

ANNUAL FINANCIAL REPORT
DECATUR COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2019**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

DECATUR COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

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 ten 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 office had deficiencies in budget operations.
- ◆ The office had accounting deficiencies.
- ◆ Competitive bids were not solicited for the purchase of a used fire truck.
- ◆ The General Fund's minimum fund balance did not comply with county policy.
- ◆ Accrued leave records were not maintained adequately.
- ◆ The county was assessed interest and penalties totaling \$9,164 by the Internal Revenue Service.

OFFICE OF ASSESSOR OF PROPERTY

- ◆ Rollback calculations on changes to use value properties were miscalculated in some instances and not properly submitted to the Trustee's Office for inclusion on the tax rolls in other instances.
- ◆ The assessor did not maintain an adequate program of property sales verification.

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, 2019

Officials

Mike Creasy, County Mayor
Robert Montgomery, Road Supervisor
Chris Villaflor, Director of Schools
Beth Hays, Trustee
Steve Glass, Assessor of Property
Melinda Broadway, County Clerk
Danny Tanner, Circuit and General Sessions Courts Clerk
Elizabeth Carpenter, Clerk and Master
Regina Tillman, Register of Deeds
Keith Byrd, Sheriff

Board of County Commissioners

Mike Creasy, County Mayor, Chairman	Billy Wayne Goodman
Anthony Alexander	Joe Keeton
April Barrett	Shirley Kelley
David Boroughs	Tim Middleton
Mike Box	Cathie Darlene Phillips
James K. Cagle	Bryan Smith
Gaylon Clifft	Teresa Tillman
Danny Eason	Eugene Tubbs
Don Funderburk	Edward White

Board of Education

Athalia Taylor, Chairman	Rhonda Mitchell
Robert Bibbs	Jeffrey Rhodes
Jennifer Black	Kristen Smith
J. Alan Brasher	J. Wayne Stanfill
Tom Haggard	

Audit Committee

Billy Wayne Goodman, Chairman
Cathie Darlene Phillips
Bryan Smith

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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
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, 2019, 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, 2019, 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.

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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

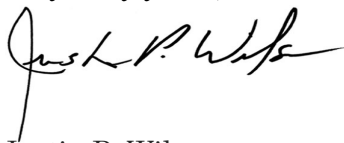
underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2020, 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 16, 2020

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Decatur County School Department
<u>ASSETS</u>		
Cash	\$ 608	\$ 0
Equity in Pooled Cash and Investments	2,407,484	5,507,952
Accounts Receivable	1,595,981	10,106
Allowance for Uncollectibles	(971,997)	0
Due from Other Governments	650,494	455,209
Property Taxes Receivable	3,307,339	1,848,005
Allowance for Uncollectible Property Taxes	(69,297)	(42,253)
Net Pension Asset - Agent Plan	1,027,132	425,261
Net Pension Asset - Teacher Retirement Plan	0	25,007
Net Pension Asset - Teacher Legacy Plan	0	649,810
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	15,843
Capital Assets:		
Assets Not Depreciated:		
Land	1,635,566	269,448
Construction in Progress	83,155	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	5,763,615	5,115,730
Infrastructure	4,398,502	0
Other Capital Assets	2,848,482	1,312,996
Total Assets	<u>\$ 22,677,064</u>	<u>\$ 15,593,114</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 205,350	\$ 0
Pension Changes in Experience	14,868	138,921
Pension Changes in Assumptions	117,162	433,469
Pension Changes in Proportion	0	115,460
Pension Contributions After Measurement Date	63,807	691,359
OPEB Changes in Assumptions	4,349	25,091
OPEB Changes in Proportion	0	13,173
OPEB Contributions After Measurement Date	1,246	51,419
Total Deferred Outflows of Resources	<u>\$ 406,782</u>	<u>\$ 1,468,892</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 81,579	\$ 11,998
Payroll Deductions Payable	3,842	492,675
Cash Overdraft	1,210	0
Contracts Payable	83,155	0
Accrued Payable	0	7,366
Due to State of Tennessee	1,357	0
Accrued Interest Payable	27,817	0
Alimony/Child Support	583	0
Noncurrent Liabilities:		
Due Within One Year - Debt	752,213	0
Due Within One Year - Other	116,209	0
Due in More Than One Year - Debt	8,230,722	0
Due in More Than One Year - Other	77,913	1,073,771
Total Liabilities	<u>\$ 9,376,600</u>	<u>\$ 1,585,810</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Decatur County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 3,078,378	\$ 1,698,415
Pension Changes in Experience	281,596	994,230
Pension Changes in Investment Earnings	36,615	157,998
Pension Changes in Proportion	0	77,982
OPEB Changes in Experience	18,921	296,655
OPEB Changes in Assumptions	3,435	47,058
Total Deferred Inflows of Resources	<u>\$ 3,418,945</u>	<u>\$ 3,272,338</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 7,996,385	\$ 6,698,174
Restricted for:		
General Government	28,720	0
Finance	31,277	0
Administration of Justice	67,824	0
Public Safety	253,392	0
Public Health and Welfare	13,666	0
Highway/Public Works	1,297,634	0
Debt Service	198,398	0
Capital Outlay	0	765,094
Education	0	10,001
Operation of Non-instructional Services	0	182,779
Pensions	1,027,132	1,100,078
Hybrid Retirement Stabilization Funds	0	15,843
Unrestricted	<u>(626,127)</u>	<u>3,431,889</u>
Total Net Position	<u>\$ 10,288,301</u>	<u>\$ 12,203,858</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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Total Governmental Activities	Decatur County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,474,916	\$ 80,536	\$ 15,014	\$ 0	\$ (1,379,366)	\$ 0
Finance	540,964	365,770	0	0	(175,194)	0
Administration of Justice	555,681	363,416	0	0	(192,265)	0
Public Safety	3,687,779	438,951	586,952	192,355	(2,469,521)	0
Public Health and Welfare	2,271,436	1,227,990	23,062	0	(1,020,384)	0
Social, Cultural, and Recreational Services	413,599	56,397	74,001	0	(283,201)	0
Agriculture and Natural Resources	53,900	0	0	0	(53,900)	0
Highways/Public Works	1,937,409	0	2,013,799	408,583	484,973	0
Education		0	0	0	0	0
Interest on Long-term Debt	238,095	0	319,153	0	81,058	0
Total Primary Government	\$ 11,173,779	\$ 2,533,060	\$ 3,031,981	\$ 600,938	\$ (5,007,800)	\$ 0
Component Unit:						
Decatur County School Department	\$ 15,170,048	\$ 324,812	\$ 2,146,277	\$ 0	\$ 0	\$ (12,698,959)
Total Component Unit	\$ 15,170,048	\$ 324,812	\$ 2,146,277	\$ 0	\$ 0	\$ (12,698,959)

(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	Decatur County School Department
				Total Governmental Activities		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,487,617	\$ 1,948,977
Property Taxes Levied for Debt Service					413,330	0
Local Option Sales Taxes					410,100	1,313,012
Wheel Tax					102,586	180,280
Litigation Tax					559,356	0
Business Tax					85,692	0
Mineral Severance Tax					83,571	0
Wholesale Beer Tax					73,630	0
Other Local Taxes					39,290	2,451
Grants and Contributions Not Restricted to Specific Programs					891,638	10,143,949
Unrestricted Investment Income					2,629	117,283
Miscellaneous					119,598	4,082
Total General Revenues					<u>\$ 5,269,037</u>	<u>\$ 13,710,034</u>
Special Item					<u>\$ 43,251</u>	<u>\$ 0</u>
Change in Net Position					\$ 304,488	\$ 1,011,075
Net Position, July 1, 2018					<u>9,983,813</u>	<u>11,192,783</u>
Net Position, June 30, 2019					<u>\$ 10,288,301</u>	<u>\$ 12,203,858</u>

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, 2019

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 608	\$ 608
Equity in Pooled Cash and Investments	387,378	1,576,274	371,637	72,195	2,407,484
Accounts Receivable	1,585,927	0	0	10,054	1,595,981
Allowance for Uncollectibles	(971,997)	0	0	0	(971,997)
Due from Other Governments	201,242	449,252	0	0	650,494
Due from Other Funds	13,107	0	14,023	62,283	89,413
Property Taxes Receivable	2,602,590	0	478,614	226,135	3,307,339
Allowance for Uncollectible Property Taxes	(54,885)	0	(9,971)	(4,441)	(69,297)
Total Assets	<u>\$ 3,763,362</u>	<u>\$ 2,025,526</u>	<u>\$ 854,303</u>	<u>\$ 366,834</u>	<u>\$ 7,010,025</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 73,315	\$ 0	\$ 0	\$ 8,264	\$ 81,579
Payroll Deductions Payable	2,213	0	0	1,629	3,842
Cash Overdraft	0	0	0	1,210	1,210
Contracts Payable	0	83,155	0	0	83,155
Due to Other Funds	76,306	0	0	13,107	89,413
Due to State of Tennessee	1,133	0	0	224	1,357
Alimony/Child Support	583	0	0	0	583
Total Liabilities	<u>\$ 153,550</u>	<u>\$ 83,155</u>	<u>\$ 0</u>	<u>\$ 24,434</u>	<u>\$ 261,139</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,420,242	\$ 0	\$ 445,834	\$ 212,302	\$ 3,078,378
Deferred Delinquent Property Taxes	116,610	0	20,865	8,594	146,069

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>					
Other Deferred/Unavailable Revenue	\$ 608,354	\$ 179,864	\$ 0	\$ 0	\$ 788,218
Total Deferred Inflows of Resources	\$ 3,145,206	\$ 179,864	\$ 466,699	\$ 220,896	\$ 4,012,665
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 18,080	\$ 0	\$ 0	\$ 0	\$ 18,080
Restricted for Finance	31,277	0	0	0	31,277
Restricted for Administration of Justice	67,824	0	0	0	67,824
Restricted for Public Safety	183,405	0	0	69,987	253,392
Restricted for Public Health and Welfare	5,072	0	0	0	5,072
Restricted for Highways/Public Works	0	1,117,770	0	0	1,117,770
Committed:					
Committed for Public Health and Welfare	0	0	0	50,275	50,275
Committed for Highways/Public Works	0	644,737	0	0	644,737
Committed for Capital Outlay	0	0	0	1,242	1,242
Committed for Debt Service	0	0	387,604	0	387,604
Assigned:					
Assigned for Public Health and Welfare	600	0	0	0	600
Assigned for Social, Cultural, and Recreational Services	13,770	0	0	0	13,770
Unassigned	144,578	0	0	0	144,578
Total Fund Balances	\$ 464,606	\$ 1,762,507	\$ 387,604	\$ 121,504	\$ 2,736,221
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,763,362	\$ 2,025,526	\$ 854,303	\$ 366,834	\$ 7,010,025

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, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	2,736,221
(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: construction in progress		83,155	
Add: buildings and improvements net of accumulated depreciation		5,763,615	
Add: infrastructure net of accumulated depreciation		4,398,502	
Add: other capital assets net of accumulated depreciation		<u>2,848,482</u>	14,729,320
(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	\$	(5,845,000)	
Less: notes payable		(2,371,514)	
Less: other loan payable		(582,917)	
Less: capital lease payable		(30,586)	
Add: deferred amount on refunding		205,350	
Less: other deferred revenue - premium on debt		(152,918)	
Less: compensated absences payable		(116,209)	
Less: accrued interest payable		(27,817)	
Less: net OPEB liability		<u>(77,913)</u>	(8,999,524)
(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	\$	195,837	
Less: deferred inflows of resources related to pensions		(318,211)	
Add: deferred outflows of resources related to OPEB		5,595	
Less: deferred inflows of resources related to OPEB		<u>(22,356)</u>	(139,135)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			1,027,132
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>934,287</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>10,288,301</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, 2019

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,149,980	\$ 73,875	\$ 635,514	\$ 489,938	\$ 4,349,307
Licenses and Permits	6,823	0	0	0	6,823
Fines, Forfeitures, and Penalties	103,572	0	0	10,040	113,612
Charges for Current Services	1,098,671	0	0	95,821	1,194,492
Other Local Revenues	198,747	16,781	0	34,658	250,186
Fees Received From County Officials	605,899	0	0	0	605,899
State of Tennessee	1,678,486	2,415,616	0	8,949	4,103,051
Federal Government	114,753	0	0	0	114,753
Other Governments and Citizens Groups	161,938	0	310,562	0	472,500
Total Revenues	\$ 7,118,869	\$ 2,506,272	\$ 946,076	\$ 639,406	\$ 11,210,623
<u>Expenditures</u>					
Current:					
General Government	\$ 702,762	\$ 0	\$ 0	\$ 0	\$ 702,762
Finance	481,818	0	0	0	481,818
Administration of Justice	450,480	0	0	34,752	485,232
Public Safety	3,004,532	0	0	17,552	3,022,084
Public Health and Welfare	1,609,111	0	0	691,143	2,300,254
Social, Cultural, and Recreational Services	362,201	0	0	0	362,201
Agriculture and Natural Resources	54,635	0	0	0	54,635
Other Operations	996,151	0	0	33,997	1,030,148
Highways	0	2,237,185	0	0	2,237,185
Debt Service:					
Principal on Debt	43,153	0	709,629	0	752,782
Interest on Debt	28,145	0	213,133	0	241,278
Other Debt Service	3,750	0	67,344	0	71,094
Total Expenditures	\$ 7,736,738	\$ 2,237,185	\$ 990,106	\$ 777,444	\$ 11,741,473

(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	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ (617,869)	\$ 269,087	\$ (44,030)	\$ (138,038)	\$ (530,850)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 46,138	\$ 18,261	\$ 0	\$ 0	\$ 64,399
Transfers In	35,135	0	0	84,987	120,122
Transfers Out	(84,987)	0	0	(35,135)	(120,122)
Total Other Financing Sources (Uses)	\$ (3,714)	\$ 18,261	\$ 0	\$ 49,852	\$ 64,399
Net Change in Fund Balances	\$ (621,583)	\$ 287,348	\$ (44,030)	\$ (88,186)	\$ (466,451)
Fund Balance, July 1, 2018	1,086,189	1,475,159	431,634	209,690	3,202,672
Fund Balance, June 30, 2019	\$ 464,606	\$ 1,762,507	\$ 387,604	\$ 121,504	\$ 2,736,221

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, 2019

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	(466,451)
(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	\$	917,646	
Less: current-year depreciation expense		<u>(986,540)</u>	(68,894)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Add: assets donated and capitalized	\$	146,543	
Less: book value of capital assets disposed		(212,881)	
Less: proceeds received from disposal of capital assets		<u>(56,238)</u>	(122,576)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$	934,287	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(808,790)</u>	125,497
(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.			
Add: change in premium on debt issuances	\$	8,591	
Add: principal payments on notes		291,853	
Add: principal payments on bonds		365,000	
Add: principal payments on capital lease		43,153	
Add: principal payments on other loan		52,776	
Less: change in deferred amount on refunding debt		<u>(28,614)</u>	732,759
(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	\$	3,183	
Change in compensated absences payable		8,713	
Change in OPEB liability		45,147	
Change in net pension asset		192,417	
Change in deferred outflows related to pensions		(95,320)	
Change in deferred inflows related to pensions		(37,809)	
Change in deferred outflows related to OPEB		4,247	
Change in deferred inflows related to OPEB		<u>(16,425)</u>	104,153
Change in net position of governmental activities (Exhibit B)		\$	<u>304,488</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 (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,149,980	\$ 0	\$ 3,149,980	\$ 3,040,745	\$ 3,040,745	\$ 109,235
Licenses and Permits	6,823	0	6,823	5,750	5,750	1,073
Fines, Forfeitures, and Penalties	103,572	0	103,572	78,350	78,350	25,222
Charges for Current Services	1,098,671	0	1,098,671	1,337,310	1,337,310	(238,639)
Other Local Revenues	198,747	0	198,747	44,598	44,598	154,149
Fees Received From County Officials	605,899	0	605,899	662,000	662,000	(56,101)
State of Tennessee	1,678,486	0	1,678,486	1,656,164	1,656,164	22,322
Federal Government	114,753	0	114,753	100,000	100,000	14,753
Other Governments and Citizens Groups	161,938	0	161,938	115,000	115,000	46,938
Total Revenues	\$ 7,118,869	\$ 0	\$ 7,118,869	\$ 7,039,917	\$ 7,039,917	\$ 78,952
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 36,974	\$ 0	\$ 36,974	\$ 35,179	\$ 36,972	\$ (2)
Board of Equalization	706	0	706	1,200	1,200	494
Beer Board	1,184	0	1,184	3,230	1,437	253
Budget and Finance Committee	3,712	0	3,712	4,844	4,844	1,132
Other Boards and Committees	107	0	107	1,615	1,615	1,508
County Mayor/Executive	201,335	0	201,335	140,574	201,113	(222)
Personnel Office	1,538	0	1,538	8,950	8,404	6,866
County Attorney	45,324	0	45,324	30,000	45,324	0
Election Commission	166,658	0	166,658	149,441	171,314	4,656
Register of Deeds	108,883	0	108,883	106,524	110,636	1,753
County Buildings	136,341	0	136,341	133,465	133,465	(2,876)
<u>Finance</u>						
Accounting and Budgeting	2,455	0	2,455	36,000	2,455	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
Property Assessor's Office	\$ 146,282	\$ 0	\$ 146,282	\$ 149,710	\$ 144,745	\$ (1,537)
Reappraisal Program	33,256	0	33,256	23,504	33,582	326
County Trustee's Office	158,412	0	158,412	159,640	159,640	1,228
County Clerk's Office	141,413	0	141,413	143,092	143,092	1,679
<u>Administration of Justice</u>						
Circuit Court Clerk	160,379	0	160,379	161,632	161,632	1,253
General Sessions Judge	121,320	0	121,320	124,468	124,468	3,148
Chancery Court	112,249	0	112,249	111,371	113,095	846
Juvenile Court	37,070	0	37,070	40,158	40,158	3,088
Other Administration of Justice	3,960	0	3,960	0	5,000	1,040
Victim Assistance Programs	15,502	0	15,502	18,000	18,000	2,498
<u>Public Safety</u>						
Sheriff's Department	1,003,447	0	1,003,447	894,178	1,021,460	18,013
Jail	791,629	0	791,629	714,099	820,844	29,215
Juvenile Services	76,142	0	76,142	75,118	77,273	1,131
Work Release Program	414,050	0	414,050	504,776	504,776	90,726
Fire Prevention and Control	121,053	0	121,053	58,000	121,563	510
Civil Defense	99,238	0	99,238	99,131	99,131	(107)
Rescue Squad	10,000	0	10,000	10,000	10,000	0
Other Emergency Management	415,348	0	415,348	419,883	433,116	17,768
County Coroner/Medical Examiner	73,625	0	73,625	70,323	76,855	3,230
<u>Public Health and Welfare</u>						
Local Health Center	32,956	0	32,956	71,313	71,313	38,357
Ambulance/Emergency Medical Services	1,235,430	0	1,235,430	1,255,653	1,242,301	6,871
Crippled Children Services	796	0	796	796	796	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
General Welfare Assistance	\$ 13,300	\$ 0	\$ 13,300	\$ 13,300	\$ 13,300	\$ 0
Sanitation Management	160,940	0	160,940	0	160,940	0
Sanitation Education/Information	33,189	600	33,789	31,810	33,724	(65)
Landfill Operation and Maintenance	32,500	0	32,500	0	32,500	0
Other Public Health and Welfare	100,000	0	100,000	0	100,000	0
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	75,908	0	75,908	89,714	89,714	13,806
Libraries	72,959	0	72,959	70,814	72,214	(745)
Parks and Fair Boards	213,334	13,770	227,104	223,162	223,162	(3,942)
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	51,335	0	51,335	50,033	52,873	1,538
Forest Service	0	0	0	2,000	2,000	2,000
Soil Conservation	3,300	0	3,300	3,800	3,800	500
<u>Other Operations</u>						
Tourism	52,660	0	52,660	900	900	(51,760)
Industrial Development	35,000	0	35,000	35,000	35,000	0
Airport	51,645	0	51,645	42,862	51,645	0
Veterans' Services	10,758	0	10,758	13,279	13,279	2,521
Other Charges	321,565	0	321,565	367,277	367,277	45,712
Contributions to Other Agencies	309,236	0	309,236	51,250	424,482	115,246
Employee Benefits	207,524	0	207,524	265,700	265,700	58,176
Miscellaneous	7,763	0	7,763	22,500	22,500	14,737
<u>Principal on Debt</u>						
General Government	43,153	0	43,153	0	43,153	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Interest on Debt</u>						
General Government	\$ 28,145	\$ 0	\$ 28,145	\$ 0	\$ 28,145	\$ 0
<u>Other Debt Service</u>						
General Government	3,750	0	3,750	0	3,750	0
Total Expenditures	<u>\$ 7,736,738</u>	<u>\$ 14,370</u>	<u>\$ 7,751,108</u>	<u>\$ 7,039,268</u>	<u>\$ 8,181,677</u>	<u>\$ 430,569</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (617,869)	\$ (14,370)	\$ (632,239)	\$ 649	\$ (1,141,760)	\$ 509,521
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 46,138	\$ 0	\$ 46,138	\$ 0	\$ 23,457	\$ 22,681
Transfers In	35,135	0	35,135	0	36,531	(1,396)
Transfers Out	(84,987)	0	(84,987)	0	(84,987)	0
Total Other Financing Sources	<u>\$ (3,714)</u>	<u>\$ 0</u>	<u>\$ (3,714)</u>	<u>\$ 0</u>	<u>\$ (24,999)</u>	<u>\$ 21,285</u>
Net Change in Fund Balance	\$ (621,583)	\$ (14,370)	\$ (635,953)	\$ 649	\$ (1,166,759)	\$ 530,806
Fund Balance, July 1, 2018	<u>1,086,189</u>	<u>0</u>	<u>1,086,189</u>	<u>769,050</u>	<u>769,050</u>	<u>317,139</u>
Fund Balance, June 30, 2019	<u>\$ 464,606</u>	<u>\$ (14,370)</u>	<u>\$ 450,236</u>	<u>\$ 769,699</u>	<u>\$ (397,709)</u>	<u>\$ 847,945</u>

