

ANNUAL FINANCIAL REPORT
DECATUR COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



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

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director***

***LEE ANN WEST, CPA, CGFM
Audit Manager***

***AMANDA MARCH, CPA, CFE
Senior Auditor***

***JAKE McNATT, CFE
TWYLA PRATT
State Auditors***

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

DECATUR COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6-7
<u>INTRODUCTORY SECTION</u>		8
Decatur County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-15
BASIC FINANCIAL STATEMENTS:		16
Government-wide Financial Statements:		
Statement of Net Position	A	17-18
Statement of Activities	B	19-20
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	21-22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	24-25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	26
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	27-28
Highway/Public Works Fund	C-6	29
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	30
Index and Notes to the Financial Statements		31-87
REQUIRED SUPPLEMENTARY INFORMATION:		88
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	89
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	90
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Decatur County School Department	E-3	91
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Decatur County School Department	E-4	92

	Exhibit	Page(s)
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Retirement Plan of TCRS – Discretely Presented Decatur County School Department	E-5	93
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Decatur County School Department	E-6	94
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plans	E-7	95
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan - Discretely Presented Decatur County School Department	E-8	96
Notes to the Required Supplementary Information		97
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		98
Nonmajor Governmental Funds:		99
Combining Balance Sheet	F-1	100-103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	104-105
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	F-3	106
Special Purpose Fund	F-4	107
Drug Control Fund	F-5	108
Major Governmental Fund:		109
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	110
Fiduciary Funds:		111
Combining Statement of Fiduciary Assets and Liabilities	H-1	112
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	113
Component Unit:		
Discretely Presented Decatur County School Department:		114
Statement of Activities	I-1	115
Balance Sheet – Governmental Funds	I-2	116-117
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	118
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	119
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	120
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	121
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	122
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	123-124
School Federal Projects Fund	I-9	125
Central Cafeteria Fund	I-10	126

	Exhibit	Page(s)
Miscellaneous Schedules:		127
Schedule of Changes in Long-term Notes, Other Loan, Capital Lease, and Bonds	J-1	128
Schedule of Long-term Debt Requirements by Year	J-2	129-130
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Decatur County School Department	J-3	131
Schedule of Detailed Revenues – All Governmental Fund Types	J-4	132-143
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Decatur County School Department	J-5	144-147
Schedule of Detailed Expenditures – All Governmental Fund Types	J-6	148-165
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Decatur County School Department	J-7	166-175
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-8	176
 <u>SINGLE AUDIT SECTION</u>		 177
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		178-179
Auditor's 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		180-182
Schedule of Expenditures of Federal Awards and State Grants		183-184
Summary Schedule of Prior-year Findings		185
Schedule of Findings and Questioned Costs		186-197
Management's Corrective Action Plan		198-209
Best Practice		210

Summary of Audit Findings

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

Scope

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

Results

Our report on the aggregate discretely presented component units is adverse because the financial statements do not include the Decatur County General Hospital, a material component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unmodified.

Our audit resulted in 11 findings and recommendations, which we have reviewed with Decatur County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The General and General Debt Service funds required material audit adjustments for proper financial statement presentation.
- ◆ The office had deficiencies in budget operations.
- ◆ The office had accounting deficiencies.
- ◆ The General Fund's minimum fund balance did not comply with county policy.
- ◆ Accrued leave records were not maintained adequately.
- ◆ Time records were not on file to support payroll disbursements.

OFFICE OF ROAD SUPERVISOR

- ◆ Expenditures exceeded appropriations.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a cash overdraft of \$12,509 at June 30, 2018.
-

OFFICE OF ASSESSOR OF PROPERTY

- ◆ New owners of use value properties were not required to file a new application for agricultural property, forest property, or designated open space usage.
-

DECATUR COUNTY

- ◆ Certain financial activity of the Decatur County Public Library was not audited and was not subject to the budgetary control of the County Commission.
- ◆ The county's Audit Committee is not a functioning committee.

INTRODUCTORY SECTION

Decatur County Officials

June 30, 2018

Officials

Mike Creasy, County Mayor
Robert Montgomery, Road Supervisor
Rhonda Mitchell, Director of Schools
Janis Wright Boyd, Trustee
Steve Glass, Assessor of Property
Melinda Broadway, County Clerk
Danny Tanner, Circuit and General Sessions Courts Clerk
Elizabeth Carpenter, Clerk and Master
Don Davis, Register of Deeds
Keith Byrd, Sheriff

Board of County Commissioners

Mike Creasy, County Mayor, Chairman
David Boroughs
Mike Box
Gaylon Clift
Billy Wayne Goodman
Ruth Ann Hearington
Jerry Hunter
Joe Keeton
Shirley Kelley
Jack Martin

Mickey Mays
Tim Middleton
Bryan Smith
Bobby Swindle
Mary Ella Teague
Teresa Tillman
Eugene Tubbs
Edward White

Board of Education

Art Bawcum, Chairman
Robert Bibbs
Jennifer Black
Steve Brown
Tom Haggard

Jeffrey Rhodes
J. Wayne Stanfill
Rebecca Stanfill
Athalia Taylor

Audit Committee

Billy Wayne Goodman, Chairman
Mickey Mays
Don Moore

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Highway/Public Works Fund	Unmodified
General Debt Service Fund	Unmodified
Education Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements referred to above do not include financial data for one of Decatur County’s legally separate component units. The Decatur County General Hospital, a component unit requiring discrete presentation, was not included in the county’s financial statements. Accounting principles generally accepted in the United States of America require financial data for this component unit to be reported with the financial data of the county’s primary government. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the aggregate discretely presented component units would be understated. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Decatur County, Tennessee, as of June 30, 2018, or

the changes in financial position 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, each major fund, and the aggregate remaining fund information of Decatur County, Tennessee, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison 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.

Change in Accounting Principle

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

Emphasis of Matter

We draw attention to Note I.D.10. to the financial statements, which describes restatements reducing the beginning net position of the Governmental Activities and the discretely presented Decatur County School Department by \$8,901 and \$667,991, respectively, on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension asset and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension asset, and schedules of county and school changes in the total OPEB liability and related ratios - other postemployment benefits plans on pages 89-97 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 Decatur County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Decatur County School Department (a discretely presented component unit), miscellaneous schedules, and other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

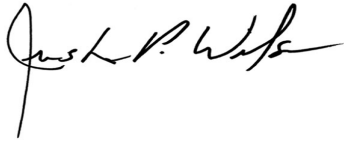
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Decatur County School Department (a discretely presented component unit), schedule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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2019, on our consideration of Decatur County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Decatur County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Decatur County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 8, 2019

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Decatur County School Department
<u>ASSETS</u>		
Cash	\$ 545	\$ 0
Equity in Pooled Cash and Investments	2,729,066	6,092,877
Accounts Receivable	1,611,757	6,309
Allowance for Uncollectibles	(1,053,828)	0
Due from Other Governments	536,675	673,205
Due from Component Units	62,267	0
Property Taxes Receivable	2,984,944	2,006,686
Allowance for Uncollectible Property Taxes	(24,832)	(16,694)
Cash Shortage	54,262	0
Net Pension Asset - Agent Plan	834,715	310,456
Net Pension Asset - Teacher Retirement Plan	0	21,043
Net Pension Asset - Teacher Legacy Plan	0	59,469
Capital Assets:		
Assets Not Depreciated:		
Land	1,635,566	269,448
Construction in Progress	0	641,428
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	5,931,600	4,426,055
Infrastructure	4,412,928	0
Other Capital Assets	2,940,696	1,159,685
Total Assets	<u>\$ 22,656,361</u>	<u>\$ 15,649,967</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 233,964	\$ 0
Pension Changes in Experience	20,433	44,190
Pension Changes in Investment Earnings	0	9,027
Pension Changes in Assumptions	150,946	561,672
Pension Changes in Proportion	0	134,603
Pension Contributions After Measurement Date	119,778	655,951
OPEB Contributions After Measurement Date	1,348	61,485
Total Deferred Outflows of Resources	<u>\$ 526,469</u>	<u>\$ 1,466,928</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 25,157	\$ 25,834
Payroll Deductions Payable	48,887	472,708
Accrued Payable	0	7,452
Cash Overdraft	0	12,509
Contracts Payable	0	609,357
Retainage Payable	0	32,071
Due to Primary Government	0	62,267
Due to State of Tennessee	3,341	0
Accrued Interest Payable	31,000	0
Noncurrent Liabilities:		
Due Within One Year	870,399	0
Due in More Than One Year	9,121,891	1,307,437
Total Liabilities	<u>\$ 10,100,675</u>	<u>\$ 2,529,635</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Decatur County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,812,009	\$ 1,890,426
Pension Changes in Experience	273,971	1,331,269
Pension Changes in Investment Earnings	6,431	3,524
Pension Other Deferrals	0	116,870
OPEB - Changes in Assumptions	5,931	52,388
Total Deferred Inflows of Resources	<u>\$ 3,098,342</u>	<u>\$ 3,394,477</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 7,676,482	\$ 6,496,616
Restricted for:		
General Government	29,152	0
Finance	27,314	0
Administration of Justice	60,918	0
Public Safety	218,645	0
Public Health and Welfare	104,488	0
Highway/Public Works	1,112,437	0
Debt Service	223,111	0
Capital Outlay	0	1,702,968
Education	0	1,759
Operation of Non-instructional Services	0	226,608
Pensions	834,715	390,968
Unrestricted	<u>(303,449)</u>	<u>2,373,864</u>
Total Net Position	<u>\$ 9,983,813</u>	<u>\$ 11,192,783</u>

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Total Governmental Activities	Decatur County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,184,668	\$ 79,436	\$ 155,688	\$ 0	\$ (949,544)	\$ 0
Finance	559,278	376,555	0	0	(182,723)	0
Administration of Justice	654,234	338,934	0	0	(315,300)	0
Public Safety	3,536,025	459,185	502,949	326,238	(2,247,653)	0
Public Health and Welfare	3,903,546	1,168,220	71,773	0	(2,663,553)	0
Social, Cultural, and Recreational Services	418,259	131,934	24,646	0	(261,679)	0
Agriculture and Natural Resources	38,813	0	0	0	(38,813)	0
Highways/Public Works	1,654,700	0	1,906,246	616,923	868,469	0
Education	2,486,742	0	0	0	(2,486,742)	0
Interest on Long-term Debt	219,721	0	835,814	0	616,093	0
Total Primary Government	\$ 14,655,986	\$ 2,554,264	\$ 3,497,116	\$ 943,161	\$ (7,661,445)	\$ 0
Component Unit:						
Decatur County School Department	\$ 14,985,813	328,678	\$ 2,007,970	\$ 2,600,349	\$ 0	\$ (10,048,816)
Total Component Unit	\$ 14,985,813	\$ 328,678	\$ 2,007,970	\$ 2,600,349	\$ 0	\$ (10,048,816)

(Continued)

Exhibit B

Decatur County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government Total Governmental Activities	Decatur County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,468,308	\$ 1,935,089
Property Taxes Levied for Debt Service					410,143	0
Local Option Sales Taxes					320,718	1,209,369
Wheel Tax					897,272	130,722
Litigation Tax					93,029	0
Business Tax					126,384	0
Mineral Severance Tax					80,586	0
Wholesale Beer Tax					97,509	0
Other Local Taxes					38,781	2,804
Grants and Contributions Not Restricted to Specific Programs					836,713	9,645,863
Unrestricted Investment Income					1,653	72,289
Miscellaneous					81,810	8,076
Total General Revenues					\$ 5,452,906	\$ 13,004,212
Change in Net Position						
Change in Net Position					\$ (2,208,539)	\$ 2,955,396
Net Position, July 1, 2017					12,850,774	8,905,378
Prior-period Adjustment - See Note I.D.9.					(649,521)	0
Restatements - See Note I.D.10.					(8,901)	(667,991)
Net Position, June 30, 2018					\$ 9,983,813	\$ 11,192,783

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

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 545	\$ 545
Equity in Pooled Cash and Investments	878,388	1,298,251	371,414	181,013	2,729,066
Accounts Receivable	1,603,247	0	0	8,510	1,611,757
Allowance for Uncollectibles	(1,053,828)	0	0	0	(1,053,828)
Due from Other Governments	186,669	350,006	0	0	536,675
Due from Other Funds	12,610	0	14,023	30,334	56,967
Due from Component Units	0	0	62,267	0	62,267
Property Taxes Receivable	2,382,939	0	426,420	175,585	2,984,944
Allowance for Uncollectible Property Taxes	(19,824)	0	(3,548)	(1,460)	(24,832)
Cash Shortage	50,849	0	0	3,413	54,262
Total Assets	\$ 4,041,050	\$ 1,648,257	\$ 870,576	\$ 397,940	\$ 6,957,823
<u>LIABILITIES</u>					
Accounts Payable	\$ 6,990	\$ 0	\$ 17,080	\$ 1,087	\$ 25,157
Payroll Deductions Payable	48,171	0	0	716	48,887
Due to Other Funds	44,357	0	0	12,610	56,967
Due to State of Tennessee	3,023	0	0	318	3,341
Total Liabilities	\$ 102,541	\$ 0	\$ 17,080	\$ 14,731	\$ 134,352
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,244,881	\$ 0	\$ 401,715	\$ 165,413	\$ 2,812,009
Deferred Delinquent Property Taxes	111,837	0	20,147	8,106	140,090
Other Deferred/Unavailable Revenue	495,602	173,098	0	0	668,700
Total Deferred Inflows of Resources	\$ 2,852,320	\$ 173,098	\$ 421,862	\$ 173,519	\$ 3,620,799

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 18,362	\$ 0	\$ 0	\$ 0	\$ 18,362
Restricted for Finance	27,314	0	0	0	27,314
Restricted for Administration of Justice	60,918	0	0	0	60,918
Restricted for Public Safety	199,105	0	0	19,540	218,645
Restricted for Public Health and Welfare	0	0	0	96,382	96,382
Restricted for Highways/Public Works	0	939,339	0	0	939,339
Committed:					
Committed for Public Health and Welfare	0	0	0	92,526	92,526
Committed for Highways/Public Works	0	535,820	0	0	535,820
Committed for Debt Service	0	0	431,634	0	431,634
Assigned:					
Assigned for Capital Projects	0	0	0	1,242	1,242
Unassigned	780,490	0	0	0	780,490
Total Fund Balances	<u>\$ 1,086,189</u>	<u>\$ 1,475,159</u>	<u>\$ 431,634</u>	<u>\$ 209,690</u>	<u>\$ 3,202,672</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,041,050</u>	<u>\$ 1,648,257</u>	<u>\$ 870,576</u>	<u>\$ 397,940</u>	<u>\$ 6,957,823</u>

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$	3,202,672	
 (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,635,566	
Add: buildings and improvements net of accumulated depreciation		5,931,600	
Add: infrastructure net of accumulated depreciation		4,412,928	
Add: other capital assets net of accumulated depreciation		<u>2,940,696</u>	14,920,790
 (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(6,210,000)	
Less: note payable		(2,663,367)	
Less: other loans payable		(635,693)	
Less: capital lease payable		(73,739)	
Add: deferred amount on refunding		233,964	
Less: other deferred revenue - premium on debt		(161,509)	
Less: compensated absences payable		(124,922)	
Less: accrued interest on bonds, notes, and capital lease		(31,000)	
Less: net OPEB liability		<u>(123,060)</u>	(9,789,326)
 (3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	291,157	
Less: deferred inflows of resources related to pensions		(280,402)	
Add: deferred outflows of resources related to OPEB		1,348	
Less: deferred inflows of resources related to OPEB		<u>(5,931)</u>	6,172
 (4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			
			834,715
 (5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>808,790</u>
Net position of governmental activities (Exhibit A)	\$		<u><u>9,983,813</u></u>

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

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 3,045,557	\$ 80,867	\$ 765,536	\$ 0	\$ 762,881	\$ 4,654,841
Licenses and Permits	6,032	0	0	0	0	6,032
Fines, Forfeitures, and Penalties	95,343	0	0	0	4,598	99,941
Charges for Current Services	1,232,845	0	0	0	75,734	1,308,579
Other Local Revenues	83,722	15,819	9	0	42,394	141,944
Fees Received From County Officials	627,972	0	0	0	0	627,972
State of Tennessee	1,667,004	2,490,685	0	0	8,791	4,166,480
Federal Government	389,581	0	0	0	0	389,581
Other Governments and Citizens Groups	186,089	0	796,857	0	0	982,946
Total Revenues	\$ 7,334,145	\$ 2,587,371	\$ 1,562,402	\$ 0	\$ 894,398	\$ 12,378,316
<u>Expenditures</u>						
Current:						
General Government	\$ 781,506	\$ 0	\$ 0	\$ 0	\$ 0	\$ 781,506
Finance	482,615	0	0	0	0	482,615
Administration of Justice	566,136	0	0	0	12,425	578,561
Public Safety	3,146,258	0	0	0	32,544	3,178,802
Public Health and Welfare	2,642,253	0	0	0	1,148,525	3,790,778
Social, Cultural, and Recreational Services	339,998	0	0	0	0	339,998
Agriculture and Natural Resources	32,129	0	0	0	0	32,129
Other Operations	617,886	0	0	0	22,191	640,077
Highways	0	2,310,505	0	0	0	2,310,505
Debt Service:						
Principal on Debt	1,070,283	0	1,284,950	0	0	2,355,233
Interest on Debt	21,250	0	206,649	0	0	227,899
Other Debt Service	0	0	169,343	13,258	0	182,601

(Continued)

Exhibit C-3

Decatur 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	Education Capital Projects	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 2,486,742	\$ 0	\$ 2,486,742
Total Expenditures	\$ 9,700,314	\$ 2,310,505	\$ 1,660,942	\$ 2,500,000	\$ 1,215,685	\$ 17,387,446
<u>Excess (Deficiency) of Revenues Over Expenditures</u>						
	\$ (2,366,169)	\$ 276,866	\$ (98,540)	\$ (2,500,000)	\$ (321,287)	\$ (5,009,130)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 1,036,368	\$ 0	\$ 0	\$ 2,500,000	\$ 0	\$ 3,536,368
Insurance Recovery	148,247	0	0	0	0	148,247
Total Other Financing Sources (Uses)	\$ 1,184,615	\$ 0	\$ 0	\$ 2,500,000	\$ 0	\$ 3,684,615
<u>Net Change in Fund Balances</u>						
Fund Balance, July 1, 2017	\$ (1,181,554)	\$ 276,866	\$ (98,540)	\$ 0	\$ (321,287)	\$ (1,324,515)
	2,267,743	1,198,293	530,174	0	530,977	4,527,187
Fund Balance, June 30, 2018	\$ 1,086,189	\$ 1,475,159	\$ 431,634	\$ 0	\$ 209,690	\$ 3,202,672

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (1,324,515)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,248,353	
Less: current-year depreciation expense	<u>(1,018,238)</u>	230,115
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized		59,878
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 808,790	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(838,494)</u>	(29,704)
(4) The issuance of long-term debt (e.g., bonds, notes, and capital 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: note proceeds	\$ (3,536,368)	
Add: change in premium on debt issuances	38,957	
Less: change in discount on debt issuances	(3,636)	
Add: principal payments on notes	1,097,490	
Add: principal payments on bonds	1,210,000	
Add: principal payments on capital lease	33,915	
Add: principal payments on other loan	13,828	
Less: change in deferred amount on refunding debt	<u>(32,790)</u>	(1,178,604)
(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	\$ 8,178	
Change in compensated absences payable	(44,395)	
Change in OPEB liability (net of restatement)	(12,159)	
Change in net pension asset	286,833	
Change in deferred outflows related to pensions	(113,946)	
Change in deferred inflows related to pensions	(85,637)	
Change in deferred outflows related to OPEB	1,348	
Change in deferred inflows related to OPEB	<u>(5,931)</u>	34,291
Change in net position of governmental activities (Exhibit B)		<u>\$ (2,208,539)</u>

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

Exhibit C-5

Decatur County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,045,557	\$ 2,996,647	\$ 2,996,647	\$ 48,910
Licenses and Permits	6,032	3,950	3,950	2,082
Fines, Forfeitures, and Penalties	95,343	74,300	74,300	21,043
Charges for Current Services	1,232,845	1,718,110	1,718,110	(485,265)
Other Local Revenues	83,722	18,598	32,868	50,854
Fees Received From County Officials	627,972	661,000	661,000	(33,028)
State of Tennessee	1,667,004	1,810,000	1,816,463	(149,459)
Federal Government	389,581	0	249,613	139,968
Other Governments and Citizens Groups	186,089	155,000	186,625	(536)
Total Revenues	\$ 7,334,145	\$ 7,437,605	\$ 7,739,576	\$ (405,431)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 37,555	\$ 35,179	\$ 38,870	\$ 1,315
Board of Equalization	567	1,200	1,200	633
Beer Board	807	3,230	1,077	270
Budget and Finance Committee	2,099	4,844	3,806	1,707
Other Boards and Committees	1,076	1,615	1,115	39
County Mayor/Executive	130,714	140,153	140,153	9,439
Personnel Office	2,340	8,950	8,950	6,610
County Attorney	38,796	30,000	41,000	2,204
Election Commission	290,277	417,913	417,913	127,636
Register of Deeds	104,581	106,195	108,195	3,614
County Buildings	172,694	133,842	186,318	13,624
<u>Finance</u>				
Accounting and Budgeting	25,000	27,000	27,000	2,000
Property Assessor's Office	143,676	150,399	149,899	6,223
Reappraisal Program	21,976	24,107	24,607	2,631
County Trustee's Office	154,251	160,711	160,712	6,461
County Clerk's Office	137,712	143,765	143,889	6,177
<u>Administration of Justice</u>				
Circuit Court	127,152	0	127,152	0
Circuit Court Clerk	155,115	162,326	162,326	7,211
General Sessions Judge	121,365	126,498	126,498	5,133
Chancery Court	109,645	111,071	112,331	2,686
Juvenile Court	37,685	40,809	40,809	3,124
Victim Assistance Programs	15,174	18,000	18,000	2,826
<u>Public Safety</u>				
Sheriff's Department	912,438	915,981	950,669	38,231
Jail	810,736	732,312	843,416	32,680
Juvenile Services	72,856	77,311	81,311	8,455
Work Release Program	387,284	504,776	504,776	117,492
Fire Prevention and Control	381,249	118,000	397,750	16,501
Civil Defense	98,602	101,269	101,269	2,667
Rescue Squad	26,179	10,000	26,179	0
Other Emergency Management	416,691	434,225	440,850	24,159
County Coroner/Medical Examiner	40,223	71,152	71,152	30,929

