



ANNUAL FINANCIAL REPORT

Lake County, Tennessee

For the Year Ended June 30, 2023

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
LAKE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2023

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 TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6-7
<u>INTRODUCTORY SECTION</u>		8
Lake County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Position	A	16-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23-24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	25
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	26-27
Other General Government Fund	C-6	28
Highway/Public Works Fund	C-7	29
Fiduciary Funds:		
Statement of Net Position	D-1	30
Statement of Changes in Net Position	D-2	31
Index and Notes to the Financial Statements		32-86
REQUIRED SUPPLEMENTARY INFORMATION:		87
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	88
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	89
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Lake County School Department	E-3	90

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Lake County School Department	E-4	91
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Retirement Plan of TCRS – Discretely Presented Lake County School Department	E-5	92
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Lake County School Department	E-6	93
Schedule of Changes in Total OPEB Liability and Related Ratios - Local Education Plan - Discretely Presented Lake County School Department	E-7	94
Notes to the Required Supplementary Information		95
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		96
Nonmajor Governmental Funds:		97
Combining Balance Sheet	F-1	98-99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	100
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Law Library Fund	F-3	101
Solid Waste/Sanitation Fund	F-4	102
Drug Control Fund	F-5	103
Major Governmental Fund:		104
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	105
Fiduciary Funds:		106
Combining Statement of Net Position – Custodial Funds	H-1	107
Combining Statement of Changes in Net Position – Custodial Funds	H-2	108
Component Unit:		
Discretely Presented Lake County School Department:		109
Statement of Activities	I-1	110
Balance Sheet – Governmental Funds	I-2	111-112
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	113
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	114
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	115
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Purpose School Fund	I-6	116
School Federal Projects Fund	I-7	117
Statement of Fiduciary Net Position	I-8	118
Statement of Changes in Fiduciary Net Position	I-9	119

	Exhibit	Page(s)
Miscellaneous Schedules:		120
Schedule of Changes in Long-term Other Loans and Bonds	J-1	121
Schedule of Long-term Debt Requirements by Year	J-2	122
Schedule of Transfers - Primary Government and Discretely Presented Lake County School Department	J-3	123
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Lake County School Department	J-4	124
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	125-136
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Lake County School Department	J-6	137-140
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	141-153
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Lake County School Department	J-8	154-163
 <u>SINGLE AUDIT SECTION</u>		 164
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>		165-167
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance		168-171
Schedule of Expenditures of Federal Awards and State Grants		172-173
Summary Schedule of Prior-year Findings		174-175
Schedule of Findings and Questioned Costs		176-186
Management's Corrective Action Plan		187-201
Best Practice		202

Summary of Audit Findings

Annual Financial Report
Lake County, Tennessee
For the Year Ended June 30, 2023

Scope

We have audited the basic financial statements of Lake County as of and for the year ended June 30, 2023.

Results

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

Our audit resulted in 11 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 AND DIRECTOR OF SCHOOLS

- ◆ The General, General Purpose School, and School Federal Projects funds required material audit adjustments for proper financial statement presentation.
- ◆ The offices had accounting deficiencies.
- ◆ The offices had deficiencies in budget operations.

OFFICE OF COUNTY MAYOR

- ◆ Lake County has a material recurring audit finding.
 - ◆ A tax anticipation note was not issued in compliance with state statutes.
-



OFFICE OF THE AMBULANCE SERVICE DEPARTMENT

- ◆ The ambulance service department did not always issue receipts at the time of collection.
-

OFFICE OF ROAD SUPERINTENDENT

- ◆ The office had deficiencies in purchasing procedures.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Accounting records for capital assets were not closed and available for audit by August 31, 2023.
-

OFFICE OF SHERIFF

- ◆ The office did not review its software audit logs.
 - ◆ An investigation of the sheriff's department disclosed that the former jail administrator misappropriated at least \$35,159 of inmate commissary funds.
-

OFFICES OF SHERIFF AND THE AMBULANCE SERVICE DEPARTMENT

- ◆ Duties were not segregated adequately.



INTRODUCTORY SECTION

Lake County Officials

June 30, 2023

Officials

Danny Cook, County Mayor
Stephen Baker, Road Superintendent
Dr. Woody Burton, Director of Schools
Mallory Berry, Trustee
Jaxon Neil, Assessor of Property
Crystal Horner, County Clerk
Jessica Avery, Circuit, General Sessions, and Juvenile Courts Clerk
Amber Mooring, Clerk and Master
Darlene Jones, Register of Deeds
Bryan Avery, Sheriff

Board of County Commissioners

Danny Cook, County Mayor, Chairman	Terry Pierce
Shelby Barker	Danny Tippit, II
John Parker Dean	Johnny Warren
Wayne Hatley	Dennis Whitson
Brandon Hays	Jimmy Yates

Highway Commission

Jimmy Leake, Chairman	Johnny Dean
Clifford Berry, Jr.	Doug Gant
Clifford Berry, Sr	Ronald Snyder

Board of Education

Jason Stanley, Chairman	Dianne Homra
John Cochran	Cody Rodriguez
Jo Beth Cook	Jimmy Dale Snyder
Debra Holliman	Vivian Windsor

Audit Committee

Albert Markham, Chairman
Sonya Covington
Pete Keiser

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, 2023, 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 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, 2023, 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 2.1 percent, 2.3 percent, and 3.1 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented school department. 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 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 schedules 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

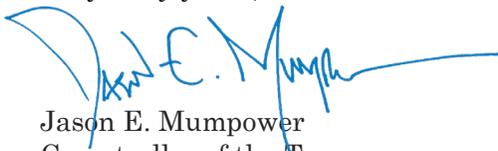
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, 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 9, 2024, 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 9, 2024

JEM/gc

BASIC FINANCIAL STATEMENTS

Exhibit A

Lake County, Tennessee
Statement of Net Position
June 30, 2023

	Primary Governmental Activities	Component Unit Lake County School Department
<u>ASSETS</u>		
Cash	\$ 2,252	\$ 306,819
Equity in Pooled Cash and Investments	5,270,862	3,621,534
Accounts Receivable	2,936,116	0
Allowance for Uncollectibles	(1,757,551)	0
Due from Other Governments	541,415	994,132
Due from Primary Government	0	970
Property Taxes Receivable	2,115,598	937,291
Allowance for Uncollectible Property Taxes	(16,520)	(7,320)
Cash Shortage	9,317	0
Net Pension Asset - Teacher Retirement Plan	0	32,174
Net Pension Asset - Teacher Legacy Pension Plan	0	1,070,458
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	166,397
Capital Assets:		
Assets Not Depreciated:		
Land	1,805,581	67,365
Construction in Progress	0	1,694,495
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	433,177	4,899,003
Infrastructure	4,173,671	0
Other Capital Assets	1,365,543	761,065
Total Assets	<u>\$ 16,879,461</u>	<u>\$ 14,544,383</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Amount on Refunding	\$ 148,152	\$ 0
Pension Changes in Experience	42,449	191,695
Pension Changes in Investment Earnings	13,320	32,791
Pension Changes in Assumptions	310,937	809,726
Pension Changes in Proportion	0	61,662
Pension Contributions After Measurement Date	180,053	367,218
OPEB Changes in Experience	0	128,282
OPEB Changes in Assumptions	0	125,451
OPEB Changes in Proportion	0	9,555
OPEB Contributions After Measurement Date	0	34,707
Total Deferred Outflows of Resources	<u>\$ 694,911</u>	<u>\$ 1,761,087</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Unit Lake County School Department
<u>LIABILITIES</u>		
Accounts Payable	\$ 138,622	\$ 16,314
Accrued Payroll	241	0
Payroll Deductions Payable	23,864	168,296
Due to Component Unit	970	0
Accrued Interest Payable	17,609	0
Future Compensation Payable	375	0
Due to State of Tennessee	70	12,947
Due to Other Governments	50,000	0
Noncurrent Liabilities:		
Due Within One Year - Debt	617,428	0
Due Within One Year - Other	6,231	3,625
Due in More Than One Year - Debt	8,114,879	0
Due in More Than One Year - Other	197,309	1,002,262
Total Liabilities	<u>\$ 9,167,598</u>	<u>\$ 1,203,444</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,034,699	\$ 901,449
Pension Changes in Experience	20,949	207,258
Pension Changes in Proportion	0	35,265
OPEB Changes in Experience	0	279,649
OPEB Changes in Assumptions	0	141,110
OPEB Changes in Proportion	0	87,951
Total Deferred Inflows of Resources	<u>\$ 2,055,648</u>	<u>\$ 1,652,682</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 4,954,757	\$ 7,421,928
Restricted for:		
General Government	193,891	0
Finance	32,728	0
Administration of Justice	19,653	0
Public Safety	53,477	0
Public Health and Welfare	69,014	0
Highway/Public Works	3,058,927	0
Debt Service	535,853	0
Education	0	308,750
Hybrid Retirement Stabilization Funds	0	166,397
Pensions	0	1,102,632
Unrestricted	<u>(2,567,174)</u>	<u>4,449,637</u>
Total Net Position	<u>\$ 6,351,126</u>	<u>\$ 13,449,344</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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
						Lake County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,337,068	\$ 86,532	\$ 861,175	\$ 0	\$ (389,361)	\$ 0
Finance	480,850	185,424	0	0	(295,426)	0
Administration of Justice	610,080	121,044	9,000	0	(480,036)	0
Public Safety	1,811,854	355,851	4,890	0	(1,451,113)	0
Public Health and Welfare	1,640,505	861,656	882,878	0	104,029	0
Social, Cultural, and Recreational Services	209,798	0	165,223	0	(44,575)	0
Agriculture and Natural Resources	44,254	0	0	0	(44,254)	0
Highways	2,275,685	16,968	1,809,345	344,826	(104,546)	0
Interest on Long-term Debt	273,953	0	26,136	0	(247,817)	0
Total Primary Government	\$ 8,684,047	\$ 1,627,475	\$ 3,758,647	\$ 344,826	\$ (2,953,099)	\$ 0
Component Unit:						
Lake County School Department	\$ 8,201,852	\$ 74,172	\$ 3,602,558	\$ 544,452	\$ 0	\$ (3,980,670)
Total Component Unit	\$ 8,201,852	\$ 74,172	\$ 3,602,558	\$ 544,452	\$ 0	\$ (3,980,670)

(Continued)

Exhibit B

Lake County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component
						Unit
					Lake County School Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 1,763,583	\$ 907,748
Property Taxes Levied for Debt Service					285,279	0
Local Option Sales Taxes					530,588	450,463
Hotel/Motel Tax					56,648	0
Wheel Tax					315,008	34,733
Litigation Tax					13,730	0
Business Tax					32,769	3,705
Other Local Taxes					13,268	0
Grants and Contributions Not Restricted to Specific Programs					133,689	6,411,656
Unrestricted Investment Income					273,144	10,044
Miscellaneous					171,766	19,939
Total General Revenues					<u>\$ 3,589,472</u>	<u>\$ 7,838,288</u>
Change in Net Position					\$ 636,373	\$ 3,857,618
Net Position, July 1, 2022					<u>5,714,753</u>	<u>9,591,726</u>
Net Position, June 30, 2023					<u>\$ 6,351,126</u>	<u>\$ 13,449,344</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, 2023

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	2,252	\$ 2,252
Equity in Pooled Cash and Investments	604,021	225,148	2,880,917	1,442,219	118,557	5,270,862
Accounts Receivable	2,932,576	0	0	0	3,540	2,936,116
Allowance for Uncollectibles	(1,757,551)	0	0	0	0	(1,757,551)
Due from Other Governments	163,068	0	309,352	68,995	0	541,415
Due from Other Funds	54,724	779	0	0	0	55,503
Property Taxes Receivable	1,710,357	0	29,457	294,588	81,196	2,115,598
Allowance for Uncollectible Property Taxes	(13,356)	0	(230)	(2,300)	(634)	(16,520)
Cash Shortage	9,317	0	0	0	0	9,317
Total Assets	\$ 3,703,156	\$ 225,927	\$ 3,219,496	\$ 1,803,502	\$ 204,911	\$ 9,156,992
<u>LIABILITIES</u>						
Accounts Payable	\$ 104,495	\$ 0	\$ 25,568	\$ 0	\$ 8,559	\$ 138,622
Accrued Payroll	241	0	0	0	0	241
Payroll Deductions Payable	22,703	0	0	0	1,161	23,864
Future Compensation Payable	375	0	0	0	0	375
Due to Other Funds	779	50,000	0	0	4,724	55,503
Due to Component Units	0	0	0	970	0	970
Due to State of Tennessee	0	0	0	0	70	70
Due to Other Governments	50,000	0	0	0	0	50,000
Total Liabilities	\$ 178,593	\$ 50,000	\$ 25,568	\$ 970	\$ 14,514	\$ 269,645

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 1,644,954	\$ 0	\$ 28,331	\$ 283,323	\$ 78,091	\$ 2,034,699
Deferred Delinquent Property Taxes	38,053	0	655	6,555	1,806	47,069
Other Deferred/Unavailable Revenue	1,137,007	0	149,936	37,207	0	1,324,150
Total Deferred Inflows of Resources	<u>\$ 2,820,014</u>	<u>\$ 0</u>	<u>\$ 178,922</u>	<u>\$ 327,085</u>	<u>\$ 79,897</u>	<u>\$ 3,405,918</u>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 13,852	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,852
Restricted for General Government - American Rescue Plan Act	0	175,927	0	0	0	175,927
Restricted for Finance	32,728	0	0	0	0	32,728
Restricted for Administration of Justice	0	0	0	0	19,653	19,653
Restricted for Public Safety	9,182	0	0	0	44,295	53,477
Restricted for Public Health and Welfare	49,001	0	0	0	18,207	67,208
Restricted for Other Operations	4,112	0	0	0	0	4,112
Restricted for Highways/Public Works	0	0	3,015,006	0	0	3,015,006
Restricted for Debt Service	0	0	0	361,548	0	361,548
Committed:						
Committed for General Government	1,259	0	0	0	0	1,259
Committed for Public Health and Welfare	0	0	0	0	28,345	28,345
Committed for Debt Service	0	0	0	1,113,899	0	1,113,899
Unassigned	594,415	0	0	0	0	594,415
Total Fund Balances	<u>\$ 704,549</u>	<u>\$ 175,927</u>	<u>\$ 3,015,006</u>	<u>\$ 1,475,447</u>	<u>\$ 110,500</u>	<u>\$ 5,481,429</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,703,156</u>	<u>\$ 225,927</u>	<u>\$ 3,219,496</u>	<u>\$ 1,803,502</u>	<u>\$ 204,911</u>	<u>\$ 9,156,992</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, 2023

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)		\$ 5,481,429	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,805,581		
Add: buildings and improvements net of accumulated depreciation	433,177		
Add: infrastructure net of accumulated depreciation	4,173,671		
Add: other capital assets net of accumulated depreciation	<u>1,365,543</u>	7,777,972	
(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	\$ (1,348,528)		
Less: bonds payable	(7,025,000)		
Less: accrued interest payable	(17,609)		
Less: unamortized premium on debt	(365,903)		
Add: unamortized discount on debt	7,124		
Less: pension liability	(78,924)		
Less: compensated absences payable	(124,616)		
Add: deferred amount on refunding	<u>148,152</u>	(8,805,304)	
(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	\$ 546,759		
Less: deferred inflows of resources related to pensions	<u>(20,949)</u>	525,810	
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,371,219</u>
Net position of governmental activities (Exhibit A)			<u><u>\$ 6,351,126</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, 2023

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 2,117,493	\$ 0	\$ 28,354	\$ 804,326	\$ 85,536	\$ 3,035,709
Licenses and Permits	7,557	0	0	0	0	7,557
Fines, Forfeitures, and Penalties	47,240	0	0	0	2,732	49,972
Charges for Current Services	768,742	0	0	0	36,576	805,318
Other Local Revenues	489,188	10,733	2,623	1,372	11,853	515,769
Fees Received From County Officials	268,281	0	0	0	0	268,281
State of Tennessee	550,544	0	2,159,909	0	0	2,710,453
Federal Government	154,587	1,362,776	0	0	0	1,517,363
Other Governments and Citizens Groups	169,768	0	14,632	244,348	0	428,748
Total Revenues	\$ 4,573,400	\$ 1,373,509	\$ 2,205,518	\$ 1,050,046	\$ 136,697	\$ 9,339,170
<u>Expenditures</u>						
Current:						
General Government	\$ 770,433	\$ 0	\$ 0	\$ 0	\$ 0	\$ 770,433
Finance	489,331	0	0	0	0	489,331
Administration of Justice	613,667	0	0	0	3,962	617,629
Public Safety	1,829,183	0	0	0	22	1,829,205
Public Health and Welfare	960,666	0	0	0	378,466	1,339,132
Social, Cultural, and Recreational Services	206,871	0	0	0	0	206,871
Agriculture and Natural Resources	44,946	0	0	0	0	44,946
Other Operations	715,086	0	0	0	0	715,086
Highways	0	0	2,325,240	0	0	2,325,240
Debt Service:						
Principal on Debt	0	0	0	563,620	19,539	583,159
Interest on Debt	0	0	0	252,244	695	252,939
Other Debt Service	0	0	0	13,171	0	13,171
Total Expenditures	\$ 5,630,183	\$ 0	\$ 2,325,240	\$ 829,035	\$ 402,684	\$ 9,187,142

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,056,783)	\$ 1,373,509	\$ (119,722)	\$ 221,011	\$ (265,987)	\$ 152,028
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 12,021	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,021
Transfers In	927,000	0	0	0	302,000	1,229,000
Transfers Out	(2,000)	(1,127,000)	0	(100,000)	0	(1,229,000)
Total Other Financing Sources (Uses)	\$ 937,021	\$ (1,127,000)	\$ 0	\$ (100,000)	\$ 302,000	\$ 12,021
Net Change in Fund Balances	\$ (119,762)	\$ 246,509	\$ (119,722)	\$ 121,011	\$ 36,013	\$ 164,049
Fund Balance, July 1, 2022	824,311	(70,582)	3,134,728	1,354,436	74,487	5,317,380
Fund Balance, June 30, 2023	\$ 704,549	\$ 175,927	\$ 3,015,006	\$ 1,475,447	\$ 110,500	\$ 5,481,429

