



ANNUAL FINANCIAL REPORT

Lake County, Tennessee

For the Year Ended June 30, 2022

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
LAKE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2022

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

LEE ANN WEST, CPA, CGFM
Audit Manager

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

LAKE COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Lake County, Tennessee
For the Year Ended June 30, 2022

Scope

We have audited the basic financial statements of Lake County as of and for the year ended June 30, 2022.

Results

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

Our audit resulted in 12 findings and recommendations, which we have reviewed with Lake 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:

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, AND DIRECTOR OF SCHOOLS

- ◆ The General, Highway/Public Works, General Debt Service, General Purpose School, and School Federal Projects funds required material audit adjustments for proper financial statement presentation.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

- ◆ The offices had accounting deficiencies.
 - ◆ The offices had deficiencies in budget operations.
 - ◆ Accounting records for capital assets were not closed and available for audit by August 31, 2022.
-



OFFICES OF COUNTY MAYOR AND SHERIFF

- ◆ The offices had deficiencies in the administration of accrued leave balances.
-

OFFICE OF COUNTY MAYOR

- ◆ Lake County has a material recurring audit finding.
 - ◆ The office had purchasing deficiencies.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The school department did not employ a registered architect or engineer for construction projects.
-

OFFICE OF SHERIFF

- ◆ Deficiencies were noted in collecting and depositing funds which resulted in a cash shortage of \$702.
 - ◆ The office had deficiencies in filing its annual financial report.
-

OFFICE OF SHERIFF AND THE AMBULANCE SERVICE DEPARTMENT

- ◆ Duties were not segregated adequately.
-

LAKE COUNTY

- ◆ The county's audit committee is not a functioning committee.



INTRODUCTORY SECTION

Lake County Officials

June 30, 2022

Officials

Denny Johnson, County Mayor
Stephen Baker, Road Superintendent
Sherry Darnell, Director of Schools
Tammie Hopper, Trustee
Jaxon Neil, Assessor of Property
Crystal Horner, County Clerk
Jessica Avery, Circuit, General Sessions, and Juvenile Courts Clerk
Amber Mooring, Clerk and Master
Claudia Adcock, Register of Deeds
Bryan Avery, Sheriff

Board of County Commissioners

Denny Johnson, County Mayor, Chairman
Shelby Barker
Mallory Berry
Wayne Hatley
Joyce McCoy

Don Moore
Terry Pierce
Danny Tippit, II
Timothy Windsor
Jimmy Yates

Highway Commission

Clifford Berry, Jr., Chairman
Clifford Berry, Sr.
Johnny Dean

Doug Gant
Jimmy Leake
Ronald Snyder

Board of Education

Jason Stanley, Chairman
John Cochran
Jo Beth Cook
Deborah Cox
Warren Douglas

Ricky Forrest
Debra Holliman
Dianne Homra
Patricia Parks

Audit Committee

Albert Markham, Chairman
Mack Forrester
Robert Mathis

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

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 Lake County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lake County, Tennessee, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General, Other General Government, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Internal School Fund of the Lake County School Department (a discretely presented component unit), which represent 1.9 percent, 2.9 percent, and three percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented school department. We also did not audit the financial statements of the Lake County Emergency Communications District, which represent 10.1 percent, 14.4 percent, and 2.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Internal School Fund of the Lake County School Department and the Lake County Emergency Communications District is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our

responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake County, Tennessee, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Lake County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lake County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 liability (asset) and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability (asset), and schedule of school changes in the total other postemployment benefits liability and related ratios, as listed under Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake 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 Lake County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are 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 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 Lake County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023, on our consideration of Lake 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 the Lake 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 Lake County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 3, 2023

JEM/gc

BASIC FINANCIAL STATEMENTS

Exhibit A

Lake County, Tennessee
Statement of Net Position
June 30, 2022

	Primary Government Governmental Activities	Component Units	
		Lake County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 2,544	\$ 499,491	\$ 1,417,058
Equity in Pooled Cash and Investments	6,522,632	2,603,591	0
Accounts Receivable	2,480,280	0	0
Allowance for Uncollectibles	(1,411,416)	0	0
Due from Other Governments	544,846	511,212	0
Due from Primary Government	0	5,097	0
Due from Component Units	39,248	0	0
Property Taxes Receivable	2,077,916	920,596	0
Allowance for Uncollectible Property Taxes	(19,034)	(8,432)	0
Cash Shortage	11,017	0	0
Net Pension Asset - Agent Plan	659,991	256,664	0
Net Pension Asset - Teacher Retirement Plan	0	124,691	0
Net Pension Asset - Teacher Legacy Pension Plan	0	3,920,708	0
Restricted Assets:			
Amounts Accumulated for Pension Benefits	0	135,517	0
Capital Assets:			
Assets Not Depreciated:			
Land	1,819,646	67,365	0
Construction in Progress	13,703	94,400	
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	690,540	4,696,794	42,513
Infrastructure	4,470,140	0	0
Other Capital Assets	1,100,302	542,934	157,863
Total Assets	\$ 19,002,355	\$ 14,370,628	\$ 1,617,434
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	\$ 170,313	\$ 0	\$ 0
Pension Changes in Experience	60,806	38,992	0
Pension Changes in Assumptions	445,373	1,265,724	0
Pension Changes in Proportion	0	12,490	0
Pension Contributions After Measurement Date	161,079	378,209	0
OPEB Changes in Experience	0	44,954	0
OPEB Changes in Assumptions	0	149,640	0
OPEB Changes in Proportion	0	11,137	0
OPEB Contributions After Measurement Date	0	35,872	0
Total Deferred Outflows of Resources	\$ 837,571	\$ 1,937,018	\$ 0
<u>LIABILITIES</u>			
Accounts Payable	\$ 261,776	\$ 277,737	\$ 0
Payroll Deductions Payable	23,403	32,627	0
Due to Primary Government	0	39,248	0
Due to Component Unit	5,097	0	0
Accrued Interest Payable	19,308	0	0
Future Compensation Payable	375	0	0
Due to State of Tennessee	344	105,225	0
Due to Other Governments	1,362,776	0	0
Noncurrent Liabilities:			
Due Within One Year - Debt	581,936	0	0
Due Within One Year - Other	6,909	2,307	0
Due in More Than One Year - Debt	8,759,114	0	0
Due in More Than One Year - Other	131,261	914,555	0
Total Liabilities	\$ 11,152,299	\$ 1,371,699	\$ 0

(Continued)

Exhibit A

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

		Component Units		
	Primary Government	Lake County	Emergency Communications	
	Governmental Activities	School Department	District	
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,009,054	\$ 890,088	\$	0
Pension Changes in Experience	6,265	352,253		0
Pension Changes in Investment Earnings	957,555	3,570,834		0
Pension Changes in Proportion	0	43,307		0
OPEB Changes in Experience	0	336,516		0
OPEB Changes in Assumptions	0	77,200		0
OPEB Changes in Proportion	0	74,023		0
Total Deferred Inflows of Resources	<u>\$ 2,972,874</u>	<u>\$ 5,344,221</u>	<u>\$</u>	<u>0</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 5,073,938	\$ 5,401,493	\$	200,376
Restricted for:				
General Government	13,198	0		0
Finance	24,790	0		0
Administration of Justice	31,901	0		0
Public Safety	49,884	0		0
Public Health and Welfare	1,398	0		0
Highway/Public Works	3,193,612	0		0
Debt Service	402,329	0		0
Capital Projects	0	0		0
Education	0	274,220		0
Hybrid Retirement Stabilization Funds	0	135,517		0
Pensions	659,991	4,302,063		0
Unrestricted	<u>(3,736,288)</u>	<u>(521,567)</u>		<u>1,417,058</u>
Total Net Position	<u>\$ 5,714,753</u>	<u>\$ 9,591,726</u>	<u>\$</u>	<u>1,617,434</u>

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

Exhibit B

Lake County, Tennessee
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position				
		Program Revenues		Primary Government Activities	Component Units	
		Charges for Services	Operating Grants and Contributions		Lake County School Department	Emergency Communica- tions District
Primary Government:						
Governmental Activities:						
General Government	\$ 977,653	\$ 104,094	\$ 150,416	\$ (723,143)	\$ 0	\$ 0
Finance	418,245	180,881	0	(237,364)	0	0
Administration of Justice	504,014	111,064	9,000	(383,950)	0	0
Public Safety	1,484,617	384,208	15,745	(1,084,664)	0	0
Public Health and Welfare	2,046,719	874,250	917,739	(254,730)	0	0
Social, Cultural, and Recreational Services	180,904	0	86,317	(94,587)	0	0
Agriculture and Natural Resources	22,389	0	0	(22,389)	0	0
Highways	1,778,547	22,363	1,812,272	56,088	0	0
Interest on Long-term Debt	299,132	0	26,136	(272,996)	0	0
Total Primary Government	<u>\$ 7,712,220</u>	<u>\$ 1,676,860</u>	<u>\$ 3,017,625</u>	<u>\$ (3,017,735)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Component Units:						
Lake County School Department	\$ 9,756,344	\$ 5,146	\$ 4,028,113	\$ 0	\$ (5,723,085)	\$ 0
Emergency Communications District	251,383	294,513	8,000	0	0	51,130
Total Component Units	<u>\$ 10,007,727</u>	<u>\$ 299,659</u>	<u>\$ 4,036,113</u>	<u>\$ 0</u>	<u>\$ (5,723,085)</u>	<u>\$ 0</u>

(Continued)

Exhibit B

Lake County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position				
		Program Revenues		Primary Government Governmental Activities	Component Units	
		Charges for Services	Operating Grants and Contributions		Lake County School Department	Emergency Communica- tions District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 1,744,049	\$ 897,715	\$ 0
Property Taxes Levied for Debt Service				282,109	0	0
Local Option Sales Taxes				486,968	420,347	0
Hotel/Motel Tax				57,116	0	0
Wheel Tax				318,244	39,250	0
Litigation Tax				14,814	0	0
Business Tax				31,119	3,488	0
Other Local Taxes				4,557	0	0
Grants and Contributions Not Restricted to Specific Programs				98,932	6,249,315	0
Unrestricted Investment Income				221,791	0	1,980
Gain on Disposal of Capital Assets				622,110	0	0
Miscellaneous				181,521	26,487	0
Total General Revenues				<u>\$ 4,063,330</u>	<u>\$ 7,636,602</u>	<u>\$ 1,980</u>
Change in Net Position				\$ 1,045,595	\$ 1,913,517	\$ 53,110
Net Position, July 1, 2021				<u>4,669,158</u>	<u>7,678,209</u>	<u>1,564,324</u>
Net Position, June 30, 2022				<u><u>\$ 5,714,753</u></u>	<u><u>\$ 9,591,726</u></u>	<u><u>\$ 1,617,434</u></u>

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

Exhibit C-1

Lake County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds				Nonmajor Funds	
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,544	\$ 2,544
Equity in Pooled Cash and Investments	592,814	1,299,251	3,231,829	1,314,829	83,909	6,522,632
Accounts Receivable	2,479,256	0	0	0	1,024	2,480,280
Allowance for Uncollectibles	(1,411,416)	0	0	0	0	(1,411,416)
Due from Other Governments	151,597	0	317,317	75,932	0	544,846
Due from Other Funds	20,562	0	0	0	0	20,562
Due from Component Units	39,248	0	0	0	0	39,248
Property Taxes Receivable	1,679,892	0	28,933	289,341	79,750	2,077,916
Allowance for Uncollectible Property Taxes	(15,388)	0	(266)	(2,650)	(730)	(19,034)
Cash Shortage	11,017	0	0	0	0	11,017
Total Assets	<u>\$ 3,547,582</u>	<u>\$ 1,299,251</u>	<u>\$ 3,577,813</u>	<u>\$ 1,677,452</u>	<u>\$ 166,497</u>	<u>\$ 10,268,595</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 2,845	\$ 0	\$ 258,931	\$ 0	\$ 0	\$ 261,776
Payroll Deductions Payable	23,403	0	0	0	0	23,403
Future Compensation Payable	375	0	0	0	0	375
Due to Other Funds	0	7,057	0	0	13,505	20,562
Due to Component Units	5,097	0	0	0	0	5,097
Due to State of Tennessee	344	0	0	0	0	344
Due to Other Governments	0	1,362,776	0	0	0	1,362,776
Total Liabilities	<u>\$ 32,064</u>	<u>\$ 1,369,833</u>	<u>\$ 258,931</u>	<u>\$ 0</u>	<u>\$ 13,505</u>	<u>\$ 1,674,333</u>

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 1,624,221	\$ 0	\$ 27,974	\$ 279,752	\$ 77,107	\$ 2,009,054
Deferred Delinquent Property Taxes	29,420	0	506	5,068	1,398	36,392
Other Deferred/Unavailable Revenue	1,037,566	0	155,674	38,196	0	1,231,436
Total Deferred Inflows of Resources	<u>\$ 2,691,207</u>	<u>\$ 0</u>	<u>\$ 184,154</u>	<u>\$ 323,016</u>	<u>\$ 78,505</u>	<u>\$ 3,276,882</u>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 11,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,270
Restricted for Finance	24,790	0	0	0	0	24,790
Restricted for Administration of Justice	9,130	0	0	0	22,771	31,901
Restricted for Public Safety	8,299	0	0	0	41,585	49,884
Restricted for Other Operations	1,928	0	0	0	0	1,928
Restricted for Highways/Public Works	0	0	3,134,728	0	0	3,134,728
Restricted for Debt Service	0	0	0	208,060	0	208,060
Committed:						
Committed for Public Health and Welfare	0	0	0	0	10,131	10,131
Committed for Debt Service	0	0	0	1,146,376	0	1,146,376
Unassigned	768,894	(70,582)	0	0	0	698,312
Total Fund Balances	<u>\$ 824,311</u>	<u>\$ (70,582)</u>	<u>\$ 3,134,728</u>	<u>\$ 1,354,436</u>	<u>\$ 74,487</u>	<u>\$ 5,317,380</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,547,582</u>	<u>\$ 1,299,251</u>	<u>\$ 3,577,813</u>	<u>\$ 1,677,452</u>	<u>\$ 166,497</u>	<u>\$ 10,268,595</u>

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

Exhibit C-2

Lake County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2022

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)		\$ 5,317,380
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,819,646	
Add: construction in progress	13,703	
Add: buildings and improvements net of accumulated depreciation	690,540	
Add: infrastructure net of accumulated depreciation	4,470,140	
Add: other capital assets net of accumulated depreciation	<u>1,100,302</u>	8,094,331
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (1,466,687)	
Less: bonds payable	(7,490,000)	
Less: accrued interest payable	(19,308)	
Less: unamortized premium on debt	(392,039)	
Add: unamortized discount on debt	7,676	
Less: compensated absences payable	(138,170)	
Add: deferred amount on refunding	<u>170,313</u>	(9,328,215)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 667,258	
Less: deferred inflows of resources related to pensions	<u>(963,820)</u>	(296,562)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		659,991
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,267,828</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 5,714,753</u></u>

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

Exhibit C-3

Lake County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds				Nonmajor Funds	
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 2,079,353	\$ 0	\$ 28,176	\$ 777,958	\$ 86,114	\$ 2,971,601
Licenses and Permits	9,632	0	0	0	0	9,632
Fines, Forfeitures, and Penalties	42,111	0	0	0	2,164	44,275
Charges for Current Services	726,956	0	0	0	1,073	728,029
Other Local Revenues	318,615	17,092	149,168	0	0	484,875
Fees Received From County Officials	266,683	0	0	0	0	266,683
State of Tennessee	1,208,186	0	1,820,458	0	100,000	3,128,644
Federal Government	463,295	0	0	0	0	463,295
Other Governments and Citizens Groups	163,365	0	20,265	244,478	17,662	445,770
Total Revenues	\$ 5,278,196	\$ 17,092	\$ 2,018,067	\$ 1,022,436	\$ 207,013	\$ 8,542,804
<u>Expenditures</u>						
Current:						
General Government	\$ 781,509	\$ 5,071	\$ 0	\$ 0	\$ 0	\$ 786,580
Finance	433,279	9,066	0	0	0	442,345
Administration of Justice	518,393	9,615	0	0	12	528,020
Public Safety	1,484,198	33,820	0	0	22	1,518,040
Public Health and Welfare	872,506	25,479	0	0	277,203	1,175,188
Social, Cultural, and Recreational Services	174,027	6,750	0	0	0	180,777
Agriculture and Natural Resources	28,456	0	0	0	0	28,456
Other Operations	1,146,627	0	0	0	0	1,146,627
Highways	0	0	1,616,644	0	0	1,616,644
Debt Service:						
Principal on Debt	39,960	0	0	542,154	17,136	599,250
Interest on Debt	621	0	0	272,936	3,097	276,654
Other Debt Service	0	0	0	10,923	0	10,923
Total Expenditures	\$ 5,479,576	\$ 89,801	\$ 1,616,644	\$ 826,013	\$ 297,470	\$ 8,309,504

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ (201,380)	\$ (72,709)	\$ 401,423	\$ 196,423	\$ (90,457)	\$ 233,300
<u>Other Financing Sources (Uses)</u>						
Proceeds from Sale of Capital Assets	\$ 0	\$ 0	\$ 0	\$ 622,110	\$ 0	\$ 622,110
Insurance Recovery	25,126	0	0	0	0	25,126
Total Other Financing Sources (Uses)	\$ 25,126	\$ 0	\$ 0	\$ 622,110	\$ 0	\$ 647,236
Net Change in Fund Balances	\$ (176,254)	\$ (72,709)	\$ 401,423	\$ 818,533	\$ (90,457)	\$ 880,536
Fund Balance, July 1, 2021	1,000,565	2,127	2,733,305	535,903	164,944	4,436,844
Fund Balance, June 30, 2022	\$ 824,311	\$ (70,582)	\$ 3,134,728	\$ 1,354,436	\$ 74,487	\$ 5,317,380

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

Exhibit C-4

Lake 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, 2022

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)		\$ 880,536
(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	\$ 445,699	
Less: current-year depreciation expense	<u>(700,146)</u>	(254,447)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: proceeds received on disposal of capital assets		(577,022)
(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, 2022	\$ 1,267,828	
Less: deferred delinquent property taxes and other deferred June 30, 2021	<u>(1,124,041)</u>	143,787
(4) The issuance of long-term debt (e.g., notes, other loans, bonds) 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 on 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: principal payments on note	\$ 39,960	
Add: principal payments on bonds	445,000	
Add: principal payments on other loans	114,290	
Less: change in deferred amount on refunding debt	(23,528)	
Add: change in premium on debt issuance	26,136	
Less: change in discount on debt issuance	<u>(552)</u>	601,306
(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	\$ 1,602	
Change in compensated absences payable	43,370	
Change in deferred outflows related to pensions	456,760	
Change in deferred inflows related to pensions	(951,328)	
Change in net pension asset	<u>701,031</u>	<u>251,435</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,045,595</u>

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

Exhibit C-5

Lake County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,079,353	\$ 2,196,791	\$ 2,196,791	\$ (117,438)
Licenses and Permits	9,632	9,920	9,920	(288)
Fines, Forfeitures, and Penalties	42,111	38,500	38,500	3,611
Charges for Current Services	726,956	743,300	743,300	(16,344)
Other Local Revenues	318,615	283,000	283,000	35,615
Fees Received From County Officials	266,683	250,600	250,600	16,083
State of Tennessee	1,208,186	987,996	987,996	220,190
Federal Government	463,295	1,204,000	1,204,000	(740,705)
Other Governments and Citizens Groups	163,365	141,584	141,584	21,781
Total Revenues	\$ 5,278,196	\$ 5,855,691	\$ 5,855,691	\$ (577,495)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 27,569	\$ 29,600	\$ 29,600	\$ 2,031
County Mayor/Executive	225,211	212,617	212,617	(12,594)
County Attorney	17,655	21,000	21,000	3,345
Election Commission	196,099	117,068	132,232	(63,867)
Register of Deeds	101,874	102,003	102,003	129
Development	17,238	11,000	11,000	(6,238)
County Buildings	195,863	109,500	109,500	(86,363)
<u>Finance</u>				
Property Assessor's Office	140,354	137,149	137,149	(3,205)
County Trustee's Office	131,210	142,545	142,545	11,335
County Clerk's Office	161,715	161,669	161,669	(46)
<u>Administration of Justice</u>				
Circuit Court	209,667	226,555	226,555	16,888
General Sessions Court	117,425	120,313	120,313	2,888
Chancery Court	106,218	110,539	110,539	4,321
Juvenile Court	50,544	51,028	51,028	484
Other Administration of Justice	3,748	4,000	4,000	252
Courtroom Security	30,791	33,200	33,200	2,409
<u>Public Safety</u>				
Sheriff's Department	668,728	656,874	612,274	(56,454)
Jail	792,340	673,930	633,680	(158,660)
Civil Defense	23,130	18,412	18,412	(4,718)
<u>Public Health and Welfare</u>				
Local Health Center	35,143	56,764	56,764	21,621
Ambulance/Emergency Medical Services	825,220	885,050	885,050	59,830
Sanitation Management	12,143	44,200	44,200	32,057
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	129,959	125,229	125,229	(4,730)
Libraries	20,396	26,700	26,700	6,304
Other Social, Cultural, and Recreational	23,672	10,000	10,000	(13,672)
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	28,456	27,853	27,853	(603)

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Other Operations</u>				
Tourism	\$ 65,756	\$ 40,000	\$ 40,000	\$ (25,756)
Other Economic and Community Development	942,126	688,000	647,419	(294,707)
Other Charges	49,945	50,000	50,000	55
Contributions to Other Agencies	9,328	7,500	7,500	(1,828)
Employee Benefits	79,472	230,000	230,000	150,528
<u>Principal on Debt</u>				
General Government	39,960	0	39,960	0
<u>Interest on Debt</u>				
General Government	621	0	621	0
Total Expenditures	<u>\$ 5,479,576</u>	<u>\$ 5,130,298</u>	<u>\$ 5,060,612</u>	<u>\$ (418,964)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (201,380)	\$ 725,393	\$ 795,079	\$ (996,459)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 25,126	\$ 0	\$ 0	\$ 25,126
Total Other Financing Sources	<u>\$ 25,126</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,126</u>
Net Change in Fund Balance	\$ (176,254)	\$ 725,393	\$ 795,079	\$ (971,333)
Fund Balance, July 1, 2021	<u>1,000,565</u>	<u>818,174</u>	<u>818,174</u>	<u>182,391</u>
Fund Balance, June 30, 2022	<u>\$ 824,311</u>	<u>\$ 1,543,567</u>	<u>\$ 1,613,253</u>	<u>\$ (788,942)</u>

