

OFFICIAL STATEMENT

New Issue
Book-Entry Only

Ratings: Moody's "Aa3"

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax except for certain corporations, as more fully described herein. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).

LINCOLN COUNTY, TENNESSEE \$41,380,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2023

Dated: Date of Issuance

Due: May 1, as shown on the inside cover

Lincoln County, Tennessee (the "County") will issue its \$41,380,000 General Obligation School Bonds, Series 2023 (the "Bonds") in fully registered form, without coupons, and, when issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of \$5,000 or multiples thereof through DTC Participants. Notwithstanding the foregoing, the Bonds may be issued in fully registered certificated form registered in the name of the successful bidder upon the terms set forth in the Detailed Notice of Sale without using DTC or the book-entry system. Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2024, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined) and purchasers will not receive physical delivery of Bonds purchased by them except as otherwise set forth in the Detailed Notice of Sale. See "The Bonds-Book-Entry-Only System." Principal of and interest on the Bonds are payable by the County to the designated corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent").

The Bonds are subject to redemption prior to their stated maturities at the option of the County at any time on or after May 1, 2022. See "The Bonds – Optional Redemption" herein. The Bonds are payable on May 1 of each year as follows:

Maturity (May 1)	Principal	Interest Rate	Price or Yield	CUSIP Number	Maturity (May 1)	Principal	Interest Rate	Price or Yield	CUSIP Number
2024	\$2,000,000	5.000%	3.810%	533407 YS5	2035	\$1,945,000	5.000%	3.880 %	533407 ZD7
2025	1,195,000	5.000	3.730	533407 YT3	2036	2,045,000	5.000	4.040 c	533407 ZE5
2026	1,255,000	5.000	3.670	533407 YU0	2037	2,145,000	5.000	4.180 c	533407 ZF2
2027	1,315,000	5.000	3.610	533407 YV8	2038	2,250,000	5.000	4.290 c	533407 ZG0
2028	1,385,000	5.000	3.600	533407 YW6	2039	2,365,000	4.625	4.640	533407 ZH8
2029	1,450,000	5.000	3.630	533407 YX4	2040	2,475,000	4.750	4.400 c	533407 ZJ4
2030	1,525,000	5.000	3.660	533407 YY2	2041	2,590,000	4.750	4.460 c	533407 ZK1
2031	1,600,000	5.000	3.690	533407 YZ9	2042	2,715,000	4.750	4.520 c	533407 ZL9
2032	1,680,000	5.000	3.720	533407 ZA3	2043	2,845,000	4.875	4.570 c	533407 ZM7
2033	1,765,000	5.000	3.740 c	533407 ZB1	2044	2,980,000	4.875	4.610 c	533407 ZN5
2034	1,855,000	5.000	3.780 c	533407 ZC9					

c = Yield to May 1, 2032 Call Date

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged. See headings herein entitled "Security-Source of Payment" and "Levy of Tax").

The Bonds are offered when, as and if issued, subject to the approval of the legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinions will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Ed Simms, Esq., Counsel to the County. Stephens Inc. is serving as Municipal Advisor to the County. The Bonds are expected to be available for delivery through Depository Trust Company in New York, New York, on or about November 9, 2023.

October 24, 2023

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the “Official Statement”) by Lincoln County, Tennessee (the “County”) from time to time, is an Official Statement with respect to the Bonds described herein that is deemed final by the County as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the County or by Stephens Inc. (the “Municipal Advisor”) to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the County or the Bonds must not be relied upon as having been authorized by the County or the Municipal Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety, and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Official Statement.

All CUSIP numbers identified herein have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc., and are included solely for convenience of the Bondholders. The County is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

In making an investment decision investors must rely on their own examination of the County and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The material contained herein has been obtained from sources believed to be current and reliable, but the accuracy thereof is not guaranteed. The Official Statement contains statements which are based upon estimates, forecasts, and matters of opinion, whether or not expressly so described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, resolutions, and reports contained herein are made subject to all the provisions of said documents. The Official Statement is not to be construed as a contract with the purchasers of any of the Lincoln County, Tennessee General Obligation School Bonds, Series 2023.

Table of Contents

Officials	iv
Summary Statement	v
Official Statement	1
Introduction	1
The Bonds	1
Description	1
Optional Redemption	2
Notice of Redemption	3
Security - Source of Payment	3
Levy of Tax	3
Discharge and Satisfaction of Bonds	4
Remedies of Bondholders	4
Book-Entry-Only System	5
Plan of Financing	6
The Projects	6
Sources and Uses of Funds	7
Rating	7
Continuing Disclosure	7
General	7
Annual Report	8
Reporting of Significant Events	8
Termination of Reporting Obligation	10
Amendment/Waiver	10
Default	10
Other Debt Issues	11
Litigation	11
Approval of Legal Proceedings	11
Tax Matters	11
General	11
Bond Premium	12
Original Issue Discount	12
Information Reporting and Backup Withholding	12
State Taxes	13
Changes in Federal and State Tax Law	13
Municipal Advisor	13
Underwriting	14
Forward Looking Statements	14
Miscellaneous	14
Certificate of County Mayor	15
Form of Legal Opinion	Appendix A
Demographics and Financial Information Related to the County	Appendix B
Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2022	Appendix C

[This page is intentionally left blank]

LINCOLN COUNTY, TENNESSEE
112 Main Avenue South
Fayetteville, Tennessee 37334

OFFICIALS

Bill Newman
County Mayor

BOARD OF COMMISSIONERS

Brandon Kolle	Daniel Eldridge
David Sanders	Jason Gary Nix
Danny Walker	Anthony Taylor
Ben Brown	Doug Cunningham
Bonnie Caldwell	Tori Young
Terri Rogers	Pat Haynes
Jack Atchley	Ricky Bryant
Kate Guin	Steve Guntherberg
Mark Mitchell	Tony Frassrand
Randy Bradford	Jason Hambrick
Mary Ann Tackett	Jennie Roles Walter
Steve Spray	

COUNTY OFFICIALS

County Clerk	Phyllis Counts
Finance Director	Jason Nix
Trustee	Mary Jane Porter

Counsel for the County

Ed Simms, Esq.
Fayetteville, Tennessee

Bond Counsel

Bass, Berry & Sims PLC
Nashville, Tennessee

Registration and Paying Agent

U.S. Bank Trust Company, National Association
Nashville, Tennessee

Underwriter

TD Securities (USA) LLC
New York, New York

[This page is intentionally left blank]

Summary Statement

This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.

ISSUER	Lincoln County, Tennessee (the “County”).
ISSUE	\$41,380,000 General Obligation School Bonds, Series 2023 (the “Bonds”)
PURPOSES	Financing the (i) construction, renovation, improvement and equipping of County elementary and middle school facilities; (ii) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing; (iii) acquisition of all property real and personal related to the foregoing; (iv) grant of funds to the Fayetteville City School System, as required by applicable Tennessee law; (v) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs, if applicable; and (vi) payment of costs incident to the issuance and sale of the Bonds.
INTEREST DUE	Each May 1 and November 1, commencing May 1, 2024.
PROJECTED SETTLEMENT DATE	November 9, 2023
OPTIONAL REDEMPTION	Bonds maturing on or after May 1, 2033 are subject to optional redemption at the option of the County on May 1, 2032 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date. See “The Bonds – Optional Redemption” herein.
SECURITY	The Bonds are payable from unlimited <u>ad valorem</u> taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged. See “The Bonds - Security-Source of Payment” and “Levy of Tax” herein.
RATINGS	The Bonds have been assigned a rating of “Aa3” by Moody’s Investors Service, Inc. based on documents and other information provided by the County. The rating reflects only the view of Moody’s, and the County makes no representations as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by Moody’s if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from Moody’s.

TAX MATTERS	Bass, Berry & Sims PLC will provide its unqualified opinions as to the tax exemption of the Bonds discussed under “Tax Matters” herein.
REGISTRATION AND PAYING AGENT	U.S. Bank Trust Company, National Association, Nashville, Tennessee (except as set forth in the Detailed Notice of Sale).
MUNICIPAL ADVISOR.....	Stephens Inc., Nashville, Tennessee.
UNDERWRITER.....	TD Securities (USA) LLC, New York, New York.

Official Statement

Lincoln County, Tennessee

\$41,380,000 General Obligation School Bonds, Series 2023

Introduction

The Official Statement, including the cover page and appendices hereto, is furnished in connection with the issuance by Lincoln County, Tennessee (the “County”) of \$41,380,000 General Obligation School Bonds, Series 2023 (the “Bonds”).

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 49-3-1001 et seq., Tennessee Code Annotated, and a bond resolution adopted on September 19, 2023 (the “Resolution”) authorizing the execution, terms, issuance, and the sale of the Bonds.

This Official Statement includes descriptions of, among other matters, the Bonds, the Resolution and the County. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Resolution are qualified in their entirety by reference to the definitive document, including the form of the Bonds included in the Resolution. During the period of the offering of the Bonds, copies of the Resolution and any other documents described herein or in the Resolution may be obtained from the County. After delivery of the Bonds, copies of such documents will be available for inspection at the County Mayor’s office. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution.