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 1,286,993	\$ 72,188	\$ 1,108,856	\$ (178,137)
Ambulance/Emergency Medical Services	1,304,434	1,293,802	1,321,914	17,480
Crippled Children Services	796	796	796	0
General Welfare Assistance	13,300	13,300	13,300	0
Sanitation Education/Information	36,730	32,722	37,922	1,192
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	73,222	91,094	91,207	17,985
Libraries	75,507	72,653	77,144	1,637
Parks and Fair Boards	191,269	225,647	225,647	34,378
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	28,829	50,184	50,884	22,055
Forest Service	0	2,000	2,000	2,000
Soil Conservation	3,300	3,300	3,300	0
<u>Other Operations</u>				
Tourism	900	900	900	0
Industrial Development	0	35,000	35,000	35,000
Airport	42,862	42,862	42,862	0
Veterans' Services	10,827	13,279	13,279	2,452
Other Charges	298,756	367,277	362,077	63,321
Contributions to Other Agencies	0	9,350	9,350	9,350
Employee Benefits	247,455	265,700	265,700	18,245
Miscellaneous	17,086	22,500	22,500	5,414
<u>Principal on Debt</u>				
General Government	1,070,283	0	33,915	(1,036,368)
<u>Interest on Debt</u>				
General Government	21,250	0	6,136	(15,114)
Total Expenditures	\$ 9,700,314	\$ 7,427,387	\$ 9,183,881	\$ (516,433)
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (2,366,169)	\$ 10,218	\$ (1,444,305)	\$ (921,864)
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 1,036,368	\$ 0	\$ 1,036,368	\$ 0
Insurance Recovery	148,247	0	7,046	141,201
Total Other Financing Sources	\$ 1,184,615	\$ 0	\$ 1,043,414	\$ 141,201
Net Change in Fund Balance	\$ (1,181,554)	\$ 10,218	\$ (400,891)	\$ (780,663)
Fund Balance, July 1, 2017	2,267,743	1,518,684	1,518,684	749,059
Fund Balance, June 30, 2018	\$ 1,086,189	\$ 1,528,902	\$ 1,117,793	\$ (31,604)

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 80,867	\$ 80,400	\$ 80,400	\$ 467
Other Local Revenues	15,819	13,500	13,500	2,319
State of Tennessee	2,490,685	2,030,510	2,030,510	460,175
Total Revenues	<u>\$ 2,587,371</u>	<u>\$ 2,124,410</u>	<u>\$ 2,124,410</u>	<u>\$ 462,961</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 152,280	\$ 161,450	\$ 161,450	\$ 9,170
Highway and Bridge Maintenance	757,634	1,004,100	1,004,020	246,386
Operation and Maintenance of Equipment	269,116	360,000	360,000	90,884
Other Charges	98,502	103,807	103,807	5,305
Employee Benefits	120,586	204,843	204,843	84,257
Capital Outlay	912,387	507,722	737,802	(174,585)
Total Expenditures	<u>\$ 2,310,505</u>	<u>\$ 2,341,922</u>	<u>\$ 2,571,922</u>	<u>\$ 261,417</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 276,866</u>	<u>\$ (217,512)</u>	<u>\$ (447,512)</u>	<u>\$ 724,378</u>
Net Change in Fund Balance	\$ 276,866	\$ (217,512)	\$ (447,512)	\$ 724,378
Fund Balance, July 1, 2017	<u>1,198,293</u>	<u>1,051,689</u>	<u>1,051,689</u>	<u>146,604</u>
Fund Balance, June 30, 2018	<u>\$ 1,475,159</u>	<u>\$ 834,177</u>	<u>\$ 604,177</u>	<u>\$ 870,982</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,181,897
Accounts Receivable	6,385
Due from Other Governments	<u>155,058</u>
Total Assets	<u>\$ 1,343,340</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 155,058
Due to Litigants, Heirs, and Others	<u>1,188,282</u>
Total Liabilities	<u>\$ 1,343,340</u>

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

DECATUR COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	33
B. Government-wide and Fund Financial Statements	34
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	35
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	37
2. Receivables and Payables	38
3. Capital Assets	39
4. Deferred Outflows/Inflows of Resources	39
5. Compensated Absences	40
6. Long-term Obligations	40
7. Net Position and Fund Balance	41
8. Minimum Fund Balance Policy	43
9. Prior-period Adjustments	43
10. Restatements	43
E. Pension Plans	43
F. Other Postemployment Benefit (OPEB) Plans	44
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	44
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	45
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	45
B. Cash Shortage	46
C. Cash Overdraft	46
D. Expenditures Exceeded Appropriations	46
E. The General Fund's Minimum Fund Balance did not Comply with County Policy	47
IV. Detailed Notes on All Funds	
A. Deposits and Investments	47
B. Capital Assets	49
C. Construction Commitments	51
D. Interfund Receivables, Payables, and Transfers	51
E. Capital Lease	51
F. Long-term Obligations	52
G. Pledges of Future Revenues	56
H. On-Behalf Payments	56

DECATUR COUNTY, TENNESSEE
Index of Notes to the Financial Statements (Cont.)

Note	Page(s)
V. Other Information	
A. Risk Management	56
B. Accounting Changes	58
C. Contingent Liabilities	58
D. Change in Administration	59
E. Joint Ventures	59
F. Retirement Commitments	60
G. Other Postemployment Benefits (OPEB)	77
H. Purchasing Laws	86
I. Subsequent Events	87

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Decatur County's financial statements are presented in accordance with generally accepted accounting principles (GAAP), except for the aggregate discretely presented component units. 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 Decatur County:

A. Reporting Entity

Decatur County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Decatur County (the primary government) and its component units. Although required by GAAP, the financial statements of the Decatur County General Hospital, a material component unit requiring discrete presentation, were not available in time for inclusion in this report. Our auditor's opinion letter has been modified to reflect this omission. In addition, the financial statements of the Decatur County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Decatur County School Department operates the public school system in the county, and the voters of Decatur County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Decatur County General Hospital provides health care and emergency medical services to the citizens of Decatur County, and the Decatur County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Decatur County is obligated to retire any debt issued by the Decatur County General Hospital in the event of default by the hospital. The financial statements of the Decatur County General Hospital were not available from other auditors in time for inclusion in this report.

The Decatur County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Decatur County, and the Decatur County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Decatur County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Decatur County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Decatur County General Hospital were not available in time for inclusion, as previously mentioned. Complete financial statements of the Decatur County General Hospital and the Decatur County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Decatur County General Hospital
969 Tennessee Avenue South
Parsons, TN 38363

Decatur County Emergency Communications District
P.O. Box 628
Decaturville, TN 38329

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Decatur County issues all debt for the discretely presented Decatur County School Department. Net debt issues totaling \$2,486,742 were contributed by the county to the School Department during the year ended June 30, 2018.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable

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

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

Fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Decatur County reports the following major governmental funds:

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

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

Education Capital Projects Fund – This fund accounts for debt issued by Decatur County that is subsequently contributed to the discretely presented Decatur County School Department for construction and renovation projects.

Additionally, Decatur County reports the following fund type:

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

The discretely presented Decatur County School Department reports the following major governmental funds:

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

Education Capital Projects Fund – This fund is used to account for the receipt of debt issued by Decatur County and contributed to the School Department for construction and renovation projects.

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

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Decatur County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Purpose School Fund. Decatur County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to .44 percent of total taxes levied.

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Circuit Court between the

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Retainage payable in the discretely presented School Department's Education Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

3. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 30
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow

of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding, pension changes in experience and investment earnings, pension changes in proportion of net pension liability (asset), and employer contributions made to the pension and OPEB plans after the measurement date.

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

5. Compensated Absences

It is the policy of Decatur County's general government (excluding the Highway Department) to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Decatur County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide statements for the county. 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.

The Decatur County Highway Department's personnel policy does not provide for employees to accumulate vacation or sick leave days beyond the end of the fiscal year. Therefore, accrual or recording is not required.

The general policy of the School Department permits the unlimited accumulation of unused sick leave days for professional personnel (teachers). The granting of sick leave has no guaranteed payment attached, and therefore, requires no accrual or recording. There is no provision for accumulating vacation days.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable

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

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

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

7. Net Position and Fund Balance

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

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

The government-wide Statement of Net Position reports \$2,610,780 of restricted net position, of which \$10,790 is restricted by enabling legislation.

As of June 30, 2018, Decatur County had \$2,500,000 in outstanding debt for capital purposes for the discretely presented Decatur County School Department. This debt is a liability of Decatur County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Decatur County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

8. 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 county commission has adopted a minimum fund balance policy of ten percent of expenditures for the General Fund. This minimum fund balance consists of the sum of committed, assigned, and unassigned fund balances.

9. Prior-period Adjustment

Other loans payables were restated \$649,521 from the prior year because the Benton-Decatur Special Sewer District defaulted on a state revolving fund loan on which Decatur County was contingently liable.

10. Restatements

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Decatur County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities of the primary government and the discretely presented Decatur County School Department by \$8,901 and \$667,991, respectively, have been recognized to account for the transitional requirements.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Decatur County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Decatur County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Decatur County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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

Discretely Presented Decatur County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Decatur County School Department

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

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

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net changes 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 Decatur County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2018, the Decatur County School Department had outstanding encumbrances in the General Purpose School Fund totaling \$64,262.

B. Cash Shortage – Prior Year

On September 22, 2017, an investigative report by the Comptroller's Division of Investigations revealed that during the period August 2014 through October 2014, several former employees of the Offices of County Mayor and Sheriff received improper payments for compensatory, vacation, and holiday time without adequate documentation and in violation of Decatur County's personnel policy, and the former county mayor received payments in-lieu-of accepting the county's health insurance benefits. These irregularities resulted in a cash shortage of at least \$54,262. On September 19, 2017, the Decatur County Grand Jury returned indictments on former County Mayor Michael Smith and several of his former employees on numerous charges including theft of property, criminal responsibility for conduct of another, and forgery. As of June 30, 2018, the cash shortage totaled \$54,262, which included the General (\$50,849) and Solid Waste/Sanitation (\$3,413) funds.

C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$12,509 at June 30, 2018. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2018.

D. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the General and Special Purpose funds by \$516,433 and \$161,968, respectively.

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Highway/Public Works	
Highways - Capital Outlay	\$ 174,585
Solid Waste/Sanitation:	
Other Operations - Employee Benefits	1,035

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

E. The General Fund’s Minimum Fund Balance did not Comply with County Policy

The General Fund’s minimum fund balance policy requires that the minimum fund balance should not be less than ten percent of expenditures. Total expenditures for the year ended June 30, 2018, were \$9,700,314, which calculates to a minimum fund balance requirement of \$970,031 (ten percent of \$9,700,314). At June 30, 2018, the General Fund’s committed, assigned, and unassigned fund balances totaled \$780,490, which is \$189,541 (\$970,031 less \$780,490) below the minimum fund balance requirement.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The

securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2018, Decatur County had the following investments carried at amortized cost using a stable net asset value or fair value within the fair value hierarchy established by generally accepted accounting principles. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Decatur County and the discretely presented Decatur County School Department since both pool their deposits and investments through the county trustee.

Investment	Average Maturity (days)	Amortized Cost
State Treasurer's Investment Pool	2 to 113	\$ 5,931,269

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Decatur County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Decatur County has no investment policy that would further limit its investment choices. As of June 30, 2018, Decatur County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 1,635,566	\$ 0	\$ 0	\$ 1,635,566
Total Capital Assets Not Depreciated	<u>\$ 1,635,566</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,635,566</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,106,589	\$ 0	\$ 0	\$ 9,106,589
Infrastructure	6,753,812	803,733	0	7,557,545
Other Capital Assets	6,364,337	504,498	13,000	6,855,835
Total Capital Assets Depreciated	<u>\$ 22,224,738</u>	<u>\$ 1,308,231</u>	<u>\$ 13,000</u>	<u>\$ 23,519,969</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,935,535	\$ 239,454	\$ 0	\$ 3,174,989
Infrastructure	2,808,175	336,442	0	3,144,617
Other Capital Assets	3,485,797	442,342	13,000	3,915,139
Total Accumulated Depreciation	<u>\$ 9,229,507</u>	<u>\$ 1,018,238</u>	<u>\$ 13,000</u>	<u>\$ 10,234,745</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,995,231</u>	<u>\$ 289,993</u>	<u>\$ 0</u>	<u>\$ 13,285,224</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 14,630,797</u></u>	<u><u>\$ 289,993</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 14,920,790</u></u>

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

Governmental Activities:

General Administration	\$ 57,890
Finance	3,503
Administration of Justice	8,557
Public Safety	417,481
Public Health and Welfare	109,201
Social, Cultural, and Recreational Services	32,430
Agriculture and Natural Resources	5,668
Highways/Public Works	<u>383,508</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,018,238</u>

Discretely Presented Decatur County School Department

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 269,448	\$ 0	\$ 0	\$ 269,448
Construction in Progress	0	641,428	0	641,428
Total Capital Assets Not Depreciated	<u>\$ 269,448</u>	<u>\$ 641,428</u>	<u>\$ 0</u>	<u>\$ 910,876</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,986,527	\$ 45,930	\$ 0	\$ 15,032,457
Other Capital Assets	3,137,368	256,738	114,798	3,279,308
Total Capital Assets Depreciated	<u>\$ 18,123,895</u>	<u>\$ 302,668</u>	<u>\$ 114,798</u>	<u>\$ 18,311,765</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,105,751	\$ 500,651	\$ 0	\$ 10,606,402
Other Capital Assets	2,046,620	177,596	104,593	2,119,623
Total Accumulated Depreciation	<u>\$ 12,152,371</u>	<u>\$ 678,247</u>	<u>\$ 104,593</u>	<u>\$ 12,726,025</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,971,524</u>	<u>\$ (375,579)</u>	<u>\$ 10,205</u>	<u>\$ 5,585,740</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,240,972</u>	<u>\$ 265,849</u>	<u>\$ 10,205</u>	<u>\$ 6,496,616</u>

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

Governmental Activities:

Instruction	\$ 442,041
Support Services	182,600
Operation of Non-instructional Services	<u>53,606</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 678,247</u>

C. Construction Commitments

At June 30, 2018, the discretely presented School Department had uncompleted construction contracts of approximately \$772,525 for various construction projects. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 12,610
General Debt Service	General	14,023
Nonmajor governmental	"	30,334

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Component Unit:	
Primary Government:	School Department:	
General Debt Service	General Purpose School	\$ 62,267

E. Capital Lease

On December 11, 2015, Decatur County entered into a four-year lease-purchase agreement for five Sheriff's Department vehicles. The terms of the agreement require total lease payments of \$179,791 plus interest of 5.7 percent. Title to the vehicles transfers to Decatur County at the end of the lease period. The lease payments are made from the General Fund.

The assets acquired through the capital lease are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Vehicles:	\$ 179,791
Less: Accumulated Depreciation	<u>(92,985)</u>
Total Book Value	<u>\$ 86,806</u>

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

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2019	\$ 40,051
2020	<u>40,051</u>
Total Minimum Lease Payments	\$ 80,102
Less: Amount Representing Interest	<u>(6,363)</u>
Present Value of Minimum Lease Payments	<u>\$ 73,739</u>

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Decatur County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of 21 years for bonds, up to nine years for notes, and 20 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loan included in long-term debt as of June 30, 2018, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loan, and the capital lease outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
G.O. Bonds - Refunding	2 to 3	% 5-1-37	\$ 6,475,000	\$ 6,210,000
Notes Payable	2.55 to 2.85	11-1-26	2,714,000	2,663,367
Other Loans	1.47	8-31-29	1,069,673	635,693
Capital Lease	5.7	12-11-19	179,791	73,739

During the year, Decatur County became liable for the principal and interest requirements on a state revolving fund loan due to default by the Benton-Decatur Special Sewer District. The remaining loan balance of \$635,693 at June 30, 2018, is payable at an interest rate of 1.47 percent.

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 365,000	\$ 139,412	\$ 504,412
2020	370,000	132,112	502,112
2021	380,000	124,712	504,712
2022	385,000	117,113	502,113
2023	395,000	109,413	504,413
2024-2028	1,895,000	425,663	2,320,663
2029-2033	1,275,000	259,887	1,534,887
2034-2037	1,145,000	85,775	1,230,775
Total	\$ 6,210,000	\$ 1,394,087	\$ 7,604,087

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 291,853	\$ 64,733	\$ 356,586
2020	298,071	57,075	355,146
2021	309,339	49,178	358,517
2022	304,104	41,085	345,189
2023	280,000	33,660	313,660
2024-2027	1,180,000	61,073	1,241,073
Total	\$ 2,663,367	\$ 306,804	\$ 2,970,171

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2019	\$ 52,776	\$ 8,988	\$ 61,764
2020	53,556	8,208	61,764
2021	54,348	7,416	61,764
2022	55,152	6,612	61,764
2023	55,968	5,796	61,764
2024-2028	292,500	16,320	308,820
2029-2030	71,393	640	72,033
Total	\$ 635,693	\$ 53,980	\$ 689,673

There is \$431,634 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$528, based on the 2010 federal census. Total debt per capita, including bonds, notes, other loan, capital lease, and unamortized debt premiums, totaled \$829, based on the 2010 federal census.

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Notes	Other Loan*
Balance, July 1, 2017	\$ 7,420,000	\$ 224,489	\$ 649,521
Additions	0	3,536,368	0
Reductions	(1,210,000)	(1,097,490)	(13,828)
Balance, June 30, 2018	\$ 6,210,000	\$ 2,663,367	\$ 635,693
Balance Due Within One Year	\$ 365,000	\$ 291,853	\$ 52,776

*Restated Balance – See Note I.D.9.

	Capital Lease	Compensated Absences	Net OPEB Liability**
Balance, July 1, 2017	\$ 107,654	\$ 80,527	\$ 110,901
Additions	0	142,019	18,761
Reductions	(33,915)	(97,624)	(6,602)
Balance, June 30, 2018	\$ 73,739	\$ 124,922	\$ 123,060
Balance Due Within One Year	\$ 35,848	\$ 124,922	\$ 0

**Restated Balance – See Note I.D.10

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 9,830,781
Less: Balance Due Within One Year	(870,399)
Add: Unamortized Premium on Debt	<u>161,509</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,121,891</u>
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Compensated absences will be paid from the employing funds, which are the General and Solid Waste/Sanitation funds. Other postemployment benefits will be paid from the employing funds, primarily the General Fund.

Discretely Presented Decatur County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Net OPEB Liability*</u>
Balance, July 1, 2017	\$ 1,322,118
Additions	110,471
Reductions	<u>(125,152)</u>
Balance, June 30, 2018	<u>\$ 1,307,437</u>
Balance Due Within One Year	<u>\$ 0</u>

*Restated Balance – See Note I.D.10.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 1,307,437
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,307,437</u>

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

G. Pledges of Future Revenues

Local Option Sales Tax Revenues Pledged

In 1997, the citizens of Decatur County voted to increase the local option sales tax rate from 1.5 percent to 2.5 percent. Decatur County, the City of Parsons, City of Decaturville, City of Scotts Hill, and the Decatur County School Department have pledged their additional sales tax collections generated from the one percent increase to repay \$10 million in general obligation bonds issued in June 1998 to finance the construction of new school buildings. The bonds were retired on March 1, 2018. For the current year, principal and interest paid and sales tax revenues generated by the increase were \$877,200 and \$891,498, respectively.

H. On-Behalf Payments – Discretely Presented Decatur County School Department

The State of Tennessee pays health insurance premiums for retired employees on-behalf of the Decatur County School Department. These payments are made by the state to the Local Education Group Insurance Plan. The plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2018, were \$40,266. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Liability, Property, and Casualty

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

Decatur County provides health insurance coverage to its general government employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on

behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Workers' Compensation Insurance

The county participates in the Local Government Workers' Compensation Fund (LGWCF), which is a public entity risk pool established under the provisions of Section 29-20-401, *TCA*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

Discretely Presented Decatur County School Department

Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Employee Health Insurance

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

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

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

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

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

C. Contingent Liabilities

Decatur County is contingently liable for certain General Obligation Refunding Bonds, Series 2013, of the Decatur County General Hospital. Decatur County would become liable for these bonds and the interest thereon in the event of default by the hospital. The principal of these bonds is reflected on the financial statements of the Decatur County General Hospital. As of June 30, 2018, future principal and interest requirements were \$55,000 and \$963, respectively.

Decatur County is contingently liable for a state revolving fund loan of the Benton-Decatur Special Sewer District. During the year, Decatur County became liable for this loan and the interest thereon due to default by the sewer district. As of June 30, 2018, future principal and interest requirements were \$635,693 and \$53,980, respectively.

The attorneys for the county and School Department advised of several pending lawsuits involving Decatur County. Any potential claims not covered by insurance resulting from such litigation should not materially affect the county or School Department's financial statements.

D. Change in Administration

On October 1, 2017, Branson Townsend left the Office of Director of Schools and was succeeded by Rhonda Mitchell.

E. Joint Ventures

The Benton-Decatur Special Sewer District was created through a joint agreement between Benton and Decatur counties. The agreement established the Benton-Decatur Special Sewer District Management Board, which plans, constructs, and manages a public sewer system for residents of Benton and Decatur counties. The management board includes six members, three of whom are appointed by the mayor of Benton County and three are appointed by the mayor of Decatur County. Decatur County has control over budgeting and financing only to the extent of representation by the three board members appointed. The Benton-Decatur Special Sewer District has defaulted on a state revolving loan on which Decatur County is contingently liable. During the year, Decatur County became liable for this loan and the interest thereon due to default by the sewer district. As of June 30, 2018, future principal and interest requirements were \$635,693 and \$53,980, respectively.