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, 2023

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)		\$ 164,049
(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	\$ 650,774	
Less: current-year depreciation expense	<u>(818,856)</u>	(168,082)
(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		(148,277)
(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, 2023	\$ 1,371,219	
Less: deferred delinquent property taxes and other deferred June 30, 2022	<u>(1,267,828)</u>	103,391
(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 bonds	\$ 465,000	
Add: principal payments on other loans	118,159	
Less: change in deferred amount on refunding debt	(22,161)	
Add: change in premium on debt issuance	26,136	
Less: change in discount on debt issuance	<u>(552)</u>	586,582
(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	\$ 1,699	
Change in compensated absences payable	13,554	
Change in deferred outflows related to pensions	(120,499)	
Change in deferred inflows related to pensions	942,871	
Change in net pension liability	<u>(738,915)</u>	<u>98,710</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 636,373</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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,117,493	\$ 2,220,156	\$ 2,220,156	\$ (102,663)
Licenses and Permits	7,557	10,720	10,720	(3,163)
Fines, Forfeitures, and Penalties	47,240	42,600	42,600	4,640
Charges for Current Services	768,742	818,400	818,400	(49,658)
Other Local Revenues	489,188	327,500	327,500	161,688
Fees Received From County Officials	268,281	277,000	277,000	(8,719)
State of Tennessee	550,544	489,200	489,200	61,344
Federal Government	154,587	702,000	702,000	(547,413)
Other Governments and Citizens Groups	169,768	139,584	139,584	30,184
Total Revenues	\$ 4,573,400	\$ 5,027,160	\$ 5,027,160	\$ (453,760)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 43,566	\$ 39,445	\$ 43,642	\$ 76
County Mayor/Executive	228,829	213,926	201,822	(27,007)
County Attorney	27,240	21,000	27,240	0
Election Commission	151,865	135,096	152,250	385
Register of Deeds	113,174	110,411	115,081	1,907
Development	17,197	17,300	17,380	183
County Buildings	188,562	85,000	182,160	(6,402)
<u>Finance</u>				
Property Assessor's Office	151,493	147,113	148,368	(3,125)
County Trustee's Office	164,209	152,663	166,873	2,664
County Clerk's Office	173,629	174,055	174,380	751
<u>Administration of Justice</u>				
Circuit Court	261,268	237,747	262,397	1,129
General Sessions Court	129,345	127,099	131,069	1,724
Chancery Court	124,348	115,211	118,496	(5,852)
Juvenile Court	62,701	52,818	62,918	217
Other Administration of Justice	4,734	4,000	0	(4,734)
Courtroom Security	31,271	34,100	31,300	29
<u>Public Safety</u>				
Sheriff's Department	854,368	727,028	838,308	(16,060)
Jail	952,500	774,774	946,291	(6,209)
Civil Defense	22,315	35,005	23,005	690
<u>Public Health and Welfare</u>				
Local Health Center	28,780	57,164	30,014	1,234
Ambulance/Emergency Medical Services	906,949	946,578	954,643	47,694
Sanitation Management	24,937	44,200	26,300	1,363
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	145,918	133,170	146,820	902
Libraries	35,375	28,700	35,400	25
Other Social, Cultural, and Recreational	25,578	15,000	25,600	22
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	44,946	34,648	39,298	(5,648)
<u>Other Operations</u>				
Tourism	57,781	50,000	57,800	19
Other Economic and Community Development	206,833	150,000	206,950	117

(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 (Cont.)</u>				
Other Charges	\$ 51,844	\$ 56,000	\$ 56,000	\$ 4,156
Contributions to Other Agencies	336,925	7,500	336,925	0
Employee Benefits	61,703	235,000	235,000	173,297
Total Expenditures	<u>\$ 5,630,183</u>	<u>\$ 4,961,751</u>	<u>\$ 5,793,730</u>	<u>\$ 163,547</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,056,783)</u>	<u>\$ 65,409</u>	<u>\$ (766,570)</u>	<u>\$ (290,213)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 12,021	\$ 0	\$ 0	\$ 12,021
Transfers In	927,000	0	1,227,000	(300,000)
Transfers Out	(2,000)	0	(400,000)	398,000
Total Other Financing Sources	<u>\$ 937,021</u>	<u>\$ 0</u>	<u>\$ 827,000</u>	<u>\$ 110,021</u>
Net Change in Fund Balance	<u>\$ (119,762)</u>	<u>\$ 65,409</u>	<u>\$ 60,430</u>	<u>\$ (180,192)</u>
Fund Balance, July 1, 2022	<u>824,311</u>	<u>824,311</u>	<u>824,311</u>	<u>0</u>
Fund Balance, June 30, 2023	<u><u>\$ 704,549</u></u>	<u><u>\$ 889,720</u></u>	<u><u>\$ 884,741</u></u>	<u><u>\$ (180,192)</u></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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 10,733	\$ 0	\$ 35,000	\$ (24,267)
Federal Government	1,362,776	35,000	1,362,776	0
Total Revenues	<u>\$ 1,373,509</u>	<u>\$ 35,000</u>	<u>\$ 1,397,776</u>	<u>\$ (24,267)</u>
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,373,509</u>	<u>\$ 35,000</u>	<u>\$ 1,397,776</u>	<u>\$ (24,267)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (1,127,000)	\$ (500,000)	\$ (1,127,000)	\$ 0
Total Other Financing Sources	<u>\$ (1,127,000)</u>	<u>\$ (500,000)</u>	<u>\$ (1,127,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 246,509	\$ (465,000)	\$ 270,776	\$ (24,267)
Fund Balance, July 1, 2022	(70,582)	1,299,251	1,299,251	(1,369,833)
Fund Balance, June 30, 2023	<u>\$ 175,927</u>	<u>\$ 834,251</u>	<u>\$ 1,570,027</u>	<u>\$ (1,394,100)</u>

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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 28,354	\$ 29,950	\$ 29,950	\$ (1,596)
Other Local Revenues	2,623	60,000	60,000	(57,377)
State of Tennessee	2,159,909	2,542,979	3,112,992	(953,083)
Other Governments and Citizens Groups	14,632	20,000	20,000	(5,368)
Total Revenues	<u>\$ 2,205,518</u>	<u>\$ 2,652,929</u>	<u>\$ 3,222,942</u>	<u>\$ (1,017,424)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 235,274	\$ 273,217	\$ 273,217	\$ 37,943
Highway and Bridge Maintenance	914,584	1,153,500	1,723,513	808,929
Operation and Maintenance of Equipment	331,369	449,000	449,000	117,631
Other Charges	155,239	163,282	163,282	8,043
Employee Benefits	115,542	134,200	134,200	18,658
Capital Outlay	573,232	752,000	752,000	178,768
Total Expenditures	<u>\$ 2,325,240</u>	<u>\$ 2,925,199</u>	<u>\$ 3,495,212</u>	<u>\$ 1,169,972</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (119,722)</u>	<u>\$ (272,270)</u>	<u>\$ (272,270)</u>	<u>\$ 152,548</u>
Net Change in Fund Balance	\$ (119,722)	\$ (272,270)	\$ (272,270)	\$ 152,548
Fund Balance, July 1, 2022	<u>3,134,728</u>	<u>3,739,352</u>	<u>3,739,352</u>	<u>(604,624)</u>
Fund Balance, June 30, 2023	<u>\$ 3,015,006</u>	<u>\$ 3,467,082</u>	<u>\$ 3,467,082</u>	<u>\$ (452,076)</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, 2023

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 50,828
Equity in Pooled Cash and Investments	13,483
Due from Other Governments	40,227
Cash Shortage	<u>35,159</u>
Total Assets	<u>\$ 139,697</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	<u>\$ 40,227</u>
Total Liabilities	<u>\$ 40,227</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 99,470</u>
Total Net Position	<u><u>\$ 99,470</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, 2023

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Sales Tax Collections for Other Governments	\$ 262,771
Watershed Authority Collections	8,605
Fines/Fees and Other Collections	<u>1,186,661</u>
Total Additions	<u>\$ 1,458,037</u>
<u>DEDUCTIONS</u>	
Payment of Sales Tax Collections to Other Governments	\$ 262,771
Payment of Watershed Expenses	7,899
Payments to State	425,463
Payments to Cities, Individuals, and Others	<u>741,350</u>
Total Deductions	<u>\$ 1,437,483</u>
Net Increase (Decrease) in Fiduciary in Net Position	\$ 20,554
Net Position, July 1, 2022	<u>78,916</u>
Net Position, June 30, 2023	<u><u>\$ 99,470</u></u>

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

LAKE COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	33
B. Government-wide and Fund Financial Statements	34
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	35
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	37
2. Receivables and Payables	38
3. Restricted Assets	39
4. Capital Assets	39
5. Deferred Outflows/Inflows of Resources	40
6. Compensated Absences	41
7. Long-term Debt and Long-term Obligations	42
8. Net Position and Fund Balance	42
E. Pension Plans	44
F. Other Postemployment Benefits (OPEB) Plan	44
II. Reconciliation of Government-wide and Fund Financial Statements	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	45
B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities	45
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	45
B. Cash Shortages - Prior and Current Years	46
C. Expenditures Exceeded Appropriations	46
D. The County Mayor Failed to Comply with State Statutes when Issuing Debt	47
IV. Detailed Notes on All Funds	
A. Deposits and Investments	47
B. Capital Assets	51
C. Interfund Receivables, Payables and Transfers	54
D. Long-term Debt	55
E. Long-term Obligations	58
F. On-Behalf Payments	60
G. Short-term Debt	60
V. Other Information	
A. Risk Management	60
B. Accounting Changes	61
C. Contingent Liabilities	62
D. Changes in Administration	62
E. Joint Ventures	63
F. Retirement Commitments	
1. Tennessee Consolidated Retirement System (TCRS)	63
2. Deferred Compensation	80
G. Other Postemployment Benefits (OPEB)	80
H. Purchasing Laws	86

LAKE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 financial statements of the Lake County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of these omissions did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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 financial statements of the Lake County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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, 2023.

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 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.

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 0.4 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 changes in investment earnings, 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 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, pensions, 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, 2023, Lake County had \$4,973,710 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. 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 \$26,528 restitution leaving an outstanding balance of \$9,317 due the county at June 30, 2023.

The Office of Sheriff had a cash shortage of \$35,159 as of June 30, 2023, as reflected in the fiduciary fund statement of net position. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Expenditures Exceeded Appropriations

Expenditures and other uses 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 Fund:	
General Government - County Mayor/Executive	\$ 27,007
General Government - County Buildings	6,402
Finance - Property Assessor's Office	3,125
Administration of Justice - Chancery Court	5,852
Administration of Justice - Other Administration of Justice	4,734
Public Safety - Sheriff's Department	16,060
Public Safety - Jail	6,209
Agriculture and Natural Resources - Agricultural Extension Service	5,648
General Purpose School Fund:	
Instruction - Special Education Program	800
Support Services - Attendance	9,257
Support Services - Health Services	43,325
Support Services - Special Education Program	2,971
Support Services - Director of Schools	253
Support Services - Fiscal Services	389
Operation of Non-Instructional Services-Food Service	282,649
Operation of Non-Instructional Services - Early Childhood Education	2,547
School Federal Projects Fund	
Other Uses - Transfers Out	394,718

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

D. The County Mayor Failed to Comply with State Statutes When Issuing Debt

The county mayor failed to comply with state statutes when issuing a tax anticipation note. Details are discussed in the Schedule of Findings and Questioned Costs.

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 market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

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, 2023.

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, 2023, 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	\$ 51,583
Developed Market International Equity	N/A	N/A	23,296
Emerging Market International Equity	N/A	N/A	6,656
U.S. Fixed Income	N/A	N/A	33,279
Real Estate	N/A	N/A	16,640
Short-term Securities	N/A	N/A	1,664
NAV - Private Equity and Strategic Lending	N/A	N/A	33,279
Total			\$ 166,397

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, 2023, was as follows:

Primary Government – Governmental Activities

	Balance			Balance
	7-1-22	Increases	Decreases	6-30-23
Capital Assets				
Not Depreciated:				
Land	\$ 1,819,646	\$ 0	\$ (14,065)	\$ 1,805,581
Construction in Progress	13,703	0	(13,703)	0
Total Capital Assets				
Not Depreciated	\$ 1,833,349	\$ 0	\$ (27,768)	\$ 1,805,581
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 3,966,987	\$ 0	\$ (143,500)	\$ 3,823,487
Infrastructure	6,909,892	0	0	6,909,892
Other Capital Assets	5,832,659	664,477	0	6,497,136
Total Capital Assets				
Depreciated	\$ 16,709,538	\$ 664,477	\$ (143,500)	\$ 17,230,515
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 3,276,447	\$ 123,151	\$ (9,288)	\$ 3,390,310
Infrastructure	2,439,752	296,469	0	2,736,221
Other Capital Assets	4,732,357	399,236	0	5,131,593
Total Accumulated				
Depreciation	\$ 10,448,556	\$ 818,856	\$ (9,288)	\$ 11,258,124
Total Capital Assets				
Depreciated, Net	\$ 6,260,982	\$ (154,379)	\$ (134,212)	\$ 5,972,391
Governmental Activities				
Capital Assets, Net	\$ 8,094,331	\$ (154,379)	\$ (161,980)	\$ 7,777,972

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

Governmental Activities:

General Government	\$ 32,555
Finance	422
Administration of Justice	2,182
Public Safety	123,168
Public Health and Welfare	128,476
Social, Cultural, and Recreational Services	4,760
Agriculture and Natural Resources	493
Highway/Public Works	<u>526,800</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 818,856</u></u>

Net Investment in Capital Assets

Capital Assets (both tangible and intangible)	\$ 7,777,972
Add:	
Unamortized balance of original issue discounts on outstanding capital debt	7,124
Less:	
Outstanding principal of capital debt and other capital borrowings	(2,720,568)
Unamortized balance of original issue premiums on outstanding capital-related debt	<u>(109,771)</u>
Net Investment in Capital Assets	<u><u>\$ 4,954,757</u></u>

**Discretely Presented Lake County School Department –
Governmental Activities:**

	Balance 7-1-22	Increases	Decreases	Balance 6-30-23
Capital Assets				
Not Depreciated:				
Land	\$ 67,365	\$ 0	\$ 0	\$ 67,365
Construction in Progress	94,400	1,694,495	(94,400)	1,694,495
Total Capital Assets				
Not Depreciated	<u>\$ 161,765</u>	<u>\$ 1,694,495</u>	<u>\$ (94,400)</u>	<u>\$ 1,761,860</u>
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 12,401,863	\$ 574,572	\$ 0	\$ 12,976,435
Other Capital Assets	2,204,525	326,316	(141,312)	2,389,529
Total Capital Assets				
Depreciated	<u>\$ 14,606,388</u>	<u>\$ 900,888</u>	<u>\$ (141,312)</u>	<u>\$ 15,365,964</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 7,705,069	\$ 372,363	\$ 0	\$ 8,077,432
Other Capital Assets	1,661,591	108,185	(141,312)	1,628,464
Total Accumulated				
Depreciation	<u>\$ 9,366,660</u>	<u>\$ 480,548</u>	<u>\$ (141,312)</u>	<u>\$ 9,705,896</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 5,239,728</u>	<u>\$ 420,340</u>	<u>\$ 0</u>	<u>\$ 5,660,068</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 5,401,493</u>	<u>\$ 2,114,835</u>	<u>\$ (94,400)</u>	<u>\$ 7,421,928</u>

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

Governmental Activities:

Instruction	\$ 287,665
Support Services	178,147
Operation of Non-instructional Services	<u>14,736</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 480,548</u></u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2023, 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	\$ 50,000
"	Nonmajor Governmental	4,724
Other General Government	General	779
Discretely Presented Lake County School Department:		
General Purpose School	School Federal Projects	25,546
School Federal Projects	General Purpose School	25,728

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>
School Department:	Primary Government:	
General Purpose School	General Debt Service	\$ 970

Interfund Transfers:

Interfund transfers for the year ended June 30, 2023, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u>		
	General Fund	Nonmajor Govern- mental Funds	Purpose
General Fund	\$ 0	\$ 2,000	Operations
Other General Government Fund	927,000	200,000	ARPA funds
General Debt Service Fund	0	100,000	Operations
Total	<u>\$ 927,000</u>	<u>\$ 302,000</u>	

Discretely Presented Lake County School Department

Transfers Out	Transfers In		Purpose
	General Purpose School Fund	School Federal Projects Fund	
General Purpose School Fund	\$ 0	\$ 250,000	Cash flow funds
School Federal Projects Fund	545,818	0	ESSER expenses
Total	\$ 545,818	\$ 250,000	

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, 2023, 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. 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, 2023, will be retired from the Solid Waste/Sanitation and General Debt Service funds.

General obligation bonds and other loans outstanding as of June 30, 2023, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-23
General Obligation Refunding Bonds	.75 to 5 %	6-1-37	\$ 8,840,000	\$ 7,025,000
Direct Borrowing and Direct Placement:				
Other Loans - Fixed rate	1.5 to 4.89	8-1-35	1,801,749	1,348,528

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, 2023, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2029-2033	2,810,000	390,114	3,200,114
2034-2037	1,560,000	77,964	1,637,964
Total	\$ 7,025,000	\$ 1,297,273	\$ 8,322,273

Year Ending June 30	Other Loans - Direct Placement		
	Principal	Interest	Total
2024	\$ 132,428	\$ 19,507	\$ 151,935
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
2029-2033	556,083	39,777	595,860
2034-2036	244,210	4,031	248,241
Total	<u>\$ 1,348,528</u>	<u>\$ 124,196</u>	<u>\$ 1,472,724</u>

There is \$1,475,447 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,003, based on the 2020 federal census. Total debt per capita, including bonds, other loans, unamortized debt premiums, and unamortized debt discounts totaled \$1,247, 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.