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

Exhibit C-6

Lake County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other General Government Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 17,092	\$ 0	\$ 0	\$ 17,092
Federal Government	0	0	689,641	(689,641)
Total Revenues	\$ 17,092	\$ 0	\$ 689,641	\$ (672,549)
<u>Expenditures</u>				
<u>General Government</u>				
County Mayor/Executive	\$ 4,533	\$ 0	\$ 4,533	\$ 0
Register of Deeds	538	0	538	0
<u>Finance</u>				
Property Assessor's Office	2,264	0	2,264	0
County Trustee's Office	2,264	0	2,264	0
County Clerk's Office	4,538	0	4,538	0
<u>Administration of Justice</u>				
Circuit Court	6,808	0	6,808	0
Chancery Court	538	0	538	0
Juvenile Court	2,269	0	2,269	0
<u>Public Safety</u>				
Sheriff's Department	14,716	0	14,716	0
Jail	19,104	0	19,104	0
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	22,133	0	22,133	0
Sanitation Management	1,077	0	1,077	0
Waste Incinerator	2,269	0	2,269	0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	6,750	0	6,750	0
<u>Capital Projects</u>				
American Rescue Plan Act Grant #1	0	0	599,840	599,840
Total Expenditures	\$ 89,801	\$ 0	\$ 689,641	\$ 599,840
Excess (Deficiency) of Revenues Over Expenditures	\$ (72,709)	\$ 0	\$ 0	\$ (72,709)
Net Change in Fund Balance	\$ (72,709)	\$ 0	\$ 0	\$ (72,709)
Fund Balance, July 1, 2021	2,127	0	0	2,127
Fund Balance, June 30, 2022	\$ (70,582)	\$ 0	\$ 0	\$ (70,582)

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

Exhibit C-7

Lake County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 28,176	\$ 29,950	\$ 29,950	\$ (1,774)
Other Local Revenues	149,168	80,000	80,000	69,168
State of Tennessee	1,820,458	1,744,135	1,744,135	76,323
Other Governments and Citizens Groups	20,265	20,000	20,000	265
Total Revenues	<u>\$ 2,018,067</u>	<u>\$ 1,874,085</u>	<u>\$ 1,874,085</u>	<u>\$ 143,982</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 230,354	\$ 267,691	\$ 267,691	\$ 37,337
Highway and Bridge Maintenance	561,998	1,164,500	1,164,500	602,502
Operation and Maintenance of Equipment	337,633	447,000	447,000	109,367
Other Charges	147,514	164,150	164,150	16,636
Employee Benefits	110,802	134,200	134,200	23,398
Capital Outlay	228,343	432,000	432,000	203,657
Total Expenditures	<u>\$ 1,616,644</u>	<u>\$ 2,609,541</u>	<u>\$ 2,609,541</u>	<u>\$ 992,897</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 401,423</u>	<u>\$ (735,456)</u>	<u>\$ (735,456)</u>	<u>\$ 1,136,879</u>
Net Change in Fund Balance	\$ 401,423	\$ (735,456)	\$ (735,456)	\$ 1,136,879
Fund Balance, July 1, 2021	<u>2,733,305</u>	<u>2,662,280</u>	<u>2,662,280</u>	<u>71,025</u>
Fund Balance, June 30, 2022	<u>\$ 3,134,728</u>	<u>\$ 1,926,824</u>	<u>\$ 1,926,824</u>	<u>\$ 1,207,904</u>

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

Exhibit D-1

Lake County, Tennessee
Statement of Net Position
Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 65,437
Equity in Pooled Cash and Investments	12,777
Due from Other Governments	46,402
Cash Shortage	<u>702</u>
Total Assets	<u>\$ 125,318</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	<u>\$ 46,402</u>
Total Liabilities	<u>\$ 46,402</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 78,916</u>
Total Net Position	<u><u>\$ 78,916</u></u>

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

Lake County, Tennessee
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

Custodial
Funds

ADDITIONS

Sales Tax Collections for Other Governments	\$ 249,399
Watershed Authority Collections	8,424
Fines/Fees and Other Collections	<u>1,207,063</u>
Total Additions	<u>\$ 1,464,886</u>

DEDUCTIONS

Payment of Sales Tax Collections to Other Governments	\$ 249,399
Payment of Watershed Expenses	7,859
Payments to State	495,343
Payments to Cities, Individuals, and Others	<u>742,519</u>
Total Deductions	<u>\$ 1,495,120</u>

Net Increase (Decrease) in Fiduciary in Net Position	\$ (30,234)
Net Position, July 1, 2021	<u>109,150</u>

Net Position, June 30, 2022	<u><u>\$ 78,916</u></u>
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The notes to the financial statements are an integral part of this statement.

LAKE COUNTY, TENNESSEE

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LAKE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Lake County:

A. Reporting Entity

Lake County is a public municipal corporation governed by an elected nine-member board. As required by GAAP, these financial statements present Lake County (the primary government) and its component units. 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 Lake County School Department operates the public school system in the county, and the voters of Lake 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 Lake County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Lake County, and the Lake 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 Lake County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the school department are included in this report as listed in the table of contents. Complete financial statements of the Lake County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Lake County Emergency Communications District
P.O. Box 63
Tiptonville, TN 38079

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 Lake 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 Lake 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.

Lake County issues all debt for the discretely presented Lake County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2022.

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. 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 Lake 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; however, Lake County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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. Lake 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, including lease obligations, 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 and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is

incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds and a private-purpose trust fund. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement.

Lake 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.

Other General Government Fund – This special revenue fund accounts for proceeds received from the American Rescue Plan Act.

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

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, Lake County reports the following fund type:

Custodial Funds – These funds account for amounts collected in a custodial capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Lake County, assets held in custody for a watershed district, and assets held in custody for two joint ventures.

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

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

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

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

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for endowments received by the school department. Income generated from the corpus of the endowments is used to provide annual scholarships to one or more Lake County students selected by the Board of Education.

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. A more detailed reporting of the fund activities at each individual school may be found at <https://www.comptroller.tn.gov/office-functions/la/reports/find-other-audits.html>.

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 Lake 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 Fund. Lake County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United States of America. Lake County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

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 receivables 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 0.47 percent of total taxes levied. Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is

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

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

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

3. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Lake 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 Lake County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Lake 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
Other Capital Assets	5 - 20
Infrastructure:	
Roads	8 - 20
Bridges	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. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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 a deferred charge on refunding, pension and OPEB changes in experience, pension and OPEB changes in assumptions, pension and OPEB changes in proportionate share, and employer contributions made to the pension and OPEB plans after the measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 and OPEB changes in proportionate share, OPEB changes in assumptions and various receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

It is the general policy of Lake County (with the exception of the sheriff's and highway departments) not to allow employees to accumulate vacation and sick leave beyond year-end. 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.

It is the sheriff's department's policy to permit employees to accumulate earned but unused vacation benefits that will be paid to employees upon separation from service. Employees are also allowed to accumulate a limited amount of unused sick leave. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

It is the highway department's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits that will be paid to employees upon separation from service. Full-time employees of the highway department are allowed to accumulate an unlimited amount of unused sick leave. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

It is the policy of the discretely presented Lake County School Department to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. A liability for vacation pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The policy of the school department permits the unlimited accumulation of unused sick leave for professional personnel (teachers). The salaried para-professional employees are allowed to accumulate a limited amount of unused sick leave. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

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.

As of June 30, 2022, Lake County had \$5,320,830 in outstanding debt for capital purposes for the discretely presented Lake County School Department. This debt is a liability of Lake County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Lake 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. In the other governmental funds, funds expended that exceed the amounts that are restricted, committed, and assigned are reported as negative unassigned fund balance.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Lake County's participation in the Public Employee Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Lake County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Pension 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 Pension Plan of TCRS. Investments are reported at fair value.

Discretely Presented Lake 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) Plan

Discretely Presented Lake 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 Lake 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 Lake 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 change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Lake County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be

sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, County Mayor/Executive, County Attorney, Election Commission, 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.

B. Fund Deficit

The Other General Government Fund had a fund deficit of \$70,582 due to the grant expenditure reporting prescribed by the U.S. Treasury for the State and Local Fiscal Recovery Funds Grant (FAL No. 21.027). The grant expenditures can only be reported in April of each year. Lake County made expenditures of grant funds after the reporting period but before the end of the fiscal year which resulted in the deficit.

C. Cash Shortages – Prior and Current Years

The audit of Lake County for the 2009-10 year reported irregularities in the Lake County Mayor's Office. Our investigation revealed that from October 18, 2005, through July 26, 2010, the county mayor's bookkeeper issued 191 vendor checks totaling \$202,345 from the county's General Fund for personal use. The bookkeeper pled guilty and was ordered to pay \$53,345 in restitution. The county's insurance company paid the county \$149,000; Regions Bank paid the county \$17,500 to settle a civil lawsuit; and the former bookkeeper has paid \$24,828 restitution leaving an outstanding balance of \$11,017 due the county at June 30, 2022.

The Office of Sheriff had a cash shortage of \$702 as of June 30, 2022. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

D. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the county commission in the General and Solid Waste/Sanitation funds by \$418,964 and \$119,414, respectively.

Expenditures exceeded appropriations approved by the county commission in the following major appropriations categories of the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Debt Service Fund:	
Principal on Debt - Education	\$ 5,000
Other Debt Service - General Government	6,817
General Purpose School Fund:	
Support Services - Special Education Program	2,509
Support Services - Office of Principal	13,975
Operation of Non-Instructional Services - Food Service	105,067

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Lake County and the Lake 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 three 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 90 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 fair 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.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank receives funds from customers of the secondary depositories equal to or greater than the amount initially invested by the county. The balance of county funds with each secondary depository must not exceed FDIC insurance limits so that all funds are fully insured. Under this program, the trustee must provide the depository bank with a listing of all banks and savings and loan associations holding county funds under the same federal employer identification number (FEIN). To prevent deposits from exceeding FDIC coverage, the depository bank is prohibited from using any of those listed banks or savings and loan associations as secondary depositories. The use of this program must be approved by the county investment committee or finance committee as appropriate for the specific county. Further, the investment committee or finance committee must establish policies and procedures for the investments, including the establishment of controls to ensure that full FDIC insurance coverage is obtained. Service providers used by depositories must be approved by the state treasurer upon concurrence by the commissioner of financial institutions and finance and administration. There are currently only two eligible programs that have been approved by the state treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee

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

The county had no pooled and nonpooled investments as of June 30, 2022.

TCRS Stabilization Trust

Legal Provisions. The Lake 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 Lake County School Department may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2022, the Lake County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund of the school department.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 42,010
Developed Market International Equity	N/A	N/A	18,972
Emerging Market International Equity	N/A	N/A	5,421
U.S. Fixed Income	N/A	N/A	27,103
Real Estate	N/A	N/A	13,552
Short-term Securities	N/A	N/A	1,356
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>27,103</u>
Total			<u>\$ 135,517</u>

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag20045.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

Primary Government – Governmental Activities

	Balance 7-1-21	Increases	Decreases	Balance 6-30-22
Capital Assets				
Not Depreciated:				
Land	\$ 2,396,668	\$ 0	\$ (577,022)	\$ 1,819,646
Construction in Progress	0	13,703	0	13,703
Total Capital Assets				
Not Depreciated	\$ 2,396,668	\$ 13,703	\$ (577,022)	\$ 1,833,349
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 3,841,987	\$ 125,000	\$ 0	\$ 3,966,987
Infrastructure	6,909,892	0	0	6,909,892
Other Capital Assets	5,744,348	306,996	(218,685)	5,832,659
Total Capital Assets				
Depreciated	\$ 16,496,227	\$ 431,996	\$ (218,685)	\$ 16,709,538
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 3,152,278	\$ 124,169	\$ 0	\$ 3,276,447
Infrastructure	2,143,283	296,469	0	2,439,752
Other Capital Assets	4,671,534	279,508	(218,685)	4,732,357
Total Accumulated				
Depreciation	\$ 9,967,095	\$ 700,146	\$ (218,685)	\$ 10,448,556
Total Capital Assets				
Depreciated, Net	\$ 6,529,132	\$ (268,150)	\$ 0	\$ 6,260,982
Governmental Activities				
Capital Assets, Net	\$ 8,925,800	\$ (254,447)	\$ (577,022)	\$ 8,094,331

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

Governmental Activities:

General Government	\$ 30,896
Finance	422
Administration of Justice	2,182
Public Safety	108,352
Public Health and Welfare	142,621
Social, Cultural, and Recreational Services	4,760
Agriculture and Natural Resources	493
Highway/Public Works	<u>410,420</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 700,146</u></u>

Net Investment in Capital Assets

Capital Assets	\$ 8,094,331
Add:	
Unamortized balance of original issue discounts on outstanding capital debt	7,676
Less:	
Outstanding principal of capital debt and other capital borrowings	(2,910,457)
Unamortized balance of original issue premiums on outstanding capital-related debt	<u>(117,612)</u>
Net Investment in Capital Assets	<u><u>\$ 5,073,938</u></u>

Discretely Presented Lake County School Department – Governmental Activities:

	Balance 7-1-21	Increases	Balance 6-30-22
Capital Assets			
Not Depreciated:			
Land	\$ 67,365	\$ 0	\$ 67,365
Construction in Progress	0	94,400	94,400
Total Capital Assets			
Not Depreciated	<u>\$ 67,365</u>	<u>\$ 94,400</u>	<u>\$ 161,765</u>
Capital Assets Depreciated:			
Buildings and			
Improvements	\$ 12,132,435	\$ 269,428	\$ 12,401,863
Other Capital Assets	2,062,842	141,683	2,204,525
Total Capital Assets			
Depreciated	<u>\$ 14,195,277</u>	<u>\$ 411,111</u>	<u>\$ 14,606,388</u>
Less Accumulated			
Depreciation For:			
Buildings and			
Improvements	\$ 7,347,269	\$ 357,800	\$ 7,705,069
Other Capital Assets	1,570,583	91,008	1,661,591
Total Accumulated			
Depreciation	<u>\$ 8,917,852</u>	<u>\$ 448,808</u>	<u>\$ 9,366,660</u>
Total Capital Assets			
Depreciated, Net	<u>\$ 5,277,425</u>	<u>\$ (37,697)</u>	<u>\$ 5,239,728</u>
Governmental Activities			
Capital Assets, Net	<u>\$ 5,344,790</u>	<u>\$ 56,703</u>	<u>\$ 5,401,493</u>

There were no decreases in capital assets to report during the year ended June 30, 2022. Depreciation expense was charged to functions of the discretely presented Lake County School Department as follows:

Governmental Activities:

Instruction	\$ 274,738
Support Services	161,593
Operation of Non-instructional Services	<u>12,477</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 448,808</u></u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2022, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Other General Government	\$ 7,057
"	Nonmajor governmental	13,505
Discretely Presented Lake County School Department:		
School Federal Projects	General Purpose School	768

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	School Department:	
General	General Purpose School	\$ 39,248
School Department:	Primary Government:	
General Purpose School	General	5,097

Interfund Transfers:

Interfund transfers for the year ended June 30, 2022, consisted of the following amounts:

Discretely Presented Lake County School Department

<u>Transfer Out</u>	<u>Transfer In</u>	
	General	
	Purpose	
	School	
	Fund	Purpose
School Federal Projects Fund	\$ 416,495	Covid expenses
Total	<u>\$ 416,495</u>	

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Lake County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 20 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, 2022, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Lake County issues other loans to provide funds for the acquisition and construction of major capital facilities and other capital outlay purchases, such as equipment, for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Other loans outstanding were issued for original terms of up to 17 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Other loans included in long-term debt as of June 30, 2022, will be retired from the Solid Waste/Sanitation and General Debt Service funds.

General obligation bonds and other loans outstanding as of June 30, 2022, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-22
General Obligation					
Refunding Bonds	.75 to 5	%	6-1-37	\$ 8,840,000	\$ 7,490,000
Direct Borrowing and Direct Placement:					
Other Loans - Fixed rate	1.5 to 4.89		8-1-35	1,801,749	1,466,687

During the 2018-19 year, Lake County entered into an agreement with the Tennessee Energy Efficient Schools Council to receive funding from the Energy Efficient Schools Initiative program. Under this agreement, the program loaned Lake County \$1,694,232 to fund a project to increase energy efficiency in the Lake County School Department. The loan has an interest rate of 1.5 percent.

On December 18, 2018, Lake County entered into a five-year loan agreement for a wheel loader. The terms of the agreement require total loan payments of \$107,517 plus interest payments of 4.89 percent. Title to the loader transfers to Lake County at the end of the loan period. The loan payments are made from the Solid Waste/Sanitation Fund.

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2022, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2023	\$ 465,000	\$ 231,693	\$ 696,693
2024	485,000	211,303	696,303
2025	510,000	189,813	699,813
2026	530,000	167,013	697,013
2027	550,000	143,033	693,033
2028-2032	2,840,000	456,109	3,296,109
2033-2037	2,110,000	130,002	2,240,002
Total	<u>\$ 7,490,000</u>	<u>\$ 1,528,966</u>	<u>\$ 9,018,966</u>

Year Ending June 30	Other Loans - Direct Placement		
	Principal	Interest	Total
2023	\$ 116,936	\$ 22,414	\$ 139,350
2024	133,651	19,507	153,158
2025	101,624	17,548	119,172
2026	103,162	16,010	119,172
2027	104,723	14,449	119,172
2028-2032	547,805	48,055	595,860
2033-2036	358,786	8,627	367,413
Total	<u>\$ 1,466,687</u>	<u>\$ 146,610</u>	<u>\$ 1,613,297</u>

There is \$1,354,436 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,069, based on the 2020 federal census. Total debt per capita, including bonds, other loans, unamortized debt

premiums, and unamortized debt discounts totaled \$1,333, based on the 2020 federal census.

The school department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below.

<u>Description of Debt</u>	<u>Outstanding 6-30-22</u>
<u>Other Loan Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficient School Initiative, 2018	\$ 1,414,830
<u>Bonds Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
General Obligation Refunding Bonds, Series 2020	<u>5,580,000</u>
Total	<u><u>\$ 6,994,830</u></u>

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2022, was as follows:

Governmental Activities:	Bonds	Note - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2021	\$ 7,935,000	\$ 39,960	\$ 1,580,977
Reductions	<u>(445,000)</u>	<u>(39,960)</u>	<u>(114,290)</u>
Balance, June 30, 2022	<u>\$ 7,490,000</u>	<u>\$ 0</u>	<u>\$ 1,466,687</u>
Balance Due Within One Year	<u><u>\$ 465,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 116,936</u></u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2022	\$ 8,956,687
Add: Unamortized Premium on Debt	392,039
Less: Unamortized Discount on Debt	(7,676)
Less: Balance Due Within One Year - Debt	<u>(581,936)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u><u>\$ 8,759,114</u></u>

E. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2022, was as follows:

Governmental Activities:

	Compensated Absences
	<u> </u>
Balance, July 1, 2021	\$ 181,540
Additions	93,849
Reductions	<u>(137,219)</u>
Balance, June 30, 2022	<u>\$ 138,170</u>
Balance Due Within One Year	<u>\$ 6,909</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2022	\$ 138,170
Less: Balance Due Within One Year - Other	<u>(6,909)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other- Exhibit A	<u>\$ 131,261</u>

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

Discretely Presented Lake County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Lake County School Department for the year ended June 30, 2022, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
		<u> </u>
Balance, July 1, 2021	\$ 44,013	\$ 907,379
Additions	42,380	145,974
Reductions	<u>(40,248)</u>	<u>(182,636)</u>
Balance, June 30, 2022	<u>\$ 46,145</u>	<u>\$ 870,717</u>
Balance Due Within One Year	<u>\$ 2,307</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2022	\$ 916,862
Less: Due Within One Year - Other	<u>(2,307)</u>

Other Noncurrent Liabilities - Due in More Than One Year - Other -Exhibit A	<u>\$ 914,555</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, the General Purpose School and School Federal Projects funds.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Lake 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 Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan were \$14,024. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Employee Health Insurance

Effective January 1, 2018, Lake County (except for the highway and school department) carries commercial insurance for active employee's health insurance. Pre-65 age retirees are not allowed to remain in the program. The highway department does not provide health insurance coverage for its employees.

Liability, Property, Casualty, and Workers' Compensation Insurance

Lake 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 \$250,000 for property and \$450,000 for liability for each insured event.

Lake County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under provisions of Section 29-20-401, Tennessee Code Annotated, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$500,000.

Discretely Presented Lake County School Department

Employee Health Insurance

The discretely presented Lake County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Annual Comprehensive 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.

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.

B. Accounting Changes

GASB Statement No. 87, *Leases*, became effective for fiscal year ending June 30, 2022. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation. GASB Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability, (2) an intangible asset representing the lessee's right to use the leased asset, (3) report the amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (4) interest expense on the lease liability and (5) note disclosures about the lease. A lessor must recognize (1) a lease receivable (measured at the present value of lease payments expected to be received during the lease term), (2) deferred inflow of resources, (3) interest revenue on the lease receivable and (4) note disclosures of leasing arrangements and the total inflows of resources recognized from leases. This statement provides exceptions for leases of assets held as

investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements) and leases with related parties.

GASB Statement No. 92, *Omnibus 2020*, became effective during the fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provision about the following:

- The effective date of GASB Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of GASB Statement No. 84 to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

GASB Statement 93, *Replacement of Interbank Offered Rates*, became effective during the year. This statement was necessary due to the eventual ceasing of the London Interbank Offered Rate (LIBOR) and the replacement with another interbank offered rate (IBOR). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (except for paragraphs 4 and 5 which became effective in the prior fiscal year) became effective during the year. This Statement (a) clarifies how the absence of a governing board should be considered in

determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). This statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans.

GASB Statement No 98, *The Comprehensive Annual Financial Report*, became effective during the year. This statement replaces the terms comprehensive annual financial report and comprehensive annual financial reports in NCGA and GASB pronouncements with annual comprehensive financial report and annual comprehensive financial reports, respectively. The associated acronyms in NCGA and GASB pronouncements are replaced with ACFR and ACFRs.

C. Contingent Liabilities

The county has received various federal and state grants and other assistance for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. County management is not aware of any potential disallowances and believes that reimbursements, if any, would not be material.

The county and the school department are involved in pending lawsuits. Management estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements.

