Changes in Long-term Other Loans
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	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-20
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Construction	\$ 8,300,000	Variable	7-17-07	5-25-35	\$ 5,732,000	\$ 0	\$ 280,000	\$ 5,452,000
School Construction/Public Water	2,971,980	Variable	6-9-08	5-25-22	447,979	0	155,979	292,000
School Construction	(1)	2.51 %	12-22-17	3-1-43	4,805,238	8,780,261	420,000	13,165,499
School Construction	(2)	2.59	5-1-20	3-1-36	0	1,567,663	0	1,567,663
Total Other Loans Payable					<u>\$ 10,985,217</u>	<u>\$ 10,347,924</u>	<u>\$ 855,979</u>	<u>\$ 20,477,162</u>

(1) Total amount approved was \$14,000,000, of which \$5,501 remains available for draws as of June 30, 2020.

(2) Total amount approved was \$3,000,000, of which \$1,432,337 remains available for draws as of June 30, 2020.

Exhibit J-2

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2021	\$ 881,000	\$ 377,859	\$ 39,376	\$ 1,298,235
2022	870,000	372,797	36,445	1,279,242
2023	857,000	359,904	32,636	1,249,540
2024	881,000	345,298	30,634	1,256,932
2025	905,000	330,324	28,567	1,263,891
2026	930,000	314,964	26,435	1,271,399
2027	956,000	299,201	24,238	1,279,439
2028	982,000	283,044	21,970	1,287,014
2029	1,009,000	266,473	19,630	1,295,103
2030	1,037,000	249,497	17,211	1,303,708
2031	1,066,000	232,063	14,722	1,312,785
2032	1,095,000	214,197	12,148	1,321,345
2033	1,125,000	195,873	9,496	1,330,369
2034	1,158,000	177,080	6,759	1,341,839
2035	1,189,000	157,781	3,847	1,350,628
2036	713,663	138,393	0	852,056
2037	639,000	121,183	0	760,183
2038	656,000	105,144	0	761,144
2039	672,000	88,678	0	760,678
2040	689,000	71,811	0	760,811
2041	706,000	54,517	0	760,517
2042	724,000	36,797	0	760,797
2043	736,499	18,486	0	754,985
Total	\$ 20,477,162	\$ 4,811,364	\$ 324,114	\$ 25,612,640

Exhibit J-3

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Metropolitan School Department
For the Year Ended June 30, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Metropolitan Mayor	Section 8-24-102, <i>TCA</i> , and Metropolitan Council	\$ 79,083	\$ 400,000	Tennessee Risk Management Trust
Highway Superintendent	Section 8-24-102, <i>TCA</i> , and Metropolitan Council	79,083	400,000	"
Director of Schools	State Board of Education and Metropolitan Board of Education	96,381 (2)	400,000	"
Trustee	Section 8-24-102, <i>TCA</i>	68,471	400,000	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,471	400,000	"
Metropolitan Clerk	Section 8-24-102, <i>TCA</i>	68,471	400,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	68,471	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	68,471	50,000 (3)	RLI Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	68,471	400,000	Tennessee Risk Management Trust
Sheriff	Section 8-24-101, <i>TCA</i>	75,318 (1)	400,000	"
<u>Employee Bonds</u>				
Metropolitan Employees			400,000	Tennessee Risk Management Trust
School Department Employees			400,000	"

(1) Does not include a law enforcement training supplement of \$800.

(2) Does not include a career ladder supplement of \$1,000.

(3) Official additionally covered by the employee fidelity insurance pursuant to Section 8-19-101, *TCA*.

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2020

	Special Revenue Funds					
	General	Urban Services	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,674,671	\$ 4,279	\$ 252,600	\$ 0	\$ 0	\$ 44,580
Trustee's Collections - Prior Year	13,646	28	1,072	0	0	189
Circuit Clerk/Clerk and Master Collections - Prior Years	20,788	0	1,963	0	0	346
Interest and Penalty	3,816	5	361	0	0	64
Payments in-Lieu-of Taxes - T.V.A.	0	7,521	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	300,689	0	0	0	0	0
Hotel/Motel Tax	12,740	0	0	0	0	0
Litigation Tax - General	16,663	0	0	0	0	0
Litigation Tax - Special Purpose	28	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	22,642	0	0	0	0	0
Business Tax	26,638	0	0	0	0	12,000
Mixed Drink Tax	229	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	58
<u>Statutory Local Taxes</u>						
Bank Excise Tax	17,859	0	0	0	0	0
Wholesale Beer Tax	87,310	0	0	0	0	0
Other Statutory Local Taxes	0	1,537	0	0	0	0
Total Local Taxes	\$ 3,197,719	\$ 13,370	\$ 255,996	\$ 0	\$ 0	\$ 57,237
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 9,274	\$ 6,685	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Building Permits	4,085	0	0	0	0	0
Total Licenses and Permits	\$ 13,359	\$ 6,685	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Urban Services	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 1,121	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	2,378	0	0
Drug Court Fees	66	0	0	0	0	0
Jail Fees	66	0	0	0	0	0
Data Entry Fee - Circuit Court	346	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	190	0	0	0	0	0
Courtroom Security Fee	37	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	1,520	0	0	0	0	0
Officers Costs	6,577	0	0	0	0	0
Game and Fish Fines	473	0	0	0	0	0
Drug Control Fines	0	0	0	5,551	0	0
Drug Court Fees	2,001	0	0	0	0	0
Jail Fees	657	0	0	0	0	0
DUI Treatment Fines	570	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,026	0	0	0	0	0
Courtroom Security Fee	188	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	48	0	0	0	0	0
Drug Control Fines	0	0	0	1,600	0	0
<u>Chancery Court</u>						
Officers Costs	633	0	0	0	0	0
Data Entry Fee - Chancery Court	234	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 19,753	\$ 0	\$ 0	\$ 9,529	\$ 0	0

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Urban Services	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Solid Waste Disposal Fee	\$ 0	\$ 0	\$ 230,978	\$ 0	\$ 0	0
Patient Charges	219,832	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	10,008	0	0	0	0	0
Copy Fees	69	0	0	0	0	0
Library Fees	934	0	0	0	0	0
Greenbelt Late Application Fee	350	0	0	0	0	0
Vending Machine Collections	51	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	51	0
Data Processing Fee - Register	2,648	0	0	0	0	0
Data Processing Fee - Sheriff	530	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,650	0	0	0	0	0
Data Processing Fee - County Clerk	939	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	190	0	0	0	0	0
Total Charges for Current Services	\$ 237,201	\$ 0	\$ 230,978	\$ 0	\$ 51	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 62,328	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	986	0	0	0	0	0
Commissary Sales	2,842	0	0	0	0	0
Sale of Recycled Materials	0	0	49,160	0	0	3,400
E-Rate Funding	1,243	0	0	0	0	0
Miscellaneous Refunds	14,246	0	53	0	0	4,065

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Urban Services	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Property	\$ 250	\$ 0	\$ 60	\$ 0	\$ 0	\$ 0
Damages Recovered from Individuals	111	0	0	0	0	47
Contributions and Gifts	29,220	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	7,856	0	0	0	0	0
Total Other Local Revenues	<u>\$ 119,082</u>	<u>\$ 0</u>	<u>\$ 49,273</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,512</u>
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 64,568	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	16,475	0	0	0	0	0
General Sessions Court Clerk	27,590	0	0	0	0	0
Clerk and Master	16,679	0	0	0	0	0
Juvenile Court Clerk	1,298	0	0	0	0	0
Register	36,853	0	0	0	0	0
Sheriff	4,208	0	0	0	0	0
Trustee	198,097	0	0	0	0	0
Total Fees Received From County Officials	<u>\$ 365,768</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	10,400	0	0	0	0	0