The Beech River Regional Airport was established through a joint operations agreement between Decatur County, Henderson County, the City of Parsons, and the City of Lexington. The agreement created the Beech River Regional Airport Board to plan, develop, and maintain a regional airport that will economically benefit all residents of the two-county area. The board comprises nine members, two from each governmental unit and one appointed by the governmental entities on a yearly rotation basis. Each participant retains a 25 percent ownership in the airport. During the year ended June 30, 2018, the county appropriated an operating subsidy of \$42,862 to the airport.

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of

drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Decatur County made no contributions to the DTF during the year ended June 30, 2018.

Decatur County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Benton-Decatur Special Sewer District, the Beech River Regional Airport, and the Twenty-fourth Judicial District Drug Task Force can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Benton-Decatur Special Sewer District
P.O. Box 594
Parsons, TN 38363

Beech River Regional Airport
790 Hidden Hill Circle
Lexington, TN 38351

Office of District Attorney General
Twenty-fourth Judicial District Drug Task Force
P.O. Box 686
Huntingdon, TN 38344

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Decatur County and non-certified employees of the discretely presented Decatur County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 72.89 percent and the non-certified employees of the discretely presented School Department comprised 27.11 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the

plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	30
Inactive Employees Entitled to But Not Yet Receiving Benefits	192
Active Employees	175
Total	397

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. Decatur County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution for Decatur County was \$169,374 based on a rate of 3.29 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Decatur County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Decatur County's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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

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

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

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

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension Liability (a)	Fiduciary Net Position (b)	Liability (Asset) (a)-(b)
Balance, July 1, 2016	\$ 6,568,363	\$ 7,335,060	\$ (766,697)
Changes for the Year:			
Service Cost	\$ 398,290	\$ 0	\$ 398,290
Interest	515,297	0	515,297
Differences Between Expected and Actual Experience	(193,590)	0	(193,590)
Changes in Assumptions	248,506	0	248,506
Contributions-Employer	0	272,886	(272,886)
Contributions-Employees	0	239,631	(239,631)
Net Investment Income	0	848,752	(848,752)
Benefit Payments, Including Refunds of Employee Contributions	(192,063)	(192,063)	0
Administrative Expense	0	(14,292)	14,292
Other Changes	0	0	0
Net Changes	\$ 776,440	\$ 1,154,914	\$ (378,474)
Balance, June 30, 2017	\$ 7,344,803	\$ 8,489,974	\$ (1,145,171)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	72.89%	\$ 5,353,627	\$ 6,188,342	\$ (834,715)
School Department	27.11%	1,991,176	2,301,632	(310,456)
Total		\$ 7,344,803	\$ 8,489,974	\$ (1,145,171)

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

Decatur County	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ (208,599)	\$ (1,145,171)	\$ (1,927,562)

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

Pension Expense. For the year ended June 30, 2018, Decatur County recognized pension expense of \$55,698.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 28,032	\$ 375,869
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	8,823
Changes in Assumptions	207,088	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	169,374	N/A
Total	\$ 404,494	\$ 384,692

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

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 291,157	\$ 280,402
School Department	113,337	104,290
Total	<u>\$ 404,494</u>	<u>\$ 384,692</u>

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

Year Ending June 30	Amount
2019	\$ (70,939)
2020	25,586
2021	(31,576)
2022	(81,789)
2023	9,146
Thereafter	0

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

Discretely Presented Decatur County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Decatur County and non-certified employees of the discretely presented Decatur County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 72.89 percent and the non-certified employees of the discretely presented School Department comprised 27.11 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Decatur County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be

adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2018, to the Teacher Retirement Plan were \$19,274, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2018, the School Department reported a liability (asset) of (\$21,043) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .079760 percent. The proportion as of June 30, 2016, was .113519 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$9,797.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 738	\$ 1,583
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,132
Changes in Assumptions	1,849	0
Changes in Proportion of Net Pension Liability (Asset)	3,738	283
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	19,274	N/A
Total	<u>\$ 25,599</u>	<u>\$ 2,998</u>

The School Department's employer contributions of \$19,274, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ 152
2020	152
2021	87
2022	(205)
2023	329
Thereafter	2,812

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

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 4,198	\$ (21,043)	\$ (39,559)

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Decatur County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$587,081, which is .9.08 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2018, the School Department reported a liability (asset) of (\$59,469) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to

calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .181765 percent. The proportion measured at June 30, 2016, was .175223 percent.

Negative Pension Expense. For the year ended June 30, 2018, the School Department recognized negative pension expense of \$625.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 35,853	\$ 1,227,788
Changes in Assumptions	503,681	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	9,027	0
Changes in Proportion of Net Pension Liability (Asset)	130,865	116,587
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	587,081	N/A
Total	<u>\$ 1,266,507</u>	<u>\$ 1,344,375</u>

The School Department's employer contributions of \$587,081 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (426,855)
2020	181,541
2021	(154,576)
2022	(256,059)
2023	0
Thereafter	0

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability	\$ (5,336,207)	\$ (59,469)	\$ (4,519,354)

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

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$23,562 and teachers contributed \$7,853 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

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

OPEB Provided through State Administered Public Entity Risk Pools

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

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

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

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

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

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

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

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

Closed Local Government OPEB Plan (Primary Government)

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

Benefits Provided. Decatur County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Decatur

County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

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

	Decatur County	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	0	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	0	0	0
Active Employees	80	13	93
Total	<u>80</u>	<u>13</u>	<u>93</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2018, the county paid \$1,348 (Decatur County - \$1,190, Highway Dept - \$158) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Decatur County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2016	\$ 71,673	\$ 39,228	\$ 110,901
Changes for the Year:			
Service Cost	\$ 11,893	\$ 3,189	\$ 15,082
Interest	2,440	1,239	3,679
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(4,283)	(2,319)	(6,602)
Benefit Payments	0	0	0
Net Changes	<u>\$ 10,050</u>	<u>\$ 2,109</u>	<u>\$ 12,159</u>
Balance June 30, 2017	<u>\$ 81,723</u>	<u>\$ 41,337</u>	<u>\$ 123,060</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the county recognized OPEB expense of \$18,090 (Decatur County – \$13,909, Highway Dept - \$4,181). At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (Decatur County \$0, Hwy \$0)	\$ 0	\$ 0
Changes of Assumptions/Inputs (DI - County \$3,859, Hwy \$2,072)	0	5,931
Net Difference Between Projected and Benefits paid after the measurement date (DO - County \$1,190, Hwy \$158)	<u>1,348</u>	<u>0</u>
Total	<u>\$ 1,348</u>	<u>\$ 5,931</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	County	Hwy	Total Amount
2019	\$ (424)	\$ (247)	\$ (671)
2020	(424)	(247)	(671)
2021	(424)	(247)	(671)
2022	(424)	(247)	(671)
2023	(424)	(247)	(671)
Thereafter	(1,739)	(837)	(2,576)

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

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

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
County	\$ 88,355	\$ 81,723	\$ 75,411
Hwy	45,028	41,337	37,788
Total OPEB Liability	<u>\$ 133,383</u>	<u>\$ 123,060</u>	<u>\$ 113,199</u>

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

	1% Decrease 6 to 3.77%	Current Trend Rates 7 to 4.77%	1% Increase 8 to 5.77%
County	\$ 71,247	\$ 81,723	\$ 94,434
Hwy	35,821	41,337	47,804
Total OPEB Liability	<u>\$ 107,068</u>	<u>\$ 123,060</u>	<u>\$ 142,238</u>

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

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

Benefits Provided. The Decatur County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard

PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The Decatur County School Department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

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

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	13
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	205
	<hr/>
Total	<u>218</u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$61,485 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Decatur County</u>	<u>State of</u>	<u>Total OPEB</u>
	<u>School Department</u>	<u>TN</u>	
	63.171%	36.829%	Liability
Balance July 1, 2016	\$ 1,322,118	\$ 770,801	\$ 2,092,919
Changes for the Year:			
Service Cost	\$ 70,773	\$ 41,261	\$ 112,034
Interest	39,697	23,144	62,841
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and			
Actuarial Experience	0	0	0
Changes in Assumption			
and Other Inputs	(58,342)	(34,013)	(92,355)
Benefit Payments	(66,810)	(38,950)	(105,760)
Net Changes	<u>\$ (14,681)</u>	<u>\$ (8,559)</u>	<u>\$ (23,240)</u>
Balance June 30, 2017	<u>\$ 1,307,437</u>	<u>\$ 762,242</u>	<u>\$ 2,069,679</u>

The Decatur County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Decatur County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$60,934 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Decatur County School Department's proportionate share of the collective OPEB liability was 63.171% and the State of Tennessee's share was 36.829%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$165,451, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	52,388
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	61,485	0
Total	<u>\$ 61,485</u>	<u>\$ 52,388</u>

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

Year Ending June 30	School Department
2019	\$ (5,953)
2020	(5,953)
2021	(5,953)
2022	(5,953)
2023	(5,953)
Thereafter	(22,623)

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

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

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

Proportionate Share of the Collective Total OPEB Liability	\$ 1,398,944	\$ 1,307,437	\$ 1,219,084
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

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

Proportionate Share of the Collective Total OPEB Liability	\$ 1,163,598	\$ 1,307,437	\$ 1,476,956
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H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$10,000 to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Supervisor

Section 54-7-113, *TCA*, (Uniform Road Law), governs purchasing procedures for the Highway Department. This statute requires all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Decatur County School Department are governed by purchasing laws applicable to schools as set forth

in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

I. Subsequent Events

On June 30, 2018, Rhonda Mitchell left the Office of Director of Schools and was succeeded by Chris Villaflor on July 1, 2018.

On August 31, 2018, Janis Boyd left the Office of Trustee and was succeeded by Beth Hays on September 1, 2018.

On August 31, 2018, Don Davis left the Office of Register of Deeds and was succeeded by Regina Tillman on September 1, 2018.

On November 26, 2018, Decatur County issued a \$971,250 revenue anticipation note to the General Fund for temporary operating funds.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 323,334	\$ 324,443	\$ 355,084	\$ 398,290
Interest	408,181	441,000	463,534	515,297
Differences Between Actual and Expected Experience	(122,395)	(283,655)	42,048	(193,590)
Changes in Assumptions	0	0	0	248,506
Benefit Payments, Including Refunds of Employee Contributions	(156,643)	(188,624)	(235,341)	(192,063)
Net Change in Total Pension Liability	\$ 452,477	\$ 293,164	\$ 625,325	\$ 776,440
Total Pension Liability, Beginning	5,197,397	5,649,874	5,943,038	6,568,363
Total Pension Liability, Ending (a)	\$ 5,649,874	\$ 5,943,038	\$ 6,568,363	\$ 7,344,803
Plan Fiduciary Net Position				
Contributions - Employer	\$ 243,078	\$ 262,576	\$ 282,485	\$ 272,886
Contributions - Employee	219,385	227,545	244,792	239,631
Net Investment Income	881,095	200,938	185,990	848,752
Benefit Payments, Including Refunds of Employee Contributions	(156,643)	(188,624)	(235,341)	(192,063)
Administrative Expense	(6,116)	(9,256)	(14,071)	(14,292)
Other	0	0	34,175	0
Net Change in Plan Fiduciary Net Position	\$ 1,180,799	\$ 493,179	\$ 498,030	\$ 1,154,914
Plan Fiduciary Net Position, Beginning	5,163,052	6,343,851	6,837,030	7,335,060
Plan Fiduciary Net Position, Ending (b)	\$ 6,343,851	\$ 6,837,030	\$ 7,335,060	\$ 8,489,974
Net Pension Liability (Asset), Ending (a - b)	\$ (693,977)	\$ (893,992)	\$ (766,697)	\$ (1,145,171)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	112.28%	115.04%	111.67%	115.59%
Covered Payroll	\$ 4,387,669	\$ 4,553,036	\$ 4,865,771	\$ 4,729,407
Net Pension Liability (Asset) as a Percentage of Covered Payroll	15.82%	19.64%	15.66%	24.21%

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

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit E-2

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

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 243,078	\$ 262,576	\$ 282,485	\$ 156,070	\$ 169,374
Less Contributions in Relation to the Actuarially Determined Contribution	(243,078)	(262,576)	(282,485)	(272,886)	(169,374)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (116,816)	\$ 0
Covered Payroll	\$ 4,387,669	\$ 4,553,036	\$ 4,895,771	\$ 4,729,407	\$ 5,148,146
Contributions as a Percentage of Covered Payroll	5.54%	5.77%	5.77%	5.77%	3.29%

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

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit E-3

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

	2015	2016	2017	2018
Contractually Required Contribution	\$ 8,699	\$ 19,980	\$ 20,940	\$ 19,274
Less Contributions in Relation to the Contractually Required Contribution	(8,699)	(19,980)	(20,940)	(19,274)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 217,472	\$ 499,486	\$ 554,974	\$ 481,844
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%

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

Exhibit E-4

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

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 597,266	\$ 539,183	\$ 571,797	\$ 580,849	\$ 587,081
Less Contributions in Relation to the Contractually Required Contribution	(597,266)	(539,183)	(571,797)	(580,849)	(587,081)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 6,725,964	\$ 5,964,435	\$ 6,325,203	\$ 6,393,901	\$ 6,465,501
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.08%	9.08%

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

Exhibit E-5

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Department's Proportion of the Net Pension Liability/Asset	0.102507%	0.113519%	0.797600%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,211) \$	(11,818) \$	(21,043)
Covered Payroll	\$ 217,472 \$	499,486 \$	554,974
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(3.79)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

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

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

Exhibit E-6

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.171362%	0.159327%	0.175223%	0.181765%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (27,846)	\$ 65,266	\$ 1,095,045	\$ (59,469)
Covered Payroll	\$ 6,725,964	\$ 5,964,435	\$ 6,325,203	\$ 6,393,901
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(.414002)%	1.094254%	17.31%	(.93)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

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

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

Exhibit F-7

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

Decatur County Plan

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 11,893
Interest	2,440
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(4,283)
Benefit Payments	<u>0</u>
Net Change in Total OPEB Liability	\$ 10,050
Total OPEB Liability, Beginning	<u>71,673</u>
 Total OPEB Liability, Ending	 <u><u>\$ 81,723</u></u>
 Covered Employee Payroll	 \$ 3,284,640
Net OPEB Liability as a Percentage of Covered Employee Payroll	2.49%

Highway Department Plan

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 3,189
Interest	1,239
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(2,319)
Benefit Payments	<u>0</u>
Net Change in Total OPEB Liability	\$ 2,109
Total OPEB Liability, Beginning	<u>39,228</u>
 Total OPEB Liability, Ending	 <u><u>\$ 41,337</u></u>
 Covered Employee Payroll	 \$ 352,239
Net OPEB Liability as a Percentage of Covered Employee Payroll	11.74%

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

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

2017	2.92%
2018	3.56%

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

Exhibit F-8

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

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 112,034
Interest	62,841
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(92,355)
Benefit Payments	<u>(105,760)</u>
Net Change in Total OPEB Liability	\$ (23,240)
Total OPEB Liability, Beginning	<u>2,092,919</u>
 Total OPEB Liability, Ending	 <u>\$ 2,069,679</u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 762,242
Employer Proportionate Share of the Total OPEB Liability	1,307,437
 Covered Employee Payroll	 \$ 8,455,165
Net OPEB Liability as a Percentage of Covered Employee Payroll	15.46%

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

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

2017	2.92%
2018	3.56%

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

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

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	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the county’s garbage collection and convenience center operations.

Special Purpose Fund – The Special Purpose Fund is used to account for wheel tax revenue collected by Decatur County that is subsequently contributed to the discretely presented Decatur County General Hospital.

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

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

Capital Projects Fund

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

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

Exhibit F-1

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

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 545	\$ 545
Equity in Pooled Cash and Investments	63,849	96,382	19,540	0	179,771
Accounts Receivable	8,142	0	0	368	8,510
Due from Other Funds	30,334	0	0	0	30,334
Property Taxes Receivable	175,585	0	0	0	175,585
Allowance for Uncollectible Property Taxes	(1,460)	0	0	0	(1,460)
Cash Shortage	3,413	0	0	0	3,413
Total Assets	\$ 279,863	\$ 96,382	\$ 19,540	\$ 913	\$ 396,698
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,087	\$ 0	\$ 0	\$ 0	\$ 1,087
Payroll Deductions Payable	716	0	0	0	716
Due to Other Funds	11,697	0	0	913	12,610
Due to State of Tennessee	318	0	0	0	318
Total Liabilities	\$ 13,818	\$ 0	\$ 0	\$ 913	\$ 14,731
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 165,413	\$ 0	\$ 0	\$ 0	\$ 165,413
Deferred Delinquent Property Taxes	8,106	0	0	0	8,106
Total Deferred Inflows of Resources	\$ 173,519	\$ 0	\$ 0	\$ 0	\$ 173,519

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 0	\$ 19,540	\$ 0	\$ 19,540
Restricted for Public Health and Welfare	0	96,382	0	0	96,382
Committed:					
Committed for Public Health and Welfare	92,526	0	0	0	92,526
Assigned:					
Assigned for Capital Projects	0	0	0	0	0
Total Fund Balances	<u>\$ 92,526</u>	<u>\$ 96,382</u>	<u>\$ 19,540</u>	<u>\$ 0</u>	<u>\$ 208,448</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 279,863</u>	<u>\$ 96,382</u>	<u>\$ 19,540</u>	<u>\$ 913</u>	<u>\$ 396,698</u>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 545
Equity in Pooled Cash and Investments	1,242	181,013
Accounts Receivable	0	8,510
Due from Other Funds	0	30,334
Property Taxes Receivable	0	175,585
Allowance for Uncollectible Property Taxes	0	(1,460)
Cash Shortage	0	3,413
	<hr/>	<hr/>
Total Assets	\$ 1,242	\$ 397,940
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 1,087
Payroll Deductions Payable	0	716
Due to Other Funds	0	12,610
Due to State of Tennessee	0	318
Total Liabilities	<hr/>	<hr/>
	\$ 0	\$ 14,731
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 0	\$ 165,413
Deferred Delinquent Property Taxes	0	8,106
Total Deferred Inflows of Resources	<hr/>	<hr/>
	\$ 0	\$ 173,519

(Continued)

Exhibit F-1

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

FUND BALANCES

Restricted:

 Restricted for Public Safety

 Restricted for Public Health and Welfare

Committed:

 Committed for Public Health and Welfare

Assigned:

 Assigned for Capital Projects

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Fund</u>		Total
General Capital Projects		Nonmajor Governmental Funds
\$	0	\$ 19,540
	0	96,382
	0	92,526
	1,242	1,242
<u>\$</u>	<u>1,242</u>	<u>\$ 209,690</u>
<u>\$</u>	<u>1,242</u>	<u>\$ 397,940</u>

Exhibit F-2

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

	Special Revenue Funds				
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu- tional Officers - Fees	Total
<u>Revenues</u>					
Local Taxes	\$ 172,607	\$ 590,274	\$ 0	\$ 0	\$ 762,881
Fines, Forfeitures, and Penalties	0	0	4,598	0	4,598
Charges for Current Services	63,309	0	0	12,425	75,734
Other Local Revenues	42,394	0	0	0	42,394
State of Tennessee	8,791	0	0	0	8,791
Total Revenues	<u>\$ 287,101</u>	<u>\$ 590,274</u>	<u>\$ 4,598</u>	<u>\$ 12,425</u>	<u>\$ 894,398</u>
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 12,425	\$ 12,425
Public Safety	0	0	32,544	0	32,544
Public Health and Welfare	552,551	595,974	0	0	1,148,525
Other Operations	16,165	5,974	52	0	22,191
Total Expenditures	<u>\$ 568,716</u>	<u>\$ 601,948</u>	<u>\$ 32,596</u>	<u>\$ 12,425</u>	<u>\$ 1,215,685</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (281,615)</u>	<u>\$ (11,674)</u>	<u>\$ (27,998)</u>	<u>\$ 0</u>	<u>\$ (321,287)</u>
Net Change in Fund Balances	\$ (281,615)	\$ (11,674)	\$ (27,998)	\$ 0	\$ (321,287)
Fund Balance, July 1, 2017	374,141	108,056	47,538	0	529,735
Fund Balance, June 30, 2018	<u>\$ 92,526</u>	<u>\$ 96,382</u>	<u>\$ 19,540</u>	<u>\$ 0</u>	<u>\$ 208,448</u>

(Continued)

Exhibit F-2

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

	Capital Projects Fund	Total Nonmajor Governmental Funds
	General Capital Projects	
<hr/>		
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 762,881
Fines, Forfeitures, and Penalties	0	4,598
Charges for Current Services	0	75,734
Other Local Revenues	0	42,394
State of Tennessee	0	8,791
Total Revenues	<u>\$ 0</u>	<u>\$ 894,398</u>
<u>Expenditures</u>		
Current:		
Administration of Justice	\$ 0	\$ 12,425
Public Safety	0	32,544
Public Health and Welfare	0	1,148,525
Other Operations	0	22,191
Total Expenditures	<u>\$ 0</u>	<u>\$ 1,215,685</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ (321,287)</u>
Net Change in Fund Balances	\$ 0	\$ (321,287)
Fund Balance, July 1, 2017	1,242	530,977
Fund Balance, June 30, 2018	<u>\$ 1,242</u>	<u>\$ 209,690</u>