D. Joint Ventures

Lake County is a participant with Obion and Dyer counties in a multi-county entity known as the Northwest Tennessee Regional Port Authority. This entity was created to operate and maintain a port to be located in Lake County on the Mississippi River. A board is appointed by the participating counties with the mayors of each county serving as ex-officio members. The board comprises eight members, four of whom are appointed by the Lake County Commission, two by the Obion County Commission, and two by the Dyer County Commission. Dyer County has control over budgeting and financing the joint venture only to the extent of representation by the two board members appointed. Their administrative office can be contacted at P.O. Box 267, Dyersburg, TN 38025.

Lake County is a participant with Dyer County and the cities of Tiptonville, Ridgely, and Dyersburg in an entity known as the TennKen Railroad Authority. The governing board for the authority consists of the mayors of both

counties and all three cities. This entity was created to facilitate active involvement by all affected local governments in Tennessee regarding a section of railroad track commonly known as the TennKen Railroad. The TennKen Railroad is owned by the Hickman River City Development Corporation (HRCDC), a public entity chartered in Kentucky. The HRCDC had previously purchased the line from Illinois Central Railroad to ensure rail access to the river port in Hickman, Kentucky. All funding for the TennKen Railroad Authority comes from the State of Tennessee through the Tennessee Department of Transportation as grants, which are used for the maintenance and rehabilitation of the TennKen Railroad track and the necessary engineering services for said maintenance and rehabilitation. The Lake County Mayor's Office handles the administration of these grant funds and passes them through to the HRCDC for disbursement.

E. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Lake County and non-certified employees of the discretely presented Lake County School Department are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 72 percent and the non-certified employees of the discretely presented school department comprised 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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	91
Inactive Employees Entitled to But Not Yet Receiving Benefits	178
Active Employees	113
Total	<u><u>382</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Lake 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, 2022, the employer contribution for Lake County was \$213,627 based on a rate of 5.81 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Lake 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)

Lake County's net pension liability (asset) was measured as of June 30, 2021, 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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation

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

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of Assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

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, 2020, actuarial experience study. A blend of future capital market projections and historical 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 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income	6.57	20
Real Estate	1.20	20
Short-term Securities	4.38	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 Lake 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, 2020	\$ 9,842,167	\$ 9,784,985	\$ 57,182
Changes for the Year:			
Service Cost	\$ 217,713	\$ 0	\$ 217,713
Interest	708,485	0	708,485
Differences Between Expected and Actual Experience	112,587	0	112,587
Changes in Assumptions	824,765	0	824,765
Contributions-Employer	0	189,487	(189,487)
Contributions-Employees	0	163,071	(163,071)
Net Investment Income	0	2,494,267	(2,494,267)
Benefit Payments, Including Refunds of Employee Contributions	(575,356)	(575,356)	0
Administrative Expense	0	(9,438)	9,438
Net Changes	\$ 1,288,194	\$ 2,262,031	\$ (973,837)
Balance, June 30, 2021	\$ 11,130,361	\$ 12,047,016	\$ (916,655)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	72.00%	\$ 8,013,860	\$ 8,673,851	\$ (659,991)
School Department	28.00%	3,116,501	3,373,165	(256,664)
Total		\$ 11,130,361	\$ 12,047,016	\$ (916,655)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Lake County calculated using the discount rate of 6.75 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Lake County	5.75%	6.75%	7.75%

Net Pension Liability (Asset) \$ 404,877 \$ (916,655) \$ (2,023,638)

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, 2022, Lake County recognized pension expense (negative pension expense) of (\$62,841).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, Lake 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	\$ 84,453	\$ 8,702
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,329,937
Changes in Assumptions	618,574	0
Contributions Subsequent to the Measurement Date of June 30, 2021 (1)	213,627	N/A
Total	\$ 916,654	\$ 1,338,639

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the subsequent fiscal period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 667,258	\$ 963,820
School Department	249,396	374,819
Total	<u>\$ 916,654</u>	<u>\$ 1,338,639</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
2023	\$ (110,979)
2024	(84,730)
2025	(81,251)
2026	(358,652)
2027	0
Thereafter	0

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

Discretely Presented Lake County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Lake County and non-certified employees of the discretely presented Lake County School Department are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 72 percent and the non-certified employees of the discretely presented school department comprised 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 Lake County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) 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 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 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, 2022, to the Teacher Retirement Plan were \$33,290, which is 2.01 percent of covered payroll. In addition, employer contributions of \$35,250, which is 1.99 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2022, the school department reported a liability (asset) of (\$124,691) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, 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, 2021, the school department's proportion was .115112 percent. The proportion as of June 30, 2020, was .103078 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, the school department recognized pension expense of \$13,192.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department reported deferred

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,169	\$ 22,816
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	71,775
Changes in Assumptions	44,975	0
Changes in Proportion of Net Pension Liability (Asset)	11,131	30,101
LEA's Contributions Subsequent to the Measurement Date of June 30, 2021	33,290	N/A
Total	\$ 91,565	\$ 124,692

The school department's employer contributions of \$33,290, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) of net pension liability (asset) in the year ending June 30, 2023. 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
2023	\$ (17,715)
2024	(17,322)
2025	(17,211)
2026	(19,017)
2027	128
Thereafter	4,720

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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, actuarial experience study. A blend of future capital market projections and historical 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 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	4.88	%	31	%
International Equity Emerging Market	5.37		14	
International Equity Private Equity and Strategic Lending	6.09		4	
U.S. Fixed Income	6.57		20	
Real Estate	1.20		20	
Short-term Securities	4.38		10	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 6.75 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ 42,865 \$ (124,691) \$ (248,269)

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

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

death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) 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.

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 Lake County School Department for the year ended June 30, 2022, to the Teacher Legacy Pension Plan were \$292,371, which is 10.3 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, 2022, the school department reported a liability (asset) of (\$3,920,708) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, 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, 2021, the school department's proportion was .090899 percent. The proportion measured at June 30, 2020, was .088505 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, the school department recognized (negative pension expense) of (\$637,196).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, 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	\$ 13,176	\$ 327,000
Changes in Assumptions	1,047,548	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,126,677
Changes in Proportion of Net Pension Liability (Asset)	1,359	13,206
LEA's Contributions Subsequent to the Measurement Date of June 30, 2021	292,371	N/A
Total	<u>\$ 1,354,454</u>	<u>\$ 3,466,883</u>

The school department's employer contributions of \$292,371 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) in net pension liability (asset) in the year ending June 30, 2023. 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
2023	\$ (572,638)
2024	(542,587)
2025	(445,775)
2026	(843,800)
2027	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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, actuarial experience study. A blend of future capital market projections and historical 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 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income	6.57	20
Real Estate	1.20	20
Short-term Securities	4.38	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 6.75 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ (697,754) \$ (3,920,708) \$ (6,602,848)

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 \$80,467 and teachers contributed \$777 to this deferred compensation pension plan.

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

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

OPEB Provided through State Administered Public Entity Risk Pools

The school department provides healthcare to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified employees of the 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 school department's total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021, 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, 2021, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	2.16%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.36% for pre-65 retirees in the 2022 calendar year, and decreasing annually over a 10-year period to an ultimate trend rate of 4.5%
Retirees Share of Benefit	
Related Cost	Discussed below

The discount rate was 2.16 percent, based on an average rating of AA/Aa as shown the Bond Buyer 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2021, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2021, valuations were the same as those employed in the July 1, 2020, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. 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 PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables for non-teachers are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% to load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Post-retirement tables for teachers are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 19 to load for males and a 18% load for females, projected generationally from 2010 with MP-2020. 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% load, projected generationally from 2018 with MP-2020.

Changes in Assumptions. The discount rate changed from 2.21 percent as of the beginning of the measurement period to 2.16 percent as of the measurement date of June 30, 2021. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2022 plan year was revised from 9.02 percent to 7.36 percent. The assumed long term inflation rate was changed from 2.1 percent to 2.25 percent.

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

Plan Description. Employees of the Lake 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 Lake 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 Section 8-27-301, *TCA*, 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 Lake County School Department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	2
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees Eligible For Benefits	72
Total	<u>74</u>

A state insurance committee, created in accordance with Section 8-27-301, TCA, 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 \$35,872 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		<u>Total OPEB Liability</u>
	<u>Lake County School Department</u> 69.297%	<u>State of TN</u> 30.703%	
Balance July 1, 2021	\$ 907,379	\$ 370,615	\$ 1,277,994
Changes for the Year:			
Service Cost	\$ 55,017	\$ 24,376	\$ 79,393
Interest	20,187	8,945	29,132
Difference between Expected and Actuarial Experience	(106,243)	(47,074)	(153,317)
Changes in Proportion	(21,773)	21,773	0
Changes in Assumption and Other Inputs	70,770	31,356	102,126
Benefit Payments	(54,620)	(24,200)	(78,820)
Net Changes	<u>\$ (36,662)</u>	<u>\$ 15,176</u>	<u>\$ (21,486)</u>
Balance June 30, 2021	<u>\$ 870,717</u>	<u>\$ 385,791</u>	<u>\$ 1,256,508</u>

The Lake 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 Lake 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 \$27,644 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Lake County School Department's proportionate share of the collective OPEB liability was 69.297 percent and the State of Tennessee's share was 30.703 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department recognized OPEB expense of \$59,788, including the state's share of the expense. At June 30, 2022, 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	\$ 44,954	\$ 336,516
Changes of Assumptions/Inputs	149,640	77,200
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	11,137	74,023
Benefits Paid After the Measurement Date of June 30, 2021	35,872	0
Total	<u>\$ 241,603</u>	<u>\$ 487,739</u>

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

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:

<u>Year Ending June 30</u>	<u>School Department</u>
2023	\$ (43,060)
2024	(43,060)
2025	(43,060)
2026	(43,060)
2027	(43,060)
Thereafter	(66,708)

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

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

<u>Discount Rate</u>	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Proportionate Share of the Collective Total OPEB Liability	\$ 934,392	\$ 870,717	\$ 809,318

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

<u>Healthcare Cost Trend Rate</u>	1% Decrease 6.36 to 3.5%	Current Rate 7.36 to 4.5%	1% Increase 8.36 to 5.5%
Proportionate Share of the Collective Total OPEB Liability	\$ 765,612	\$ 870,717	\$ 995,086

G. 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)*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Road Superintendent

Purchasing procedures for the highway department are governed by Chapter 262, Private Acts of 1980 and provisions of Section 54-7-113, *TCA*, (Uniform Road Law), which require all purchases exceeding \$25,000 to be made on the basis of publicly advertisement competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Lake 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.

H. Subsequent Events

On June 30, 2022, Sherry Darnell left the Office of Director of Schools and was succeeded by Dr. Woody Burton effective July 1, 2022.

On August 31, 2022, Denny Johnson left the Office of County Mayor and was succeeded by Danny Cook effective September 1, 2022.

On August 31, 2022, Tammie Hopper left the Office of Trustee and was succeeded by Mallory Berry effective September 1, 2022.

On August 31, 2022, Claudia Adcock left the Office of Register of Deeds and was succeeded by Darlene Jones effective September 1, 2022.

On January 10, 2023, the county's General Debt Service Fund issued \$500,000 tax anticipation notes to the General (\$400,000) and Solid Waste/Sanitation (\$100,000) funds for temporary operating funds.

VI. OTHER NOTES – DISCRETELY PRESENTED LAKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Significant Accounting Policies

1. Reporting Entity

The Lake County Emergency Communications District (a discretely presented component unit of Lake County, Tennessee) was created in October 2000 by the legislative body of Lake County, Tennessee, to be an emergency communications district as defined by Tennessee state law. As such, it is considered to be a “municipality” or public corporation in perpetuity under its corporate name and shall be a body politic and corporate with power of perpetual succession, but without power to levy or collect taxes. All Tennessee emergency communications districts are required to follow the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* developed by the Office of the Comptroller of the Treasury, Division of Local Government Audit, pursuant to Section 7-86-304, *Tennessee Code Annotated*.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The GASB has established criteria to determine whether (a) an entity has any component units that should be included for financial reporting purposes or (b) the entity itself should be included as a component unit of another reporting entity. The district’s board is appointed by the Lake County Commission, and the district must obtain the approval of this commission before issuance of most debt instruments. The county has determined that this constitutes fiscal dependency by the district and has, therefore, included the district as a component unit of Lake County.

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

The district is accounted for as a single enterprise fund as prescribed by the state. Enterprise funds are a type of proprietary fund, and as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by the GASB. Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entities net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at that time.

Operating revenues in proprietary funds are those revenues generated from the primary operations of the fund. The state has defined subsidies and reimbursements from the Tennessee Emergency Communications

Board to be nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

3. Assets, Liabilities, and Net Position

a. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of inception. At June 30, 2022, the district had no cash equivalents.

b. Capital Assets

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to 40 years. The district adopted a capitalization policy that sets the capitalization threshold at \$5,000 per unit cost.

c. Net Position Flow Assumption

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

B. Stewardship, Compliance, and Accountability

Budgetary Information

The district's Board of Directors approves an appropriations budget annually. The current year budget was prepared in accordance with U.S. generally accepted accounting principles (GAAP) pertaining to enterprise funds.

Section 7-86-120, *Tennessee Code Annotated (TCA)*, requires emergency communications districts in Tennessee to adopt and operate under an annual budget. The Tennessee Emergency Communications Board, established by Section 7-86-302, *TCA*, defines the legal level of control for expenditures to be the line-item level. Therefore, the budgetary comparison schedule presented as supplementary information compares each line item of actual expenses to the final adopted budget. For the year ended June 30, 2022, the district had two line items that exceeded budgeted amounts.

Line Item	Budgeted Amount	Actual Amount	Over Budget
Depreciation	\$ 37,386	\$ 48,462	\$ 11,076
Impact payments to government agencies	74,509	74,512	3

C. Detailed Notes on Accounts

1. Deposits and Investments

State statutes authorize the district to invest in bonds, notes, or treasury bills of the United State or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. As of June 30, 2022, investments consisted of certificates of deposit only.

Custodial credit risk is the risk that in the event of bank failure the district's deposits may not be returned to it. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third-party agents. As of June 30, 2022, all bank deposits were fully collateralized or insured.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-21	Increases	Balance 6-30-22
Capital Assets			
Depreciated:			
Buildings and Improvements	\$ 56,210	\$ 0	\$ 56,210
Furniture and Fixtures	15,130	0	15,130
Communications Equipment	665,696	0	665,696
Office Equipment	15,199	0	15,199
Total Capital Assets			
Depreciated:	\$ 752,235	\$ 0	\$ 752,235
Less: Accumulated			
Depreciation For:			
Buildings and Improvements	\$ 11,729	\$ 1,968	\$ 13,697
Furniture and Fixtures	10,071	1,513	11,584
Communications Equipment	467,964	43,534	511,498
Office Equipment	13,633	1,447	15,080
Total Accumulated			
Deprecation	\$ 503,397	\$ 48,462	\$ 551,859
Capital Assets, Net	\$ 248,838	\$ (48,462)	\$ 200,376

D. Other Information

Risk Management

The district is exposed to various risks related to general and public officials' liability, officers/directors' omissions liability and property and casualty loss. Since the district's operations are run through the Lake County Sheriff's Department, the district is covered by Lake County's insurance. The county is insured through Local Government Insurance Pool, which is a public entity risk pool established to provide insurance coverage through commercial insurance companies for claims in excess of a fixed amount set by the pool for each insured event. Settlements have not exceeded insurance coverage in any of the prior three years.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-1

Lake 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	2019	2020	2021
Total Pension Liability								
Service Cost	\$ 188,457	\$ 187,866	\$ 178,580	\$ 187,842	\$ 186,180	\$ 197,495	\$ 214,871	\$ 217,713
Interest	534,699	529,301	559,368	570,709	623,045	657,969	682,513	708,485
Differences Between Actual and Expected Experience	(521,913)	6,551	(199,556)	360,787	140,481	(34,811)	27	112,587
Change of Assumptions	0	0	0	333,687	0	0	0	824,765
Benefit Payments, Including Refunds of Employee Contributions	(245,220)	(300,035)	(327,042)	(465,836)	(468,343)	(490,286)	(508,693)	(575,356)
Net Change in Total Pension Liability	\$ (43,977)	\$ 423,683	\$ 211,350	\$ 987,189	\$ 481,363	\$ 330,367	\$ 388,718	\$ 1,288,194
Total Pension Liability, Beginning	7,063,474	7,019,497	7,443,180	7,654,530	8,641,719	9,123,082	9,453,449	9,842,167
Total Pension Liability, Ending (a)	\$ 7,019,497	\$ 7,443,180	\$ 7,654,530	\$ 8,641,719	\$ 9,123,082	\$ 9,453,449	\$ 9,842,167	\$ 11,130,361
Plan Fiduciary Net Position								
Contributions - Employer	\$ 167,023	\$ 161,991	\$ 169,326	\$ 170,573	\$ 174,720	\$ 188,419	\$ 185,820	\$ 189,487
Contributions - Employee	147,505	137,640	143,803	146,793	150,621	170,547	162,432	163,071
Net Investment Income	1,039,693	225,295	199,647	865,706	693,134	662,432	466,422	2,494,267
Benefit Payments, Including Refunds of Employee Contributions	(245,220)	(300,035)	(327,042)	(465,836)	(468,343)	(490,286)	(508,693)	(575,356)
Administrative Expense	(4,721)	(5,254)	(8,225)	(10,585)	(9,952)	(9,756)	(9,436)	(9,438)
Other	0	0	0	3,290	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 1,104,280	\$ 219,637	\$ 177,509	\$ 709,941	\$ 540,180	\$ 521,356	\$ 296,545	\$ 2,262,031
Plan Fiduciary Net Position, Beginning	6,215,537	7,319,817	7,539,454	7,716,963	8,426,904	8,967,084	9,488,440	9,784,985
Plan Fiduciary Net Position, Ending (b)	\$ 7,319,817	\$ 7,539,454	\$ 7,716,963	\$ 8,426,904	\$ 8,967,084	\$ 9,488,440	\$ 9,784,985	\$ 12,047,016
Net Pension Liability (Asset), Ending (a - b)	\$ (300,320)	\$ (96,274)	\$ (62,433)	\$ 214,815	\$ 155,998	\$ (34,991)	\$ 57,182	\$ (916,655)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.28%	101.29%	100.82%	97.51%	98.29%	100.37%	99.42%	108.24%
Covered Payroll	\$ 2,869,787	\$ 2,788,136	\$ 2,927,063	\$ 2,935,835	\$ 3,012,402	\$ 3,233,497	\$ 3,248,604	\$ 3,261,385
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(10.46)%	(3.45)%	(2.13)%	7.32%	5.18%	(1.08)%	1.76%	(28.11)%

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

Note 2: 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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 167,023	\$ 161,991	\$ 169,326	\$ 170,573	\$ 174,720	\$ 188,419	\$ 185,820	\$ 186,878	\$ 210,685
Less: Contributions in Relation to the Actuarially Determined Contribution	(167,023)	(161,991)	(169,326)	(170,573)	(174,720)	(188,419)	(185,820)	(189,487)	(213,627)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,609)	\$ (2,942)
Covered Payroll	\$ 2,869,787	\$ 2,788,136	\$ 2,927,063	\$ 2,935,835	\$ 3,012,402	\$ 3,233,497	\$ 3,248,604	\$ 3,261,385	\$ 3,676,884
Contributions as a Percentage of Covered Payroll	5.82%	5.81%	5.78%	5.81%	5.80%	5.83%	5.72%	5.81%	5.81%

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

Note 2: 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

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

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 9,633	\$ 1,824	\$ 0	\$ 16,176	\$ 25,554	\$ 26,406	\$ 33,559	\$ 33,290
Less: Contributions in Relation to the Contractually Required Contribution	(9,633)	(1,824)	0	(39,679)	(25,554)	(26,406)	(33,559)	(33,290)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (23,503)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 240,819	\$ 45,591	\$ 0	\$ 1,003,549	\$ 1,348,417	\$ 1,300,789	\$ 1,661,333	\$ 1,656,219
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	0.00%	3.95%	1.90%	2.03%	2.02%	2.01%

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

Note 2: Beginning in FY 2019, the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust (SRT).
2019: Pension - 1.94%, SRT - 2.02%
2020: Pension - 2.03%, SRT - 1.97%
2021: Pension - 2.02%, SRT - 1.98%
2022: Pension - 2.01%, SRT - 1.99%

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 382,847	\$ 355,362	\$ 345,132	\$ 297,007	\$ 293,277	\$ 308,531	\$ 313,126	\$ 306,403	\$ 292,371
Less: Contributions in Relation to the Contractually Required Contribution	(382,847)	(355,362)	(345,132)	(297,007)	(293,277)	(308,531)	(313,126)	(306,403)	(292,371)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 4,311,341	\$ 3,930,998	\$ 3,817,833	\$ 3,285,478	\$ 3,218,348	\$ 2,936,493	\$ 2,952,115	\$ 2,950,189	\$ 2,838,842
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.11%	10.51%	10.61%	10.39%	10.30%

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

Exhibit E-5

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

	2015	2016	2017	2018	2019	2020	2021
School Department's Proportion of the Net Pension Liability (Asset)	0.115904%	0.010361%	0.000000%	0.113513%	0.124474%	0.103078%	0.115112%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,663)	\$ (1,079)	(1) \$	(51,481) \$	(70,264) \$	(58,615) \$	(124,691)
Covered Payroll	\$ 240,819	\$ 45,591	0 \$	1,003,549 \$	1,348,417 \$	1,300,789 \$	1,661,333
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	0.00%	(5.13)%	(5.21)%	(4.51)%	(7.51)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	0.00%	126.97%	123.07%	116.52%	121.53%

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

Exhibit E-6

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

	2014	2015	2016	2017	2018	2019	2020	2021
School Department's Proportion of the Net Pension Liability (Asset)	0.109843%	0.105009%	0.105763%	0.092943%	0.092239%	0.087966%	0.088505%	0.090899%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (17,849)	\$ 43,015	\$ 660,960	\$ (30,410)	\$ (324,583)	\$ (904,450)	\$ (674,919)	\$ (3,920,708)
Covered Payroll	\$ 4,311,341	\$ 3,930,998	\$ 3,817,833	\$ 3,285,478	\$ 3,218,348	\$ 2,936,493	\$ 2,952,115	\$ 2,950,189
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094254%	17.31%	(.93)%	(10.09)%	(30.80)%	(27.86)%	(132.90)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%

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

Exhibit E-7

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

	2017	2018	2019	2020	2020
Total OPEB Liability					
Service Cost	\$ 128,864	\$ 119,703	\$ 68,587	\$ 62,229	\$ 79,393
Interest	55,891	68,860	46,293	43,582	29,132
Changes in Benefit Terms	0	(294,090)	(52,234)	0	0
Differences Between Actual and Expected Experience	0	(459,873)	96,882	(83,414)	(153,317)
Changes in Assumptions or Other Inputs	(87,346)	40,739	(96,327)	128,598	102,126
Benefit Payments	(60,226)	(75,902)	(84,208)	(103,940)	(78,820)
Net Change in Total OPEB Liability	\$ 37,183	\$ (600,563)	\$ (21,007)	\$ 47,055	\$ (21,486)
Total OPEB Liability, Beginning	1,815,326	1,852,509	1,251,946	1,230,939	1,277,994
Total OPEB Liability, Ending	<u>\$ 1,852,509</u>	<u>\$ 1,251,946</u>	<u>\$ 1,230,939</u>	<u>\$ 1,277,994</u>	<u>\$ 1,256,508</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 478,594	\$ 367,798	\$ 369,469	\$ 370,615	\$ 385,791
Employer Proportionate Share of the Total OPEB Liability	1,373,915	884,148	861,470	907,379	870,717
Covered Employee Payroll	\$ 4,274,827	\$ 3,852,219	\$ 3,839,784	\$ 3,803,780	\$ 3,743,283
Net OPEB Liability as a Percentage of Covered Employee Payroll	32.14%	22.95%	22.44%	23.85%	23.26%

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16%

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

- For the 2019 plan year - from 5.4% to 6.75%
- For the 2020 plan year - from 6.75% to 6.03%
- For the 2021 plan year - from 6.03% to 9.02%
- For the 2022 plan year - from 9.02% to 7.36%

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

LAKE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020, 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: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified 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.