The Bonds

Description

The Bonds are being issued for the purpose of providing funds to finance the: (i) construction, renovation, improvement and equipping of County elementary and middle school facilities; (ii) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing; (iii) acquisition of all property real and personal related to the foregoing (the “Projects”); (iv) grant of funds to the Fayetteville City School System, as required by applicable Tennessee law (the “Fayetteville Grant”); (v) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs, if applicable; and (vi) payment of costs incident to the issuance and sale of the Bonds.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated the date of issuance. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on May 1 and November 1 of each year (herein an “Interest Payment Date”), commencing May 1, 2024.

The Bonds will mature on the dates and in the amounts set forth on the cover page.

The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds (except as set forth in the Detailed Notice of Sale).

Except as set forth in the Detailed Notice of Sale, U.S. Bank Trust Company, National Association, Nashville, Tennessee (the "Registration Agent") will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the Interest Payment Date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: The County shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolutions or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

Optional Redemption

Bonds maturing on or before May 1, 2032 are not subject to redemption prior to maturity. Bonds maturing May 1, 2033 and thereafter shall be subject to redemption prior to maturity at the option of the County on May 1, 2032 and thereafter, as a whole or in part at any time, at the redemption price of par plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board of Commissioners of the County in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

Notice of Redemption

Notice of call for redemption shall be given by the Registration Agent on behalf of the County not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. An optional redemption may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants, or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, if applicable, notices of which shall be given at least forty-five (45) days prior to the redemption date unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

Security - Source of Payment

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

Levy of Tax

The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the County, or a portion thereof with respect to the Bonds, in addition to all other taxes authorized by law, sufficient to pay principal of and interest on the Bonds when due, and for that purpose there is levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there

are insufficient funds from this tax levy on hand shall be paid from the current funds of the County and reimbursement therefor shall be made out of the taxes authorized to be levied when the same shall have been collected. The tax may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the County to the payment of debt service on the Bonds.

Under Tennessee law, the County's legislative body is authorized to levy a tax on all taxable property within the County, or a portion thereof with respect to the Bonds, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Bonds are issued, reference is hereby made to the Resolutions.

Discharge and Satisfaction of Bonds

The Bonds may be discharged and defeased in any one or more of the following ways:

(a) By depositing sufficient funds as and when required with the Registration Agent, to pay the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the County shall also pay or cause to be paid all other sums payable under the Resolutions, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Bonds shall be fully discharged and satisfied.

If the County pays and discharges the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners of such Bonds shall thereafter be entitled only to payment out of the money or Defeasance Obligations.

Defeasance Obligations with respect to the Bonds are direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Remedies of Bondholders

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the County, including, but not limited to, the right to require the County to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees,

rents, tolls, or other charges, and to require the County to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

Book-Entry-Only System

Except as set forth in the Detailed Notice of Sale, DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). Only one fully-registered Bond certificate will be issued in the aggregate principal amount of each maturity of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with Direct Participants, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC, the Registration Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or the Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

THE COUNTY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTIONS TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Plan of Financing

The Projects

The proceeds of the Bonds will be used to make the Fayetteville Grant and finance the Projects. Under Tennessee law, a county issuing county-wide general obligation bonds to fund county school facilities must share a portion of the proceeds of the bonds with any city school district located within the county and whose students do not attend county schools of the type being financed with the bonds. Sharing must be in proportion to the relative average daily attendance between the county and city school systems. The City of Fayetteville operates a city school system within the County, and is entitled under State law to

share in approximately 23% of the proceeds of the Bonds. The County plans to make the Fayetteville Grant immediately following the issuance of the Bonds.

The balance of the proceeds of the Bonds will be deposited in a project fund (the “Project Fund”) to be held and invested by the County, and used to pay costs of the Projects, reimbursement to the County for any funds previously expended for costs of the Projects, if applicable, and to pay costs of issuance of the Bonds. Moneys in the Project Fund may be invested as permitted by Tennessee law and may not be used for any purpose other than the Projects.

Sources and Uses of Funds

The following table sets forth the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

Par Amount	\$ 41,380,000.00
Net Reoffering Premium	<u>1,840,228.55</u>
Total Sources	<u>\$ 43,220,228.55</u>

Uses of Funds

Fayetteville Grant	\$10,161,488.93
Deposit to Project Fund	32,842,381.34
Costs of Issuance (includes Underwriter’s Discount and Expenses)	<u>216,358.28</u>
Total Uses	<u>\$ 43,220,228.55</u>

Ratings

The Bonds have been assigned a rating of “Aa3” by Moody’s Investors Service, Inc. The rating reflects only the view of Moody’s and neither the County nor the Municipal Advisor makes any representation as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from Moody’s.

Continuing Disclosure

General

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2023 (the “Annual Report”), and to provide notice of the occurrence of certain enumerated events and timely notice of failure to provide any required financial information of the County. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board (“MSRB”) at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the “SID”). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in

order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the “Rule”). The County does believes that it has complied in all material respects during the last five years with its existing continuing disclosure agreements in accordance with the Rule.

Annual Report

The County’s Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the Issuer for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the County’s audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in Appendix B to this Official Statement as follows.

1. “Summary of Outstanding Debt “;
2. “Debt Statement “;
3. “Per Capita Debt Ratios”;
4. “Debt Ratios”;
5. “Debt Trend”;
6. “Debt Service Requirements”;
7. “Property Valuation and Property Tax”;
8. “Top Taxpayers”;
9. “Fund Balances”;
10. “Local Sales Tax Collections.”

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the County or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events

The County will file notice regarding certain significant events with the MSRB and SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the County shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any. Notwithstanding the foregoing, notice of Listed Events described in subsection (3)(h) and

- (i) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the County shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
- a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - g. Modifications to rights of Bondholders, if material;
 - h. Bond calls, if material, and tender offers;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the securities, if material;
 - k. Rating changes;
 - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
 - m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
 - o. Incurrence of a financial obligation (as defined by the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and

- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

Termination of Reporting Obligation

The County's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment/Waiver

Notwithstanding any other provision of the Disclosure Certificate, the County may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of the respective Holders, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default

In the event of a failure of the County to comply with any provision of the Disclosure Certificate, any Bondholder or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the County to comply with the Disclosure Certificate shall be an action to compel performance.

Future Issues

The County has no additional debt planned or authorized for new capital projects at this time.

Litigation

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation with its counsel, the County believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or by sovereign immunity or will not have a material adverse effect upon the County's financial condition.

As of the date of this Official Statement, the County has no knowledge or information concerning any pending or threatened litigation contesting the authority of the County to issue, sell or deliver the Bonds. The County has no knowledge or information of any actions pending or expected that would materially affect the County's ability to pay the debt service requirements of the Bonds.

Approval of Legal Proceedings

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinions of Bass, Berry & Sims PLC, Bond Counsel. A copy of the opinions will be available upon delivery of the Bonds. (See Appendix A). Certain legal matters will be passed upon for the County by Michael R. Jennings, Esq., Counsel to the County.

Tax Matters

Federal Taxes

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the County and assuming compliance by the Issuer with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not a preference item for a bondholder under the federal alternative minimum tax on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2023.

The Code imposes requirements on the Bonds that the County must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the County does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The County has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit,
- a borrower of money to purchase or carry the Bonds, or
- an “applicable corporation” as defined in Section 59(k) of the Code.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also “Changes in Federal and State Tax Law” below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is “Bond premium” on that Bond. The tax accounting treatment of Bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with Bond premium, even though the Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Bonds with Bond premium, it should consult its tax advisor regarding the tax accounting treatment of Bond premium.

Original Issue Discount. A Bond will have “original issue discount” if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel’s opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder’s federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on bonds, such as the Bonds, that is otherwise excluded from gross income for federal income tax purposes, to a tax payable by certain bondholders with an adjusted gross income in excess of certain proposed thresholds. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Municipal Advisor

Stephens Inc. is serving as Municipal Advisor to the County in connection with the issuance of the Bonds. Stephens Inc., in its capacity as Municipal Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Bonds. The information set forth herein has been obtained by the County and other sources believed to be reliable. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and

circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

TD Securities (USA) LLC, New York, New York (the “Underwriter”), acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$43,147,259.02, which is par, plus net original issue premium of \$1,840,228.55, less \$72,969.53 underwriter’s discount. The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Bond Underwriter.

Forward Looking Statements

The statements contained in this Official Statement, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

Miscellaneous

Any statement made in this Official Statement involving matters of opinion and estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement was duly authorized by the County.

Remainder of Page Left Intentionally Blank

Certificate of County Mayor

I, Bill Newman, do hereby certify that I am the duly qualified and acting County Mayor of Lincoln County, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement dated October 24, 2023 issued in connection with the sale of the County's \$41,380,000 General Obligation School Bonds, Series 2023, and to the best of my knowledge, information, and belief (a) the descriptions and statements contained in said Official Statement were at the time of the acceptance of the winning bids and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of the acceptance of the winning bids and does not on the date hereof contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

WITNESS my official signature this 9th day of November, 2023.

/s/ Bill Newman
County Mayor

I, Phyllis Counts, do hereby certify that I am the duly qualified and acting County Clerk of Lincoln County, Tennessee, and as such official, I do hereby certify that Bill Newman is the duly qualified and acting County Mayor of said County and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of said County as of the date subscribed to the foregoing certificate.