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 73,875	\$ 80,300	\$ 80,300	\$ (6,425)
Other Local Revenues	16,781	33,000	51,261	(34,480)
State of Tennessee	2,415,616	2,208,668	2,534,096	(118,480)
Total Revenues	<u>\$ 2,506,272</u>	<u>\$ 2,321,968</u>	<u>\$ 2,665,657</u>	<u>\$ (159,385)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 171,299	\$ 173,376	\$ 181,776	\$ 10,477
Highway and Bridge Maintenance	834,418	1,049,400	1,050,900	216,482
Operation and Maintenance of Equipment	266,218	355,600	363,961	97,743
Other Charges	93,869	96,373	96,373	2,504
Employee Benefits	117,719	146,695	146,695	28,976
Capital Outlay	753,662	785,987	1,111,415	357,753
Total Expenditures	<u>\$ 2,237,185</u>	<u>\$ 2,607,431</u>	<u>\$ 2,951,120</u>	<u>\$ 713,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 269,087</u>	<u>\$ (285,463)</u>	<u>\$ (285,463)</u>	<u>\$ 554,550</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 18,261	\$ 0	\$ 0	\$ 18,261
Total Other Financing Sources	<u>\$ 18,261</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,261</u>
Net Change in Fund Balance	\$ 287,348	\$ (285,463)	\$ (285,463)	\$ 572,811
Fund Balance, July 1, 2018	1,475,159	1,229,255	1,229,255	245,904
Fund Balance, June 30, 2019	<u>\$ 1,762,507</u>	<u>\$ 943,792</u>	<u>\$ 943,792</u>	<u>\$ 818,715</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, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,103,421
Accounts Receivable	3,052
Due from Other Governments	<u>172,445</u>
Total Assets	<u>\$ 1,278,918</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 172,445
Due to Litigants, Heirs, and Others	<u>1,106,473</u>
Total Liabilities	<u>\$ 1,278,918</u>

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

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

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. There were no debt issues contributed by the county to the school department during the year ended June 30, 2019.

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

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

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

Fund financial statements of 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.

Additionally, Decatur County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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 fund:

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

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

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.

Capital Projects Fund – The Education Capital Projects 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.

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

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

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.15 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.

3. Restricted Assets

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

4. Capital Assets

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

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

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding, pension changes in experience, pension and OPEB changes in assumptions, pension and OPEB changes in proportion, 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 and OPEB changes in experience, pension changes in investment earnings, pension changes in proportion, OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. 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.

7. Long-term Debt and Long-term Obligations

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

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

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

compensated absences and other postemployment benefits are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. **Net Position and Fund Balance**

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

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

The government-wide Statement of Net Position reports \$2,918,043 of restricted net position, of which \$181,024 is restricted by enabling legislation.

As of June 30, 2019, Decatur County had \$2,250,000 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.

9. 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.

10. Special Item

During the year, the Decatur County Highway Department elected to cease providing Other Postemployment Benefits (OPEB) to retirees. As a result, a special item totaling \$43,251 was recognized in the Government-wide Statement of Activities and all OPEB related liabilities and deferrals were removed from the Statement of Net Position.

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, 2019, Decatur County and the Decatur County School Department had outstanding encumbrances in budgeted funds as follows:

<u>Funds</u>	<u>Amount</u>
Primary Government	
Major Fund:	
General	\$ 14,370
School Department:	
Major Fund:	
General Purpose School	9,249
Nonmajor Fund:	
School Federal Projects	7,818

B. Cash Overdraft

The Solid Waste/Sanitation Fund had a cash overdraft of \$1,210 at June 30, 2019. 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, 2019.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
General Government - County Mayor/Executive	\$ 222
General Government - County Buildings	2,876
Finance - Property Assessor's Office	1,537
Public Safety - Civil Defense	107
Social, Cultural, and Recreational Services - Libraries	745
Social, Cultural, and Recreational Services - Parks and Fair Boar	3,942
Other Operations - Tourism	51,760
Solid Waste/Sanitation:	
Other Operations - Employee Benefits	858
General Debt Service:	
Other Debt Service - General Government	2,040

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

D. Appropriations Exceeded Estimated Available Funding

The budget and subsequent amendments approved by the county commission for the General and Special Purpose funds resulted in appropriations exceeding estimated available funding by \$397,709 and \$187,333, respectively.

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, 2019, were \$7,736,738, which calculates to a minimum fund balance requirement of \$773,674 (ten percent of \$7,736,738). At June 30, 2019, the General Fund's committed, assigned, and unassigned fund balances totaled \$158,948, which is \$614,726 (\$773,674 less \$158,948) 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. The primary

oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2019, 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	1 to 86	\$ 4,312,656

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, 2019, Decatur County's investment in the State Treasurer's Investment Pool was unrated.

TCRS Stabilization Trust

Legal Provisions. The Decatur County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as

authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

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

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

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

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

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

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

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

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

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

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

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

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

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 4,911
Developed Market International Equity	N/A	N/A	2,218
Emerging Market International Equity	N/A	N/A	634
U.S. Fixed Income	N/A	N/A	3,169
Real Estate	N/A	N/A	1,584
Short-term Securities	N/A	N/A	158
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	3,169
Total			\$ 15,843

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 4,911	\$ 4,911	\$ 0	\$ 0	0
Developed Market International Equity	2,218	2,218	0	0	0
Emerging Market International Equity	634	634	0	0	0
U.S. Fixed Income	3,169	0	3,169	0	0
Real Estate	1,584	0	0	1,584	0
Short-term Securities	158	0	158	0	0
Private Equity and Strategic Lending	3,169	0	0	0	3,169
Total	\$ 15,843	\$ 7,763	\$ 3,327	\$ 1,584	\$ 3,169

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

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

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

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

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

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

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

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,635,566	\$ 0	\$ 0	\$ 1,635,566
Construction in Progress	0	83,155	0	83,155
Total Capital Assets Not Depreciated	<u>\$ 1,635,566</u>	<u>\$ 83,155</u>	<u>\$ 0</u>	<u>\$ 1,718,721</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,106,589	\$ 15,600	\$ 0	\$ 9,122,189
Infrastructure	7,557,545	332,423	0	7,889,968
Other Capital Assets	6,855,835	633,011	435,554	7,053,292
Total Capital Assets Depreciated	<u>\$ 23,519,969</u>	<u>\$ 981,034</u>	<u>\$ 435,554</u>	<u>\$ 24,065,449</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,174,989	\$ 183,585	\$ 0	\$ 3,358,574
Infrastructure	3,144,617	346,849	0	3,491,466
Other Capital Assets	3,915,139	456,106	166,435	4,204,810
Total Accumulated Depreciation	<u>\$ 10,234,745</u>	<u>\$ 986,540</u>	<u>\$ 166,435</u>	<u>\$ 11,054,850</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,285,224</u>	<u>\$ (5,506)</u>	<u>\$ 269,119</u>	<u>\$ 13,010,599</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,920,790</u>	<u>\$ 77,649</u>	<u>\$ 269,119</u>	<u>\$ 14,729,320</u>

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

Governmental Activities:

General Administration	\$ 50,048
Finance	608
Administration of Justice	1,486
Public Safety	387,571
Public Health and Welfare	101,653
Social, Cultural, and Recreational Services	30,586
Agriculture and Natural Resources	984
Highways/Public Works	<u>413,604</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 986,540</u>

Discretely Presented Decatur County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 269,448	\$ 0	\$ 0	\$ 269,448
Construction in Progress	641,428	0	641,428	0
Total Capital Assets Not Depreciated	\$ 910,876	\$ 0	\$ 641,428	\$ 269,448
Capital Assets Depreciated:				
Buildings and Improvements	\$ 15,032,457	\$ 1,218,847	\$ 0	\$ 16,251,304
Other Capital Assets	3,279,308	356,409	228,456	3,407,261
Total Capital Assets Depreciated	\$ 18,311,765	\$ 1,575,256	\$ 228,456	\$ 19,658,565
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,606,402	\$ 529,172	\$ 0	\$ 11,135,574
Other Capital Assets	2,119,623	187,054	212,412	2,094,265
Total Accumulated Depreciation	\$ 12,726,025	\$ 716,226	\$ 212,412	\$ 13,229,839
Total Capital Assets Depreciated, Net	\$ 5,585,740	\$ 859,030	\$ 16,044	\$ 6,428,726
Governmental Activities Capital Assets, Net	\$ 6,496,616	\$ 859,030	\$ 657,472	\$ 6,698,174

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

Governmental Activities:

Instruction	\$ 478,786
Support Services	179,882
Operation of Non-instructional Services	<u>57,558</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 716,226</u>

C. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 13,107
General Debt Service	General	14,023
Nonmajor governmental	"	62,283

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.

Interfund Transfers:

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

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Purpose</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ 0	\$ 35,000	Operations
"		49,987	Sale proceeds
Nonmajor Governmental Fund	35,135	0	Close fund
Total	\$ 35,135	\$ 84,987	

Discretely Presented Decatur County School Department

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Purpose</u>
	<u>Nonmajor Governmental Fund</u>	
General Purpose School Fund	\$ 25,000	Cash flow funds

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend

them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. 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:

Asset	Governmental Activities
Vehicles:	\$ 179,791
Less: Accumulated Depreciation	<u>(128,979)</u>
Total Book Value	<u>\$ 50,812</u>

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

Year Ending June 30	Governmental Funds
2020	<u>\$ 32,330</u>
Total Minimum Lease Payments	\$ 32,330
Less: Amount Representing Interest	<u>(1,744)</u>
Present Value of Minimum Lease Payments	<u>\$ 30,586</u>

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Decatur County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General

obligation bonds were issued for original terms of 21 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Decatur County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and the other loan outstanding were issued for original terms of up to nine years for notes and 20 years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loan included in long-term debt as of June 30, 2019, 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, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
G.O. Bonds - Refunding	2 to 3	% 5-1-37	\$ 6,475,000	\$ 5,845,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	2.55 to 2.85	11-1-26	2,714,000	2,371,514
Other Loan	1.47	8-31-29	1,069,673	582,917
Capital Lease	5.7	12-11-19	179,791	30,586

During the 2017-18 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 \$582,917 at June 30, 2019, 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, 2019, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2025-2029	1,740,000	387,762	2,127,762
2030-2034	1,305,000	229,250	1,534,250
2035-2037	870,000	52,800	922,800
Total	<u>\$ 5,845,000</u>	<u>\$ 1,254,675</u>	<u>\$ 7,099,675</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
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
2025-2027	895,000	34,617	929,617
Total	<u>\$ 2,371,514</u>	<u>\$ 242,071</u>	<u>\$ 2,613,585</u>

Year Ending June 30	Other Loan - Direct Placement		
	Principal	Interest	Total
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
2025-2029	296,832	11,988	308,820
2030	10,265	4	10,269
Total	<u>\$ 582,917</u>	<u>\$ 44,992</u>	<u>\$ 627,909</u>

There is \$387,604 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$497, based on the 2010 federal census. Total debt per capita, including bonds, notes, other loan, capital lease, and unamortized debt premiums, totaled \$764, based on the 2010 federal census.

Changes in Long-term Debt

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

Governmental Activities:	Bonds	Notes - Direct Placement	Other Loan - Direct Placement
Balance, July 1, 2018	\$ 6,210,000	\$ 2,663,367	\$ 635,693
Additions	0	0	0
Reductions	(365,000)	(291,853)	(52,776)
Balance, June 30, 2019	<u>\$ 5,845,000</u>	<u>\$ 2,371,514</u>	<u>\$ 582,917</u>
Balance Due Within One Year	<u>\$ 370,000</u>	<u>\$ 298,071</u>	<u>\$ 53,556</u>

Governmental Activities:	Capital Lease - Direct Placement
Balance, July 1, 2018	\$ 73,739
Additions	0
Reductions	(43,153)
Balance, June 30, 2019	<u>\$ 30,586</u>
Balance Due Within One Year	<u>\$ 30,586</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 8,830,017
Less: Balance Due Within One Year - Debt	(752,213)
Add: Unamortized Premium on Debt	<u>152,918</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 8,230,722</u>

F. Long-term Obligations

Changes in Long-term Obligations

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

	Compensated Absences	Net OPEB Liability
Balance, July 1, 2018	\$ 124,922	\$ 123,060
Additions	124,112	18,451
Reductions	(132,825)	(63,598)
	<hr/>	<hr/>
Balance, June 30, 2019	\$ 116,209	\$ 77,913
	<hr/>	<hr/>
Balance Due Within One Year	\$ 116,209	\$ 0
	<hr/>	<hr/>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 194,122
Less: Balance Due Within One Year - Other	<u>(116,209)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 77,913</u>

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, 2019, was as follows:

Governmental Activities:

	Net OPEB Liability
Balance, July 1, 2018	\$ 1,307,437
Additions	159,686
Reductions	(393,352)
	<hr/>
Balance, June 30, 2019	\$ 1,073,771
	<hr/>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 1,073,771
Less: Balance Due Within One Year - Other	<u>0</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,073,771</u>

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

G. 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, 2019, were \$34,392. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Decatur County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet current obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2019, was as follows:

	Balance 7-1-18	Issued	Paid	Balance 6-30-19
Tax Anticipation Notes	\$ 0	\$ 975,000	\$ (975,000)	\$ 0

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 (LWCF), 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 LWCF for its workers' compensation insurance coverage. The LWCF is to be self-sustaining through member premiums. The LWCF 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. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Decatur County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

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

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

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

C. Contingent Liabilities

Decatur County is contingently liable for a state revolving fund loan of the Benton-Decatur Special Sewer District. During the 2017-18 year, Decatur County became liable for this loan and the interest thereon due to default by the sewer district. As of June 30, 2019, future principal and interest requirements were \$582,917 and \$44,992, respectively.

The attorneys for the county 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's financial statements.

D. Changes in Administration

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 Wright Boyd left the Office of Trustee and was succeeded by Beth Hayes 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.

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, 2019, future principal and interest requirements were \$582,917 and \$44,992, 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, 2019, the county appropriated an operating subsidy of \$51,645 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, 2019.