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 172,607	\$ 167,990	\$ 167,990	\$ 4,617
Charges for Current Services	63,309	80,100	80,100	(16,791)
Other Local Revenues	42,394	22,000	22,000	20,394
State of Tennessee	8,791	0	0	8,791
Total Revenues	<u>\$ 287,101</u>	<u>\$ 270,090</u>	<u>\$ 270,090</u>	<u>\$ 17,011</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 445,023	\$ 456,352	\$ 455,977	\$ 10,954
Convenience Centers	107,528	97,060	110,760	3,232
<u>Other Operations</u>				
Other Charges	13,130	36,700	36,700	23,570
Employee Benefits	3,035	0	2,000	(1,035)
Total Expenditures	<u>\$ 568,716</u>	<u>\$ 590,112</u>	<u>\$ 605,437</u>	<u>\$ 36,721</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (281,615)</u>	<u>\$ (320,022)</u>	<u>\$ (335,347)</u>	<u>\$ 53,732</u>
Net Change in Fund Balance	\$ (281,615)	\$ (320,022)	\$ (335,347)	\$ 53,732
Fund Balance, July 1, 2017	<u>374,141</u>	<u>379,649</u>	<u>379,649</u>	<u>(5,508)</u>
Fund Balance, June 30, 2018	<u>\$ 92,526</u>	<u>\$ 59,627</u>	<u>\$ 44,302</u>	<u>\$ 48,224</u>

Exhibit F-4

Decatur County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 590,274	\$ 439,980	\$ 439,980	\$ 150,294
Total Revenues	\$ 590,274	\$ 439,980	\$ 439,980	\$ 150,294
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Local Health Services	\$ 595,974	\$ 435,580	\$ 435,580	\$ (160,394)
<u>Other Operations</u>				
Other Charges	5,974	4,400	4,400	(1,574)
Total Expenditures	\$ 601,948	\$ 439,980	\$ 439,980	\$ (161,968)
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,674)	\$ 0	\$ 0	\$ (11,674)
Net Change in Fund Balance	\$ (11,674)	\$ 0	\$ 0	\$ (11,674)
Fund Balance, July 1, 2017	108,056	0	0	108,056
Fund Balance, June 30, 2018	\$ 96,382	\$ 0	\$ 0	\$ 96,382

Exhibit F-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 4,598	\$ 0	\$ 0	\$ 4,598
Total Revenues	\$ 4,598	\$ 0	\$ 0	\$ 4,598
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 32,544	\$ 20,500	\$ 34,700	\$ 2,156
<u>Other Operations</u>				
Other Charges	52	119	119	67
Total Expenditures	\$ 32,596	\$ 20,619	\$ 34,819	\$ 2,223
Excess (Deficiency) of Revenues Over Expenditures	\$ (27,998)	\$ (20,619)	\$ (34,819)	\$ 6,821
Net Change in Fund Balance	\$ (27,998)	\$ (20,619)	\$ (34,819)	\$ 6,821
Fund Balance, July 1, 2017	47,538	48,916	48,916	(1,378)
Fund Balance, June 30, 2018	\$ 19,540	\$ 28,297	\$ 14,097	\$ 5,443

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 765,536	\$ 688,530	\$ 688,530	\$ 77,006
Other Local Revenues	9	0	0	9
Other Governments and Citizens Groups	796,857	0	487,698	309,159
Total Revenues	\$ 1,562,402	\$ 688,530	\$ 1,176,228	\$ 386,174
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 0	\$ 15,658	\$ 0	\$ 0
<u>Principal on Debt</u>				
General Government	384,288	390,462	387,290	3,002
Highways and Streets	40,662	40,662	40,862	200
Education	860,000	860,000	860,000	0
<u>Interest on Debt</u>				
General Government	152,390	149,432	152,890	500
Highways and Streets	5,361	5,361	5,361	0
Education	48,898	17,200	48,898	0
<u>Other Debt Service</u>				
General Government	169,343	0	173,252	3,909
Total Expenditures	\$ 1,660,942	\$ 1,478,775	\$ 1,668,553	\$ 7,611
Excess (Deficiency) of Revenues Over Expenditures	\$ (98,540)	\$ (790,245)	\$ (492,325)	\$ 393,785
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 877,200	\$ 421,200	\$ (421,200)
Total Other Financing Sources	\$ 0	\$ 877,200	\$ 421,200	\$ (421,200)
Net Change in Fund Balance	\$ (98,540)	\$ 86,955	\$ (71,125)	\$ (27,415)
Fund Balance, July 1, 2017	530,174	723,676	723,676	(193,502)
Fund Balance, June 30, 2018	\$ 431,634	\$ 810,631	\$ 652,551	\$ (220,917)

Fiduciary Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis. Also, the cities have pledged their share of a one-cent local option sales tax increase to retire school bonds.

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

Exhibit H-1

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,181,897	\$ 1,181,897
Accounts Receivable	0	6,385	6,385
Due from Other Governments	155,058	0	155,058
Total Assets	<u>\$ 155,058</u>	<u>\$ 1,188,282</u>	<u>\$ 1,343,340</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 155,058	\$ 0	\$ 155,058
Due to Litigants, Heirs, and Others	0	1,188,282	1,188,282
Total Liabilities	<u>\$ 155,058</u>	<u>\$ 1,188,282</u>	<u>\$ 1,343,340</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 871,256	\$ 871,256	\$ 0
Due from Other Governments	167,874	155,058	167,874	155,058
Total Assets	\$ 167,874	\$ 1,026,314	\$ 1,039,130	\$ 155,058
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 167,874	\$ 1,026,314	\$ 1,039,130	\$ 155,058
Total Liabilities	\$ 167,874	\$ 1,026,314	\$ 1,039,130	\$ 155,058
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,024,111	\$ 4,194,341	\$ 4,036,555	\$ 1,181,897
Accounts Receivable	4,747	6,385	4,747	6,385
Total Assets	\$ 1,028,858	\$ 4,200,726	\$ 4,041,302	\$ 1,188,282
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,028,858	\$ 4,200,726	\$ 4,041,302	\$ 1,188,282
Total Liabilities	\$ 1,028,858	\$ 4,200,726	\$ 4,041,302	\$ 1,188,282
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,024,111	\$ 4,194,341	\$ 4,036,555	\$ 1,181,897
Equity in Pooled Cash and Investments	0	871,256	871,256	0
Accounts Receivable	4,747	6,385	4,747	6,385
Due from Other Governments	167,874	155,058	167,874	155,058
Total Assets	\$ 1,196,732	\$ 5,227,040	\$ 5,080,432	\$ 1,343,340
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 167,874	\$ 1,026,314	\$ 1,039,130	\$ 155,058
Due to Litigants, Heirs, and Others	1,028,858	4,200,726	4,041,302	1,188,282
Total Liabilities	\$ 1,196,732	\$ 5,227,040	\$ 5,080,432	\$ 1,343,340

Decatur County School Department

This section presents combining and individual fund financial statements for the Decatur County 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 the building construction and renovations of the School Department.

Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 8,983,740	\$ 0	\$ 703,687	\$ 2,279,261	\$ (6,000,792)
Support Services	4,600,231	52,469	346,260	188,504	(4,012,998)
Operation of Non-instructional Services	1,401,842	276,209	958,023	132,584	(35,026)
Total Governmental Activities	\$ 14,985,813	\$ 328,678	\$ 2,007,970	2,600,349	\$ (10,048,816)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,935,089
Local Option Sales Taxes					1,209,369
Wheel Tax					130,722
Other Local Taxes					2,804
Grants and Contributions Not Restricted to Specific Programs					9,645,863
Unrestricted Investment Income					72,289
Miscellaneous					8,076
Total General Revenues					\$ 13,004,212
Change in Net Position					\$ 2,955,396
Net Position, July 1, 2017					8,905,378
Restatement - See Note I.D.10.					(667,991)
Net Position, June 30, 2018					\$ 11,192,783

Exhibit I-2

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

	Major Funds		Nonmajor	Total
	General	Education	Funds	
	Purpose	Capital	Other	
	School	Projects	Governmental	Governmental
			Funds	Funds
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,495,269	\$ 2,352,540	\$ 245,068	\$ 6,092,877
Accounts Receivable	6,309	0	0	6,309
Due from Other Governments	521,726	0	151,479	673,205
Property Taxes Receivable	2,006,686	0	0	2,006,686
Allowance for Uncollectible Property Taxes	(16,694)	0	0	(16,694)
Total Assets	<u>\$ 6,013,296</u>	<u>\$ 2,352,540</u>	<u>\$ 396,547</u>	<u>\$ 8,762,383</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 17,690	\$ 8,144	\$ 0	\$ 25,834
Accrued Payroll	7,452	0	0	7,452
Payroll Deductions Payable	417,037	0	55,671	472,708
Cash Overdraft	0	0	12,509	12,509
Contracts Payable	0	609,357	0	609,357
Retainage Payable	0	32,071	0	32,071
Due to Primary Government	62,267	0	0	62,267
Total Liabilities	<u>\$ 504,446</u>	<u>\$ 649,572</u>	<u>\$ 68,180</u>	<u>\$ 1,222,198</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 1,890,426	\$ 0	\$ 0	\$ 1,890,426
Deferred Delinquent Property Taxes	94,180	0	0	94,180
Other Deferred/Unavailable Revenue	112,772	0	0	112,772
Total Deferred Inflows of Resources	<u>\$ 2,097,378</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,097,378</u>

(Continued)

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
			<u>Other</u>	
<u>Purpose</u>	<u>Capital</u>	<u>Govern-</u>	<u>Governmental</u>	
<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>	
		<u>Funds</u>	<u>Funds</u>	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 0	\$ 0	\$ 1,759	\$ 1,759
Restricted for Operation of Non-instructional Services	0	0	226,608	226,608
Restricted for Capital Outlay	0	1,702,968	0	1,702,968
Committed:				
Committed for Education	537,632	0	0	537,632
Assigned:				
Assigned for Education	64,262	0	100,000	164,262
Unassigned	2,809,578	0	0	2,809,578
Total Fund Balances	<u>\$ 3,411,472</u>	<u>\$ 1,702,968</u>	<u>\$ 328,367</u>	<u>\$ 5,442,807</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,013,296</u>	<u>\$ 2,352,540</u>	<u>\$ 396,547</u>	<u>\$ 8,762,383</u>

Exhibit I-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	5,442,807
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	269,448	
Add: construction in progress		641,428	
Add: buildings and improvements net of accumulated depreciation		4,426,055	
Add: other capital assets net of accumulated depreciation		<u>1,159,685</u>	6,496,616
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: net OPEB liability			(1,307,437)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as a component of pension and OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	1,405,443	
Less: deferred inflows of resources related to pensions		(1,451,663)	
Add: deferred outflows of resources related to OPEB		61,485	
Less: deferred inflows of resources related to OPEB		<u>(52,388)</u>	(37,123)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	310,456	
Add: net pension asset - teacher retirement plan		21,043	
Add: net pension asset - teacher legacy pension plan		<u>59,469</u>	390,968
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>206,952</u>
Net position of governmental activities (Exhibit A)		\$	<u>11,192,783</u>

Exhibit I-4

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

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Governmental Funds		
<u>Revenues</u>					
Local Taxes	\$ 3,292,910	\$ 0	\$ 0	\$ 0	\$ 3,292,910
Licenses and Permits	590	0	0	0	590
Charges for Current Services	88,584	0	240,094	0	328,678
Other Local Revenues	92,485	0	0	0	92,485
State of Tennessee	9,955,044	0	7,093	0	9,962,137
Federal Government	0	0	1,774,990	0	1,774,990
Other Governments and Citizens Groups	0	2,486,742	0	0	2,486,742
Total Revenues	\$ 13,429,613	\$ 2,486,742	\$ 2,022,177	\$ 0	\$ 17,938,532
<u>Expenditures</u>					
Current:					
Instruction	\$ 7,532,879	\$ 0	\$ 832,275	\$ 0	\$ 8,365,154
Support Services	4,327,228	0	278,726	0	4,605,954
Operation of Non-Instructional Services	526,141	0	896,011	0	1,422,152
Capital Outlay	165,817	783,774	0	0	949,591
Debt Service:					
Other Debt Service	487,698	0	0	0	487,698
Total Expenditures	\$ 13,039,763	\$ 783,774	\$ 2,007,012	\$ 0	\$ 15,830,549
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 389,850	\$ 1,702,968	\$ 15,165	\$ 0	\$ 2,107,983
Net Change in Fund Balances					
Fund Balance, July 1, 2017	\$ 3,021,622	\$ 0	\$ 313,202	\$ 0	\$ 3,334,824
Fund Balance, June 30, 2018	\$ 3,411,472	\$ 1,702,968	\$ 328,367	\$ 0	\$ 5,442,807

Exhibit I-5

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

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 2,107,983
(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	\$ 944,096	
Less: current-year depreciation expense	<u>(678,247)</u>	265,849
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: proceeds received from the disposal of capital assets		(10,205)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 206,952	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(193,075)</u>	13,877
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in net OPEB liability (net of restatement)	\$ 14,681	
Change in deferred outflows related to OPEB (net of restatement)	(5,325)	
Change in deferred inflows related to OPEB	(52,388)	
Change in deferred outflows related to pensions	(743,437)	
Change in deferred inflows related to pensions	108,981	
Change in net pension asset - agent plan	91,641	
Change in net pension asset - teacher retirement plan	9,225	
Change in net pension asset - teacher legacy pension plan	<u>1,154,514</u>	<u>577,892</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,955,396</u>

Exhibit I-6

Decatur County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Decatur County School Department
June 30, 2018

	<u>Special Revenue Funds</u>		Total
	<u>School</u>		Nonmajor
	Federal	Central	Governmental
	Projects	Cafeteria	Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 0	\$ 245,068	\$ 245,068
Due from Other Governments	151,479	0	151,479
Total Assets	<u>\$ 151,479</u>	<u>\$ 245,068</u>	<u>\$ 396,547</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 37,211	\$ 18,460	\$ 55,671
Cash Overdraft	12,509	0	12,509
Total Liabilities	<u>\$ 49,720</u>	<u>\$ 18,460</u>	<u>\$ 68,180</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 1,759	\$ 0	\$ 1,759
Restricted for Operation of Non-instructional Services	0	226,608	226,608
Assigned:			
Assigned for Education	100,000	0	100,000
Total Fund Balances	<u>\$ 101,759</u>	<u>\$ 226,608</u>	<u>\$ 328,367</u>
Total Liabilities and Fund Balances	<u>\$ 151,479</u>	<u>\$ 245,068</u>	<u>\$ 396,547</u>

Exhibit I-7

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

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 240,094	\$ 240,094
State of Tennessee	0	7,093	7,093
Federal Government	1,168,676	606,314	1,774,990
Total Revenues	<u>\$ 1,168,676</u>	<u>\$ 853,501</u>	<u>\$ 2,022,177</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 832,275	\$ 0	\$ 832,275
Support Services	278,726	0	278,726
Operation of Non-Instructional Services	55,916	840,095	896,011
Total Expenditures	<u>\$ 1,166,917</u>	<u>\$ 840,095</u>	<u>\$ 2,007,012</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,759</u>	<u>\$ 13,406</u>	<u>\$ 15,165</u>
Net Change in Fund Balances	\$ 1,759	\$ 13,406	\$ 15,165
Fund Balance, July 1, 2017	<u>100,000</u>	<u>213,202</u>	<u>313,202</u>
Fund Balance, June 30, 2018	<u>\$ 101,759</u>	<u>\$ 226,608</u>	<u>\$ 328,367</u>

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,292,910	\$ 0	\$ 0	\$ 3,292,910	\$ 3,245,876	\$ 3,245,876	\$ 47,034
Licenses and Permits	590	0	0	590	1,500	1,500	(910)
Charges for Current Services	88,584	0	0	88,584	88,800	88,800	(216)
Other Local Revenues	92,485	0	0	92,485	22,000	31,200	61,285
State of Tennessee	9,955,044	0	0	9,955,044	9,602,882	10,013,253	(58,209)
Total Revenues	\$ 13,429,613	\$ 0	\$ 0	\$ 13,429,613	\$ 12,961,058	\$ 13,380,629	\$ 48,984
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,008,498	\$ (24,532)	\$ 2,126	\$ 5,986,092	\$ 6,043,481	\$ 6,292,264	\$ 306,172
Alternative Instruction Program	109,080	0	0	109,080	114,909	114,909	5,829
Special Education Program	837,474	0	0	837,474	890,250	890,250	52,776
Career and Technical Education Program	577,827	0	0	577,827	435,754	591,104	13,277
<u>Support Services</u>							
Attendance	111,085	0	0	111,085	113,817	113,817	2,732
Health Services	228,938	0	0	228,938	268,559	353,559	124,621
Other Student Support	558,861	0	0	558,861	598,450	598,450	39,589
Regular Instruction Program	659,006	(1,887)	0	657,119	684,691	686,291	29,172
Special Education Program	133,518	0	0	133,518	134,111	134,111	593
Career and Technical Education Program	16,641	0	0	16,641	18,054	18,054	1,413
Technology	111,283	0	0	111,283	215,680	145,680	34,397
Other Programs	40,266	0	0	40,266	0	40,266	0
Board of Education	190,595	0	0	190,595	198,568	207,768	17,173
Director of Schools	153,639	0	0	153,639	174,668	174,668	21,029
Office of the Principal	398,906	0	0	398,906	402,792	402,792	3,886
Fiscal Services	105,452	0	0	105,452	117,666	117,666	12,214
Operation of Plant	797,067	0	432	797,499	879,073	878,000	80,501
Maintenance of Plant	183,289	(315)	1,461	184,435	213,207	213,207	28,772
Transportation	638,682	0	4,400	643,082	715,806	715,806	72,724

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 140,257	\$ 0	\$ 0	\$ 140,257	\$ 77,760	\$ 178,739	\$ 38,482
Early Childhood Education	385,884	0	0	385,884	417,051	435,657	49,773
<u>Capital Outlay</u>							
Regular Capital Outlay	165,817	(71,819)	55,843	149,841	150,000	175,000	25,159
<u>Interest on Debt</u>							
Education	0	0	0	0	30,625	0	0
<u>Other Debt Service</u>							
Education	487,698	0	0	487,698	0	487,698	0
Total Expenditures	\$ 13,039,763	\$ (98,553)	\$ 64,262	\$ 13,005,472	\$ 12,894,972	\$ 13,965,756	\$ 960,284
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 389,850	\$ 98,553	\$ (64,262)	\$ 424,141	\$ 66,086	\$ (585,127)	\$ 1,009,268
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (456,000)	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ (456,000)	\$ 0	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2017	\$ 3,021,622	(98,553)	0	2,923,069	2,560,177	2,560,177	362,892
Fund Balance, June 30, 2018	\$ 3,411,472	\$ 0	\$ (64,262)	\$ 3,347,210	\$ 2,170,263	\$ 1,975,050	\$ 1,372,160

Exhibit I-9

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,168,676	\$ 1,386,334	\$ 1,386,334	\$ (217,658)
Total Revenues	\$ 1,168,676	\$ 1,386,334	\$ 1,386,334	\$ (217,658)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 444,511	\$ 508,946	\$ 509,080	\$ 64,569
Special Education Program	369,008	466,400	466,401	97,393
Career and Technical Education Program	18,756	18,732	18,756	0
<u>Support Services</u>				
Other Student Support	33,585	34,201	34,201	616
Regular Instruction Program	108,900	119,636	119,501	10,601
Special Education Program	89,772	95,886	95,886	6,114
Career and Technical Education Program	1,176	1,200	1,176	0
Transportation	45,293	49,303	49,302	4,009
<u>Operation of Non-Instructional Services</u>				
Community Services	55,916	91,999	92,000	36,084
Total Expenditures	\$ 1,166,917	\$ 1,386,303	\$ 1,386,303	\$ 219,386
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,759	\$ 31	\$ 31	\$ 1,728
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (31)	\$ (31)	\$ 31
Total Other Financing Sources	\$ 0	\$ (31)	\$ (31)	\$ 31
Net Change in Fund Balance	\$ 1,759	\$ 0	\$ 0	\$ 1,759
Fund Balance, July 1, 2017	100,000	0	0	100,000
Fund Balance, June 30, 2018	\$ 101,759	\$ 0	\$ 0	\$ 101,759

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 240,094	\$ 276,000	\$ 276,000	\$ (35,906)
State of Tennessee	7,093	9,000	9,000	(1,907)
Federal Government	606,314	580,000	580,000	26,314
Total Revenues	<u>\$ 853,501</u>	<u>\$ 865,000</u>	<u>\$ 865,000</u>	<u>\$ (11,499)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 840,095	\$ 864,500	\$ 864,500	\$ 24,405
Total Expenditures	<u>\$ 840,095</u>	<u>\$ 864,500</u>	<u>\$ 864,500</u>	<u>\$ 24,405</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 13,406</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 12,906</u>
Net Change in Fund Balance	\$ 13,406	\$ 500	\$ 500	\$ 12,906
Fund Balance, July 1, 2017	213,202	213,437	213,437	(235)
Fund Balance, June 30, 2018	<u>\$ 226,608</u>	<u>\$ 213,937</u>	<u>\$ 213,937</u>	<u>\$ 12,671</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Decatur County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, Capital Lease, and Bonds
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-18
NOTES PAYABLE								
<u>Payable through General Fund</u>								
Hospital	\$ 1,036,368	3 %	1-5-18	6-29-18	\$ 0	\$ 1,036,368	\$ 1,036,368	\$ 0
<u>Payable through General Debt Service Fund</u>								
Beech River Airport	245,500	4.05	10-28-05	10-21-17	\$ 20,460	\$ 0	\$ 20,460	\$ 0
Highway Equipment	214,000	2.85	3-17-17	3-17-22	204,029	0	40,662	163,367
School Capital Projects	2,500,000	2.55	11-2-17	11-1-26	0	2,500,000	0	2,500,000
Total Payable through General Debt Service Fund					\$ 224,489	\$ 2,500,000	\$ 61,122	\$ 2,663,367
Total Notes Payable					\$ 224,489	\$ 3,536,368	\$ 1,097,490	\$ 2,663,367
OTHER LOAN PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Benton-Decatur Special Sewer District Loan (1)	1,069,673	1.47	9-1-09	8-31-29	\$ 649,521	\$ 0	\$ 13,828	\$ 635,693
Total Other Loan Payable					\$ 649,521	\$ 0	\$ 13,828	\$ 635,693
CAPITAL LEASE PAYABLE								
<u>Payable through General Fund</u>								
Sheriff's Department Vehicles	179,791	5.70 %	12-11-15	12-11-19	\$ 107,654	\$ 0	\$ 33,915	\$ 73,739
Total Capital Lease Payable					\$ 107,654	\$ 0	\$ 33,915	\$ 73,739
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2008	3,840,000	2.2 to 4	6-5-08	5-24-18	\$ 105,000	\$ 0	\$ 105,000	\$ 0
General Obligation Improvement Bonds, Series 2008	520,000	2.2 to 4	6-5-08	5-24-18	25,000	0	25,000	0
School Refunding Bonds, Series 2013	4,205,000	1 to 2	11-27-13	3-1-18	860,000	0	860,000	0
General Obligation Refunding Bonds, Series 2016	6,475,000	2 to 3	9-27-16	5-1-37	6,430,000	0	220,000	6,210,000
Total Bonds Payable					\$ 7,420,000	\$ 0	\$ 1,210,000	\$ 6,210,000