Law Library Fund – The Law Library Fund is used to account for a special tax levied by a county commission resolution on litigation. Proceeds of the tax must be expended for the benefit of the county's law library.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Lake County's garbage collection operations.

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

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

Exhibit F-1

Lake County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Law Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 2,544	\$ 2,544
Equity in Pooled Cash and Investments	22,771	19,553	41,585	0	83,909
Accounts Receivable	0	0	0	1,024	1,024
Property Taxes Receivable	0	79,750	0	0	79,750
Allowance for Uncollectible Property Taxes	0	(730)	0	0	(730)
Total Assets	<u>\$ 22,771</u>	<u>\$ 98,573</u>	<u>\$ 41,585</u>	<u>\$ 3,568</u>	<u>\$ 166,497</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 9,937	\$ 0	\$ 3,568	\$ 13,505
Total Liabilities	<u>\$ 0</u>	<u>\$ 9,937</u>	<u>\$ 0</u>	<u>\$ 3,568</u>	<u>\$ 13,505</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 77,107	\$ 0	\$ 0	\$ 77,107
Deferred Delinquent Property Taxes	0	1,398	0	0	1,398
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 78,505</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 78,505</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Administration of Justice	\$ 22,771	\$ 0	\$ 0	\$ 0	\$ 22,771
Restricted for Public Safety	0	0	41,585	0	41,585

(Continued)

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

FUND BALANCES (Cont.)

Committed:

 Committed for Public Health and Welfare

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Special Revenue Funds				Total Nonmajor Governmental Funds	
Law Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees		
\$ 0	\$ 10,131	\$ 0	\$ 0	\$	10,131
\$ 22,771	\$ 10,131	\$ 41,585	\$ 0	\$	74,487
\$ 22,771	\$ 98,573	\$ 41,585	\$ 3,568	\$	166,497

Exhibit F-2

Lake County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Law Library	Solid Waste / Sanitation	Drug Control	
<u>Revenues</u>				
Local Taxes	\$ 1,140	\$ 84,974	\$ 0	\$ 86,114
Fines, Forfeitures, and Penalties	0	0	2,164	2,164
Charges for Current Services	0	1,073	0	1,073
State of Tennessee	0	100,000	0	100,000
Other Governments and Citizens Groups	0	17,662	0	17,662
Total Revenues	<u>\$ 1,140</u>	<u>\$ 203,709</u>	<u>\$ 2,164</u>	<u>\$ 207,013</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 12	\$ 0	\$ 0	\$ 12
Public Safety	0	0	22	22
Public Health and Welfare	0	277,203	0	277,203
Debt Service:				
Principal on Debt	0	17,136	0	17,136
Interest on Debt	0	3,097	0	3,097
Total Expenditures	<u>\$ 12</u>	<u>\$ 297,436</u>	<u>\$ 22</u>	<u>\$ 297,470</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,128</u>	<u>\$ (93,727)</u>	<u>\$ 2,142</u>	<u>\$ (90,457)</u>
Net Change in Fund Balances	\$ 1,128	\$ (93,727)	\$ 2,142	\$ (90,457)
Fund Balance, July 1, 2021	<u>21,643</u>	<u>103,858</u>	<u>39,443</u>	<u>164,944</u>
Fund Balance, June 30, 2022	<u>\$ 22,771</u>	<u>\$ 10,131</u>	<u>\$ 41,585</u>	<u>\$ 74,487</u>

Exhibit F-3

Lake County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Law Library Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,140	\$ 1,144	\$ 1,144	\$ (4)
Total Revenues	\$ 1,140	\$ 1,144	\$ 1,144	\$ (4)
<u>Expenditures</u>				
Administration of Justice				
Other Administration of Justice	\$ 12	\$ 4,000	\$ 4,000	\$ 3,988
Total Expenditures	\$ 12	\$ 4,000	\$ 4,000	\$ 3,988
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,128	\$ (2,856)	\$ (2,856)	\$ 3,984
Net Change in Fund Balance	\$ 1,128	\$ (2,856)	\$ (2,856)	\$ 3,984
Fund Balance, July 1, 2021	21,643	21,380	21,380	263
Fund Balance, June 30, 2022	\$ 22,771	\$ 18,524	\$ 18,524	\$ 4,247

Exhibit F-4

Lake County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 84,974	\$ 99,200	\$ 99,200	\$ (14,226)
Charges for Current Services	1,073	0	0	1,073
State of Tennessee	100,000	1,200	1,200	98,800
Other Governments and Citizens Groups	17,662	35,124	35,124	(17,462)
Total Revenues	<u>\$ 203,709</u>	<u>\$ 135,524</u>	<u>\$ 135,524</u>	<u>\$ 68,185</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Incinerator	\$ 78,379	\$ 96,775	\$ 76,289	\$ (2,090)
Other Waste Disposal	198,824	81,500	81,500	(117,324)
<u>Principal on Debt</u>				
General Government	17,136	0	17,136	0
<u>Interest on Debt</u>				
General Government	3,097	0	3,097	0
Total Expenditures	<u>\$ 297,436</u>	<u>\$ 178,275</u>	<u>\$ 178,022</u>	<u>\$ (119,414)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (93,727)</u>	<u>\$ (42,751)</u>	<u>\$ (42,498)</u>	<u>\$ (51,229)</u>
Net Change in Fund Balance	\$ (93,727)	\$ (42,751)	\$ (42,498)	\$ (51,229)
Fund Balance, July 1, 2021	<u>103,858</u>	<u>110,393</u>	<u>110,393</u>	<u>(6,535)</u>
Fund Balance, June 30, 2022	<u><u>\$ 10,131</u></u>	<u><u>\$ 67,642</u></u>	<u><u>\$ 67,895</u></u>	<u><u>\$ (57,764)</u></u>

Exhibit F-5

Lake County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 2,164	\$ 1,203	\$ 1,203	\$ 961
Total Revenues	\$ 2,164	\$ 1,203	\$ 1,203	\$ 961
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 22	\$ 8,500	\$ 8,500	\$ 8,478
Total Expenditures	\$ 22	\$ 8,500	\$ 8,500	\$ 8,478
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,142	\$ (7,297)	\$ (7,297)	\$ 9,439
Net Change in Fund Balance	\$ 2,142	\$ (7,297)	\$ (7,297)	\$ 9,439
Fund Balance, July 1, 2021	39,443	39,076	39,076	367
Fund Balance, June 30, 2022	\$ 41,585	\$ 31,779	\$ 31,779	\$ 9,806

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

Lake County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 777,958	\$ 677,662	\$ 677,662	\$ 100,296
Other Governments and Citizens Groups	244,478	125,000	244,478	0
Total Revenues	<u>\$ 1,022,436</u>	<u>\$ 802,662</u>	<u>\$ 922,140</u>	<u>\$ 100,296</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 210,500	\$ 121,300	\$ 221,800	\$ 11,300
Education	331,654	330,000	326,654	(5,000)
<u>Interest on Debt</u>				
General Government	119,904	67,253	123,402	3,498
Education	153,032	195,413	161,283	8,251
<u>Other Debt Service</u>				
General Government	10,617	3,801	3,800	(6,817)
Education	306	0	306	0
Total Expenditures	<u>\$ 826,013</u>	<u>\$ 717,767</u>	<u>\$ 837,245</u>	<u>\$ 11,232</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 196,423</u>	<u>\$ 84,895</u>	<u>\$ 84,895</u>	<u>\$ 111,528</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 622,110	0	0	\$ 622,110
Total Other Financing Sources	<u>\$ 622,110</u>	<u>0</u>	<u>0</u>	<u>\$ 622,110</u>
Net Change in Fund Balance	\$ 818,533	\$ 84,895	\$ 84,895	\$ 733,638
Fund Balance, July 1, 2021	<u>535,903</u>	<u>415,458</u>	<u>415,458</u>	<u>120,445</u>
Fund Balance, June 30, 2022	<u>\$ 1,354,436</u>	<u>\$ 500,353</u>	<u>\$ 500,353</u>	<u>\$ 854,083</u>

Custodial Funds

Custodial Funds are used to account for assets held by the county in a custodial capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Custodial Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial fund reporting focuses on net position and changes in net position. Custodial funds are distinguished from trust funds by the absence of a trust agreement or equivalent arrangement.

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.

Watershed District Fund – The Watershed District Fund is used to account for acreage assessments collected on drainage district properties that are held in trust for the watershed district.

Joint Venture Fund – The Joint Venture Fund is used to account for funds received from the Tennessee Department of Transportation for use by the Hickman River City Development Corporation for the maintenance of a railroad system that runs through portions of Kentucky and Tennessee.

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

Other Custodial Fund – The Other Custodial Fund is used to account for debt issued by Lake County for the Northwest Tennessee Regional Port Authority for the acquisition of land and development of port facilities and related expenses.

Exhibit H-1

Lake County, Tennessee
Combining Statement of Net Position
Custodial Funds
June 30, 2022

	Custodial Funds					
	Cities - Sales Tax	Watershed District	Joint Venture	Constitu- tional Officers - Custodial	Other Custodial	Total
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 65,437	\$ 0	\$ 65,437
Equity in Pooled Cash and Investments	0	10,845	531	0	1,401	12,777
Due from Other Governments	46,402	0	0	0	0	46,402
Cash Shortage	0	0	0	702	0	702
Total Assets	<u>\$ 46,402</u>	<u>\$ 10,845</u>	<u>\$ 531</u>	<u>\$ 66,139</u>	<u>\$ 1,401</u>	<u>\$ 125,318</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 46,402	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,402
Total Liabilities	<u>\$ 46,402</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,402</u>
<u>NET POSITION</u>						
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 0</u>	<u>\$ 10,845</u>	<u>\$ 531</u>	<u>\$ 66,139</u>	<u>\$ 1,401</u>	<u>\$ 78,916</u>
Total Net Position	<u>\$ 0</u>	<u>\$ 10,845</u>	<u>\$ 531</u>	<u>\$ 66,139</u>	<u>\$ 1,401</u>	<u>\$ 78,916</u>

Exhibit H-2

Lake County, Tennessee
Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended June 30, 2022

	Custodial Funds					
	Cities - Sales Tax	Watershed District	Joint Venture	Constitu - tional Officers - Custodial	Other Custodial	Total
<u>Additions</u>						
Sales Tax Collections for Other Governments	\$ 249,399	\$ 0	\$ 0	\$ 0	\$ 0	\$ 249,399
Watershed Authority Collections	0	8,424	0	0	0	8,424
Fines/Fees and Other Collections	0	0	0	1,207,063	0	1,207,063
Total Additions	\$ 249,399	\$ 8,424	\$ 0	\$ 1,207,063	\$ 0	\$ 1,464,886
<u>Deductions</u>						
Payment of Sales Tax Collections for Other Governments	\$ 249,399	\$ 0	\$ 0	\$ 0	\$ 0	\$ 249,399
Payment of Watershed Expenses	0	7,859	0	0	0	7,859
Payments to State	0	0	0	495,343	0	495,343
Payments to Cities, Individuals, and Others	0	0	0	742,519	0	742,519
Total Deductions	\$ 249,399	\$ 7,859	\$ 0	\$ 1,237,862	\$ 0	\$ 1,495,120
Change in Net Position	\$ 0	\$ 565	\$ 0	\$ (30,799)	\$ 0	\$ (30,234)
Net Position July 1, 2021	0	10,280	531	96,938	1,401	109,150
Net Position June 30, 2022	\$ 0	\$ 10,845	\$ 531	\$ 66,139	\$ 1,401	\$ 78,916

Lake County School Department

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

Internal School Fund – The Internal School Fund is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for resources legally held in trust to provide scholarships for students.

Exhibit I-1

Lake County, Tennessee
Statement of Activities
Discretely Presented Lake County School Department
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 4,902,986	\$ 0	\$ 725,764	\$ (4,177,222)
Support Services	2,955,083	0	1,441,200	(1,513,883)
Operation of Non-instructional Services	1,898,275	5,146	1,861,149	(31,980)
Total Governmental Activities	<u>\$ 9,756,344</u>	<u>\$ 5,146</u>	<u>\$ 4,028,113</u>	<u>\$ (5,723,085)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 897,715
Local Option Sales Taxes				420,347
Wheel Tax				39,250
Business Tax				3,488
Grants and Contributions Not Restricted for Specific Programs				6,249,315
Miscellaneous				26,487
Total General Revenues				<u>\$ 7,636,602</u>
Change in Net Position				\$ 1,913,517
Net Position, July 1, 2021				<u>7,678,209</u>
Net Position, June 30, 2022				<u>\$ 9,591,726</u>

Exhibit I-2

Lake County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Lake County School Department
June 30, 2022

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	Internal School	
<u>ASSETS</u>				
Cash	\$ 225,271	\$ 0	\$ 274,220	\$ 499,491
Equity in Pooled Cash and Investments	2,437,613	165,978	0	2,603,591
Due from Other Governments	418,934	92,278	0	511,212
Due from Other Funds	0	768	0	768
Due from Primary Government	5,097	0	0	5,097
Property Taxes Receivable	920,596	0	0	920,596
Allowance for Uncollectible Property Taxes	(8,432)	0	0	(8,432)
Restricted Assets	135,517	0	0	135,517
Total Assets	<u>\$ 4,134,596</u>	<u>\$ 259,024</u>	<u>\$ 274,220</u>	<u>\$ 4,667,840</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 273,491	\$ 4,246	\$ 0	\$ 277,737
Payroll Deductions Payable	32,587	40	0	32,627
Due to Other Funds	768	0	0	768
Due to Primary Government	39,248	0	0	39,248
Due to State of Tennessee	0	105,225	0	105,225
Total Liabilities	<u>\$ 346,094</u>	<u>\$ 109,511</u>	<u>\$ 0</u>	<u>\$ 455,605</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 890,088	\$ 0	\$ 0	\$ 890,088
Deferred Delinquent Property Taxes	16,123	0	0	16,123
Other Deferred/Unavailable Revenue	38,196	0	0	38,196
Total Deferred Inflows of Resources	<u>\$ 944,407</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 944,407</u>

(Continued)

Exhibit I-2

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

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	Internal School	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 0	\$ 0	\$ 274,220	\$ 274,220
Restricted for Hybrid Retirement Stabilization Funds	135,517	0	0	135,517
Assigned:				
Assigned for Education	0	149,513	0	149,513
Unassigned	2,708,578	0	0	2,708,578
Total Fund Balances	<u>\$ 2,844,095</u>	<u>\$ 149,513</u>	<u>\$ 274,220</u>	<u>\$ 3,267,828</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,134,596</u>	<u>\$ 259,024</u>	<u>\$ 274,220</u>	<u>\$ 4,667,840</u>

Exhibit I-3

Lake County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Lake County School Department
June 30, 2022

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)		\$ 3,267,828
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 67,365	
Add: construction in progress	94,400	
Add: buildings and improvements net of accumulated depreciation	4,696,794	
Add: other capital assets net of accumulated depreciation	<u>542,934</u>	5,401,493
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (46,145)	
Less: net OPEB liability	<u>(870,717)</u>	(916,862)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 1,695,415	
Less: deferred inflows of resources related to pensions	(3,966,394)	
Add: deferred outflows of resources related to OPEB	241,603	
Less: deferred inflows of resources related to OPEB	<u>(487,739)</u>	(2,517,115)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 256,664	
Add: net pension asset - teacher retirement plan	124,691	
Add: net pension asset - teacher legacy pension plan	<u>3,920,708</u>	4,302,063
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>54,319</u>
Net position of governmental activities (Exhibit A)		<u>\$ 9,591,726</u>

Exhibit I-4

Lake County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Lake County School Department
For the Year Ended June 30, 2022

	Major Funds		Nonmajor	Total
	General	School	Fund	
	Purpose	Federal	Internal	Governmental
	School	Projects	School	Funds
<u>Revenues</u>				
Local Taxes	\$ 1,358,217	\$ 0	\$ 0	\$ 1,358,217
Licenses and Permits	307	0	0	307
Charges for Current Services	5,146	0	0	5,146
Other Local Revenues	30,173	0	351,550	381,723
State of Tennessee	7,072,323	0	0	7,072,323
Federal Government	809,952	2,025,990	0	2,835,942
Total Revenues	\$ 9,276,118	\$ 2,025,990	\$ 351,550	\$ 11,653,658
<u>Expenditures</u>				
Current:				
Instruction	\$ 4,316,989	\$ 650,921	\$ 0	\$ 4,967,910
Support Services	3,079,765	563,959	0	3,643,724
Operation of Non-Instructional Services	1,130,713	41,973	333,973	1,506,659
Capital Outlay	96,050	373,855	0	469,905
Debt Service:				
Other Debt Service	244,478	0	0	244,478
Total Expenditures	\$ 8,867,995	\$ 1,630,708	\$ 333,973	\$ 10,832,676
Excess (Deficiency) of Revenues Over Expenditures	\$ 408,123	\$ 395,282	\$ 17,577	\$ 820,982
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 416,495	\$ 0	\$ 0	\$ 416,495
Transfers Out	0	(416,495)	0	(416,495)
Total Other Financing Sources (Uses)	\$ 416,495	\$ (416,495)	\$ 0	\$ 0

(Continued)

Exhibit I-4

Lake County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Lake County School Department (Cont.)

	Major Funds		Nonmajor Fund	
	General Purpose School	School Federal Projects	Internal School	Total Governmental Funds
Net Change in Fund Balances	\$ 824,618	\$ (21,213)	\$ 17,577	\$ 820,982
Fund Balance, July 1, 2021	2,019,477	170,726	256,643	2,446,846
Fund Balance, June 30, 2022	<u>\$ 2,844,095</u>	<u>\$ 149,513</u>	<u>\$ 274,220</u>	<u>\$ 3,267,828</u>

Exhibit I-5

Lake County, Tennessee

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Lake County School Department
For the Year Ended June 30, 2022

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)		\$ 820,982
(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	\$ 505,511	
Less: current-year depreciation expense	<u>(448,808)</u>	56,703
(2) 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, 2022	\$ 54,319	
Less: deferred delinquent property taxes and other deferred June 30, 2021	<u>(51,736)</u>	2,583
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (2,132)	
Change in net OPEB liability	36,662	
Change in deferred outflows related to OPEB	17,757	
Change in deferred inflows related to OPEB	(50,691)	
Change in net pension asset - agent plan	272,806	
Change in net pension asset - teacher retirement plan	66,076	
Change in net pension asset - teacher legacy pension plan	3,245,789	
Change in deferred outflows related to pensions	1,023,140	
Change in deferred inflows related to pensions	<u>(3,576,158)</u>	<u>1,033,249</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,913,517</u>

Exhibit I-6

Lake County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Lake County School Department
General Purpose School Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,358,217	\$ 1,229,963	\$ 1,229,963	\$ 128,254
Licenses and Permits	307	300	300	7
Charges for Current Services	5,146	72,700	72,700	(67,554)
Other Local Revenues	30,173	5,000	5,000	25,173
State of Tennessee	7,072,323	7,126,074	7,338,873	(266,550)
Federal Government	809,952	539,000	791,151	18,801
Total Revenues	\$ 9,276,118	\$ 8,973,037	\$ 9,437,987	\$ (161,869)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,610,987	\$ 3,655,803	\$ 3,893,184	\$ 282,197
Special Education Program	503,727	504,909	504,909	1,182
Career and Technical Education Program	202,275	220,919	444,745	242,470
<u>Support Services</u>				
Attendance	46,809	46,791	46,859	50
Health Services	154,857	200,248	200,248	45,391
Other Student Support	458,315	581,600	540,232	81,917
Regular Instruction Program	248,134	250,464	250,464	2,330
Special Education Program	62,151	59,642	59,642	(2,509)
Technology	120,865	115,502	129,766	8,901
Other Programs	14,024	0	14,024	0
Board of Education	153,030	187,228	187,228	34,198
Director of Schools	168,581	161,109	173,498	4,917
Office of the Principal	563,363	549,388	549,388	(13,975)
Fiscal Services	87,442	89,685	93,272	5,830
Operation of Plant	602,223	636,147	649,513	47,290
Maintenance of Plant	148,740	200,448	200,448	51,708
Transportation	251,231	206,915	256,956	5,725
<u>Operation of Non-Instructional Services</u>				
Food Service	729,312	533,408	624,245	(105,067)
Community Services	193,855	232,877	262,064	68,209
Early Childhood Education	207,546	212,329	212,629	5,083
<u>Capital Outlay</u>				
Regular Capital Outlay	96,050	235,067	110,067	14,017
<u>Principal on Debt</u>				
Education	0	119,472	0	0
<u>Other Debt Service</u>				
Education	244,478	0	244,472	(6)
Total Expenditures	\$ 8,867,995	\$ 8,999,951	\$ 9,647,853	\$ 779,858
Excess (Deficiency) of Revenues Over Expenditures	\$ 408,123	\$ (26,914)	\$ (209,866)	\$ 617,989
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 416,495	\$ 0	\$ 0	\$ 416,495
Transfers Out	0	0	(6,000)	6,000
Total Other Financing Sources	\$ 416,495	\$ 0	\$ (6,000)	\$ 422,495