/s/ Phyllis F. Counts
County Clerk

(SEAL)

[This page is intentionally left blank]

APPENDIX A

Form of Legal Opinion of Bass, Berry & Sims PLC, Attorneys,
Nashville, Tennessee relating to the Bonds.

(Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

November 9, 2023

We have acted as bond counsel to Lincoln County, Tennessee (the “Issuer”) in connection with the issuance of \$41,380,000 General Obligation School Bonds, Series 2023, dated the date hereof (the “Bonds”). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.

2. The resolution of the Board of Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Issuer. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2023. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

Bass, Berry & Sims PLC

APPENDIX B

Demographic and General Financial Information
Related to the County

GENERAL INFORMATION

Lincoln County (the “County”) is located in southern middle Tennessee on the border of Alabama. Most of the County is located in the Central Basin with the remainder on the Highland Rim. Fayetteville, the County seat, is located 78 miles south of Nashville, 102 miles west of Chattanooga, and 25 miles north of Huntsville, Alabama. The County was formed in 1809 and encompasses 570 square miles.

The County is predominately agricultural with approximately 91% of its total acreage utilized for agricultural purposes. The soil is suitable for a variety of crops including corn, hay, grains, cotton, tobacco and vegetables. The County ranks among the top beef producers in the state. Livestock and dairy farming also contribute materially to the County’s agricultural income base.

DEMOGRAPHIC DATA

Population

The U.S. Census Bureau estimated a 2022 population of 36,004 residents in the County which represents a 7.9% increase from 2010 Census.

POPULATION

	<u>County</u>	<u>Tennessee</u>
1970 U.S. Census	24,318	3,926,018
1980 U.S. Census	26,483	4,600,252
1990 U.S. Census	28,208	4,890,626
2000 U.S. Census	31,399	5,703,719
2010 U.S. Census	33,378	6,355,518
2020 U.S. Census	35,335	6,925,619
2021 U.S. Census Estimate	35,451	6,968,351
2022 U.S. Census Estimate	36,004	7,051,339
Sources: U.S. Census Bureau		

Per Capita Personal Income

The 2020 per capita personal income of \$45,271 in the County reflected an increase of 33% from the 2011 figure of \$33,937.

	Lincoln County	Tennessee	% of State
2012 Per Capita Personal Income	\$34,534	\$39,373	87.7%
2013 Per Capita Personal Income	\$35,639	\$39,454	90.3%
2014 Per Capita Personal Income	\$35,914	\$40,753	88.1%
2015 Per Capita Personal Income	\$37,219	\$42,535	87.5%
2016 Per Capita Personal Income	\$37,655	\$43,499	86.6%
2017 Per Capita Personal Income	\$38,233	\$44,879	85.2%
2018 Per Capita Personal Income	\$39,264	\$46,870	83.8%
2019 Per Capita Personal Income	\$41,767	\$49,343	84.6%
2020 Per Capita Personal Income	\$44,963	\$52,310	86.0%
2021 Per Capita Personal Income	\$48,683	\$56,616	86.0%

Source: Bureau of Economic Analysis, CA1-3 Personal Income Summary

ECONOMIC DATA

Major Employers

The following table shows the County's largest employers and their respective number of employees in the County.

LIST OF MAJOR EMPLOYERS		
Employer	Employees	Products/Services
Frito Lay, Inc.	725	Snack Foods
Lincoln County Schools	575	Education
Wal-Mart Stores, Inc.	350	Retail
Lincoln County Health System	271	Healthcare
TMD (Toledo Molding & Die)	250	Automotive Plastics
Copperweld Bimetallics LLC	200	Copper wiring
Franke Foodservice Systems	200	Stainless Steel Kitchen Equipment
Fayetteville City School System	200	Education
Lincoln County Government	176	Government
C&S Plastics, LLC	105	Automotive Plastics

Sources: Tennessee Department of Economic and Community Development.

Labor Force, Employment and Unemployment Data

The labor force in the County amounted to 16,976 in July 2023 as shown in the following table.

Year	Employment	Unemployment	Total Labor Force	Unemployment Percent		
				County	State	U.S.
2013	14,642	968	15,610	6.2%	7.7%	7.4%
2014	14,541	830	15,371	5.4%	6.6%	6.2%
2015	14,447	728	15,175	4.8%	5.6%	5.3%
2016	15,319	655	15,974	4.1%	4.8%	4.9%
2017	15,765	538	16,303	3.3%	3.8%	4.4%
2018	16,200	501	16,701	3.0%	3.5%	3.9%
2019	16,244	589	16,833	3.5%	3.3%	3.7%
2020	14,626	1,359	15,985	8.5%	7.5%	8.1%
2021	15,590	683	16,273	4.2%	4.5%	5.4%
2022	16,076	531	16,607	3.2%	3.4%	3.6%
Jul-23	16,416	560	16,976	3.3%	3.1%	3.5%

Source: Bureau of Labor Statistics

Transportation

The highway system in the County consists of U.S. Highways 64, 231, and 431 as well as State Highways 50, 110, and 121. Interstate 65 is 16 miles west of the County seat of Fayetteville via four lane U.S. 64, and I-24 is 30 miles northeast of Fayetteville via U.S. 64.

Air Transport

For commercial aviation, Lincoln County is served by two international airports -- Huntsville International Airport (42 miles south of Fayetteville) and Nashville International Airport (85 miles north of Fayetteville). In addition, Fayetteville Municipal Airport can accommodate corporate aircraft with its 5,900-foot runway.

Rail Transport

CSX transportation has a main rail line running through southwestern Lincoln County and an offloading rail spur located in Delrose. In addition, the County has access to a full-service intermodal facility (rail, motor freight, international air cargo) in Huntsville, Alabama, which is served by Norfolk Southern.

Water Transport

The nearest port facility is the Port of Huntsville, Alabama, which has barge facilities, located 42 miles southeast of Fayetteville on the Tennessee River. Additionally, Fayetteville is located approximately 60 miles from the Port of Decatur, Alabama and is within two hours of inland ports operated by the Alabama State Port Authority.

Health Care Services

In 2022, The Lincoln Health System merged with the Huntsville Hospital Health System. Under the 40-year lease agreement the Huntsville System assumed control and responsibility for operating all facilities of the Lincoln Health system. In addition to a 49-bed, full-service, Joint Commission accredited hospital (Lincoln Medical Center), the Lincoln System includes a free standing rehabilitation and wellness center (Patrick Rehab-Wellness Center), two nursing homes (Lincoln and Donalson Care Centers), an assisted living facility (Donalson Assisted Living), a home health and hospice center (Lincoln Medical Home Health and Hospice) and an ambulance/EMS service.

Lincoln Medical Center, a replacement facility for the former Lincoln Regional Hospital, was completed in August of 2001 from proceeds of the Series 1998 Bonds issued under the Indenture. This 49-bed facility is located on the Highway 64 bypass. The Lincoln Health System has approximately 300 employees making it one of the top 5 employers in the County.

There are also three medical clinics, two nursing homes with a total of 240 beds, and four assisted living centers with a total of 118 beds in the County.

Retail Sales

The County's retail sales in 2022 totaled \$470,726,876. This is a 59% increase since 2003.

2003 Retail Sales	\$295,491,520	2013 Retail Sales	\$366,933,443
2004 Retail Sales	\$312,182,525	2014 Retail Sales	\$363,493,146
2005 Retail Sales	\$326,103,493	2015 Retail Sales	\$373,167,947
2006 Retail Sales	\$343,662,708	2016 Retail Sales	\$383,231,716
2007 Retail Sales	\$384,889,139	2017 Retail Sales	\$380,299,142
2008 Retail Sales	\$366,195,398	2018 Retail Sales	\$367,691,205
2009 Retail Sales	\$336,410,124	2019 Retail Sales	\$398,396,149
2010 Retail Sales	\$339,856,297	2020 Retail Sales	\$415,104,371
2011 Retail Sales	\$362,786,162	2021 Retail Sales	\$467,570,676
2012 Retail Sales	\$373,901,886	2022 Retail Sales	\$470,726,876

Source: Tennessee Department of Revenue

Higher Education

Motlow State Community College has a 14,000 square foot auxiliary teaching site located on 20 acres within the County. The College has an enrollment of approximately 400 students. Additionally, the Don Sundquist Center of Advanced Technologies within the County provides workforce development opportunities and a variety of college-level credit courses.

Public Education

The County currently operates a county school system employing approximately 575 people with a 2021-2022 average daily membership of 3,741 students in eight schools: one prekindergarten, five prekindergarten through eighth grade, one ninth grade school, and one high school. The enrollment is presented below:

Average Daily		Average Daily	
School Year	Membership	School Year	Membership
2002-2003	4,268	2012-2013	3,933
2003-2004	3,989	2013-2014	3,870
2004-2005	4,018	2014-2015	3,859
2005-2006	4,021	2015-2016	3,835
2006-2007	3,981	2016-2017	3,760
2007-2008	4,030	2017-2018	3,695
2008-2009	3,995	2018-2019	3,705
2009-2010	3,964	2019-2020	3,722
2010-2011	3,853	2020-2021	3,583
2011-2012	3,921	2021-2022	3,741

Source: Tennessee Department of Education

The City of Fayetteville Board of Education is a separate city school system administrated by a superintendent and a school board of education. It operates three facilities with classes for grades K-12. Approximately 200 people are employed by the city school system which had a 2021-22 average daily membership of 1,170 students.