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 70.72 percent and the non-certified employees of the discretely presented school department comprised 29.28 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	31
Inactive Employees Entitled to But Not Yet Receiving Benefits	201
Active Employees	191
Total	423

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, 2019, the employer contribution for Decatur County was \$92,093 based on a rate of 1.68 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, 2018, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by 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 Real Estate	5.79	20
	2.01	20
	4.32	10
Short-term Securities	0.00	1
Total		100 %

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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 Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 7,344,803	\$ 8,489,974	\$ (1,145,171)
Changes for the Year:			
Service Cost	\$ 385,245	\$ 0	\$ 385,245
Interest	551,971	0	551,971
Differences Between Expected and Actual Experience	(135,106)	0	(135,106)
Changes in Assumptions	0	0	0
Contributions-Employer	0	164,955	(164,955)
Contributions-Employees	0	250,694	(250,694)
Net Investment Income	0	711,543	(711,543)
Benefit Payments, Including Refunds of Employee Contributions	(233,318)	(233,318)	0
Administrative Expense	0	(17,860)	17,860
Other Changes	0	0	0
Net Changes	<u>\$ 568,792</u>	<u>\$ 876,014</u>	<u>\$ (307,222)</u>
Balance, June 30, 2018	<u>\$ 7,913,595</u>	<u>\$ 9,365,988</u>	<u>\$ (1,452,393)</u>

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	70.72%	\$ 5,596,494	\$ 6,623,627	\$ (1,027,132)
School Department	29.28%	<u>2,317,101</u>	<u>2,742,361</u>	<u>(425,261)</u>
Total		<u>\$ 7,913,595</u>	<u>\$ 9,365,988</u>	<u>\$ (1,452,393)</u>

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:

	1% Decrease	Current Discount Rate	1% Increase
<u>Decatur County</u>	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>

Net Pension Liability (Asset) \$ (451,337) \$ (1,452,393) \$ (2,286,612)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2019, Decatur County recognized (negative) pension expense of (\$28,574).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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	\$ 21,024	\$ 398,185
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	51,774
Changes in Assumptions	165,670	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	<u>92,093</u>	<u>N/A</u>
Total	<u>\$ 278,787</u>	<u>\$ 449,959</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 195,837	\$ 318,211
School Department	82,950	131,748
Total	<u>\$ 278,787</u>	<u>\$ 449,959</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
2020	\$ (14,944)
2021	(72,106)
2022	(122,319)
2023	(31,377)
2024	(22,519)
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 70.72 percent and the non-certified employees of the discretely presented school department comprised 29.28 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$15,939, which is 1.94 percent of covered payroll. In addition, employer contributions of \$15,044, which is 1.83 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$25,007) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .055139 percent. The proportion as of June 30, 2017, was .079760 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$9,296.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred

outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,416	\$ 996
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,413
Changes in Assumptions	1,180	0
Changes in Proportion of Net Pension Liability (Asset)	9,410	257
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	15,939	N/A
Total	<u>\$ 27,945</u>	<u>\$ 2,666</u>

The school department's employer contributions of \$15,939, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 573
2021	528
2022	327
2023	696
2024	884
Thereafter	6,332

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

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

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by 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 Real Estate	5.79	20
	2.01	20
	4.32	10
Short-term Securities	0.00	1
Total		100 %

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 3,866 \$ (25,007) \$ (46,279)

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Decatur County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$647,134, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$649,810) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .184662 percent. The proportion measured at June 30, 2017, was .181765 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$193,535).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 131,349	\$ 876,645
Changes in Assumptions	383,781	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	141,426
Changes in Proportion of Net Pension Liability (Asset)	106,050	77,725
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	647,134	N/A
Total	<u>\$ 1,268,314</u>	<u>\$ 1,095,796</u>

The school department's employer contributions of \$647,134 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 126,431
2021	(215,042)
2022	(327,904)
2023	(58,101)
2024	0
Thereafter	0

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

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

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by 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 Real Estate	5.79	20
	2.01	20
	4.32	10
Short-term Securities	0.00	1
Total		100 %

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 5,009,144 \$ (649,810) \$ (5,331,806)

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 \$40,974 and teachers contributed \$13,829 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

Decatur County (with the exception of the Decatur County Highway Department) 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.

During the year, the Decatur County Highway Department elected to cease providing OPEB to retirees.

OPEB Provided through State Administered Public Entity Risk Pools

Retirees of Decatur County are provided healthcare under the Local Government Plans (LGP) until they reach Medicare eligibility. Likewise, the school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. 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, 2018, and was determined by an actuarial valuation as of that date.

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

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

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

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the

RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

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

Local Government OPEB Plan (Primary Government)

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

Benefits Provided. 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, 2018, the following employees were covered by the benefit terms:

	Decatur County
Retirees and Beneficiaries	0
Inactive. Nonretired members	0
Active Members Eligible for Future Benefits	88
Active Members Not Eligible for Future Benefits	7
Total	<u>95</u>

An insurance committee, created in accordance with *TCA 8-27-701*, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the county paid \$1,246 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, 2017	\$ 81,723	\$ 41,337	\$ 123,060
Changes for the Year:			
Service Cost	\$ 10,351	\$ 0	\$ 10,351
Interest	3,257	0	3,257
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(21,071)	0	(21,071)
Changes in Assumption and Other Inputs	4,843	0	4,843
Benefit Payments	(1,190)	0	(1,190)
Special Item	0	(41,337)	(41,337)
Net Changes	<u>\$ (3,810)</u>	<u>\$ (41,337)</u>	<u>\$ (45,147)</u>
Balance June 30, 2018	<u>\$ 77,913</u>	<u>\$ 0</u>	<u>\$ 77,913</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$11,528. At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 18,921
Changes of Assumptions/Inputs	4,349	3,435
Net Difference Between Projected and Benefits paid after the measurement date of June 30, 2018	<u>1,246</u>	<u>0</u>
Total	<u>\$ 5,595</u>	<u>\$ 22,356</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	Decatur County
2020	\$ (2,080)
2021	(2,080)
2022	(2,080)
2023	(2,080)
2024	(2,080)
Thereafter	(7,607)

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	Current Discount Rate	1% Increase
OPEB Liability	\$ 83,532	\$ 77,913	\$ 72,511

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability

would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.75 to 2.85%	Current Trend Rates 6.75 to 3.85%	1% Increase 7.75 to 4.85%
OPEB Liability	\$ 68,653	\$ 77,913	\$ 88,911

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 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

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

	<u>School Department</u>
Retirees and Beneficiaries	10
Inactive. Nonretired members	0
Active Members Eligible for Future Benefits	172
Active Members Not Eligible for Future Benefits	28
Total	<u><u>210</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$51,419 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 School Department</u>	<u>State of TN</u>	<u>Total OPEB Liability</u>
	64.018%	35.982%	
Balance July 1, 2017	\$ 1,307,437	\$ 762,242	\$ 2,069,679
Changes for the Year:			
Service Cost	\$ 66,039	\$ 37,118	\$ 103,157
Interest	48,360	27,182	75,542
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(328,213)	(184,478)	(512,691)
Changes in Proportion	17,526	(17,526)	0
Changes in Assumption and Other Inputs	27,761	15,603	43,364
Benefit Payments	(65,139)	(36,612)	(101,751)
Net Changes	<u>\$ (233,666)</u>	<u>\$ (158,713)</u>	<u>\$ (392,379)</u>
Balance June 30, 2018	<u>\$ 1,073,771</u>	<u>\$ 603,529</u>	<u>\$ 1,677,300</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 \$43,270 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 64.018 percent and the State of Tennessee's share was 35.982 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$124,148, including the state's share of the expense. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 296,655
Changes of Assumptions/Inputs	25,091	47,058
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	13,173	0
Benefits Paid After the Measurement Date of June 30, 2108	51,419	0
Total	<u>\$ 89,683</u>	<u>\$ 343,713</u>

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

Year Ending June 30	School Department
2020	\$ 33,521
2021	33,521
2022	33,521
2023	33,521
2024	33,521
Thereafter	137,844

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

Proportionate Share of the Collective Total OPEB Liability	\$ 1,148,334	\$ 1,073,771	\$ 1,003,307
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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.

Healthcare Cost Trend Rate

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

Proportionate Share of the
Collective Total OPEB
Liability

\$ 964,298 \$ 1,073,771 \$ 1,202,732

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 September 12, 2019, Decatur County issued a \$996,250 tax anticipation note to the General Fund for temporary operating funds.

On November 11, 2019, Decatur County received a settlement of \$7,000,000 from Waste Industries for punitive and compensatory damages resulting from a lawsuit involving the landfill.

**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	2018
Total Pension Liability					
Service Cost	\$ 323,334	\$ 324,443	\$ 355,084	\$ 398,290	\$ 385,245
Interest	408,181	441,000	463,534	515,297	551,971
Differences Between Actual and Expected Experience	(122,395)	(283,655)	42,048	(193,590)	(135,106)
Changes in Assumptions	0	0	0	248,506	0
Benefit Payments, Including Refunds of Employee Contributions	(156,643)	(188,624)	(235,341)	(192,063)	(233,318)
Net Change in Total Pension Liability	\$ 452,477	\$ 293,164	\$ 625,325	\$ 776,440	\$ 568,792
Total Pension Liability, Beginning	5,197,397	5,649,874	5,943,038	6,568,363	7,344,803
Total Pension Liability, Ending (a)	\$ 5,649,874	\$ 5,943,038	\$ 6,568,363	\$ 7,344,803	\$ 7,913,595
Plan Fiduciary Net Position					
Contributions - Employer	\$ 243,078	\$ 262,576	\$ 282,485	\$ 272,886	\$ 164,955
Contributions - Employee	219,385	227,545	244,792	239,631	250,694
Net Investment Income	881,095	200,938	185,990	848,752	711,543
Benefit Payments, Including Refunds of Employee Contributions	(156,643)	(188,624)	(235,341)	(192,063)	(233,318)
Administrative Expense	(6,116)	(9,256)	(14,071)	(14,292)	(17,860)
Other	0	0	34,175	0	0
Net Change in Plan Fiduciary Net Position	\$ 1,180,799	\$ 493,179	\$ 498,030	\$ 1,154,914	\$ 876,014
Plan Fiduciary Net Position, Beginning	5,163,052	6,343,851	6,837,030	7,335,060	8,489,974
Plan Fiduciary Net Position, Ending (b)	\$ 6,343,851	\$ 6,837,030	\$ 7,335,060	\$ 8,489,974	\$ 9,365,988
Net Pension Liability (Asset), Ending (a - b)	\$ (693,977)	\$ (893,992)	\$ (766,697)	\$ (1,145,171)	\$ (1,452,393)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	112.28%	115.04%	111.67%	115.59%	118.35%
Covered Payroll	\$ 4,387,669	\$ 4,553,036	\$ 4,865,771	\$ 4,729,407	\$ 5,013,834
Net Pension Liability (Asset) as a Percentage of Covered Payroll	15.82%	19.64%	15.66%	24.21%	28.97%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the 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	2019
Actuarially Determined Contribution	\$ 243,078	\$ 262,576	\$ 282,485	\$ 156,070	\$ 164,955	92,093
Less Contributions in Relation to the Actuarially Determined Contribution	(243,078)	(262,576)	(282,485)	(272,886)	(164,955)	(92,093)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (116,816)	\$ 0	0
Covered Payroll	\$ 4,387,669	\$ 4,553,036	\$ 4,895,771	\$ 4,729,407	\$ 5,013,834	5,481,713
Contributions as a Percentage of Covered Payroll	5.54%	5.77%	5.77%	5.77%	3.29%	1.68%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the 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	2019*
Contractually Required Contribution	\$ 8,699	\$ 19,980	\$ 20,940	\$ 7,858	\$ 15,939
Less Contributions in Relation to the Contractually Required Contribution	(8,699)	(19,980)	(20,940)	(19,274)	(15,939)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (11,416)	\$ 0
Covered Payroll	\$ 217,472	\$ 499,486	\$ 554,974	\$ 481,844	\$ 821,592
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%

* In FY 2019 the school department placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 1.83% of covered payroll into the Pension Stabilization Reserve Trust.

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	2019
Contractually Required Contribution	\$ 597,266	\$ 539,183	\$ 571,797	\$ 580,849	\$ 587,137	\$ 647,134
Less Contributions in Relation to the Contractually Required Contribution	(597,266)	(539,183)	(571,797)	(580,849)	(587,137)	(647,134)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 6,725,964	\$ 5,964,435	\$ 6,325,203	\$ 6,393,901	\$ 6,466,240	\$ 6,186,750
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.08%	9.08%	10.46%

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.102507%	0.113519%	0.797600%	0.055139%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,211)	\$ (11,818)	\$ (21,043)	\$ (25,007)
Covered Payroll	\$ 217,472	\$ 499,486	\$ 554,974	\$ 481,844
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(3.79)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

Exhibit E-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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.171362%	0.159327%	0.175223%	0.181765%	0.184662%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (27,846)	\$ 65,266	\$ 1,095,045	\$ (59,469)	\$ (649,810)
Covered Payroll	\$ 6,725,964	\$ 5,964,435	\$ 6,325,203	\$ 6,393,901	\$ 6,466,240
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(.414002)%	1.094254%	17.31%	(.93)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

Exhibit E-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

	2017	2018
Total OPEB Liability		
Service Cost	\$ 11,893	\$ 10,351
Interest	2,440	3,257
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(21,071)
Changes in Assumptions or Other Inputs	(4,283)	4,843
Benefit Payments	0	(1,190)
Net Change in Total OPEB Liability	\$ 10,050	\$ (3,810)
Total OPEB Liability, Beginning	71,673	81,723
Total OPEB Liability, Ending	<u>\$ 81,723</u>	<u>\$ 77,913</u>
Covered Employee Payroll	\$ 3,284,640	\$ 3,441,892
Net OPEB Liability as a Percentage of Covered Employee Payroll	2.49%	2.26%

Highway Department Plan

	2018	2019
Total OPEB Liability		
Service Cost	\$ 3,189	\$ 0
Interest	1,239	0
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	0
Changes in Assumptions or Other Inputs	(2,319)	0
Benefit Payments	0	0
Special Item	0	(41,337)
Net Change in Total OPEB Liability	\$ 2,109	\$ (41,337)
Total OPEB Liability, Beginning	39,228	41,337
Total OPEB Liability, Ending	<u>\$ 41,337</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 352,239	\$ -
Net OPEB Liability as a Percentage of Covered Employee Payroll	11.74%	0.00%

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

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

2017	2.92%
2018	3.56%
2019	3.62%

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

Exhibit E-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

	2017	2018
Total OPEB Liability		
Service Cost	\$ 112,034	\$ 103,157
Interest	62,841	75,542
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(512,691)
Changes in Assumptions or Other Inputs	(92,355)	43,364
Benefit Payments	(105,760)	(101,751)
Net Change in Total OPEB Liability	\$ (23,240)	\$ (392,379)
Total OPEB Liability, Beginning	2,092,919	2,069,679
Total OPEB Liability, Ending	\$ 2,069,679	\$ 1,677,300
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 762,242	\$ 603,529
Employer Proportionate Share of the Total OPEB Liability	1,307,437	1,073,771
Covered Employee Payroll	\$ 8,455,165	\$ 8,692,062
Net OPEB Liability as a Percentage of Covered Employee Payroll	15.46%	12.35%

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

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

2017	2.92%
2018	3.56%
2019	3.62%

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

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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, 2019

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 608	\$ 608	\$ 0	608
Equity in Pooled Cash and Investments	813	70,140	0	70,953	1,242	72,195
Accounts Receivable	9,252	0	802	10,054	0	10,054
Due from Other Funds	62,283	0	0	62,283	0	62,283
Property Taxes Receivable	226,135	0	0	226,135	0	226,135
Allowance for Uncollectible Property Taxes	(4,441)	0	0	(4,441)	0	(4,441)
Total Assets	\$ 294,042	\$ 70,140	\$ 1,410	\$ 365,592	\$ 1,242	\$ 366,834
<u>LIABILITIES</u>						
Accounts Payable	\$ 8,111	\$ 153	\$ 0	\$ 8,264	\$ 0	8,264
Payroll Deductions Payable	1,629	0	0	1,629	0	1,629
Cash Overdraft	1,210	0	0	1,210	0	1,210
Due to Other Funds	11,697	0	1,410	13,107	0	13,107
Due to State of Tennessee	224	0	0	224	0	224
Total Liabilities	\$ 22,871	\$ 153	\$ 1,410	\$ 24,434	\$ 0	24,434
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 212,302	\$ 0	\$ 0	\$ 212,302	\$ 0	212,302
Deferred Delinquent Property Taxes	8,594	0	0	8,594	0	8,594
Total Deferred Inflows of Resources	\$ 220,896	\$ 0	\$ 0	\$ 220,896	\$ 0	220,896

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 69,987	\$ 0	\$ 69,987	\$ 0	\$ 69,987
Committed:						
Committed for Public Health and Welfare	50,275	0	0	50,275	0	50,275
Committed for Capital Outlay	0	0	0	0	1,242	1,242
Total Fund Balances	<u>\$ 50,275</u>	<u>\$ 69,987</u>	<u>\$ 0</u>	<u>\$ 120,262</u>	<u>\$ 1,242</u>	<u>\$ 121,504</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 294,042</u>	<u>\$ 70,140</u>	<u>\$ 1,410</u>	<u>\$ 365,592</u>	<u>\$ 1,242</u>	<u>\$ 366,834</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, 2019

	Special Revenue Funds				
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Total
<u>Revenues</u>					
Local Taxes	\$ 171,073	\$ 318,865	\$ 0	\$ 0	\$ 489,938
Fines, Forfeitures, and Penalties	0	0	10,040	0	10,040
Charges for Current Services	61,069	0	0	34,752	95,821
Other Local Revenues	26,573	0	8,085	0	34,658
State of Tennessee	8,949	0	0	0	8,949
Total Revenues	<u>\$ 267,664</u>	<u>\$ 318,865</u>	<u>\$ 18,125</u>	<u>\$ 34,752</u>	<u>\$ 639,406</u>
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 34,752	\$ 34,752
Public Safety	0	0	17,552	0	17,552
Public Health and Welfare	314,693	376,450	0	0	691,143
Other Operations	30,222	3,662	113	0	33,997
Total Expenditures	<u>\$ 344,915</u>	<u>\$ 380,112</u>	<u>\$ 17,665</u>	<u>\$ 34,752</u>	<u>\$ 777,444</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (77,251)</u>	<u>\$ (61,247)</u>	<u>\$ 460</u>	<u>\$ 0</u>	<u>\$ (138,038)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 35,000	\$ 0	\$ 49,987	\$ 0	\$ 84,987
Transfers Out	0	(35,135)	0	0	(35,135)
Total Other Financing Sources (Uses)	<u>\$ 35,000</u>	<u>\$ (35,135)</u>	<u>\$ 49,987</u>	<u>\$ 0</u>	<u>\$ 49,852</u>

(Continued)

Exhibit F-2

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

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	
Net Change in Fund Balances	\$ (42,251)	\$ (96,382)	\$ 50,447	\$ 0	\$ (88,186)
Fund Balance, July 1, 2018	92,526	96,382	19,540	0	208,448
Fund Balance, June 30, 2019	\$ 50,275	\$ 0	\$ 69,987	\$ 0	\$ 120,262

(Continued)

Exhibit F-2

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

	<u>Capital</u> <u>Projects Fund</u>	Total Nonmajor Governmental Funds
	General Capital Projects	
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 489,938
Fines, Forfeitures, and Penalties	0	10,040
Charges for Current Services	0	95,821
Other Local Revenues	0	34,658
State of Tennessee	0	8,949
Total Revenues	<u>\$ 0</u>	<u>\$ 639,406</u>
<u>Expenditures</u>		
Current:		
Administration of Justice	\$ 0	\$ 34,752
Public Safety	0	17,552
Public Health and Welfare	0	691,143
Other Operations	0	33,997
Total Expenditures	<u>\$ 0</u>	<u>\$ 777,444</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ (138,038)</u>
<u>Other Financing Sources (Uses)</u>		
Transfers In	\$ 0	\$ 84,987
Transfers Out	0	(35,135)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 49,852</u>

(Continued)