Description of Debt	Outstanding 6-30-23
<u>Other Loan Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficient School Initiative, 2018	\$ 1,316,210
<u>Bonds Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
General Obligation Refunding Bonds, Series 2020	<u>5,225,000</u>
Total	<u>\$ 6,541,210</u>

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2023, was as follows:

Governmental Activities:	Other Loans -	
	Bonds	Direct Placement
Balance, July 1, 2022	\$ 7,490,000	\$ 1,466,687
Reductions	(465,000)	(118,159)
Balance, June 30, 2023	<u>\$ 7,025,000</u>	<u>\$ 1,348,528</u>
Balance Due Within One Year	<u>\$ 485,000</u>	<u>\$ 132,428</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2023	\$ 8,373,528
Add: Unamortized Premium on Debt	365,903
Less: Unamortized Discount on Debt	(7,124)
Less: Balance Due Within One Year - Debt	<u>(617,428)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 8,114,879</u>

E. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2023, was as follows:

Governmental Activities:	Compensated Absences	Net Pension Liability*
Balance, July 1, 2022	\$ 138,170	\$ (659,991)
Additions	59,753	1,099,433
Reductions	<u>(73,307)</u>	<u>(360,518)</u>
Balance, June 30, 2023	<u>\$ 124,616</u>	<u>\$ 78,924</u>
Balance Due Within One Year	<u>\$ 6,231</u>	<u>\$ 0</u>

*At July 1, 2022, Lake County had a net pension asset.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2023	\$ 203,540
Less: Balance Due Within One Year - Other	<u>(6,231)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other- Exhibit A	<u>\$ 197,309</u>

Compensated absences and the net pension liability 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, 2023, was as follows:

Governmental Activities:	Compensated Absences	Net Pension Liability - Agent Plan*	Other Postemployment Benefits
Balance, July 1, 2022	\$ 46,145	\$ (256,664)	\$ 870,717
Additions	48,716	358,701	185,244
Reductions	<u>(22,363)</u>	<u>(76,287)</u>	<u>(148,322)</u>
Balance, June 30, 2023	<u>\$ 72,498</u>	<u>\$ 25,750</u>	<u>\$ 907,639</u>
Balance Due Within One Year	<u>\$ 3,625</u>	<u>\$ 0</u>	<u>\$ 0</u>

*At July 1, 2022, the school department's agent plan had a net pension asset.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2023	\$ 1,005,887
Less: Due Within One Year - Other	<u>(3,625)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other -Exhibit A	<u>\$ 1,002,262</u>

Compensated absences, other postemployment benefits, and the net pension liability 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 \$13,867. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

During the year, the county borrowed \$400,000 from the General Debt Service Fund to provide temporary operating funds for the General Fund. This loan was retired prior to June 30, 2023, as required by state statutes. Short-term debt activity for the year ended June 30, 2023, was as follows:

	Balance 7-1-22	Issued	Paid	Balance 6-30-23
Tax Anticipation Note	\$ 0	\$ 400,000	\$ (400,000)	\$ 0

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. 91, *Conduit Debt Obligations*, became effective for fiscal year ending June 30, 2023. This statement clarifies what is considered conduit debt and the requirements of when to disclose liabilities and commitments concerning conduit debt.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, became effective for fiscal year ending June 30, 2023. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The required disclosures will allow users to understand the scale and

important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, became effective for fiscal year ending June 30, 2023. This standard establishes a definition for SBITAs and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. This statement also establishes criteria for the recognition of implementation costs and requires a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

GASB Statement No. 99, *Omnibus 2022*, 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 including Financial Guarantees; Derivative Instruments; Leases, PPPs, and SBITAs; LIBOR rate replacement; and other technical updates and corrections.

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. Changes in Administration

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.

E. 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.

F. 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 75.4 percent and the non-certified employees of the discretely presented school department comprised 24.6 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, 2022, 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	182
Active Employees	119
Total	392

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, 2023, the employer contribution for Lake County was \$233,486 based on a rate of 5.73 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, 2022, 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, 2022, 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 were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022, 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 Real Estate	6.57	20
	1.20	20
	4.38	10
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 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, 2021	\$ 11,130,361	\$ 12,047,016	\$ (916,655)
Changes for the Year:			
Service Cost	\$ 241,972	\$ 0	\$ 241,972
Interest	747,931	0	747,931
Differences Between Expected and Actual Experience	(37,046)	0	(37,046)
Contributions-Employer	0	214,856	(214,856)
Contributions-Employees	0	184,903	(184,903)
Net Investment Income	0	(457,141)	457,141
Benefit Payments, Including Refunds of Employee Contributions	(583,761)	(583,761)	0
Administrative Expense	0	(11,090)	11,090
Net Changes	<u>\$ 369,096</u>	<u>\$ (652,233)</u>	<u>\$ 1,021,329</u>
Balance, June 30, 2022	<u>\$ 11,499,457</u>	<u>\$ 11,394,783</u>	<u>\$ 104,674</u>

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	75.40%	\$ 8,670,591	\$ 8,591,667	\$ 78,924
School Department	24.60%	<u>2,828,866</u>	<u>2,803,116</u>	<u>25,750</u>
Total		<u>\$ 11,499,457</u>	<u>\$ 11,394,783</u>	<u>\$ 104,674</u>

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) \$ 1,501,567 \$ 104,674 \$ (1,063,156)

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, 2023, Lake County recognized pension expense (negative pension expense) of \$142,009.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, 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	\$ 56,299	\$ 27,784
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	17,666	0
Changes in Assumptions	412,383	0
Contributions Subsequent to the Measurement Date of June 30, 2022 (1)	233,486	N/A
Total	<u>\$ 719,834</u>	<u>\$ 27,784</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2022,” 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	\$ 546,759	\$ 20,949
School Department	<u>173,075</u>	<u>6,835</u>
Total	<u>\$ 719,834</u>	<u>\$ 27,784</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
2024	\$ 158,754
2025	162,233
2026	(115,171)
2027	252,748
2028	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 75.4 percent and the non-certified employees of the discretely presented school department comprised 24.6 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, 2023, to the Teacher Retirement Plan were \$56,784, which is 2.87 percent of covered payroll. In addition, employer contributions of \$20,835, which is 1.13 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, 2023, the school department reported a liability (asset) of (\$32,174) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, 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, 2022, the school department's proportion was .106211 percent. The proportion as of June 30, 2021, was .115112 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the school department recognized pension expense of \$44,014.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the school department reported deferred

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,759	\$ 19,548
Net Difference Between Projected and Actual Earnings on Pension Plan		
Investments	10,141	0
Changes in Assumptions	37,690	0
Changes in Proportion of Net Pension Liability (Asset)	15,412	26,913
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	56,784	N/A
Total	<u>\$ 121,786</u>	<u>\$ 46,461</u>

The school department's employer contributions of \$56,784, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2024. 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
2024	\$ (717)
2025	(614)
2026	(2,280)
2027	15,384
2028	408
Thereafter	6,360

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, 2022, 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, 2022, 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	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%

Net Pension Liability (Asset) \$ 168,895 \$ (32,174) \$ (179,016)

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, 2023, to the Teacher Legacy Pension Plan were \$257,001, which is 8.69 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, 2023, the school department reported a liability (asset) of (\$1,070,458) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, 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, 2022, the school department's proportion was .087284 percent. The proportion measured at June 30, 2021, was .090899 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the school department recognized (negative pension expense) of \$19,310.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, 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	\$ 176,086	\$ 180,875
Changes in Assumptions	670,590	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	18,304	0
Changes in Proportion of Net Pension Liability (Asset)	46,250	8,352
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	<u>257,001</u>	N/A
Total	<u>\$ 1,168,231</u>	<u>\$ 189,227</u>

The school department's employer contributions of \$257,001 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2024. 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
2024	\$ 117,718
2025	210,668
2026	(171,369)
2027	564,986
2028	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, 2022, 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, 2022, 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) \$ 2,120,208 \$ (1,070,458) \$ (3,728,070)

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 \$61,676 and teachers contributed \$844 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

The discretely presented Lake County School Department provides 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, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022, 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	3.54%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 8.37% for pre-65 retirees in the 2022 calendar year, and decreasing annually over a 7-year period to an ultimate trend rate of 4.5%
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.54 percent, based on an average rating of AA/Aa as shown on the Bond Buyers 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, 2022, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2021, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 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 non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement rates are headcount-weighted below median healthy annuitant and adjusted with a 6 percent load for males and a 14 percent load for females, projected generationally with MP-2020 from 2010. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load, projected generationally from 2018 with MP-2020.

Changes in Assumptions. The discount rate changed from 2.16 percent as of the beginning of the measurement period to 3.54 percent as of the measurement date of June 30, 2022. 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 7.36 percent to 8.37 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, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	3
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees Eligible For Benefits	71
Total	<u><u>74</u></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 \$34,707 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>			Total OPEB Liability
	Lake County School Department 67.345%	State of TN 32.655%		
Balance July 1, 2021	\$ 870,717	\$ 385,791	\$	<u>1,256,508</u>
Changes for the Year:				
Service Cost	\$ 60,797	\$ 29,480	\$	90,277
Interest	19,230	9,325		28,555
Difference between Expected and Actuarial Experience	105,218	51,020		156,238
Changes in Proportion	(24,526)	24,526		0
Changes in Assumption and Other Inputs	(90,195)	(43,735)		(133,930)
Benefit Payments	(33,602)	(16,294)		(49,896)
Net Changes	<u>\$ 36,922</u>	<u>\$ 54,322</u>	<u>\$</u>	<u>91,244</u>
Balance June 30, 2022	<u>\$ 907,639</u>	<u>\$ 440,113</u>	<u>\$</u>	<u>1,347,752</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 \$36,736 in revenue for subsidies provided by non-employer 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 67.345 percent and the State of Tennessee's share was 32.655 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the school department recognized OPEB expense of \$72,944, including the state's share of the expense. At June 30, 2023, 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	\$ 128,282	\$ 279,649
Changes of Assumptions/Inputs	125,451	141,110
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	9,555	87,951
Benefits Paid After the Measurement Date of June 30, 2022	<u>34,707</u>	<u>0</u>
Total	<u>\$ 297,995</u>	<u>\$ 508,710</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>
2024	\$ (43,819)
2025	(43,819)
2026	(43,819)
2027	(43,819)
2028	(42,726)
Thereafter	(27,420)

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 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
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Proportionate Share of the Collective Total OPEB Liability	\$ 976,107	\$ 907,639	\$ 842,408
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 7.37 to 3.5%	Current Rate 8.37 to 4.5%	1% Increase 9.37 to 5.5%
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Proportionate Share of the Collective Total OPEB Liability	\$ 806,594	\$ 907,639	\$ 1,025,964
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H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, 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.

**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	2022
Total Pension Liability									
Service Cost	\$ 188,457	\$ 187,866	\$ 178,580	\$ 187,842	\$ 186,180	\$ 197,495	\$ 214,871	\$ 217,713	\$ 241,972
Interest	534,699	529,301	559,368	570,709	623,045	657,969	682,513	708,485	747,931
Differences Between Actual and Expected Experience	(521,913)	6,551	(199,556)	360,787	140,481	(34,811)	27	112,587	(37,046)
Change of Assumptions	0	0	0	333,687	0	0	0	824,765	0
Benefit Payments, Including Refunds of Employee Contributions	(245,220)	(300,035)	(327,042)	(465,836)	(468,343)	(490,286)	(508,693)	(575,356)	(583,761)
Net Change in Total Pension Liability	\$ (43,977)	\$ 423,683	\$ 211,350	\$ 987,189	\$ 481,363	\$ 330,367	\$ 388,718	\$ 1,288,194	\$ 369,096
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	11,130,361
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	\$ 11,499,457
Plan Fiduciary Net Position									
Contributions - Employer	\$ 167,023	\$ 161,991	\$ 169,326	\$ 170,573	\$ 174,720	\$ 188,419	\$ 185,820	\$ 189,487	\$ 214,856
Contributions - Employee	147,505	137,640	143,803	146,793	150,621	170,547	162,432	163,071	184,903
Net Investment Income	1,039,693	225,295	199,647	865,706	693,134	662,432	466,422	2,494,267	(457,141)
Benefit Payments, Including Refunds of Employee Contributions	(245,220)	(300,035)	(327,042)	(465,836)	(468,343)	(490,286)	(508,693)	(575,356)	(583,761)
Administrative Expense	(4,721)	(5,254)	(8,225)	(10,585)	(9,952)	(9,756)	(9,436)	(9,438)	(11,090)
Other	0	0	0	3,290	0	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	\$ (652,233)
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	12,047,016
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	\$ 11,394,783
Net Pension Liability (Asset), Ending (a - b)	\$ (300,320)	\$ (96,274)	\$ (62,433)	\$ 214,815	\$ 155,998	\$ (34,991)	\$ 57,182	\$ (916,655)	\$ 104,674
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%	99.09%
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	\$ 3,698,036
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)%	2.83%

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	2023
Actuarially Determined Contribution	\$ 167,023	\$ 161,991	\$ 169,326	\$ 170,573	\$ 174,720	\$ 188,419	\$ 185,820	\$ 186,878	\$ 211,898	\$ 233,486
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)	(214,856)	(233,486)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,609)	\$ (2,958)	\$ 0
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	\$ 3,698,036	\$ 4,073,730
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%	5.73%

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit E-3

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	2023
Contractually Required Contribution	\$ 9,633	\$ 1,824	\$ 0	\$ 16,176	\$ 25,554	\$ 26,406	\$ 33,559	\$ 36,457	\$ 56,784
Less: Contributions in Relation to the Contractually Required Contribution	(9,633)	(1,824)	0	(39,679)	(25,554)	(26,406)	(33,559)	(36,457)	(56,784)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (23,503)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 240,819	\$ 45,591	\$ 0	\$ 1,003,549	\$ 1,348,417	\$ 1,300,789	\$ 1,661,333	\$ 1,813,756	\$ 1,978,567
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	0.00%	3.95%	1.90%	2.03%	2.02%	2.01%	2.87%

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%
 2023: Pension - 2.87%, SRT - 1.13%

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	2023
Contractually Required Contribution	\$ 382,847	\$ 355,362	\$ 345,132	\$ 297,007	\$ 293,277	\$ 308,531	\$ 313,126	\$ 306,403	\$ 295,864	\$ 257,001
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)	(295,864)	(257,001)
Contribution Deficiency (Excess)	\$ 0	\$ 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	\$ 2,886,579	\$ 2,957,434
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.11%	10.51%	10.61%	10.39%	10.25%	8.69%

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	2022
School Department's Proportion of the Net Pension Liability (Asset)	0.115904%	0.010361%	0.000000%	0.113513%	0.124474%	0.103078%	0.115112%	0.106211%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,663)	\$ (1,079)	(1)	\$ (51,481)	\$ (70,264)	\$ (58,615)	\$ (124,691)	\$ (32,174)
Covered Payroll	\$ 240,819	\$ 45,591	0	\$ 1,003,549	\$ 1,348,417	\$ 1,300,789	\$ 1,661,333	\$ 1,813,756
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)%	(1.77)%
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%	104.55%

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	2022
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%	0.872840%
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)	\$ (1,070,458)
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	\$ 2,886,579
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)%	(37.08)%
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%	104.42%

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	2021	2022
Total OPEB Liability						
Service Cost	\$ 128,864	\$ 119,703	\$ 68,587	\$ 62,229	\$ 79,393	\$ 90,277
Interest	55,891	68,860	46,293	43,582	29,132	28,555
Changes in Benefit Terms	0	(294,090)	(52,234)	0	0	0
Differences Between Actual and Expected Experience	0	(459,873)	96,882	(83,414)	(153,317)	156,238
Changes in Assumptions or Other Inputs	(87,346)	40,739	(96,327)	128,598	102,126	(133,930)
Benefit Payments	(60,226)	(75,902)	(84,208)	(103,940)	(78,820)	(49,896)
Net Change in Total OPEB Liability	\$ 37,183	\$ (600,563)	\$ (21,007)	\$ 47,055	\$ (21,486)	\$ 91,244
Total OPEB Liability, Beginning	1,815,326	1,852,509	1,251,946	1,230,939	1,277,994	1,256,508
Total OPEB Liability, Ending	\$ 1,852,509	\$ 1,251,946	\$ 1,230,939	\$ 1,277,994	\$ 1,256,508	\$ 1,347,752
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 478,594	\$ 367,798	\$ 369,469	\$ 370,615	\$ 385,791	\$ 440,113
Employer Proportionate Share of the Total OPEB Liability	1,373,915	884,148	861,470	907,379	870,717	907,639
Covered Employee Payroll	\$ 4,274,827	\$ 3,852,219	\$ 3,839,784	\$ 3,803,780	\$ 3,743,283	\$ 3,888,878
Net OPEB Liability as a Percentage of Covered Employee Payroll	32.14%	22.95%	22.44%	23.85%	23.26%	23.34%

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%
2022	3.54%

(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%
- For the 2023 plan year - from 7.36% to 8.37%

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, 2023

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021, 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	6.75%, 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	2.125%

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. 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, 2023