(1) During the year, Decatur County became liable for this state revolving fund loan due to default by the Benton-Decatur Special Sewer District.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 291,853	\$ 64,733	\$ 356,586
2020	298,071	57,075	355,146
2021	309,339	49,178	358,517
2022	304,104	41,085	345,189
2023	280,000	33,660	313,660
2024	285,000	26,456	311,456
2025	290,000	19,125	309,125
2026	300,000	11,603	311,603
2027	305,000	3,889	308,889
Total	\$ 2,663,367	\$ 306,804	\$ 2,970,171

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2019	\$ 52,776	\$ 8,988	61,764
2020	53,556	8,208	61,764
2021	54,348	7,416	61,764
2022	55,152	6,612	61,764
2023	55,968	5,796	61,764
2024	56,796	4,968	61,764
2025	57,636	4,128	61,764
2026	58,488	3,276	61,764
2027	59,352	2,412	61,764
2028	60,228	1,536	61,764
2029	61,128	636	61,764
2030	10,265	4	10,269
Total	\$ 635,693	\$ 53,980	\$ 689,673

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2019	\$ 35,848	\$ 4,203	40,051
2020	37,891	2,160	40,051
Total	\$ 73,739	\$ 6,363	\$ 80,102

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 365,000	\$ 139,412	\$ 504,412
2020	370,000	132,112	502,112
2021	380,000	124,712	504,712
2022	385,000	117,113	502,113
2023	395,000	109,413	504,413
2024	400,000	101,513	501,513

(Continued)

Exhibit J-2

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

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2025	\$ 410,000	\$ 93,513	\$ 503,513
2026	420,000	85,313	505,313
2027	425,000	76,912	501,912
2028	240,000	68,412	308,412
2029	245,000	63,612	308,612
2030	250,000	58,100	308,100
2031	255,000	52,475	307,475
2032	260,000	46,100	306,100
2033	265,000	39,600	304,600
2034	275,000	32,975	307,975
2035	280,000	26,100	306,100
2036	290,000	17,700	307,700
2037	300,000	9,000	309,000
Total	<u>\$ 6,210,000</u>	<u>\$ 1,394,087</u>	<u>\$ 7,604,087</u>

Exhibit J-3

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 84,974 (1)	\$ 100,000	Auto Owners Insurance Company
Road Supervisor	Section 8-24-102, <i>TCA</i>	69,500	100,000	"
Director of Schools: Branson Townsend (7-1-17 through 10-1-17)	State Board of Education and County Board of Education	25,600	100,000	"
Rhonda Mitchell (10-2-17 through 6-30-18)	State Board of Education and County Board of Education	61,650	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	63,182	557,241	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	63,182	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	63,182	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	63,182	50,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	63,182 (2)	60,000	Ohio Casualty Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	63,182	50,000	Auto Owners Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	69,500 (3)	100,000	"
Employee Blanket Bonds:				
Office:				
County Mayor - All Employees			400,000	Local Government Property and Casualty Fund
Road Supervisor - All Employees			400,000	"
Director of Schools - All Employees			400,000	Tennessee Risk Management Trust

(1) Includes \$12,000 for serving as director of the Solid Waste Department.

(2) Does not include special commissioner fees of \$12,425.

(3) Does not include a law enforcement training supplement of \$600.

Exhibit J-4

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,126,701	\$ 156,708	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	104,949	9,943	0	0	0	0
Trustee's Collections - Bankruptcy	13	1	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	35,854	4,241	0	0	0	0
Interest and Penalty	18,611	1,711	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	6,081	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	59,599	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	2,415	3	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	222,423	0	0	0	0	0
Hotel/Motel Tax	39,472	0	0	0	0	0
Wheel Tax	131,910	0	590,274	0	0	0
Litigation Tax - General	53,387	0	0	0	0	0
Litigation Tax - Special Purpose	300	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	126,384	0	0	0	0	0
Mixed Drink Tax	3,065	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	80,586
<u>Statutory Local Taxes</u>						
Bank Excise Tax	16,884	0	0	0	0	281
Wholesale Beer Tax	97,509	0	0	0	0	0
Total Local Taxes	\$ 3,045,557	\$ 172,607	\$ 590,274	\$ 0	\$ 0	80,867

(Continued)

Exhibit J-4

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 5,106	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>						
Beer Permits	926	0	0	0	0	0
Total Licenses and Permits	<u>\$ 6,032</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 3,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,835	0	0	0	0	0
Drug Control Fines	0	0	0	950	0	0
Drug Court Fees	532	0	0	0	0	0
DUI Treatment Fines	285	0	0	0	0	0
Data Entry Fee - Circuit Court	1,749	0	0	0	0	0
Victims Assistance Assessments	1,302	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	28,196	0	0	0	0	0
Officers Costs	15,329	0	0	0	0	0
Game and Fish Fines	328	0	0	0	0	0
Drug Control Fines	0	0	0	3,648	0	0
Drug Court Fees	3,767	0	0	0	0	0
Jail Fees	3,311	0	0	0	0	0
DUI Treatment Fines	5,986	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,296	0	0	0	0	0
Courtroom Security Fee	156	0	0	0	0	0
Victims Assistance Assessments	15,494	0	0	0	0	0

(Continued)

Exhibit J-4

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 1,941	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Chancery Court</u>						
Officers Costs	1,995	0	0	0	0	0
Data Entry Fee - Chancery Court	991	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	2,850	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 95,343	\$ 0	\$ 0	\$ 4,598	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 63,309	\$ 0	\$ 0	\$ 0	0
Patient Charges	1,009,245	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	112,620	0	0	0	0	0
Copy Fees	1,209	0	0	0	0	0
Library Fees	69	0	0	0	0	0
Greenbelt Late Application Fee	400	0	0	0	0	0
Vending Machine Collections	38,875	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	12,425	0
Data Processing Fee - Register	4,596	0	0	0	0	0
Probation Fees	16,556	0	0	0	0	0
Data Processing Fee - Sheriff	934	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,150	0	0	0	0	0
Data Processing Fee - County Clerk	60	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	5	0	0	0	0	0

(Continued)

Exhibit J-4

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges</u>						
Community Service Fees - Adults	\$ 18,826	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Charges for Services	26,300	0	0	0	0	0
Total Charges for Current Services	\$ 1,232,845	\$ 63,309	\$ 0	\$ 0	\$ 12,425	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1,653	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	12,000	0	0	0	0	0
Sale of Materials and Supplies	113	0	0	0	0	0
Sale of Recycled Materials	0	42,394	0	0	0	0
Miscellaneous Refunds	36,169	0	0	0	0	1,519
<u>Nonrecurring Items</u>						
Sale of Equipment	27,842	0	0	0	0	14,300
Damages Recovered from Individuals	373	0	0	0	0	0
Contributions and Gifts	750	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	4,822	0	0	0	0	0
Total Other Local Revenues	\$ 83,722	\$ 42,394	\$ 0	\$ 0	\$ 0	\$ 15,819
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 152,291	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	45,408	0	0	0	0	0
General Sessions Court Clerk	105,714	0	0	0	0	0
Clerk and Master	35,385	0	0	0	0	0

(Continued)

Exhibit J-4

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
Register	\$ 56,330	\$ 0	\$ 0	\$ 0	\$ 0	0
Sheriff	14,774	0	0	0	0	0
Trustee	218,070	0	0	0	0	0
Total Fees Received From County Officials	<u>\$ 627,972</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	\$ 63,749	\$ 0	\$ 0	\$ 0	\$ 0	0
Aging Programs	22,175	0	0	0	0	0
<u>Public Safety Grants</u>						
Other Public Safety Grants	8,743	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	2,995	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	240,697
State Aid Program	0	0	0	0	0	376,226
Litter Program	29,712	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	14,488	0	0	0	0	0
Resort District Sales Tax	210,516	0	0	0	0	0
Beer Tax	17,839	0	0	0	0	0
Vehicle Certificate of Title Fees	5,847	0	0	0	0	0
Alcoholic Beverage Tax	37,862	0	0	0	0	0
State Revenue Sharing - T.V.A.	437,136	0	0	0	0	0
State Revenue Sharing - Telecommunications	18,998	0	0	0	0	0

(Continued)

Exhibit J-4

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Contracted Prisoner Boarding	\$ 206,606	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,865,279
Petroleum Special Tax	0	0	0	0	0	8,483
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	142,471	0	0	0	0	0
Other State Revenues	432,703	8,791	0	0	0	0
Total State of Tennessee	\$ 1,667,004	\$ 8,791	\$ 0	\$ 0	\$ 0	\$ 2,490,685
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 266,360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Medicaid	93,221	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	30,000	0	0	0	0	0
Total Federal Government	\$ 389,581	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 160,089	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other</u>						
Other	26,000	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 186,089	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 7,334,145	\$ 287,101	\$ 590,274	\$ 4,598	\$ 12,425	\$ 2,587,371

(Continued)

Exhibit J-4

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 380,565	\$ 2,663,974
Trustee's Collections - Prior Year	16,571	131,463
Trustee's Collections - Bankruptcy	2	16
Circuit Clerk/Clerk and Master Collections - Prior Years	5,782	45,877
Interest and Penalty	2,994	23,316
Payments in-Lieu-of Taxes - T.V.A.	1,684	7,765
Payments in-Lieu-of Taxes - Local Utilities	16,504	76,103
Payments in-Lieu-of Taxes - Other	665	3,083
<u>County Local Option Taxes</u>		
Local Option Sales Tax	126,339	348,762
Hotel/Motel Tax	0	39,472
Wheel Tax	175,088	897,272
Litigation Tax - General	0	53,387
Litigation Tax - Special Purpose	0	300
Litigation Tax - Jail, Workhouse, or Courthouse	39,342	39,342
Business Tax	0	126,384
Mixed Drink Tax	0	3,065
Mineral Severance Tax	0	80,586
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	17,165
Wholesale Beer Tax	0	97,509
Total Local Taxes	<u>\$ 765,536</u>	<u>\$ 4,654,841</u>

(Continued)

Exhibit J-4

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 5,106
<u>Permits</u>		
Beer Permits	0	926
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 6,032</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 3,000
Officers Costs	0	1,835
Drug Control Fines	0	950
Drug Court Fees	0	532
DUI Treatment Fines	0	285
Data Entry Fee - Circuit Court	0	1,749
Victims Assistance Assessments	0	1,302
<u>General Sessions Court</u>		
Fines	0	28,196
Officers Costs	0	15,329
Game and Fish Fines	0	328
Drug Control Fines	0	3,648
Drug Court Fees	0	3,767
Jail Fees	0	3,311
DUI Treatment Fines	0	5,986
Data Entry Fee - General Sessions Court	0	6,296
Courtroom Security Fee	0	156
Victims Assistance Assessments	0	15,494

(Continued)

Exhibit J-4

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court</u>		
Fines	\$ 0	\$ 1,941
<u>Chancery Court</u>		
Officers Costs	0	1,995
Data Entry Fee - Chancery Court	0	991
<u>Other Fines, Forfeitures, and Penalties</u>		
Other Fines, Forfeitures, and Penalties	0	2,850
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 99,941</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Surcharge - Host Agency	\$ 0	\$ 63,309
Patient Charges	0	1,009,245
<u>Fees</u>		
Recreation Fees	0	112,620
Copy Fees	0	1,209
Library Fees	0	69
Greenbelt Late Application Fee	0	400
Vending Machine Collections	0	38,875
Special Commissioner Fees/Special Master Fees	0	12,425
Data Processing Fee - Register	0	4,596
Probation Fees	0	16,556
Data Processing Fee - Sheriff	0	934
Sexual Offender Registration Fee - Sheriff	0	3,150
Data Processing Fee - County Clerk	0	60
Vehicle Insurance Coverage and Reinstatement Fees	0	5

(Continued)

Exhibit J-4

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Education Charges</u>		
Community Service Fees - Adults	\$ 0	\$ 18,826
Other Charges for Services	0	26,300
Total Charges for Current Services	\$ 0	\$ 1,308,579
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 1,653
Lease/Rentals	0	12,000
Sale of Materials and Supplies	0	113
Sale of Recycled Materials	0	42,394
Miscellaneous Refunds	9	37,697
<u>Nonrecurring Items</u>		
Sale of Equipment	0	42,142
Damages Recovered from Individuals	0	373
Contributions and Gifts	0	750
<u>Other Local Revenues</u>		
Other Local Revenues	0	4,822
Total Other Local Revenues	\$ 9	\$ 141,944
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 152,291
Circuit Court Clerk	0	45,408
General Sessions Court Clerk	0	105,714
Clerk and Master	0	35,385

(Continued)

Exhibit J-4

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Fees Received From County Officials (Cont.)</u>		
<u>Fees In-Lieu-of Salary (Cont.)</u>		
Register	\$ 0	\$ 56,330
Sheriff	0	14,774
Trustee	0	218,070
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 627,972</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 63,749
Aging Programs	0	22,175
<u>Public Safety Grants</u>		
Other Public Safety Grants	0	8,743
<u>Health and Welfare Grants</u>		
Other Health and Welfare Grants	0	2,995
<u>Public Works Grants</u>		
Bridge Program	0	240,697
State Aid Program	0	376,226
Litter Program	0	29,712
<u>Other State Revenues</u>		
Income Tax	0	14,488
Resort District Sales Tax	0	210,516
Beer Tax	0	17,839
Vehicle Certificate of Title Fees	0	5,847
Alcoholic Beverage Tax	0	37,862
State Revenue Sharing - T.V.A.	0	437,136
State Revenue Sharing - Telecommunications	0	18,998

(Continued)

Exhibit J-4

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Contracted Prisoner Boarding	\$ 0	\$ 206,606
Gasoline and Motor Fuel Tax	0	1,865,279
Petroleum Special Tax	0	8,483
Registrar's Salary Supplement	0	15,164
Other State Grants	0	142,471
Other State Revenues	0	441,494
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 4,166,480</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Homeland Security Grants	\$ 0	\$ 266,360
Medicaid	0	93,221
<u>Direct Federal Revenue</u>		
Other Direct Federal Revenue	0	30,000
Total Federal Government	<u>\$ 0</u>	<u>\$ 389,581</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 796,857	\$ 956,946
<u>Other</u>		
Other	0	26,000
Total Other Governments and Citizens Groups	<u>\$ 796,857</u>	<u>\$ 982,946</u>
Total	<u>\$ 1,562,402</u>	<u>\$ 12,378,316</u>

Exhibit J-5

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

	Special Revenue Funds			Capital Projects Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,790,905	\$ 0	\$ 0	\$ 0	\$ 1,790,905
Trustee's Collections - Prior Year	88,375	0	0	0	88,375
Trustee's Collections - Bankruptcy	11	0	0	0	11
Circuit Clerk/Clerk and Master Collections - Prior Years	30,842	0	0	0	30,842
Interest and Penalty	15,673	0	0	0	15,673
Payments in-Lieu-of Taxes - T.V.A.	1,590	0	0	0	1,590
Payments in-Lieu-of Taxes - Local Utilities	15,587	0	0	0	15,587
Payments in-Lieu-of Taxes - Other	651	0	0	0	651
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,204,514	0	0	0	1,204,514
Wheel Tax	130,722	0	0	0	130,722
Mixed Drink Tax	3,065	0	0	0	3,065
<u>Statutory Local Taxes</u>					
Bank Excise Tax	10,975	0	0	0	10,975
Total Local Taxes	\$ 3,292,910	\$ 0	\$ 0	\$ 0	\$ 3,292,910
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 590	\$ 0	\$ 0	\$ 0	\$ 590
Total Licenses and Permits	\$ 590	\$ 0	\$ 0	\$ 0	\$ 590
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 113,274	\$ 0	\$ 113,274

(Continued)

Exhibit J-5

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

	Special Revenue Funds			Capital Projects Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 19,858	\$ 0	\$ 19,858
Income from Breakfast	0	0	34,487	0	34,487
A la Carte Sales	0	0	72,475	0	72,475
Receipts from Individual Schools	6,934	0	0	0	6,934
Community Service Fees - Children	36,115	0	0	0	36,115
Other Charges for Services	45,535	0	0	0	45,535
Total Charges for Current Services	\$ 88,584	\$ 0	\$ 240,094	\$ 0	\$ 328,678
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 72,289	\$ 0	\$ 0	\$ 0	\$ 72,289
E-Rate Funding	5,411	0	0	0	5,411
Miscellaneous Refunds	20	0	0	0	20
<u>Nonrecurring Items</u>					
Sale of Equipment	2,500	0	0	0	2,500
Damages Recovered from Individuals	145	0	0	0	145
Contributions and Gifts	12,120	0	0	0	12,120
Total Other Local Revenues	\$ 92,485	\$ 0	\$ 0	\$ 0	\$ 92,485
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 40,266	\$ 0	\$ 0	\$ 0	\$ 40,266
<u>State Education Funds</u>					
Basic Education Program	8,961,000	0	0	0	8,961,000

(Continued)

Exhibit J-5

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

	General Purpose School	Special Revenue Funds			Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects		
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds (Cont.)</u>						
Early Childhood Education	\$ 288,701	\$ 0	\$ 0	\$ 0	\$ 288,701	
School Food Service	0	0	7,093	0	7,093	
Other State Education Funds	311,043	0	0	0	311,043	
Career Ladder Program	41,883	0	0	0	41,883	
Vocational Equipment	124,807	0	0	0	124,807	
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	187,344	0	0	0	187,344	
Total State of Tennessee	\$ 9,955,044	\$ 0	\$ 7,093	\$ 0	\$ 9,962,137	
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 359,818	\$ 0	\$ 359,818	
USDA - Commodities	0	0	50,939	0	50,939	
Breakfast	0	0	170,989	0	170,989	
USDA - Other	0	0	24,568	0	24,568	
Vocational Education - Basic Grants to States	0	29,582	0	0	29,582	
Title I Grants to Local Education Agencies	0	456,006	0	0	456,006	
Special Education - Grants to States	0	451,392	0	0	451,392	
Special Education Preschool Grants	0	52,337	0	0	52,337	
English Language Acquisition Grants	0	1,864	0	0	1,864	
Safe and Drug-free Schools - State Grants	0	55,915	0	0	55,915	
Rural Education	0	26,474	0	0	26,474	
Eisenhower Professional Development State Grants	0	64,593	0	0	64,593	
Other Federal through State	0	30,513	0	0	30,513	
Total Federal Government	\$ 0	\$ 1,168,676	\$ 606,314	\$ 0	\$ 1,774,990	

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Central</u>	<u>Projects</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Cafeteria</u>	<u>Fund</u>	
	<u>School</u>	<u>Projects</u>		<u>Education</u>	
				<u>Capital</u>	
				<u>Projects</u>	
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 2,486,742	\$ 2,486,742
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 2,486,742	\$ 2,486,742
Total	\$ 13,429,613	\$ 1,168,676	\$ 853,501	\$ 2,486,742	\$ 17,938,532

Exhibit J-6

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	23,650	
Social Security		1,466	
Unemployment Compensation		20	
Employer Medicare		343	
Audit Services		4,350	
Dues and Memberships		1,200	
Legal Notices, Recording, and Court Costs		5,405	
Postal Charges		588	
Other Charges		533	
Total County Commission			\$ 37,555

Board of Equalization

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

Beer Board

Board and Committee Members Fees	\$	750	
Social Security		46	
Employer Medicare		11	
Total Beer Board			807

Budget and Finance Committee

Board and Committee Members Fees	\$	1,950	
Social Security		121	
Employer Medicare		28	
Total Budget and Finance Committee			2,099

Other Boards and Committees

Board and Committee Members Fees	\$	1,000	
Social Security		62	
Employer Medicare		14	
Total Other Boards and Committees			1,076

County Mayor/Executive

County Official/Administrative Officer	\$	72,974	
Accountants/Bookkeepers		21,556	
Secretary(ies)		5,006	
Other Salaries and Wages		67	
Social Security		6,016	
Pensions		3,378	
Unemployment Compensation		113	
Employer Medicare		1,407	
Dues and Memberships		1,355	
Maintenance Agreements		13,470	
Maintenance and Repair Services - Office Equipment		49	
Postal Charges		1,744	
Travel		363	

(Continued)

Exhibit J-6

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Office Supplies	\$	2,927	
Other Charges		289	
Total County Mayor/Executive			\$ 130,714

Personnel Office

Maintenance Agreements	\$	1,060	
Postal Charges		600	
Office Supplies		201	
Other Supplies and Materials		479	
Total Personnel Office			2,340