(Continued)

Exhibit I-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Net Change in Fund Balance	\$ 824,618	\$ (26,914)	\$ (215,866)	\$ 1,040,484
Fund Balance, July 1, 2021	2,019,477	1,300,000	1,300,000	719,477
Fund Balance, June 30, 2022	\$ 2,844,095	\$ 1,273,086	\$ 1,084,134	\$ 1,759,961

Exhibit I-7

Lake County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Lake County School Department
School Federal Projects Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,025,990	\$ 5,671,802	\$ 5,674,831	\$ (3,648,841)
Total Revenues	\$ 2,025,990	\$ 5,671,802	\$ 5,674,831	\$ (3,648,841)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 346,509	\$ 1,428,883	\$ 1,113,848	\$ 767,339
Special Education Program	289,690	376,963	379,651	89,961
Career and Technical Education Program	14,722	13,197	14,731	9
<u>Support Services</u>				
Other Student Support	4,053	5,100	4,153	100
Regular Instruction Program	493,260	667,352	666,786	173,526
Special Education Program	3,961	8,703	10,703	6,742
Career and Technical Education Program	413	1,000	413	0
Technology	17,906	36,632	36,632	18,726
Office of the Principal	0	11,795	11,795	11,795
Operation of Plant	16,351	35,000	35,000	18,649
Maintenance of Plant	26,810	26,810	26,810	0
Transportation	1,205	104,215	129,144	127,939
<u>Operation of Non-Instructional Services</u>				
Food Service	41,973	309,387	230,698	188,725
<u>Capital Outlay</u>				
Regular Capital Outlay	373,855	2,641,676	2,595,293	2,221,438
Total Expenditures	\$ 1,630,708	\$ 5,666,713	\$ 5,255,657	\$ 3,624,949
Excess (Deficiency) of Revenues Over Expenditures	\$ 395,282	\$ 5,089	\$ 419,174	\$ (23,892)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (416,495)	\$ (5,087)	\$ (419,175)	\$ 2,680
Total Other Financing Sources	\$ (416,495)	\$ (5,087)	\$ (419,175)	\$ 2,680
Net Change in Fund Balance	\$ (21,213)	\$ 2	\$ (1)	\$ (21,212)
Fund Balance, July 1, 2021	170,726	170,000	170,000	726
Fund Balance, June 30, 2022	\$ 149,513	\$ 170,002	\$ 169,999	\$ (20,486)

Lake County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Lake County School Department
Fiduciary Fund
June 30, 2022

	Other Trust Fund <hr/> Private Purpose Trust <hr/>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 348,092</u>
Total Assets	<u>\$ 348,092</u>
<u>NET POSITION</u>	
Held in Trust for College Scholarships for Lake County Students	<u><u>\$ 348,092</u></u>

Lake County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Lake County School Department
Fiduciary Fund
For the Year Ended June 30, 2022

	Other Trust Fund <hr/> Private Purpose Trust
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 9,585
Total Additions	<hr/> \$ 9,585
<u>DEDUCTIONS</u>	
<u>Other</u>	
Scholarships	\$ 12,000
Trustee Commission	92
Total Deductions	<hr/> \$ 12,092
Change in Net Position	\$ (2,507)
Net Position, July 1, 2021	<hr/> 350,599
Net Position, June 30, 2022	<hr/> <hr/> \$ 348,092

MISCELLANEOUS SCHEDULES

Exhibit J-1

Lake County, Tennessee
Schedule of Changes in Long-term Note, Other Loans, and Bonds
For the Year Ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-21	Paid and/or Matured During Period	Outstanding 6-30-22
<u>NOTE PAYABLE</u>								
<u>Payable through General Fund</u>								
General Obligation Capital Outlay Notes, Series 2019	\$ 62,000	5.25	%	7-26-19	10-21-21	\$ 39,960	\$ 39,960	\$ 0
Total Note Payable						\$ 39,960	\$ 39,960	\$ 0
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through Solid Waste/Sanitation Fund</u>								
Wheel Loader	107,517	4.89		12-18-18	12-18-23	\$ 68,993	\$ 17,136	\$ 51,857
<u>Payable through General Debt Service Fund</u>								
Energy Efficient School Initiative, 2018	1,694,232	1.5		8-20-18	8-1-35	1,511,984	97,154	1,414,830
Total Other Loans Payable						\$ 1,580,977	\$ 114,290	\$ 1,466,687
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2016	2,595,000	.75 to 3.5		3-24-16	6-1-36	\$ 2,020,000	\$ 110,000	\$ 1,910,000
General Obligation Refunding Bonds, Series 2020	6,245,000	2 to 5		6-19-20	6-1-37	5,915,000	335,000	5,580,000
Total Bonds Payable						\$ 7,935,000	\$ 445,000	\$ 7,490,000

Exhibit J-2

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

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2023	\$ 116,936	\$ 22,414	\$ 139,350
2024	133,651	19,507	153,158
2025	101,624	17,548	119,172
2026	103,162	16,010	119,172
2027	104,723	14,449	119,172
2028	106,298	12,874	119,172
2029	107,908	11,264	119,172
2030	109,541	9,631	119,172
2031	111,188	7,984	119,172
2032	112,870	6,302	119,172
2033	114,576	4,596	119,172
2034	116,306	2,866	119,172
2035	118,009	1,163	119,172
2036	9,895	2	9,897
Total	\$ 1,466,687	\$ 146,610	\$ 1,613,297

Year Ending June 30	Bonds		
	Principal	Interest	Total
2023	\$ 465,000	\$ 231,693	\$ 696,693
2024	485,000	211,303	696,303
2025	510,000	189,813	699,813
2026	530,000	167,013	697,013
2027	550,000	143,033	693,033
2028	580,000	118,033	698,033
2029	595,000	104,743	699,743
2030	600,000	91,088	691,088
2031	530,000	77,333	607,333
2032	535,000	64,912	599,912
2033	550,000	52,038	602,038
2034	560,000	38,788	598,788
2035	580,000	25,263	605,263
2036	295,000	11,263	306,263
2037	125,000	2,650	127,650
Total	\$ 7,490,000	\$ 1,528,966	\$ 9,018,966

Lake County, Tennessee
Schedule of Transfers
Discretely Presented Lake County School Department
For the Year Ended June 30, 2022

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>DISCRETELY PRESENTED LAKE COUNTY</u>			
<u>SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Covid expenses	\$ <u>416,495</u>
Total Transfers			\$ <u><u>416,495</u></u>

Exhibit J-4

Lake County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Lake County School Department
For the Year Ended June 30, 2022

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 84,663 (1)	\$ 400,000	Local Government Property and Casualty Fund
Road Superintendent	Section 8-24-102, <i>TCA</i>	81,059 (2)	400,000	"
Director of Schools	State Board of Education and Lake County Board of Education	118,521 (3)	400,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <i>TCA</i>	72,782	400,000	Local Government Property and Casualty Fund
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,782	400,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	72,782	400,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	72,782	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	72,782	50,000	RLI Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,782	400,000	Local Government Property and Casualty Fund
Sheriff	Section 8-24-102, <i>TCA</i>	80,860 (4)	400,000	"
<u>Blanket Bond:</u>				
County and Highway Employees			400,000	Local Government Property and Casualty Fund
Director of Schools			400,000	Tennessee Risk Management Trust

- (1) Includes county commission chairman compensation of \$600.
(2) Includes a bonus of \$1,000.
(3) Includes a chief executive officer training supplement of \$1,000, a bonus of \$2,000, a vehicle allowance of \$4,956, and insurance premiums of \$8,147.
(4) Includes a law enforcement training supplement of \$800.

Exhibit J-5

Lake County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2022

	Special Revenue Funds					
	General	Law Library	Solid Waste / Sanitation	Drug Control	Other General Government	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,585,748	\$ 0	\$ 75,279	\$ 0	\$ 0	\$ 27,311
Trustee's Collections - Prior Year	37,926	0	1,801	0	0	654
Circuit Clerk/Clerk and Master Collections - Prior Years	7,272	0	402	0	0	100
Interest and Penalty	6,454	0	306	0	0	111
Payments in-Lieu-of Taxes - Other	24,302	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	68,386	0	0	0	0	0
Hotel/Motel Tax	57,116	0	0	0	0	0
Wheel Tax	238,421	0	7,186	0	0	0
Litigation Tax - General	7,218	0	0	0	0	0
Litigation Tax - Special Purpose	1,807	1,140	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Litigation Tax - Courthouse Security	1,170	0	0	0	0	0
Business Tax	29,391	0	0	0	0	0
Mixed Drink Tax	30	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	9,585	0	0	0	0	0
Wholesale Beer Tax	4,527	0	0	0	0	0
Total Local Taxes	\$ 2,079,353	\$ 1,140	\$ 84,974	\$ 0	\$ 0	\$ 28,176
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 128	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	7,578	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Law Library	Solid Waste / Sanitation	Drug Control	Other General Government	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Building Permits	\$ 1,926	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 9,632	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 4,748	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	6,259	0	0	0	0	0
Drug Court Fees	628	0	0	0	0	0
Data Entry Fee - Circuit Court	485	0	0	0	0	0
Courtroom Security Fee	530	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	95	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	1,738	0	0	0	0	0
Officers Costs	8,530	0	0	0	0	0
Game and Fish Fines	222	0	0	0	0	0
Drug Control Fines	746	0	0	2,164	0	0
Drug Court Fees	2,168	0	0	0	0	0
Jail Fees	3,617	0	0	0	0	0
DUI Treatment Fines	760	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,130	0	0	0	0	0
Courtroom Security Fee	32	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,403	0	0	0	0	0
Officers Costs	46	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Law Library	Solid Waste / Sanitation	Drug Control	Other General Government	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	\$ 394	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	580	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 42,111	\$ 0	\$ 0	\$ 2,164	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Waste Tire Disposal	\$ 0	\$ 0	\$ 1,073	\$ 0	\$ 0	\$ 0
Patient Charges	703,916	0	0	0	0	0
<u>Fees</u>						
Copy Fees	327	0	0	0	0	0
Archives and Records Management Fee	2,978	0	0	0	0	0
Telephone Commissions	15,610	0	0	0	0	0
Vending Machine Collections	28	0	0	0	0	0
Data Processing Fee - Register	1,716	0	0	0	0	0
Data Processing Fee - Sheriff	536	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,100	0	0	0	0	0
Data Processing Fee - County Clerk	120	0	0	0	0	0
Vehicle Registration Reinstatement Fees	625	0	0	0	0	0
Total Charges for Current Services	\$ 726,956	\$ 0	\$ 1,073	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 204,699	\$ 0	\$ 0	\$ 0	17,092	\$ 0
Lease/Rentals	70,110	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	2,098

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Law Library	Solid Waste / Sanitation	Drug Control	Other General Government	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Commissary Sales	\$ 4,936	\$ 0	\$ 0	\$ 0	\$ 0	0
Miscellaneous Refunds	28,673	0	0	0	0	73,270
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	73,800
Sale of Property	5,750	0	0	0	0	0
Contributions and Gifts	1,000	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	3,447	0	0	0	0	0
Total Other Local Revenues	\$ 318,615	\$ 0	\$ 0	\$ 0	17,092	\$ 149,168
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 56,934	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	24,624	0	0	0	0	0
General Sessions Court Clerk	20,381	0	0	0	0	0
Clerk and Master	14,748	0	0	0	0	0
Juvenile Court Clerk	3,589	0	0	0	0	0
Register	22,437	0	0	0	0	0
Sheriff	3,746	0	0	0	0	0
Trustee	120,224	0	0	0	0	0
Total Fees Received From County Officials	\$ 266,683	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Law Library	Solid Waste / Sanitation	Drug Control	Other General Government	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>General Government Grants (Cont.)</u>						
Aging Programs	\$ 86,317	\$ 0	\$ 0	\$ 0	\$ 0	0
Other General Government Grants	467,796	0	100,000	0	0	0
<u>Public Works Grants</u>						
Litter Program	13,551	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	2	0	0	0	0	0
Beer Tax	19,194	0	0	0	0	0
Vehicle Certificate of Title Fees	9,048	0	0	0	0	0
Alcoholic Beverage Tax	26,323	0	0	0	0	0
State Revenue Sharing - Telecommunications	8,762	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	1,347	0	0	0	0	0
Contracted Prisoner Boarding	194,415	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,815,648
Petroleum Special Tax	0	0	0	0	0	4,810
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	305,916	0	0	0	0	0
Other State Revenues	51,351	0	0	0	0	0
Total State of Tennessee	\$ 1,208,186	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 1,820,458
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 446,750	\$ 0	\$ 0	\$ 0	\$ 0	0
Civil Defense Reimbursement	15,745	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	800	0	0	0	0	0
Total Federal Government	\$ 463,295	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-5

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

		Special Revenue Funds					
		General	Law Library	Solid Waste / Sanitation	Drug Control	Other General Government	Highway / Public Works
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance	\$	0	\$	0	\$	0	\$ 20,265
Contributions		300		17,662		0	0
Contracted Services		163,065		0		0	0
Total Other Governments and Citizens Groups	\$	163,365	\$	0	\$	0	\$ 20,265
Total	\$	5,278,196	\$	1,140	\$	203,709	\$ 2,164 \$ 17,092 \$ 2,018,067

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	<u>General Debt Service</u>	<u>Total</u>
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 273,113	\$ 1,961,451
Trustee's Collections - Prior Year	6,511	46,892
Circuit Clerk/Clerk and Master Collections - Prior Years	1,261	9,035
Interest and Penalty	1,112	7,983
Payments in-Lieu-of Taxes - Other	0	24,302
<u>County Local Option Taxes</u>		
Local Option Sales Tax	418,117	486,503
Hotel/Motel Tax	0	57,116
Wheel Tax	72,637	318,244
Litigation Tax - General	0	7,218
Litigation Tax - Special Purpose	0	2,947
Litigation Tax - Jail, Workhouse, or Courthouse	3,479	3,479
Litigation Tax - Courthouse Security	0	1,170
Business Tax	1,728	31,119
Mixed Drink Tax	0	30
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	9,585
Wholesale Beer Tax	0	4,527
Total Local Taxes	<u>\$ 777,958</u>	<u>\$ 2,971,601</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Registration	\$ 0	\$ 128
Cable TV Franchise	0	7,578

(Continued)

Exhibit J-5

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

	Debt Service Fund	
	General Debt Service	Total
<hr/>		
<u>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Building Permits	\$ 0	\$ 1,926
Total Licenses and Permits	\$ 0	\$ 9,632
<hr/>		
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Officers Costs	\$ 0	\$ 4,748
Drug Control Fines	0	6,259
Drug Court Fees	0	628
Data Entry Fee - Circuit Court	0	485
Courtroom Security Fee	0	530
<u>Criminal Court</u>		
DUI Treatment Fines	0	95
<u>General Sessions Court</u>		
Fines	0	1,738
Officers Costs	0	8,530
Game and Fish Fines	0	222
Drug Control Fines	0	2,910
Drug Court Fees	0	2,168
Jail Fees	0	3,617
DUI Treatment Fines	0	760
Data Entry Fee - General Sessions Court	0	9,130
Courtroom Security Fee	0	32
<u>Juvenile Court</u>		
Fines	0	1,403
Officers Costs	0	46

(Continued)

Exhibit J-5

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

	Debt Service Fund	
	General Debt Service	Total
<hr/>		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Chancery Court</u>		
Officers Costs	\$ 0	\$ 394
Data Entry Fee - Chancery Court	0	580
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 44,275</u>
 <u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Surcharge - Waste Tire Disposal	\$ 0	\$ 1,073
Patient Charges	0	703,916
<u>Fees</u>		
Copy Fees	0	327
Archives and Records Management Fee	0	2,978
Telephone Commissions	0	15,610
Vending Machine Collections	0	28
Data Processing Fee - Register	0	1,716
Data Processing Fee - Sheriff	0	536
Sexual Offender Registration Fee - Sheriff	0	1,100
Data Processing Fee - County Clerk	0	120
Vehicle Registration Reinstatement Fees	0	625
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 728,029</u>
 <u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 221,791
Lease/Rentals	0	70,110
Sale of Materials and Supplies	0	2,098

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Other Local Revenues (Cont.)</u>		
<u>Recurring Items (Cont.)</u>		
Commissary Sales	\$ 0	\$ 4,936
Miscellaneous Refunds	0	101,943
<u>Nonrecurring Items</u>		
Sale of Equipment	0	73,800
Sale of Property	0	5,750
Contributions and Gifts	0	1,000
<u>Other Local Revenues</u>		
Other Local Revenues	0	3,447
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 484,875</u>
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 56,934
Circuit Court Clerk	0	24,624
General Sessions Court Clerk	0	20,381
Clerk and Master	0	14,748
Juvenile Court Clerk	0	3,589
Register	0	22,437
Sheriff	0	3,746
Trustee	0	120,224
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 266,683</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>		
<u>General Government Grants (Cont.)</u>		
Aging Programs	\$ 0	\$ 86,317
Other General Government Grants	0	567,796
<u>Public Works Grants</u>		
Litter Program	0	13,551
<u>Other State Revenues</u>		
Income Tax	0	2
Beer Tax	0	19,194
Vehicle Certificate of Title Fees	0	9,048
Alcoholic Beverage Tax	0	26,323
State Revenue Sharing - Telecommunications	0	8,762
State Shared Sports Gaming Privilege Tax	0	1,347
Contracted Prisoner Boarding	0	194,415
Gasoline and Motor Fuel Tax	0	1,815,648
Petroleum Special Tax	0	4,810
Registrar's Salary Supplement	0	15,164
Other State Grants	0	305,916
Other State Revenues	0	51,351
Total State of Tennessee	\$ 0	\$ 3,128,644
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	\$ 0	\$ 446,750
Civil Defense Reimbursement	0	15,745
<u>Direct Federal Revenue</u>		
Other Direct Federal Revenue	0	800
Total Federal Government	\$ 0	\$ 463,295

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<hr/>		
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Paving and Maintenance	\$ 0	\$ 20,265
Contributions	244,478	262,440
Contracted Services	0	163,065
Total Other Governments and Citizens Groups	<u>\$ 244,478</u>	<u>\$ 445,770</u>
 Total	 <u>\$ 1,022,436</u>	 <u>\$ 8,542,804</u>

Exhibit J-6

Lake County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Lake County School Department
For the Year Ended June 30, 2022

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Internal School	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 868,998	\$ 0	\$ 0	\$ 868,998
Trustee's Collections - Prior Year	20,811	0	0	20,811
Circuit Clerk/Clerk and Master Collections - Prior Years	4,015	0	0	4,015
Interest and Penalty	3,538	0	0	3,538
<u>County Local Option Taxes</u>				
Local Option Sales Tax	418,117	0	0	418,117
Wheel Tax	39,250	0	0	39,250
Business Tax	3,458	0	0	3,458
Mixed Drink Tax	30	0	0	30
Total Local Taxes	<u>\$ 1,358,217</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,358,217</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 237	\$ 0	\$ 0	\$ 237
<u>Permits</u>				
Other Permits	70	0	0	70
Total Licenses and Permits	<u>\$ 307</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 307</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Receipts from Individual Schools	\$ 5,146	\$ 0	\$ 0	\$ 5,146
Total Charges for Current Services	<u>\$ 5,146</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,146</u>

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Internal School	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ (6,355)	\$ 0	\$ 0	\$ (6,355)
Miscellaneous Refunds	25,534	0	0	25,534
<u>Nonrecurring Items</u>				
Contributions and Gifts	10,994	0	0	10,994
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	351,550	351,550
Total Other Local Revenues	<u>\$ 30,173</u>	<u>\$ 0</u>	<u>\$ 351,550</u>	<u>\$ 381,723</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 14,024	\$ 0	\$ 0	\$ 14,024
<u>State Education Funds</u>				
Basic Education Program	5,564,000	0	0	5,564,000
Early Childhood Education	207,545	0	0	207,545
School Food Service	3,616	0	0	3,616
Driver Education	869	0	0	869
Other State Education Funds	689,886	0	0	689,886
Coordinated School Health	95,000	0	0	95,000
Career Ladder Program	7,414	0	0	7,414
Other Vocational	223,825	0	0	223,825
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	212,363	0	0	212,363
Other State Grants	24,079	0	0	24,079
Safe Schools	28,749	0	0	28,749

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Internal School	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Other State Revenues	\$ 953	\$ 0	\$ 0	\$ 953
Total State of Tennessee	<u>\$ 7,072,323</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,072,323</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 367,597	\$ 0	\$ 0	\$ 367,597
USDA - Commodities	23,618	0	0	23,618
Breakfast	178,475	0	0	178,475
USDA - Other	33,309	0	0	33,309
Vocational Education - Basic Grants to States	0	19,197	0	19,197
Title I Grants to Local Education Agencies	0	461,651	0	461,651
Special Education - Grants to States	0	199,482	0	199,482
Special Education Preschool Grants	0	11,750	0	11,750
Rural Education	0	10,531	0	10,531
Eisenhower Professional Development State Grants	0	52,920	0	52,920
COVID-19 Grant #2	0	866,368	0	866,368
COVID-19 Grant #3	13,628	344,054	0	357,682
COVID-19 Grant C	0	5,000	0	5,000
COVID-19 Grant D	0	20,000	0	20,000
American Rescue Plan Act Grant #2	0	32,237	0	32,237
American Rescue Plan Act Grant #3	0	2,800	0	2,800
Other Federal through State	193,325	0	0	193,325
Total Federal Government	<u>\$ 809,952</u>	<u>\$ 2,025,990</u>	<u>\$ 0</u>	<u>\$ 2,835,942</u>
Total	<u>\$ 9,276,118</u>	<u>\$ 2,025,990</u>	<u>\$ 351,550</u>	<u>\$ 11,653,658</u>

Exhibit J-7

Lake County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2022

General FundGeneral GovernmentCounty Commission

Other Per Diem and Fees	\$	25,064	
Social Security		1,878	
Pensions		627	
Total County Commission			\$ 27,569

County Mayor/Executive

County Official/Administrative Officer	\$	84,063	
Accountants/Bookkeepers		26,090	
Secretary(ies)		27,252	
Longevity Pay		450	
Other Salaries and Wages		10,236	
Other Per Diem and Fees		1,028	
Social Security		11,083	
Pensions		3,682	
Unemployment Compensation		150	
Communication		31,913	
Data Processing Services		15,914	
Postal Charges		1,104	
Printing, Stationery, and Forms		3,108	
Travel		139	
Electricity		659	
Natural Gas		295	
Office Supplies		2,531	
Water and Sewer		60	
Building and Contents Insurance		1,700	
Workers' Compensation Insurance		200	
Other Charges		3,027	
Other Capital Outlay		527	
Total County Mayor/Executive			225,211