	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	\$ 2,252	\$ 2,252
Equity in Pooled Cash and Investments	19,653	54,609	44,295	0	118,557
Accounts Receivable	0	1,784	0	1,756	3,540
Property Taxes Receivable	0	81,196	0	0	81,196
Allowance for Uncollectible Property Taxes	0	(634)	0	0	(634)
Total Assets	<u>\$ 19,653</u>	<u>\$ 136,955</u>	<u>\$ 44,295</u>	<u>\$ 4,008</u>	<u>\$ 204,911</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 8,559	\$ 0	\$ 0	\$ 8,559
Payroll Deductions Payable	0	1,161	0	0	1,161
Due to Other Funds	0	716	0	4,008	4,724
Due to State of Tennessee	0	70	0	0	70
Total Liabilities	<u>\$ 0</u>	<u>\$ 10,506</u>	<u>\$ 0</u>	<u>\$ 4,008</u>	<u>\$ 14,514</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 78,091	\$ 0	\$ 0	\$ 78,091
Deferred Delinquent Property Taxes	0	1,806	0	0	1,806
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 79,897</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 79,897</u>

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Law Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Administration of Justice	\$ 19,653	\$ 0	\$ 0	\$ 0	\$ 19,653
Restricted for Public Safety	0	0	44,295	0	44,295
Restricted for Public Health and Welfare	0	18,207	0	0	18,207
Committed:					
Committed for Public Health and Welfare	0	28,345	0	0	28,345
Total Fund Balances	\$ 19,653	\$ 46,552	\$ 44,295	\$ 0	\$ 110,500
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 19,653	\$ 136,955	\$ 44,295	\$ 4,008	\$ 204,911

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, 2023

	<u>Special Revenue Funds</u>			Total
	Law Library	Solid Waste / Sanitation	Drug Control	Nonmajor Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 844	\$ 84,692	\$ 0	\$ 85,536
Fines, Forfeitures, and Penalties	0	0	2,732	2,732
Charges for Current Services	0	36,576	0	36,576
Other Local Revenues	0	11,853	0	11,853
Total Revenues	<u>\$ 844</u>	<u>\$ 133,121</u>	<u>\$ 2,732</u>	<u>\$ 136,697</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 3,962	\$ 0	\$ 0	\$ 3,962
Public Safety	0	0	22	22
Public Health and Welfare	0	378,466	0	378,466
Debt Service:				
Principal on Debt	0	19,539	0	19,539
Interest on Debt	0	695	0	695
Total Expenditures	<u>\$ 3,962</u>	<u>\$ 398,700</u>	<u>\$ 22</u>	<u>\$ 402,684</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,118)</u>	<u>\$ (265,579)</u>	<u>\$ 2,710</u>	<u>\$ (265,987)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 302,000	\$ 0	\$ 302,000
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 302,000</u>	<u>\$ 0</u>	<u>\$ 302,000</u>
Net Change in Fund Balances	\$ (3,118)	\$ 36,421	\$ 2,710	\$ 36,013
Fund Balance, July 1, 2022	22,771	10,131	41,585	74,487
Fund Balance, June 30, 2023	<u>\$ 19,653</u>	<u>\$ 46,552</u>	<u>\$ 44,295</u>	<u>\$ 110,500</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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 844	\$ 1,144	\$ 1,144	\$ (300)
Total Revenues	\$ 844	\$ 1,144	\$ 1,144	\$ (300)
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 3,962	\$ 3,000	\$ 4,250	\$ 288
Total Expenditures	\$ 3,962	\$ 3,000	\$ 4,250	\$ 288
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,118)	\$ (1,856)	\$ (3,106)	\$ (12)
Net Change in Fund Balance	\$ (3,118)	\$ (1,856)	\$ (3,106)	\$ (12)
Fund Balance, July 1, 2022	22,771	18,524	18,524	4,247
Fund Balance, June 30, 2023	\$ 19,653	\$ 16,668	\$ 15,418	\$ 4,235

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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 84,692	\$ 154,557	\$ 154,557	\$ (69,865)
Charges for Current Services	36,576	0	0	36,576
Other Local Revenues	11,853	0	0	11,853
Other Governments and Citizens Groups	0	40,000	40,000	(40,000)
Total Revenues	<u>\$ 133,121</u>	<u>\$ 194,557</u>	<u>\$ 194,557</u>	<u>\$ (61,436)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Incinerator	\$ 74,168	\$ 133,473	\$ 85,439	\$ 11,271
Other Waste Disposal	304,298	400,000	328,250	23,952
<u>Principal on Debt</u>				
General Government	19,539	0	19,539	0
<u>Interest on Debt</u>				
General Government	695	0	695	0
Total Expenditures	<u>\$ 398,700</u>	<u>\$ 533,473</u>	<u>\$ 433,923</u>	<u>\$ 35,223</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (265,579)</u>	<u>\$ (338,916)</u>	<u>\$ (239,366)</u>	<u>\$ (26,213)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 302,000	\$ 400,000	\$ 400,000	\$ (98,000)
Transfers Out	0	0	(9,221)	9,221
Total Other Financing Sources	<u>\$ 302,000</u>	<u>\$ 400,000</u>	<u>\$ 390,779</u>	<u>\$ (88,779)</u>
Net Change in Fund Balance	\$ 36,421	\$ 61,084	\$ 151,413	\$ (114,992)
Fund Balance, July 1, 2022	<u>10,131</u>	<u>67,642</u>	<u>67,642</u>	<u>(57,511)</u>
Fund Balance, June 30, 2023	<u>\$ 46,552</u>	<u>\$ 128,726</u>	<u>\$ 219,055</u>	<u>\$ (172,503)</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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 2,732	\$ 1,500	\$ 1,500	\$ 1,232
Total Revenues	\$ 2,732	\$ 1,500	\$ 1,500	\$ 1,232
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 22	\$ 6,000	\$ 6,000	\$ 5,978
Total Expenditures	\$ 22	\$ 6,000	\$ 6,000	\$ 5,978
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,710	\$ (4,500)	\$ (4,500)	\$ 7,210
Net Change in Fund Balance	\$ 2,710	\$ (4,500)	\$ (4,500)	\$ 7,210
Fund Balance, July 1, 2022	41,585	31,779	31,779	9,806
Fund Balance, June 30, 2023	\$ 44,295	\$ 27,279	\$ 27,279	\$ 17,016

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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 804,326	\$ 638,361	\$ 638,361	\$ 165,965
Other Local Revenues	1,372	0	0	1,372
Other Governments and Citizens Groups	244,348	125,000	244,348	0
Total Revenues	\$ 1,050,046	\$ 763,361	\$ 882,709	\$ 167,337
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 216,500	\$ 110,000	\$ 216,500	\$ 0
Education	347,120	355,000	347,120	0
<u>Interest on Debt</u>				
General Government	112,404	61,280	112,404	0
Education	139,840	170,412	139,840	0
<u>Other Debt Service</u>				
General Government	11,594	3,801	11,801	207
Education	1,577	0	1,577	0
Total Expenditures	\$ 829,035	\$ 700,493	\$ 829,242	\$ 207
Excess (Deficiency) of Revenues Over Expenditures	\$ 221,011	\$ 62,868	\$ 53,467	\$ 167,544
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (100,000)	\$ 0	\$ (100,000)	\$ 0
Total Other Financing Sources	\$ (100,000)	\$ 0	\$ (100,000)	\$ 0
Net Change in Fund Balance	\$ 121,011	\$ 62,868	\$ (46,533)	\$ 167,544
Fund Balance, July 1, 2022	1,354,436	638,994	638,994	715,442
Fund Balance, June 30, 2023	\$ 1,475,447	\$ 701,862	\$ 592,461	\$ 882,986

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, 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, 2023

	Custodial Funds						
	Cities - Sales Tax	Watershed District	Joint Venture	Constitu- tional Officers - Custodial	Other Custodial	Total	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 50,828	\$ 0	\$ 50,828	
Equity in Pooled Cash and Investments	0	11,551	531	0	1,401	13,483	
Due from Other Governments	40,227	0	0	0	0	40,227	
Cash Shortage	0	0	0	35,159	0	35,159	
Total Assets	<u>\$ 40,227</u>	<u>\$ 11,551</u>	<u>\$ 531</u>	<u>\$ 85,987</u>	<u>\$ 1,401</u>	<u>\$ 139,697</u>	
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 40,227	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,227	
Total Liabilities	<u>\$ 40,227</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,227</u>	
<u>NET POSITION</u>							
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 0</u>	<u>\$ 11,551</u>	<u>\$ 531</u>	<u>\$ 85,987</u>	<u>\$ 1,401</u>	<u>\$ 99,470</u>	
Total Net Position	<u>\$ 0</u>	<u>\$ 11,551</u>	<u>\$ 531</u>	<u>\$ 85,987</u>	<u>\$ 1,401</u>	<u>\$ 99,470</u>	

Exhibit H-2

Lake County, Tennessee
Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended June 30, 2023

	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	\$ 262,771	\$ 0	\$ 0	\$ 0	\$ 0	\$ 262,771
Watershed Authority Collections	0	8,605	0	0	0	8,605
Fines/Fees and Other Collections	0	0	0	1,186,661	0	1,186,661
Total Additions	\$ 262,771	\$ 8,605	\$ 0	\$ 1,186,661	\$ 0	\$ 1,458,037
<u>Deductions</u>						
Payment of Sales Tax Collections for Other Governments	\$ 262,771	\$ 0	\$ 0	\$ 0	\$ 0	\$ 262,771
Payment of Watershed Expenses	0	7,899	0	0	0	7,899
Payments to State	0	0	0	425,463	0	425,463
Payments to Cities, Individuals, and Others	0	0	0	741,350	0	741,350
Total Deductions	\$ 262,771	\$ 7,899	\$ 0	\$ 1,166,813	\$ 0	\$ 1,437,483
Change in Net Position	\$ 0	\$ 706	\$ 0	\$ 19,848	\$ 0	\$ 20,554
Net Position July 1, 2022	0	10,845	531	66,139	1,401	78,916
Net Position June 30, 2023	\$ 0	\$ 11,551	\$ 531	\$ 85,987	\$ 1,401	\$ 99,470

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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total
					Governmental Activities
Governmental Activities:					
Instruction	\$ 3,515,272	\$ 0	\$ 977,269	\$ 0	\$ (2,538,003)
Support Services	2,772,389	0	607,874	544,452	(1,620,063)
Operation of Non-instructional Services	1,914,191	74,172	2,017,415	0	177,396
Total Governmental Activities	<u>\$ 8,201,852</u>	<u>\$ 74,172</u>	<u>\$ 3,602,558</u>	<u>\$ 544,452</u>	<u>\$ (3,980,670)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 907,748
Local Option Sales Taxes					450,463
Wheel Tax					34,733
Other Local Taxes					3,705
Grants and Contributions Not Restricted for Specific Programs					6,411,656
Unrestricted Investment Income					10,044
Miscellaneous					19,939
Total General Revenues					<u>\$ 7,838,288</u>
Change in Net Position					\$ 3,857,618
Net Position, July 1, 2022					<u>9,591,726</u>
Net Position, June 30, 2023					<u>\$ 13,449,344</u>

Exhibit I-2

Lake County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Lake County School Department
June 30, 2023

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Internal School	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 306,819	\$ 306,819
Equity in Pooled Cash and Investments	3,478,226	143,308	0	3,621,534
Due from Other Governments	588,926	405,206	0	994,132
Due from Other Funds	25,546	25,728	0	51,274
Due from Primary Government	970	0	0	970
Property Taxes Receivable	937,291	0	0	937,291
Allowance for Uncollectible Property Taxes	(7,320)	0	0	(7,320)
Restricted Assets	166,397	0	0	166,397
Total Assets	<u>\$ 5,190,036</u>	<u>\$ 574,242</u>	<u>\$ 306,819</u>	<u>\$ 6,071,097</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 16,314	\$ 0	\$ 0	\$ 16,314
Payroll Deductions Payable	72,836	95,460	0	168,296
Due to Other Funds	25,728	25,546	0	51,274
Due to State of Tennessee	0	12,947	0	12,947
Total Liabilities	<u>\$ 114,878</u>	<u>\$ 133,953</u>	<u>\$ 0</u>	<u>\$ 248,831</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 901,449	\$ 0	\$ 0	\$ 901,449
Deferred Delinquent Property Taxes	20,852	0	0	20,852
Other Deferred/Unavailable Revenue	122,555	21,549	0	144,104
Total Deferred Inflows of Resources	<u>\$ 1,044,856</u>	<u>\$ 21,549</u>	<u>\$ 0</u>	<u>\$ 1,066,405</u>

(Continued)

Exhibit I-2

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Internal School	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 0	\$ 0	\$ 306,819	\$ 306,819
Restricted for Instruction	1,931	0	0	1,931
Restricted for Hybrid Retirement Stabilization Funds	166,397	0	0	166,397
Assigned:				
Assigned for Education	0	418,740	0	418,740
Unassigned	3,861,974	0	0	3,861,974
Total Fund Balances	<u>\$ 4,030,302</u>	<u>\$ 418,740</u>	<u>\$ 306,819</u>	<u>\$ 4,755,861</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,190,036</u>	<u>\$ 574,242</u>	<u>\$ 306,819</u>	<u>\$ 6,071,097</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, 2023

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)		\$ 4,755,861
(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	1,694,495	
Add: buildings and improvements net of accumulated depreciation	4,899,003	
Add: other capital assets net of accumulated depreciation	<u>761,065</u>	7,421,928
(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	\$ (72,498)	
Less: net pension liability	(25,750)	
Less: net OPEB liability	<u>(907,639)</u>	(1,005,887)
(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	\$ 1,463,092	
Less: deferred inflows of resources related to pensions	(242,523)	
Add: deferred outflows of resources related to OPEB	297,995	
Less: deferred inflows of resources related to OPEB	<u>(508,710)</u>	1,009,854
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - teacher retirement plan	\$ 32,174	
Add: net pension asset - teacher legacy pension plan	<u>1,070,458</u>	1,102,632
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>164,956</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 13,449,344</u></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, 2023

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	School Federal Projects	Fund Internal School	
<u>Revenues</u>				
Local Taxes	\$ 1,392,908	\$ 0	\$ 0	\$ 1,392,908
Licenses and Permits	339	0	0	339
Charges for Current Services	74,172	0	0	74,172
Other Local Revenues	35,169	0	369,268	404,437
State of Tennessee	7,017,965	0	0	7,017,965
Federal Government	744,636	2,278,939	0	3,023,575
Other Governments and Citizens Groups	12,568	0	0	12,568
Total Revenues	<u>\$ 9,277,757</u>	<u>\$ 2,278,939</u>	<u>\$ 369,268</u>	<u>\$ 11,925,964</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 4,445,679	\$ 675,506	\$ 0	\$ 5,121,185
Support Services	3,092,038	707,271	0	3,799,309
Operation of Non-Instructional Services	1,353,956	66,313	336,669	1,756,938
Capital Outlay	2,019,636	264,804	0	2,284,440
Debt Service:				
Other Debt Service	244,348	0	0	244,348
Total Expenditures	<u>\$ 11,155,657</u>	<u>\$ 1,713,894</u>	<u>\$ 336,669</u>	<u>\$ 13,206,220</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,877,900)</u>	<u>\$ 565,045</u>	<u>\$ 32,599</u>	<u>\$ (1,280,256)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,768,289	\$ 0	\$ 0	\$ 2,768,289
Transfers In	545,818	250,000	0	795,818
Transfers Out	(250,000)	(545,818)	0	(795,818)
Total Other Financing Sources (Uses)	<u>\$ 3,064,107</u>	<u>\$ (295,818)</u>	<u>\$ 0</u>	<u>\$ 2,768,289</u>
Net Change in Fund Balances	\$ 1,186,207	\$ 269,227	\$ 32,599	\$ 1,488,033
Fund Balance, July 1, 2022	<u>2,844,095</u>	<u>149,513</u>	<u>274,220</u>	<u>3,267,828</u>
Fund Balance, June 30, 2023	<u>\$ 4,030,302</u>	<u>\$ 418,740</u>	<u>\$ 306,819</u>	<u>\$ 4,755,861</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, 2023

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)		\$ 1,488,033
(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	\$ 2,500,983	
Less: current-year depreciation expense	<u>(480,548)</u>	2,020,435
(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, 2023	\$ 164,956	
Less: deferred delinquent property taxes and other deferred June 30, 2022	<u>(54,319)</u>	110,637
(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	\$ (26,353)	
Change in net OPEB liability	(36,922)	
Change in deferred outflows related to OPEB	56,392	
Change in deferred inflows related to OPEB	(20,971)	
Change in net pension liability - agent plan	(282,414)	
Change in net pension asset - teacher retirement plan	(92,517)	
Change in net pension asset - teacher legacy pension plan	(2,850,250)	
Change in deferred outflows related to pensions	(232,323)	
Change in deferred inflows related to pensions	<u>3,723,871</u>	<u>238,513</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,857,618</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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,392,908	\$ 1,229,963	\$ 1,229,963	\$ 162,945
Licenses and Permits	339	300	300	39
Charges for Current Services	74,172	72,700	72,700	1,472
Other Local Revenues	35,169	2,773,289	15,790	19,379
State of Tennessee	7,017,965	7,486,068	7,503,986	(486,021)
Federal Government	744,636	539,000	564,178	180,458
Other Governments and Citizens Groups	12,568	0	2,150	10,418
Total Revenues	<u>\$ 9,277,757</u>	<u>\$ 12,101,320</u>	<u>\$ 9,389,067</u>	<u>\$ (111,310)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,524,331	\$ 3,751,448	\$ 3,732,430	\$ 208,099
Special Education Program	545,089	520,020	544,289	(800)
Career and Technical Education Program	376,259	443,570	443,570	67,311
<u>Support Services</u>				
Attendance	51,368	51,419	42,111	(9,257)
Health Services	138,325	120,590	95,000	(43,325)
Other Student Support	399,159	578,098	503,295	104,136
Regular Instruction Program	210,864	258,544	258,544	47,680
Special Education Program	42,021	35,229	39,050	(2,971)
Technology	120,730	131,976	131,976	11,246
Other Programs	13,867	0	13,867	0
Board of Education	159,653	187,228	187,228	27,575
Director of Schools	190,716	209,722	190,463	(253)
Office of the Principal	546,209	561,325	561,324	15,115
Fiscal Services	104,832	98,683	104,443	(389)
Operation of Plant	571,962	619,965	619,966	48,004
Maintenance of Plant	241,848	208,277	252,560	10,712
Transportation	300,484	254,859	344,810	44,326
<u>Operation of Non-Instructional Services</u>				
Food Service	890,986	538,312	608,337	(282,649)
Community Services	245,278	158,090	261,260	15,982
Early Childhood Education	217,692	215,143	215,145	(2,547)
<u>Capital Outlay</u>				
Regular Capital Outlay	2,019,636	2,961,189	3,117,845	1,098,209
<u>Principal on Debt</u>				
Education	0	119,472	9,931	9,931
<u>Other Debt Service</u>				
Education	244,348	0	244,348	0
Total Expenditures	<u>\$ 11,155,657</u>	<u>\$ 12,023,159</u>	<u>\$ 12,521,792</u>	<u>\$ 1,366,135</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,877,900)</u>	<u>\$ 78,161</u>	<u>\$ (3,132,725)</u>	<u>\$ 1,254,825</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,768,289	\$ 0	\$ 2,768,289	\$ 0
Transfers In	545,818	0	545,818	0
Transfers Out	(250,000)	0	(250,000)	0
Total Other Financing Sources	<u>\$ 3,064,107</u>	<u>\$ 0</u>	<u>\$ 3,064,107</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,186,207	\$ 78,161	\$ (68,618)	\$ 1,254,825
Fund Balance, July 1, 2022	<u>2,844,095</u>	<u>1,270,386</u>	<u>1,270,386</u>	<u>1,573,709</u>
Fund Balance, June 30, 2023	<u>\$ 4,030,302</u>	<u>\$ 1,348,547</u>	<u>\$ 1,201,768</u>	<u>\$ 2,828,534</u>