Private Education

One private school in the County, Riverside Christian Academy, offers an education program for grades pre-kindergarten through twelfth grade with enrollment of over 300 students.

GOVERNMENTAL STRUCTURE

County Government

Lincoln County government operates under the general laws and uniform structure for counties in Tennessee with a County Mayor, Commissioner of Highways, Director of Schools, various county officials and a county legislative body, the Board of County Commissioners (the “Board”).

All powers of the County are vested in and exercised by the Board. The Board consists of 24 members and a Chairman who is elected by the Board, serving four year terms. The current terms expires at the end of August 2026.

Government services provided by the County include general county government, police protection, judicial services, public works, public health, schools, and emergency medical services. The City of Fayetteville operates its own school system.

RETIREMENT COMMITMENTS

See Appendix C, Page 74, Note G of Audited Financial Statements for Fiscal Year Ended June 30, 2022

OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) DISCLOSURE STATEMENT

See Appendix C, Page 92, Note H of Audited Financial Statements for Fiscal Year Ended June 30, 2022

[The Remainder of this Page Intentionally Left Blank]

**LINCOLN COUNTY
GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT ⁽¹⁾⁽²⁾**

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding June 30, 2022
General County Obligations					
Total Bonds					
7,000,000	GO Public Improvement Bonds, Series 2014	03/06/14	06/01/34	2.00% - 3.625%	4,500,000
30,470,000	GO School Bonds, Series 2018	11/20/18	05/01/43	3.25% - 5.00%	28,890,000
41,380,000	GO School Bonds, Series 2023	11/09/23	05/01/44	4.625% - 5.00%	41,380,000
Total Bond Debt					74,770,000
Total Notes					
\$1,000,000	General Obligation Capital Outlay Notes, Series 2015	04/14/15	04/01/27	2.195%	\$440,000
Total Note Debt					\$440,000
Total General Obligations					\$75,210,000
Lincoln County Health System Obligations ⁽²⁾					
6,735,000	Hospital Facility Lease Rev & Tax Ref Bonds, Series 2013	06/05/13	05/01/23	2.000%	730,000
133,334	Rural Economic Development Loan	11/30/15	11/30/22	0.000%	7,882
106,080	Financed Purchase Obligation	04/25/19	05/29/24	5.740%	44,560
150,000	Financed Purchase Obligation	09/01/19	09/01/24	4.450%	71,879
Less: Debt Service Reserve Fund Balance as of June 30, 2022					(758,904)
Total Lincoln County Health System Obligations					\$95,417
Lincoln County Board of Public Utilities Obligations ⁽²⁾					
	Water Revenue & Tax Refunding Bonds, Series 2015	08/26/15	04/01/36	2.20% - 4.00%	4,845,000
	Revolving Loan Fund	11/10/16	04/01/37	0.75%	453,512
	Revolving Loan Fund	09/18/15	09/01/36	0.91%	2,470,434
	Revolving Loan Fund	06/26/17	10/29/39	0.82%	267,049
	Revolving Loan Fund	06/26/17	03/20/40	0.82%	272,957
Total Lincoln County Board of Public Utilities Obligations					8,308,952
Total Current Outstanding Debt					\$83,614,369

**DEBT STATEMENT
(As of June 30, 2022)**

Outstanding Debt	
Total Current Outstanding Debt	\$83,614,369
Less: Debt Service Fund Balance as of June 30, 2022	(3,017,731)
Gross Direct Debt	\$80,596,638
Less: Lincoln County Health System Self-Supporting Obligations ⁽²⁾	(\$95,417)
Less: Lincoln County Board of Public Utilities Self-Supporting Obligations ⁽²⁾	(8,308,952)
Net Direct Debt	\$72,192,269
Net Overlapping Debt (as of June 30, 2022)	
City of Fayetteville	\$10,811,867
Town of Petersburg (68.09% located in Lincoln County)	141,913
Total Net Overlapping Debt	\$10,953,780
Overall Net Debt	\$83,146,049

DEBT RECORD OF LINCOLN COUNTY

There is no record of a default on bond principal and interest from information available.

(1) As of 6/30/22, excludes leases payable of \$806,999, and adjusted for GO School Bonds, Series 2023.

(2) The County operates the Lincoln County Health System and Lincoln County Board of Public Utilities as Enterprise Funds. The County is obligated to pay such outstanding debt in the event that net revenues from each of the respective systems are insufficient to pay debt service and the County has pledged its full faith and credit to such payments.

Source: Annual Financial Reports for the fiscal years ending June 30, 2022 as presented and prepared by the State Comptroller's Division of County Audit and County Officials.

POPULATION

	<u>County</u>	<u>Tennessee</u>
1970 U.S. Census	24,318	3,926,018
1980 U.S. Census	26,483	4,600,252
1990 U.S. Census	28,208	4,890,626
2000 U.S. Census	31,399	5,703,719
2010 U.S. Census	33,378	6,355,518
2020 U.S. Census	35,335	6,925,619
2021 U.S. Census Estimate	35,451	6,968,351
2022 U.S. Census Estimate	36,004	7,051,339
Sources: U.S. Census Bureau		

PER CAPITA DEBT RATIOS

Outstanding Debt	\$2,322.36
Gross Direct Debt	\$2,238.55
Net Direct Debt	\$2,005.12
Total Net Overlapping Debt	\$304.24
Overall Net Debt	\$2,309.36

DEBT RATIOS

	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
Property Values	\$771,701,603	\$3,295,418,640
Outstanding Debt to	10.84%	2.54%
Gross Direct Debt to	10.44%	2.45%
Net Direct Debt to	9.35%	2.19%
Total Net Overlapping Debt to	1.42%	0.33%
Overall Net Debt to	10.77%	2.52%

DEBT TREND ⁽¹⁾

Fiscal Years Ending

	<u>06/30/22</u>	<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
Bonds	\$33,390,000	\$34,500,000	\$36,440,000	\$38,125,000	\$9,665,000
Notes	440,000	525,000	605,000	685,000	765,000
Capital Leases	0	0	0	108,694	217,389
Other Loans	0	0	0	0	3,675,674
Total Debt	\$33,830,000	\$35,025,000	\$37,045,000	\$38,918,694	\$14,323,063

⁽¹⁾ Does not include any Enterprise Fund debt. The County operates the Lincoln County Health System and Lincoln County Board of Public Utilities as Enterprise Funds. The County is obligated to pay such outstanding debt in the event that net revenues from each of the respective systems are insufficient to pay debt service and the County has pledged its full faith and credit to such payments.

Sources: Annual Financial Reports for the fiscal years ending June 30, 2018 to 2022 as presented and prepared by the State Comptroller's Division of County Audit and County Officials.

GENERAL GOVERNMENT
DEBT SERVICE REQUIREMENTS ⁽¹⁾⁽²⁾
(As of June 30, 2022)

Year No.	Year Ended June 30	Bond Principal	Note Principal	Plus: GO School Bonds Series 2023	Total Principal	Percent Retired Principal	Bond Interest	Note Interest	Plus: GO School Bonds Series 2023	Total Interest	Total Debt Service Requirements
1	2023	1,160,000	85,000		1,245,000		1,377,368	9,658		1,387,026	2,632,026
2	2024	1,215,000	85,000	2,000,000	3,300,000		1,325,568	7,792	971,513	2,304,873	5,604,873
3	2025	1,270,000	90,000	1,195,000	2,555,000		1,271,218	5,926	1,933,400	3,210,544	5,765,544
4	2026	1,325,000	90,000	1,255,000	2,670,000		1,214,318	3,951	1,873,650	3,091,919	5,761,919
5	2027	1,385,000	90,000	1,315,000	2,790,000	16.7%	1,154,868	1,975	1,810,900	2,967,743	5,757,743
6	2028	1,450,000		1,385,000	2,835,000		1,092,180		1,745,150	2,837,330	5,672,330
7	2029	1,515,000		1,450,000	2,965,000		1,026,251		1,675,900	2,702,151	5,667,151
8	2030	1,585,000		1,525,000	3,110,000		957,063		1,603,400	2,560,463	5,670,463
9	2031	1,660,000		1,600,000	3,260,000		884,151		1,527,150	2,411,301	5,671,301
10	2032	1,720,000		1,680,000	3,400,000	37.4%	829,187		1,447,150	2,276,337	5,676,337
11	2033	1,790,000		1,765,000	3,555,000		761,962		1,363,150	2,125,112	5,680,112
12	2034	1,860,000		1,855,000	3,715,000		691,463		1,274,900	1,966,363	5,681,363
13	2035	1,460,000		1,945,000	3,405,000		618,200		1,182,150	1,800,350	5,205,350
14	2036	1,520,000		2,045,000	3,565,000		559,800		1,084,900	1,644,700	5,209,700
15	2037	1,580,000		2,145,000	3,725,000	61.3%	499,000		982,650	1,481,650	5,206,650
16	2038	1,640,000		2,250,000	3,890,000		435,800		875,400	1,311,200	5,201,200
17	2039	1,710,000		2,365,000	4,075,000		370,200		762,900	1,133,100	5,208,100
18	2040	1,775,000		2,475,000	4,250,000		301,800		653,519	955,319	5,205,319
19	2041	1,850,000		2,590,000	4,440,000		230,800		535,956	766,756	5,206,756
20	2042	1,920,000		2,715,000	4,635,000	89.6%	156,800		412,931	569,731	5,204,731
21	2043	2,000,000		2,845,000	4,845,000		80,000		283,969	363,969	5,208,969
22	2044			2,980,000	2,980,000	100.0%			145,275	145,275	3,125,275
		<u>\$33,390,000</u>	<u>\$440,000</u>	<u>\$41,380,000</u>	<u>\$75,210,000</u>		<u>\$15,837,993</u>	<u>\$29,302</u>	<u>\$24,145,913</u>	<u>\$40,013,208</u>	<u>\$115,223,208</u>

(1) As of 6/30/2022, adjusted for GO School Bonds, Series 2023.