County Attorney

County Official/Administrative Officer	\$	4,950	
Legal Services		12,705	
Total County Attorney			17,655

Election Commission

County Official/Administrative Officer	\$	72,782	
Other Salaries and Wages		385	
Election Commission		3,000	
Election Workers		1,800	
Social Security		5,395	
Pensions		4,229	
Communication		3,181	
Data Processing Services		7,144	
Maintenance and Repair Services - Equipment		3,600	
Postal Charges		776	
Printing, Stationery, and Forms		356	

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Electricity	\$	263	
Natural Gas		1,267	
Office Supplies		12,984	
Building and Contents Insurance		7,164	
Workers' Compensation Insurance		250	
Other Capital Outlay		71,523	
Total Election Commission			\$ 196,099

Register of Deeds

County Official/Administrative Officer	\$	72,782	
Deputy(ies)		9,615	
Longevity Pay		700	
Social Security		6,147	
Pensions		4,229	
Unemployment Compensation		35	
Communication		405	
Data Processing Services		1,704	
Dues and Memberships		1,172	
Postal Charges		361	
Printing, Stationery, and Forms		638	
Rentals		920	
Electricity		460	
Natural Gas		206	
Office Supplies		1,258	
Water and Sewer		42	
Building and Contents Insurance		1,150	
Workers' Compensation Insurance		50	
Total Register of Deeds			101,874

Development

Board and Committee Members Fees	\$	4,000	
Social Security		192	
Unemployment Compensation		3	
Other Contracted Services		13,043	
Total Development			17,238

County Buildings

Maintenance and Repair Services - Buildings	\$	98,593	
Maintenance and Repair Services - Equipment		27,002	
Pest Control		4,852	
Custodial Supplies		6,647	
Electricity		18,662	
Natural Gas		5,666	
Water and Sewer		3,185	
Workers' Compensation Insurance		10,000	
Other Capital Outlay		21,256	
Total County Buildings			195,863

(Continued)

Exhibit J-7

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

General Fund (Cont.)FinanceProperty Assessor's Office

County Official/Administrative Officer	\$	72,782	
Secretary(ies)		26,877	
Longevity Pay		250	
Other Salaries and Wages		3,000	
Board and Committee Members Fees		1,000	
Social Security		7,482	
Pensions		5,908	
Unemployment Compensation		70	
Communication		396	
Postal Charges		456	
Printing, Stationery, and Forms		96	
Other Contracted Services		19,563	
Electricity		332	
Natural Gas		146	
Office Supplies		1,076	
Water and Sewer		30	
Building and Contents Insurance		690	
Workers' Compensation Insurance		200	
Total Property Assessor's Office			\$ 140,354

County Trustee's Office

County Official/Administrative Officer	\$	72,782	
Deputy(ies)		26,327	
Longevity Pay		100	
Other Salaries and Wages		2,787	
Social Security		7,564	
Pensions		5,892	
Unemployment Compensation		70	
Communication		431	
Data Processing Services		9,770	
Dues and Memberships		1,542	
Postal Charges		1,556	
Printing, Stationery, and Forms		341	
Electricity		353	
Natural Gas		166	
Office Supplies		466	
Water and Sewer		32	
Building and Contents Insurance		966	
Workers' Compensation Insurance		65	
Total County Trustee's Office			131,210

County Clerk's Office

County Official/Administrative Officer	\$	72,782	
Deputy(ies)		52,154	
Longevity Pay		550	
Social Security		9,600	
Pensions		7,266	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Unemployment Compensation	\$	140	
Communication		3,172	
Data Processing Services		9,219	
Dues and Memberships		1,092	
Postal Charges		644	
Printing, Stationery, and Forms		176	
Electricity		1,486	
Natural Gas		758	
Office Supplies		888	
Water and Sewer		722	
Building and Contents Insurance		966	
Workers' Compensation Insurance		100	
Total County Clerk's Office			\$ 161,715

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	72,782	
Deputy(ies)		78,231	
Longevity Pay		200	
Other Salaries and Wages		625	
Jury and Witness Expense		2,261	
Social Security		11,563	
Pensions		8,784	
Unemployment Compensation		291	
Communication		686	
Data Processing Services		15,162	
Dues and Memberships		1,257	
Postal Charges		1,139	
Printing, Stationery, and Forms		413	
Electricity		3,742	
Natural Gas		1,675	
Office Supplies		4,496	
Water and Sewer		340	
Building and Contents Insurance		1,457	
Workers' Compensation Insurance		1,575	
Other Charges		2,988	
Total Circuit Court			209,667

General Sessions Court

Judge(s)	\$	101,463	
Other Salaries and Wages		600	
Social Security		7,806	
Pensions		5,895	
Unemployment Compensation		70	
Communication		400	
Postal Charges		182	
Electricity		231	

(Continued)

Exhibit J-7

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

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

Natural Gas	\$	105	
Office Supplies		652	
Water and Sewer		21	
Total General Sessions Court			\$ 117,425

Chancery Court

County Official/Administrative Officer	\$	72,782	
Deputy(ies)		9,705	
Social Security		6,046	
Pensions		4,229	
Unemployment Compensation		105	
Communication		393	
Data Processing Services		8,035	
Dues and Memberships		1,172	
Postal Charges		495	
Printing, Stationery, and Forms		1,058	
Other Contracted Services		590	
Electricity		420	
Natural Gas		188	
Office Supplies		879	
Water and Sewer		38	
Workers' Compensation Insurance		83	
Total Chancery Court			106,218

Juvenile Court

County Official/Administrative Officer	\$	28,210	
Other Salaries and Wages		625	
Social Security		2,206	
Pensions		1,455	
Unemployment Compensation		70	
Communication		815	
Postal Charges		352	
Travel		65	
Other Contracted Services		13,275	
Electricity		292	
Natural Gas		131	
Office Supplies		2,961	
Water and Sewer		27	
Workers' Compensation Insurance		60	
Total Juvenile Court			50,544

Other Administration of Justice

Library Books/Media	\$	3,748	
Total Other Administration of Justice			3,748

Courtroom Security

Deputy(ies)	\$	26,720	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)Administration of Justice (Cont.)Courtroom Security (Cont.)

Social Security	\$	2,044	
Unemployment Compensation		143	
Other Contracted Services		1,884	
Total Courtroom Security			\$ 30,791

Public SafetySheriff's Department

County Official/Administrative Officer	\$	80,060	
Deputy(ies)		317,314	
Salary Supplements		7,832	
Secretary(ies)		29,487	
Longevity Pay		2,200	
Other Salaries and Wages		1,037	
In-service Training		4,838	
Social Security		33,110	
Pensions		22,733	
Unemployment Compensation		721	
Communication		15,019	
Contracts with Government Agencies		130	
Data Processing Services		691	
Dues and Memberships		1,000	
Maintenance and Repair Services - Vehicles		13,201	
Postal Charges		1,174	
Printing, Stationery, and Forms		559	
Travel		1,959	
Electricity		1,481	
Gasoline		48,474	
Natural Gas		8,510	
Office Supplies		5,466	
Uniforms		9,781	
Water and Sewer		2,473	
Other Supplies and Materials		9,882	
Workers' Compensation Insurance		12,000	
Motor Vehicles		37,596	
Total Sheriff's Department			668,728

Jail

Deputy(ies)	\$	1,486	
Medical Personnel		15,424	
Dispatchers/Radio Operators		368,857	
Secretary(ies)		38,052	
Part-time Personnel		12,457	
Longevity Pay		1,850	
In-service Training		1,877	
Social Security		32,865	
Pensions		20,283	
Unemployment Compensation		1,735	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Maintenance and Repair Services - Buildings	\$	16,339	
Maintenance and Repair Services - Equipment		21,678	
Medical and Dental Services		65,585	
Custodial Supplies		19,777	
Electricity		25,433	
Food Supplies		97,219	
Natural Gas		2,324	
Uniforms		2,259	
Water and Sewer		6,887	
Other Supplies and Materials		19,953	
Workers' Compensation Insurance		20,000	
Total Jail			\$ 792,340

Civil Defense

Supervisor/Director	\$	11,616	
Social Security		889	
Pensions		675	
Unemployment Compensation		13	
Other Charges		9,937	
Total Civil Defense			23,130

Public Health and WelfareLocal Health Center

Communication	\$	102	
Maintenance and Repair Services - Buildings		9,492	
Other Contracted Services		6,540	
Drugs and Medical Supplies		360	
Electricity		4,821	
Natural Gas		1,782	
Office Supplies		225	
Water and Sewer		1,621	
Workers' Compensation Insurance		10,000	
Other Charges		200	
Total Local Health Center			35,143

Ambulance/Emergency Medical Services

Supervisor/Director	\$	42,569	
Medical Personnel		576,169	
Longevity Pay		800	
Social Security		46,885	
Pensions		16,251	
Unemployment Compensation		1,979	
Ambulance Services		355	
Communication		2,487	
Maintenance and Repair Services - Equipment		344	
Maintenance and Repair Services - Vehicles		5,524	
Postal Charges		546	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Ambulance/Emergency Medical Services (Cont.)

Rentals	\$	1,277	
Travel		536	
Other Contracted Services		62,310	
Drugs and Medical Supplies		19,393	
Electricity		4,402	
Gasoline		14,466	
Natural Gas		1,960	
Office Supplies		969	
Water and Sewer		1,016	
Other Supplies and Materials		1,198	
Workers' Compensation Insurance		10,081	
Other Equipment		13,703	
Total Ambulance/Emergency Medical Services			\$ 825,220

Sanitation Management

Deputy(ies)	\$	7,457	
Education Media Personnel		1,600	
Social Security		570	
Unemployment Compensation		66	
Maintenance and Repair Services - Vehicles		440	
Gasoline		1,122	
Other Charges		888	
Total Sanitation Management			12,143

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

County Official/Administrative Officer	\$	9,698	
Supervisor/Director		41,713	
Part-time Personnel		18,983	
Social Security		5,337	
Pensions		3,603	
Unemployment Compensation		210	
Communication		6,150	
Contributions		1,170	
Maintenance and Repair Services - Buildings		4,289	
Travel		1,056	
Other Contracted Services		27,707	
Electricity		3,504	
Natural Gas		569	
Office Supplies		694	
Water and Sewer		2,459	
Other Supplies and Materials		2,817	
Total Senior Citizens Assistance			129,959

Libraries

Contributions	\$	20,396	
Total Libraries			20,396

(Continued)

Exhibit J-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Other Social, Cultural, and Recreational

Other Charges	\$ 23,672	
Total Other Social, Cultural, and Recreational		\$ 23,672

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$ 15,344	
Secretary(ies)	6,419	
Pensions	5,100	
Communication	899	
Maintenance and Repair Services - Office Equipment	34	
Office Supplies	660	
Total Agricultural Extension Service		28,456

Other OperationsTourism

Contributions	\$ 65,756	
Total Tourism		65,756

Other Economic and Community Development

Engineering Services	\$ 3,000	
Other Charges	763,513	
Building Construction	140,363	
Other Capital Outlay	35,250	
Total Other Economic and Community Development		942,126

Other Charges

Trustee's Commission	\$ 49,945	
Total Other Charges		49,945

Contributions to Other Agencies

Contributions	\$ 9,328	
Total Contributions to Other Agencies		9,328

Employee Benefits

Employee and Dependent Insurance	\$ 79,472	
Total Employee Benefits		79,472

Principal on DebtGeneral Government

Principal on Notes	\$ 39,960	
Total General Government		39,960

Interest on DebtGeneral Government

Interest on Notes	\$ 621	
Total General Government		621

Total General Fund		\$ 5,479,576
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(Continued)

Exhibit J-7

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

Law Library FundAdministration of JusticeOther Administration of Justice

Trustee's Commission	\$	12	
Total Other Administration of Justice			\$ 12

Total Law Library Fund			\$ 12
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Solid Waste/Sanitation FundPublic Health and WelfareWaste Incinerator

Foremen	\$	33,795	
Other Salaries and Wages		195	
Social Security		2,642	
Pensions		1,947	
Unemployment Compensation		70	
Bank Charges		253	
Maintenance and Repair Services - Buildings		4,472	
Maintenance and Repair Services - Equipment		21,697	
Diesel Fuel		4,610	
Electricity		7,050	
Trustee's Commission		1,648	
Total Waste Incinerator			\$ 78,379

Other Waste Disposal

Contracts with Government Agencies	\$	6,000	
Contracts with Private Agencies		131,895	
Engineering Services		57,600	
Evaluation and Testing		1,800	
Permits		1,529	
Total Other Waste Disposal			198,824

Principal on DebtGeneral Government

Principal on Other Loans	\$	17,136	
Total General Government			17,136

Interest on DebtGeneral Government

Interest on Other Loans	\$	3,097	
Total General Government			3,097

Total Solid Waste/Sanitation Fund			297,436
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Drug Control FundPublic SafetyDrug Enforcement

Trustee's Commission	\$	22	
Total Drug Enforcement			\$ 22

Total Drug Control Fund			22
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(Continued)

Exhibit J-7

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

Other General Government FundGeneral GovernmentCounty Mayor/Executive

Other Salaries and Wages	\$	4,000	
Social Security		301	
Pensions		232	
Total County Mayor/Executive			\$ 4,533

Register of Deeds

Other Salaries and Wages	\$	500	
Social Security		38	
Total Register of Deeds			538

FinanceProperty Assessor's Office

Other Salaries and Wages	\$	2,000	
Social Security		148	
Pensions		116	
Total Property Assessor's Office			2,264

County Trustee's Office

Other Salaries and Wages	\$	2,000	
Social Security		148	
Pensions		116	
Total County Trustee's Office			2,264

County Clerk's Office

Other Salaries and Wages	\$	4,000	
Social Security		306	
Pensions		232	
Total County Clerk's Office			4,538

Administration of JusticeCircuit Court

Other Salaries and Wages	\$	6,000	
Social Security		459	
Pensions		349	
Total Circuit Court			6,808

Chancery Court

Other Salaries and Wages	\$	500	
Social Security		38	
Total Chancery Court			538

Juvenile Court

Other Salaries and Wages	\$	2,000	
Social Security		153	
Pensions		116	
Total Juvenile Court			2,269

(Continued)

Exhibit J-7

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

Other General Government Fund (Cont.)

Public Safety

Sheriff's Department

Other Salaries and Wages	\$	13,000	
Social Security		989	
Pensions		697	
Unemployment Compensation		30	
Total Sheriff's Department			\$ 14,716

Jail

Other Salaries and Wages	\$	17,000	
Social Security		1,290	
Pensions		814	
Total Jail			19,104

Public Health and Welfare

Ambulance/Emergency Medical Services

Other Salaries and Wages	\$	20,000	
Social Security		1,522	
Pensions		581	
Unemployment Compensation		30	
Total Ambulance/Emergency Medical Services			22,133

Sanitation Management

Other Salaries and Wages	\$	1,000	
Social Security		77	
Total Sanitation Management			1,077

Waste Incinerator

Other Salaries and Wages	\$	2,000	
Social Security		153	
Pensions		116	
Total Waste Incinerator			2,269

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Other Salaries and Wages	\$	6,000	
Social Security		459	
Pensions		291	
Total Senior Citizens Assistance			6,750

Total Other General Government Fund \$ 89,801

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	81,059	
Accountants/Bookkeepers		52,310	
Secretary(ies)		46,980	
Board and Committee Members Fees		13,800	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Administration (Cont.)

Advertising	\$	1,672	
Communication		4,235	
Data Processing Services		11,330	
Dues and Memberships		3,335	
Maintenance and Repair Services - Buildings		108	
Postal Charges		348	
Printing, Stationery, and Forms		305	
Travel		1,481	
Drugs and Medical Supplies		344	
Electricity		5,465	
Natural Gas		4,970	
Office Supplies		955	
Water and Sewer		1,657	
Total Administration			\$ 230,354

Highway and Bridge Maintenance

Equipment Operators	\$	390,962	
Asphalt - Cold Mix		338	
Asphalt - Hot Mix		51,975	
Asphalt - Liquid		50,483	
Crushed Stone		35,363	
Pipe - Metal		22,878	
Road Signs		4,607	
Chemicals		5,392	
Total Highway and Bridge Maintenance			561,998

Operation and Maintenance of Equipment

Foremen	\$	52,874	
Mechanic(s)		94,775	
Laundry Service		8,608	
Custodial Supplies		648	
Diesel Fuel		58,659	
Equipment and Machinery Parts		70,326	
Garage Supplies		9,578	
Gasoline		14,262	
Lubricants		5,866	
Propane Gas		2,411	
Tires and Tubes		19,481	
Chemicals		145	
Total Operation and Maintenance of Equipment			337,633

Other Charges

Building and Contents Insurance	\$	7,200	
Liability Insurance		22,700	
Trustee's Commission		18,765	
Vehicle and Equipment Insurance		29,200	
Workers' Compensation Insurance		61,540	
Other Charges		8,109	
Total Other Charges			147,514

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Employee Benefits

Social Security	\$	55,458	
Pensions		40,148	
Employee and Dependent Insurance		14,891	
Unemployment Compensation		305	
Total Employee Benefits			\$ 110,802

Capital Outlay

Building Improvements	\$	1,328	
Communication Equipment		4,699	
Furniture and Fixtures		417	
Highway Equipment		205,404	
Office Equipment		3,791	
Other Capital Outlay		12,704	
Total Capital Outlay			228,343

Total Highway/Public Works Fund \$ 1,616,644

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$	210,500	
Total General Government			\$ 210,500

Education

Principal on Bonds	\$	234,500	
Principal on Other Loans		97,154	
Total Education			331,654

Interest on DebtGeneral Government

Interest on Bonds	\$	119,904	
Total General Government			119,904

Education

Interest on Bonds	\$	131,014	
Interest on Other Loans		22,018	
Total Education			153,032

Other Debt ServiceGeneral Government

Trustee's Commission	\$	10,617	
Total General Government			10,617

Education

Other Debt Service	\$	306	
Total Education			306

Total General Debt Service Fund 826,013

Total Governmental Funds - Primary Government \$ 8,309,504

Exhibit J-8

Lake County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Lake County School Department
For the Year Ended June 30, 2022

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 2,287,482	
Career Ladder Program	4,290	
Educational Assistants	20,655	
Other Salaries and Wages	500	
Non-certified Substitute Teachers	25,354	
Social Security	135,143	
Pensions	221,247	
Life Insurance	2,974	
Medical Insurance	255,359	
Unemployment Compensation	12,694	
Employer Medicare	31,886	
Other Contracted Services	31,222	
Instructional Supplies and Materials	542,273	
Textbooks - Bound	12,005	
Other Supplies and Materials	4,827	
In Service/Staff Development	425	
Regular Instruction Equipment	22,651	
Total Regular Instruction Program		\$ 3,610,987

Special Education Program

Teachers	\$ 325,591	
Career Ladder Program	2,000	
Homebound Teachers	250	
Educational Assistants	57,565	
Certified Substitute Teachers	309	
Non-certified Substitute Teachers	4,093	
Social Security	21,969	
Pensions	32,144	
Medical Insurance	50,540	
Unemployment Compensation	300	
Employer Medicare	5,138	
Instructional Supplies and Materials	2,188	
Other Supplies and Materials	253	
Special Education Equipment	1,387	
Total Special Education Program		503,727

Career and Technical Education Program

Teachers	\$ 140,585	
Non-certified Substitute Teachers	1,182	
Social Security	7,881	
Pensions	13,482	
Medical Insurance	24,236	
Unemployment Compensation	70	
Employer Medicare	1,843	
Instructional Supplies and Materials	5,452	
Vocational Instruction Equipment	7,544	
Total Career and Technical Education Program		202,275

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support ServicesAttendance

Supervisor/Director	\$	33,639	
Career Ladder Program		455	
Social Security		2,074	
Pensions		3,465	
Medical Insurance		6,347	
Unemployment Compensation		26	
Employer Medicare		485	
Travel		318	
Total Attendance			\$ 46,809

Health Services

Supervisor/Director	\$	19,424	
Medical Personnel		48,223	
Other Salaries and Wages		46,601	
Social Security		5,270	
Pensions		8,729	
Employer Medicare		1,232	
Drugs and Medical Supplies		7,934	
Instructional Supplies and Materials		30	
Other Supplies and Materials		16,489	
In Service/Staff Development		925	
Total Health Services			154,857

Other Student Support

Supervisor/Director	\$	38,485	
Career Ladder Program		455	
Guidance Personnel		103,839	
Social Workers		92,540	
School Resource Officer		16,900	
Bonus Payments		1,250	
Other Salaries and Wages		33,639	
Social Security		14,634	
Pensions		28,060	
Medical Insurance		28,974	
Unemployment Compensation		55	
Employer Medicare		3,422	
Communication		13,695	
Travel		1,514	
Other Contracted Services		9,324	
Other Supplies and Materials		57,566	
In Service/Staff Development		12,494	
Other Charges		1,469	
Total Other Student Support			458,315

Regular Instruction Program

Supervisor/Director	\$	73,929	
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(Continued)

Exhibit J-8

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

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

Career Ladder Program	\$	1,000	
Librarians		102,993	
Educational Assistants		14,413	
Social Security		11,493	
Pensions		19,199	
Medical Insurance		9,115	
Unemployment Compensation		78	
Employer Medicare		2,688	
Travel		49	
Library Books/Media		11,475	
In Service/Staff Development		1,702	
Total Regular Instruction Program			\$ 248,134

Special Education Program

Supervisor/Director	\$	29,618	
Clerical Personnel		20,503	
Social Security		3,040	
Pensions		4,226	
Medical Insurance		1,848	
Unemployment Compensation		55	
Employer Medicare		711	
Other Contracted Services		2,150	
Total Special Education Program			62,151

Technology

Supervisor/Director	\$	56,040	
Social Security		3,161	
Pensions		5,772	
Medical Insurance		8,059	
Unemployment Compensation		28	
Employer Medicare		739	
Internet Connectivity		47,066	
Total Technology			120,865

Other Programs

On-behalf Payments to OPEB	\$	14,024	
Total Other Programs			14,024

Board of Education

Board and Committee Members Fees	\$	5,400	
Social Security		335	
Pensions		127	
Employer Medicare		78	
Dues and Memberships		7,845	
Legal Services		4,772	
Liability Insurance		8,466	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Trustee's Commission	\$	38,873	
Workers' Compensation Insurance		62,134	
Other Charges		25,000	
Total Board of Education			\$ 153,030

Director of Schools

County Official/Administrative Officer	\$	102,418	
Career Ladder Program		1,000	
Secretary(ies)		16,115	
Social Security		7,540	
Pensions		11,825	
Medical Insurance		15,754	
Unemployment Compensation		55	
Employer Medicare		1,800	
Other Fringe Benefits		4,956	
Communication		1,277	
Dues and Memberships		1,389	
Postal Charges		3,519	
Travel		933	
Total Director of Schools			168,581

Office of the Principal

Principals	\$	219,347	
Career Ladder Program		900	
Accountants/Bookkeepers		39,900	
Assistant Principals		130,397	
Secretary(ies)		34,491	
Educational Assistants		349	
Social Security		24,617	
Pensions		40,368	
Medical Insurance		48,464	
Unemployment Compensation		183	
Employer Medicare		5,757	
Communication		13,865	
Dues and Memberships		1,400	
Maintenance and Repair Services - Equipment		308	
Travel		3,017	
Total Office of the Principal			563,363

Fiscal Services

Accountants/Bookkeepers	\$	47,974	
Clerical Personnel		4,029	
Social Security		2,799	
Pensions		2,980	
Medical Insurance		10,915	
Unemployment Compensation		55	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Fiscal Services (Cont.)