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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,278,939	\$ 4,432,962	\$ 4,440,836	\$ (2,161,897)
Total Revenues	\$ 2,278,939	\$ 4,432,962	\$ 4,440,836	\$ (2,161,897)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 404,994	\$ 1,171,750	\$ 1,112,112	\$ 707,118
Special Education Program	257,057	335,633	326,240	69,183
Career and Technical Education Program	13,455	12,394	16,094	2,639
<u>Support Services</u>				
Other Student Support	6,332	11,255	9,475	3,143
Regular Instruction Program	669,739	621,174	815,418	145,679
Special Education Program	2,127	9,037	15,177	13,050
Career and Technical Education Program	3,440	5,000	4,180	740
Board of Education	111	600	600	489
Office of the Principal	5,816	5,816	5,816	0
Operation of Plant	16,222	19,000	16,222	0
Maintenance of Plant	2,782	47,282	47,282	44,500
Transportation	702	123,440	123,440	122,738
<u>Operation of Non-Instructional Services</u>				
Food Service	66,313	190,091	190,091	123,778
<u>Capital Outlay</u>				
Regular Capital Outlay	264,804	1,703,485	1,607,589	1,342,785
Total Expenditures	\$ 1,713,894	\$ 4,255,957	\$ 4,289,736	\$ 2,575,842
Excess (Deficiency) of Revenues Over Expenditures	\$ 565,045	\$ 177,005	\$ 151,100	\$ 413,945
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 250,000	\$ 0	\$ 0	\$ 250,000
Transfers Out	(545,818)	(177,005)	(151,100)	(394,718)
Total Other Financing Sources	\$ (295,818)	\$ (177,005)	\$ (151,100)	\$ (144,718)
Net Change in Fund Balance	\$ 269,227	\$ 0	\$ 0	\$ 269,227
Fund Balance, July 1, 2022	149,513	0	0	149,513
Fund Balance, June 30, 2023	\$ 418,740	\$ 0	\$ 0	\$ 418,740

Lake County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Lake County School Department
Fiduciary Fund
June 30, 2023

	<u>Other Trust Fund Private Purpose Trust</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 336,528</u>
Total Assets	<u>\$ 336,528</u>
<u>NET POSITION</u>	
Held in Trust for College Scholarships for Lake County Students	<u><u>\$ 336,528</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, 2023

	<u>Other Trust Fund Private Purpose Trust</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 10,032
Total Additions	<u>\$ 10,032</u>
<u>DEDUCTIONS</u>	
<u>Other</u>	
Scholarships	\$ 21,500
Trustee Commission	96
Total Deductions	<u>\$ 21,596</u>
Change in Net Position	\$ (11,564)
Net Position, July 1, 2022	<u>348,092</u>
Net Position, June 30, 2023	<u><u>\$ 336,528</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Lake County, Tennessee
Schedule of Changes in Long-term Other Loans and Bonds
For the Year Ended June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-22	Paid and/or Matured During Period	Outstanding 6-30-23
<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	\$ 51,857	\$ 19,539	\$ 32,318
<u>Payable through General Debt Service Fund</u>							
Energy Efficient School Initiative, 2018	1,694,232	1.5	8-20-18	8-1-35	1,414,830	98,620	1,316,210
Total Other Loans Payable					<u>\$ 1,466,687</u>	<u>\$ 118,159</u>	<u>\$ 1,348,528</u>
<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	\$ 1,910,000	\$ 110,000	\$ 1,800,000
General Obligation Refunding Bonds, Series 2020	6,245,000	2 to 5	6-19-20	6-1-37	5,580,000	355,000	5,225,000
Total Bonds Payable					<u>\$ 7,490,000</u>	<u>\$ 465,000</u>	<u>\$ 7,025,000</u>

Exhibit J-2

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

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2024	\$ 132,428	\$ 19,507	\$ 151,935
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	\$ 1,348,528	\$ 124,196	\$ 1,472,724

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 7,025,000	\$ 1,297,273	\$ 8,322,273

Exhibit J-3

Lake County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Lake County School Department
For the Year Ended June 30, 2023

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 2,000
Other General Government	General	American Rescue Plan funds	927,000
"	Solid Waste/Sanitation	"	200,000
General Debt Service	"	Operations	<u>100,000</u>
Total Transfers Primary Government			<u>\$ 1,229,000</u>
<u>DISCRETELY PRESENTED LAKE COUNTY</u>			
<u>SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow funds	\$ 250,000
School Federal Projects	General Purpose School	ESSER expenses	<u>545,818</u>
Total Transfers Discretely Presented Lake County School Department			<u>\$ 795,818</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, 2023

Official	Authorization for Salary	Bond	Surety
County Mayor - Denny Johnson (7/1/22-8/31/22)	Section 8-24-102, TCA	\$ 400,000	Local Government Property and Casualty Fund
Base salary	\$ 14,802		
Planning commission compensation	100		
Total compensation	<u>\$ 14,902</u>		
County Mayor - Danny Cook (9/1/22-6/30/23)	Section 8-24-102, TCA	\$ 400,000	Local Government Property and Casualty Fund
Base salary	\$ 74,013		
Planning commission compensation	1,000		
Total compensation	<u>\$ 75,013</u>		
Total County Mayor compensation	<u>\$ 89,915</u>		
Road Superintendent	Section 8-24-102, TCA	400,000	Local Government Property and Casualty Fund
Base salary	\$ 84,586		
Bonus	1,000		
Total compensation	<u>\$ 85,586</u>		
Director of Schools	State Board of Education and Lake County Board of Education	400,000	Tennessee Risk Management Trust
Base salary	\$ 110,000		
Salary Supplement	75		
Car Allowance	4,800		
Total compensation	<u>\$ 114,875</u>		
Trustee - Tammie Hopper (7/1/22-8/31/22)	Section 8-24-102, TCA	400,000	Local Government Property and Casualty Fund
Base salary/Total compensation	<u>\$ 12,816</u>		
Trustee - Mallory Berry (9/1/22-6/30/23)	Section 8-24-102, TCA	400,000	Local Government Property and Casualty Fund
Base salary/Total compensation	<u>\$ 64,080</u>		
Total Trustee compensation	<u>\$ 76,896</u>		
Assessor of Property	Section 8-24-102, TCA	400,000	Local Government Property and Casualty Fund
Base salary/Total compensation	<u>\$ 76,896</u>		
County Clerk	Section 8-24-102, TCA	400,000	Local Government Property and Casualty Fund
Base salary/Total compensation	<u>\$ 76,896</u>		
Circuit/General Sessions/Juvenile Courts Clerk	Section 8-24-102, TCA	400,000	Local Government Property and Casualty Fund
Base salary/Total compensation	<u>\$ 76,896</u>		
Clerk and Master	Section 8-24-102, TCA	50,000	RLI Insurance Company
Base salary/Total compensation	<u>\$ 76,896</u>		
Register of Deeds - Claudia Adcock (7/1/22-8/31/22)	Section 8-24-102, TCA	400,000	Local Government Property and Casualty Fund
Base salary/Total compensation	<u>\$ 12,816</u>		
Register of Deeds - Darlene Jones (9/1/22-6/30/23)			
Base salary/Total compensation	<u>\$ 64,080</u>		
Total Register of Deeds compensation	<u>\$ 76,896</u>		
Sheriff	Section 8-24-102, TCA	400,000	Local Government Property and Casualty Fund
Base salary	\$ 84,586		
Law enforcement training supplement	800		
Total compensation	<u>\$ 85,386</u>		
Blanket Bond:			
County and Highway Employees		400,000	Local Government Property and Casualty Fund
Director of Schools		400,000	Tennessee Risk Management Trust

Exhibit J-5

Lake County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2023

	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	\$ 1,589,560	\$ 0	\$ 75,460	\$ 0	\$ 0	\$ 27,377
Trustee's Collections - Prior Year	39,907	0	1,895	0	0	673
Circuit Clerk/Clerk and Master Collections - Prior Years	10,973	0	630	0	0	179
Interest and Penalty	7,268	0	346	0	0	125
Payments in-Lieu-of Taxes - Other	25,019	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	79,087	0	0	0	0	0
Hotel/Motel Tax	56,648	0	0	0	0	0
Wheel Tax	244,313	0	6,361	0	0	0
Litigation Tax - General	6,646	0	0	0	0	0
Litigation Tax - Special Purpose	2,022	844	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Litigation Tax - Courthouse Security	1,006	0	0	0	0	0
Business Tax	30,881	0	0	0	0	0
Mixed Drink Tax	71	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	10,824	0	0	0	0	0
Wholesale Beer Tax	13,268	0	0	0	0	0
Total Local Taxes	\$ 2,117,493	\$ 844	\$ 84,692	\$ 0	\$ 0	\$ 28,354
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 25	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	6,550	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	\$ 982	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 7,557	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 4,758	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	5,124	0	0	0	0	0
Drug Court Fees	598	0	0	0	0	0
Data Entry Fee - Circuit Court	538	0	0	0	0	0
Courtroom Security Fee	652	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	6,612	0	0	0	0	0
Officers Costs	8,776	0	0	0	0	0
Game and Fish Fines	90	0	0	0	0	0
Drug Control Fines	1,113	0	0	2,732	0	0
Drug Court Fees	1,974	0	0	0	0	0
Jail Fees	6,282	0	0	0	0	0
DUI Treatment Fines	760	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,208	0	0	0	0	0
Courtroom Security Fee	17	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	71	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	179	0	0	0	0	0
Data Entry Fee - Chancery Court	488	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 47,240	\$ 0	\$ 0	\$ 2,732	\$ 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>Charges for Current Services</u>						
<u>General Service Charges</u>						
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 35,300	\$ 0	\$ 0	0
Surcharge - Waste Tire Disposal	0	0	1,276	0	0	0
Patient Charges	745,546	0	0	0	0	0
<u>Fees</u>						
Copy Fees	77	0	0	0	0	0
Archives and Records Management Fee	2,582	0	0	0	0	0
Telephone Commissions	13,147	0	0	0	0	0
Vending Machine Collections	32	0	0	0	0	0
Additional Fees - Titling and Registration	3,291	0	0	0	0	0
Constitutional Officers' Fees and Commissions	100	0	0	0	0	0
Data Processing Fee - Register	1,412	0	0	0	0	0
Data Processing Fee - Sheriff	557	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,200	0	0	0	0	0
Data Processing Fee - County Clerk	123	0	0	0	0	0
Vehicle Registration Reinstatement Fees	675	0	0	0	0	0
Total Charges for Current Services	\$ 768,742	\$ 0	\$ 36,576	\$ 0	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 260,752	\$ 0	\$ 0	\$ 0	\$ 10,733	\$ 287
Lease/Rentals	57,775	0	0	0	0	0
Sale of Materials and Supplies	1,250	0	873	0	0	2,336
Commissary Sales	5,308	0	0	0	0	0
Miscellaneous Refunds	10,754	0	10,980	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 Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Property	\$ 150,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
Other Local Revenues	3,349	0	0	0	0	0
Total Other Local Revenues	\$ 489,188	\$ 0	\$ 11,853	\$ 0	\$ 10,733	\$ 2,623
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 55,660	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	30,982	0	0	0	0	0
General Sessions Court Clerk	19,969	0	0	0	0	0
Clerk and Master	13,666	0	0	0	0	0
Juvenile Court Clerk	3,106	0	0	0	0	0
Register	18,386	0	0	0	0	0
Sheriff	3,419	0	0	0	0	0
Trustee	123,093	0	0	0	0	0
Total Fees Received From County Officials	\$ 268,281	\$ 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
Aging Programs	69,976	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	5,600	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	344,826
Litter Program	14,927	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>Other State Revenues</u>						
Beer Tax	\$ 19,200	\$ 0	\$ 0	\$ 0	\$ 0	0
Vehicle Certificate of Title Fees	7,263	0	0	0	0	0
Alcoholic Beverage Tax	25,848	0	0	0	0	0
Opioid Settlement Funds - TN Abatement Council	35,535	0	0	0	0	0
State Revenue Sharing - Telecommunications	7,749	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	2,184	0	0	0	0	0
Contracted Prisoner Boarding	122,508	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,810,442
Petroleum Special Tax	0	0	0	0	0	4,641
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	131,900	0	0	0	0	0
Other State Revenues	83,690	0	0	0	0	0
Total State of Tennessee	<u>\$ 550,544</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,159,909</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 13,450	\$ 0	\$ 0	\$ 0	\$ 0	0
Civil Defense Reimbursement	4,890	0	0	0	0	0
Other Federal through State	95,247	0	0	0	0	0
<u>Direct Federal Revenue</u>						
American Rescue Plan Act Grant #6	0	0	0	0	1,362,776	0
Other Direct Federal Revenue	41,000	0	0	0	0	0
Total Federal Government	<u>\$ 154,587</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,362,776</u>	<u>\$ 0</u>

(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	\$ 0	\$ 0	14,632
Contributions	5,000	0	0	0	0	0
Contracted Services	142,612	0	0	0	0	0
<u>Other</u>						
Other	9,164	0	0	0	0	0
Opioid Settlement Funds - Past Remediation	12,992	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 169,768</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>14,632</u>
Total	<u>\$ 4,573,400</u>	<u>\$ 844</u>	<u>\$ 133,121</u>	<u>\$ 2,732</u>	<u>\$ 1,373,509</u>	<u>\$ 2,205,518</u>

(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>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 273,770	\$ 1,966,167
Trustee's Collections - Prior Year	6,862	49,337
Circuit Clerk/Clerk and Master Collections - Prior Years	1,908	13,690
Interest and Penalty	1,252	8,991
Payments in-Lieu-of Taxes - Other	0	25,019
<u>County Local Option Taxes</u>		
Local Option Sales Tax	451,171	530,258
Hotel/Motel Tax	0	56,648
Wheel Tax	64,334	315,008
Litigation Tax - General	0	6,646
Litigation Tax - Special Purpose	0	2,866
Litigation Tax - Jail, Workhouse, or Courthouse	3,212	3,212
Litigation Tax - Courthouse Security	0	1,006
Business Tax	1,817	32,698
Mixed Drink Tax	0	71
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	10,824
Wholesale Beer Tax	0	13,268
Total Local Taxes	<u>\$ 804,326</u>	<u>\$ 3,035,709</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Registration	\$ 0	\$ 25
Cable TV Franchise	0	6,550

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Building Permits	\$ 0	\$ 982
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 7,557</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Officers Costs	\$ 0	\$ 4,758
Drug Control Fines	0	5,124
Drug Court Fees	0	598
Data Entry Fee - Circuit Court	0	538
Courtroom Security Fee	0	652
<u>General Sessions Court</u>		
Fines	0	6,612
Officers Costs	0	8,776
Game and Fish Fines	0	90
Drug Control Fines	0	3,845
Drug Court Fees	0	1,974
Jail Fees	0	6,282
DUI Treatment Fines	0	760
Data Entry Fee - General Sessions Court	0	9,208
Courtroom Security Fee	0	17
<u>Juvenile Court</u>		
Fines	0	71
<u>Chancery Court</u>		
Officers Costs	0	179
Data Entry Fee - Chancery Court	0	488
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 49,972</u>

(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>Charges for Current Services</u>		
<u>General Service Charges</u>		
Residential Waste Collection Charge	\$ 0	\$ 35,300
Surcharge - Waste Tire Disposal	0	1,276
Patient Charges	0	745,546
<u>Fees</u>		
Copy Fees	0	77
Archives and Records Management Fee	0	2,582
Telephone Commissions	0	13,147
Vending Machine Collections	0	32
Additional Fees - Titling and Registration	0	3,291
Constitutional Officers' Fees and Commissions	0	100
Data Processing Fee - Register	0	1,412
Data Processing Fee - Sheriff	0	557
Sexual Offender Registration Fee - Sheriff	0	1,200
Data Processing Fee - County Clerk	0	123
Vehicle Registration Reinstatement Fees	0	675
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 805,318</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 1,372	\$ 273,144
Lease/Rentals	0	57,775
Sale of Materials and Supplies	0	4,459
Commissary Sales	0	5,308
Miscellaneous Refunds	0	21,734