Exhibit F-2

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

	<u>Capital</u> <u>Projects Fund</u>	Total Nonmajor Governmental Funds
	General Capital Projects	
Net Change in Fund Balances	\$ 0	\$ (88,186)
Fund Balance, July 1, 2018	<u>1,242</u>	<u>209,690</u>
Fund Balance, June 30, 2019	<u>\$ 1,242</u>	<u>\$ 121,504</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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 171,073	\$ 170,985	\$ 170,985	\$ 88
Charges for Current Services	61,069	102,500	102,500	(41,431)
Other Local Revenues	26,573	62,000	62,000	(35,427)
State of Tennessee	8,949	0	0	8,949
Total Revenues	<u>\$ 267,664</u>	<u>\$ 335,485</u>	<u>\$ 335,485</u>	<u>\$ (67,821)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 206,981	\$ 204,556	\$ 208,189	\$ 1,208
Convenience Centers	107,712	94,163	108,414	702
<u>Other Operations</u>				
Other Charges	12,850	36,700	16,500	3,650
Employee Benefits	17,372	0	16,514	(858)
Total Expenditures	<u>\$ 344,915</u>	<u>\$ 335,419</u>	<u>\$ 349,617</u>	<u>\$ 4,702</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (77,251)</u>	<u>\$ 66</u>	<u>\$ (14,132)</u>	<u>\$ (63,119)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 35,000	\$ 0	\$ 0	\$ 35,000
Total Other Financing Sources	<u>\$ 35,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 35,000</u>
Net Change in Fund Balance	\$ (42,251)	\$ 66	\$ (14,132)	\$ (28,119)
Fund Balance, July 1, 2018	<u>92,526</u>	<u>69,835</u>	<u>69,835</u>	<u>22,691</u>
Fund Balance, June 30, 2019	<u>\$ 50,275</u>	<u>\$ 69,901</u>	<u>\$ 55,703</u>	<u>\$ (5,428)</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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 318,865	\$ 166,667	\$ 166,667	\$ 152,198
Total Revenues	\$ 318,865	\$ 166,667	\$ 166,667	\$ 152,198
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Local Health Services	\$ 376,450	\$ 165,000	\$ 411,585	\$ 35,135
<u>Other Operations</u>				
Other Charges	3,662	1,667	3,662	0
Total Expenditures	\$ 380,112	\$ 166,667	\$ 415,247	\$ 35,135
Excess (Deficiency) of Revenues Over Expenditures	\$ (61,247)	\$ 0	\$ (248,580)	\$ 187,333
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (35,135)	\$ 0	\$ (35,135)	\$ 0
Total Other Financing Sources	\$ (35,135)	\$ 0	\$ (35,135)	\$ 0
Net Change in Fund Balance	\$ (96,382)	\$ 0	\$ (283,715)	\$ 187,333
Fund Balance, July 1, 2018	96,382	96,382	96,382	0
Fund Balance, June 30, 2019	\$ 0	\$ 96,382	\$ (187,333)	\$ 187,333

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,040	\$ 0	\$ 0	\$ 10,040
Other Local Revenues	8,085	0	0	8,085
Total Revenues	<u>\$ 18,125</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,125</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 17,552	\$ 0	\$ 67,656	\$ 50,104
<u>Other Operations</u>				
Other Charges	113	0	0	(113)
Total Expenditures	<u>\$ 17,665</u>	<u>\$ 0</u>	<u>\$ 67,656</u>	<u>\$ 49,991</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 460</u>	<u>\$ 0</u>	<u>\$ (67,656)</u>	<u>\$ 68,116</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 49,987	\$ 0	\$ 49,987	\$ 0
Total Other Financing Sources	<u>\$ 49,987</u>	<u>\$ 0</u>	<u>\$ 49,987</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 50,447	\$ 0	\$ (17,669)	\$ 68,116
Fund Balance, July 1, 2018	19,540	18,154	18,154	1,386
Fund Balance, June 30, 2019	<u><u>\$ 69,987</u></u>	<u><u>\$ 18,154</u></u>	<u><u>\$ 485</u></u>	<u><u>\$ 69,502</u></u>

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 635,514	\$ 724,213	\$ 724,213	\$ (88,699)
Other Governments and Citizens Groups	310,562	0	0	310,562
Total Revenues	<u>\$ 946,076</u>	<u>\$ 724,213</u>	<u>\$ 724,213</u>	<u>\$ 221,863</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 0	\$ 8,392	\$ 0	\$ 0
<u>Principal on Debt</u>				
General Government	417,776	580,532	633,308	215,532
Highways and Streets	41,853	41,918	41,918	65
Education	250,000	0	250,000	0
<u>Interest on Debt</u>				
General Government	148,401	201,755	153,831	5,430
Highways and Streets	4,170	5,105	5,105	935
Education	60,562	0	60,563	1
<u>Other Debt Service</u>				
General Government	67,344	0	65,304	(2,040)
Total Expenditures	<u>\$ 990,106</u>	<u>\$ 837,702</u>	<u>\$ 1,210,029</u>	<u>\$ 219,923</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (44,030)</u>	<u>\$ (113,489)</u>	<u>\$ (485,816)</u>	<u>\$ 441,786</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 115,000	\$ 115,000	\$ (115,000)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ (115,000)</u>
Net Change in Fund Balance	\$ (44,030)	\$ 1,511	\$ (370,816)	\$ 326,786
Fund Balance, July 1, 2018	<u>431,634</u>	<u>514,308</u>	<u>514,308</u>	<u>(82,674)</u>
Fund Balance, June 30, 2019	<u>\$ 387,604</u>	<u>\$ 515,819</u>	<u>\$ 143,492</u>	<u>\$ 244,112</u>

Fiduciary Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis. 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, 2019

	<u>Agency Funds</u>		
	<u>Cities - Sales Tax</u>	<u>Constitu - tional Officers - Agency</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,103,421	\$ 1,103,421
Accounts Receivable	0	3,052	3,052
Due from Other Governments	172,445	0	172,445
Total Assets	<u>\$ 172,445</u>	<u>\$ 1,106,473</u>	<u>\$ 1,278,918</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 172,445	\$ 0	\$ 172,445
Due to Litigants, Heirs, and Others	0	1,106,473	1,106,473
Total Liabilities	<u>\$ 172,445</u>	<u>\$ 1,106,473</u>	<u>\$ 1,278,918</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 885,526	\$ 885,526	\$ 0
Due from Other Governments	155,058	172,445	155,058	172,445
Total Assets	\$ 155,058	\$ 1,057,971	\$ 1,040,584	\$ 172,445
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 155,058	\$ 1,057,971	\$ 1,040,584	\$ 172,445
Total Liabilities	\$ 155,058	\$ 1,057,971	\$ 1,040,584	\$ 172,445
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,181,897	\$ 4,400,953	\$ 4,479,429	\$ 1,103,421
Accounts Receivable	6,385	3,052	6,385	3,052
Total Assets	\$ 1,188,282	\$ 4,404,005	\$ 4,485,814	\$ 1,106,473
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,188,282	\$ 4,404,005	\$ 4,485,814	\$ 1,106,473
Total Liabilities	\$ 1,188,282	\$ 4,404,005	\$ 4,485,814	\$ 1,106,473
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,181,897	\$ 4,400,953	\$ 4,479,429	\$ 1,103,421
Equity in Pooled Cash and Investments	0	885,526	885,526	0
Accounts Receivable	6,385	3,052	6,385	3,052
Due from Other Governments	155,058	172,445	155,058	172,445
Total Assets	\$ 1,343,340	\$ 5,461,976	\$ 5,526,398	\$ 1,278,918
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 155,058	\$ 1,057,971	\$ 1,040,584	\$ 172,445
Due to Litigants, Heirs, and Others	1,188,282	4,404,005	4,485,814	1,106,473
Total Liabilities	\$ 1,343,340	\$ 5,461,976	\$ 5,526,398	\$ 1,278,918

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 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, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 8,778,369	\$ 0	\$ 731,876	\$ (8,046,493)
Support Services	4,966,261	76,998	458,032	(4,431,231)
Operation of Non-instructional Services	1,425,418	247,814	956,369	(221,235)
Total Governmental Activities	\$ 15,170,048	\$ 324,812	\$ 2,146,277	\$ (12,698,959)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,948,977
Local Option Sales Taxes				1,313,012
Wheel Tax				180,280
Other Local Taxes				2,451
Grants and Contributions Not Restricted to Specific Programs				10,143,949
Unrestricted Investment Income				117,283
Miscellaneous				4,082
Total General Revenues				\$ 13,710,034
Change in Net Position				\$ 1,011,075
Net Position, July 1, 2018				11,192,783
Net Position, June 30, 2019				\$ 12,203,858

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,430,154	\$ 1,077,798	\$ 5,507,952
Accounts Receivable	10,106	0	10,106
Due from Other Governments	382,114	73,095	455,209
Property Taxes Receivable	1,848,005	0	1,848,005
Allowance for Uncollectible Property Taxes	(42,253)	0	(42,253)
Restricted Assets	15,843	0	15,843
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 6,643,969	\$ 1,150,893	\$ 7,794,862
<u>LIABILITIES</u>			
Accounts Payable	\$ 11,921	\$ 77	\$ 11,998
Accrued Payroll	7,366	0	7,366
Payroll Deductions Payable	422,645	70,030	492,675
Total Liabilities	\$ 441,932	\$ 70,107	\$ 512,039
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,698,415	\$ 0	\$ 1,698,415
Deferred Delinquent Property Taxes	98,198	0	98,198
Other Deferred/Unavailable Revenue	120,270	0	120,270
Total Deferred Inflows of Resources	\$ 1,916,883	\$ 0	\$ 1,916,883
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 2,088	\$ 7,913	\$ 10,001
Restricted for Operation of Non-instructional Services	0	182,779	182,779
Restricted for Capital Outlay	0	765,094	765,094
Restricted for Hybrid Retirement Stabilization Funds	15,843	0	15,843
Committed:			
Committed for Education	567,852	0	567,852
Assigned:			
Assigned for Education	9,249	125,000	134,249
Unassigned	3,690,122	0	3,690,122
Total Fund Balances	\$ 4,285,154	\$ 1,080,786	\$ 5,365,940
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,643,969	\$ 1,150,893	\$ 7,794,862

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, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 5,365,940
(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: buildings and improvements net of accumulated depreciation	5,115,730	
Add: other capital assets net of accumulated depreciation	<u>1,312,996</u>	6,698,174
(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		(1,073,771)
(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	\$ 1,379,209	
Less: deferred inflows of resources related to pensions	(1,230,210)	
Add: deferred outflows of resources related to OPEB	89,683	
Less: deferred inflows of resources related to OPEB	<u>(343,713)</u>	(105,031)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 425,261	
Add: net pension asset - teacher retirement plan	25,007	
Add: net pension asset - teacher legacy pension plan	<u>649,810</u>	1,100,078
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>218,468</u>
Net position of governmental activities (Exhibit A)		<u>\$ 12,203,858</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, 2019

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 3,460,299	\$ 0	\$ 3,460,299
Licenses and Permits	741	0	741
Charges for Current Services	116,704	208,108	324,812
Other Local Revenues	134,223	0	134,223
State of Tennessee	10,414,178	6,925	10,421,103
Federal Government	0	1,860,162	1,860,162
Total Revenues	<u>\$ 14,126,145</u>	<u>\$ 2,075,195</u>	<u>\$ 16,201,340</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 7,301,900	\$ 870,124	\$ 8,172,024
Support Services	4,740,343	323,225	5,063,568
Operation of Non-Instructional Services	616,595	919,521	1,536,116
Capital Outlay	258,063	937,874	1,195,937
Debt Service:			
Other Debt Service	310,562	0	310,562
Total Expenditures	<u>\$ 13,227,463</u>	<u>\$ 3,050,744</u>	<u>\$ 16,278,207</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 898,682</u>	<u>\$ (975,549)</u>	<u>\$ (76,867)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 25,000	\$ 25,000
Transfers Out	(25,000)	0	(25,000)
Total Other Financing Sources (Uses)	<u>\$ (25,000)</u>	<u>\$ 25,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 873,682	\$ (950,549)	\$ (76,867)
Fund Balance, July 1, 2018	3,411,472	2,031,335	5,442,807
Fund Balance, June 30, 2019	<u>\$ 4,285,154</u>	<u>\$ 1,080,786</u>	<u>\$ 5,365,940</u>

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, 2019

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(76,867)
(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	\$	933,828	
Less: current-year depreciation expense		<u>(716,226)</u>	217,602
(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 disposal of capital assets			(16,044)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$	218,468	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(206,952)</u>	11,516
(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	\$	233,666	
Change in deferred outflows related to OPEB		28,198	
Change in deferred inflows related to OPEB		(291,325)	
Change in deferred outflows related to pensions		(26,234)	
Change in deferred inflows related to pensions		221,453	
Change in net pension asset - agent plan		114,805	
Change in net pension asset - teacher retirement plan		3,964	
Change in net pension asset - teacher legacy pension plan		<u>590,341</u>	<u>874,868</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,011,075</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 106,623	\$ 206,081	\$ 312,704	\$ 765,094	\$ 1,077,798
Due from Other Governments	73,095	0	73,095	0	73,095
Total Assets	\$ 179,718	\$ 206,081	\$ 385,799	\$ 765,094	\$ 1,150,893
<u>LIABILITIES</u>					
Accounts Payable	\$ 77	\$ 0	\$ 77	\$ 0	\$ 77
Payroll Deductions Payable	46,728	23,302	70,030	0	70,030
Total Liabilities	\$ 46,805	\$ 23,302	\$ 70,107	\$ 0	\$ 70,107
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 7,913	\$ 0	\$ 7,913	\$ 0	\$ 7,913
Restricted for Operation of Non-instructional Services	0	182,779	182,779	0	182,779
Restricted for Capital Outlay	0	0	0	765,094	765,094
Assigned:					
Assigned for Education	125,000	0	125,000	0	125,000
Total Fund Balances	\$ 132,913	\$ 182,779	\$ 315,692	\$ 765,094	\$ 1,080,786
Total Liabilities and Fund Balances	\$ 179,718	\$ 206,081	\$ 385,799	\$ 765,094	\$ 1,150,893

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, 2019

	Special Revenue Funds			Capital	Total
	School Federal Projects	Central Cafeteria	Total	Projects Fund Education Capital Projects	Nonmajor Governmental Funds
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 208,108	\$ 208,108	\$ 0	\$ 208,108
State of Tennessee	0	6,925	6,925	0	6,925
Federal Government	1,271,218	588,944	1,860,162	0	1,860,162
Total Revenues	\$ 1,271,218	\$ 803,977	\$ 2,075,195	\$ 0	\$ 2,075,195
<u>Expenditures</u>					
Current:					
Instruction	\$ 870,124	\$ 0	\$ 870,124	\$ 0	\$ 870,124
Support Services	323,225	0	323,225	0	323,225
Operation of Non-Instructional Services	71,715	847,806	919,521	0	919,521
Capital Outlay	0	0	0	937,874	937,874
Total Expenditures	\$ 1,265,064	\$ 847,806	\$ 2,112,870	\$ 937,874	\$ 3,050,744
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,154	\$ (43,829)	\$ (37,675)	\$ (937,874)	\$ (975,549)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 25,000	\$ 0	\$ 25,000	\$ 0	\$ 25,000
Total Other Financing Sources (Uses)	\$ 25,000	\$ 0	\$ 25,000	\$ 0	\$ 25,000
Net Change in Fund Balances	\$ 31,154	\$ (43,829)	\$ (12,675)	\$ (937,874)	\$ (950,549)
Fund Balance, July 1, 2018	101,759	226,608	328,367	1,702,968	2,031,335
Fund Balance, June 30, 2019	\$ 132,913	\$ 182,779	\$ 315,692	\$ 765,094	\$ 1,080,786

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,460,299	\$ 0	\$ 0	\$ 3,460,299	\$ 3,262,121	\$ 3,245,876	\$ 214,423
Licenses and Permits	741	0	0	741	1,500	1,500	(759)
Charges for Current Services	116,704	0	0	116,704	80,000	80,000	36,704
Other Local Revenues	134,223	0	0	134,223	22,000	23,000	111,223
State of Tennessee	10,414,178	0	0	10,414,178	10,191,702	10,380,040	34,138
Federal Government	0	0	0	0	0	10,100	(10,100)
Total Revenues	\$ 14,126,145	\$ 0	\$ 0	\$ 14,126,145	\$ 13,557,323	\$ 13,740,516	\$ 385,629
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,937,539	\$ (2,126)	\$ 1,456	\$ 5,936,869	\$ 6,296,573	\$ 6,305,211	\$ 368,342
Alternative Instruction Program	110,615	0	0	110,615	113,165	113,165	2,550
Special Education Program	843,214	0	0	843,214	896,250	896,250	53,036
Career and Technical Education Program	410,532	0	62	410,594	436,650	433,950	23,356
<u>Support Services</u>							
Attendance	97,667	0	0	97,667	109,305	109,305	11,638
Health Services	257,791	0	0	257,791	295,280	300,280	42,489
Other Student Support	522,585	0	0	522,585	667,850	625,853	103,268
Regular Instruction Program	709,698	0	0	709,698	779,450	779,450	69,752
Special Education Program	136,092	0	0	136,092	136,220	136,220	128
Career and Technical Education Program	46,700	0	0	46,700	48,125	50,825	4,125
Technology	121,009	0	0	121,009	152,362	152,362	31,353
Other Programs	34,392	0	0	34,392	0	34,392	0
Board of Education	171,938	0	0	171,938	205,068	205,068	33,130
Director of Schools	173,456	0	0	173,456	180,920	182,101	8,645
Office of the Principal	601,200	0	0	601,200	623,820	626,182	24,982
Fiscal Services	105,979	0	0	105,979	115,327	115,327	9,348
Operation of Plant	828,640	(432)	33	828,241	928,850	928,850	100,609
Maintenance of Plant	224,360	(1,461)	825	223,724	244,025	268,717	44,993

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 708,836	\$ (4,400)	\$ 0	\$ 704,436	\$ 721,257	\$ 801,357	\$ 96,921
<u>Operation of Non-Instructional Services</u>							
Community Services	223,506	0	0	223,506	178,740	249,135	25,629
Early Childhood Education	393,089	0	0	393,089	439,593	444,268	51,179
<u>Capital Outlay</u>							
Regular Capital Outlay	258,063	(55,843)	6,873	209,093	150,000	230,000	20,907
<u>Principal on Debt</u>							
Education	0	0	0	0	286,875	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	89,250	0	0
<u>Other Debt Service</u>							
Education	310,562	0	0	310,562	0	376,125	65,563
Total Expenditures	\$ 13,227,463	\$ (64,262)	\$ 9,249	\$ 13,172,450	\$ 14,094,955	\$ 14,364,393	\$ 1,191,943
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 898,682	\$ 64,262	\$ (9,249)	\$ 953,695	\$ (537,632)	\$ (623,877)	\$ 1,577,572
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (25,000)	\$ 0	\$ 0	\$ (25,000)	\$ 0	\$ (25,000)	\$ 0
Total Other Financing Sources	\$ (25,000)	\$ 0	\$ 0	\$ (25,000)	\$ 0	\$ (25,000)	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2018	\$ 873,682	\$ 64,262	\$ (9,249)	\$ 928,695	\$ (537,632)	\$ (648,877)	\$ 1,577,572
	3,411,472	(64,262)	0	3,347,210	2,735,602	2,735,602	611,608
Fund Balance, June 30, 2019							
	\$ 4,285,154	\$ 0	\$ (9,249)	\$ 4,275,905	\$ 2,197,970	\$ 2,086,725	\$ 2,189,180