County Attorney

Legal Services	\$	38,796	
Total County Attorney			38,796

Election Commission

County Official/Administrative Officer	\$	56,436	
Custodial Personnel		4,865	
Other Salaries and Wages		26,210	
Election Commission		3,525	
Social Security		5,105	
Pensions		1,411	
Unemployment Compensation		282	
Employer Medicare		1,194	
Communication		1,500	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		367	
Maintenance Agreements		40	
Maintenance and Repair Services - Buildings		3,045	
Maintenance and Repair Services - Office Equipment		58	
Postal Charges		2,073	
Printing, Stationery, and Forms		1,121	
Travel		2,013	
Electricity		1,414	
Food Supplies		33	
Natural Gas		606	
Office Supplies		2,660	
Water and Sewer		486	
Other Supplies and Materials		1,644	
Other Charges		441	
Office Equipment		1,398	
Voting Machines		172,175	
Total Election Commission			290,277

Register of Deeds

County Official/Administrative Officer	\$	63,182	
Secretary(ies)		26,598	

(Continued)

Exhibit J-6

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Social Security	\$	4,963	
Pensions		3,046	
Unemployment Compensation		126	
Employer Medicare		1,161	
Dues and Memberships		274	
Maintenance Agreements		1,164	
Data Processing Supplies		3,000	
Office Supplies		1,067	
Total Register of Deeds			\$ 104,581

County Buildings

Custodial Personnel	\$	9,600	
Social Security		584	
Pensions		326	
Unemployment Compensation		19	
Employer Medicare		137	
Communication		24,948	
Evaluation and Testing		30,000	
Maintenance and Repair Services - Buildings		6,000	
Maintenance and Repair Services - Equipment		5,946	
Other Contracted Services		1,988	
Custodial Supplies		3,000	
Electricity		56,674	
Natural Gas		3,589	
Water and Sewer		1,984	
Other Charges		423	
Building Improvements		5,000	
Law Enforcement Equipment		22,476	
Total County Buildings			172,694

Finance

Accounting and Budgeting

Accounting Services	\$	25,000	
Total Accounting and Budgeting			25,000

Property Assessor's Office

County Official/Administrative Officer	\$	63,182	
Deputy(ies)		26,598	
Other Salaries and Wages		26,598	
In-service Training		385	
Social Security		6,931	
Pensions		3,949	
Unemployment Compensation		252	
Employer Medicare		1,621	
Data Processing Services		652	
Dues and Memberships		1,200	
Maintenance Agreements		1,177	

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Maintenance and Repair Services - Vehicles	\$	940	
Postal Charges		650	
Other Contracted Services		7,525	
Data Processing Supplies		750	
Gasoline		570	
Office Supplies		696	
Total Property Assessor's Office			\$ 143,676

Reappraisal Program

Other Salaries and Wages	\$	15,426	
Social Security		956	
Unemployment Compensation		204	
Employer Medicare		224	
Data Processing Services		3,710	
Other Supplies and Materials		1,456	
Total Reappraisal Program			21,976

County Trustee's Office

County Official/Administrative Officer	\$	63,182	
Deputy(ies)		53,196	
Social Security		6,662	
Pensions		1,805	
Unemployment Compensation		233	
Employer Medicare		1,558	
Data Processing Services		5,800	
Dues and Memberships		637	
Legal Notices, Recording, and Court Costs		15	
Maintenance Agreements		9,871	
Postal Charges		6,300	
Travel		1,100	
Data Processing Supplies		578	
Office Supplies		3,314	
Total County Trustee's Office			154,251

County Clerk's Office

County Official/Administrative Officer	\$	63,182	
Deputy(ies)		53,196	
Social Security		7,047	
Pensions		3,949	
Unemployment Compensation		279	
Employer Medicare		1,648	
Dues and Memberships		762	
Maintenance Agreements		2,096	
Postal Charges		3,000	
Travel		1,300	
Office Supplies		1,253	
Total County Clerk's Office			137,712

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Administration of Justice

Circuit Court

Other Charges	\$ 127,152	
Total Circuit Court		\$ 127,152

Circuit Court Clerk

County Official/Administrative Officer	\$ 63,182	
Deputy(ies)	53,196	
Jury and Witness Expense	4,132	
Social Security	6,796	
Pensions	3,949	
Unemployment Compensation	252	
Employer Medicare	1,589	
Dues and Memberships	500	
Legal Notices, Recording, and Court Costs	1,252	
Maintenance Agreements	13,162	
Postal Charges	2,070	
Travel	1,314	
Office Supplies	3,721	
Total Circuit Court Clerk		155,115

General Sessions Judge

Judge(s)	\$ 92,154	
Probation Officer(s)	16,774	
Social Security	6,707	
Pensions	3,507	
Unemployment Compensation	82	
Employer Medicare	1,569	
Dues and Memberships	200	
Postal Charges	100	
Travel	150	
Office Supplies	122	
Total General Sessions Judge		121,365

Chancery Court

County Official/Administrative Officer	\$ 63,182	
Other Salaries and Wages	27,018	
Social Security	5,457	
Pensions	3,046	
Unemployment Compensation	126	
Employer Medicare	1,276	
Dues and Memberships	502	
Maintenance Agreements	6,047	
Postal Charges	486	
Office Supplies	2,505	
Total Chancery Court		109,645

Juvenile Court

County Official/Administrative Officer	\$ 32,960	
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(Continued)

Exhibit J-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Social Security	\$	2,007	
Unemployment Compensation		108	
Employer Medicare		469	
Dues and Memberships		190	
Postal Charges		200	
Travel		1,058	
Other Contracted Services		160	
Office Supplies		533	
Total Juvenile Court			\$ 37,685

Victim Assistance Programs

Other Per Diem and Fees	\$	15,174	
Total Victim Assistance Programs			15,174

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	69,500	
Supervisor/Director		32,000	
Deputy(ies)		373,968	
Investigator(s)		39,547	
Salary Supplements		1,800	
Dispatchers/Radio Operators		306	
Part-time Personnel		45,598	
Overtime Pay		47,608	
Bonus Payments		4,200	
Other Salaries and Wages		28,455	
In-service Training		3,277	
Social Security		39,133	
Pensions		17,682	
Unemployment Compensation		3,603	
Employer Medicare		9,152	
Accounting Services		3,000	
Communication		28,486	
Data Processing Services		6,397	
Dues and Memberships		2,030	
Maintenance Agreements		4,343	
Maintenance and Repair Services - Buildings		2,134	
Maintenance and Repair Services - Equipment		1,995	
Maintenance and Repair Services - Vehicles		33,931	
Postal Charges		2,969	
Towing Services		1,125	
Travel		6,453	
Tuition		3,940	
Other Contracted Services		12,825	
Diesel Fuel		167	
Electricity		18	
Gasoline		63,958	

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Law Enforcement Supplies	\$	1,828	
Office Supplies		8,500	
Tires and Tubes		4,364	
Uniforms		3,104	
Other Supplies and Materials		3,264	
Other Charges		1,778	
Total Sheriff's Department			\$ 912,438

Jail

Supervisor/Director	\$	32,000	
Deputy(ies)		322,434	
Part-time Personnel		16,207	
Overtime Pay		16,911	
Bonus Payments		600	
Other Salaries and Wages		9,639	
In-service Training		630	
Social Security		23,583	
Pensions		9,275	
Unemployment Compensation		2,986	
Employer Medicare		5,515	
Accounting Services		3,000	
Communication		12,040	
Data Processing Services		4,182	
Maintenance and Repair Services - Buildings		24,841	
Medical and Dental Services		75,158	
Travel		1,347	
Other Contracted Services		8,736	
Custodial Supplies		14,649	
Electricity		44,188	
Food Supplies		86,729	
Law Enforcement Supplies		708	
Natural Gas		8,266	
Office Supplies		919	
Uniforms		2,040	
Water and Sewer		15,018	
Other Supplies and Materials		2,200	
Communication Equipment		36,373	
Law Enforcement Equipment		12	
Other Equipment		30,550	
Total Jail			810,736

Juvenile Services

Assistant(s)	\$	14,197	
Supervisor/Director		22,669	
Youth Service Officer(s)		12,406	
Medical Personnel		13,450	
Social Security		3,728	

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Pensions	\$	1,224	
Unemployment Compensation		480	
Employer Medicare		872	
Communication		749	
Maintenance Agreements		971	
Postal Charges		100	
Travel		965	
Other Contracted Services		353	
Drugs and Medical Supplies		299	
Natural Gas		300	
Office Supplies		93	
Total Juvenile Services			\$ 72,856

Work Release Program

Supervisor/Director	\$	35,514	
Probation Officer(s)		177,901	
Part-time Personnel		17,789	
Bonus Payments		1,000	
Social Security		13,832	
Pensions		6,916	
Unemployment Compensation		1,696	
Employer Medicare		3,235	
Other Fringe Benefits		11,444	
Communication		10,686	
Maintenance and Repair Services - Equipment		1,116	
Postal Charges		577	
Printing, Stationery, and Forms		1,389	
Rentals		16,100	
Travel		10,059	
Other Contracted Services		10,143	
Electricity		3,555	
Natural Gas		1,538	
Office Supplies		15,207	
Water and Sewer		1,300	
Building and Contents Insurance		240	
Other Charges		5,093	
Other Equipment		40,954	
Total Work Release Program			387,284

Fire Prevention and Control

Contributions	\$	9,000	
Maintenance and Repair Services - Vehicles		6,376	
Diesel Fuel		3,083	
Liability Insurance		56,777	
Other Equipment		306,013	
Total Fire Prevention and Control			381,249

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Supervisor/Director	\$	62,869	
Social Security		3,056	
Pensions		2,127	
Unemployment Compensation		126	
Employer Medicare		715	
Communication		3,760	
Maintenance Agreements		1,500	
Travel		3,000	
Other Equipment		21,449	
Total Civil Defense			\$ 98,602

Rescue Squad

Contributions	\$	26,179	
Total Rescue Squad			26,179

Other Emergency Management

Supervisor/Director	\$	38,501	
Dispatchers/Radio Operators		286,817	
Part-time Personnel		32,030	
Overtime Pay		18,929	
Social Security		21,895	
Pensions		11,763	
Unemployment Compensation		1,635	
Employer Medicare		5,121	
Total Other Emergency Management			416,691

County Coroner/Medical Examiner

Medical Personnel	\$	17,733	
Social Security		1,060	
Pensions		248	
Unemployment Compensation		124	
Employer Medicare		248	
Contracts with Government Agencies		19,250	
Medical and Dental Services		1,560	
Total County Coroner/Medical Examiner			40,223

Public Health and Welfare

Local Health Center

Salary Supplements	\$	12,094	
Custodial Personnel		5,100	
Social Security		316	
Unemployment Compensation		94	
Employer Medicare		74	
Communication		3,057	
Contributions		1,236,368	
Maintenance and Repair Services - Buildings		1,118	
Postal Charges		77	

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Travel	\$	600	
Other Contracted Services		811	
Custodial Supplies		282	
Drugs and Medical Supplies		1,374	
Electricity		4,338	
Instructional Supplies and Materials		18,716	
Natural Gas		873	
Office Supplies		864	
Water and Sewer		837	
Total Local Health Center			\$ 1,286,993

Ambulance/Emergency Medical Services

Supervisor/Director	\$	41,100
Accountants/Bookkeepers		40,008
Medical Personnel		617,363
Dispatchers/Radio Operators		960
Secretary(ies)		29,253
Part-time Personnel		77,117
Overtime Pay		83,336
Other Salaries and Wages		7,656
Social Security		51,828
Pensions		24,034
Unemployment Compensation		3,962
Employer Medicare		12,121
Accounting Services		5,000
Ambulance Services		112
Communication		9,438
Dues and Memberships		685
Evaluation and Testing		542
Laundry Service		10,129
Licenses		2,500
Maintenance Agreements		2,703
Maintenance and Repair Services - Equipment		2,840
Maintenance and Repair Services - Vehicles		45,979
Postal Charges		1,491
Travel		4,000
Other Contracted Services		29,138
Custodial Supplies		2,410
Diesel Fuel		28,606
Drugs and Medical Supplies		36,570
Electricity		4,976
Gasoline		1,000
Natural Gas		2,568
Office Supplies		2,930
Tires and Tubes		2,556
Uniforms		216
Water and Sewer		873

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Building and Contents Insurance	\$	12,737	
Refunds		8,267	
Vehicle and Equipment Insurance		21,721	
Workers' Compensation Insurance		52,681	
Fines, Assessments, and Penalties		23,028	
Total Ambulance/Emergency Medical Services			\$ 1,304,434

Crippled Children Services

Contributions	\$	796	
Total Crippled Children Services			796

General Welfare Assistance

Contributions	\$	13,300	
Total General Welfare Assistance			13,300

Sanitation Education/Information

Laborers	\$	32,050	
Part-time Personnel		58	
Overtime Pay		551	
Social Security		2,019	
Pensions		577	
Unemployment Compensation		364	
Employer Medicare		472	
Instructional Supplies and Materials		575	
Other Supplies and Materials		64	
Total Sanitation Education/Information			36,730

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	22,350	
Part-time Personnel		8,060	
Other Salaries and Wages		20,418	
Social Security		3,151	
Pensions		758	
Unemployment Compensation		649	
Employer Medicare		737	
Communication		1,560	
Contributions		2,500	
Maintenance Agreements		25	
Maintenance and Repair Services - Buildings		1,962	
Maintenance and Repair Services - Office Equipment		325	
Postal Charges		49	
Travel		300	
Electricity		4,193	
Natural Gas		2,253	
Office Supplies		300	
Water and Sewer		613	

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Other Supplies and Materials	\$	350	
Other Charges		2,669	
Total Senior Citizens Assistance			\$ 73,222

Libraries

Supervisor/Director	\$	26,500	
Other Salaries and Wages		17,367	
Social Security		2,676	
Pensions		899	
Unemployment Compensation		399	
Employer Medicare		626	
Communication		2,550	
Dues and Memberships		100	
Maintenance Agreements		1,544	
Maintenance and Repair Services - Buildings		2,917	
Maintenance and Repair Services - Equipment		250	
Postal Charges		90	
Travel		362	
Data Processing Supplies		8,346	
Library Books/Media		3,500	
Office Supplies		1,500	
Other Supplies and Materials		2,089	
Other Charges		3,792	
Total Libraries			75,507

Parks and Fair Boards

Supervisor/Director	\$	32,972	
Part-time Personnel		29,286	
Social Security		3,835	
Pensions		1,158	
Unemployment Compensation		513	
Employer Medicare		897	
Communication		3,513	
Contributions		4,436	
Dues and Memberships		340	
Maintenance and Repair Services - Buildings		5,876	
Maintenance and Repair Services - Equipment		5,008	
Maintenance and Repair Services - Vehicles		242	
Postal Charges		74	
Other Contracted Services		24,479	
Custodial Supplies		5,280	
Electricity		51,597	
Fertilizer, Lime, and Seed		387	
Gasoline		1,204	
Natural Gas		9,538	
Water and Sewer		7,156	
Other Supplies and Materials		2,798	
Other Charges		680	
Total Parks and Fair Boards			191,269

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	12,471	
Social Security		358	
Pensions		669	
Employee and Dependent Insurance		766	
Unemployment Compensation		50	
Local Retirement		268	
Employer Medicare		84	
Other Fringe Benefits		946	
Communication		1,840	
Data Processing Services		700	
Maintenance Agreements		819	
Travel		1,000	
Electricity		5,332	
Natural Gas		1,253	
Water and Sewer		1,395	
Other Supplies and Materials		859	
Workers' Compensation Insurance		19	
Total Agricultural Extension Service			\$ 28,829

Soil Conservation

Contributions	\$	3,300	
Total Soil Conservation			3,300

Other Operations

Tourism

Advertising	\$	900	
Total Tourism			900

Airport

Contributions	\$	42,862	
Total Airport			42,862

Veterans' Services

Supervisor/Director	\$	9,061	
Social Security		562	
Unemployment Compensation		149	
Employer Medicare		131	
Communication		60	
Dues and Memberships		399	
Maintenance Agreements		309	
Travel		141	
Office Supplies		15	
Total Veterans' Services			10,827

Other Charges

Liability Insurance	\$	101,644	
Trustee's Commission		78,913	

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$	19,300	
Workers' Compensation Insurance		92,546	
Other Charges		6,353	
Total Other Charges			\$ 298,756

Employee Benefits

Medical Insurance	\$	247,455	
Total Employee Benefits			247,455

Miscellaneous

Contributions	\$	10,427	
Dues and Memberships		6,659	
Total Miscellaneous			17,086

Principal on Debt

General Government

Principal on Notes	\$	1,036,368	
Principal on Capital Leases		33,915	
Total General Government			1,070,283

Interest on Debt

General Government

Interest on Notes	\$	15,114	
Interest on Capital Leases		6,136	
Total General Government			21,250

Total General Fund \$ 9,700,314

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	12,000	
Truck Drivers		16,389	
Laborers		27,654	
Secretary(ies)		3,000	
Part-time Personnel		580	
Overtime Pay		17,943	
Social Security		4,690	
Pensions		2,636	
Unemployment Compensation		292	
Employer Medicare		1,097	
Communication		677	
Engineering Services		6,445	
Legal Services		274,595	
Maintenance and Repair Services - Buildings		2,982	
Maintenance and Repair Services - Equipment		4,928	
Maintenance and Repair Services - Vehicles		11,460	

(Continued)

Exhibit J-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Other Contracted Services	\$	12,554	
Diesel Fuel		13,596	
Gasoline		13,496	
Natural Gas		6,500	
Tires and Tubes		2,263	
Water and Sewer		2,161	
Other Supplies and Materials		5,986	
Other Charges		1,099	
Total Sanitation Management			\$ 445,023

Convenience Centers

Laborers	\$	80,337	
Part-time Personnel		11,714	
Social Security		5,636	
Pensions		552	
Unemployment Compensation		980	
Employer Medicare		1,318	
Communication		533	
Maintenance and Repair Services - Buildings		463	
Maintenance and Repair Services - Equipment		709	
Electricity		4,063	
Water and Sewer		1,182	
Other Supplies and Materials		41	
Total Convenience Centers			107,528

Other Operations

Other Charges

Trustee's Commission	\$	4,073	
Workers' Compensation Insurance		895	
Surcharge		8,162	
Total Other Charges			13,130

Employee Benefits

Medical Insurance	\$	3,035	
Total Employee Benefits			3,035

Total Solid Waste/Sanitation Fund \$ 568,716

Special Purpose Fund

Public Health and Welfare

Other Local Health Services

Contributions	\$	595,974	
Total Other Local Health Services			\$ 595,974

Other Operations

Other Charges

Trustee's Commission	\$	5,974	
Total Other Charges			5,974

Total Special Purpose Fund 601,948

(Continued)

Exhibit J-6

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

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	2,500	
Maintenance and Repair Services - Vehicles		5,541	
Law Enforcement Supplies		9,776	
Communication Equipment		8,000	
Law Enforcement Equipment		6,727	
Total Drug Enforcement			\$ 32,544

Other Operations

Other Charges

Trustee's Commission	\$	52	
Total Other Charges			52

Total Drug Control Fund \$ 32,596

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	12,425	
Total Chancery Court			\$ 12,425

Total Constitutional Officers - Fees Fund 12,425

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	69,500	
Assistant(s)		28,800	
Accountants/Bookkeepers		14,400	
Advertising		211	
Communication		12,412	
Dues and Memberships		2,316	
Evaluation and Testing		440	
Postal Charges		150	
Printing, Stationery, and Forms		946	
Travel		679	
Other Contracted Services		13,376	
Electricity		6,247	
Natural Gas		397	
Office Supplies		310	
Water and Sewer		896	
Other Supplies and Materials		1,200	
Total Administration			\$ 152,280

Highway and Bridge Maintenance

Laborers	\$	260,764	
Overtime Pay		11,832	
Handling Charges and Administrative Costs		295	

(Continued)

Exhibit J-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Asphalt - Cold Mix	\$	35,393	
Asphalt - Liquid		202,124	
Crushed Stone		173,873	
Custodial Supplies		296	
Pipe		70,991	
Road Signs		1,758	
Wood Products		308	
Total Highway and Bridge Maintenance			\$ 757,634

Operation and Maintenance of Equipment

Mechanic(s)	\$	57,923	
Overtime Pay		12,018	
Diesel Fuel		56,818	
Equipment and Machinery Parts		102,798	
Gasoline		16,212	
Lubricants		4,611	
Tires and Tubes		17,728	
Chemicals		1,008	
Total Operation and Maintenance of Equipment			269,116

Other Charges

Liability Insurance	\$	41,471	
Trustee's Commission		19,173	
Workers' Compensation Insurance		37,858	
Total Other Charges			98,502

Employee Benefits

Social Security	\$	34,609	
Pensions		11,589	
Medical Insurance		74,388	
Total Employee Benefits			120,586

Capital Outlay

Operating Lease Payments	\$	18,553	
Other Contracted Services		68,810	
Bridge Construction		211,154	
Highway Equipment		237,644	
State Aid Projects		376,226	
Total Capital Outlay			912,387

Total Highway/Public Works Fund \$ 2,310,505

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	350,000	
Principal on Notes		20,460	
Principal on Other Loans		13,828	
Total General Government			\$ 384,288

(Continued)

Exhibit J-6

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Highways and Streets

Principal on Notes	\$ 40,662	
Total Highways and Streets		\$ 40,662

Education

Principal on Bonds	\$ 860,000	
Total Education		860,000

Interest on Debt

General Government

Interest on Bonds	\$ 148,232	
Interest on Notes	906	
Interest on Other Loans	3,252	
Total General Government		152,390

Highways and Streets

Interest on Notes	\$ 5,361	
Total Highways and Streets		5,361

Education

Interest on Bonds	\$ 17,200	
Interest on Notes	31,698	
Total Education		48,898

Other Debt Service

General Government

Contributions	\$ 153,962	
Fiscal Agent Charges	3,632	
Trustee's Commission	11,749	
Total General Government		169,343

Total General Debt Service Fund		\$ 1,660,942
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Education Capital Projects Fund

Other Debt Service

Education

Other Debt Issuance Charges	\$ 13,258	
Total Education		\$ 13,258

Capital Projects

Education Capital Projects

Contributions	\$ 2,486,742	
Total Education Capital Projects		2,486,742

Total Education Capital Projects Fund		2,500,000
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Total Governmental Funds - Primary Government		<u>\$ 17,387,446</u>
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Exhibit J-7