(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>Nonrecurring Items</u>		
Sale of Property	\$ 0	\$ 150,000
<u>Other Local Revenues</u>		
Other Local Revenues	0	3,349
Total Other Local Revenues	<u>\$ 1,372</u>	<u>\$ 515,769</u>
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 55,660
Circuit Court Clerk	0	30,982
General Sessions Court Clerk	0	19,969
Clerk and Master	0	13,666
Juvenile Court Clerk	0	3,106
Register	0	18,386
Sheriff	0	3,419
Trustee	0	123,093
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 268,281</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Aging Programs	0	69,976
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	5,600
<u>Public Works Grants</u>		
State Aid Program	0	344,826
Litter Program	0	14,927

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues</u>		
Beer Tax	\$ 0	\$ 19,200
Vehicle Certificate of Title Fees	0	7,263
Alcoholic Beverage Tax	0	25,848
Opioid Settlement Funds - TN Abatement Council	0	35,535
State Revenue Sharing - Telecommunications	0	7,749
State Shared Sports Gaming Privilege Tax	0	2,184
Contracted Prisoner Boarding	0	122,508
Gasoline and Motor Fuel Tax	0	1,810,442
Petroleum Special Tax	0	4,641
Registrar's Salary Supplement	0	15,164
Other State Grants	0	131,900
Other State Revenues	0	83,690
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 2,710,453</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	\$ 0	\$ 13,450
Civil Defense Reimbursement	0	4,890
Other Federal through State	0	95,247
<u>Direct Federal Revenue</u>		
American Rescue Plan Act Grant #6	0	1,362,776
Other Direct Federal Revenue	0	41,000
Total Federal Government	<u>\$ 0</u>	<u>\$ 1,517,363</u>

(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	\$ 14,632
Contributions	244,348	249,348
Contracted Services	0	142,612
<u>Other</u>		
Other	0	9,164
Opioid Settlement Funds - Past Remediation	0	12,992
Total Other Governments and Citizens Groups	<u>\$ 244,348</u>	<u>\$ 428,748</u>
Total	<u>\$ 1,050,046</u>	<u>\$ 9,339,170</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, 2023

	<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	\$ 871,087	\$ 0	\$ 0	\$ 871,087
Trustee's Collections - Prior Year	21,878	0	0	21,878
Circuit Clerk/Clerk and Master Collections - Prior Years	6,070	0	0	6,070
Interest and Penalty	3,984	0	0	3,984
<u>County Local Option Taxes</u>				
Local Option Sales Tax	451,451	0	0	451,451
Wheel Tax	34,733	0	0	34,733
Business Tax	3,634	0	0	3,634
Mixed Drink Tax	71	0	0	71
Total Local Taxes	<u>\$ 1,392,908</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,392,908</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 304	\$ 0	\$ 0	\$ 304
<u>Permits</u>				
Other Permits	35	0	0	35
Total Licenses and Permits	<u>\$ 339</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 339</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Receipts from Individual Schools	\$ 74,172	\$ 0	\$ 0	\$ 74,172
Total Charges for Current Services	<u>\$ 74,172</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,172</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>			Total
	General Purpose School	School Federal Projects	Internal School	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 10,044	\$ 0	\$ 0	\$ 10,044
Miscellaneous Refunds	8,899	0	0	8,899
Expenditure Credits	3,086	0	0	3,086
<u>Nonrecurring Items</u>				
Sale of Equipment	10,790	0	0	10,790
Contributions and Gifts	2,350	0	0	2,350
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	369,268	369,268
Total Other Local Revenues	<u>\$ 35,169</u>	<u>\$ 0</u>	<u>\$ 369,268</u>	<u>\$ 404,437</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 13,867	\$ 0	\$ 0	\$ 13,867
<u>State Education Funds</u>				
Basic Education Program	5,727,000	0	0	5,727,000
Early Childhood Education	212,840	0	0	212,840
School Food Service	3,587	0	0	3,587
Driver Education	527	0	0	527
Other State Education Funds	682,336	0	0	682,336
Coordinated School Health	95,000	0	0	95,000
Career Ladder Program	15,584	0	0	15,584
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	246,084	0	0	246,084
Safe Schools	20,890	0	0	20,890

(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	\$ 250	\$ 0	\$ 0	\$ 250
Total State of Tennessee	<u>\$ 7,017,965</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,017,965</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 420,823	\$ 0	\$ 0	\$ 420,823
USDA - Commodities	25,178	0	0	25,178
Breakfast	187,702	0	0	187,702
USDA - Other	58,943	0	0	58,943
Vocational Education - Basic Grants to States	0	16,067	0	16,067
Title I Grants to Local Education Agencies	0	432,966	0	432,966
Special Education - Grants to States	0	200,531	0	200,531
Special Education Preschool Grants	0	8,097	0	8,097
Rural Education	0	38,154	0	38,154
Eisenhower Professional Development State Grants	0	56,608	0	56,608
COVID-19 Grant #2	0	436,762	0	436,762
COVID-19 Grant #3	0	966,016	0	966,016
COVID-19 Grant B	0	35,625	0	35,625
COVID-19 Grant C	0	22,000	0	22,000
COVID-19 Grant D	0	60,000	0	60,000
American Rescue Plan Act Grant #2	0	6,113	0	6,113
Other Federal through State	51,990	0	0	51,990
Total Federal Government	<u>\$ 744,636</u>	<u>\$ 2,278,939</u>	<u>\$ 0</u>	<u>\$ 3,023,575</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 Governments and Citizens Groups</u>				
<u>Other</u>				
Other	\$ 12,568	\$ 0	\$ 0	\$ 12,568
Total Other Governments and Citizens Groups	<u>\$ 12,568</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,568</u>
 Total	 <u>\$ 9,277,757</u>	 <u>\$ 2,278,939</u>	 <u>\$ 369,268</u>	 <u>\$ 11,925,964</u>

Exhibit J-7

Lake County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2023

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	37,000	
Social Security		2,846	
Pensions		848	
Audit Services		2,872	
Total County Commission			\$ 43,566

County Mayor/Executive

County Official/Administrative Officer	\$	88,815	
Accountants/Bookkeepers		22,961	
Secretary(ies)		25,662	
Longevity Pay		50	
Other Salaries and Wages		1,250	
Other Per Diem and Fees		1,242	
Social Security		10,453	
Pensions		7,178	
Unemployment Compensation		395	
Communication		5,693	
Data Processing Services		41,460	
Maintenance and Repair Services - Buildings		33	
Postal Charges		1,827	
Printing, Stationery, and Forms		4,854	
Travel		394	
Electricity		712	
Natural Gas		281	
Office Supplies		3,477	
Water and Sewer		50	
Building and Contents Insurance		2,000	
Workers' Compensation Insurance		500	
Other Charges		69	
Other Capital Outlay		9,473	
Total County Mayor/Executive			228,829

County Attorney

County Official/Administrative Officer	\$	7,000	
Legal Services		20,240	
Total County Attorney			27,240

Election Commission

County Official/Administrative Officer	\$	76,903	
Other Salaries and Wages		1,730	
Election Commission		3,300	
Election Workers		10,900	
Social Security		5,754	
Pensions		4,458	
Communication		7,524	
Data Processing Services		20,107	
Legal Notices, Recording, and Court Costs		600	

(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.)

Maintenance and Repair Services - Equipment	\$	355	
Postal Charges		951	
Printing, Stationery, and Forms		4,602	
Travel		186	
Natural Gas		915	
Office Supplies		4,976	
Water and Sewer		40	
Building and Contents Insurance		8,000	
Workers' Compensation Insurance		250	
Other Capital Outlay		314	
Total Election Commission			\$ 151,865

Register of Deeds

County Official/Administrative Officer	\$	76,896	
Deputy(ies)		10,245	
Social Security		6,631	
Pensions		4,966	
Unemployment Compensation		139	
Communication		4,906	
Data Processing Services		1,522	
Dues and Memberships		618	
Postal Charges		608	
Printing, Stationery, and Forms		1,125	
Rentals		1,360	
Electricity		515	
Natural Gas		218	
Office Supplies		1,777	
Water and Sewer		48	
Building and Contents Insurance		1,500	
Workers' Compensation Insurance		100	
Total Register of Deeds			113,174

Development

Board and Committee Members Fees	\$	10,488	
Social Security		619	
Unemployment Compensation		10	
Other Contracted Services		6,080	
Total Development			17,197

County Buildings

Maintenance and Repair Services - Buildings	\$	92,994	
Maintenance and Repair Services - Equipment		48,141	
Pest Control		4,611	
Custodial Supplies		6,434	
Electricity		16,727	
Natural Gas		5,709	
Water and Sewer		1,231	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Building and Contents Insurance	\$	11,528	
Workers' Compensation Insurance		1,187	
Total County Buildings			\$ 188,562

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	76,896	
Secretary(ies)		28,763	
Longevity Pay		300	
Other Salaries and Wages		4,526	
Board and Committee Members Fees		1,000	
Social Security		8,240	
Pensions		6,317	
Unemployment Compensation		154	
Communication		6,080	
Postal Charges		833	
Printing, Stationery, and Forms		427	
Travel		1,037	
Other Contracted Services		13,120	
Electricity		387	
Natural Gas		172	
Office Supplies		1,500	
Water and Sewer		41	
Building and Contents Insurance		1,200	
Workers' Compensation Insurance		500	
Total Property Assessor's Office			151,493

County Trustee's Office

County Official/Administrative Officer	\$	76,896	
Deputy(ies)		36,038	
Longevity Pay		250	
Other Salaries and Wages		250	
Social Security		8,451	
Pensions		6,576	
Unemployment Compensation		232	
Communication		3,653	
Data Processing Services		23,090	
Dues and Memberships		1,751	
Postal Charges		959	
Printing, Stationery, and Forms		862	
Travel		1,270	
Electricity		408	
Natural Gas		173	
Office Supplies		1,281	
Water and Sewer		47	
Building and Contents Insurance		1,500	
Premiums on Corporate Surety Bonds		22	
Workers' Compensation Insurance		500	
Total County Trustee's Office			164,209

(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

County Official/Administrative Officer	\$	76,896	
Deputy(ies)		54,719	
Longevity Pay		650	
Social Security		10,118	
Pensions		7,668	
Unemployment Compensation		140	
Communication		6,207	
Data Processing Services		8,425	
Dues and Memberships		618	
Postal Charges		1,189	
Printing, Stationery, and Forms		284	
Electricity		1,573	
Natural Gas		741	
Office Supplies		1,616	
Water and Sewer		785	
Building and Contents Insurance		1,800	
Workers' Compensation Insurance		200	
Total County Clerk's Office			\$ 173,629

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	76,896	
Deputy(ies)		82,250	
Longevity Pay		200	
Other Salaries and Wages		475	
Jury and Witness Expense		30,947	
Social Security		12,051	
Pensions		9,254	
Unemployment Compensation		280	
Communication		5,292	
Data Processing Services		18,137	
Dues and Memberships		783	
Postal Charges		1,597	
Printing, Stationery, and Forms		1,592	
Travel		93	
Electricity		3,770	
Natural Gas		1,595	
Office Supplies		4,202	
Water and Sewer		217	
Building and Contents Insurance		6,000	
Workers' Compensation Insurance		2,500	
Other Charges		3,137	
Total Circuit Court			261,268

General Sessions Court

Judge(s)	\$	106,232	
Social Security		8,127	

(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.)

Pensions	\$	6,161	
Unemployment Compensation		70	
Communication		3,139	
Postal Charges		380	
Travel		2,314	
Electricity		287	
Natural Gas		183	
Office Supplies		1,385	
Water and Sewer		67	
Building and Contents Insurance		1,000	
Total General Sessions Court			\$ 129,345

Chancery Court

County Official/Administrative Officer	\$	76,896	
Deputy(ies)		10,245	
Social Security		6,120	
Pensions		4,955	
Unemployment Compensation		139	
Communication		3,905	
Data Processing Services		15,860	
Dues and Memberships		783	
Postal Charges		1,058	
Printing, Stationery, and Forms		707	
Electricity		475	
Natural Gas		204	
Office Supplies		1,250	
Water and Sewer		51	
Building and Contents Insurance		1,500	
Workers' Compensation Insurance		200	
Total Chancery Court			124,348

Juvenile Court

County Official/Administrative Officer	\$	34,712	
Longevity Pay		400	
Other Salaries and Wages		1,725	
Social Security		2,660	
Pensions		2,111	
Unemployment Compensation		68	
Communication		3,540	
Data Processing Services		238	
Postal Charges		464	
Travel		332	
Other Contracted Services		13,366	
Electricity		359	
Natural Gas		201	
Office Supplies		1,831	
Water and Sewer		42	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Building and Contents Insurance	\$	552	
Workers' Compensation Insurance		100	
Total Juvenile Court			\$ 62,701

Other Administration of Justice

Library Books/Media	\$	4,734	
Total Other Administration of Justice			4,734

Courtroom Security

Deputy(ies)	\$	27,783	
Social Security		2,123	
Unemployment Compensation		144	
Other Contracted Services		1,221	
Total Courtroom Security			31,271

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	84,586	
Deputy(ies)		359,973	
Salary Supplements		5,600	
Secretary(ies)		31,184	
Longevity Pay		2,000	
In-service Training		683	
Social Security		36,279	
Pensions		27,540	
Unemployment Compensation		843	
Communication		33,104	
Contracts with Government Agencies		71	
Data Processing Services		4,643	
Dues and Memberships		1,045	
Maintenance and Repair Services - Vehicles		30,907	
Postal Charges		698	
Printing, Stationery, and Forms		2,818	
Travel		897	
Other Contracted Services		200	
Gasoline		60,808	
Natural Gas		10,179	
Office Supplies		5,010	
Uniforms		18,770	
Water and Sewer		2,256	
Other Supplies and Materials		4,647	
Building and Contents Insurance		25,000	
Workers' Compensation Insurance		20,000	
Motor Vehicles		84,627	
Total Sheriff's Department			854,368

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Deputy(ies)	\$	263	
Medical Personnel		340	
Dispatchers/Radio Operators		336,952	
Secretary(ies)		45,595	
Part-time Personnel		42,291	
Longevity Pay		2,550	
In-service Training		1,551	
Social Security		31,934	
Pensions		22,311	
Unemployment Compensation		1,225	
Maintenance and Repair Services - Buildings		75,172	
Maintenance and Repair Services - Equipment		6,779	
Medical and Dental Services		116,985	
Custodial Supplies		18,673	
Electricity		26,092	
Food Supplies		111,978	
Natural Gas		1,510	
Uniforms		3,214	
Water and Sewer		7,110	
Other Supplies and Materials		19,623	
Building and Contents Insurance		12,000	
Judgments		43,352	
Workers' Compensation Insurance		25,000	
Total Jail			\$ 952,500

Civil Defense

Supervisor/Director	\$	12,385	
Social Security		948	
Pensions		720	
Unemployment Compensation		16	
Other Charges		8,246	
Total Civil Defense			22,315

Public Health and Welfare

Local Health Center

Communication	\$	2,346	
Maintenance and Repair Services - Buildings		6,507	
Other Contracted Services		8,579	
Custodial Supplies		1	
Electricity		5,721	
Natural Gas		2,904	
Office Supplies		777	
Water and Sewer		1,945	
Total Local Health Center			28,780

Ambulance/Emergency Medical Services

Supervisor/Director	\$	38,810	
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(Continued)

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.)

Medical Personnel	\$	621,127	
Longevity Pay		150	
Social Security		49,608	
Pensions		14,101	
Unemployment Compensation		1,446	
Communication		14,578	
Maintenance and Repair Services - Equipment		9,310	
Maintenance and Repair Services - Vehicles		10,222	
Postal Charges		220	
Rentals		1,041	
Travel		100	
Other Contracted Services		84,115	
Drugs and Medical Supplies		14,705	
Electricity		5,494	
Gasoline		18,685	
Natural Gas		1,587	
Office Supplies		287	
Water and Sewer		1,040	
Other Supplies and Materials		2,823	
Building and Contents Insurance		7,500	
Workers' Compensation Insurance		10,000	
Total Ambulance/Emergency Medical Services			\$ 906,949

Sanitation Management

Deputy(ies)	\$	8,235	
Education Media Personnel		11,979	
Social Security		630	
Unemployment Compensation		82	
Maintenance and Repair Services - Vehicles		1,302	
Gasoline		506	
Other Charges		2,203	
Total Sanitation Management			24,937

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$	26,637	
Supervisor/Director		30,042	
Part-time Personnel		19,275	
Social Security		5,490	
Pensions		4,222	
Unemployment Compensation		230	
Communication		14,741	
Contributions		2,644	
Maintenance and Repair Services - Buildings		1,985	
Travel		2,690	
Other Contracted Services		20,962	
Electricity		5,480	

(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.)

Senior Citizens Assistance (Cont.)