Employer Medicare	\$	655	
Other Contracted Services		17,798	
Data Processing Supplies		237	
Total Fiscal Services			\$ 87,442

Operation of Plant

Supervisor/Director	\$	20,612	
Custodial Personnel		153,202	
Social Security		10,398	
Pensions		10,009	
Medical Insurance		8,470	
Unemployment Compensation		93	
Employer Medicare		2,432	
Other Contracted Services		7,917	
Custodial Supplies		37,226	
Electricity		162,636	
Natural Gas		109,818	
Water and Sewer		32,410	
Building and Contents Insurance		47,000	
Total Operation of Plant			602,223

Maintenance of Plant

Supervisor/Director	\$	35,868	
Other Salaries and Wages		35,173	
Social Security		4,462	
Pensions		4,156	
Unemployment Compensation		55	
Employer Medicare		1,044	
Maintenance and Repair Services - Buildings		34,964	
Maintenance and Repair Services - Equipment		27,905	
Other Supplies and Materials		2,547	
Maintenance Equipment		2,566	
Total Maintenance of Plant			148,740

Transportation

Supervisor/Director	\$	22,948	
Bus Drivers		60,339	
Social Security		5,007	
Pensions		6,342	
Unemployment Compensation		100	
Employer Medicare		1,171	
Maintenance and Repair Services - Vehicles		40,511	
Other Contracted Services		4,500	
Diesel Fuel		65,145	
Gasoline		9,374	
Tires and Tubes		58	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Transportation (Cont.)

Vehicle Parts	\$	4,289	
Other Supplies and Materials		2,467	
Motor Vehicles		28,980	
Total Transportation			\$ 251,231

Operation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	37,781	
In-service Training		148	
Social Security		2,089	
Pensions		2,165	
Medical Insurance		71,383	
Unemployment Compensation		28	
Employer Medicare		488	
Maintenance and Repair Services - Equipment		8,400	
Payments to Schools - Breakfast		190,356	
Payments to Schools - Lunch		355,716	
Payments to Schools - Other		36,563	
USDA - Commodities		23,618	
Other Charges		577	
Total Food Service			729,312

Community Services

Supervisor/Director	\$	19,342	
Teachers		32,708	
Clerical Personnel		16,865	
Educational Assistants		16,746	
Other Salaries and Wages		2,675	
Social Security		5,634	
Pensions		7,163	
Medical Insurance		8,191	
Employer Medicare		1,038	
Other Contracted Services		32,010	
Instructional Supplies and Materials		40,314	
Other Supplies and Materials		9,760	
In Service/Staff Development		220	
Other Charges		1,189	
Total Community Services			193,855

Early Childhood Education

Supervisor/Director	\$	29,618	
Teachers		99,880	
Career Ladder Program		2,000	
Educational Assistants		28,143	
Non-certified Substitute Teachers		1,266	
Social Security		8,941	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education (Cont.)

Pensions	\$	15,085	
Medical Insurance		16,366	
Employer Medicare		2,091	
Food Supplies		2,035	
Instructional Supplies and Materials		2,121	
Total Early Childhood Education			\$ 207,546

Capital OutlayRegular Capital Outlay

Building Construction	\$	30,067	
Building Improvements		65,983	
Total Regular Capital Outlay			96,050

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	244,478	
Total Education			<u>244,478</u>

Total General Purpose School Fund \$ 8,867,995

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	182,905	
Other Salaries and Wages		12,288	
Non-certified Substitute Teachers		3,463	
Social Security		11,498	
Pensions		13,381	
Medical Insurance		9,893	
Employer Medicare		2,689	
Instructional Supplies and Materials		14,984	
Regular Instruction Equipment		95,408	
Total Regular Instruction Program			\$ 346,509

Special Education Program

Teachers	\$	90,568	
Educational Assistants		69,272	
Non-certified Substitute Teachers		644	
Social Security		9,136	
Pensions		13,298	
Medical Insurance		17,342	
Employer Medicare		2,137	
Other Contracted Services		43,158	
Instructional Supplies and Materials		30,331	
Other Supplies and Materials		443	
Other Charges		1,800	
Special Education Equipment		11,561	
Total Special Education Program			289,690

(Continued)

Exhibit J-8

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

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

Instructional Supplies and Materials	\$	1,200	
Other Supplies and Materials		10,007	
Vocational Instruction Equipment		3,515	
Total Career and Technical Education Program			\$ 14,722

Support ServicesOther Student Support

Travel	\$	2,000	
In Service/Staff Development		2,053	
Total Other Student Support			4,053

Regular Instruction Program

Supervisor/Director	\$	74,815	
Clerical Personnel		18,221	
Other Salaries and Wages		254,938	
Social Security		20,049	
Pensions		34,757	
Medical Insurance		31,106	
Employer Medicare		4,689	
Maintenance and Repair Services - Equipment		5,794	
Other Contracted Services		20,000	
Other Supplies and Materials		1,470	
In Service/Staff Development		22,629	
Other Equipment		4,792	
Total Regular Instruction Program			493,260

Special Education Program

Communication	\$	46	
In Service/Staff Development		3,915	
Total Special Education Program			3,961

Career and Technical Education Program

In Service/Staff Development	\$	413	
Total Career and Technical Education Program			413

Technology

Other Equipment	\$	17,906	
Total Technology			17,906

Operation of Plant

Other Contracted Services	\$	16,351	
Total Operation of Plant			16,351

Maintenance of Plant

Maintenance Equipment	\$	26,810	
Total Maintenance of Plant			26,810

(Continued)

Exhibit J-8

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

<u>School Federal Projects Fund (Cont.)</u>			
<u>Support Services (Cont.)</u>			
<u>Transportation</u>			
Bus Drivers	\$	950	
Social Security		55	
Pensions		98	
Medical Insurance		89	
Employer Medicare		13	
Total Transportation			\$ 1,205
<u>Operation of Non-Instructional Services</u>			
<u>Food Service</u>			
Food Service Equipment	\$	41,973	
Total Food Service			41,973
<u>Capital Outlay</u>			
<u>Regular Capital Outlay</u>			
Building Construction	\$	2,026	
Building Improvements		247,629	
Plant Operation Equipment		124,200	
Total Regular Capital Outlay			373,855
Total School Federal Projects Fund			\$ 1,630,708
<u>Internal School Fund</u>			
<u>Operation of Non-Instructional Services</u>			
<u>Community Services</u>			
Other Charges	\$	333,973	
Total Community Services			\$ 333,973
Total Internal School Fund			333,973
Total Governmental Funds - Lake County School Department			<u>\$ 10,832,676</u>

Exhibit J-9

Lake County, Tennessee
Schedule of Detailed Additions, Deductions, and Changes in
Net Position - City Custodial Fund
For the Year Ended June 30, 2022

	<u>Cities - Sales Tax Fund</u>
<u>Additions</u>	
Local Option Sales Tax	\$ 249,399
Total Additions	<u>\$ 249,399</u>
<u>Deductions</u>	
Remittance of Revenues Collected	\$ 246,974
Trustee's Commission	<u>2,425</u>
Total Deductions	<u>\$ 249,399</u>
Excess of Additions Over (Under) Deductions	\$ 0
Net Position, July 1, 2021	<u>0</u>
Net Position, June 30, 2022	<u><u>0</u></u>

SINGLE AUDIT SECTION



JASON E. MUMPOWER
Comptroller

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

Independent Auditor's Report

Lake County Mayor and
Board of County Commissioners
Lake 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 Lake County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lake County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 3, 2023. Our report includes references to other auditors who audited the financial statements of the Internal School Fund of the Lake County School Department (a discretely presented component unit) and the discretely presented Lake County Emergency Communications District as described in our report on Lake County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be material weaknesses: 2022-001 and 2022-006.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies: 2022-002(A,C-E), 2022-005(B), 2022-007, 2022-009(A), and 2022-011.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2022-002(B), 2022-003, 2022-004, 2022-005(A), 2022-008, 2022-009(B,C), 2022-010, and 2022-012.

Lake County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Lake County's responses to the findings identified in our audit, which are described in the accompanying Schedule of Findings and Questioned Costs. Lake 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 Lake County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 3, 2023

JEM/gc



JASON E. MUMPOWER
Comptroller

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake 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 Lake County's major federal programs for the year ended June 30, 2022. Lake County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Lake 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lake County, Tennessee, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a

basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lake County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lake County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lake County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lake County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Lake County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Lake County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Lake County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lake County's basic financial statements. We issued our report thereon dated February 3, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management

and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 3, 2023

JEM/gc

Lake County, Tennessee, and the Lake County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7)
For the Year Ended June 30, 2022

Federal/Pass-through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	\$ 178,475
National School Lunch Program	10.555	N/A	400,906 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	23,618 (6)
Total U.S. Department of Agriculture			<u>\$ 602,999</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant - State's Program	14.228	13506	\$ 446,750
Passed-through State Housing Development Agency:			
Home Investment Partnership Program	14.239	HM1812	303,197
Total U.S. Department of Housing and Urban Development			<u>\$ 749,947</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-lieu-of Taxes	15.226	N/A	\$ 6,028
Total U.S. Department of Interior			<u>\$ 6,028</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(5)	\$ 9,000
Total U.S. Department of Justice			<u>\$ 9,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 475,207
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	202,899 (6)
COVID 19 - Special Education - Grants to States (ARP)	84.027	N/A	33,737 (6)
Special Education - Preschool Grants	84.173	N/A	11,362 (6)
COVID 19 - Special Education - Preschool Grants (ARP)	84.173	N/A	2,800 (6)
Career and Technical Education - Basic Grants to States	84.048	N/A	19,197
Twenty-first Century Community Learning Centers	84.287	N/A	192,344
Rural Education	84.358	N/A	8,163
Supporting Effective Instruction State Grant	84.367	N/A	46,017
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER I)	84.425D	N/A	25,000 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER II)	84.425D	N/A	876,419 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER ARP)	84.425U	N/A	346,401 (6)
Total U.S. Department of Education			<u>\$ 2,239,546</u>
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging, Title VII, Chapter 3, Programs for			
Prevention of Elder Abuse, Neglect, and Exploitation	93.041	NW21203	\$ 300
Special Programs for the Aging, Title III, Part D, Disease Prevention			
and Health Promotion Services	93.043	NW21203	3,000
Aging Cluster: (4)			
Special Programs for the Aging - Title III, Part B - Grants for Supportive			
Services and Senior Centers	93.044	NW21203	37,228
COVID 19 - National Family Caregiver Support, Title III, Part E	93.052	NW21203	3,516

(Continued)

Lake County, Tennessee, and the Lake County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7) (8) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services: (cont.)			
Passed-through State Department of Health:			
Affordable Care Act (ACA) Abstinence Education Program	93.235	GR2271702	\$ 72,447
Passed-through State Department of Human Services:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM081974-01	342,638
Passed-through State Department of Education:			
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (ARP)	93.323	(5)	193,325
COVID 19 - Temporary Assistance for Needy Families	93.558	(5)	13,628
Total U.S. Department of Health and Human Services			<u>\$ 666,082</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(5)	\$ 12,376
Homeland Security Grant Program	97.067	(5)	3,369
Total U.S. Department of Homeland Security			<u>\$ 15,745</u>
Total Federal Awards			<u>\$ 4,289,347</u>

		Contract Number	
<u>State Grants:</u>			
Home and Community Based Services - Northwest Tennessee Development District	N/A	NW21203	\$ 22,550
State Senior Center - Northwest Tennessee Development District	N/A	NW21203	14,723
State Senior Center - State Commission on Aging and Disability	N/A	(5)	5,000
Workforce Development Grant - Dyersburg State Community College	N/A	(5)	2,719
Litter Program - State Department of Transportation	N/A	(5)	13,551
State Direct Appropriations Grant FY 2021 – State Department of Finance and Administration	N/A	(5)	567,796
Early Childhood Education - State Department of Education	N/A	(5)	207,545
Coordinated School Health - State Department of Education	N/A	(5)	95,000
Safe Schools - State Department of Education	N/A	(5)	28,749
Supporting Access in Rural Counties (SPARC) - State Department of Education	N/A	(5)	223,825
COVID 19 - Summer Learning Camps - State Department of Education	N/A	(5)	1,836
COVID 19 - Bridge Camps - State Department of Education	N/A	(5)	1,685
COVID 19 - Transportation for Summer Camps - State Department of Education	N/A	(5)	12,929
COVID 19 - Stream Mini Camps - State Department of Education	N/A	(5)	7,629
Total State Grants			<u>\$ 1,205,537</u>

FAL = Federal Assistance Listing
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Lake County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) No amounts (\$0) were passed-through to subrecipients.
- (4) Child Nutrition Cluster total \$602,999; Special Education Cluster total \$250,798; Aging Cluster total \$37,228.
- (5) Information not available.
- (6) Total for FAL No. 10.555 is \$424,524; Total for FAL No. 84.027 is \$236,636; Total for FAL No. 84.173 is \$14,162;
Total for FAL No. 84.425 is \$1,247,820.
- (7) The following amounts were consolidated for administration purposes:

Program Title	Federal Assistance Listing Number	Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 70,722
Rural Education	84.358	2,457
Supporting Effective Instruction State Grant	84.367	7,354
Total amounts consolidated for administration purposes		<u>\$ 80,533</u>

Lake County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2022

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Lake County, Tennessee, for the year ended June 30, 2022.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
<u>OFFICE OF COUNTY MAYOR</u>					
2021	180	2021-001	The General and General Debt Service funds required material audit adjustments for proper financial statement presentation.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2021	181	2021-002	Lake County has a material recurring audit finding.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS</u>					
2021	181	2021-003	The offices had accounting deficiencies.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2021	183	2021-004	The offices had deficiencies in budget operations.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICES OF COUNTY MAYOR AND SHERIFF</u>					
2021	184	2021-005	The offices had deficiencies in the administration of payroll and accrued leave balances.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF SHERIFF</u>					
2021	185	2021-006	Some receipts were not issued at the time of collection, and some funds were not deposited within three days of collection.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICES OF SHERIFF AND THE AMBULANCE SERVICE DEPARTMENT</u>					
2021	186	2021-007	Duties were not segregated adequately.	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

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

LAKE COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Lake County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **YES**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * Assistance Listing Number: 84.010 Title I Grants to Local Educational Agencies
 - * Assistance Listing Number: 84.425 COVID 19 - Education Stabilization Fund
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, AND DIRECTOR OF SCHOOLS

FINDING 2022-001

THE GENERAL, HIGHWAY/PUBLIC WORKS, GENERAL DEBT SERVICE, GENERAL PURPOSE SCHOOL, AND SCHOOL FEDERAL PROJECTS FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

At June 30, 2022, certain general ledger account balances in the General, Highway/Public Works, General Debt Service, General Purpose School, and School Federal Projects funds were not materially correct, and audit adjustments for accounts receivable, related deferred revenues, and accounts payable totaling \$307,933, \$501,637, \$122,687, \$464,657, and \$327,243, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the county and highway and school departments to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county and the departments' financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county and the departments have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. In the Mayor's Office, this deficiency is also the result of management's failure to correct the finding noted in the prior year audit report and management's failure to implement their corrective action plan. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Lake County, including the highway and school departments, should have appropriate processes in place to ensure its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – DENNY JOHNSON, FORMER COUNTY MAYOR

I concur with the finding.

MANAGEMENT’S RESPONSE – DANNY COOK, CURRENT COUNTY MAYOR

I concur with the finding and will work to ensure the proper accruals are posted at year-end.

MANAGEMENT’S RESPONSE – ROAD SUPERINTENDENT

I concur. We will work to ensure the correct accruals are posted at year-end.

MANAGEMENT’S RESPONSE – SHERRY DARNELL, FORMER DIRECTOR OF SCHOOLS

I concur.

MANAGEMENT’S RESPONSE – DR. WOODY BURTON, CURRENT DIRECTOR OF SCHOOLS

I concur. We will make every effort to properly post accounts receivable, deferred revenues, and accounts payable at year-end.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

FINDING 2022-002

THE OFFICES HAD ACCOUNTING DEFICIENCIES

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

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

- A. The offices did not accurately reconcile their check clearing bank accounts or accurately prepare lists of outstanding checks monthly. Therefore, at June 30, 2022, the accounts did not reconcile with the general ledger by \$23,453 and \$8,675 for the county mayor’s office and school department, respectively, 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 these bank clearing accounts for checks written by the county mayor’s office and school department; however, the county mayor’s office and school department are responsible for reconciling the accounts with the trustee’s general ledger balance.

- B. The offices did not properly reconcile the general ledger cash accounts in the General and General Purpose School funds with county trustee's reports. The offices attempted to reconcile the cash accounts with the trustee's reports monthly; however, the accounts did not reconcile by \$23,453 and \$27,198 in the General and General Purpose School funds, respectively, at June 30, 2022. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the trustee's reports monthly. The failure to reconcile the general ledger cash accounts with the county trustee's reports increases the risks that errors may occur and not be detected.
- C. General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments each month in the General and Solid Waste/Sanitation funds. As a result, unidentified balances accumulated in the liability accounts for several payroll deductions. Sound business practices dictate that payroll liability accounts should be reconciled with payroll reports and payments monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner.
- D. The school department maintains a payroll insurance bank clearing account to deposit and disburse insurance payments. Additionally, Energy Efficient School Initiative loan payments were also deposited and wired from this account. This bank account was not posted to the general ledger, and bank statements were not reconciled monthly. The failure to post the bank account to the general ledger and reconcile bank statements with the general ledger monthly allows errors to remain undiscovered and uncorrected.
- E. Accounts receivables were not recorded in the accounting records of the General, Solid Waste/Sanitation, and General Debt Service funds at June 30, 2022. Sound business practices dictate that all receivables should be determined and posted to the accounting records prior to closing the records at year-end. Additional audit procedures were performed to properly determine receivables at June 30, 2022. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Bank statements should be reconciled accurately with the general ledger monthly, and any errors should be corrected promptly. Accurate lists of outstanding checks should be prepared monthly. The offices should reconcile their general ledger cash accounts with the county trustee's reports monthly as required by state statute, and any errors should be corrected promptly. General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors should be corrected promptly. The payroll insurance bank clearing account should be posted to the general ledger. Receivables should be properly determined and recorded in the accounting records during the year-end closing.

MANAGEMENT'S RESPONSE – DENNY JOHNSON, FORMER COUNTY MAYOR

I concur with the finding.

MANAGEMENT'S RESPONSE – DANNY COOK, CURRENT COUNTY MAYOR

I concur with the finding. The accounting staff will try to get the check clearing account, general ledger cash account and payroll liability accounts reconciled. Accounts receivable will be posted at year-end.

MANAGEMENT'S RESPONSE – SHERRY DARNELL, FORMER DIRECTOR OF SCHOOLS

I concur.

MANAGEMENT'S RESPONSE – DR. WOODY BURTON, CURRENT DIRECTOR OF SCHOOLS

I concur. We will work to correct these deficiencies.

FINDING 2022-003

THE OFFICES HAD DEFICIENCIES IN BUDGET OPERATIONS

(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations of the offices. These deficiencies exist because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures. In addition, the deficiencies are the result of a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan.

- A. Expenditures exceeded total appropriations approved by the county commission in the General and Solid Waste/Sanitation funds by \$418,964 and \$119,414, respectively.
- B. Expenditures exceeded appropriations approved by the county commission in two of six major appropriations categories of the General Debt Service Fund and in three of 23 major appropriations categories of the General Purpose School Fund as reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Debt Service Fund:	
Principal on Debt - Education	\$ 5,000
Other Debt Service - General Government	6,817
General Purpose School Fund:	
Support Services - Special Education Program	2,509
Support Services - Office of Principal	13,975
Operation of Non-Instructional Services - Food Service	105,067

- C. Salaries exceeded appropriations in 16 of 68 salary line-items of the General Fund by amounts ranging from \$125 to \$83,857, one of two salary line-items in the Solid Waste/Sanitation Fund by \$1,045, and 11 of 66 salary line-items in the General Purpose School Fund by amounts ranging from \$171 to \$45,561. The budget resolution approved by the county commission states that the salary, wages, or remuneration of each official, employee, or agent of the county shall not exceed appropriations that accompany the resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the county commission.

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

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – DENNY JOHNSON, FORMER COUNTY MAYOR

I concur with the finding.

MANAGEMENT’S RESPONSE – DANNY COOK, CURRENT COUNTY MAYOR

I concur with the finding. The budget will be monitored to prevent expenditures from exceeding appropriations.

MANAGEMENT’S RESPONSE – SHERRY DARNELL, FORMER DIRECTOR OF SCHOOLS

I concur.

MANAGEMENT'S RESPONSE – DR. WOODY BURTON, CURRENT DIRECTOR OF SCHOOLS

I concur. We will monitor the budget closely to prevent expenditures from exceeding appropriations.

FINDING 2022-004

ACCOUNTING RECORDS FOR CAPITAL ASSETS WERE NOT CLOSED AND AVAILABLE FOR AUDIT BY AUGUST 31, 2022

(Noncompliance Under *Government Auditing Standards*)

Capital assets accounting records were not closed and available for audit by August 31, 2022, as required by Section 9-2-102, *Tennessee Code Annotated*. This statute provides that records should be available for audit no later than two months after the close of the June 30 fiscal year. The capital assets accounting records were made available to auditors by the county and school department on January 13, 2023, and January 12, 2023, respectively. The failure to maintain accounting records on a current basis diminishes the usefulness of the financial records as a management tool, results in the loss of accounting controls, and increases the risk that errors will not be discovered and corrected timely. This deficiency can be attributed to a lack of management oversight.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DENNY JOHNSON, FORMER COUNTY MAYOR

I concur with this finding.