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Urban Services	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 140,675	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	345,194
Litter Program	0	0	34,763	0	0	0
<u>Other State Revenues</u>						
Income Tax	8,738	0	0	0	0	0
Beer Tax	18,443	0	0	0	0	0
Vehicle Certificate of Title Fees	5,311	0	0	0	0	0
Alcoholic Beverage Tax	19,215	0	0	0	0	0
State Revenue Sharing - T.V.A.	248,748	0	0	0	0	0
State Revenue Sharing - Telecommunications	10,001	0	0	0	0	0
Emergency Hospital - Prisoners	2,233	0	0	0	0	0
Contracted Prisoner Boarding	232,284	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,662,147
Petroleum Special Tax	0	0	0	0	0	5,726
Registrar's Salary Supplement	15,164	0	0	0	0	0
State Shared Sales Tax - Cities	52,807	1,777	0	0	0	0
Other State Grants	2,316	0	0	0	0	6,589
Other State Revenues	19,020	0	1,090	0	0	0
Total State of Tennessee	\$ 794,355	\$ 1,777	\$ 35,853	\$ 0	\$ 0	2,019,656
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 3,318	\$ 0	\$ 0	\$ 0	\$ 0	44,097
Homeland Security Grants	15,464	0	0	0	0	0

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Urban Services	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
COVID-19 Grant #3	\$ 6,205	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	44,595	0	0	0	0	0
<u>Direct Federal Revenue</u>						
COVID-19 Grant #6	9,171	0	0	0	0	0
Total Federal Government	<u>\$ 78,753</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,097</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 89,312	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>						
Donations	108,383	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 197,695</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 5,023,685</u>	<u>\$ 21,832</u>	<u>\$ 572,100</u>	<u>\$ 9,529</u>	<u>\$ 51</u>	<u>\$ 2,128,502</u>

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Fund	Capital Projects Fund	
	General Debt Service	General Capital Projects	Total
<hr/>			
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 921,287	\$ 89,072	\$ 3,986,489
Trustee's Collections - Prior Year	6,418	378	21,731
Circuit Clerk/Clerk and Master Collections - Prior Years	7,160	693	30,950
Interest and Penalty	1,313	133	5,692
Payments in-Lieu-of Taxes - T.V.A.	0	0	7,521
<u>County Local Option Taxes</u>			
Local Option Sales Tax	298,459	0	599,148
Hotel/Motel Tax	0	0	12,740
Litigation Tax - General	0	0	16,663
Litigation Tax - Special Purpose	0	0	28
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	22,642
Business Tax	0	0	38,638
Mixed Drink Tax	0	0	229
Mineral Severance Tax	0	0	58
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	17,859
Wholesale Beer Tax	0	0	87,310
Other Statutory Local Taxes	0	0	1,537
Total Local Taxes	<u>\$ 1,234,637</u>	<u>\$ 90,276</u>	<u>\$ 4,849,235</u>
<hr/>			
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$ 0	\$ 0	\$ 15,959
<u>Permits</u>			
Building Permits	0	0	4,085
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,044</u>

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Fund	Capital Projects Fund	Total
	General Debt Service	General Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Officers Costs	\$ 0	\$ 0	\$ 1,121
Drug Control Fines	0	0	2,378
Drug Court Fees	0	0	66
Jail Fees	0	0	66
Data Entry Fee - Circuit Court	0	0	346
<u>Criminal Court</u>			
DUI Treatment Fines	0	0	190
Courtroom Security Fee	0	0	37
<u>General Sessions Court</u>			
Fines	0	0	1,520
Officers Costs	0	0	6,577
Game and Fish Fines	0	0	473
Drug Control Fines	0	0	5,551
Drug Court Fees	0	0	2,001
Jail Fees	0	0	657
DUI Treatment Fines	0	0	570
Data Entry Fee - General Sessions Court	0	0	5,026
Courtroom Security Fee	0	0	188
<u>Juvenile Court</u>			
Fines	0	0	48
Drug Control Fines	0	0	1,600
<u>Chancery Court</u>			
Officers Costs	0	0	633
Data Entry Fee - Chancery Court	0	0	234
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 29,282

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Fund	Capital Projects Fund	Total
	General Debt Service	General Capital Projects	
<hr/>			
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Solid Waste Disposal Fee	\$ 0	\$ 0	\$ 230,978
Patient Charges	0	0	219,832
<u>Fees</u>			
Recreation Fees	0	0	10,008
Copy Fees	0	0	69
Library Fees	0	0	934
Greenbelt Late Application Fee	0	0	350
Vending Machine Collections	0	0	51
Constitutional Officers' Fees and Commissions	0	0	51
Data Processing Fee - Register	0	0	2,648
Data Processing Fee - Sheriff	0	0	530
Sexual Offender Registration Fee - Sheriff	0	0	1,650
Data Processing Fee - County Clerk	0	0	939
Vehicle Insurance Coverage and Reinstatement Fees	0	0	190
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 468,230</u>
<hr/>			
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 62,328
Lease/Rentals	0	0	986
Commissary Sales	0	0	2,842
Sale of Recycled Materials	0	0	52,560
E-Rate Funding	0	0	1,243
Miscellaneous Refunds	0	0	18,364

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Fund	Capital Projects Fund	
	General Debt Service	General Capital Projects	Total
<hr/>			
<u>Other Local Revenues (Cont.)</u>			
<u>Nonrecurring Items</u>			
Sale of Property	\$ 0	\$ 0	\$ 310
Damages Recovered from Individuals	0	0	158
Contributions and Gifts	0	0	29,220
<u>Other Local Revenues</u>			
Other Local Revenues	0	0	7,856
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 175,867</u>
<hr/>			
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$ 0	\$ 64,568
Circuit Court Clerk	0	0	16,475
General Sessions Court Clerk	0	0	27,590
Clerk and Master	0	0	16,679
Juvenile Court Clerk	0	0	1,298
Register	0	0	36,853
Sheriff	0	0	4,208
Trustee	0	0	198,097
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 365,768</u>
<hr/>			
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 9,000
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	10,400

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Fund	Capital Projects Fund	Total
	General Debt Service	General Capital Projects	
<u>State of Tennessee (Cont.)</u>			
<u>Health and Welfare Grants</u>			
Health Department Programs	\$ 0	\$ 0	\$ 140,675
<u>Public Works Grants</u>			
State Aid Program	0	0	345,194
Litter Program	0	0	34,763
<u>Other State Revenues</u>			
Income Tax	0	0	8,738
Beer Tax	0	0	18,443
Vehicle Certificate of Title Fees	0	0	5,311
Alcoholic Beverage Tax	0	0	19,215
State Revenue Sharing - T.V.A.	0	0	248,748
State Revenue Sharing - Telecommunications	0	0	10,001
Emergency Hospital - Prisoners	0	0	2,233
Contracted Prisoner Boarding	0	0	232,284
Gasoline and Motor Fuel Tax	0	0	1,662,147
Petroleum Special Tax	0	0	5,726
Registrar's Salary Supplement	0	0	15,164
State Shared Sales Tax - Cities	0	0	54,584
Other State Grants	0	0	8,905
Other State Revenues	0	0	20,110
Total State of Tennessee	\$ 0	\$ 0	\$ 2,851,641
<u>Federal Government</u>			
<u>Federal Through State</u>			
Disaster Relief	\$ 0	\$ 0	\$ 47,415
Homeland Security Grants	0	0	15,464

(Continued)

Exhibit J-4

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Fund	Capital Projects Fund	
	General Debt Service	General Capital Projects	Total
<hr/>			
<u>Federal Government (Cont.)</u>			
<u>Federal Through State (Cont.)</u>			
COVID-19 Grant #3	\$ 0	\$ 0	\$ 6,205
Other Federal through State	0	0	44,595
<u>Direct Federal Revenue</u>			
COVID-19 Grant #6	0	0	9,171
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 122,850</u>
 <u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 284,717	\$ 0	\$ 374,029
<u>Citizens Groups</u>			
Donations	0	0	108,383
Total Other Governments and Citizens Groups	<u>\$ 284,717</u>	<u>\$ 0</u>	<u>\$ 482,412</u>
Total	<u>\$ 1,519,354</u>	<u>\$ 90,276</u>	<u>\$ 9,365,329</u>