(2) Does not include any Enterprise Fund debt or self-supporting business-type activity debt. The County operates the Lincoln County Health System and Lincoln County Board of Public Utilities as Enterprise Funds. The County is obligated to pay such outstanding debt in the event that net revenues from each of the respective systems are insufficient to pay debt service and the County has pledged its full faith and credit to such payments. Details of Enterprise Fund debt are located in the Summary of Outstanding Debt.

Source: Comprehensive Annual Financial Reports for the fiscal year ended June 30, 2022 as presented and prepared by the State Comptroller's Division of County Audit and County Officials.

LINCOLN COUNTY HEALTH SYSTEM
DEBT SERVICE REQUIREMENTS
(As of June 30, 2022)

Year No.	Year Ended June 30	Total Principal	Percent Retired Principal	Total Interest	Total Debt Service Requirements
1	2023	791,881		18,544	810,425
2	2024	54,130		1,776	55,906
3	2025	8,310	100.00%	61	8,371
		<u>\$854,321</u>		<u>\$20,381</u>	<u>\$874,702</u>

* - Excludes Capital Leases of \$281,932.

Source: Annual Financial Report for the year ending June 30, 2022 as presented and prepared by Putman & Hancock, Certified Public Accountants, Fayetteville, Tennessee and County Officials.

LINCOLN COUNTY BOARD OF PUBLIC UTILITIES
DEBT SERVICE REQUIREMENTS
(As of June 30, 2022)

Year No.	Year Ended June 30	Principal			Percent Retired Principal	Interest			Total Debt Service Requirements
		Total Bond Principal Outstanding	Total Other Loan Principal Outstanding	Total Principal Requirements		Total Bond Interest Outstanding	Total Other Loan Interest Outstanding	Total Interest Requirements	
1	2023	280,000	218,587	498,587		152,061	29,086	181,147	679,734
2	2024	290,000	222,936	512,936		140,861	27,504	168,365	681,301
3	2025	305,000	224,904	529,904		129,261	25,536	154,797	684,701
4	2026	315,000	226,884	541,884		117,061	23,556	140,617	682,501
5	2027	320,000	228,876	548,876	31.68%	110,131	21,564	131,695	680,571
6	2028	330,000	230,904	560,904		102,131	19,536	121,667	682,571
7	2029	340,000	232,944	572,944		93,469	17,496	110,965	683,909
8	2030	350,000	234,984	584,984		84,119	15,456	99,575	684,559
9	2031	355,000	237,048	592,048		74,494	13,392	87,886	679,934
10	2032	370,000	239,148	609,148	66.82%	63,844	11,292	75,136	684,284
11	2033	380,000	241,260	621,260		52,744	9,180	61,924	683,184
12	2034	390,000	243,384	633,384		40,869	7,056	47,925	681,309
13	2035	405,000	245,520	650,520		28,194	4,920	33,114	683,634
14	2036	415,000	247,692	662,692		14,525	2,748	17,273	679,965
15	2037		105,266	105,266	98.99%		979	979	106,245
16	2038		32,640	32,640			564	564	33,204
17	2039		32,904	32,904			300	300	33,204
18	2040		15,159	15,159			57	57	15,216
19	2041		2,912	2,912	100.00%		2	2	2,914
		<u>\$4,845,000</u>	<u>\$3,463,952</u>	<u>\$8,308,952</u>		<u>\$1,203,764</u>	<u>\$230,224</u>	<u>\$1,433,988</u>	<u>\$9,742,940</u>

Source: Annual Financial Report for the year ending June 30, 2022 prepared by Putman & Hancock, Certified Public Accountants, Fayetteville, Tennessee and County Officials.

Real Property Assessment, Tax Levy and Collection Procedures

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the “*General Assembly*”) exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as defined under the Tennessee Code Annotated.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass

and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the Tennessee Code Annotated, the General Assembly has authorized the counties in Tennessee to levy an ad valorem tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county.

All property is required to be taxed according to its values upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

Valuation for Property Tax Purposes

The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State board of equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

PROPERTY VALUATION AND PROPERTY TAX

Fiscal Year Tax Year	2022-2023 2022	2021-2022 2021	2020-2021 2020	2019-2020 2019	2018-2019 2018
ESTIMATED ACTUAL VALUES					
Residential & Farm	\$2,661,111,598	\$2,618,471,675	\$2,219,995,200	\$2,204,617,700	\$2,026,393,134
Commercial & Industrial	429,320,636	428,500,701	364,988,900	343,287,900	359,831,587
Personal Tangible Property	183,483,153	110,907,138	100,229,593	97,224,250	96,772,151
Public Utilities	21,503,253	22,242,193	22,936,465	22,938,405	19,853,997
Total Estimated Actual Values	\$3,295,418,640	\$3,180,121,707	\$2,708,150,158	\$2,668,068,255	\$2,502,850,869
Annual Percentage Change	3.63%	17.43%	1.50%	6.60%	9.65%
Estimated Per Capita Amount	\$91,529	\$89,705	\$76,642	\$77,479	\$73,061
ASSESSED VALUES					
Residential & Farm (at 25%)	\$567,920,920	\$558,821,570	\$555,038,520	\$551,194,145	\$447,329,835
Commercial & Industrial (at 40%)	146,584,600	146,307,280	145,995,560	137,315,160	127,078,120
Personal Tangible Property (at 30%)	47,775,419	28,999,850	30,068,922	29,167,321	26,029,074
Public Utilities (at 30%-55%)	9,420,664	9,741,106	10,106,914	10,107,761	8,711,484
Total Assessed Values	\$771,701,603	\$743,869,806	\$741,209,916	\$727,784,387	\$609,148,513
Annual Percentage Change	3.74%	0.36%	1.84%	19.48%	0.27%
Estimated Per Capita Amount	\$21,434	\$20,983	\$20,977	\$21,134	\$17,782
Appraisal Ratio	85.36%	85.36%	100.00%	100.00%	88.29%
Assessed Values to Actual Values	23.42%	23.39%	27.37%	27.28%	24.34%
Property Tax Rate					
General Fund	\$0.9033	\$0.9033	\$0.9033	\$0.9033	\$1.0658
Highway/Public Works	\$0.1453	\$0.1453	\$0.1453	\$0.1453	\$0.1714
General Purpose School Fund	\$0.6681	\$0.6681	\$0.6681	\$0.6681	\$0.7883
General Debt Fund	\$0.2244	\$0.2244	\$0.3344	\$0.3344	\$0.1945
Education Capital Projects	\$0.1609	\$0.1609	\$0.0509	\$0.0509	\$0.2600
Total Property Tax Rate	\$2.1020	\$2.1020	\$2.1020	\$2.1020	\$2.4800
Taxes Levied	\$16,221,168	\$15,636,143	\$15,580,232	\$15,298,028	\$15,106,883
Collections					
Current Fiscal Year	In Process	\$15,575,987	\$15,131,358	\$14,686,054	\$14,608,733
Percent Collected Current FY	In Process	99.62%	97.12%	96.00%	96.70%

Sources: State Board of Equalization, 2018 - 2022 Tax Aggregate Reports of Tennessee and County officials.

SELECTED FINANCIAL INFORMATION REGARDING THE COUNTY

General

The County accounts for its financial resources on the basis of funds and account groups, each of which is considered a separate accounting entity. The General Fund is the general operating fund of the County. Other funds include Special Revenue Funds, the General Service Fund, Capital Projects Funds, Internal Service Funds and Trust and Agency Funds. For additional information regarding the component units, see Notes to the General Purpose Financial Statements contained in APPENDIX C hereto.

Revenues received from ad valorem taxes levied on all taxable property within the boundaries of the County securing the payment of principal of and interest on debt issues are deposited in the Debt Service Funds of the County. Such tax collections for the Obligations will be used exclusively to pay the principal of and interest on the Obligations. Included as APPENDIX C to this Official Statement are the General Purpose Financial Statements and notes thereto for the fiscal year ended June 30, 2022. Potential purchasers should read APPENDIX C in its entirety for more complete information concerning the County's financial position.