MANAGEMENT'S RESPONSE – DANNY COOK, CURRENT COUNTY MAYOR

I concur with the finding. Accounting records will be closed by August 31st.

MANAGEMENT'S RESPONSE – SHERRY DARNELL, FORMER DIRECTOR OF SCHOOLS

I concur.

MANAGEMENT'S RESPONSE – DR. WOODY BURTON, CURRENT DIRECTOR OF SCHOOLS

I concur. Accounting records, including capital assets records, will be closed by August 31st.

OFFICES OF COUNTY MAYOR AND SHERIFF

FINDING 2022-005

THE OFFICES HAD DEFICIENCIES IN THE ADMINISTRATION OF ACCRUED LEAVE BALANCES

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

Our examination revealed the following deficiencies related to the administration of accrued leave balances for the sheriff's department. These deficiencies exist due to a lack of management oversight, management's failure to comply with the department's personnel policies, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan.

- A. In two instances, dispatchers in the sheriff's department had accrued compensatory leave balances exceeding the maximum balances provided by the sheriff's personnel policy in amounts of 252 and 1,164 hours. The department's personnel policy for compensatory leave provides, "No law enforcement employee or jailer may accumulate more than 480 hours of comp time. No dispatcher, administrative, or clerical staff employee is allowed to accumulate more than 240 hours." Allowing employees to accrue compensatory leave balances in excess of maximum balances provided by the department's personnel policy increases the risk of unauthorized compensation.
- B. Accrued leave records for the sheriff's department contained numerous errors. Beginning balances did not always match the prior period ending balances, and ending balances were not always calculated correctly. The failure to make accurate calculations increases the risks of improper payments.

RECOMMENDATION

Management should monitor employees' leave balances to ensure compliance with the department's personnel policy. Calculations of accrued leave time should be reviewed by supervisors for accuracy, and any errors should be corrected promptly.

MANAGEMENT'S RESPONSE – DENNY JOHNSON, FORMER COUNTY MAYOR

I concur with the finding.

MANAGEMENT'S RESPONSE – DANNY COOK, CURRENT COUNTY MAYOR

I concur with the audit finding. The office has been working with the sheriff to correct this finding.

MANAGEMENT'S RESPONSE – SHERIFF

We concur with the audit finding. Improvements have been made since the prior year. We will continue to monitor the balances.

OFFICE OF COUNTY MAYOR

FINDING 2022-006

LAKE COUNTY HAS A MATERIAL RECURRING AUDIT FINDING

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

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

<u>Finding Numbers</u>	<u>Description</u>
2020-001, 2021-001, 2022-001	Material audit adjustments were required for proper financial statement presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Lake County appointed an audit committee in fiscal year 2013 to address financial and other reporting practices, internal control, compliance with laws and regulation, and ethics.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DENNY JOHNSON, FORMER COUNTY MAYOR

I concur with the finding.

MANAGEMENT'S RESPONSE – DANNY COOK, CURRENT COUNTY MAYOR

I concur with the finding.

FINDING 2022-007

THE OFFICE HAD PURCHASING DEFICIENCIES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 75 disbursements totaling \$892,136 from a population of 1,447 vendor checks totaling \$3,311,292. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and a lack of understanding of internal controls and sound business practices.

- A. In six of 20 applicable instances, purchase orders were not issued or were incomplete. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The

failure to properly issue purchase orders increases the risks of unauthorized purchases.

- B. In 20 of 72 applicable instances, the office was unable to present proper documentation to support the purchases. Sound business practices dictate that proper documentation should be on file to support all purchases. The failure to maintain adequate documentation increases the risks of unauthorized purchases.
- C. In eight of 64 applicable instances, purchases were coded to accounts that did not reflect the true nature of the expenditures. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.

RECOMMENDATION

The office should issue purchase orders for all applicable purchases before purchases are made to strengthen internal controls over the purchasing procedures and to document purchasing commitments. Adequate documentation should be maintained to support all disbursements and should be on file for audit inspection. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions.

MANAGEMENT'S RESPONSE – DENNY JOHNSON, FORMER COUNTY MAYOR

I concur with this finding.

MANAGEMENT'S RESPONSE – DANNY COOK, CURRENT COUNTY MAYOR

I concur with the finding and will work to correct the deficiencies noted.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2022-008

THE SCHOOL DEPARTMENT DID NOT EMPLOY A REGISTERED ARCHITECT OR ENGINEER FOR CONSTRUCTION PROJECTS

(Noncompliance Under *Government Auditing Standards*)

During the year, the school department constructed two pavilions and renovated restrooms totaling \$58,000 and \$211,428, respectively. The school department did not employ a registered architect or engineer to design plans, specifications, or estimates for these projects. Section 62-2-107, *Tennessee Code Annotated*, requires a registered architect or engineer to be employed whenever construction projects are estimated to exceed \$50,000. This deficiency is the result of a lack of management oversight and a failure to follow state statute.

RECOMMENDATION

The school department should hire a registered architect or engineer for all construction projects exceeding \$50,000 as required by state statute.

MANAGEMENT'S RESPONSE – SHERRY DARNELL, FORMER DIRECTOR OF SCHOOLS

I concur.

MANAGEMENT'S RESPONSE – DR. WOODY BURTON, CURRENT DIRECTOR OF SCHOOLS

I concur. In the future, we will try to comply with this requirement.

OFFICE OF SHERIFF

FINDING 2022-009

DEFICIENCIES WERE NOTED IN COLLECTING AND DEPOSITING FUNDS WHICH RESULTED IN A CASH SHORTAGE OF \$702

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

As part of our audit procedures for obtaining reasonable assurance that funds were receipted and deposited properly, we judgmentally selected receipts issued for the months of July 2021 through June 2022 to trace to deposits. Our examination revealed the following deficiencies, which can be attributed to a lack of management oversight. Also, these deficiencies are the result of management's failure to correct the finding noted in the prior-year audit report and the failure to implement their corrective action plan.

- A. Receipts were not always issued at the time of collection. Receipts were frequently dated once weekly, and in some instances, three weeks elapsed between receipt dates. The practice of issuing receipts after the actual date of collection increases the risk that collections will not be accounted for properly.
- B. Some funds were not deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated (TCA)*. During the period tested, 13 of 115 receipts were held from four to 15 business days after the receipts were issued before being deposited to the office bank account. This delay in depositing was in addition to the time period noted in Part A. of this finding. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.
- C. A cash shortage totaling \$702 existed in the Office of Sheriff at June 30, 2022. During the month of November 2021, two receipts totaling \$375 and \$327 were never deposited to the office bank account. The sheriff was not aware of the shortage until it was brought to his attention by the auditor; therefore, a Fraud

Reporting Form was not filed with the state Comptroller's Office as required by Section 8-4-503, *TCA*. This shortage existed due to the deficiencies noted in Parts A. and B. of this finding.

RECOMMENDATION

Receipts should be issued at the time of collection, and all collections should be deposited within three days of collection as required by state statutes. The sheriff should liquidate the cash shortage and file a Fraud Reporting Form with the state Comptroller's Office for instances of fraud, waste, or abuse.

MANAGEMENT'S RESPONSE – SHERIFF

I concur with this audit finding, and the cash shortage will be liquidated.

FINDING 2022-010

THE OFFICE HAD DEFICIENCIES IN FILING ITS ANNUAL FINANCIAL REPORT

(Noncompliance Under *Government Auditing Standards*)

The office prepared an annual financial report; however, the report was not filed with the county mayor and the county clerk. Section 5-8-505, *Tennessee Code Annotated*, states, "All appointive or elective county public officials, official county boards, committees, and commissions in the state having in their charge and custody public funds or moneys are required to file with the county mayor and with the county clerk, ... an annual financial report..." This deficiency is the result of a lack of management oversight.

RECOMMENDATION

The annual financial report should be filed with the county clerk and county mayor as required by state statute.

MANAGEMENT'S RESPONSE – SHERIFF

I concur with the finding and will ensure that the report is filed with the county mayor and county clerk as required.

OFFICE OF SHERIFF AND THE AMBULANCE SERVICE DEPARTMENT

FINDING 2022-011

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among officials and employees in the office of sheriff and at the ambulance service department. Officials and employees responsible for

maintaining accounting records were also involved in billing, receipting, depositing, posting, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report and the failure to implement their corrective action plans.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – DENNY JOHNSON, FORMER COUNTY MAYOR

I concur with the finding.

MANAGEMENT'S RESPONSE – DANNY COOK, CURRENT COUNTY MAYOR

I concur with the finding.

MANAGEMENT'S RESPONSE – SHERIFF

I concur with the finding.

LAKE COUNTY

FINDING 2022-012

THE COUNTY'S AUDIT COMMITTEE IS NOT A FUNCTIONING COMMITTEE (Noncompliance Under *Government Auditing Standards*)

Lake County created an audit committee on June 29, 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 October 14, 2020. Without a functioning audit committee, the county commission does not have independent and objective reviews of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DENNY JOHNSON, FORMER COUNTY MAYOR

I concur with the finding.

MANAGEMENT'S RESPONSE – DANNY COOK, CURRENT COUNTY MAYOR

I concur with the finding. The audit committee will be encouraged to meet as required.

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, 2022.

Lake County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2022

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

2022-001	The General and General Debt Service funds required material audit adjustments for proper financial statement presentation.	198
2022-002	The office had accounting deficiencies.	200
2022-003	The office had deficiencies in budget operations.	201
2022-004	Accounting records for capital assets were not closed and available for audit by August 31, 2022.	206
2022-005	The office had deficiencies in the administration of accrued leave balances.	202
2022-006	Lake County has a material recurring audit finding.	199
2022-007	The office had purchasing deficiencies.	205

OFFICE OF THE AMBULANCE SERVICE DEPARTMENT

2022-011	Duties were not segregated adequately.	203
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LAKE COUNTY

2022-012	The county audit committee is not a functioning committee.	204
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OFFICE OF ROAD SUPERINTENDENT

2022-001	The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.	207
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(Continued)

Lake County, Tennessee
Management's Corrective Action Plan (Continued)
For the Year Ended June 30, 2022

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF DIRECTOR OF SCHOOLS

2022-001	The General Purpose School and School Federal Projects funds required material audit adjustments for proper financial statement presentation.	208
2022-002	The office had accounting deficiencies.	210
2022-003	The office had deficiencies in budget operations.	209
2022-004	Accounting records for capital assets were not closed and available for audit by August 31, 2022.	211
2022-008	The school department did not employ a registered architect or engineer for construction projects.	212

OFFICE OF SHERIFF

2022-005	The office had deficiencies in the administration of accrued leave balances.	215
2022-009	Deficiencies were noted in collecting and depositing funds which resulted in a cash shortage of \$702.	213
2022-010	The office had deficiencies in filing its annual financial report.	216
2022-011	Duties were not segregated adequately.	214

TELEPHONE
731-253-7382

Danny Cook
County Mayor, Lake County
Box 1 • Court House
229 Church Street
Tiptonville, Tennessee 38079



Corrective Action Plan

FINDING

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

Response and Corrective Action Plan Prepared by:

Danny Cook, County Mayor

Person Responsible for Implementing the Corrective Action:

Danny Cook, County Mayor

Anticipated Completion Date of Corrective Action:

June 30, 2023

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

The office failed to post the proper accruals at year-end.

Planned Corrective Action:

We will work with the auditors to ensure the proper accruals are posted for accounts receivable, deferred revenues, and accounts payable.

Corrective Action Plan

FINDING

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

Response and Corrective Action Plan Prepared by:
Danny Cook, County Mayor

Person Responsible for Implementing the Corrective Action:
Danny Cook, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2023

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
The office failed to post the proper accruals at year-end causing a repeat of the material audit adjustment finding.

Planned Corrective Action:
We will work with the auditors to ensure the proper accruals are posted for accounts receivable, deferred revenues, and accounts payable.

Corrective Action Plan

FINDING

THE OFFICE HAD ACCOUNTING DEFICIENCIES

Response and Corrective Action Plan Prepared by:

Danny Cook, County Mayor

Person Responsible for Implementing the Corrective Action:

Danny Cook, County Mayor

Anticipated Completion Date of Corrective Action:

June 30, 2023

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

The office failed to complete the required reconciliations by June 30th.

Planned Corrective Action:

We will work to reconcile our check clearing account, general ledger cash account, and payroll liability accounts. Accounts receivable will be posted at year-end.

Corrective Action Plan

FINDING

**THE OFFICE HAD DEFICIENCIES IN BUDGET
OPERATIONS**

Response and Corrective Action Plan Prepared by:

Danny Cook, County Mayor

Person Responsible for Implementing the Corrective Action:

Danny Cook, County Mayor

Anticipated Completion Date of Corrective Action:

June 30, 2023

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

The office failed to properly monitor the budget during the year.

Planned Corrective Action:

The budgets for all funds will be monitored on a monthly basis and budget amendments will be requested when necessary.

Corrective Action Plan

FINDING

**THE OFFICE HAD DEFICIENCIES IN THE
ADMINISTRATION OF ACCRUED LEAVE BALANCES**

Response and Corrective Action Plan Prepared by:

Danny Cook, County Mayor

Person Responsible for Implementing the Corrective Action:

Danny Cook, County Mayor

Anticipated Completion Date of Corrective Action:

June 30, 2023

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

Although improvements were made, there were still some errors and deficiencies to be corrected at June 30th.

Planned Corrective Action:

The Mayor's Office is working with the sheriff to get compensatory balances below the maximum amounts allowed by the personnel policy. The accrued leave records will be reviewed for accuracy and errors will be corrected.

Corrective Action Plan

FINDING

**DUTIES WERE NOT SEGREGATED ADEQUATELY –
AMBULANCE SERVICE**

Response and Corrective Action Plan Prepared by:
Danny Cook, County Mayor

Person Responsible for Implementing the Corrective Action:
Danny Cook, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2023

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
We have limited resources and funding.

Planned Corrective Action:
Management will continue to work with staff to properly segregate duties.

Corrective Action Plan

FINDING

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

Response and Corrective Action Plan Prepared by:
Danny Cook, County Mayor

Person Responsible for Implementing the Corrective Action:
Danny Cook, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2023

Repeat Finding:
No

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

Planned Corrective Action:
The audit committee will be encouraged to meet and to submit the required report to the county commission.

Corrective Action Plan

FINDING

THE OFFICE HAD PURCHASING DEFICIENCIES

Response and Corrective Action Plan Prepared by:

Danny Cook, County Mayor

Person Responsible for Implementing the Corrective Action:

Danny Cook, County Mayor

Anticipated Completion Date of Corrective Action:

June 30, 2023

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

We will work to correct the deficiencies noted. We will remind staff to request purchase orders for all applicable purchases. Adequate documentation will be maintained to support purchases, and purchases will be coded correctly.

Corrective Action Plan

FINDING

**ACCOUNTING RECORDS FOR CAPITAL ASSETS WERE
NOT CLOSED AND AVAILABLE FOR AUDIT BY
AUGUST 31, 2022**

Response and Corrective Action Plan Prepared by:
Danny Cook, County Mayor

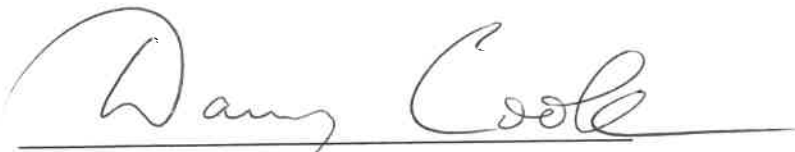
Person Responsible for Implementing the Corrective Action:
Danny Cook, County Mayor

Anticipated Completion Date of Corrective Action:
August 31, 2023

Repeat Finding:
No

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

Planned Corrective Action:
All accounting records will be closed and available for audit by August 31st each year.



Danny Cook, Lake County Mayor

Corrective Action Plan

FINDING

**THE HIGHWAY/PUBLIC WORKS FUND REQUIRED
MATERIAL AUDIT ADJUSTMENTS FOR PROPER
FINANCIAL STATEMENT PRESENTATION**

Response and Corrective Action Plan Prepared by:
Stephen Baker, Road Superintendent

Person Responsible for Implementing the Corrective Action:
Stephen Baker, Road Superintendent

Anticipated Completion Date of Corrective Action:
June 30, 2023

Repeat Finding:
No

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

Planned Corrective Action:
We will work to ensure that the proper accruals for accounts receivable, deferred revenues, and accounts payable are made at year-end in order for the financial statements to be materially correct.



Stephen Baker, Road Superintendent



LAKE COUNTY SCHOOL SYSTEM

Corrective Action Plan

FINDING

THE GENERAL PURPOSE SCHOOL AND
SCHOOL FEDERAL PROJECTS
FUNDS REQUIRED MATERIAL
AUDIT ADJUSTMENTS FOR PROPER
FINANCIAL STATEMENT PRESENTATION

Response and Corrective Action Plan Prepared by:

Dr. Woody Burton, Director of Schools

Person Responsible for Implementing the Corrective Action:

Dr. Woody Burton, Director of Schools

Anticipated Completion Date of Corrective Action:

June 30, 2023

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

We will work with the auditors to ensure that the proper accruals for accounts receivable, deferred revenues, and accounts payable are made at year-end.



LAKE COUNTY SCHOOL SYSTEM

Corrective Action Plan

FINDING

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by:

Dr. Woody Burton, Director of Schools

Person Responsible for Implementing the Corrective Action:

Dr. Woody Burton, Director of Schools

Anticipated Completion Date of Corrective Action:

June 30, 2023

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

The office attempted to implement their corrective action plan; however, there were still some expenditures that exceeded appropriations.

Planned Corrective Action:

We will monitor funds to ensure that they stay within budgeted amounts.



LAKE COUNTY SCHOOL SYSTEM

Corrective Action Plan

FINDING

THE OFFICE HAD ACCOUNTING
DEFICIENCIES

Response and Corrective Action Plan Prepared by:
Dr. Woody Burton, Director of Schools

Person Responsible for Implementing the Corrective Action:
Dr. Woody Burton, Director of Schools

Anticipated Completion Date of Corrective Action:
June 30, 2023

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
The office failed to correct the deficiencies during fiscal year 2022.

Planned Corrective Action:
All accounts will be posted to the general ledger. Bank statements and the general ledger cash account will be reconciled monthly, and errors will be corrected promptly.



LAKE COUNTY SCHOOL SYSTEM

Corrective Action Plan

FINDING

ACCOUNTING RECORDS FOR CAPITAL ASSETS WERE NOT CLOSED AND AVAILABLE FOR AUDIT BY AUGUST 31, 2022

Response and Corrective Action Plan Prepared by:

Dr. Woody Burton, Director of Schools

Person Responsible for Implementing the Corrective Action:

Dr. Woody Burton, Director of Schools

Anticipated Completion Date of Corrective Action:

August 31, 2023

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

All accounting records, including those for capital assets, will be closed by August 31st.



LAKE COUNTY SCHOOL SYSTEM

Corrective Action Plan

FINDING

THE OFFICE DID NOT EMPLOY A
REGISTERED ARCHITECT OR ENGINEER
FOR CONSTRUCTION PROJECTS

Response and Corrective Action Plan Prepared by:

Dr. Woody Burton, Director of Schools

Person Responsible for Implementing the Corrective Action:

Dr. Woody Burton, Director of Schools

Anticipated Completion Date of Corrective Action:

February 1, 2023

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

Going forward, an architect or engineer will be employed on construction projects exceeding \$50,000.

Dr. Woody Burton, Director of Schools



Bryan Avery
Sheriff Lake County

109 South Court St.
Tiptonville, Tennessee 38079
731-253-7791 Phone
731-253-6315 Fax

Corrective Action Plan

FINDING: DEFICIENCIES WERE NOTED IN COLLECTING AND DEPOSITING FUNDS WHICH RESULTED IN A CASH SHORTAGE OF \$702

Response and Corrective Action Plan Prepared by:
Bryan Avery, Sheriff

Person Responsible for Implementing the Corrective Action:
Bryan Avery, Sheriff

Anticipated Completion Date of Corrective Action:
June 30, 2023

Repeat Finding:
Yes, Parts A and B

Reason Corrective Action was Not Taken in the Prior Year:
We failed to issue receipts timely and still had delays in depositing funds.

Planned Corrective Action:
The cash shortage will be liquidated. Staff will be reminded to issue receipts at the time of collection and that funds must be deposited within three days of collection.



Bryan Avery
Sheriff Lake County

109 South Court St.
Tiptonville, Tennessee 38079
731-253-7791 Phone
731-253-6315 Fax

Corrective Action Plan

FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:
Bryan Avery, Sheriff

Person Responsible for Implementing the Corrective Action:
Bryan Avery, Sheriff

Anticipated Completion Date of Corrective Action:
June 30, 2023

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
We fell short of our plan to segregate duties. We take every effort to work under the conditions suggested to us.

Planned Corrective Action:
We will continue to segregate duties to the best of our ability. We have limited staffing but will make sure we implement these actions as best we can.



Bryan Avery
Sheriff Lake County

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731-253-6315 Fax

Corrective Action Plan

**FINDING: THE OFFICE HAD DEFICIENCIES IN THE
ADMINISTRATION OF ACCRUED LEAVE BALANCES**

Response and Corrective Action Plan Prepared by:
Bryan Avery, Sheriff

Person Responsible for Implementing the Corrective Action:
Bryan Avery, Sheriff

Anticipated Completion Date of Corrective Action:
June 30, 2023

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Although improvements were made and we took steps to pay down some of the balances, there were still some deficiencies at year-end.

Planned Corrective Action:
We will monitor employees' leave balances and follow our department's policy.



Bryan Avery
Sheriff Lake County

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731-253-7791 Phone
731-253-6315 Fax

Corrective Action Plan

FINDING: THE OFFICE HAD DEFICIENCIES IN FILING ITS ANNUAL FINANCIAL REPORT

Response and Corrective Action Plan Prepared by:
Bryan Avery, Sheriff

Person Responsible for Implementing the Corrective Action:
Bryan Avery, Sheriff

Anticipated Completion Date of Corrective Action:
June 30, 2023

Repeat Finding:
No

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

Planned Corrective Action:
The annual financial report will be filed with the county mayor and county clerk as required by state statute.


Bryan K. Avery, Sheriff

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 Lake County.

LAKE COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Lake 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.