Exhibit J-5

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Metropolitan School Department
For the Year Ended June 30, 2020

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,090,647	\$ 0	\$ 0	\$ 0	\$ 3,090,647
Trustee's Collections - Prior Year	13,119	0	0	0	13,119
Circuit Clerk/Clerk and Master Collections - Prior Years	24,022	0	0	0	24,022
Interest and Penalty	4,423	0	0	0	4,423
<u>County Local Option Taxes</u>					
Local Option Sales Tax	601,378	0	0	0	601,378
Total Local Taxes	\$ 3,733,589	\$ 0	\$ 0	\$ 0	\$ 3,733,589
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 570	\$ 0	\$ 0	\$ 0	\$ 570
Total Licenses and Permits	\$ 570	\$ 0	\$ 0	\$ 0	\$ 570
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 15,722	\$ 0	\$ 0	\$ 0	\$ 15,722
Lunch Payments - Children	0	0	119,041	0	119,041
Lunch Payments - Adults	0	0	1,638	0	1,638
Income from Breakfast	0	0	17,017	0	17,017
A la Carte Sales	0	0	1,822	0	1,822
Community Service Fees - Children	39,178	0	0	0	39,178
Total Charges for Current Services	\$ 54,900	\$ 0	\$ 139,518	\$ 0	\$ 194,418

(Continued)

Exhibit J-5

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Metropolitan School Department (Cont.)

	General Purpose School	Special Revenue Funds		Capital Projects Fund Education Capital Projects	Total
		School Federal Projects	Central Cafeteria		
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 1,089	\$ 0	\$ 405	\$ 0	\$ 1,494
Sale of Materials and Supplies	2,165	0	0	0	2,165
E-Rate Funding	17,902	0	0	0	17,902
Miscellaneous Refunds	20,885	0	0	0	20,885
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	80	0	0	0	80
<u>Other Local Revenues</u>					
Other Local Revenues	206	0	0	0	206
Total Other Local Revenues	\$ 42,327	\$ 0	\$ 405	\$ 0	\$ 42,732
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 19,673	\$ 0	\$ 0	\$ 0	\$ 19,673
<u>State Education Funds</u>					
Basic Education Program	4,916,570	0	0	0	4,916,570
Early Childhood Education	85,284	0	0	0	85,284
Other State Education Funds	0	0	4,085	0	4,085
Coordinated School Health	85,000	0	0	0	85,000
Career Ladder Program	11,321	0	0	0	11,321
<u>Other State Revenues</u>					
Alcoholic Beverage Tax	111,130	0	0	0	111,130
Other State Grants	2,482	0	0	0	2,482
Safe Schools	19,190	0	0	0	19,190
Other State Revenues	345	0	0	0	345
Total State of Tennessee	\$ 5,250,995	\$ 0	\$ 4,085	\$ 0	\$ 5,255,080

(Continued)

Exhibit J-5

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Metropolitan School Department (Cont.)

	General Purpose School	Special Revenue Funds		Capital Projects Fund Education Capital Projects	Total
		School Federal Projects	Central Cafeteria		
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 138,483	\$ 0	\$ 138,483
USDA - Commodities	0	0	31,103	0	31,103
Breakfast	0	0	47,819	0	47,819
USDA - Other	0	0	1,940	0	1,940
Vocational Education - Basic Grants to States	0	15,000	0	0	15,000
Title I Grants to Local Education Agencies	0	284,637	0	0	284,637
Special Education - Grants to States	0	220,502	0	0	220,502
Special Education Preschool Grants	0	12,181	0	0	12,181
Eisenhower Professional Development State Grants	0	19,076	0	0	19,076
Disaster Relief	16,614	0	0	0	16,614
COVID-19 Grant #1	0	0	36,515	0	36,515
COVID-19 Grant #2	0	0	22,790	0	22,790
Other Federal through State	0	1,847	0	0	1,847
Total Federal Government	\$ 16,614	\$ 553,243	\$ 278,650	\$ 0	\$ 848,507
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 10,329,924	\$ 10,329,924
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 10,329,924	\$ 10,329,924
Total	\$ 9,098,995	\$ 553,243	\$ 422,658	\$ 10,329,924	\$ 20,404,820

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2020

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	10,560	
Audit Services		2,418	
Dues and Memberships		1,500	
Liability Insurance		68,015	
Trustee's Commission		66,642	
Workers' Compensation Insurance		31,752	
Total County Commission			\$ 180,887

County Mayor/Executive

County Official/Administrative Officer	\$	79,083	
Accountants/Bookkeepers		48,311	
Data Processing Personnel		12,279	
Longevity Pay		3,000	
In-service Training		65	
Communication		2,005	
Data Processing Services		9,073	
Dues and Memberships		5,445	
Legal Notices, Recording, and Court Costs		1,975	
Printing, Stationery, and Forms		1,020	
Travel		20	
Other Supplies and Materials		13,612	
Refunds		400	
Office Equipment		1,128	
Total County Mayor/Executive			177,416

County Attorney

County Official/Administrative Officer	\$	8,224	
Total County Attorney			8,224

Election Commission

County Official/Administrative Officer	\$	61,624	
Part-time Personnel		3,037	
Other Salaries and Wages		1,750	
Election Commission		1,980	
Election Workers		4,400	
Communication		351	
Dues and Memberships		229	
Legal Notices, Recording, and Court Costs		2,859	
Maintenance and Repair Services - Office Equipment		15,562	
Postal Charges		577	
Printing, Stationery, and Forms		3,024	
Travel		745	
Office Supplies		1,869	
Office Equipment		265	
Total Election Commission			98,272

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	68,471	
Part-time Personnel		835	
Communication		335	
Maintenance Agreements		2,348	
Printing, Stationery, and Forms		818	
Office Equipment		1,005	
Total Register of Deeds			\$ 73,812

Planning

County Official/Administrative Officer	\$	7,309	
In-service Training		1,300	
Communication		381	
Consultants		1,000	
Legal Notices, Recording, and Court Costs		698	
Travel		96	
Office Supplies		1,558	
Total Planning			12,342

County Buildings

Custodial Personnel	\$	19,118	
Maintenance Personnel		11,833	
Communication		368	
Maintenance and Repair Services - Buildings		41,373	
Maintenance and Repair Services - Vehicles		58	
Pest Control		540	
Postal Charges		5,805	
Internet Connectivity		4,637	
Custodial Supplies		7,379	
Electricity		29,558	
Gasoline		98	
Natural Gas		3,930	
Office Supplies		4,364	
Water and Sewer		3,312	
Other Supplies and Materials		23	
Total County Buildings			132,396

Preservation of Records

Part-time Personnel	\$	8,498	
Communication		349	
Data Processing Services		285	
Office Supplies		1,307	
Office Equipment		501	
Total Preservation of Records			10,940

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	68,471	
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(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Part-time Personnel	\$	6,944	
In-service Training		414	
Other Per Diem and Fees		150	
Communication		307	
Data Processing Services		2,099	
Printing, Stationery, and Forms		114	
Other Contracted Services		6,763	
Office Equipment		250	
Total Property Assessor's Office			\$ 85,512

County Trustee's Office

County Official/Administrative Officer	\$	68,471	
Part-time Personnel		1,510	
In-service Training		150	
Communication		392	
Data Processing Services		8,766	
Legal Notices, Recording, and Court Costs		118	
Printing, Stationery, and Forms		232	
Office Equipment		888	
Total County Trustee's Office			80,527

County Clerk's Office

County Official/Administrative Officer	\$	68,471	
Part-time Personnel		17,936	
Communication		392	
Maintenance and Repair Services - Office Equipment		8,152	
Printing, Stationery, and Forms		499	
Office Equipment		383	
Total County Clerk's Office			95,833