Gasoline	\$	656	
Natural Gas		612	
Office Supplies		937	
Water and Sewer		3,424	
Other Supplies and Materials		3,839	
Building and Contents Insurance		1,552	
Workers' Compensation Insurance		500	
Total Senior Citizens Assistance	\$		145,918

Libraries

Contributions	\$	35,375	
Total Libraries			35,375

Other Social, Cultural, and Recreational

Other Charges	\$	25,578	
Total Other Social, Cultural, and Recreational			25,578

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	21,374	
Secretary(ies)		9,284	
Pensions		6,471	
Communication		7,802	
Maintenance and Repair Services - Office Equipment		15	
Total Agricultural Extension Service			44,946

Other Operations

Tourism

Contributions	\$	57,781	
Total Tourism			57,781

Other Economic and Community Development

Matching Share	\$	8,333	
Other Charges		186,634	
Building Construction		11,866	
Total Other Economic and Community Development			206,833

Other Charges

Trustee's Commission	\$	51,844	
Total Other Charges			51,844

Contributions to Other Agencies

Contributions	\$	336,925	
Total Contributions to Other Agencies			336,925

Employee Benefits

Employee and Dependent Insurance	\$	61,703	
Total Employee Benefits			61,703

Total General Fund \$ 5,630,183

(Continued)

Exhibit J-7

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

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$	3,954	
Trustee's Commission		8	
Total Other Administration of Justice			\$ 3,962

Total Law Library Fund \$ 3,962

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Incinerator

Foremen	\$	36,153	
Social Security		2,766	
Pensions		2,097	
Unemployment Compensation		70	
Bank Charges		84	
Maintenance and Repair Services - Buildings		3,252	
Maintenance and Repair Services - Equipment		21,457	
Diesel Fuel		3,523	
Electricity		2,771	
Trustee's Commission		1,995	
Total Waste Incinerator			\$ 74,168

Other Waste Disposal

Contracts with Government Agencies	\$	1,000	
Contracts with Private Agencies		256,668	
Engineering Services		39,325	
Evaluation and Testing		675	
Permits		510	
Other Charges		6,120	
Total Other Waste Disposal			304,298

Principal on Debt

General Government

Principal on Other Loans	\$	19,539	
Total General Government			19,539

Interest on Debt

General Government

Interest on Other Loans	\$	695	
Total General Government			695

Total Solid Waste/Sanitation Fund 398,700

Drug Control Fund

Public Safety

Drug Enforcement

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

Total Drug Control Fund 22

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	85,586	
Accountants/Bookkeepers		52,064	
Secretary(ies)		46,760	
Board and Committee Members Fees		13,800	
Communication		3,924	
Data Processing Services		12,246	
Dues and Memberships		3,397	
Postal Charges		765	
Printing, Stationery, and Forms		478	
Travel		838	
Drugs and Medical Supplies		232	
Electricity		6,764	
Natural Gas		5,531	
Office Supplies		1,409	
Water and Sewer		1,480	
Total Administration			\$ 235,274

Highway and Bridge Maintenance

Equipment Operators	\$	394,777	
Engineering Services		8,100	
Asphalt - Hot Mix		352,248	
Asphalt - Liquid		69,788	
Crushed Stone		40,594	
Pipe - Metal		24,969	
Road Signs		2,088	
Chemicals		22,020	
Total Highway and Bridge Maintenance			914,584

Operation and Maintenance of Equipment

Foremen	\$	52,168	
Mechanic(s)		98,946	
Laundry Service		2,569	
Custodial Supplies		605	
Diesel Fuel		64,778	
Equipment and Machinery Parts		67,950	
Garage Supplies		6,315	
Gasoline		10,932	
Lubricants		2,912	
Propane Gas		3,022	
Tires and Tubes		21,172	
Total Operation and Maintenance of Equipment			331,369

Other Charges

Building and Contents Insurance	\$	7,740	
Liability Insurance		25,781	
Trustee's Commission		18,120	
Vehicle and Equipment Insurance		30,838	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Workers' Compensation Insurance	\$	63,646	
Other Charges		<u>9,114</u>	
Total Other Charges			\$ 155,239

Employee Benefits

Social Security	\$	56,273	
Pensions		43,202	
Employee and Dependent Insurance		15,773	
Unemployment Compensation		<u>294</u>	
Total Employee Benefits			115,542

Capital Outlay

Building Improvements	\$	862	
Furniture and Fixtures		780	
Highway Equipment		560,368	
Motor Vehicles		9,650	
Other Capital Outlay		<u>1,572</u>	
Total Capital Outlay			<u>573,232</u>

Total Highway/Public Works Fund \$ 2,325,240

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	<u>216,500</u>	
Total General Government			\$ 216,500

Education

Principal on Bonds	\$	248,500	
Principal on Other Loans		<u>98,620</u>	
Total Education			347,120

Interest on Debt

General Government

Interest on Bonds	\$	<u>112,404</u>	
Total General Government			112,404

Education

Interest on Bonds	\$	119,288	
Interest on Other Loans		<u>20,552</u>	
Total Education			139,840

Other Debt Service

General Government

Trustee's Commission	\$	10,994	
Other Debt Service		<u>600</u>	
Total General Government			11,594

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service (Cont.)</u>		
<u>Education</u>		
Other Debt Service	\$ 1,577	
Total Education		\$ 1,577
Total General Debt Service Fund		\$ 829,035
Total Governmental Funds - Primary Government		\$ 9,187,142

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, 2023

General Purpose School Fund

Instruction

Regular Instruction Program

Supervisor/Director	\$	45,631	
Teachers		2,335,178	
Career Ladder Program		4,790	
Homebound Teachers		691	
Educational Assistants		22,960	
Bonus Payments		67,251	
Other Salaries and Wages		800	
Non-certified Substitute Teachers		27,207	
Social Security		143,693	
Pensions		202,960	
Life Insurance		2,276	
Medical Insurance		254,698	
Unemployment Compensation		10,453	
Employer Medicare		33,540	
Other Contracted Services		37,754	
Instructional Supplies and Materials		178,995	
Textbooks - Bound		96,798	
Software		8,000	
Other Supplies and Materials		21,200	
Other Charges		499	
Regular Instruction Equipment		28,957	
Total Regular Instruction Program			\$ 3,524,331

Special Education Program

Teachers	\$	343,858	
Career Ladder Program		2,000	
Homebound Teachers		869	
Educational Assistants		52,030	
Bonus Payments		800	
Certified Substitute Teachers		500	
Non-certified Substitute Teachers		2,539	
Social Security		21,952	
Pensions		30,838	
Medical Insurance		62,945	
Unemployment Compensation		300	
Employer Medicare		5,199	
Maintenance and Repair Services - Equipment		297	
Other Contracted Services		15,486	
Instructional Supplies and Materials		4,097	
Other Supplies and Materials		392	
Special Education Equipment		987	
Total Special Education Program			545,089

Career and Technical Education Program

Teachers	\$	126,526	
Bonus Payments		800	

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program (Cont.)

Non-certified Substitute Teachers	\$	2,729	
Social Security		7,284	
Pensions		11,198	
Medical Insurance		14,995	
Unemployment Compensation		70	
Employer Medicare		1,703	
Instructional Supplies and Materials		20,914	
Other Supplies and Materials		13,600	
Other Charges		175	
Vocational Instruction Equipment		176,265	
Total Career and Technical Education Program	\$		376,259

Support Services

Attendance

Supervisor/Director	\$	44,075	
Social Security		2,502	
Pensions		3,830	
Medical Insurance		38	
Unemployment Compensation		26	
Employer Medicare		585	
Travel		312	
Total Attendance			51,368

Health Services

Supervisor/Director	\$	19,901	
Social Workers		13,245	
Bonus Payments		2,500	
Other Salaries and Wages		46,726	
Social Security		4,144	
Pensions		6,699	
Medical Insurance		96	
Employer Medicare		969	
Other Supplies and Materials		16,446	
In Service/Staff Development		4,532	
Health Equipment		23,067	
Total Health Services			138,325

Other Student Support

Supervisor/Director	\$	27,861	
Career Ladder Program		455	
Guidance Personnel		55,697	
Social Workers		172,510	
Bonus Payments		500	
Other Salaries and Wages		36,075	
Social Security		16,638	
Pensions		26,191	

(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.)

Other Student Support (Cont.)

Medical Insurance	\$	11,568	
Unemployment Compensation		55	
Employer Medicare		3,891	
Travel		4,398	
Other Contracted Services		20,845	
Other Supplies and Materials		9,287	
In Service/Staff Development		9,916	
Other Charges		3,272	
Total Other Student Support			\$ 399,159

Regular Instruction Program

Supervisor/Director	\$	75,976	
Career Ladder Program		1,455	
Librarians		68,601	
Educational Assistants		14,411	
Bonus Payments		2,127	
Social Security		9,600	
Pensions		13,686	
Medical Insurance		9,316	
Unemployment Compensation		78	
Employer Medicare		2,245	
Travel		148	
Library Books/Media		11,040	
In Service/Staff Development		2,181	
Total Regular Instruction Program			210,864

Special Education Program

Supervisor/Director	\$	11,408	
Clerical Personnel		16,556	
Bonus Payments		5,840	
Social Security		2,104	
Pensions		2,581	
Medical Insurance		789	
Unemployment Compensation		55	
Employer Medicare		492	
Travel		272	
In Service/Staff Development		1,924	
Total Special Education Program			42,021

Technology

Supervisor/Director	\$	58,516	
Bonus Payments		500	
Social Security		3,259	
Pensions		5,128	
Medical Insurance		8,064	
Unemployment Compensation		28	

(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.)

Technology (Cont.)

Employer Medicare	\$	762	
Internet Connectivity		36,824	
Other Equipment		7,649	
Total Technology			\$ 120,730

Other Programs

On-behalf Payments to OPEB	\$	13,867	
Total Other Programs			13,867

Board of Education

Board and Committee Members Fees	\$	4,805	
Social Security		276	
Pensions		32	
Employer Medicare		65	
Dues and Memberships		3,071	
Legal Services		1,281	
Travel		1,433	
Other Contracted Services		7,432	
Boiler Insurance		420	
Liability Insurance		20,000	
Trustee's Commission		39,723	
Workers' Compensation Insurance		55,976	
Fines, Assessments, and Penalties		76	
Other Charges		25,063	
Total Board of Education			159,653

Director of Schools

County Official/Administrative Officer	\$	110,075	
Secretary(ies)		22,272	
Social Security		8,277	
Pensions		11,204	
Medical Insurance		8,877	
Unemployment Compensation		55	
Employer Medicare		2,215	
Other Fringe Benefits		4,800	
Communication		3,486	
Dues and Memberships		6,868	
Postal Charges		1,809	
Travel		8,184	
Office Supplies		195	
Administration Equipment		2,399	
Total Director of Schools			190,716

Office of the Principal

Principals	\$	225,470	
Career Ladder Program		1,000	

(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.)

Office of the Principal (Cont.)

Accountants/Bookkeepers	\$	40,900	
Assistant Principals		116,572	
Secretary(ies)		34,883	
Educational Assistants		304	
Bonus Payments		400	
Social Security		24,417	
Pensions		34,024	
Medical Insurance		48,732	
Unemployment Compensation		183	
Employer Medicare		5,710	
Communication		10,347	
Dues and Memberships		100	
Travel		3,167	
Total Office of the Principal			\$ 546,209

Fiscal Services

Accountants/Bookkeepers	\$	59,968	
Clerical Personnel		5,568	
Social Security		3,966	
Pensions		3,449	
Medical Insurance		2,695	
Unemployment Compensation		55	
Employer Medicare		928	
Data Processing Services		510	
Travel		88	
Other Contracted Services		26,158	
Data Processing Supplies		1,293	
In Service/Staff Development		150	
Fines, Assessments, and Penalties		4	
Total Fiscal Services			104,832

Operation of Plant

Supervisor/Director	\$	21,156	
Custodial Personnel		128,435	
Social Security		8,961	
Pensions		8,573	
Medical Insurance		7,700	
Unemployment Compensation		93	
Employer Medicare		2,096	
Other Contracted Services		12,418	
Custodial Supplies		36,050	
Electricity		171,667	
Natural Gas		97,115	
Water and Sewer		35,647	
Building and Contents Insurance		42,051	
Total Operation of Plant			571,962

(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.)

Maintenance of Plant

Supervisor/Director	\$	40,540	
Other Salaries and Wages		60,284	
In-service Training		2,014	
Social Security		6,178	
Pensions		5,711	
Unemployment Compensation		55	
Employer Medicare		1,445	
Maintenance and Repair Services - Buildings		32,731	
Maintenance and Repair Services - Equipment		26,717	
Other Supplies and Materials		4,848	
Maintenance Equipment		61,325	
Total Maintenance of Plant			\$ 241,848

Transportation

Supervisor/Director	\$	21,156	
Bus Drivers		64,561	
Bonus Payments		3,600	
Other Salaries and Wages		619	
Social Security		5,506	
Pensions		6,661	
Unemployment Compensation		100	
Employer Medicare		1,288	
Maintenance and Repair Services - Vehicles		9,974	
Diesel Fuel		53,294	
Gasoline		14,351	
Tires and Tubes		2,771	
Vehicle Parts		23	
Other Supplies and Materials		90	
Other Charges		1,050	
Transportation Equipment		115,440	
Total Transportation			300,484

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	41,480	
In-service Training		504	
Social Security		2,333	
Pensions		2,377	
Medical Insurance		115,244	
Unemployment Compensation		28	
Employer Medicare		546	
Maintenance and Repair Services - Equipment		8,465	
Payments to Schools - Breakfast		185,526	
Payments to Schools - Lunch		436,453	
Payments to Schools - Other		57,621	
Travel		570	

(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.)

Food Service (Cont.)

Other Contracted Services	\$	1,218	
USDA - Commodities		25,178	
Other Charges		726	
Food Service Equipment		12,717	
Total Food Service			\$ 890,986

Community Services

Supervisor/Director	\$	31,842	
Teachers		53,518	
Clerical Personnel		17,627	
Educational Assistants		18,225	
Other Salaries and Wages		5,675	
Social Security		7,270	
Pensions		8,653	
Medical Insurance		8,345	
Employer Medicare		1,700	
Travel		550	
Other Contracted Services		18,688	
Instructional Supplies and Materials		37,244	
Other Supplies and Materials		11,219	
In Service/Staff Development		17,572	
Other Charges		7,150	
Total Community Services			245,278

Early Childhood Education

Supervisor/Director	\$	19,013	
Teachers		101,489	
Career Ladder Program		2,000	
Educational Assistants		26,959	
Bonus Payments		4,850	
Non-certified Substitute Teachers		4,080	
Social Security		8,591	
Pensions		12,649	
Medical Insurance		16,059	
Employer Medicare		2,009	
Food Supplies		2,689	
Instructional Supplies and Materials		14,229	
Other Supplies and Materials		443	
Other Charges		2,405	
Other Equipment		227	
Total Early Childhood Education			217,692

Capital Outlay

Regular Capital Outlay

Consultants	\$	1,800	
Other Contracted Services		1,694,495	

(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.)

Capital Outlay (Cont.)

Regular Capital Outlay (Cont.)

Building Improvements	\$ 318,646	
Other Equipment	4,695	
Total Regular Capital Outlay	\$ 2,019,636	

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 244,348	
Total Education		244,348

Total General Purpose School Fund \$ 11,155,657

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 243,786	
Educational Assistants	5,428	
Bonus Payments	8,875	
Other Salaries and Wages	39,125	
Non-certified Substitute Teachers	7,344	
Social Security	16,271	
Pensions	16,507	
Medical Insurance	22,475	
Employer Medicare	3,805	
Instructional Supplies and Materials	23,063	
Software	11,323	
Other Supplies and Materials	4,323	
Regular Instruction Equipment	2,669	
Total Regular Instruction Program	\$ 404,994	

Special Education Program

Teachers	\$ 102,123	
Educational Assistants	66,181	
Non-certified Substitute Teachers	141	
Social Security	9,396	
Pensions	12,697	
Medical Insurance	19,349	
Employer Medicare	2,197	
Other Contracted Services	37,879	
Instructional Supplies and Materials	7,094	
Total Special Education Program		257,057

Career and Technical Education Program

Instructional Supplies and Materials	\$ 7,338	
Vocational Instruction Equipment	6,117	
Total Career and Technical Education Program		13,455

(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.)

Support Services

Other Student Support

Other Salaries and Wages	\$	2,100	
Social Security		130	
Pensions		183	
Employer Medicare		30	
Travel		2,000	
In Service/Staff Development		1,495	
Other Charges		394	
Total Other Student Support			\$ 6,332

Regular Instruction Program

Supervisor/Director	\$	78,930	
Clerical Personnel		15,840	
Other Salaries and Wages		205,121	
Social Security		17,199	
Pensions		25,592	
Medical Insurance		24,085	
Employer Medicare		4,022	
Maintenance and Repair Services - Equipment		6,100	
Other Contracted Services		222,806	
Instructional Supplies and Materials		132	
Other Supplies and Materials		10,754	
In Service/Staff Development		51,010	
Other Equipment		8,148	
Total Regular Instruction Program			669,739

Special Education Program

In Service/Staff Development	\$	2,127	
Total Special Education Program			2,127

Career and Technical Education Program

In Service/Staff Development	\$	3,440	
Total Career and Technical Education Program			3,440

Board of Education

Criminal Investigation of Applicants - TBI	\$	111	
Total Board of Education			111

Office of the Principal

Other Salaries and Wages	\$	5,000	
Social Security		310	
Pensions		434	
Employer Medicare		72	
Total Office of the Principal			5,816

Operation of Plant

Other Contracted Services	\$	16,000	
Other Supplies and Materials		222	
Total Operation of Plant			16,222

(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>Maintenance of Plant</u>		
Maintenance Equipment	\$ 2,782	
Total Maintenance of Plant		\$ 2,782
 <u>Transportation</u>		
Bus Drivers	\$ 608	
Social Security	35	
Pensions	51	
Employer Medicare	8	
Total Transportation		702
 <u>Operation of Non-Instructional Services</u>		
<u>Food Service</u>		
Food Service Equipment	\$ 66,313	
Total Food Service		66,313
 <u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Consultants	\$ 36,891	
Building Improvements	227,913	
Total Regular Capital Outlay		264,804
Total School Federal Projects Fund		\$ 1,713,894
 <u>Internal School Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Community Services</u>		
Other Charges	\$ 336,669	
Total Community Services		\$ 336,669
Total Internal School Fund		336,669
Total Governmental Funds - Lake County School Department		<u>\$ 13,206,220</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, 2023, 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 9, 2024. Our report includes a reference to other auditors who audited the financial statements of the Internal School Fund of the Lake County School Department (a discretely presented component unit) as described in our report on Lake County's financial statements. This report does not include the results of the other auditor's 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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: 2023-001 and 2023-004.

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: 2023-002(A,C), 2023-007(B), 2023-009, and 2023-011.

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: 2023-002(B), 2023-003, 2023-005, 2023-006, 2023-007(A), 2023-008, and 2023-010.

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 and 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 the responses.