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,210,046	
Career Ladder Program	21,892	
Homebound Teachers	4,110	
Educational Assistants	71,552	
Other Salaries and Wages	16,800	
Certified Substitute Teachers	14,438	
Non-certified Substitute Teachers	89,220	
Social Security	242,947	
Pensions	379,974	
Medical Insurance	407,079	
Unemployment Compensation	7,528	
Employer Medicare	57,931	
Other Contracted Services	36,293	
Instructional Supplies and Materials	95,874	
Textbooks - Bound	60,747	
Other Supplies and Materials	23,240	
Other Charges	59,247	
Regular Instruction Equipment	209,580	
Total Regular Instruction Program		\$ 6,008,498

Alternative Instruction Program

Teachers	\$ 49,145	
Educational Assistants	33,506	
Social Security	4,429	
Pensions	5,552	
Medical Insurance	15,152	
Employer Medicare	1,036	
Other Supplies and Materials	260	
Total Alternative Instruction Program		109,080

Special Education Program

Teachers	\$ 483,745	
Career Ladder Program	4,000	
Homebound Teachers	3,770	
Educational Assistants	34,997	
Speech Pathologist	100,544	
Non-certified Substitute Teachers	17,730	
Social Security	35,439	
Pensions	53,138	
Medical Insurance	50,522	
Unemployment Compensation	1,000	
Employer Medicare	8,568	
Maintenance and Repair Services - Equipment	4,774	
Instructional Supplies and Materials	7,071	
Other Supplies and Materials	8,327	
Other Charges	18	
Special Education Equipment	23,831	
Total Special Education Program		837,474

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Teachers	\$	317,524	
Career Ladder Program		1,000	
Social Security		17,898	
Pensions		27,175	
Medical Insurance		15,739	
Unemployment Compensation		300	
Employer Medicare		4,425	
Other Contracted Services		54,300	
Instructional Supplies and Materials		9,459	
Textbooks - Bound		3,200	
Vocational Instruction Equipment		126,807	
Total Career and Technical Education Program	\$		577,827

Support Services

Attendance

Supervisor/Director	\$	87,543	
Career Ladder Program		1,000	
Social Security		3,719	
Pensions		5,767	
Medical Insurance		3,553	
Unemployment Compensation		200	
Employer Medicare		1,233	
Travel		1,112	
Other Contracted Services		3,076	
Other Supplies and Materials		1,140	
Attendance Equipment		2,742	
Total Attendance			111,085

Health Services

Supervisor/Director	\$	43,056	
Clerical Personnel		14,363	
Other Salaries and Wages		58,268	
Social Security		6,664	
Pensions		3,815	
Medical Insurance		10,122	
Unemployment Compensation		150	
Employer Medicare		1,559	
Communication		1,010	
Postal Charges		300	
Travel		3,631	
Other Contracted Services		42,514	
Drugs and Medical Supplies		666	
Other Supplies and Materials		22,480	
In Service/Staff Development		4,340	
Other Equipment		16,000	
Total Health Services			228,938

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Guidance Personnel	\$	137,171	
Other Salaries and Wages		54,199	
Social Security		10,756	
Pensions		14,654	
Medical Insurance		17,343	
Unemployment Compensation		250	
Employer Medicare		2,515	
Contracts with Government Agencies		16,000	
Contracts with Other School Systems		259,200	
Evaluation and Testing		5,040	
Travel		257	
Other Contracted Services		11,363	
Other Supplies and Materials		287	
Other Charges		29,826	
Total Other Student Support			\$ 558,861

Regular Instruction Program

Supervisor/Director	\$	154,976	
Career Ladder Program		6,000	
Librarians		214,536	
Secretary(ies)		124,768	
Other Salaries and Wages		34,400	
Social Security		29,037	
Pensions		38,404	
Medical Insurance		29,644	
Unemployment Compensation		900	
Employer Medicare		7,290	
Travel		2,273	
Library Books/Media		7,181	
Other Supplies and Materials		499	
In Service/Staff Development		7,723	
Other Charges		1,375	
Total Regular Instruction Program			659,006

Special Education Program

Supervisor/Director	\$	65,700	
Career Ladder Program		1,000	
Clerical Personnel		11,142	
Social Security		4,718	
Pensions		6,413	
Medical Insurance		4,645	
Employer Medicare		1,103	
Communication		2,013	
Travel		6,012	
Other Contracted Services		30,000	
Other Equipment		772	
Total Special Education Program			133,518

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Career and Technical Education Program

Supervisor/Director	\$	5,999	
Social Security		361	
Pensions		516	
Employer Medicare		84	
Travel		7,400	
Other Supplies and Materials		326	
In Service/Staff Development		1,955	
Total Career and Technical Education Program			\$ 16,641

Technology

Supervisor/Director	\$	35,024	
Other Salaries and Wages		17,513	
Social Security		2,464	
Pensions		2,386	
Medical Insurance		5,605	
Unemployment Compensation		150	
Employer Medicare		576	
Maintenance and Repair Services - Equipment		12,259	
Internet Connectivity		30,305	
Travel		751	
Other Contracted Services		4,250	
Total Technology			111,283

Other Programs

On-behalf Payments to OPEB	\$	40,266	
Total Other Programs			40,266

Board of Education

Board and Committee Members Fees	\$	11,900	
Social Security		694	
Unemployment Compensation		450	
Employer Medicare		173	
Audit Services		11,000	
Dues and Memberships		7,920	
Legal Services		231	
Other Supplies and Materials		7,738	
Trustee's Commission		79,759	
Workers' Compensation Insurance		67,303	
Refund to Applicant for Criminal Investigation		424	
Other Charges		3,003	
Total Board of Education			190,595

Director of Schools

County Official/Administrative Officer	\$	87,250	
Secretary(ies)		20,125	
Social Security		3,615	

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Pensions	\$	5,434	
Medical Insurance		1,627	
Employer Medicare		1,534	
Communication		15,841	
Postal Charges		3,278	
Travel		1,837	
Other Contracted Services		2,000	
Office Supplies		2,030	
Other Supplies and Materials		3,358	
Other Charges		579	
Administration Equipment		5,131	
Total Director of Schools			\$ 153,639

Office of the Principal

Principals	\$	300,790	
Career Ladder Program		4,000	
Assistant Principals		7,497	
Social Security		17,084	
Pensions		28,355	
Medical Insurance		31,990	
Unemployment Compensation		200	
Employer Medicare		3,995	
Communication		4,800	
Other Charges		195	
Total Office of the Principal			398,906

Fiscal Services

Accountants/Bookkeepers	\$	75,849	
Social Security		4,618	
Pensions		2,495	
Unemployment Compensation		100	
Employer Medicare		1,080	
Travel		1,534	
Other Contracted Services		14,943	
Office Supplies		2,562	
Other Charges		2,271	
Total Fiscal Services			105,452

Operation of Plant

Custodial Personnel	\$	179,204	
Social Security		10,771	
Pensions		4,810	
Medical Insurance		14,866	
Unemployment Compensation		500	
Employer Medicare		2,519	
Custodial Supplies		37,293	

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Electricity	\$	297,714	
Natural Gas		76,191	
Water and Sewer		51,994	
Building and Contents Insurance		114,665	
Other Charges		60	
Plant Operation Equipment		6,480	
Total Operation of Plant			\$ 797,067

Maintenance of Plant

Maintenance Personnel	\$	84,117	
Social Security		5,033	
Pensions		2,522	
Medical Insurance		11,597	
Unemployment Compensation		300	
Employer Medicare		1,177	
Maintenance and Repair Services - Buildings		52,948	
Maintenance and Repair Services - Equipment		1,490	
Other Contracted Services		18,446	
Gasoline		4,094	
Other Charges		1,565	
Total Maintenance of Plant			183,289

Transportation

Supervisor/Director	\$	42,186	
Mechanic(s)		27,000	
Bus Drivers		252,693	
Clerical Personnel		15,782	
Social Security		20,764	
Pensions		10,662	
Medical Insurance		9,000	
Unemployment Compensation		500	
Employer Medicare		4,856	
Communication		3,204	
Maintenance and Repair Services - Vehicles		50,823	
Medical and Dental Services		3,375	
Travel		1,053	
Diesel Fuel		63,761	
Garage Supplies		4,637	
Gasoline		2,948	
Tires and Tubes		24,237	
Vehicle Parts		1,200	
Vehicle and Equipment Insurance		538	
Other Charges		4,186	
Transportation Equipment		95,277	
Total Transportation			638,682

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	19,273	
Teachers		50,025	
Clerical Personnel		3,000	
Other Salaries and Wages		39,766	
Social Security		6,751	
Pensions		6,748	
Employer Medicare		1,618	
Travel		81	
Food Supplies		164	
Instructional Supplies and Materials		1,140	
Other Supplies and Materials		10,847	
In Service/Staff Development		844	
Total Community Services			\$ 140,257

Early Childhood Education

Supervisor/Director	\$	10,301	
Teachers		167,856	
Clerical Personnel		1,999	
Educational Assistants		87,258	
Non-certified Substitute Teachers		6,690	
Social Security		14,755	
Pensions		19,099	
Medical Insurance		32,429	
Unemployment Compensation		410	
Employer Medicare		3,451	
Maintenance and Repair Services - Equipment		7,476	
Travel		1,265	
Food Supplies		2,301	
Instructional Supplies and Materials		21,239	
Other Supplies and Materials		2,892	
In Service/Staff Development		2,193	
Other Charges		80	
Regular Instruction Equipment		4,190	
Total Early Childhood Education			385,884

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	141,335	
Other Equipment		24,482	
Total Regular Capital Outlay			165,817

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	487,698	
Total Education			487,698

Total General Purpose School Fund \$ 13,039,763

(Continued)

Exhibit J-7

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	247,610	
Educational Assistants		61,891	
Non-certified Substitute Teachers		360	
Social Security		17,907	
Pensions		24,281	
Medical Insurance		21,148	
Employer Medicare		4,188	
Instructional Supplies and Materials		38,931	
Other Charges		280	
Regular Instruction Equipment		27,915	
Total Regular Instruction Program	\$		444,511

Special Education Program

Teachers	\$	48,144	
Educational Assistants		249,508	
Social Security		16,318	
Pensions		11,342	
Medical Insurance		37,336	
Employer Medicare		3,816	
Instructional Supplies and Materials		1,696	
Special Education Equipment		848	
Total Special Education Program			369,008

Career and Technical Education Program

Vocational Instruction Equipment	\$	18,756	
Total Career and Technical Education Program			18,756

Support Services

Other Student Support

Travel	\$	5,650	
Other Contracted Services		17,000	
Other Supplies and Materials		2,384	
In Service/Staff Development		4,000	
Other Charges		4,551	
Total Other Student Support			33,585

Regular Instruction Program

Supervisor/Director	\$	38,260	
Other Salaries and Wages		45,024	
Social Security		5,095	
Pensions		7,562	
Employer Medicare		1,192	
Travel		60	
In Service/Staff Development		10,132	
Other Equipment		1,575	
Total Regular Instruction Program			108,900

(Continued)

Exhibit J-7

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Psychological Personnel	\$	52,810	
Clerical Personnel		11,140	
Social Security		3,443	
Pensions		5,162	
Medical Insurance		7,428	
Employer Medicare		805	
Other Contracted Services		2,049	
Other Supplies and Materials		876	
In Service/Staff Development		6,059	
Total Special Education Program			\$ 89,772

Career and Technical Education Program

Other Supplies and Materials	\$	1,176	
Total Career and Technical Education Program			1,176

Transportation

Bus Drivers	\$	41,188	
Social Security		2,544	
Pensions		897	
Employer Medicare		595	
Diesel Fuel		69	
Total Transportation			45,293

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	13,738	
Teachers		28,050	
Clerical Personnel		3,000	
Social Security		2,777	
Pensions		3,761	
Employer Medicare		649	
Instructional Supplies and Materials		3,129	
Other Supplies and Materials		90	
In Service/Staff Development		722	
Total Community Services			55,916

Total School Federal Projects Fund \$ 1,166,917

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	5,993	
Clerical Personnel		28,658	
Cafeteria Personnel		304,656	
Social Security		19,522	
Pensions		9,207	

(Continued)

Exhibit J-7

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Medical Insurance	\$	41,252	
Employer Medicare		4,566	
Communication		1,834	
Maintenance and Repair Services - Equipment		18,761	
Postal Charges		200	
Travel		586	
Other Contracted Services		18,727	
Food Preparation Supplies		20,238	
Food Supplies		285,566	
Office Supplies		1,104	
USDA - Commodities		50,939	
Other Supplies and Materials		4,193	
Refunds		226	
In Service/Staff Development		920	
Other Charges		7,779	
Food Service Equipment		15,168	
Total Food Service			\$ 840,095

Total Central Cafeteria Fund \$ 840,095

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Architects	\$	61,836	
Building Improvements		721,938	
Total Regular Capital Outlay			\$ 783,774

Total Education Capital Projects Fund 783,774

Total Governmental Funds - Decatur County School Department \$ 15,830,549

Exhibit J-8

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 871,256
Total Cash Receipts	<u>\$ 871,256</u>
<u>Cash Disbursements</u>	
Remittance of Revenue Collected	\$ 517,526
Trustee's Commission	8,713
Contributions	<u>345,017</u>
Total Cash Disbursements	<u>\$ 871,256</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2017	<u>0</u>
Cash Balance, June 30, 2018	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Decatur County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Decatur County's basic financial statements, and have issued our report thereon dated January 8, 2019. Our report on the aggregate discretely presented component units' financial statements was adverse due to not including the financial statements of the Decatur County General Hospital, which had not been audited as of the date of this report. Our reports on the other opinion units noted above were unmodified.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Decatur County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Decatur County's internal control. Accordingly, we do not express an opinion on the effectiveness of Decatur County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2018-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2018-003(A,C), 2018-005, 2018-006, and 2018-008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Decatur County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2018-002, 2018-003(B), 2018-004, 2018-007, 2018-009, 2018-010, and 2018-011.

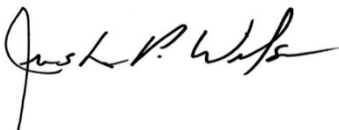
Decatur County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 8, 2019

JPW/kp



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Decatur County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Decatur County's major federal programs for the year ended June 30, 2018. Decatur County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Decatur County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Decatur County's compliance with those

requirements and performing such other procedures as we considered necessary in the circumstances

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Decatur County's compliance.

Opinion on Each Major Federal Program

In our opinion, Decatur County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Decatur County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Decatur County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Decatur County's internal control over compliance.

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

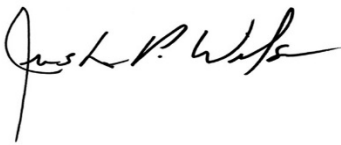
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Decatur County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Decatur County's basic financial statements. We issued our report thereon dated January 8, 2019. Our report on the aggregate discretely presented component units' financial statements was adverse due to not including the financial statements of the Decatur County General Hospital, which were not available from other auditors as of the date of this report. Our audit was conducted for the purpose of forming opinions on the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 8, 2019

JPW/kp

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (3)			
School Breakfast Program	10.553	N/A	\$ 170,989
National School Lunch Program	10.555	N/A	362,055 (6)
Special Milk Program for Children	10.556	N/A	22,331
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	50,939 (6)
Direct Program:			
Part 1774 - Special Evaluation Assistance for Rural Communities and Household Program (SEARCH)	10.759	N/A	30,000
Total U.S. Department of Agriculture			<u>\$ 636,314</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 161,550 (7)
Total U.S. Department of Defense			<u>\$ 161,550</u>
U.S. Department of Justice:			
Passed-through State Department of Children Services:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	N/A	\$ 9,000
Total U.S. Department of Justice			<u>\$ 9,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
National Priority Safety Programs	20.616	(4)	\$ 8,743
Total U.S. Department of Transportation			<u>\$ 8,743</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(5)	\$ 2,471
Total Institute of Museum and Library Services			<u>\$ 2,471</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 454,233
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	451,392
Special Education - Preschool Grants	84.173	N/A	52,337
Career and Technical Education - Basic Grants to States	84.048	N/A	29,582
Twenty-first Century Community Learning Centers	84.287	N/A	55,915
Rural Education	84.358	N/A	26,481
English Language Acquisition Grants	84.365	N/A	1,864
Improving Teacher Quality State Grants	84.367	N/A	64,600
Total U.S. Department of Education			<u>\$ 1,136,404</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(5)	\$ 140,000
Total U.S. Election Assistance Commission			<u>\$ 140,000</u>
U. S. Department of Health and Human Services:			
Passed-through Southwest Tennessee Development District:			
Aging Cluster:			
Special Programs for the Aging - Title II, Part B - Grants for Supportive Services and Senior Centers	93.044	(5)	\$ 22,175
Passed-through State Department of Human Services:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	N/A	30,513
Total U. S. Department of Health and Human Services			<u>\$ 52,688</u>

(Continued)

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

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(5)	\$ 27,000
Assistance to Firefighters Grant	97.044	(5)	236,405
Homeland Security Grant Program	97.067	EMW-2015-SS-00023	2,955
Total U.S. Department of Homeland Security			<u>\$ 266,360</u>
Total Expenditures of Federal Awards			<u>\$ 2,413,530</u>

State Grants		Contract Number	
TENNderCare Outreach - State Department of Health	N/A	GG175020000	\$ 2,995
Juvenile Justice and Delinquency Prevention - State Department of Children Services	N/A	38673	54,749
Alternative Punishment Program - State Department of Corrections	N/A	(5)	430,757
Litter Program - State Department of Transportation	N/A	(5)	29,712
Early Childhood Education - State Department of Education	N/A	(5)	288,701
CTE Equipment Grant - State Department of Education	N/A	(5)	124,807
Kindergarten Entry Inventory Grant - State Department of Education	N/A	(5)	1,750
ConnectTenn - State Department of Education	N/A	(5)	4,173
Safe Schools Act - State Department of Education	N/A	(5)	9,060
Family Resource Center - State Department of Education	N/A	(5)	29,919
Coordinated School Health - State Department of Education	N/A	(5)	93,000
Lottery Education Afterschool Programs - State Department of Education	N/A	(5)	85,693
Read to be Ready Coaching Network Grant - State Department of Education	N/A	(5)	9,623
Total State Grants			<u>\$ 1,164,939</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) Decatur County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster total \$606,314; Special Education Cluster total \$503,729.
- (4) Z17THS406: \$1,618; Z18THS087: \$7,125.
- (5) Information not available.
- (6) Total for CFDA No. 10.555 is \$412,994.
- (7) During the year ended June 30, 2018, Decatur County received excess military equipment from the U.S. Department of Defense valued at \$161,550.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Decatur County, Tennessee, for the year ended June 30, 2018.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF COUNTY MAYOR</u>					
2017	179	2017-001	The Office had Deficiencies in Budget Operations	N/A	A. and E. - Corrected B. through D. - Not Corrected - See Explanation on Corrective Action Plan
2017	182	2017-002	The Office had Accounting Deficiencies	N/A	Not Corrected - See Explanation on Corrective Action Plan
2017	183	2017-003	Time Sheets were not Always Signed	N/A	Corrected
2017	184	2017-004	An Investigation of the Former County Mayor and Several Former County Employees Resulted in a Cash Shortage of \$54,262	N/A	Corrected
2017	184	2017-005	A Username and Password was Shared by Employees of the Ambulance Service	N/A	Corrected
<u>OFFICE OF ROAD SUPERVISOR</u>					
2017	185	2017-006	The Highway/Public Works Fund Required Material Audit Adjustments for Proper Financial Statement Presentation	N/A	Corrected
<u>OFFICE OF TRUSTEE</u>					
2017	186	2017-007	The Trustee did not Require a Depository to Adequately Collateralize Funds	N/A	Corrected
<u>DECATUR COUNTY</u>					
2017	187	2017-008	Certain Financial Activity of the Decatur County Public Library was not Audited and was not Subject to the Budgetary Control of the County Commission	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

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

DECATUR COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the aggregate discretely presented component units is adverse. Our report on the governmental activities, each major fund, and the aggregate remaining information is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **YES**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **YES**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of major federal programs:
 - * CFDA Numbers: 10.553, 10.555, and 10.556 Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Special Milk Program for Children
 - * CFDA Number: 84.010 Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2018-001

THE GENERAL AND GENERAL DEBT SERVICE FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

At June 30, 2018, certain general ledger account balances in the General and General Debt Service funds were not materially correct, and audit adjustments totaling \$740,288 and \$98,656, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Decatur County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The mayor has hired a full-time bookkeeper. We have reviewed the adjustments that were necessary this year and agree with them. We will work to correct these mistakes going forward.

FINDING 2018-002

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

(A. – Material Noncompliance Under *Government Auditing Standards*; B. and C. – Noncompliance Under *Government Auditing Standards*)

Our examination revealed numerous deficiencies in budget operations of the office. These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to provide sufficient oversight. These deficiencies also exist because management failed to correct the finding noted in the prior-year audit report.

- A. Expenditures exceeded total appropriations approved by the County Commission in the General and Special Purpose funds by \$516,433 and \$161,968, respectively.
- B. Expenditures exceeded appropriations approved by the County Commission in one of four major appropriation categories of the Solid Waste/Sanitation Fund in the Other Operations – Employee Benefits major appropriations category by \$1,035.
- C. Salaries exceeded appropriations in 12 of 92 salary line-items of the General Fund by amounts ranging from \$306 to \$8,060 and in one of nine salary line-items of the Solid Waste/Sanitation Fund by \$1,114. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county shall not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur with this finding. We were able to correct two parts of this finding from the prior year. We will continue to work on the remaining deficiencies going forward. We have implemented more stringent processes to obtain budget amendments before any expenditures are made for the corresponding general account line-item. To complete this process, we are utilizing the software provided by Local Government Data Processing Corporation. When any expenditure is entered into the software, which exceeds the approved and/or amended budget, the software issues a warning of the excessive amount. At that time,

the individual entering the expenditure for payment automatically removes the item from expenditures to be processed and submits it back to the appropriate department head for the budget amendment process. The department head completes the county budget amendment form for inclusion in the County Commission packets for their approval. The budget committee reviews the submitted budget amendments and then presents those budget amendments, which the budget committee deems acceptable to the full commission for approval.