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	68,471	
Part-time Personnel		7,127	
Jury and Witness Expense		1,647	
Communication		976	
Data Processing Services		9,622	
Dues and Memberships		80	
Legal Notices, Recording, and Court Costs		184	
Maintenance Agreements		1,672	
Printing, Stationery, and Forms		210	
Other Supplies and Materials		85	
Office Equipment		5,394	
Total Circuit Court			95,468

General Sessions Court

Judge(s)	\$	73,841	
Travel		727	
Total General Sessions Court			74,568

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Chancery Court

County Official/Administrative Officer	\$	68,471	
Part-time Personnel		2,171	
Communication		289	
Dues and Memberships		720	
Printing, Stationery, and Forms		649	
Periodicals		573	
Office Equipment		1,157	
Total Chancery Court			\$ 74,030

Juvenile Court

Supervisor/Director	\$	9,000	
Other Contracted Services		864	
Total Juvenile Court			9,864

Judicial Commissioners

County Official/Administrative Officer	\$	16,008	
Communication		2	
Travel		519	
Total Judicial Commissioners			16,529

Public SafetySheriff's Department

County Official/Administrative Officer	\$	75,318	
Assistant(s)		47,842	
Deputy(ies)		257,740	
Investigator(s)		117,261	
Lieutenant(s)		39,975	
Sergeant(s)		42,671	
Salary Supplements		10,400	
Part-time Personnel		23,794	
School Resource Officer		78,953	
Longevity Pay		28,000	
Overtime Pay		36,158	
Other Salaries and Wages		23,841	
In-service Training		3,296	
Communication		22,367	
Contracts with Private Agencies		6,010	
Dues and Memberships		1,050	
Maintenance and Repair Services - Buildings		1,099	
Maintenance and Repair Services - Equipment		5,482	
Maintenance and Repair Services - Vehicles		46,651	
Medical and Dental Services		1,878	
Postal Charges		31	
Printing, Stationery, and Forms		2,344	
Travel		2,930	
Other Contracted Services		9,691	
Gasoline		32,234	

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Office Supplies	\$	4,464	
Uniforms		3,043	
Other Supplies and Materials		24,236	
Data Processing Equipment		5,319	
Law Enforcement Equipment		56,901	
Motor Vehicles		1,038	
Total Sheriff's Department			\$ 1,012,017

Special Patrols

Office Supplies	\$	180	
Other Charges		294	
Total Special Patrols			474

Administration of the Sexual Offender Registry

Other Contracted Services	\$	500	
Total Administration of the Sexual Offender Registry			500

Jail

Foremen	\$	35,214	
Guards		278,314	
Secretary(ies)		30,448	
Longevity Pay		10,000	
Overtime Pay		9,572	
Other Salaries and Wages		14,759	
In-service Training		823	
Maintenance and Repair Services - Buildings		25,237	
Maintenance and Repair Services - Equipment		3,368	
Medical and Dental Services		72,750	
Pest Control		120	
Travel		2,355	
Other Contracted Services		2,183	
Custodial Supplies		5,308	
Drugs and Medical Supplies		47	
Electricity		21,780	
Food Preparation Supplies		628	
Food Supplies		45,834	
Natural Gas		5,113	
Prisoners Clothing		3,164	
Uniforms		1,960	
Water and Sewer		27,458	
Total Jail			596,435

Commissary

Office Supplies	\$	1,791	
Total Commissary			1,791

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Fire Prevention and Control

Supervisor/Director	\$	44,000	
In-service Training		2,983	
Communication		2,090	
Dues and Memberships		100	
Maintenance Agreements		13,275	
Maintenance and Repair Services - Buildings		5,859	
Maintenance and Repair Services - Vehicles		24,331	
Medical and Dental Services		45	
Pest Control		779	
Electricity		4,021	
Gasoline		3,010	
Natural Gas		2,920	
Office Supplies		307	
Water and Sewer		791	
Other Supplies and Materials		79	
Excess Risk Insurance		3,854	
Other Equipment		30,053	
Total Fire Prevention and Control			\$ 138,497

Disaster Relief

Part-time Personnel	\$	4,885	
Maintenance and Repair Services - Vehicles		4,045	
Data Processing Supplies		1,871	
Drugs and Medical Supplies		4,620	
Food Supplies		109	
Other Supplies and Materials		3,356	
Total Disaster Relief			18,886

Other Emergency Management

Assistant(s)	\$	46,200	
Supervisor/Director		48,500	
Salary Supplements		15,000	
Dispatchers/Radio Operators		183,711	
Part-time Personnel		1,264	
Overtime Pay		7,628	
Other Salaries and Wages		5,833	
In-service Training		2,471	
Communication		7,772	
Data Processing Services		1,000	
Dues and Memberships		87	
Maintenance and Repair Services - Equipment		2,409	
Maintenance and Repair Services - Vehicles		139	
Gasoline		2,094	
Office Supplies		470	
Uniforms		773	
Other Supplies and Materials		29,913	
Other Equipment		1,170	
Total Other Emergency Management			356,434

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Medical Personnel	\$	85,084	
Longevity Pay		2,000	
Overtime Pay		346	
Communication		4,330	
Contracts with Government Agencies		6,395	
Maintenance and Repair Services - Buildings		7,194	
Pest Control		155	
Travel		812	
Tuition		200	
Electricity		4,363	
Natural Gas		1,087	
Water and Sewer		799	
Other Supplies and Materials		259	
Other Charges		3,795	
Total Local Health Center			\$ 116,819

Rabies and Animal Control

Other Supplies and Materials	\$	7,000	
Total Rabies and Animal Control			7,000

Ambulance/Emergency Medical Services

Supervisor/Director	\$	45,343	
Paraprofessionals		248,260	
Part-time Personnel		24,629	
Longevity Pay		8,000	
Overtime Pay		58,264	
Other Salaries and Wages		12,476	
In-service Training		2,324	
Communication		2,919	
Data Processing Services		20,989	
Dues and Memberships		1,610	
Maintenance and Repair Services - Buildings		609	
Maintenance and Repair Services - Equipment		7,199	
Maintenance and Repair Services - Vehicles		6,722	
Medical and Dental Services		3,175	
Custodial Supplies		317	
Drugs and Medical Supplies		31,697	
Equipment and Machinery Parts		8,058	
Gasoline		6,437	
Office Supplies		1,006	
Uniforms		2,238	
Refunds		557	
Fines, Assessments, and Penalties		5,718	
Total Ambulance/Emergency Medical Services			498,547

Alcohol and Drug Programs

Drug Treatment	\$	7,027	
Total Alcohol and Drug Programs			7,027

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

Contracts with Other Public Agencies	\$ 2,500	
Total Regional Mental Health Center		\$ 2,500

Other Waste Disposal

Contracts with Private Agencies	\$ 16,914	
Total Other Waste Disposal		16,914

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 8,500	
Total Senior Citizens Assistance		8,500

Libraries

Assistant(s)	\$ 22,837	
Supervisor/Director	34,939	
Part-time Personnel	19,223	
Longevity Pay	5,000	
In-service Training	29	
Communication	2,832	
Data Processing Services	2,293	
Dues and Memberships	150	
Maintenance and Repair Services - Buildings	5,425	
Pest Control	180	
Postal Charges	438	
Printing, Stationery, and Forms	119	
Travel	599	
Custodial Supplies	600	
Electricity	3,506	
Instructional Supplies and Materials	7,234	
Library Books/Media	5,273	
Natural Gas	1,521	
Office Supplies	2,184	
Periodicals	760	
Water and Sewer	656	
Other Charges	1,328	
Office Equipment	4,517	
Total Libraries		121,643

Parks and Fair Boards

Maintenance and Repair Services - Buildings	\$ 41,929	
Maintenance and Repair Services - Equipment	1,702	
Maintenance and Repair Services - Vehicles	19	
Electricity	11,332	
Gasoline	1,744	
Natural Gas	42	
Water and Sewer	6,035	
Chemicals	44	
Total Parks and Fair Boards		62,847