The County uses the modified accrual basis of accounting for all Governmental Funds, Expendable Trust Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Funds where expenditures determine the eligibility for grants recognize revenue at the time of the expenditures. Grant proceeds received prior to meeting the aforementioned revenue recognition policy are recorded as deferred revenues. Principal and interest on general 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.

The primary revenues susceptible to accrual are revenues received from the State of Tennessee. Sales tax collected and held by the State at year-end on behalf of the County and its component units are also recognized as revenue.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when incurred.

Budgetary Process

The County Mayor and staff are responsible for compiling the budget information of each County department into the complete budget, which is presented to the Budget Committee of the Board for its review. The full Board approves the budget in July. After the budget is approved by the Board, it is submitted to the State Division of Local Finance (the "Division") for its complete review, analysis and approval. A significant component of the Division's analysis is proper funding of the budget, especially of outstanding debt. If the budget is not approved by the Board by October 1 of the then current fiscal year, then the County receives no state funds retroactive to the beginning of the fiscal year until the budget is properly funded and approved. In such circumstances, the County is unable to borrow funds using tax anticipation notes or capital outlay notes. This process is intended to provide for checks and balances in the budgeting process and to promote good budgeting practices.

The County's finances are managed according to a uniform accounting and chart of accounts in accordance with the State Comptroller of the Treasury and Governmental Accounting Standards Board as supervised by the State Division of County Audit. The County operates under a centralized financial management system in accordance with the County Financial Management Act of 1981.

In Tennessee, counties have the option to be audited by a private accounting firm, subject to the State Comptroller's approval, or by the State Division of County Audit ("County Audit") under the control and supervision of the State Comptroller. The County has been audited by County Audit for at least the last twenty years. The most recent audit is included herein as APPENDIX C.

The following funds have legally adopted budgets:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

General Debt Service Fund. The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Other funds include Special Revenue Funds, Capital Projects Funds, Internal Service Funds and Trust and Agency Funds.

For additional information regarding these funds, see Notes to the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2022, in APPENDIX C hereto.

[The Remainder of this Page Intentionally Left Blank]

TOP TAXPAYERS

<u>Business</u>	<u>Type of Business</u>	<u>Tax Year 2022 Assessed Value</u>	<u>Assessed Value as a % of Tax Year 2022 Total Assessment</u>
Frito Lay	Potato Chip/Snack Manufacturer	\$22,495,899	2.92%
Franke Food Service	Kitchen Product Manufacturer	14,625,852	1.90%
Keith Bigham	Individual	13,252,360	1.72%
Copperweld	Copper Wire Manufacturer	10,266,114	1.33%
Brown Forman Corp.	Distillery	9,699,959	1.26%
Wal-Mart	Retail	4,479,201	0.58%
Fredric Clark	Individual	3,288,325	0.43%
David Hunt	Individual	3,281,240	0.43%
Wilson Parkway 1810 Inc. ⁽¹⁾	Air Conditioning Manufacturer	2,800,000	0.36%
Wood Lincoln Park Center	Retail/Shopping Center	2,467,060	0.32%

Source: Lincoln County Trustee's Office

(1) Former Goodman manufacturing facility.

LOCAL OPTION SALES TAX For Fiscal Years Ending June 30

	<u>06/30/22</u>	<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
Rate (Percent of retail sales)	2.50%	2.50%	2.50%	2.50%	2.50%
Distribution to Following Funds					
General Fund	\$2,271,786	\$2,075,785	\$1,574,918	\$1,419,964	\$1,307,718
General Debt Service	-	-	-	-	-
General Purpose School	4,460,229	3,970,466	3,209,925	3,049,245	2,831,230
City School System	1,311,557	1,324,413	1,099,460	1,073,178	1,028,870
Cities Portion	3,532,384	3,235,115	2,723,311	2,700,610	2,547,636
Total Amount Collected	\$11,575,956	\$10,605,779	\$8,607,614	\$8,242,997	\$7,715,454
% of Increase	9.15%	23.21%	4.42%	6.84%	-0.53%

Sources: Annual Financial Reports for the fiscal years ending June 30, 2018 - 2022 as presented and prepared by the State Comptroller's Division of County Audit.

FUND BALANCES For Fiscal Years Ending June 30

	<u>06/30/22</u>	<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
GOVERNMENTAL FUNDS					
General Government Fund	\$7,377,803	\$8,482,676	\$6,333,897	\$6,006,318	\$5,184,099
Highway/Public Works	4,408,004	3,441,535	5,577,533	6,108,824	5,039,764
Special Revenue Funds	1,160,019	1,410,146	1,572,883	1,779,570	1,748,860
Education Funds	13,099,702	9,334,975	15,628,030	29,265,864	6,405,813
Debt Service Funds	3,017,731	3,052,074	3,221,648	2,987,126	3,639,114
General Capital Projects	-	-	-	-	-
Total Governmental Funds	\$29,063,259	\$25,721,406	\$32,333,991	\$46,147,702	\$22,017,650

Sources: Annual Financial Reports for the fiscal years ending June 30, 2018 - 2022 as presented and prepared by the State Comptroller's Division of County Audit and County Officials.

Bondholder Risks

The purchase of the Series 2023 Bonds involves various risks and investment considerations. Certain of these risks and investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible risk factors nor a substitute for an independent evaluation of the information presented in this Official Statement, including the appendices attached hereto.

Each potential purchaser of any of the Series 2023 Bonds should read this Official Statement, including the appendices attached hereto, in its entirety and consult such prospective purchaser's own investment, financial and legal advisor for a more complete explanation of the matters that should be evaluated and considered when purchasing the Series 2023 Bonds.

Epidemics, Pandemics and Public Health Emergencies

The outbreak of epidemics, pandemics and other public health emergencies have the potential to materially disrupt the operations and financial condition of the County and the local economy. The spread of Covid-19, a respiratory disease caused by a novel strain of coronavirus, is an example of a recent public health emergency. The Covid-19 outbreak led to quarantines and social-distancing efforts that impacted government agencies, schools, businesses and other entities throughout the County and the State. Multiple vaccines and additional boosters for the virus were approved for distribution in the United States. The vaccines have had varying efficacy rates and studies suggest the efficacy rates may decline over time. While some studies suggest that the existing vaccines are effective against known variants of the virus, there is no assurance that future variants will not be resistant to current vaccines.

Given the evolving nature of the spread of the disease, and future diseases, and the behavior of governments, businesses, and individuals in response thereto, the Issuer is unable to predict the (1) extent or duration of the Covid-19 outbreak or other epidemics, pandemics or public health emergencies, (2) the extent or duration of any existing or future quarantines, business closures, travel restrictions or other measures relating to Covid-19 or other epidemics, pandemics or public health emergencies, and (3) whether and to what extent the Covid-19 outbreak or other epidemics, pandemics or public health emergencies will adversely affect the operations or financial condition of the Issuer.

Climate Change

Numerous scientific studies have suggested that changing global weather patterns and extreme weather events may potentially disrupt government operations and economic conditions in impacted areas. Changing weather patterns can potentially increase the risk of higher temperatures, changes in precipitation, increased flooding, droughts and fires. The County cannot accurately predict the timing, extent or severity of any climate change and its impact on the County's operations and finances.

Cyber-Security

The County utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information, and as a result, the County may be the

target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the County to legal action. The County has no knowledge of, nor historical record of any successful cyber-security breach or related attack. Attempted cyber-security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or agencies of similar characteristics. To mitigate against such risks, the County has instituted various policies and procedures to protect its network infrastructure, including a cyber-security training requirement for certain departments, as well as general cyber-security training and awareness for all employees. Despite the County's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing, where applicable, the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

[This page is intentionally left blank]

APPENDIX C

Comprehensive Annual Financial Report of the County for the
Fiscal Year Ended June 30, 2022

36646208.2



ANNUAL FINANCIAL REPORT

Lincoln County, Tennessee

For the Year Ended June 30, 2022

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

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

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

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

LINCOLN COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Lincoln County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	25-27
Other General Government Fund	C-6	28
Highway/Public Works Fund	C-7	29
Proprietary Funds:		
Statement of Net Position	D-1	30-31
Statement of Revenues, Expenses, and Changes in Net Position	D-2	32
Statement of Cash Flows	D-3	33-34
Fiduciary Funds:		
Statement of Net Position	E-1	35
Statement of Changes in Net Position	E-2	36
Index and Notes to the Financial Statements		37-142
REQUIRED SUPPLEMENTARY INFORMATION:		143
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government – County Plan	F-1	144
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government – Board of Public Utilities Plan	F-2	145

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government – County Plan	F-3	146
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government – Board of Public Utilities Plan	F-4	147
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Lincoln County School Department	F-5	148
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Lincoln County School Department	F-6	149
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Retirement Plan of TCRS – Discretely Presented Lincoln County School Department	F-7	150
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Lincoln County School Department	F-8	151
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plan - Primary Government	F-9	152
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan – Discretely Presented Lincoln County School Department	F-10	153
Notes to the Required Supplementary Information		154
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		155
Nonmajor Governmental Funds:		156
Combining Balance Sheet	G-1	157
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	158
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	G-3	159
Drug Control Fund	G-4	160
Major Governmental Fund:		161
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	162
Fiduciary Funds:		163
Combining Statement of Net Position - Custodial Funds	I-1	164
Combining Statement of Changes in Net Position – Custodial Funds	I-2	165
Component Unit:		
Discretely Presented Lincoln County School Department:		166
Statement of Activities	J-1	167
Balance Sheet – Governmental Funds	J-2	168-169
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	J-3	170
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	171