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 9, 2024

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 identified as subject to audit 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, 2023. 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 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, 2023.

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, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lake County's 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, 2023, and the related notes to the financial statements, which collectively comprise Lake County's basic financial statements. We issued our report thereon dated February 9, 2024, 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 9, 2024

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, 2023

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	\$ 187,702
National School Lunch Program	10.555	N/A	477,293 (6)
COVID 19 - Pandemic EBT Administrative Costs	10.649	N/A	628
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program	10.555	N/A	25,178 (6)
Rebate of Storage and Distribution Fees	10.555	N/A	1,844 (6)
Direct Program:			
Community Facilities Loans And Grants Cluster: (4)			
Community Facilities Loans and Grants	10.766	N/A	39,000
Total U.S. Department of Agriculture			<u>\$ 731,645</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	13506	\$ 13,450
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM1812	131,900
Total U.S. Department of Housing and Urban Development			<u>\$ 145,350</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in Lieu of Taxes	15.226	N/A	\$ 6,745
Total U.S. Department of the Interior			<u>\$ 6,745</u>
U.S. Department of the Treasury:			
Direct Program:			
COVID 19 - Coronavirus State And Local Fiscal Recovery Funds (ARP)	21.027	N/A	\$ 1,362,776
Total U.S. Department of the Treasury			<u>\$ 1,362,776</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 498,844
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	233,387 (6)
COVID 19 - Special Education - Grants to States (ARP)	84.027X	N/A	5,805 (6)
Special Education - Preschool Grants	84.173	N/A	8,179
Career and Technical Education - Basic Grants to States	84.048	N/A	20,390
Twenty-first Century Community Learning Centers	84.287	N/A	244,908
Rural Education	84.358	N/A	3,241
Supporting Effective Instruction State Grants	84.367	N/A	54,482
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund - (ESSER II)	84.425D	N/A	554,293 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund - (ESSER ARP)	84.425U	N/A	881,091 (6)
Total U.S. Department of Education			<u>\$ 2,504,620</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
2018 HAVA Election Security Grants	90.404	30501	\$ 95,247
Total U.S. Election Assistance Commission			<u>\$ 95,247</u>

(Continued)

Lake County, Tennessee, and the Lake County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7) (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:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of of Elder Abuse, Neglect, and Exploitation	93.041	(5)	\$ 300
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	(5)	1,800
Aging Cluster: (4)			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	(5)	36,037
National Family Caregiver Support, Title III, Part E	93.052	(5)	2,943 (6)
COVID 19 - National Family Caregiver Support, Title III, Part E	93.052	(5)	108 (6)
Passed-through State Department of Health:			
Title V State Sexual Risk Avoidance Education	93.235	GG2376668	95,973
Passed-through State Department of Education:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	260,133
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ARP)	93.323	N/A	51,990
Total U.S. Department of Health and Human Services			<u>\$ 449,284</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	37568	\$ 4,890
Total U.S. Department of Homeland Security			<u>\$ 4,890</u>
Total Expenditures of Federal Grants			<u>\$ 5,300,557</u>

State Grants		Contract Number	
Home and Community Based Services - Northwest Tennessee Development District	N/A	(5)	\$ 15,321
State Senior Center - Northwest Tennessee Development District	N/A	(5)	13,220
Coordinated School Health - State Department of Education	N/A	(5)	95,000
Early Childhood Education - State Department of Education	N/A	(5)	212,840
Safe Schools - State Department of Education	N/A	(5)	20,890
Litter Program - State Department of Transportation	N/A	(5)	14,927
Juvenile Court State Supplemental Funds - State Commission on Children and Youth	N/A	(5)	9,000
Opioid Settlement Funds - Tennessee Abatement Council	N/A	(5)	35,535
Total State Grants			<u>\$ 416,733</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 \$692,017; Community Facilities Loans and Grants Cluster total \$39,000;
Special Education Cluster total \$247,371; Aging Cluster total \$36,037.
- (5) Information not available.
- (6) Total for FAL No. 10.555 is \$504,315; Total for FAL No. 84.027 is \$239,192; Total for FAL No. 84.425 is \$1,435,384;
Total for FAL No. 93.052 is \$3,051.
- (7) The following amounts were consolidated for administration purposes:

Program Title	FAL Number	Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 57,351
Rural Education	84.358	3,628
Supporting Effective Instruction State Grant	84.367	7,484
Total amounts consolidated for administration purposes		<u>\$ 68,463</u>

Lake County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2023

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, 2023.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
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OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, AND DIRECTOR OF SCHOOLS

2022	182	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.	N/A	County Mayor and Director of Schools: Not Corrected - See Explanation on Corrective Action Plan Road Superintendent: Corrected
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OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

2022	183	2022-002	The offices had accounting deficiencies.	N/A	Not Corrected - See Explanation on Corrective Action Plan
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2022	185	2022-003	The offices had deficiencies in budget operations.	N/A	Not Corrected - See Explanation on Corrective Action Plan
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2022	187	2022-004	Accounting records for capital assets were not closed and available for audit by August 31, 2022.	N/A	County Mayor: Corrected. Director of Schools: Not Corrected - See Explanation on Corrective Action Plan
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OFFICES OF COUNTY MAYOR AND SHERIFF

2022	188	2022-005	The offices had deficiencies in the administration of payroll and accrued leave balances.	N/A	Corrected
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(Continued)

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

Prior-year Financial Statement Findings

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

2022	189	2022-006	Lake County has a material recurring audit finding.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2022	189	2022-007	The office had purchasing deficiencies.	N/A	Corrected

OFFICE OF DIRECTOR OF SCHOOLS

2022	190	2022-008	The school department did not employ a registered architect or engineer for construction projects.	N/A	Corrected
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OFFICE OF SHERIFF

2022	191	2022-009	Deficiencies were noted in collecting and depositing funds which resulted in a cash shortage of \$702.	N/A	Corrected
2022	192	2022-010	The office had deficiencies in filing its annual financial report.	N/A	Corrected

OFFICES OF SHERIFF AND THE AMBULANCE SERVICE

2022	192	2022-011	Duties were not segregated adequately.	N/A	Not Corrected - See Explanation on Corrective Action Plan
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LAKE COUNTY

2022	193	2022-012	The county's audit committee is not a functioning committee.	N/A	Corrected
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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, 2023

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 Listings Number: 21.027 COVID 19 - Coronavirus State and Local Fiscal Recovery Funds (ARP)
 - * Assistance Listings 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 AND DIRECTOR OF SCHOOLS

FINDING 2023-001

THE GENERAL, 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, 2023, certain general ledger account balances in the General, General Purpose School, and School Federal Projects funds were not materially correct, and audit adjustments for cash with trustee, accounts receivable, related deferred revenues, and accounts payable totaling \$206,459, \$1,954,307, and \$906,442, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the county and school department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county and the school department's 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 school department 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, 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 school department, should have appropriate processes in place to ensure its general ledgers are materially correct.

MANAGEMENT'S RESPONSE –COUNTY MAYOR

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

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

FINDING 2023-002

THE OFFICES HAD ACCOUNTING DEFICIENCIES

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

The following deficiencies were noted during our examination of the 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, 2023, the accounts did not reconcile with the general ledger by \$20,448, \$25,429, and \$1,196 for the General, General Purpose School, and School Federal Projects funds, 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, General Purpose School, and School Federal Projects 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 \$23,474, \$31,676, and \$233,707 in the General, General Purpose School and School Federal Projects funds, respectively, at June 30, 2023. 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, Solid Waste/Sanitation, General Purpose School, and School Federal Projects 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.

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.

MANAGEMENT'S RESPONSE – 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.

MANAGEMENT'S RESPONSE –DIRECTOR OF SCHOOLS

I concur. We will work to correct these deficiencies.

FINDING 2023-003

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 and other uses exceeded appropriations approved by the county commission in eight of 32 major appropriations categories (the legal level of control) of the General Fund, in eight of 23 major appropriations categories of the General Purpose School Fund, and one of 15 major appropriations categories of the School Federal Projects Fund as reflected in the following table:

Fund/Major Appropriation Category	Amount Overspent
General Fund:	
General Government - County Mayor/Executive	\$ 27,007
General Government - County Buildings	6,402
Finance - Property Assessor's Office	3,125
Administration of Justice - Chancery Court	5,852
Administration of Justice - Other Administration of Justice	4,734
Public Safety - Sheriff's Department	16,060
Public Safety - Jail	6,209
Agriculture an Natural Resources - Agricultural Extension Office	5,648
General Purpose School Fund:	
Instruction - Special Education Program	800
Support Services - Attendance	9,257
Support Services - Health Services	43,325
Support Services - Special Education Program	2,971
Support Services - Director of Schools	253
Support Services - Fiscal Services	389
Operation of Non-Instructional Services - Food Service	282,649
Operation of Non-Instructional Services - Early Childhood Education	2,547
School Federal Projects Fund:	
Other Uses - Transfers Out	394,718

- B. Salaries exceeded appropriations in six of 65 salary line-items of the General Fund by amounts ranging from \$179 to \$9,844, and in 22 of 77 salary line-items of the General Purpose School Fund by amounts ranging from \$161 to \$13,245. 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 – COUNTY MAYOR

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

MANAGEMENT’S RESPONSE –DIRECTOR OF SCHOOLS

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

OFFICE OF COUNTY MAYOR

FINDING 2023-004

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>
2021-001, 2022-001, 2023-001	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 – COUNTY MAYOR

I concur with the finding.

FINDING 2023-005

A TAX ANTICIPATION NOTE WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTES
(Noncompliance Under *Government Auditing Standards*)

On January 10, 2023, the county issued a tax anticipation note in which the General Fund borrowed \$400,000 from the General Debt Service Fund to provide cash flows for operations

that was not approved by the state Comptroller's Office. Section 9-21-801, *Tennessee Code Annotated (TCA)*, allows the county commission to issue tax anticipation notes with the approval of the state Comptroller's Office. The office also did not file a Report on Debt Obligation with the state Comptroller's Office for this tax anticipation note. Section 9-21-134, *TCA*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance. These deficiencies were the result of a lack of management oversight and the failure to comply with state statutes.

RECOMMENDATION

Tax anticipation notes should be issued in compliance with state statutes, and the office should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with the finding. In the future, we will obtain the Comptroller's approval before issuing debt and will file the required Report on Debt Obligation.

OFFICE OF THE AMBULANCE SERVICE DEPARTMENT

FINDING 2023-006

THE AMBULANCE SERVICE DEPARTMENT DID NOT ALWAYS ISSUE RECEIPTS AT THE TIME OF COLLECTION

(Noncompliance Under *Government Auditing Standards*)

As part of our auditing procedures to determine if ambulance service collections had been properly receipted and deposited, we judgmentally selected receipts issued by the ambulance service for the months of March 2023 through May 2023 to trace to deposits. During this period, it was noted that receipts appear to be issued at the time of deposit and not when the funds are collected. As a result of this practice, we could not determine if funds were deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. The practice of issuing receipts after the actual collection increases the risk that collections will not be accounted for properly. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

Official receipts should be issued at the time of collection, and collections should be deposited with the county trustee within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with the finding. Employees of the ambulance service will be reminded of the importance of receipting funds as they are collected.

OFFICE OF ROAD SUPERINTENDENT

FINDING 2023-007

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

(A. – Noncompliance Under *Government Auditing Standards*; B. – 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 40 disbursements totaling \$598,410 from a population of 400 vendor checks totaling \$1,989,789. Our examination revealed the following deficiencies, which are the result of a lack of management oversight, a lack of understanding of internal controls, and the failure to follow state statute.

- A. Competitive bids were not solicited for the purchase of an excavator totaling \$507,890. Purchasing procedures for the highway department are governed by Chapter 262, Private Acts of 1980, and provisions of Section 54-7-113, *Tennessee Code Annotated*, which require all purchases exceeding \$25,000 to be based on competitive bids through public advertisement. The failure to solicit competitive bids could result in the highway department paying more than the most competitive price.

- B. In 13 of 30 instances, purchase orders were not issued properly. In some instances, the purchase orders were issued after the invoice date or had no date listed on the purchase order. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment rather than an approval of the purchase. Purchase orders are necessary to control who has purchasing authority for the highway department and to document purchasing commitments. The failure to issue purchase orders properly increases the risks of unauthorized purchases.

RECOMMENDATION

Competitive bids should be solicited through public advertisement for all purchases exceeding \$25,000 as required by state statute. Purchase orders should be issued for all applicable purchases before the purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments.

MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

I concur with the finding. Competitive bids will be solicited when required, and we will remind everyone of the importance of obtaining a purchase order prior to any purchasing commitments.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2023-008

ACCOUNTING RECORDS FOR CAPITAL ASSETS WERE NOT CLOSED AND AVAILABLE FOR AUDIT BY AUGUST 31, 2023

(Noncompliance Under *Government Auditing Standards*)

Capital assets accounting records were not closed and available for audit by August 31, 2023, 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 on January 8, 2024. 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, management’s failure to correct the finding noted in the prior-year audit report, and management’s failure to implement their corrective action plan.

RECOMMENDATION

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 –DIRECTOR OF SCHOOLS

I concur. All accounting records will be closed by August 31st.

OFFICE OF SHERIFF

FINDING 2023-009

THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

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

The commissary software application used by the office generated a report that displayed adjustments made by users to inmate accounts. Because this log provided the only audit trail of these changes, it should be routinely reviewed for inappropriate activity. Although the official was aware of the importance of this log, it was not routinely reviewed. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Management should implement a routine, documented review of the software audit log as a means of strengthening internal controls. Any unusual transactions should be investigated.

MANAGEMENT’S RESPONSE – SHERIFF

We concur with this finding.

FINDING 2023-010

AN INVESTIGATION OF THE SHERIFF’S DEPARTMENT DISCLOSED THAT THE FORMER JAIL ADMINISTRATOR MISAPPROPRIATED AT LEAST \$35,159 OF INMATE COMMISSARY FUNDS
(Noncompliance Under *Government Auditing Standards*)

An investigation by the Comptroller’s Division of Investigations of the Lake County Sheriff’s Office disclosed that the former jail administrator misappropriated at least \$35,159 of inmate commissary funds during the period January 1, 2018, through July 11, 2023. The investigation also disclosed that the former jail administrator had falsified general ledger journal entries and deposit slips to conceal the misappropriation and also disclosed various other deficiencies. Details of the findings and recommendations related to the investigation can be found in a report dated November 16, 2023, at www.comptroller.tn.gov/ia.

OFFICES OF SHERIFF AND THE AMBULANCE SERVICE DEPARTMENT

FINDING 2023-011

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 – COUNTY MAYOR

I concur with the finding.

MANAGEMENT’S RESPONSE – SHERIFF

I concur with the finding.

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, 2023.

Lake County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2023

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

2023-001	The General Fund required material audit adjustments for proper financial statement presentation.	188
2023-002	The office had accounting deficiencies.	189
2023-003	The office had deficiencies in budget operations.	190
2023-004	Lake County has a material recurring audit finding.	191
2023-005	A tax anticipation note was not issued in compliance with state statutes.	192
2023-006	The ambulance service department did not always issue receipts at the time of collection.	193
2023-011	Duties were not segregated adequately.	194

OFFICE OF ROAD SUPERINTENDENT

2023-007	The office had deficiencies in purchasing procedures.	195
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OFFICE OF DIRECTOR OF SCHOOLS

2023-001	The General Purpose School and School Federal Projects funds required material audit adjustments for proper financial statement presentation.	196
2023-002	The office had accounting deficiencies.	197
2023-003	The office had deficiencies in budget operations.	198
2023-008	Accounting records for capital assets were not closed and available for audit by August 31, 2023.	199

OFFICE OF SHERIFF

2023-009	The office did not review its software audit logs.	200
2023-011	Duties were not segregated adequately.	201

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Corrective Action Plan

FINDING

**THE GENERAL FUND 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, 2024

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 and CTAS to ensure the proper accruals are posted for accounts receivable, deferred revenues, and accounts payable.

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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, 2024

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.

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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, 2024

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 and CTAS to ensure the proper accruals are posted for accounts receivable, deferred revenues, and accounts payable.

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Corrective Action Plan

FINDING

THE AMBULANCE SERVICE DID NOT ALWAYS ISSUE RECEIPTS AT THE TIME OF COLLECTION

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:

Immediately

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

Employees of the ambulance service will be reminded of the importance of receipting funds as they are collected.

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Corrective Action Plan

FINDING

**DUTIES WERE NOT SEGREGATED ADEQUATELY AT
THE 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, 2024

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 OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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, 2024

Repeat Finding:
No

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

Planned Corrective Action:
Competitive bids will be solicited when required, and we will remind everyone of the importance of obtaining a purchase order prior to any purchasing commitments.



Signature



LAKE COUNTY SCHOOL SYSTEM

Corrective Action Plan

FINDING

**THE GENERAL PURPOSE SCHOOL AND
SCHOOL FEDERAL PROJECTS FUND
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, 2024

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

We failed to make the correct accruals at year-end.

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 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, 2024

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

The office failed to get the accounts reconciled and all errors identified and corrected during the fiscal year.

Planned Corrective Action:

All accounts will be posted to the general ledger. Bank statements, the general ledger cash accounts, and payroll liability accounts will be reconciled monthly, and errors will be corrected promptly.



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, 2024

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

ACCOUNTING RECORDS FOR CAPITAL ASSETS WERE NOT CLOSED AND AVAILABLE FOR AUDIT BY AUGUST 31, 2023

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, 2024

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

We failed to close our capital asset records by the required date.

Planned Corrective Action:

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

Dr. Woody Burton, Director of Schools



Bryan Avery
Sheriff Lake County

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Corrective Action Plan

FINDING: THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

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:
February 2024

Repeat Finding:
No

Planned Corrective Action:

We will begin a routine review of the report. Documentation proving the review will be maintained.

Signature:





Bryan Avery
Sheriff Lake County

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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, 2024

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 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.