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational

Assistant(s)	\$	1,216	
Attendants		7,098	
Dues and Memberships		680	
Legal Notices, Recording, and Court Costs		189	
Maintenance and Repair Services - Buildings		15,645	
Maintenance and Repair Services - Equipment		8,965	
Electricity		5,257	
Natural Gas		636	
Water and Sewer		1,871	
Chemicals		732	
Other Supplies and Materials		201	
Total Other Social, Cultural, and Recreational			\$ 42,490

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	48,311	
Part-time Personnel		12,967	
Longevity Pay		3,550	
Employee and Dependent Insurance		4,145	
Communication		3,715	
Data Processing Services		5,878	
Travel		422	
Other Charges		400	
Total Agricultural Extension Service			79,388

Forest Service

Contracts with Government Agencies	\$	350	
Total Forest Service			350

Soil Conservation

Part-time Personnel	\$	5,243	
Communication		883	
Dues and Memberships		326	
Legal Notices, Recording, and Court Costs		267	
Matching Share		773	
Postal Charges		119	
Travel		70	
Other Supplies and Materials		617	
Total Soil Conservation			8,298

Other Operations

Tourism

Custodial Personnel	\$	10,663	
Dues and Memberships		1,000	
Maintenance and Repair Services - Buildings		1,736	
Pest Control		165	
Custodial Supplies		1,569	

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Other Operations (Cont.)Tourism (Cont.)

Electricity	\$	1,283	
Water and Sewer		723	
Total Tourism			\$ 17,139

Veterans' Services

County Official/Administrative Officer	\$	2,067	
Other Supplies and Materials		2,000	
Total Veterans' Services			4,067

Other Charges

Other Charges	\$	6,910	
Total Other Charges			6,910

Employee Benefits

Social Security	\$	212,808	
Pensions		60,249	
Employee and Dependent Insurance		480,155	
Unemployment Compensation		1,884	
Local Retirement		25,097	
Total Employee Benefits			780,193

COVID-19 Grant #3

Other Charges	\$	6,205	
Total COVID-19 Grant #3			6,205

Total General Fund \$ 5,138,491

Urban Services FundGeneral GovernmentOther General Administration

Electricity	\$	654	
Trustee's Commission		257	
Total Other General Administration			\$ 911

Total Urban Services Fund 911

Solid Waste/Sanitation FundPublic Health and WelfareWaste Pickup

County Official/Administrative Officer	\$	3,690	
Laborers		25,759	
Social Security		2,203	
Unemployment Compensation		73	
Maintenance and Repair Services - Vehicles		189	
Gasoline		800	
Instructional Supplies and Materials		8,953	
Other Supplies and Materials		596	
Total Waste Pickup			\$ 42,263

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center

Assistant(s)	\$	3,489	
Supervisor/Director		28,062	
Laborers		90,497	
Part-time Personnel		37,965	
Longevity Pay		5,000	
Other Salaries and Wages		10,262	
Social Security		12,849	
Medical Insurance		33,350	
Unemployment Compensation		261	
Communication		1,360	
Contracts with Private Agencies		182,434	
Maintenance and Repair Services - Buildings		7,200	
Maintenance and Repair Services - Equipment		3,334	
Maintenance and Repair Services - Vehicles		31,719	
Postal Charges		220	
Other Contracted Services		10,617	
Diesel Fuel		18,749	
Electricity		2,244	
Garage Supplies		204	
Office Supplies		201	
Tires and Tubes		4,676	
Uniforms		196	
Water and Sewer		155	
Trustee's Commission		7,323	
Vehicle and Equipment Insurance		4,386	
Workers' Compensation Insurance		8,392	
Solid Waste Equipment		1,031	
Total Recycling Center			\$ 506,176

Total Solid Waste/Sanitation Fund \$ 548,439

Drug Control Fund

Public Safety

Drug Enforcement

In-service Training	\$	50	
Communication		511	
Travel		275	
Uniforms		157	
Law Enforcement Equipment		3,746	
Other Equipment		1,871	
Total Drug Enforcement			\$ 6,610

Total Drug Control Fund 6,610

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Constitutional Officers - Fees Fund

Administration of Justice

General Sessions Court

Bank Charges	\$	51	
Total General Sessions Court			\$ 51

Total Constitutional Officers - Fees Fund \$ 51

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	79,083	
Assistant(s)		53,132	
Secretary(ies)		47,055	
Longevity Pay		6,000	
Social Security		11,391	
Pensions		9,712	
Employee and Dependent Insurance		6,118	
Life Insurance		322	
Unemployment Compensation		336	
Employer Medicare		2,664	
Data Processing Services		8,471	
Postal Charges		165	
Printing, Stationery, and Forms		102	
Office Supplies		361	
Other Charges		1,584	
Data Processing Equipment		1,984	
Total Administration			\$ 228,480

Highway and Bridge Maintenance

Equipment Operators	\$	140,950	
Truck Drivers		69,944	
Laborers		114,911	
Temporary Personnel		1,233	
Longevity Pay		30,000	
Social Security		20,957	
Pensions		6,718	
Employee and Dependent Insurance		70,766	
Life Insurance		913	
Unemployment Compensation		1,373	
Employer Medicare		4,901	
Contracts with Private Agencies		138,491	
Dues and Memberships		2,369	
Rentals		34	
Asphalt		2,185	
Asphalt - Cold Mix		2,378	
Crushed Stone		26,252	
Riprap		17,156	
Pipe		9,751	
Road Signs		1,911	
Other Charges		1,630	
Total Highway and Bridge Maintenance			664,823

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	47,997	
Longevity Pay		4,000	
Social Security		3,000	
Pensions		358	
Employee and Dependent Insurance		11,164	
Life Insurance		129	
Unemployment Compensation		168	
Employer Medicare		702	
Custodial Supplies		263	
Diesel Fuel		17,263	
Equipment and Machinery Parts		8,807	
Garage Supplies		3,519	
Gasoline		5,988	
Lubricants		2,354	
Small Tools		165	
Tires and Tubes		6,268	
Vehicle Parts		1,678	
Other Charges		921	
Total Operation and Maintenance of Equipment			\$ 114,744

Other Charges

Advertising	\$	1,227	
Communication		1,840	
Internet Connectivity		511	
Electricity		2,964	
Propane Gas		543	
Water and Sewer		390	
Liability Insurance		7,549	
Trustee's Commission		17,863	
Vehicle and Equipment Insurance		5,661	
Total Other Charges			38,548

Employee Benefits

Workers' Compensation Insurance	\$	21,896	
Total Employee Benefits			21,896

Capital Outlay

State Aid Projects	\$	361,351	
Other Capital Outlay		255,095	
Total Capital Outlay			616,446

Total Highway/Public Works Fund \$ 1,684,937

General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$	104,506	
Total General Government			\$ 104,506

(Continued)

Exhibit J-6

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund (Cont.)Principal on Debt (Cont.)Education

Principal on Other Loans	\$ 751,473	
Total Education		\$ 751,473

Interest on DebtGeneral Government

Interest on Other Loans	\$ 2,870	
Total General Government		2,870

Education

Interest on Other Loans	\$ 243,193	
Total Education		243,193

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 21,890	
Other Debt Service	1,868	
Total General Government		23,758

Education

Other Debt Service	\$ 40,693	
Total Education		40,693

Total General Debt Service Fund		\$ 1,166,493
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General Capital Projects FundCapital ProjectsGeneral Administration Projects

Trustee's Commission	\$ 1,818	
Disabilities Act Improvements	33,047	
Total General Administration Projects		\$ 34,865

Public Safety Projects

Motor Vehicles	\$ 101,313	
Total Public Safety Projects		101,313

Education Capital Projects

Contributions	\$ 10,329,924	
Other Debt Issuance Charges	18,000	
Total Education Capital Projects		10,347,924

Total General Capital Projects Fund		10,484,102
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Total Governmental Funds - Primary Government		\$ 19,030,034
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Exhibit J-7