Exhibit I-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,271,218	\$ 0	\$ 1,271,218	\$ 1,470,168	\$ 1,471,809	\$ (200,591)
Total Revenues	\$ 1,271,218	\$ 0	\$ 1,271,218	\$ 1,470,168	\$ 1,471,809	\$ (200,591)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 469,124	\$ 471	\$ 469,595	\$ 516,158	\$ 515,376	\$ 45,781
Special Education Program	382,467	0	382,467	468,477	468,812	86,345
Career and Technical Education Program	18,533	3,707	22,240	22,950	22,950	710
<u>Support Services</u>						
Other Student Support	31,503	3,640	35,143	41,427	42,253	7,110
Regular Instruction Program	150,870	0	150,870	179,054	179,157	28,287
Special Education Program	96,000	0	96,000	101,675	101,675	5,675
Transportation	44,852	0	44,852	45,926	47,085	2,233
<u>Operation of Non-Instructional Services</u>						
Community Services	71,715	0	71,715	94,500	98,062	26,347
Total Expenditures	\$ 1,265,064	\$ 7,818	\$ 1,272,882	\$ 1,470,167	\$ 1,475,370	\$ 202,488
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 6,154	\$ (7,818)	\$ (1,664)	\$ 1	\$ (3,561)	\$ 1,897
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 25,000	\$ 0	\$ 25,000	\$ 0	\$ 25,000	\$ 0
Total Other Financing Sources	\$ 25,000	\$ 0	\$ 25,000	\$ 0	\$ 25,000	\$ 0

(Continued)

Exhibit I-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 31,154	\$ (7,818)	\$ 23,336	\$ 1	\$ 21,439	\$ 1,897
Fund Balance, July 1, 2018	101,759	0	101,759	0	0	101,759
Fund Balance, June 30, 2019	\$ 132,913	\$ (7,818)	\$ 125,095	\$ 1	\$ 21,439	\$ 103,656

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 208,108	\$ 275,000	\$ 275,000	\$ (66,892)
State of Tennessee	6,925	8,000	8,000	(1,075)
Federal Government	588,944	582,500	582,500	6,444
Total Revenues	<u>\$ 803,977</u>	<u>\$ 865,500</u>	<u>\$ 865,500</u>	<u>\$ (61,523)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 847,806	\$ 865,000	\$ 865,000	\$ 17,194
Total Expenditures	<u>\$ 847,806</u>	<u>\$ 865,000</u>	<u>\$ 865,000</u>	<u>\$ 17,194</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (43,829)</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ (44,329)</u>
Net Change in Fund Balance	\$ (43,829)	\$ 500	\$ 500	\$ (44,329)
Fund Balance, July 1, 2018	<u>226,608</u>	<u>226,608</u>	<u>226,608</u>	<u>0</u>
Fund Balance, June 30, 2019	<u>\$ 182,779</u>	<u>\$ 227,108</u>	<u>\$ 227,108</u>	<u>\$ (44,329)</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, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Paid and/or Matured During Period	Outstanding 6-30-19
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Highway Equipment	\$ 214,000	2.85	% 3-17-17	3-17-22	\$ 163,367	\$ 41,853	\$ 121,514
School Capital Projects	2,500,000	2.55	11-2-17	11-1-26	2,500,000	250,000	2,250,000
Total Notes Payable					\$ 2,663,367	\$ 291,853	\$ 2,371,514
<u>OTHER LOAN PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Benton-Decatur Special Sewer District Loan	1,069,673	1.47	9-1-09	8-31-29	\$ 635,693	\$ 52,776	\$ 582,917
Total Other Loan Payable					\$ 635,693	\$ 52,776	\$ 582,917
<u>CAPITAL LEASE PAYABLE</u>							
<u>Payable through General Fund</u>							
Sheriff's Department Vehicles	179,791	5.70	% 12-11-15	12-11-19	\$ 73,739	\$ 43,153	\$ 30,586
Total Capital Lease Payable					\$ 73,739	\$ 43,153	\$ 30,586
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Refunding Bonds, Series 2016	6,475,000	2 to 3	9-27-16	5-1-37	\$ 6,210,000	\$ 365,000	\$ 5,845,000
Total Bonds Payable					\$ 6,210,000	\$ 365,000	\$ 5,845,000

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 2,371,514	\$ 242,071	\$ 2,613,585

Year Ending June 30	Other Loan		
	Principal	Interest	Total
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	\$ 582,917	\$ 44,992	\$ 627,909

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2020	\$ 30,586	\$ 1,744	\$ 32,330
Total	\$ 30,586	\$ 1,744	\$ 32,330

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2025	410,000	93,513	503,513

(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
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>\$ 5,845,000</u>	<u>\$ 1,254,675</u>	<u>\$ 7,099,675</u>

Exhibit J-3

Decatur County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Decatur County School Department
For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 35,000
"	Drug Control	Military surplus equipment sale proceeds	49,987
Special Purpose	General	To close fund	<u>35,135</u>
Total Transfers Primary Government			<u>\$ 120,122</u>
<u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow funds	<u>\$ 25,000</u>
Total Transfers Discretely Presented Decatur County School Department			<u>\$ 25,000</u>

Exhibit J-4

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, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 88,886 (1)	\$ 400,000	Local Government Property and Casualty Fund
Road Supervisor	Section 8-24-102, <i>TCA</i>	73,226	400,000	"
Director of Schools	State Board of Education and County Board of Education	96,000 (2)	400,000	Tennessee Risk Management Trust
Trustee:				
Janis Wright Boyd (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	11,095	557,241	Auto Owners Insurance Company
Beth Hays (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	55,474	610,000	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	66,569	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	66,569	400,000	Local Government Property and Casualty Fund
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	66,569	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	66,569 (3)	60,000	Ohio Casualty Insurance Company
Register of Deeds:				
Don Davis (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	11,095	50,000	Auto Owners Insurance Company
Regina Tillman (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	55,474	400,000	Local Government Property and Casualty Fund
Sheriff	Section 8-24-102, <i>TCA</i>	73,226 (4)	400,000	"
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) Includes a chief executive officer training supplement of \$1,000.

(3) Does not include special commissioner fees of \$34,752.

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

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,153,066	\$ 158,649	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	106,383	7,868	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	33,138	3,203	0	0	0	0
Interest and Penalty	18,698	1,351	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	59,978	2	0	0	0	0
Payments in-Lieu-of Taxes - Other	912	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	408,224	0	0	0	0	0
Hotel/Motel Tax	37,565	0	0	0	0	0
Wheel Tax	72,183	0	318,865	0	0	0
Litigation Tax - General	49,341	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	83,571	0	0	0	0	0
Mixed Drink Tax	3,246	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	73,630
<u>Statutory Local Taxes</u>						
Bank Excise Tax	14,708	0	0	0	0	245
Wholesale Beer Tax	102,586	0	0	0	0	0
Total Local Taxes	\$ 3,149,980	\$ 171,073	\$ 318,865	\$ 0	\$ 0	\$ 73,875
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 5,161	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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 (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 1,662	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 6,823	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 3,325	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,932	0	0	0	0	0
Drug Control Fines	0	0	0	2,850	0	0
Drug Court Fees	585	0	0	0	0	0
DUI Treatment Fines	238	0	0	0	0	0
Data Entry Fee - Circuit Court	1,741	0	0	0	0	0
Victims Assistance Assessments	1,044	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	28,386	0	0	0	0	0
Officers Costs	20,713	0	0	0	0	0
Game and Fish Fines	308	0	0	0	0	0
Drug Control Fines	0	0	0	7,190	0	0
Drug Court Fees	3,915	0	0	0	0	0
Jail Fees	2,559	0	0	0	0	0
DUI Treatment Fines	5,935	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,778	0	0	0	0	0
Courtroom Security Fee	218	0	0	0	0	0
Victims Assistance Assessments	15,324	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,274	0	0	0	0	0

(Continued)

Exhibit J-5

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>Chancery Court</u>						
Officers Costs	\$ 1,830	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	4,148	0	0	0	0	0
Courtroom Security Fee	44	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	4,275	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 103,572	\$ 0	\$ 0	\$ 10,040	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 60,890	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fee	0	179	0	0	0	0
Patient Charges	954,896	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	38,937	0	0	0	0	0
Copy Fees	223	0	0	0	0	0
Library Fees	1,679	0	0	0	0	0
Greenbelt Late Application Fee	550	0	0	0	0	0
Vending Machine Collections	39,038	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	34,752	0
Data Processing Fee - Register	4,696	0	0	0	0	0
Probation Fees	18,018	0	0	0	0	0
Data Processing Fee - Sheriff	1,240	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,100	0	0	0	0	0
Data Processing Fee - County Clerk	183	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	30	0	0	0	0	0

(Continued)

Exhibit J-5

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	\$ 15,781	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Charges for Services	21,300	0	0	0	0	0
Total Charges for Current Services	\$ 1,098,671	\$ 61,069	\$ 0	\$ 0	\$ 34,752	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 2,629	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	11,000	0	0	0	0	0
Sale of Recycled Materials	0	26,573	0	0	0	4,600
Miscellaneous Refunds	30,310	0	0	0	0	12,181
<u>Nonrecurring Items</u>						
Sale of Equipment	63,590	0	0	0	0	0
Damages Recovered from Individuals	100	0	0	0	0	0
Contributions and Gifts	17,729	0	0	8,085	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	73,389	0	0	0	0	0
Total Other Local Revenues	\$ 198,747	\$ 26,573	\$ 0	\$ 8,085	\$ 0	\$ 16,781
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 148,026	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	40,182	0	0	0	0	0
General Sessions Court Clerk	109,264	0	0	0	0	0
Clerk and Master	30,556	0	0	0	0	0
Register	57,828	0	0	0	0	0

(Continued)

Exhibit J-5

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>						
Sheriff	\$ 9,190	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	210,853	0	0	0	0	0
Total Fees Received From County Officials	\$ 605,899	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 63,885	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	21,341	0	0	0	0	0
<u>Public Safety Grants</u>						
Other Public Safety Grants	40,844	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	83,155
State Aid Program	0	0	0	0	0	325,428
Litter Program	13,838	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	26,726	0	0	0	0	0
Resort District Sales Tax	226,046	0	0	0	0	0
Beer Tax	17,959	0	0	0	0	0
Vehicle Certificate of Title Fees	5,871	0	0	0	0	0
Alcoholic Beverage Tax	40,277	0	0	0	0	0
State Revenue Sharing - T.V.A.	461,055	0	0	0	0	0
State Revenue Sharing - Telecommunications	18,967	0	0	0	0	0
Contracted Prisoner Boarding	189,379	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,998,550
Petroleum Special Tax	0	0	0	0	0	8,483

(Continued)

Exhibit J-5

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>						
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	52,660	0	0	0	0	0
Other State Revenues	484,474	8,949	0	0	0	0
Total State of Tennessee	\$ 1,678,486	\$ 8,949	\$ 0	\$ 0	\$ 0	\$ 2,415,616
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 8,717	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	37,095	0	0	0	0	0
Medicaid	68,941	0	0	0	0	0
Total Federal Government	\$ 114,753	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 161,938	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 161,938	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 7,118,869	\$ 267,664	\$ 318,865	\$ 18,125	\$ 34,752	\$ 2,506,272

(Continued)

Exhibit J-5

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	\$ 385,285	\$	2,697,000
Trustee's Collections - Prior Year	19,010		133,261
Circuit Clerk/Clerk and Master Collections - Prior Years	5,242		41,583
Interest and Penalty	3,075		23,124
Payments in-Lieu-of Taxes - T.V.A.	1,684		7,765
Payments in-Lieu-of Taxes - Local Utilities	16,606		76,586
Payments in-Lieu-of Taxes - Other	253		1,165
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0		408,224
Hotel/Motel Tax	0		37,565
Wheel Tax	168,308		559,356
Litigation Tax - General	0		49,341
Litigation Tax - Special Purpose	0		300
Litigation Tax - Jail, Workhouse, or Courthouse	36,051		36,051
Business Tax	0		83,571
Mixed Drink Tax	0		3,246
Mineral Severance Tax	0		73,630
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0		14,953
Wholesale Beer Tax	0		102,586
Total Local Taxes	<u>\$ 635,514</u>	<u>\$</u>	<u>4,349,307</u>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$	0	\$ 5,161

(Continued)

Exhibit J-5

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 (Cont.)</u>				
<u>Permits</u>				
Beer Permits	\$	0	\$	1,662
Total Licenses and Permits	\$	0	\$	6,823
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$	0	\$	3,325
Officers Costs		0		1,932
Drug Control Fines		0		2,850
Drug Court Fees		0		585
DUI Treatment Fines		0		238
Data Entry Fee - Circuit Court		0		1,741
Victims Assistance Assessments		0		1,044
<u>General Sessions Court</u>				
Fines		0		28,386
Officers Costs		0		20,713
Game and Fish Fines		0		308
Drug Control Fines		0		7,190
Drug Court Fees		0		3,915
Jail Fees		0		2,559
DUI Treatment Fines		0		5,935
Data Entry Fee - General Sessions Court		0		5,778
Courtroom Security Fee		0		218
Victims Assistance Assessments		0		15,324
<u>Juvenile Court</u>				
Fines		0		1,274

(Continued)

Exhibit J-5

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>Chancery Court</u>		
Officers Costs	\$ 0	\$ 1,830
Data Entry Fee - Chancery Court	0	4,148
Courtroom Security Fee	0	44
<u>Other Fines, Forfeitures, and Penalties</u>		
Other Fines, Forfeitures, and Penalties	0	4,275
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 113,612</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Surcharge - Host Agency	\$ 0	\$ 60,890
Solid Waste Disposal Fee	0	179
Patient Charges	0	954,896
<u>Fees</u>		
Recreation Fees	0	38,937
Copy Fees	0	223
Library Fees	0	1,679
Greenbelt Late Application Fee	0	550
Vending Machine Collections	0	39,038
Special Commissioner Fees/Special Master Fees	0	34,752
Data Processing Fee - Register	0	4,696
Probation Fees	0	18,018
Data Processing Fee - Sheriff	0	1,240
Sexual Offender Registration Fee - Sheriff	0	2,100
Data Processing Fee - County Clerk	0	183
Vehicle Insurance Coverage and Reinstatement Fees	0	30

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>		<u>General</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges</u>				
Community Service Fees - Adults	\$	0	\$	15,781
Other Charges for Services		0		21,300
Total Charges for Current Services	\$	0	\$	1,194,492
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$	0	\$	2,629
Lease/Rentals		0		11,000
Sale of Recycled Materials		0		31,173
Miscellaneous Refunds		0		42,491
<u>Nonrecurring Items</u>				
Sale of Equipment		0		63,590
Damages Recovered from Individuals		0		100
Contributions and Gifts		0		25,814
<u>Other Local Revenues</u>				
Other Local Revenues		0		73,389
Total Other Local Revenues	\$	0	\$	250,186
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$	0	\$	148,026
Circuit Court Clerk		0		40,182
General Sessions Court Clerk		0		109,264
Clerk and Master		0		30,556
Register		0		57,828

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>		<u>General</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<hr/>				
<u>Fees Received From County Officials (Cont.)</u>				
<u>Fees In-Lieu-of Salary (Cont.)</u>				
Sheriff	\$	0	\$	9,190
Trustee			0	210,853
Total Fees Received From County Officials	\$	0	\$	605,899
<hr/>				
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$	0	\$	63,885
Aging Programs			0	21,341
<u>Public Safety Grants</u>				
Other Public Safety Grants			0	40,844
<u>Public Works Grants</u>				
Bridge Program			0	83,155
State Aid Program			0	325,428
Litter Program			0	13,838
<u>Other State Revenues</u>				
Income Tax			0	26,726
Resort District Sales Tax			0	226,046
Beer Tax			0	17,959
Vehicle Certificate of Title Fees			0	5,871
Alcoholic Beverage Tax			0	40,277
State Revenue Sharing - T.V.A.			0	461,055
State Revenue Sharing - Telecommunications			0	18,967
Contracted Prisoner Boarding			0	189,379
Gasoline and Motor Fuel Tax			0	1,998,550
Petroleum Special Tax			0	8,483

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>		
	General Debt Service		Total
<hr/>			
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Registrar's Salary Supplement	\$	0	\$ 15,164
Other State Grants		0	52,660
Other State Revenues		0	493,423
Total State of Tennessee	<u>\$</u>	<u>0</u>	<u>\$ 4,103,051</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$	0	\$ 8,717
Homeland Security Grants		0	37,095
Medicaid		0	68,941
Total Federal Government	<u>\$</u>	<u>0</u>	<u>\$ 114,753</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$	310,562	\$ 472,500
Total Other Governments and Citizens Groups	<u>\$</u>	<u>310,562</u>	<u>\$ 472,500</u>
Total	<u>\$</u>	<u>946,076</u>	<u>\$ 11,210,623</u>

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,812,979	\$ 0	\$ 0	\$ 1,812,979
Trustee's Collections - Prior Year	88,802	0	0	88,802
Circuit Clerk/Clerk and Master Collections - Prior Years	27,938	0	0	27,938
Interest and Penalty	15,240	0	0	15,240
Payments in-Lieu-of Taxes - T.V.A.	1,590	0	0	1,590
Payments in-Lieu-of Taxes - Local Utilities	15,706	0	0	15,706
Payments in-Lieu-of Taxes - Other	239	0	0	239
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,305,458	0	0	1,305,458
Wheel Tax	180,280	0	0	180,280
Mixed Drink Tax	2,507	0	0	2,507
<u>Statutory Local Taxes</u>				
Bank Excise Tax	9,560	0	0	9,560
Total Local Taxes	<u>\$ 3,460,299</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,460,299</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 741	\$ 0	\$ 0	\$ 741
Total Licenses and Permits	<u>\$ 741</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 741</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 97,225	\$ 97,225
Lunch Payments - Adults	0	0	18,472	18,472

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Income from Breakfast	\$ 0	\$ 0	\$ 33,641	\$ 33,641
A la Carte Sales	0	0	58,770	58,770
Receipts from Individual Schools	7,137	0	0	7,137
Community Service Fees - Children	39,706	0	0	39,706
Other Charges for Services	69,861	0	0	69,861
Total Charges for Current Services	<u>\$ 116,704</u>	<u>\$ 0</u>	<u>\$ 208,108</u>	<u>\$ 324,812</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 117,283	\$ 0	\$ 0	\$ 117,283
Miscellaneous Refunds	2,842	0	0	2,842
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	240	0	0	240
Contributions and Gifts	12,858	0	0	12,858
<u>Other Local Revenues</u>				
Other Local Revenues	1,000	0	0	1,000
Total Other Local Revenues	<u>\$ 134,223</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 134,223</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 34,392	\$ 0	\$ 0	\$ 34,392
<u>State Education Funds</u>				
Basic Education Program	9,386,000	0	0	9,386,000
Early Childhood Education	288,784	0	0	288,784