	Exhibit	Page(s)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	172
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	173
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-7	174
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	175-176
School Federal Projects Fund	J-9	177-178
Central Cafeteria Fund	J-10	179
Extended School Program Fund	J-11	180
Education Capital Projects Fund	J-12	181
Other Capital Projects Fund	J-13	182
Miscellaneous Schedules:		183
Schedule of Changes in Long-term Bonds, Notes, and Other Loans	K-1	184
Schedule of Long-term Debt Requirements by Year	K-2	185-186
Schedule of Changes in Lease Obligations - Primary Government and Discretely Presented Lincoln County School Department	K-3	187
Schedule of Lease Requirements by Year - Primary Government and Discretely Presented Lincoln County School Department	K-4	188
Schedule of Transfers - Discretely Presented Lincoln County School Department	K-5	189
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Lincoln County School Department	K-6	190
Schedule of Detailed Revenues – All Governmental Fund Types	K-7	191-202
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Lincoln County School Department	K-8	203-210
Schedule of Detailed Expenditures – All Governmental Fund Types	K-9	211-228
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Lincoln County School Department	K-10	229-240
Schedule of Detailed Additions, Deductions, and Changes in Net Position – City Custodial Fund	K-11	241
<u>SINGLE AUDIT SECTION</u>		242
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>		243-244
Auditor's Report on Compliance for Every Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance		245-248
Schedule of Expenditures of Federal Awards and State Grants		249-250
Summary Schedule of Prior-year Findings		251
Schedule of Findings and Questioned Costs		252-255
Management's Corrective Action Plan		256-258

Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in two findings, which we have reviewed with Lincoln 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 FINANCE

- ◆ The office had deficiencies in budget operations.

OFFICES OF DIRECTOR OF SCHOOLS AND DIRECTOR OF FINANCE

- ◆ The Education Capital Projects Fund required material audit adjustments for proper financial statement presentation.



INTRODUCTORY SECTION

Lincoln County Officials

June 30, 2022

Officials

William Newman, County Mayor
Tim Gill, Highway Superintendent
Dr. Bill Heath, Director of Schools
Mary Jane Porter, Trustee
Tammy Painter, Assessor of Property
Phyllis Counts, County Clerk
Lisa Simmons, Circuit and General Sessions Courts Clerk
Rebecca Bartlett, Clerk and Master
Randy Delap, Register of Deeds
Murray Blackwelder, Sheriff
Vicky Trentham, Director of Finance

Board of County Commissioners

William Newman, County Mayor, Chairman
R. Stephen Graham
Randy Bradford
Darren Holland
Grady Reavis
David Sanders
Ben Brown
Anthony Taylor
John Thorpe
Jack Atchley
Mark Mitchell
Kate Guin
Ronald Jean

Charles Hunter
Donny Ogle
Wayne King
Steve Spray
Tori Young
Doug Cunningham
Ricky Bryant
Stephanie Eady Britt
Pat Haynes
Glen Douglas
Steve Guntherberg
Danny Walker

Board of Education

Thomas Stevenson, Chairman
Veronica King
Kevin Posey
Sammy Tucker

Stan Golden
Jimmy Daniel
Jennifer Haynes
Jared Bradley

Financial Management Committee

William Newman, County Mayor, Chairman
Tim Gill, Highway Superintendent
Dr. Bill Heath, Director of Schools
Charles Hunter
Ben Brown
Doug Cunningham
Kate Guin

Audit Committee

Randy Bradford, Chairman
Tori Young
Ben Brown
David Sanders
Danny Walker

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

Lincoln County Mayor and
Board of County Commissioners
Lincoln 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Tennessee, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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 Lincoln Health System (major proprietary fund), which represent 46.05 percent, 45.1 percent, and 86.86 percent, respectively, of the assets, net position, and revenues of the business-type activities or the financial statements of the Lincoln County Board of Public Utilities (major proprietary fund), which represent 53.95 percent, 54.9 percent, and 13.14 percent, respectively, of the assets, net position, and revenues of the business-type activities. We also did not audit the financial statements of the Internal School Fund, a special revenue fund of the discretely presented Lincoln County School Department, which represent 0.93 percent, 1.18 percent, and 2.73 percent, respectively, of the assets, net position, and revenues of the discretely presented Lincoln County School Department. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Lincoln Health System, Lincoln County Board of Public Utilities, and the Internal School Fund of the Lincoln County School Department, are 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 Lincoln 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.

Change in Accounting Principle

As described in Note V.B., Lincoln County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB 87 establishes a single approach to accounting for and reporting leases by state and local governments. Our opinion is not modified with respect to this matter.

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 Lincoln 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 Lincoln 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 Lincoln 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 schedules of changes in the county's and school'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 county and 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 Lincoln 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 Lincoln 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 Lincoln 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

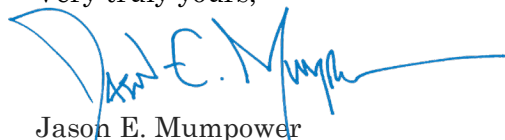
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, 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 23, 2023, on our consideration of Lincoln 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 Lincoln 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 Lincoln County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 23, 2023

JEM/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lincoln County School Department
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 0	\$ 16,801,512	\$ 16,801,512	\$ 812,734
Equity in Pooled Cash and Investments	21,856,426	0	21,856,426	9,304,777
Accounts Receivable	219,161	6,674,128	6,893,289	17,028
Allowance for Uncollectible	(962)	(3,237,920)	(3,238,882)	0
Due from Other Governments	1,570,927	0	1,570,927	4,142,373
Property Taxes Receivable	10,020,887	0	10,020,887	5,277,971
Allowance for Uncollectible Property Taxes	(91,441)	0	(91,441)	(48,181)
Prepaid Items	19,974	276,647	296,621	645,331
Lease Receivable	0	314,082	314,082	0
Other Assets	0	1,132,048	1,132,048	0
Special Funds	0	6,193,350	6,193,350	0
Inventories	0	1,012,846	1,012,846	0
Net Pension Asset - Agent Plan - County	2,697,171	4,874,575	7,571,746	1,793,432
Net Pension Asset - Agent Plan - Public Utility	0	1,796,259	1,796,259	0
Net Pension Asset - Teacher Retirement Plan	0	0	0	381,794
Net Pension Asset - Teacher Legacy Pension Plan	0	0	0	16,359,263
Restricted Assets:				
Patient Trust Funds	0	15,770	15,770	0
Restricted Cash	0	182,755	182,755	0
Amounts Accumulated for Pension Benefits	0	0	0	417,633
Capital Assets:				
Assets Not Depreciated:				
Land	9,312,266	1,692,450	11,004,716	1,629,077
Construction in Progress	227,183	214,785	441,968	1,935,068
Assets Net of Accumulated Depreciation/Amortization:				
Buildings and Improvements	7,564,846	33,764,315	41,329,161	31,292,235
Ground Improvements	0	881,824	881,824	0
Infrastructure	10,257,573	0	10,257,573	0
Other Capital Assets	9,281,594	3,086,708	12,368,302	12,858,914
Intangible Right-to-Use Assets	0	278,157	278,157	802,167
Total Assets	\$ 72,935,605	\$ 75,954,291	\$ 148,889,896	\$ 87,621,616
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Amount on Refunding	\$ 0	\$ 72,321	\$ 72,321	\$ 0
Pension Changes in Experience	17,311	115,343	132,654	73,128
Pension Changes in Assumptions	1,265,613	2,629,845	3,895,458	5,350,177
Pension Changes in Proportion	0	23,561	23,561	29,272
Pension Contributions After Measurement Date	380,407	762,663	1,143,070	1,560,223
OPEB Changes in Experience	0	0	0	73,238
OPEB Changes in Assumptions	47,495	0	47,495	695,842
OPEB Changes in Proportion	0	0	0	101,170
OPEB Benefits Paid After Measurement Date	1,463	0	1,463	110,997
Total Deferred Outflows of Resources	\$ 1,712,289	\$ 3,603,733	\$ 5,316,022	\$ 7,994,047