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Metropolitan School Department
For the Year Ended June 30, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,552,927	
Career Ladder Program		8,001	
Homebound Teachers		1,523	
Educational Assistants		103,054	
Other Salaries and Wages		3,500	
Certified Substitute Teachers		3,247	
Non-certified Substitute Teachers		49,555	
Social Security		157,808	
Pensions		252,723	
Medical Insurance		468,502	
Employer Medicare		36,907	
Instructional Supplies and Materials		45,744	
Textbooks - Bound		6,989	
Software		53,147	
Other Supplies and Materials		6,395	
Other Charges		1,250	
Regular Instruction Equipment		128,954	
Total Regular Instruction Program			\$ 3,880,226

Alternative Instruction Program

Teachers	\$	40,656	
Social Security		2,410	
Pensions		3,410	
Medical Insurance		5,744	
Employer Medicare		564	
Total Alternative Instruction Program			52,784

Special Education Program

Teachers	\$	338,008	
Educational Assistants		72,144	
Social Security		23,711	
Pensions		34,802	
Medical Insurance		95,332	
Employer Medicare		5,545	
Total Special Education Program			569,542

Career and Technical Education Program

Teachers	\$	172,989	
Social Security		9,880	
Pensions		13,328	
Medical Insurance		34,611	
Employer Medicare		2,311	
Instructional Supplies and Materials		3,277	
Total Career and Technical Education Program			236,396

(Continued)

Exhibit J-7

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Metropolitan School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	37,912	
Career Ladder Program		458	
Social Security		2,230	
Pensions		4,079	
Medical Insurance		5,199	
Employer Medicare		522	
Software		11,889	
Total Attendance			\$ 62,289

Health Services

Supervisor/Director	\$	35,114	
Medical Personnel		40,616	
Clerical Personnel		7,867	
Social Security		4,962	
Pensions		8,421	
Medical Insurance		6,508	
Employer Medicare		1,161	
Other Supplies and Materials		15,829	
In Service/Staff Development		3,589	
Health Equipment		13,980	
Total Health Services			138,047

Other Student Support

Guidance Personnel	\$	102,842	
Psychological Personnel		27,650	
Social Security		7,411	
Pensions		11,330	
Medical Insurance		24,750	
Employer Medicare		1,733	
Contributions		67,134	
Evaluation and Testing		9,721	
Travel		52	
Other Contracted Services		30,086	
Other Supplies and Materials		11,163	
In Service/Staff Development		2,574	
Other Charges		9,640	
Total Other Student Support			306,086

Regular Instruction Program

Supervisor/Director	\$	115,369	
Career Ladder Program		458	
Librarians		64,685	
Educational Assistants		18,334	
Social Security		11,524	
Pensions		20,054	
Medical Insurance		33,343	

(Continued)

Exhibit J-7

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Metropolitan School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Employer Medicare	\$	2,695	
Travel		1,422	
Library Books/Media		4,159	
Software		2,085	
In Service/Staff Development		12,545	
Total Regular Instruction Program			\$ 286,673

Special Education Program

Supervisor/Director	\$	46,211	
Psychological Personnel		27,650	
Medical Personnel		11,794	
Social Security		4,935	
Pensions		7,685	
Medical Insurance		15,798	
Employer Medicare		1,154	
Travel		243	
Other Supplies and Materials		9	
Total Special Education Program			115,479

Career and Technical Education Program

Supervisor/Director	\$	32,399	
Social Security		1,795	
Pensions		3,444	
Medical Insurance		6,339	
Employer Medicare		420	
Total Career and Technical Education Program			44,397

Technology

Supervisor/Director	\$	38,494	
Other Salaries and Wages		77,747	
Social Security		6,976	
Pensions		7,819	
Medical Insurance		19,768	
Employer Medicare		1,631	
Internet Connectivity		25,035	
Other Equipment		105,741	
Total Technology			283,211

Other Programs

On-behalf Payments to OPEB	\$	19,673	
Total Other Programs			19,673

Board of Education

Board and Committee Members Fees	\$	2,640	
Social Security		164	
Medical Insurance		31,577	

(Continued)

Exhibit J-7

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Metropolitan School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Unemployment Compensation	\$	7,763	
Employer Medicare		38	
Audit Services		4,300	
Dues and Memberships		7,416	
Liability Insurance		17,604	
Trustee's Commission		82,307	
Workers' Compensation Insurance		66,482	
Other Charges		813	
Total Board of Education			\$ 221,104

Director of Schools

County Official/Administrative Officer	\$	96,381	
Career Ladder Program		1,000	
Clerical Personnel		24,811	
Social Security		7,408	
Pensions		11,648	
Medical Insurance		14,998	
Employer Medicare		1,733	
Communication		23,413	
Travel		3,179	
Office Supplies		4,232	
Software		15,747	
Other Charges		3,546	
Administration Equipment		12,069	
Total Director of Schools			220,165

Office of the Principal

Principals	\$	159,234	
Career Ladder Program		1,000	
Assistant Principals		197,261	
Secretary(ies)		74,300	
Clerical Personnel		76,427	
Social Security		29,466	
Pensions		45,116	
Medical Insurance		81,312	
Employer Medicare		6,891	
Communication		427	
Administration Equipment		15,476	
Total Office of the Principal			686,910

Fiscal Services

Supervisor/Director	\$	59,843	
Accountants/Bookkeepers		52,153	
Social Security		6,674	
Pensions		5,232	
Medical Insurance		18,509	
Employer Medicare		1,561	
Total Fiscal Services			143,972

(Continued)

Exhibit J-7

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Metropolitan School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	188,762	
Social Security		10,453	
Pensions		8,909	
Medical Insurance		78,594	
Employer Medicare		2,445	
Custodial Supplies		33,661	
Electricity		259,464	
Natural Gas		28,347	
Water and Sewer		82,347	
Other Supplies and Materials		8,163	
Building and Contents Insurance		52,810	
Total Operation of Plant			\$ 753,955

Maintenance of Plant

Maintenance Personnel	\$	120,448	
Social Security		6,945	
Pensions		4,973	
Medical Insurance		12,678	
Employer Medicare		1,624	
Maintenance and Repair Services - Buildings		2,452	
Maintenance and Repair Services - Equipment		57,380	
Pest Control		2,940	
Other Supplies and Materials		26,284	
Other Charges		6,794	
Maintenance Equipment		30,423	
Total Maintenance of Plant			272,941

Transportation

Mechanic(s)	\$	38,644	
Bus Drivers		223,684	
Other Salaries and Wages		16,207	
Social Security		17,010	
Pensions		13,068	
Medical Insurance		12,971	
Employer Medicare		3,978	
Medical and Dental Services		2,783	
Diesel Fuel		40,415	
Tires and Tubes		8,782	
Vehicle Parts		22,631	
Software		3,220	
Other Supplies and Materials		2,209	
Vehicle and Equipment Insurance		15,457	
Other Charges		3,526	
Transportation Equipment		87,230	
Total Transportation			511,815

(Continued)

Exhibit J-7

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Metropolitan School Department (Cont.)