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
School Food Service	\$ 0	\$ 0	\$ 6,925	\$ 6,925
Other State Education Funds	366,279	0	0	366,279
Career Ladder Program	47,035	0	0	47,035
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	197,595	0	0	197,595
Other State Grants	94,093	0	0	94,093
Total State of Tennessee	<u>\$ 10,414,178</u>	<u>\$ 0</u>	<u>\$ 6,925</u>	<u>\$ 10,421,103</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 336,961	\$ 336,961
USDA - Commodities	0	0	53,093	53,093
Breakfast	0	0	170,009	170,009
USDA - Other	0	0	28,881	28,881
Vocational Education - Basic Grants to States	0	32,267	0	32,267
Title I Grants to Local Education Agencies	0	519,660	0	519,660
Special Education - Grants to States	0	468,342	0	468,342
Special Education Preschool Grants	0	54,522	0	54,522
English Language Acquisition Grants	0	1,024	0	1,024
Safe and Drug-free Schools - State Grants	0	71,716	0	71,716
Rural Education	0	23,599	0	23,599
Eisenhower Professional Development State Grants	0	62,848	0	62,848
Other Federal through State	0	37,240	0	37,240
Total Federal Government	<u>\$ 0</u>	<u>\$ 1,271,218</u>	<u>\$ 588,944</u>	<u>\$ 1,860,162</u>
Total	<u>\$ 14,126,145</u>	<u>\$ 1,271,218</u>	<u>\$ 803,977</u>	<u>\$ 16,201,340</u>

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	27,950	
Social Security		1,731	
Unemployment Compensation		14	
Employer Medicare		405	
Audit Services		4,468	
Dues and Memberships		1,200	
Legal Notices, Recording, and Court Costs		707	
Other Charges		499	
Total County Commission			\$ 36,974

Board of Equalization

Board and Committee Members Fees	\$	706	
Total Board of Equalization			706

Beer Board

Board and Committee Members Fees	\$	1,100	
Social Security		68	
Employer Medicare		16	
Total Beer Board			1,184

Budget and Finance Committee

Board and Committee Members Fees	\$	3,450	
Social Security		212	
Employer Medicare		50	
Total Budget and Finance Committee			3,712

Other Boards and Committees

Board and Committee Members Fees	\$	100	
Social Security		6	
Employer Medicare		1	
Total Other Boards and Committees			107

County Mayor/Executive

County Official/Administrative Officer	\$	76,886	
Accountants/Bookkeepers		46,690	
Secretary(ies)		29,634	
Part-time Personnel		192	
Social Security		8,486	
Pensions		2,565	
Unemployment Compensation		375	
Employer Medicare		1,985	
Accounting Services		9,620	
Dues and Memberships		1,338	
Maintenance Agreements		17,253	
Maintenance and Repair Services - Office Equipment		80	
Postal Charges		707	
Travel		706	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Office Supplies	\$	4,639	
Other Supplies and Materials		15	
Other Charges		164	
Total County Mayor/Executive			\$ 201,335

Personnel Office

Maintenance Agreements	\$	1,060	
Other Supplies and Materials		478	
Total Personnel Office			1,538

County Attorney

Legal Services	\$	45,324	
Total County Attorney			45,324

Election Commission

County Official/Administrative Officer	\$	59,912	
Custodial Personnel		4,800	
Part-time Personnel		3,604	
Other Salaries and Wages		25,823	
Election Commission		3,675	
Election Workers		12,710	
Social Security		5,624	
Pensions		434	
Unemployment Compensation		212	
Employer Medicare		1,315	
Communication		1,538	
Dues and Memberships		350	
Legal Notices, Recording, and Court Costs		3,417	
Maintenance Agreements		435	
Maintenance and Repair Services - Buildings		3,120	
Maintenance and Repair Services - Office Equipment		86	
Postal Charges		1,468	
Printing, Stationery, and Forms		23,008	
Rentals		1,300	
Travel		2,232	
Electricity		1,584	
Food Supplies		326	
Natural Gas		594	
Office Supplies		2,512	
Water and Sewer		535	
Other Supplies and Materials		886	
Other Charges		745	
Office Equipment		963	
Voting Machines		3,450	
Total Election Commission			166,658

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	66,569	
Secretary(ies)		26,598	
Social Security		5,252	
Pensions		1,146	
Unemployment Compensation		98	
Employer Medicare		1,228	
Dues and Memberships		551	
Maintenance Agreements		1,187	
Travel		278	
Data Processing Supplies		4,978	
Office Supplies		998	
Total Register of Deeds			\$ 108,883

County Buildings

Custodial Personnel	\$	9,600	
Social Security		353	
Pensions		54	
Employer Medicare		83	
Communication		23,480	
Maintenance and Repair Services - Buildings		6,012	
Maintenance and Repair Services - Equipment		6,976	
Other Contracted Services		1,874	
Custodial Supplies		2,988	
Electricity		61,447	
Natural Gas		4,728	
Water and Sewer		2,749	
Other Charges		397	
Other Capital Outlay		15,600	
Total County Buildings			136,341

Finance

Accounting and Budgeting

Accounting Services	\$	2,455	
Total Accounting and Budgeting			2,455

Property Assessor's Office

County Official/Administrative Officer	\$	66,569
Deputy(ies)		26,598
Other Salaries and Wages		26,598
In-service Training		400
Social Security		7,284
Pensions		1,329
Unemployment Compensation		300
Employer Medicare		1,974
Data Processing Services		677
Dues and Memberships		1,200
Maintenance Agreements		1,209

(Continued)

Exhibit J-7

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	\$	277	
Postal Charges		478	
Other Contracted Services		9,018	
Data Processing Supplies		556	
Gasoline		1,151	
Office Supplies		664	
Total Property Assessor's Office			\$ 146,282

Reappraisal Program

Other Salaries and Wages	\$	26,218	
Social Security		1,782	
Pensions		1,071	
Unemployment Compensation		94	
Employer Medicare		146	
Data Processing Services		3,710	
Other Supplies and Materials		235	
Total Reappraisal Program			33,256

County Trustee's Office

County Official/Administrative Officer	\$	66,569	
Deputy(ies)		52,531	
Social Security		6,496	
Pensions		1,395	
Unemployment Compensation		300	
Employer Medicare		1,519	
Data Processing Services		6,116	
Dues and Memberships		1,121	
Maintenance Agreements		10,454	
Postal Charges		3,100	
Travel		1,288	
Office Supplies		3,288	
Office Equipment		4,235	
Total County Trustee's Office			158,412

County Clerk's Office

County Official/Administrative Officer	\$	66,569	
Deputy(ies)		53,196	
Social Security		7,122	
Pensions		2,012	
Unemployment Compensation		196	
Employer Medicare		1,666	
Dues and Memberships		1,206	
Maintenance Agreements		2,122	
Postal Charges		3,000	
Travel		2,153	
Office Supplies		2,171	
Total County Clerk's Office			141,413

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court Clerk

County Official/Administrative Officer	\$	66,569	
Deputy(ies)		53,196	
Jury and Witness Expense		4,769	
Social Security		6,980	
Pensions		2,012	
Unemployment Compensation		196	
Employer Medicare		1,632	
Dues and Memberships		536	
Legal Notices, Recording, and Court Costs		625	
Maintenance Agreements		15,087	
Postal Charges		1,556	
Travel		1,169	
Office Supplies		6,052	
Total Circuit Court Clerk			\$ 160,379

General Sessions Judge

Judge(s)	\$	94,089	
Probation Officer(s)		16,774	
Social Security		6,828	
Pensions		1,768	
Unemployment Compensation		64	
Employer Medicare		1,597	
Dues and Memberships		200	
Total General Sessions Judge			121,320

Chancery Court

County Official/Administrative Officer	\$	66,569	
Part-time Personnel		540	
Other Salaries and Wages		26,538	
Social Security		5,636	
Pensions		1,565	
Unemployment Compensation		98	
Employer Medicare		1,318	
Dues and Memberships		536	
Maintenance Agreements		6,621	
Postal Charges		490	
Office Supplies		2,338	
Total Chancery Court			112,249

Juvenile Court

County Official/Administrative Officer	\$	32,960	
Social Security		2,007	
Unemployment Compensation		84	
Employer Medicare		469	
Dues and Memberships		55	
Travel		709	
Office Supplies		786	
Total Juvenile Court			37,070

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Other Per Diem and Fees	\$ 3,960	
Total Other Administration of Justice		\$ 3,960

Victim Assistance Programs

Other Per Diem and Fees	\$ 15,502	
Total Victim Assistance Programs		15,502

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 73,226	
Supervisor/Director	32,000	
Deputy(ies)	337,204	
Investigator(s)	54,576	
Salary Supplements	6,600	
Dispatchers/Radio Operators	4,032	
Part-time Personnel	53,537	
Overtime Pay	72,181	
Other Salaries and Wages	9,252	
In-service Training	1,056	
Social Security	39,445	
Pensions	8,929	
Unemployment Compensation	2,563	
Employer Medicare	9,225	
Communication	24,405	
Data Processing Services	6,717	
Dues and Memberships	1,900	
Maintenance Agreements	2,740	
Maintenance and Repair Services - Buildings	15,464	
Maintenance and Repair Services - Equipment	13,429	
Maintenance and Repair Services - Vehicles	55,053	
Postal Charges	2,887	
Towing Services	2,036	
Travel	5,807	
Tuition	17,925	
Other Contracted Services	15,840	
Gasoline	71,342	
Law Enforcement Supplies	4,165	
Office Supplies	4,291	
Tires and Tubes	2,509	
Uniforms	5,924	
Other Supplies and Materials	14,664	
Other Charges	1,732	
Law Enforcement Equipment	724	
Motor Vehicles	30,067	
Total Sheriff's Department		1,003,447

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Supervisor/Director	\$	31,467	
Deputy(ies)		330,288	
Part-time Personnel		11,525	
Overtime Pay		21,154	
Other Salaries and Wages		6,438	
In-service Training		420	
Social Security		23,365	
Pensions		5,621	
Unemployment Compensation		2,231	
Employer Medicare		5,464	
Communication		2,946	
Data Processing Services		4,224	
Maintenance and Repair Services - Buildings		13,357	
Maintenance and Repair Services - Equipment		682	
Medical and Dental Services		144,246	
Travel		1,809	
Other Contracted Services		4,369	
Custodial Supplies		11,983	
Electricity		43,137	
Food Supplies		103,978	
Law Enforcement Supplies		177	
Natural Gas		8,496	
Office Supplies		1,367	
Uniforms		793	
Water and Sewer		10,308	
Other Supplies and Materials		1,632	
Law Enforcement Equipment		152	
Total Jail			\$ 791,629

Juvenile Services

Assistant(s)	\$	14,197	
Supervisor/Director		26,337	
Youth Service Officer(s)		12,406	
Medical Personnel		13,450	
Social Security		3,932	
Pensions		669	
Unemployment Compensation		346	
Employer Medicare		920	
Communication		1,511	
Maintenance Agreements		1,013	
Postal Charges		105	
Travel		579	
Other Contracted Services		220	
Electricity		457	
Total Juvenile Services			76,142

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program

Supervisor/Director	\$	46,845	
Probation Officer(s)		195,096	
Accountants/Bookkeepers		1,164	
Part-time Personnel		29,934	
Social Security		16,190	
Pensions		3,941	
Unemployment Compensation		1,428	
Employer Medicare		3,786	
Other Fringe Benefits		13,903	
Communication		9,659	
Maintenance and Repair Services - Equipment		4,668	
Postal Charges		556	
Printing, Stationery, and Forms		2,928	
Rentals		17,550	
Travel		13,660	
Other Contracted Services		16,634	
Electricity		3,760	
Natural Gas		1,123	
Office Supplies		16,848	
Water and Sewer		1,880	
Other Charges		1,999	
Motor Vehicles		10,498	
Total Work Release Program			\$ 414,050

Fire Prevention and Control

Contributions	\$	9,000	
Diesel Fuel		3,490	
Liability Insurance		50,411	
Other Equipment		58,152	
Total Fire Prevention and Control			121,053

Civil Defense

Supervisor/Director	\$	58,702	
Social Security		2,925	
Pensions		990	
Unemployment Compensation		131	
Employer Medicare		684	
Communication		4,193	
Travel		1,769	
Office Supplies		549	
Other Equipment		29,295	
Total Civil Defense			99,238

Rescue Squad

Contributions	\$	10,000	
Total Rescue Squad			10,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Supervisor/Director	\$	38,501	
Dispatchers/Radio Operators		296,459	
Part-time Personnel		33,519	
Overtime Pay		12,674	
Social Security		21,855	
Pensions		5,876	
Unemployment Compensation		1,353	
Employer Medicare		5,111	
Total Other Emergency Management			\$ 415,348

County Coroner/Medical Examiner

Medical Personnel	\$	25,278	
Social Security		877	
Pensions		87	
Unemployment Compensation		135	
Employer Medicare		205	
Contracts with Government Agencies		23,044	
Medical and Dental Services		23,440	
Other Supplies and Materials		559	
Total County Coroner/Medical Examiner			73,625

Public Health and Welfare

Local Health Center

Salary Supplements	\$	12,094	
Custodial Personnel		5,100	
Social Security		279	
Pensions		7	
Unemployment Compensation		30	
Employer Medicare		65	
Communication		3,443	
Maintenance and Repair Services - Buildings		701	
Postal Charges		56	
Other Contracted Services		952	
Custodial Supplies		285	
Drugs and Medical Supplies		923	
Electricity		4,503	
Instructional Supplies and Materials		1,133	
Natural Gas		855	
Office Supplies		1,130	
Water and Sewer		1,400	
Total Local Health Center			32,956

Ambulance/Emergency Medical Services

Supervisor/Director	\$	47,562	
Accountants/Bookkeepers		25,005	
Medical Personnel		589,336	
Dispatchers/Radio Operators		2,466	

(Continued)

Exhibit J-7

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.)

Secretary(ies)	\$	25,480	
Part-time Personnel		68,792	
Overtime Pay		102,089	
Other Salaries and Wages		1,466	
Social Security		50,037	
Pensions		11,716	
Unemployment Compensation		2,932	
Employer Medicare		11,702	
Communication		10,754	
Dues and Memberships		1,250	
Evaluation and Testing		580	
Laundry Service		8,517	
Maintenance Agreements		2,794	
Maintenance and Repair Services - Equipment		3,982	
Maintenance and Repair Services - Vehicles		20,189	
Postal Charges		1,498	
Travel		3,690	
Other Contracted Services		32,927	
Custodial Supplies		4,563	
Diesel Fuel		34,691	
Drugs and Medical Supplies		38,781	
Electricity		4,763	
Gasoline		1,281	
Natural Gas		2,177	
Office Supplies		4,512	
Tires and Tubes		4,695	
Uniforms		3,912	
Water and Sewer		1,622	
Building and Contents Insurance		6,289	
Refunds		3,756	
Vehicle and Equipment Insurance		25,730	
Workers' Compensation Insurance		50,760	
Fines, Assessments, and Penalties		21,734	
Data Processing Equipment		1,400	
Total Ambulance/Emergency Medical Services			\$ 1,235,430
<u>Crippled Children Services</u>			
Contributions	\$	796	
Total Crippled Children Services			796
<u>General Welfare Assistance</u>			
Contributions	\$	13,300	
Total General Welfare Assistance			13,300
<u>Sanitation Management</u>			
Solid Waste Equipment	\$	160,940	
Total Sanitation Management			160,940

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information

Laborers	\$	29,464	
Part-time Personnel		58	
Overtime Pay		425	
Social Security		1,857	
Pensions		363	
Unemployment Compensation		107	
Employer Medicare		434	
Other Supplies and Materials		481	
Total Sanitation Education/Information			\$ 33,189

Landfill Operation and Maintenance

Legal Services	\$	32,500	
Total Landfill Operation and Maintenance			32,500

Other Public Health and Welfare

Legal Services	\$	100,000	
Total Other Public Health and Welfare			100,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	22,350	
Part-time Personnel		8,140	
Other Salaries and Wages		21,773	
Social Security		3,240	
Pensions		376	
Unemployment Compensation		419	
Employer Medicare		758	
Communication		2,381	
Contributions		2,500	
Maintenance and Repair Services - Buildings		91	
Maintenance and Repair Services - Office Equipment		300	
Transportation - Other than Students		56	
Travel		738	
Electricity		4,320	
Natural Gas		2,325	
Office Supplies		207	
Water and Sewer		1,543	
Other Charges		4,391	
Total Senior Citizens Assistance			75,908

Libraries

Supervisor/Director	\$	26,500	
Part-time Personnel		964	
Other Salaries and Wages		18,453	
Social Security		2,755	
Pensions		501	
Unemployment Compensation		343	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Employer Medicare	\$	644	
Communication		2,504	
Maintenance Agreements		1,555	
Maintenance and Repair Services - Buildings		4,354	
Postal Charges		114	
Travel		205	
Library Books/Media		9,207	
Office Supplies		506	
Other Supplies and Materials		538	
Other Charges		3,816	
Total Libraries			\$ 72,959

Parks and Fair Boards

Supervisor/Director	\$	32,972	
Part-time Personnel		30,463	
Social Security		3,908	
Pensions		554	
Unemployment Compensation		422	
Employer Medicare		914	
Communication		3,212	
Contributions		4,600	
Maintenance and Repair Services - Buildings		6,225	
Maintenance and Repair Services - Equipment		5,517	
Maintenance and Repair Services - Vehicles		10	
Other Contracted Services		20,995	
Custodial Supplies		6,153	
Electricity		58,733	
Fertilizer, Lime, and Seed		370	
Gasoline		1,560	
Natural Gas		10,866	
Water and Sewer		21,722	
Other Supplies and Materials		2,768	
Other Charges		1,370	
Total Parks and Fair Boards			213,334

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	31,628	
Social Security		1,770	
Pensions		3,361	
Employee and Dependent Insurance		1,802	
Unemployment Compensation		6	
Local Retirement		399	
Employer Medicare		414	
Communication		2,776	
Data Processing Services		700	
Maintenance Agreements		900	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Travel	\$	1,000	
Electricity		4,424	
Natural Gas		337	
Other Supplies and Materials		1,793	
Workers' Compensation Insurance		25	
Total Agricultural Extension Service			\$ 51,335

Soil Conservation

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

Other Operations

Tourism

Advertising	\$	52,660	
Total Tourism			52,660

Industrial Development

Contributions	\$	35,000	
Total Industrial Development			35,000

Airport

Contributions	\$	51,645	
Total Airport			51,645

Veterans' Services

Supervisor/Director	\$	9,061	
Social Security		562	
Unemployment Compensation		107	
Employer Medicare		131	
Dues and Memberships		449	
Maintenance Agreements		307	
Travel		141	
Total Veterans' Services			10,758

Other Charges

Other Supplies and Materials	\$	1,340	
Liability Insurance		128,310	
Premiums on Corporate Surety Bonds		5,306	
Trustee's Commission		80,900	
Workers' Compensation Insurance		95,799	
Other Charges		9,910	
Total Other Charges			321,565

Contributions to Other Agencies

Contributions	\$	309,236	
Total Contributions to Other Agencies			309,236

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Medical Insurance	\$	200,161	
Contributions		2,501	
Penalties		4,862	
Total Employee Benefits			\$ 207,524

Miscellaneous

Contributions	\$	1,100	
Dues and Memberships		6,663	
Total Miscellaneous			7,763

Principal on Debt

General Government

Principal on Capital Leases	\$	43,153	
Total General Government			43,153

Interest on Debt

General Government

Interest on Notes	\$	23,942	
Interest on Capital Leases		4,203	
Total General Government			28,145

Other Debt Service

General Government

Fiscal Agent Charges	\$	3,750	
Total General Government			3,750

Total General Fund \$ 7,736,738

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	12,000	
Truck Drivers		18,934	
Laborers		28,310	
Secretary(ies)		2,621	
Overtime Pay		16,465	
Social Security		4,559	
Pensions		1,323	
Unemployment Compensation		196	
Employer Medicare		1,066	
Communication		965	
Dues and Memberships		100	
Engineering Services		3,602	
Legal Services		24,054	
Legal Notices, Recording, and Court Costs		5	
Maintenance and Repair Services - Buildings		41	
Maintenance and Repair Services - Equipment		3,838	

(Continued)

Exhibit J-7

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.)