FINDING 2018-003

THE OFFICE HAD ACCOUNTING DEFICIENCIES

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

The following deficiencies were noted during our examination of the office's accounting records. These deficiencies exist due to a lack of management oversight and a lack of understanding of internal controls. Also, these deficiencies exist because management failed to correct the finding noted in the prior-year audit report and failed to implement their corrective action plan.

- A. The office did not accurately reconcile its check clearing bank account and accurately prepare lists of outstanding checks. A list of outstanding checks at June 30, 2018, was prepared; however, the account did not reconcile with the general ledger by \$1,168 since all errors had not been corrected or identified. The monthly reconciliation of bank statements and the accurate preparation of lists of outstanding checks are necessary procedures to ensure all transactions are recorded properly in the accounting records. The Trustee's Office maintains this bank clearing account for checks written by the County Mayor's Office; however, the County Mayor's Office is responsible for reconciling this account with the trustee's general ledger balance.
- B. The office did not properly reconcile the general ledger cash account in the General Fund with county trustee's reports. The office attempted to reconcile the cash account with the trustee's reports monthly; however, the account did not reconcile by \$1,168 at June 30, 2018. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the trustee's reports monthly. Failure to reconcile the general ledger cash account with the county trustee's reports increases the risks that errors may occur and not be detected. The cash balance was determined by substantive tests and alternative audit procedures.
- C. General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments each month in the General and Solid Waste/Sanitation funds. As a result, unidentified balances accumulated in the liability accounts for several payroll deductions. Management attempted to correct the liability accounts during the year by posting unexplained general journal entries without reconciling the account balances. Sound business practices dictate that payroll liability accounts should be reconciled with

payroll reports and payments monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner.

RECOMMENDATION

Bank statements should be reconciled accurately with the general ledger monthly, and any errors discovered should be corrected promptly. Accurate lists of outstanding checks should be prepared monthly. The office should reconcile its general ledger cash accounts with the county trustee's reports monthly as required by state statute, and any errors discovered should be corrected promptly. General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly. All general journal entries should be documented sufficiently.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. We did implement our corrective action plan from last year and corrected numerous errors in the reconciliations; however, we have not yet discovered all of the discrepancies, so an unidentified balance remains. We will continue to perform reconciliations and prepare lists of outstanding checks. We will further research the unidentified balance until it is reconciled. Payroll liabilities will be reviewed, and withholding adjustments will be made as needed to ensure that they are zeroing out monthly without the need of a clearing entry.

FINDING 2018-004

THE GENERAL FUND'S MINIMUM FUND BALANCE DID NOT COMPLY WITH COUNTY POLICY (Noncompliance Under *Government Auditing Standards*)

On August 25, 2016, the County Commission adopted a minimum fund balance policy that requires that the minimum unrestricted fund balance for the General Fund should not be less than ten percent of expenditures. This minimum fund balance consists of the sum of committed, assigned, and unassigned fund balances. Total expenditures for the year ended June 30, 2018, were \$9,700,314, which calculates to a minimum fund balance requirement of \$970,031 (ten percent of \$9,700,314). At June 30, 2018, the General Fund's committed, assigned, and unassigned fund balances totaled \$780,490, which is \$189,541 (\$970,031 less \$780,490) below the minimum fund balance requirement. This deficiency is the result of a lack of management oversight and the failure to follow county policy.

RECOMMENDATION

Management should ensure the minimum fund balance in the General Fund is at least ten percent of expenditures as required by the county's policy.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. The hospital borrowed money this year to be repaid by June 30, 2018. Because of financial difficulties with the hospital, they were unable to repay the loan, and it was repaid by the General Fund. This reduced the General Fund's balance to less than the minimum fund balance requirement. We will work to decrease expenditures this year to a level that raises the fund balance.

FINDING 2018-005

ACCRUED LEAVE RECORDS WERE NOT MAINTAINED ADEQUATELY

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

The county mayor's personnel policy permits employees to accumulate earned but unused vacation leave. County personnel provided auditors with individual accrued leave records, which auditors tested for accuracy. There were no summarized records provided, only individual sheets for each employee. There were no subsidiary payroll records provided to support the leave used. Auditors tested a sample of individual accounts and noted numerous deficiencies in these records: beginning leave balances did not agree with prior-year ending audit balances; employees who had retired, resigned, or whose employment had been terminated in the current-year had not been removed from the records; and earned amounts for individually tested employees did not agree with the personnel policy. Auditors ultimately used alternative methods to determine accrued leave balances.

The failure to maintain adequate documentation of accumulated leave weakens internal controls over the payroll process and increases the risks of improper payments and inaccurate financial statement presentation of accrued leave balances. These deficiencies can be attributed in part to ineffective management oversight and the failure of accounting personnel to maintain accounting records in accordance with generally accepted accounting principles.

RECOMMENDATION

The County Mayor's Office should maintain a summary of accrued leave and subsidiary records for leave used for all employees. These records should accurately reflect the value of the leave at the beginning of the year, amount earned, amount used, and the value of the leave at year-end.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. With the addition of a full-time bookkeeper, these records will be maintained going forward. We are also working to implement new procedures for how the information is provided to our office from various department supervisors.

FINDING 2018-006

TIME RECORDS WERE NOT ON FILE TO SUPPORT PAYROLL DISBURSEMENTS

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

During our examination of payroll transactions, we selected a sample of 10 disbursements totaling \$11,555 from a population of 4,025 payroll checks totaling \$4,519,527 to obtain reasonable assurance that payroll disbursements were supported by adequate documentation. Auditors were advised that time records for payroll transactions were not available because most payroll records for the past five years were accidentally shredded. Subsequently, management was able to get copies of time records from seven of its employees. Sound business practices dictate that payroll time records should be on hand for all employees. This deficiency is the result of the lack of management oversight.

RECOMMENDATION

Time records should be on hand to support all payments to employees and should be available for audit inspection.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur with this finding. All payroll records are now being safeguarded in the office and are no longer stored off-site. We are also working to retrieve copies of as many lost records as we can.

OFFICE OF ROAD SUPERVISOR

FINDING 2018-007

EXPENDITURES EXCEEDED APPROPRIATIONS

(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission in one of six major appropriation categories (the legal level of control) of the Highway/Public Works Fund in the Highways – Capital Outlay major appropriation category by \$174,585. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT’S RESPONSE – ROAD SUPERVISOR

We will take the necessary steps to keep expenditures within appropriations. We will enter budget amendments after County Commission approval.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2018-008 **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$12,509 AT JUNE 30, 2018**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The School Federal Projects Fund had a cash overdraft of \$12,509 at June 30, 2018. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. Sound business practices dictate that expenditures be held within available funds. The cash overdraft was liquidated subsequent to June 30, 2018.

RECOMMENDATION

The School Department should not issue checks exceeding cash on deposit with the county trustee.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

The Decatur County Board of Education concurs with this finding. The director of schools will request approval by the Board of Education and County Commission to commit an additional \$25,000 from the General Purpose School Fund to the School Federal Projects Fund cash flow reserve account to limit the risk of a cash overdraft in the future. Upon approval, finance will complete the transfer and closely monitor federal projects funds to ensure checks issued do not exceed cash deposited with the county trustee.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2018-009 **NEW OWNERS OF USE VALUE PROPERTIES WERE NOT REQUIRED TO FILE A NEW APPLICATION FOR AGRICULTURAL PROPERTY, FOREST PROPERTY, OR DESIGNATED OPEN SPACE USAGE**
(Noncompliance Under *Government Auditing Standards*)

As a result of our monitoring efforts, we noted the following deficiencies:

- A. In seven of the instances reviewed, the assessor did not require new owners of property that had been previously qualified as agricultural, forest, or designated open space at the date of sale to file a new application in a timely manner to continue the agricultural (Greenbelt) classification as required by

Section 67-5-1005(a)(1), *Tennessee Code Annotated* (TCA), forest land classification as required by Section 67-5-1006, *TCA*, or designated open space classification as required by Section 67-5-1007), *TCA*. The statute further provides for the assessor to notify the new owners that the property is disqualified from receiving use value classification unless the new owners file an application within 30 days of such notification together with a late fee of \$50. This deficiency is the result of management's failure to properly comply with state statutes and could result in the loss of county revenue if property that no longer qualifies for use value classification is assessed at the lower use rate rather than at market value.

- B. The assessor did not properly compute rollback calculations on properties whose acreage or usage changed. Section 67-5-1008(d)(1), *TCA*, requires the assessor to compute the amount of taxes saved by the difference in the present use and the value assessment for Greenbelt properties. This deficiency is the result of management's failure to properly comply with state statutes and will result in the loss of county tax revenue since the property no longer qualifies for Greenbelt classification.

RECOMMENDATION

New owners of properties that qualified for use value assessment the previous year as agricultural should be required to file a new application in a timely manner. In addition, the assessor should properly compute rollback calculations on properties whose acreage or usage changed. The failure to timely apply should result in disqualification and the assessment of rollback taxes as required by statute.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

There were some errors discovered regarding our Greenbelt Program. I have personally addressed these issues and completed the task of correcting these errors. The Greenbelt rollback and applications have been addressed, and the calculations have been completed and delivered to the Trustee's Office. Our office will keep a daily log of all Greenbelt applications and the rollbacks as they occur.

DECATUR COUNTY

FINDING 2018-010

CERTAIN FINANCIAL ACTIVITY OF THE DECATUR COUNTY PUBLIC LIBRARY WAS NOT AUDITED AND WAS NOT SUBJECT TO THE BUDGETARY CONTROL OF THE COUNTY COMMISSION

(Noncompliance Under *Government Auditing Standards*)

The Decatur County Public Library operates as a department within the county's General Fund. A significant portion of the library's expenditures for the year was paid through the county's General Fund (\$75,507), which is included in the financial statements of this report. However, the Library Board maintained two checking accounts and one certificate of deposit

outside of the county's control to deposit various revenues and to pay certain operating expenses. The balances of the two checking accounts and the certificate of deposit totaled \$116,396 at June 30, 2018. Section 5-9-401, *Tennessee Code Annotated (TCA)*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." Also, Section 10-3-106, *TCA*, states that "All library accounts of every character shall be audited annually by or under the county legislative body and/or city governing body." This deficiency exists because management failed to correct the finding noted in the prior-year audit report and failed to implement their corrective action plan. Therefore, the funds channeled through the Library Board's bank accounts, including the certificate of deposit, did not flow through the county's budgetary process, have not been audited, and are not included in the financial statements of this report. We do not consider the exclusion of these amounts to be material to the financial statements of this report.

RECOMMENDATION

The Decatur County Public Library should remit all collections to the county's General Fund. All revenues and expenditures related to the library's operation should be audited and subject to the budgetary control of the County Commission as required by state statutes.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. The county will work with the Library Board to attempt to remedy this finding.

FINDING 2018-011

THE COUNTY'S AUDIT COMMITTEE IS NOT A FUNCTIONING COMMITTEE

(Noncompliance Under *Government Auditing Standards*)

Decatur County created an Audit Committee on June 24, 2013, as provided by Section 9-3-405, *Tennessee Code Annotated*; however, there are no minutes to document that this Audit Committee has met or conducted any business since May 26, 2017. Without a functioning Audit Committee, the County Commission does not have independent and objective reviews of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

RECOMMENDATION

The county's Audit Committee should be a functioning committee, maintain minutes of its meetings, and annually present a written committee report detailing how it discharged its duties and any committee recommendations to the full County Commission.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. The Audit Committee has been advised that they should start meeting and should follow the responsibilities noted in the resolution that established the committee.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2018.

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

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF COUNTY MAYOR

2018-001	The General and General Debt Service Funds Required Material Audit Adjustments for Proper Financial Statement Presentation	199
2018-002	The Office had Deficiencies in Budget Operations	200
2018-003	The Office had Accounting Deficiencies	201
2018-004	The General Fund's Minimum Fund Balance did not Comply with County Policy	202
2018-005	Accrued Leave Records were not Maintained Adequately	203
2018-006	Time Records were not on File to Support Payroll Disbursements	204

OFFICE OF ROAD SUPERVISOR

2018-007	Expenditures Exceeded Appropriations	207
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OFFICE OF DIRECTOR OF SCHOOLS

2018-008	The School Federal Projects Fund had a Cash Overdraft of \$12,509 at June 30, 2018	208
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OFFICE OF ASSESSOR OF PROPERTY

2018-009	New Owners of Use Value Properties were not Required to File a New Application for Agricultural Property, Forest Property, or Designated Open Space Usage	209
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DECATUR COUNTY

2018-010	Certain Financial Activity of the Decatur County Public Library was not Audited and was not Subject to the Budgetary Control of the County Commission	205
2018-011	The County's Audit Committee is not a Functioning Committee	206



DECATUR COUNTY MAYOR

Mike Creasy

FINDING

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by:
Mike Creasy, County Mayor

Person Responsible for Implementing the Corrective Action:
Mike Creasy, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2019

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
We were able to correct 2 parts of this finding from the prior year. We will continue to work on the remaining deficiencies going forward.

Planned Corrective Action:
We concur with this finding. We have implemented more stringent processes to obtain budget amendments before any expenditures are made for the corresponding general account line item. To complete this process, the Mayor's office is utilizing the software provided by Local Government Corporation. When any expenditure is entered into the software which exceeds the approved and/or amended budget, the software issues a warning of the excessive amount. At that time, the individual entering the expenditure for payment automatically removes the item from expenditures to be processed and submits it back to the appropriate department head for the budget amendment process. The department head completes the county budget amendment form for inclusion in the county commission packets for their approval. The budget committee reviews the submitted budget amendments and then presents those budget amendments which the budget committee deems acceptable to the full commission for approval.

22 West Main Street Decaturville, Tn. 38329 731-852-2131 FAX 731-852-2130
Send mail to: PO BOX 488 DECATURVILLE, TN. 38329



DECATUR COUNTY MAYOR

Mike Creasy

FINDING

THE OFFICE HAD ACCOUNTING DEFICIENCIES

Response and Corrective Action Plan Prepared by:
Mike Creasy, County Mayor

Person Responsible for Implementing the Corrective Action:
Mike Creasy, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2019

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
We did implement our corrective action plan from last year and corrected numerous errors in the reconciliations; however, we have not yet discovered all of the discrepancies, so an unidentified balance remains.

Planned Corrective Action:
We concur with this finding. We will continue to perform reconciliations and prepare lists of outstanding checks. We will further research the unidentified balance until it is reconciled. Payroll liabilities will be reviewed and withholding adjustments will be made as needed to ensure that they are zeroing out monthly without the need of a clearing entry.



DECATUR COUNTY MAYOR

Mike Creasy

FINDING **THE GENERAL FUND'S MINIMUM FUND
BALANCE DID NOT COMPLY WITH COUNTY
POLICY**

Response and Corrective Action Plan Prepared by:

Mike Creasy, County Mayor

Person Responsible for Implementing the Corrective Action:

Mike Creasy, County Mayor

Anticipated Completion Date of Corrective Action:

June 30, 2019

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

We concur with this finding. The hospital borrowed money this year to be repaid by June 30, 2018. Because of financial difficulties with the hospital, they were unable to repay the loan and it was repaid by the general fund. This reduced the general fund balance to less than what the minimum fund balance requires. We will work to decrease expenditures this year to a level that raises the fund balance.



DECATUR COUNTY MAYOR

Mike Creasy

FINDING

**ACCRUED LEAVE RECORDS WERE NOT
MAINTAINED ADEQUATELY**

Response and Corrective Action Plan Prepared by:
Mike Creasy, County Mayor

Person Responsible for Implementing the Corrective Action:
Mike Creasy, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2019

Repeat Finding:
No

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

Planned Corrective Action:
We concur with this finding. With the addition of a full time bookkeeper, these records will be maintained going forward. We are also working to implement new procedures for how the information is provided to our office from various department supervisors.



DECATUR COUNTY MAYOR

Mike Creasy

FINDING

**TIME RECORDS WERE NOT ON FILE TO
SUPPORT PAYROLL DISBURSEMENTS**

Response and Corrective Action Plan Prepared by:
Mike Creasy, County Mayor

Person Responsible for Implementing the Corrective Action:
Mike Creasy, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2019

Repeat Finding:
No

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

Planned Corrective Action:
We concur with this finding. All payroll records are now being safeguarded in the mayor's office and are no longer stored off site. We are also working to retrieve copies of as many lost records as we can.



DECATUR COUNTY MAYOR

Mike Creasy

FINDING

**CERTAIN FINANCIAL ACTIVITY OF THE
DECATUR COUNTY PUBLIC LIBRARY WAS NOT
AUDITED AND WAS NOT SUBJECT TO THE
BUDGETARY CONTROL OF THE COUNTY
COMMISSION**

Response and Corrective Action Plan Prepared by:
Mike Creasy, County Mayor

Person Responsible for Implementing the Corrective Action:
Mike Creasy, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2019

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
There are some funds controlled by the Library Board.

Planned Corrective Action:
We concur with this finding. The county will work with the Library Board to attempt to remedy this finding.



DECATUR COUNTY MAYOR

Mike Creasy

FINDING

**THE COUNTY'S AUDIT COMMITTEE IS NOT A
FUNCTIONING COMMITTEE**

Response and Corrective Action Plan Prepared by:
Mike Creasy, County Mayor

Person Responsible for Implementing the Corrective Action:
Mike Creasy, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2019

Repeat Finding:
No

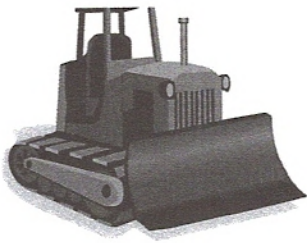
Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
We concur with this finding. The audit committee has been advised that they should start meeting and should follow the responsibilities noted in the resolution that established the committee.

Signature: _____

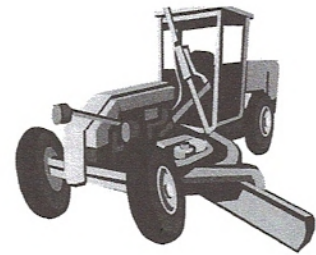
Mike Creasy

**22 West Main Street Decaturville, Tn. 38329 731-852-2131 FAX 731-852-2130
Send mail to: PO BOX 488 DECATURVILLE, TN. 38329**



**DECATUR COUNTY
HIGHWAY DEPARTMENT**

160 Luna St., Decaturville, TN 38329
Robert L. Montgomery, Road Supervisor
731-852-2511 (FAX) 731-852-2711



December 5, 2018

CORRECTIVE ACTION PLAN

FINDING

EXPENDITURES EXCEEDED APPROPRIATIONS

Response and Corrective Action Plan Prepared by:
Robert Montgomery, Road Supervisor

Person Responsible for Implementing the Corrective Action:
Vicky Reeves, Office Manager

Anticipated Completion Date of Corrective Action:
June 30, 2019

Repeat Finding:
No

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

Planned Corrective Action:

Will enter Budget Amendment from Trustee's Report when money has been Deposited into account.

Signature:

A handwritten signature in black ink that reads "Robert Montgomery". The signature is written over a horizontal line.

Decatur County Board of Education

Chris Villaflor, Director of Schools

PO Box 369

Decaturville, TN 38329

Phone 731-852-2391

Fax 731-852-2960

December 4, 2018

CORRECTIVE ACTION PLAN

FINDING

THE SCHOOL FEDERAL PROJECTS FUND HAD A
CASH OVERDRAFT OF \$12,509 AT JUNE 30, 2018

Response and Corrective Action Plan Prepared by:

Rhonda Mitchell, Former Director of Schools

Person Responsible for Implementing the Corrective Action:

Vonda Brigance, Finance

Anticipated Completion Date of Corrective Action:

June 30, 2019

Repeat Finding:

No

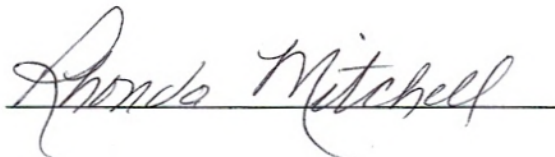
Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

The Director of Schools will request approval by the Board of Education and County Commission to commit an additional \$25,000.00 of General Purpose School Funds to the Federal Projects 142-999 cash flow reserve account to limit the risk of a cash overdraft in the future. Upon approval Finance will complete the transfer and closely monitor Federal Projects Funds to ensure warrants issued do not exceed cash deposited with county trustee.

Signature:



Athalia Taylor, Chairman
J. Wayne Stanfill, Vice Chairman
J Alan Brasher

Jennifer Black
Jeffrey Rhodes
Kristen Smart

Rhonda Mitchell
Robert Bibbs
Tom Haggard

STEVE GLASS
ASSESSOR OF PROPERTY
P.O. BOX 488
DECATURVILLE, TENNESSEE 38329

July 17, 2018

CORRECTIVE ACTION PLAN

FINDING **NEW OWNERS OF USE VALUE PROPERTIES
WERE NOT REQUIRED TO FILE A NEW
APPLICATION FOR AGRICULTURAL
PROPERTY, FOREST PROPERTY, OR
DESIGNATED OPEN SPACE USAGE**

Response and Corrective Action Plan Prepared by:
Steve Glass, Assessor of Property

Person Responsible for Implementing the Corrective Action:
Steve Glass, Assessor of Property and Vickie Brasher and Christy Clark, deputies

Anticipated Completion Date of Corrective Action:
July 2018

Repeat Finding:
No

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

Planned Corrective Action:
A summary document will be utilized to report all greenbelt action in the Decatur
County Assessor office. All findings have been corrected on this date July 16, 2018.

Signature: 

BEST PRACTICE

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

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

DECATUR COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

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