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	29,371	
Social Security		1,819	
Pensions		1,049	
Medical Insurance		294	
Employer Medicare		425	
Other Supplies and Materials		4,443	
Other Charges		557	
Total Community Services			\$ 37,958

Early Childhood Education

Supervisor/Director	\$	7,699	
Teachers		49,289	
Educational Assistants		18,256	
Social Security		4,113	
Pensions		7,021	
Medical Insurance		21,096	
Employer Medicare		962	
Total Early Childhood Education			108,436

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	89,429	
Total Regular Capital Outlay			89,429

Total General Purpose School Fund \$ 9,041,488

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	98,729	
Non-certified Substitute Teachers		385	
Social Security		5,028	
Pensions		10,495	
Medical Insurance		22,014	
Employer Medicare		1,176	
Instructional Supplies and Materials		123,631	
Total Regular Instruction Program			\$ 261,458

Special Education Program

Teachers	\$	41,626	
Educational Assistants		81,145	
Social Security		6,642	
Pensions		8,255	
Medical Insurance		38,703	
Employer Medicare		1,553	
Maintenance and Repair Services - Equipment		212	

(Continued)

Exhibit J-7

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Metropolitan School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	2,241	
Special Education Equipment		8,555	
Total Special Education Program			\$ 188,932

Career and Technical Education Program

Other Salaries and Wages	\$	140	
Social Security		9	
Employer Medicare		2	
Instructional Supplies and Materials		710	
Vocational Instruction Equipment		11,920	
Total Career and Technical Education Program			12,781

Support Services

Other Student Support

Bus Drivers	\$	60	
Social Security		4	
Employer Medicare		1	
In Service/Staff Development		137	
Other Charges		27	
Total Other Student Support			229

Regular Instruction Program

Supervisor/Director	\$	19,247	
Social Security		1,146	
Pensions		2,046	
Medical Insurance		2,334	
Employer Medicare		268	
Other Supplies and Materials		61	
In Service/Staff Development		18,466	
Total Regular Instruction Program			43,568

Special Education Program

Medical Personnel	\$	11,794	
Social Security		643	
Pensions		829	
Medical Insurance		4,668	
Employer Medicare		150	
Contracts with Other Public Agencies		4,000	
Contracts with Private Agencies		5,829	
Evaluation and Testing		270	
Other Contracted Services		8,500	
Other Supplies and Materials		723	
In Service/Staff Development		330	
Other Charges		480	
Total Special Education Program			38,216

(Continued)

Exhibit J-7

The Metropolitan Government of Lynchburg, Moore County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Metropolitan School Department (Cont.)

School Federal Projects Fund (Cont.)Support Services (Cont.)Career and Technical Education Program

In Service/Staff Development	\$ 1,990	
Total Career and Technical Education Program		\$ 1,990

Transportation

Other Salaries and Wages	\$ 4,982	
Social Security	309	
Pensions	235	
Employer Medicare	72	
Total Transportation		5,598

Total School Federal Projects Fund		\$ 552,772
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Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Cafeteria Personnel	\$ 196,504	
Social Security	10,709	
Pensions	8,768	
Medical Insurance	57,960	
Employer Medicare	2,504	
Maintenance and Repair Services - Equipment	2,237	
Transportation - Other than Students	1,607	
Travel	221	
Food Supplies	128,896	
Office Supplies	805	
USDA - Commodities	31,103	
Other Supplies and Materials	12,149	
Other Charges	2,682	
Food Service Equipment	2,160	
Total Food Service		\$ 458,305

Total Central Cafeteria Fund		458,305
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Education Capital Projects FundCapital ProjectsEducation Capital Projects

Engineering Services	\$ 108,714	
Building Improvements	9,289,803	
Other Equipment	89,870	
Other Capital Outlay	459,279	
Total Education Capital Projects		\$ 9,947,666

Total Education Capital Projects Fund		9,947,666
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Total Governmental Funds - Metropolitan School Department		\$ 20,000,231
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SINGLE AUDIT SECTION



JASON E. MUMPOWER
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

Metropolitan Mayor and
Metropolitan Council
Lynchburg, Moore County, Tennessee

To the Metropolitan Mayor and Metropolitan Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Government of Lynchburg, Moore County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the metropolitan government's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 9, 2021. Our report on the business-type activities and the Metropolitan Lynchburg Moore County Water and Sewer Department major enterprise fund was adverse due to not including the financial statements of the Metropolitan Lynchburg Moore County Water and Sewer Department, which had not been made available by other auditors as of the date of this report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the metropolitan government'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 metropolitan government's internal control. Accordingly, we do not express an opinion on the effectiveness of metropolitan government'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: 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the metropolitan government'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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2020-002.

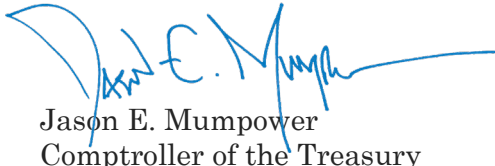
The Metropolitan Government's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 9, 2021

JEM/yu



JASON E. MUMPOWER
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

Metropolitan Mayor and
Metropolitan Council
Lynchburg, Moore County, Tennessee

To the Metropolitan Mayor and Metropolitan Council:

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan Government of Lynchburg, Moore County, Tennessee'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 the metropolitan government's major federal programs for the year ended June 30, 2020. The metropolitan government'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 the metropolitan government'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 the metropolitan government'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 the metropolitan government's compliance.

Opinion on Each Major Federal Program

In our opinion, the Metropolitan Government of Lynchburg, Moore County, Tennessee 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 the metropolitan government 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 the metropolitan government'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 the metropolitan government's internal control over compliance.

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

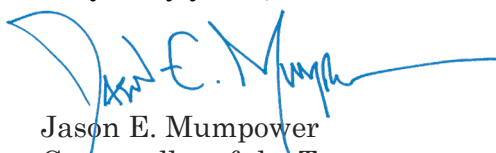
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Government of Lynchburg, Moore County Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the metropolitan government's basic financial statements. We issued our report thereon dated February 9, 2021. Our report on the business-type activities and the Metropolitan Lynchburg Moore County Water and Sewer Department major enterprise fund financial statements was adverse due to not including the financial statements of the Metropolitan Lynchburg Moore County Water and Sewer Department, which had not been made available by other auditors as of the date of this report. 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 9, 2021

JEM/yu

The Metropolitan Government of Lynchburg, Moore County, Tennessee, and the Metropolitan School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (9)
For the Year Ended June 30, 2020

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	(4)	\$ 47,818 (6)
COVID-19 - School Breakfast Program	10.553	(4)	22,790 (6)
National School Lunch Program	10.555	(4)	138,483 (6)
COVID-19 - National School Lunch Program	10.555	(4)	36,515 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(4)	31,103 (6)
Total U.S. Department of Agriculture			<u>\$ 276,709</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Safety Cluster: (5)			
State and Community Highway Safety	20.600	(7)	\$ 34,858
Alcohol Open Container Requirements	20.607	(8)	1,512
Total U.S. Department of Transportation			<u>\$ 36,370</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Library and Archives:			
Grants to States	45.310	(4)	\$ 725
Total U.S. Institute of Museum and Library Services			<u>\$ 725</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 284,639
Special Education Cluster: (5)			
Special Education Grants to States	84.027	N/A	220,563
Special Education Preschool Grants	84.173	N/A	12,184
Career and Technical Education - Basic Grants to States	84.048	N/A	15,000
Supporting Effective Instruction State Grants	84.367	N/A	18,527
Student Support and Academic Enrichment Program	84.424	N/A	1,859
Total U.S. Department of Education			<u>\$ 552,772</u>
U.S. Election Assistance Commission:			
Passed through Tennessee Secretary of State:			
COVID-19 - 2020 Supplemental Election Security Grants	90.404	N/A	\$ 6,205
Total U.S. Election Assistance Commission			<u>\$ 6,205</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(4)	\$ 195,954
Emergency Management Performance Grants	97.042	(4)	7,500
Homeland Security Grant Program	97.067	(4)	15,464
Total U.S. Department of Homeland Security			<u>\$ 218,918</u>
Total Expenditures of Federal Grants			<u>\$ 1,091,699</u>

(Continued)

The Metropolitan Government of Lynchburg, Moore County, Tennessee, and the Metropolitan School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (9) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Rural Local Health Services - State Department of Health	N/A	(4)	\$ 120,675
Litter Program - State Department of Transportation	N/A	(4)	34,763
Coordinated School Health - State Department of Education	N/A	(4)	85,000
Early Childhood Education - State Department of Education	N/A	(4)	85,284
Safe Schools Act of 03 - State Department of Education	N/A	(4)	19,190
Disaster Grants - Public Assistance - State Department of Military	N/A	(4)	29,280
Access to Health through Healthy Active Built Environments - State Department of Health	N/A	(4)	20,000
Arts Program Categorical Grants - Tennessee Arts Commission	N/A	(4)	1,820
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(4)	9,000
Total State Grants			<u>\$ 405,012</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Moore county elected to not use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) No amounts (\$0) were passed through to subrecipients.
- (4) Information not available.
- (5) Child Nutrition Cluster total \$276,709; Highway Safety Cluster total \$34,858; Special Education Cluster total \$232,747.
- (6) Total for CFDA No. 10.555 is \$206,101; Total for CFDA No. 10.553 is \$70,608.
- (7) Z19THS187: \$7,669; Z19THS188: \$6,108; Z20THS166: \$4,692; Z20THS167: \$16,389.
- (8) Z20THS166: \$731; Z20THS167: \$781.
- (9) For the year ended June 30, 2020, Moore County received donated PPE valued at \$1,272 (\$954 federal and \$318 state) from the Tennessee Department of Military and \$460 from Tennessee Secretary of State. These donations were unaudited.