Maintenance and Repair Services - Vehicles	\$	11,870	
Other Contracted Services		17,752	
Diesel Fuel		20,923	
Electricity		71	
Gasoline		18,550	
Natural Gas		5,642	
Tires and Tubes		1,551	
Water and Sewer		4,848	
Other Supplies and Materials		7,117	
Other Charges		578	
		<hr/>	
Total Sanitation Management	\$		206,981

Convenience Centers

Laborers	\$	78,337	
Part-time Personnel		13,568	
Overtime Pay		603	
Social Security		5,621	
Pensions		504	
Unemployment Compensation		910	
Employer Medicare		1,315	
Communication		389	
Maintenance and Repair Services - Equipment		261	
Electricity		4,369	
Water and Sewer		1,274	
Gravel and Chert		561	
		<hr/>	
Total Convenience Centers			107,712

Other Operations

Other Charges

Trustee's Commission	\$	3,992	
Surcharge		6,480	
Other Charges		2,378	
		<hr/>	
Total Other Charges			12,850

Employee Benefits

Medical Insurance	\$	17,372	
		<hr/>	
Total Employee Benefits			17,372

Total Solid Waste/Sanitation Fund \$ 344,915

Special Purpose Fund

Public Health and Welfare

Other Local Health Services

Contributions	\$	376,450	
		<hr/>	
Total Other Local Health Services	\$		376,450

(Continued)

Exhibit J-7

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

Special Purpose Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 3,662	
Total Other Charges		\$ 3,662

Total Special Purpose Fund \$ 380,112

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$ 1,620	
Dues and Memberships	55	
Law Enforcement Supplies	3,628	
Law Enforcement Equipment	12,249	
Total Drug Enforcement		\$ 17,552

Other Operations

Other Charges

Trustee's Commission	\$ 113	
Total Other Charges		113

Total Drug Control Fund 17,665

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees	\$ 34,752	
Total Chancery Court		\$ 34,752

Total Constitutional Officers - Fees Fund 34,752

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 73,226	
Assistant(s)	31,200	
Accountants/Bookkeepers	14,400	
Advertising	859	
Communication	6,407	
Dues and Memberships	2,841	
Evaluation and Testing	490	
Postal Charges	200	
Printing, Stationery, and Forms	896	
Travel	1,358	
Other Contracted Services	25,052	
Electricity	5,923	
Natural Gas	640	
Office Supplies	796	
Water and Sewer	860	
Other Supplies and Materials	6,151	
Total Administration		\$ 171,299

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Laborers	\$	267,929	
Overtime Pay		15,402	
Handling Charges and Administrative Costs		116	
Asphalt - Cold Mix		12,733	
Asphalt - Liquid		278,294	
Crushed Stone		187,291	
Custodial Supplies		630	
Pipe		69,704	
Road Signs		2,276	
Wood Products		43	
Total Highway and Bridge Maintenance	\$		834,418

Operation and Maintenance of Equipment

Mechanic(s)	\$	57,908	
Overtime Pay		15,100	
Licenses		70	
Diesel Fuel		59,412	
Equipment and Machinery Parts		94,244	
Gasoline		17,631	
Lubricants		4,458	
Tires and Tubes		16,088	
Chemicals		1,307	
Total Operation and Maintenance of Equipment			266,218

Other Charges

Liability Insurance	\$	43,685	
Trustee's Commission		20,716	
Workers' Compensation Insurance		29,468	
Total Other Charges			93,869

Employee Benefits

Social Security	\$	35,218	
Pensions		5,983	
Medical Insurance		76,518	
Total Employee Benefits			117,719

Capital Outlay

Operating Lease Payments	\$	30,759	
Other Contracted Services		18,929	
Bridge Construction		83,155	
Highway Equipment		292,228	
Office Equipment		3,163	
State Aid Projects		325,428	
Total Capital Outlay			753,662

Total Highway/Public Works Fund \$ 2,237,185

(Continued)

Exhibit J-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 365,000	
Principal on Other Loans	52,776	
Total General Government	\$ 417,776	

Highways and Streets

Principal on Notes	\$ 41,853	
Total Highways and Streets		41,853

Education

Principal on Notes	\$ 250,000	
Total Education		250,000

Interest on Debt

General Government

Interest on Bonds	\$ 139,413	
Interest on Other Loans	8,988	
Total General Government	148,401	

Highways and Streets

Interest on Notes	\$ 4,170	
Total Highways and Streets		4,170

Education

Interest on Notes	\$ 60,562	
Total Education		60,562

Other Debt Service

General Government

Contributions	\$ 55,962	
Fiscal Agent Charges	950	
Trustee's Commission	10,432	
Total General Government	67,344	

Total General Debt Service Fund \$ 990,106

Total Governmental Funds - Primary Government \$ 11,741,473

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,122,120	
Career Ladder Program	18,001	
Homebound Teachers	7,350	
Educational Assistants	67,914	
Other Salaries and Wages	17,100	
Certified Substitute Teachers	33,908	
Non-certified Substitute Teachers	72,743	
Social Security	239,280	
Pensions	410,808	
Medical Insurance	371,883	
Unemployment Compensation	3,000	
Employer Medicare	57,230	
Other Contracted Services	69,578	
Instructional Supplies and Materials	125,911	
Textbooks - Bound	114,922	
Other Supplies and Materials	12,282	
Other Charges	58,406	
Regular Instruction Equipment	135,103	
Total Regular Instruction Program		\$ 5,937,539

Alternative Instruction Program

Teachers	\$ 49,740	
Educational Assistants	33,786	
Social Security	4,493	
Pensions	5,772	
Medical Insurance	15,573	
Unemployment Compensation	200	
Employer Medicare	1,051	
Total Alternative Instruction Program		110,615

Special Education Program

Teachers	\$ 498,041	
Career Ladder Program	4,000	
Homebound Teachers	3,950	
Educational Assistants	35,257	
Speech Pathologist	102,350	
Non-certified Substitute Teachers	13,950	
Social Security	35,751	
Pensions	60,776	
Medical Insurance	56,963	
Unemployment Compensation	600	
Employer Medicare	8,643	
Maintenance and Repair Services - Equipment	2,637	
Other Contracted Services	4,542	
Instructional Supplies and Materials	7,248	
Other Supplies and Materials	4,777	

(Continued)

Exhibit J-8

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.)

Special Education Program (Cont.)

Other Charges	\$	448	
Special Education Equipment		3,281	
Total Special Education Program			\$ 843,214

Career and Technical Education Program

Teachers	\$	285,053	
Career Ladder Program		1,000	
Social Security		16,105	
Pensions		26,378	
Medical Insurance		9,920	
Unemployment Compensation		200	
Employer Medicare		4,006	
Other Contracted Services		54,721	
Instructional Supplies and Materials		9,515	
Textbooks - Bound		3,634	
Total Career and Technical Education Program			410,532

Support Services

Attendance

Supervisor/Director	\$	72,560	
Career Ladder Program		1,000	
Social Security		3,399	
Pensions		6,134	
Medical Insurance		3,745	
Unemployment Compensation		200	
Employer Medicare		1,012	
Travel		1,062	
Other Contracted Services		4,611	
Other Supplies and Materials		1,959	
Attendance Equipment		1,985	
Total Attendance			97,667

Health Services

Supervisor/Director	\$	48,229	
Clerical Personnel		20,000	
Other Salaries and Wages		124,958	
Social Security		11,473	
Pensions		3,184	
Medical Insurance		9,311	
Unemployment Compensation		200	
Employer Medicare		2,683	
Communication		720	
Postal Charges		300	
Travel		2,975	
Other Contracted Services		470	
Drugs and Medical Supplies		997	

(Continued)

Exhibit J-8

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.)

Health Services (Cont.)

Other Supplies and Materials	\$	18,920	
In Service/Staff Development		4,871	
Other Equipment		8,500	
Total Health Services			\$ 257,791

Other Student Support

Guidance Personnel	\$	136,383	
Other Salaries and Wages		917	
Social Security		7,790	
Pensions		10,130	
Medical Insurance		9,462	
Unemployment Compensation		200	
Employer Medicare		1,822	
Contracts with Government Agencies		16,000	
Contracts with Other School Systems		248,000	
Evaluation and Testing		4,002	
Travel		157	
Other Contracted Services		20,930	
Other Supplies and Materials		3,715	
Other Charges		50,405	
Other Equipment		12,672	
Total Other Student Support			522,585

Regular Instruction Program

Supervisor/Director	\$	189,757	
Career Ladder Program		6,536	
Librarians		217,458	
Secretary(ies)		126,959	
Other Salaries and Wages		34,400	
Social Security		29,611	
Pensions		43,028	
Medical Insurance		37,404	
Unemployment Compensation		700	
Employer Medicare		7,728	
Travel		2,091	
Library Books/Media		7,241	
Other Supplies and Materials		400	
In Service/Staff Development		6,076	
Other Charges		309	
Total Regular Instruction Program			709,698

Special Education Program

Supervisor/Director	\$	65,700	
Career Ladder Program		1,000	
Clerical Personnel		11,142	
Social Security		4,715	

(Continued)

Exhibit J-8

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.)

Special Education Program (Cont.)

Pensions	\$	7,086	
Medical Insurance		5,204	
Unemployment Compensation		100	
Employer Medicare		1,103	
Communication		1,384	
Travel		2,037	
Other Contracted Services		31,722	
In Service/Staff Development		2,822	
Other Equipment		2,077	
Total Special Education Program			\$ 136,092

Career and Technical Education Program

Supervisor/Director	\$	28,971	
Social Security		1,741	
Pensions		3,034	
Medical Insurance		2,699	
Employer Medicare		407	
Travel		8,000	
Other Supplies and Materials		650	
In Service/Staff Development		1,198	
Total Career and Technical Education Program			46,700

Technology

Supervisor/Director	\$	35,024	
Other Salaries and Wages		18,977	
Social Security		2,864	
Pensions		2,302	
Medical Insurance		7,663	
Unemployment Compensation		150	
Employer Medicare		670	
Maintenance and Repair Services - Equipment		12,618	
Internet Connectivity		32,250	
Travel		896	
Other Contracted Services		7,595	
Total Technology			121,009

Other Programs

On-behalf Payments to OPEB	\$	34,392	
Total Other Programs			34,392

Board of Education

Board and Committee Members Fees	\$	12,000	
Social Security		744	
Unemployment Compensation		354	
Employer Medicare		174	
Audit Services		11,500	

(Continued)

Exhibit J-8

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.)

Board of Education (Cont.)

Dues and Memberships	\$	5,758	
Legal Services		2,315	
Trustee's Commission		82,010	
Workers' Compensation Insurance		52,861	
Refund to Applicant for Criminal Investigation		635	
Other Charges		3,587	
Total Board of Education			\$ 171,938

Director of Schools

County Official/Administrative Officer	\$	95,000	
Career Ladder Program		1,800	
Secretary(ies)		21,000	
Social Security		5,295	
Pensions		10,018	
Medical Insurance		9,620	
Unemployment Compensation		100	
Employer Medicare		1,543	
Communication		18,344	
Postal Charges		3,096	
Travel		2,726	
Other Contracted Services		2,276	
Office Supplies		1,930	
Other Charges		708	
Total Director of Schools			173,456

Office of the Principal

Principals	\$	292,590	
Career Ladder Program		5,000	
Assistant Principals		170,728	
Social Security		25,603	
Pensions		48,915	
Medical Insurance		47,376	
Unemployment Compensation		200	
Employer Medicare		5,988	
Communication		4,800	
Total Office of the Principal			601,200

Fiscal Services

Accountants/Bookkeepers	\$	76,624	
Social Security		4,663	
Pensions		1,388	
Unemployment Compensation		100	
Employer Medicare		1,091	
Travel		2,108	
Other Contracted Services		15,883	
Office Supplies		2,277	
Other Charges		1,845	
Total Fiscal Services			105,979

(Continued)

Exhibit J-8

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

Custodial Personnel	\$	204,919	
Social Security		12,369	
Pensions		3,441	
Medical Insurance		14,543	
Unemployment Compensation		600	
Employer Medicare		2,893	
Custodial Supplies		39,606	
Electricity		302,216	
Natural Gas		77,829	
Water and Sewer		62,807	
Building and Contents Insurance		107,067	
Other Charges		350	
Total Operation of Plant			\$ 828,640

Maintenance of Plant

Maintenance Personnel	\$	89,253	
Social Security		5,315	
Pensions		1,848	
Medical Insurance		15,607	
Unemployment Compensation		400	
Employer Medicare		1,243	
Maintenance and Repair Services - Buildings		57,447	
Maintenance and Repair Services - Equipment		1,293	
Other Contracted Services		19,367	
Gasoline		7,070	
Other Charges		825	
Administration Equipment		24,692	
Total Maintenance of Plant			224,360

Transportation

Supervisor/Director	\$	42,186	
Mechanic(s)		27,000	
Bus Drivers		255,499	
Clerical Personnel		15,786	
Other Salaries and Wages		2,900	
Social Security		21,125	
Pensions		7,766	
Medical Insurance		7,430	
Unemployment Compensation		1,000	
Employer Medicare		4,940	
Communication		3,323	
Contracts with Parents		8,689	
Maintenance and Repair Services - Vehicles		57,657	
Medical and Dental Services		3,952	
Travel		1,011	
Diesel Fuel		62,488	

(Continued)

Exhibit J-8

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.)

Transportation (Cont.)

Garage Supplies	\$	3,102	
Gasoline		4,414	
Tires and Tubes		15,663	
Vehicle Parts		257	
Transportation Equipment		162,648	
Total Transportation			\$ 708,836

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	19,235	
Teachers		56,187	
Clerical Personnel		3,000	
Other Salaries and Wages		90,502	
Social Security		9,887	
Pensions		13,576	
Medical Insurance		7,693	
Employer Medicare		2,320	
Travel		353	
Food Supplies		1,169	
Instructional Supplies and Materials		5,843	
Other Supplies and Materials		11,726	
In Service/Staff Development		221	
Other Equipment		1,794	
Total Community Services			223,506

Early Childhood Education

Supervisor/Director	\$	10,300	
Teachers		172,136	
Clerical Personnel		2,000	
Educational Assistants		89,169	
Non-certified Substitute Teachers		7,500	
Social Security		14,921	
Pensions		19,285	
Medical Insurance		36,525	
Unemployment Compensation		600	
Employer Medicare		3,511	
Maintenance and Repair Services - Equipment		6,701	
Travel		1,189	
Food Supplies		3,753	
Instructional Supplies and Materials		14,955	
Other Supplies and Materials		5,414	
In Service/Staff Development		3,830	
Other Charges		534	
Other Equipment		766	
Total Early Childhood Education			393,089

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Construction	\$ 79,924	
Building Improvements	178,139	
Total Regular Capital Outlay		\$ 258,063

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 310,562	
Total Education		310,562

Total General Purpose School Fund \$ 13,227,463

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 273,155	
Educational Assistants	53,132	
Non-certified Substitute Teachers	300	
Social Security	16,397	
Pensions	23,452	
Medical Insurance	26,749	
Employer Medicare	4,313	
Instructional Supplies and Materials	51,851	
Other Charges	1,544	
Regular Instruction Equipment	18,231	
Total Regular Instruction Program		\$ 469,124

Special Education Program

Teachers	\$ 48,744	
Educational Assistants	256,605	
Social Security	16,705	
Pensions	8,636	
Medical Insurance	43,730	
Employer Medicare	3,927	
Evaluation and Testing	300	
Instructional Supplies and Materials	1,693	
Special Education Equipment	2,127	
Total Special Education Program		382,467

Career and Technical Education Program

Other Supplies and Materials	\$ 490	
Vocational Instruction Equipment	18,043	
Total Career and Technical Education Program		18,533

Support Services

Other Student Support

Travel	\$ 6,027	
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(Continued)

Exhibit J-8

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.)

Other Student Support (Cont.)

Other Contracted Services	\$	18,825	
Other Supplies and Materials		1,656	
In Service/Staff Development		4,000	
Other Charges		995	
Total Other Student Support			\$ 31,503

Regular Instruction Program

Supervisor/Director	\$	24,300	
Other Salaries and Wages		92,808	
Social Security		5,524	
Pensions		10,087	
Medical Insurance		5,339	
Employer Medicare		1,601	
Travel		96	
Other Supplies and Materials		2,185	
In Service/Staff Development		8,930	
Total Regular Instruction Program			150,870

Special Education Program

Psychological Personnel	\$	52,810	
Clerical Personnel		11,640	
Other Salaries and Wages		3,000	
Social Security		3,604	
Pensions		6,039	
Medical Insurance		8,072	
Employer Medicare		843	
Travel		602	
Other Contracted Services		2,486	
Other Supplies and Materials		891	
In Service/Staff Development		6,013	
Total Special Education Program			96,000

Transportation

Bus Drivers	\$	41,273	
Social Security		2,544	
Pensions		460	
Employer Medicare		575	
Total Transportation			44,852

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	12,375	
Teachers		39,176	
Clerical Personnel		3,000	
Social Security		3,381	
Pensions		4,665	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Employer Medicare	\$	791	
Instructional Supplies and Materials		6,378	
In Service/Staff Development		1,414	
Other Charges		535	
Total Community Services			\$ 71,715

Total School Federal Projects Fund \$ 1,265,064

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	34,651	
Cafeteria Personnel		311,981	
Social Security		19,669	
Pensions		4,522	
Medical Insurance		60,007	
Employer Medicare		4,600	
Communication		1,247	
Maintenance and Repair Services - Equipment		21,123	
Travel		944	
Other Contracted Services		18,423	
Food Preparation Supplies		23,294	
Food Supplies		274,675	
Office Supplies		1,280	
USDA - Commodities		53,093	
Other Supplies and Materials		2,407	
Refunds		471	
In Service/Staff Development		829	
Other Charges		8,813	
Food Service Equipment		5,777	
Total Food Service			\$ 847,806

Total Central Cafeteria Fund 847,806

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Architects	\$	8,107	
Building Improvements		929,767	
Total Regular Capital Outlay			\$ 937,874

Total Education Capital Projects Fund 937,874

Total Governmental Funds - Decatur County School Department \$ 16,278,207

Exhibit J-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 885,526
Total Cash Receipts	<u>\$ 885,526</u>
<u>Cash Disbursements</u>	
Remittance of Revenue Collected	\$ 876,671
Trustee's Commission	8,855
Total Cash Disbursements	<u>\$ 885,526</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2018	<u>0</u>
Cash Balance, June 30, 2019	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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, 2019, and the related notes to the financial statements, which collectively comprise Decatur County's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 16, 2020. 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.

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

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

material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2019-001(A), 2019-002(A,B,D), 2019-005, and 2019-006.