The Metropolitan Government of Lynchburg, Moore 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 of the Metropolitan Government of Lynchburg, Moore 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 METROPOLITAN MAYOR

2019	191	2019-001	The purchase of inmate food was not properly bid.	N/A	Corrected
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OFFICE OF DIRECTOR OF SCHOOLS

2019	192	2019-002	Competitive bids were not solicited for custodial supplies.	N/A	Corrected
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Prior-year Federal Awards Findings

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

**THE METROPOLITAN GOVERNMENT OF
LYNCHBURG, MOORE COUNTY, TENNESSEE**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the business-type activities and the Metropolitan Lynchburg Moore County Water and Sewer Department, a major enterprise fund, is adverse. Our report on the metropolitan governmental activities, the aggregate discretely presented component units, each major fund (except the Metropolitan Lynchburg Moore County Water and Sewer Department), and the aggregate remaining fund information is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **YES**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of major federal programs:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **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 METROPOLITAN MAYOR

FINDING 2020-001

USERS PROCESSED TRANSACTIONS UTILIZING THE SAME USERNAME

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

Because an employee had not been assigned a unique username and password, work was processed using another employee's account. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees shared accounts. Sound business practices dictate that each transaction be identified with the individual creating the transaction. This deficiency was the result of a lack of management oversight. This deficiency was corrected after it was brought to management's attention in May 2020.

RECOMMENDATION

Each employee should access the application using a unique username and password to ensure transactions are properly identified with that employee. Usernames and passwords should be confidential and should not be shared among employees.

MANAGEMENT'S RESPONSE – METROPOLITAN MAYOR

We concur with the finding. We were mistakenly letting a part-time employee work on the computer under a trainer's log-in. We realize the need for unique, individual passwords that are not shared in the office setting so we can tell who entered information on any given day.

FINDING 2020-002

THE WATER AND SEWER DEPARTMENT DID NOT PROVIDE THE ACCOUNTING RECORDS FOR AUDITORS TO REVIEW ON A TIMELY BASIS

(Material Noncompliance Under *Government Auditing Standards*)

Accounting records for the water and sewer department were not closed and available for audit by August 31, 2020. Section 9-2-102, *Tennessee Code Annotated*, provides that records should be available for audit no later than two months after the close of their June 30 fiscal

year. The accounting records were not closed and available for audit inspection until February 2021; therefore, the water and sewer department's financial statements have not been included in this report. This deficiency can be attributed to a lack of management oversight and resulted in an adverse opinion on the business-type activities of the Metropolitan Government of Lynchburg, Moore County, Tennessee. The failure to properly maintain and close accounting records on a current basis diminishes the usefulness of the financial records as a management tool, results in the loss of budgetary and accounting controls, and increases the risk that errors will not be discovered and corrected in a timely manner.

RECOMMENDATION

Management should close its accounting records for the fiscal year ended June 30 and have those records available for audit by August 31 each year.

MANAGEMENT'S RESPONSE – METROPOLITAN MAYOR

We concur with the finding. Our Metro Utility Department has been undergoing a transition between software vendors. The contract was signed in June 2020. In hindsight, they should have waited to close 2020 before beginning such a task. After the initial data swap, they could not schedule appropriate training because of COVID restrictions either with the software company or our utility department. More than once, they had to close the lobby of the building to prevent people from coming in the building.

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.

Metropolitan Government of Lynchburg, Moore 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 METROPOLITAN MAYOR

2020-001	Users processed transactions utilizing the same username.	181
2020-002	The water and sewer department did not provide the accounting records for auditors to review on a timely basis.	182



Metropolitan Moore County

Bonnie Lewis

Metro Mayor

P.O. Box 206 • Lynchburg, TN 37352
Phone: (931) 759-7076 • Fax: (931) 759-6394

Corrective Action Plan

**FINDING 2020-001: USERS PROCESSED TRANSACTIONS UTILIZING THE
SAME USERNAME**

Response and Corrective Action Plan Prepared by:
Bonnie Lewis, Metro Mayor

Person Responsible for Implementing the Corrective Action:
Bonnie Lewis, Metro Mayor

Anticipated Completion Date of Corrective Action:
We immediately instructed our part-time employee to create her own log-in to the software.

Repeat Finding:
No

Planned Corrective Action:
Additional training has been conducted for accounting personnel. We considered ourselves as still being in a training process for a part-time employee. We agree with the Internal Control policy of having individual passwords for everyone accessing financial software.

Bonnie Lewis, Metro Mayor

11-23-2020



Metropolitan Moore County

Bonnie Lewis

Metro Mayor

P.O. Box 206 • Lynchburg, TN 37352
Phone: (931) 759-7076 • Fax: (931) 759-6394

Corrective Action Plan

OFFICE OF METROPOLITAN MAYOR

FINDING 2020-001

**THE WATER AND SEWER DEPARTMENT DID NOT
PROVIDE THE ACCOUNTING RECORDS FOR
AUDITORS TO REVIEW ON A TIMELY BASIS**

*(Material Noncompliance Under Government Auditing
Standards)*

Response and Corrective Action Plan Prepared by:

Bonnie Lewis, Metro Mayor

Person Responsible for Implementing the Corrective Action:

Bonnie Lewis, Metro Mayor

Anticipated Completion Date of Corrective Action: March 31, 2021

Repeat Finding:

No

PLANNED CORRECTIVE ACTION:

All parties that need to be involved in the successful conversion of the software will be present at the February Metro Utility Board meeting. The management of the Metro Utility Department, representatives of the software company, CPA firms that have worked to convert the General Ledger and representatives of the meter installation company, that need to have compatible files with the software, will all put their best efforts forward to assure the system is operational and all records are brought current.

Bonnie Lewis, Metro Mayor

BEST PRACTICES

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 items noted below are best practices 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 the Metropolitan Government of Lynchburg, Moore County, Tennessee.

THE METROPOLITAN GOVERNMENT OF LYNCHBURG, MOORE COUNTY, TENNESSEE SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING

The Metropolitan Government of Lynchburg, Moore County, Tennessee, does not have a central system of accounting and budgeting. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting and budgeting processes. The absence of a central system of accounting and budgeting has been a management decision by the metropolitan council 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 and budgeting covering all county departments.

THE METROPOLITAN GOVERNMENT OF LYNCHBURG, MOORE COUNTY, TENNESSEE SHOULD IMPLEMENT THE PROVISIONS OF THE CHARTER THAT PROVIDE FOR A CONSOLIDATED PURCHASING DEPARTMENT

The metropolitan government follows the Metropolitan Charter, which provides for all purchases and contracts for goods or services to be made through a consolidated metropolitan purchasing department. The charter further provides for the metropolitan mayor to manage/conduct the metropolitan purchasing department according to the procedures adopted by the metropolitan council. The metropolitan council is required by the charter to establish a three-member oversight committee to oversee the activity of the metropolitan purchasing department. However, the metropolitan council has not created a consolidated metropolitan purchasing department. We recommend the government implement the provisions of the charter that provide for a consolidated purchasing department.