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: 2019-001(B,C), 2019-002(C), 2019-003, 2019-004, 2019-007, 2019-008, 2019-009, and 2019-010.

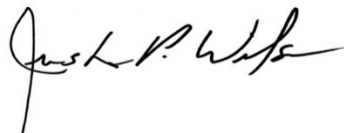
Decatur County's Responses to the Findings

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 16, 2020

JPW/kp



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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, 2019. 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, 2019.

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.

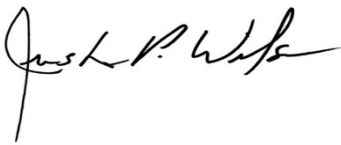
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2019, and the related notes to the financial statements, which collectively comprise Decatur County's basic financial statements. We issued our report thereon dated January 16, 2020. 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 financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 16, 2020

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, 2019

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	\$ 170,009
National School Lunch Program	10.555	N/A	339,241 (5)
Special Milk Program for Children	10.556	N/A	26,601
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	53,093 (5)
Total U.S. Department of Agriculture			<u>\$ 588,944</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 157,359 (6)
Total U.S. Department of Defense			<u>\$ 157,359</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	N/A	\$ 8,717
Total U.S. Department of Housing and Urban Development			<u>\$ 8,717</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:			
Highway Safety Cluster: (3)			
National Priority Safety Programs	20.616	Z19THS075	\$ 5,105
Total U.S. Department of Transportation			<u>\$ 5,105</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 521,607
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	468,342
Special Education - Preschool Grants	84.173	N/A	54,426
Career and Technical Education - Basic Grants to States	84.048	N/A	28,560
Twenty-first Century Community Learning Centers	84.287	N/A	71,716
Rural Education	84.358	N/A	22,649
Supporting Effective Instruction State Grant	84.367	N/A	60,509
Student Support and Academic Enrichment Program	84.424	N/A	1,813
Passed-through Lauderdale County Board of Education:			
English Language Acquisition State Grants	84.365	N/A	1,024
Total U.S. Department of Education			<u>\$ 1,230,646</u>
U. S. Department of Health and Human Services:			
Passed-through Southwest Tennessee Development District:			
Aging Cluster: (3)			
Special Programs for the Aging - Title II, Part B - Grants for Supportive Services and Senior Centers	93.044	(4)	\$ 21,341
Passed-through State Department of Human Services:			
CCDF Cluster: (3)			
Child Care and Development Block Grant	93.575	N/A	34,417
Total U. S. Department of Health and Human Services			<u>\$ 55,758</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	(4)	\$ 27,000
Assistance to Firefighters Grant	97.044	(4)	10,095
Total U.S. Department of Homeland Security			<u>\$ 37,095</u>
Total Expenditures of Federal Awards			<u>\$ 2,092,624</u>

State Grants		Contract Number	
Juvenile Justice and Delinquency Prevention - State Department of Children Services	N/A	(4)	\$ 54,885
Alternative Punishment Program - State Department of Corrections	N/A	(4)	482,223
Litter Program - State Department of Transportation	N/A	(4)	13,838
Early Childhood Education - State Department of Education	N/A	(4)	288,784
Tourist Development Co-Op - State Department of Tourist Development	N/A	(4)	52,660
Courtroom Security Grant - Administrative Office of the Courts	N/A	(4)	35,739
Access to Health Grant - State Department of Health	N/A	(4)	83,258
Art Student Ticket Subsidy Grant - State Department of Education	N/A	(4)	835
Safe Schools Act - State Department of Education	N/A	(4)	18,520
School Safety Grant - State Department of Education	N/A	(4)	47,408
Family Resource Center - State Department of Education	N/A	(4)	30,409
Coordinated School Health - State Department of Education	N/A	(4)	92,840
Lottery Education Afterschool Programs - State Department of Education	N/A	(4)	98,096
Read to be Ready Coaching Network Grant - State Department of Education	N/A	(4)	10,000
Total State Grants			<u>\$ 1,309,495</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 \$588,944; Highway Safety Cluster total \$5,105; Special Education Cluster total \$522,768; Aging Cluster total \$21,341; CCDF Cluster total \$34,417.
- (4) Information not available.
- (5) Total for CFDA No. 10.555 is \$392,334.
- (6) During the year ended June 30, 2019, Decatur County received excess military equipment from the U.S. Department of Defense valued at \$157,359.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or 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, 2019.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF COUNTY MAYOR</u>					
2018	187	2018-001	The General and General Debt Service Funds Required Material Audit Adjustments for Proper Financial Statement Presentation	N/A	Corrected
2018	188	2018-002	The Office had Deficiencies in Budget Operations	N/A	Not Corrected - See Expanation on Corrective Action Plan
2018	189	2018-003	The Office had Accounting Deficiencies	N/A	Not Corrected - See Expanation on Corrective Action Plan
2018	190	2018-004	The General Fund's Minimum Fund Balance did not Comply with County Policy	N/A	Not Corrected - See Expanation on Corrective Action Plan
2018	191	2018-005	Accrued Leave Records were not Maintained Adequately	N/A	Not Corrected - See Expanation on Corrective Action Plan
2018	192	2018-006	Time Records were not on File to Support Payroll Disbursements	N/A	Corrected
<u>OFFICE OF ROAD SUPERVISOR</u>					
2018	192	2018-007	Expenditures Exceeded Appropriations	N/A	Corrected
<u>OFFICE OF DIRECTOR OF SCHOOLS</u>					
2018	193	2018-008	The School Federal Projects Fund had a Cash Overdraft of \$12,509 at June 30, 2018	N/A	Corrected

(Continued)

Decatur County, Tennessee
Summary Schedule of Prior-year Findings (Cont.)

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICE OF ASSESSOR OF PROPERTY

2018	193	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	N/A	Corrected
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DECATUR COUNTY

2018	194	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	N/A	Not Corrected - See Expanation on Corrective Action Plan
2018	195	2018-011	The County's Audit Committee is not a Functioning Committee	N/A	Not Corrected - See Expanation 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, 2019

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

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of major federal programs:
 - * CFDA Numbers: 10.553, 10.555, and 10.556 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 2019-001

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

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

Our examination revealed the deficiencies noted below 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; management's failure to provide sufficient oversight; management's failure to correct the finding noted in the prior-year audit report; and the failure to implement their corrective action plan.

- A. The budget and subsequent amendments approved by the county commission for the General and Special Purpose funds resulted in appropriations exceeding estimated available funding by \$397,709 and \$187,333, respectively. Sound budgetary principles dictate that appropriations be held within estimated available funding.
- B. Expenditures exceeded appropriations approved by the county commission in seven of 56 major appropriation categories (the legal level of control) of the General Fund, in one of four major appropriation categories of the Solid Waste/Sanitation Fund, and in one of seven major appropriation categories of the General Debt Service Fund as reflected in the following table:

Fund/Major Appropriation Category	Amount Overspent
General:	
General Government - County Mayor/Executive	\$ 222
General Government - County Buildings	2,876
Finance - Property Assessor's Office	1,537
Public Safety - Civil Defense	107
Social, Cultural, and Recreational Services - Libraries	745
Social, Cultural, and Recreational Services - Parks and Fair Boards	3,942
Other Operations - Tourism	51,760
Solid Waste/Sanitation:	
Other Operations - Employee Benefits	858
General Debt Service:	
Other Debt Service - General Government	2,040

- C. Salaries exceeded appropriations in three of 91 salary line-items of the General Fund by amounts ranging from \$1,466 to \$3,761. 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

Appropriations that exceed estimated available funding should not be submitted to the county commission, and the county commission should not approve such appropriations. 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 one part 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, the Mayor’s Office is 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. For the appropriations exceeding estimated funding, we will keep a list of amendments approved throughout the year that decrease fund balance to ensure we do not exceed the estimated beginning amount.

FINDING 2019-002

THE OFFICE HAD ACCOUNTING DEFICIENCIES

(A., B., and D. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; C. – 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, a lack of understanding of internal controls, management's failure to correct the finding noted in the prior-year audit report, and the failure to implement their corrective action plan.

- A. The Solid Waste/Sanitation Fund had a cash overdraft of \$1,210 at June 30, 2019. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. Sound business practices dictate that disbursements be held within available cash. The cash overdraft was liquidated subsequent to June 30, 2019.
- B. The office did not accurately reconcile its check clearing bank account or accurately prepare lists of outstanding checks. A list of outstanding checks at June 30, 2019, was prepared; however, the account did not reconcile with the general ledger by \$8,769 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.
- C. 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 \$27,277 at June 30, 2019. The auditor performed substantive tests and alternative audit procedures and identified \$26,903 in errors leaving an unidentified amount of \$374. 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.

- D. 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 risks that errors will not be discovered and corrected in a timely manner.

RECOMMENDATION

The office should not issue checks exceeding cash on deposit with the county trustee. 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 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 they are zeroing out monthly without the need of a clearing entry.

FINDING 2019-003

COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF A USED FIRE TRUCK

(Noncompliance Under *Government Auditing Standards*)

As a part of our audit procedures for determining whether the purchasing process was operating as designed, we selected as sample of 42 disbursements totaling \$466,515 from a population of 2,920 vendor checks totaling \$6,442,341. Our examination revealed that competitive bids were not solicited for one used fire truck at a total cost of \$45,000. 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)*. These statutes require competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. Since this fire truck was used, Section 12-3-1202(b), *TCA*, provides that any county may purchase used or secondhand articles consisting of goods,

equipment, materials, supplies, or commodities from any private individual or entity without public advertisement and competitive bids as long as the purchasing government documents the general range of value of the purchased item through a listing in a nationally recognized publication or through an appraisal by a licensed appraiser, and the price is not more than five percent higher than the highest value of the documented range. The County Mayor's Office provided us with an estimate of the value of the purchased fire truck obtained from a website that lists fire equipment for sale, but this would not satisfy the requirement of documenting the general range of value with a nationally recognized publication or through an appraisal by a licensed appraiser as required by the statute. This deficiency is due to a lack of management oversight. As a result, the best and lowest price may not have been obtained for the purchase of the fire truck.

RECOMMENDATION

All purchases should be made in compliance with applicable state statutes.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. We were unaware that a used vehicle needed to have an estimated value through an appraisal or nationally recognized publication. The purchasing department did acquire pricing on two comparable fire trucks. The source of the comparable pricing was not satisfactory to audit. We have been made aware of Section 12-3-1202(b), *TCA*, and will comply with this on future purchases.

FINDING 2019-004

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

On August 25, 2016, the county commission adopted a minimum fund balance policy that requires the minimum unrestricted fund balance of 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, 2019, were \$7,736,738, which calculates to a minimum fund balance requirement of \$773,674 (ten percent of \$7,736,738). At June 30, 2019, the General Fund's committed, assigned, and unassigned fund balances totaled \$158,948, which is \$614,726, (\$773,674 less \$158,948) below the minimum fund balance requirement. This deficiency is the result of a lack of management oversight, the failure to follow county policy, management's failure to correct the finding noted in the prior-year audit report, and the failure to implement their corrective action plan.

RECOMMENDATION

Management should ensure the General Fund's minimum fund balance complies with county policy.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur with this finding. Because of financial difficulties with the hospital and legal expenses involving the landfill, our fund balance has depleted over time. This reduced the General Fund’s balance to less than what the minimum fund balance requires. We have increased our property tax rate and have budgeted more revenues than expenditures this year to increase fund balance.

FINDING 2019-005

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 a list of individual accrued leave balances at June 30, 2019; however, subsidiary records were not provided with beginning balances, amounts earned, and amounts used. Also, auditors noted some employees who were still employed at June 30, 2019, that had been omitted from the accrued leave listing. 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, the failure of accounting personnel to maintain accounting records in accordance with generally accepted accounting principles, management’s failure to correct the finding noted in the prior-year audit report, and management’s failure to implement their corrective action plan.

RECOMMENDATION

The County Mayor’s Office should maintain a summary of accrued leave and subsidiary records for leave 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 departments.

FINDING 2019-006

THE COUNTY WAS ASSESSED INTEREST AND PENALTIES TOTALING \$9,164 BY THE INTERNAL REVENUE SERVICE

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

Decatur County maintains a payroll clearing account with the bank to deposit employee payroll taxes due to the Internal Revenue Service (IRS) and is required to notify the IRS when withdrawals can be made. In seven instances for the period July 1, 2018, through the date of our audit report, the office failed to notify the IRS that funds were available for withdrawal in a timely manner. As a result, the IRS assessed the county interest and penalties totaling \$9,164. This deficiency resulted from a lack of management oversight.

RECOMMENDATION

Federal payroll taxes deposited to the payroll clearing bank account should be reported to the IRS in a timely manner to avoid interest and penalty assessments.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. We are now making IRS deposits on time and are working with the IRS to correct issues going back to last fiscal year.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2019-007

ROLLBACK CALCULATIONS ON CHANGES TO USE VALUE PROPERTIES WERE MISCALCULATED IN SOME INSTANCES AND NOT PROPERLY SUBMITTED TO THE TRUSTEE'S OFFICE FOR INCLUSION ON THE TAX ROLLS IN OTHER INSTANCES

(Noncompliance Under *Government Auditing Standards*)

As a result of monitoring efforts, the state Division of Property Assessments reviewed 13 rollback calculations. Errors were noted on all 13 calculations, which resulted in the following deficiencies:

- A. The assessor did not properly compute rollback calculations on properties whose acreage or usage changed. Section 67-5-1008(d)(1), *Tennessee Code Annotated*, 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.

- B. The assessor did not submit the rollback assessments to the county trustee for inclusion on the tax rolls. As a result, these assessments were not collected from the taxpayer, which resulted in a loss of tax revenues.

RECOMMENDATION

The assessor should properly compute rollback calculations on properties whose acreage or usage changed and submit the calculations to the county trustee in a timely manner for inclusion on the tax rolls.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

We concur with the finding, and a corrective action plan is now in place.

FINDING 2019-008

THE ASSESSOR DID NOT MAINTAIN AN ADEQUATE PROGRAM OF PROPERTY SALES VERIFICATION
(Noncompliance Under *Government Auditing Standards*)

The assessor did not maintain an adequate program for the verification of real property sales. During a monitoring review by the state Division of Property Assessments for the 2nd and 3rd quarters, the error rates for items tested were 35 percent (7 of 20) for farms, 25 percent (1 of 4) for commercial, and 100 percent (5 of 5) for warranty deed rejections. Section 67-5-1601, *Tennessee Code Annotated*, requires the assessor to maintain a real property sales verification program in accordance with the rules established by the Tennessee Board of Equalization. The assessor is required to maintain documentation of the reason for the rejection of any sale for use in analyzing appraisals. This deficiency is the result of management's failure to properly comply with state statutes. These errors on the sales verifications could result in the over or under assessment of property values.

RECOMMENDATION

The assessor should implement an adequate system of maintenance and quality control procedures to ensure there is proper verification of real property sales.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

We concur with the finding, and a corrective action plan is now in place.

DECATUR COUNTY

FINDING 2019-009

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 (\$72,959), 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 \$117,082 at June 30, 2019. 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 2019-010

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. 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.

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, 2019.

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

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

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

2019-001	The Office had Deficiencies in Budget Operations	206
2019-002	The Office had Accounting Deficiencies	207
2019-003	Competitive Bids were not Solicited for the Purchase of a Used Fire truck	208
2019-004	The General Fund's Minimum Fund Balance did not Comply with County Policy	209
2019-005	Accrued Leave Records were not Maintained Adequately	210
2019-006	The County was Assessed Interest and Penalties totaling \$9,164 by the Internal Revenue Service	211

OFFICE OF ASSESSOR OF PROPERTY

2019-007	Rollback Calculations on Changes to Use Value Properties were Miscalculated in Some Instances and not Properly Submitted to the Trustee's Office for Inclusion on the Tax Rolls in Other Instances	214
2019-008	The Assessor did not Maintain an Adequate Program of Property Sales Verification	215

DECATUR COUNTY

2019-009	Certain Financial Activity of the Decatur County Public Library was not Audited and was not Subject to the Budgetary Control of the County Commission	212
2019-010	The County's Audit Committee is not a Functioning Committee	213



DECATUR COUNTY MAYOR

Mike Creasy

CORRECTIVE ACTION PLAN

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, 2020

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

We were able to correct one part 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 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, 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

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

reviews the submitted budget amendments and then presents those budget amendments which the budget committee deems acceptable to the full commission for approval. For the appropriations exceeding estimated funding, we will keep a list of amendments approved throughout the year that decrease fund balance to ensure we do not exceed the estimated beginning amount.

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, 2020

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.

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DECATUR COUNTY MAYOR

Mike Creasy

FINDING

**COMPETITIVE BIDS WERE NOT SOLICITED FOR
THE PURCHASE OF A USED FIRE TRUCK**

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, 2020

Repeat Finding:
No

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

Planned Corrective Action:
We concur with this finding. We were unaware that a used vehicle needed to have an estimated value through an appraisal or nationally recognized publication. We have been made aware of Section 12-3-1202(b), TCA and will comply with this on future purchases.



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, 2020

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Because of financial difficulties with the hospital and legal expenses involving the landfill, our fund balance has depleted over time. This reduced the General Fund balance to less than what the minimum fund balance requires.

Planned Corrective Action:
We concur with this finding. We have increased our property tax rate and have budgeted more revenues than expenditures this year to increase 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, 2020

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Attempts were made to compile accrued leave records, but we were unable to complete the task by year-end.

Planned Corrective Action:
We concur with this finding. With the transition to a full time bookkeeper, attempts were made to correct prior year deficiencies, but there are still deficiencies that remain. These records will be maintained going forward. We will continue to work to implement new procedures for how the information is provided to our office from various department supervisors.



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, 2020

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, 2020

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
The audit committee failed to take corrective action that was noted in the prior year report.

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

STEVE GLASS
ASSESSOR OF PROPERTY
P.O. BOX 488
DECATURVILLE, TENNESSEE 38329

CORRECTIVE ACTION PLAN

FINDING

**ROLLBACK CALCULATIONS ON CHANGES TO
USE VALUE PROPERTIES WERE
MISCALCULATED IN SOME INSTANCES AND
NOT PROPERLY SUBMITTED TO THE
TRUSTEES OFFICE FOR INCLUSION ON THE
TAX ROLLS IN OTHER INSTANCES**

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, Deputy

Anticipated Completion Date of Corrective Action:

June 14, 2019

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

Assessor now contains a yearly listing of all Greenbelt applications and all rollbacks are monitored through the yearly sales book when rollbacks are completed.

STEVE GLASS
ASSESSOR OF PROPERTY
P.O. BOX 488
DECATURVILLE, TENNESSEE 38329

FINDING

**THE ASSESSOR DID NOT MAINTAIN AN
ADEQUATE PROGRAM OF PROPERTY SALES
VERIFICATION**

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 Christy Clark, Deputy

Anticipated Completion Date of Corrective Action:
June 14, 2019

Repeat Finding:
No

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

Planned Corrective Action:
We will maintain a yearly sales book of all property sales files, sales verifications, and document all disqualified and qualified sales related to farms and commercial properties.



Assessor of Property

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.