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lincoln County School Department
<u>LIABILITIES</u>				
Accounts Payable	\$ 22,659	\$ 1,885,922	\$ 1,908,581	\$ 105,790
Accrued Payroll	244,554	681,017	925,571	1,048,422
Accrued Liabilities	0	654,305	654,305	0
Due to State of Tennessee	5,135	0	5,135	0
Due to Cities	18,337	0	18,337	0
Due to Other Governments	6,675,193	0	6,675,193	0
Accrued Interest Payable	218,677	81,364	300,041	0
Unearned Revenue	0	2,097,353	2,097,353	0
Other Accrued Liabilities	0	192,662	192,662	0
Noncurrent Liabilities:				
Due Within One Year - Leases	0	45,012	45,012	356,877
Due Within One Year - Debt	1,245,000	1,290,468	2,535,468	0
Due Within One Year - Other	292,358	839,489	1,131,847	58,022
Due in More Than One Year - Leases	0	236,920	236,920	450,122
Due in More Than One Year - Debt	33,887,687	8,023,321	41,911,008	0
Due in More Than One Year - Other	845,599	0	845,599	3,091,239
Total Liabilities	\$ 43,455,199	\$ 16,027,833	\$ 59,483,032	\$ 5,110,472
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 9,729,262	\$ 0	\$ 9,729,262	\$ 5,124,364
Deferred Lease Receivable	0	313,546	313,546	0
Pension Changes in Experience	371,295	739,293	1,110,588	1,681,162
Pension Changes in Investment Earnings	2,647,399	5,320,043	7,967,442	15,026,254
Pension Changes in Proportion	0	35,569	35,569	81,567
OPEB Changes in Experience	115,646	0	115,646	377,726
OPEB Changes in Assumptions	87,376	0	87,376	186,800
OPEB Changes in Proportion	0	0	0	102,513
Total Deferred Inflows of Resources	\$ 12,950,978	\$ 6,408,451	\$ 19,359,429	\$ 22,580,386
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 31,703,462	\$ 29,907,897	\$ 61,611,359	\$ 48,517,461
Restricted for:				
General Government	48,400	0	48,400	0
Finance	63,587	0	63,587	0
Administration of Justice	81,458	0	81,458	0
Public Safety	423,202	0	423,202	0
Public Health and Welfare	380,972	0	380,972	0
Highway/Public Works	4,772,398	0	4,772,398	0
Debt Service	0	758,904	758,904	0
Education	0	0	0	2,784,130
Capital Outlay	0	0	0	1,767,434
Other Purposes	0	79,454	79,454	0
Pensions	2,697,171	6,670,834	9,368,005	18,952,122
Unrestricted	(21,928,933)	19,704,651	(2,224,282)	(4,096,342)
Total Net Position	\$ 18,241,717	\$ 57,121,740	\$ 75,363,457	\$ 67,924,805

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

Exhibit B

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

					Net (Expense) Revenue and Changes in Net Position				
		Program Revenues						Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Lincoln County School Department	
Functions/Programs	Expenses				Governmental Activities	Business-type Activities	Total		
Primary Government:									
Governmental Activities:									
General Government	\$ 2,694,529	\$ 452,688	\$ 66,884	\$ 0	\$ (2,174,957)	\$ 0	\$ (2,174,957)	\$ 0	
Finance	1,423,092	1,143,756	0	0	(279,336)	0	(279,336)	0	
Administration of Justice	1,435,632	659,813	11,270	0	(764,549)	0	(764,549)	0	
Public Safety	8,069,864	412,034	56,665	28,335	(7,572,830)	0	(7,572,830)	0	
Public Health and Welfare	3,494,770	1,246,646	471,224	0	(1,776,900)	0	(1,776,900)	0	
Social, Cultural, and Recreational Services	239,512	5,490	2,800	0	(231,222)	0	(231,222)	0	
Agriculture and Natural Resources	194,063	0	17,537	0	(176,526)	0	(176,526)	0	
Highways	5,340,091	0	2,800,371	1,063,803	(1,475,917)	0	(1,475,917)	0	
Education	800	0	0	0	(800)	0	(800)	0	
Interest on Long-term Debt	1,360,544	0	0	0	(1,360,544)	0	(1,360,544)	0	
Total Governmental Activities	\$ 24,252,897	\$ 3,920,427	\$ 3,426,751	\$ 1,092,138	\$ (15,813,581)	\$ 0	\$ (15,813,581)	\$ 0	
Business-type Activities:									
Lincoln Health System	\$ 41,188,100	\$ 38,184,577	\$ 3,750,939	\$ 104,118	\$ 0	\$ 851,534	\$ 851,534	\$ 0	
Lincoln County Board of Public Utilities	5,462,318	5,946,498	386,323	90,000	0	960,503	960,503	0	
Total Business-type Activities	\$ 46,650,418	\$ 44,131,075	\$ 4,137,262	\$ 194,118	\$ 0	\$ 1,812,037	\$ 1,812,037	\$ 0	
Total Primary Government	\$ 70,903,315	\$ 48,051,502	\$ 7,564,013	\$ 1,286,256	\$ (15,813,581)	\$ 1,812,037	\$ (14,001,544)	\$ 0	
Component Unit:									
Lincoln County School Department	\$ 36,285,104	\$ 1,653,059	\$ 8,778,725	\$ 1,127,945	\$ 0	\$ 0	\$ 0	\$ (24,725,375)	

(Continued)

Exhibit B

Lincoln County, Tennessee
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position			Component Unit				
		Program Revenues						Lincoln				
		Charges	Operating	Capital	Primary Government			County				
Functions/Programs	Expenses	for	Grants and	Grants and	Governmental	Business-type	Total	School				
		Services	Contributions	Contributions	Activities	Activities		Department				
General Revenues:												
Taxes:												
Property Taxes Levied for General Purposes					\$	8,009,705	\$	0	\$	8,009,705	\$	5,127,452
Property Taxes Levied for Debt Service						1,716,008		0		1,716,008		0
Local Option Sales Tax						2,287,401		0		2,287,401		4,508,228
Other Local Taxes:												
Wheel Tax						2,420,896		0		2,420,896		0
Business Tax						450,354		0		450,354		0
Hotel/Motel Tax						187,083		0		187,083		0
Litigation Tax - Jail, Workhouse, or Courthouse						110,190		0		110,190		0
Litigation Tax - Special Purpose						91,464		0		91,464		0
Litigation Tax - General						77,868		0		77,868		0
Litigation Tax - Courtroom Security						78,087		0		78,087		0
Mineral Severance Tax						41,898		0		41,898		0
Wholesale Beer Tax						0		0		0		123,937
Grants and Contributions Not Restricted to Specific Programs						1,136,048		993,662		2,129,710		24,291,340
Unrestricted Investment Earnings						133,828		75,042		208,870		0
Miscellaneous						283,291		77,607		360,898		57,848
Gain on Sale of Capital Assets						0		3,025		3,025		0
Total General Revenues						\$ 17,024,121		\$ 1,149,336		\$ 18,173,457		\$ 34,108,805
Change in Net Position						\$ 1,210,540		\$ 2,961,373		\$ 4,171,913		\$ 9,383,430
Net Position, July 1, 2021						17,031,177		54,160,367		71,191,544		58,541,375
Net Position, June 30, 2022						\$ 18,241,717		\$ 57,121,740		\$ 75,363,457		\$ 67,924,805

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Equity in Pooled Cash and Investments	\$ 7,011,729	\$ 6,676,227	\$ 4,079,639	\$ 3,014,028	\$ 1,074,803	\$ 21,856,426
Accounts Receivable	216,837	140	0	194	1,990	219,161
Allowance for Uncollectibles	0	0	0	0	(962)	(962)
Due from Other Governments	669,549	0	686,873	0	214,505	1,570,927
Property Taxes Receivable	7,110,658	0	1,143,782	1,766,447	0	10,020,887
Allowance for Uncollectible Property Taxes	(64,884)	0	(10,437)	(16,120)	0	(91,441)
Prepaid Items	19,974	0	0	0	0	19,974
Total Assets	<u>\$ 14,963,863</u>	<u>\$ 6,676,367</u>	<u>\$ 5,899,857</u>	<u>\$ 4,764,549</u>	<u>\$ 1,290,336</u>	<u>\$ 33,594,972</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 22,659	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,659
Accrued Payroll	222,659	0	16,963	0	4,932	244,554
Due to State of Tennessee	5,135	0	0	0	0	5,135
Due to Cities	0	0	0	0	18,337	18,337
Due to Other Governments	0	6,675,193	0	0	0	6,675,193
Total Liabilities	<u>\$ 250,453</u>	<u>\$ 6,675,193</u>	<u>\$ 16,963</u>	<u>\$ 0</u>	<u>\$ 23,269</u>	<u>\$ 6,965,878</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 6,903,726	\$ 0	\$ 1,110,496	\$ 1,715,040	\$ 0	\$ 9,729,262
Deferred Delinquent Property Taxes	127,921	0	20,577	31,778	0	180,276
Other Deferred/Unavailable Revenue	303,960	0	343,817	0	108,222	755,999
Total Deferred Inflows of Resources	<u>\$ 7,335,607</u>	<u>\$ 0</u>	<u>\$ 1,474,890</u>	<u>\$ 1,746,818</u>	<u>\$ 108,222</u>	<u>\$ 10,665,537</u>

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Nonspendable:						
Prepaid Items	\$ 19,974	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,974
Restricted:						
Restricted for General Government	48,400	0	0	0	0	48,400
Restricted for Finance	63,587	0	0	0	0	63,587
Restricted for Administration of Justice	81,458	0	0	0	0	81,458
Restricted for Public Safety	19,126	0	0	0	404,076	423,202
Restricted for Public Health and Welfare	93,824	0	0	0	754,769	848,593
Restricted for Highways/Public Works	0	0	4,408,004	0	0	4,408,004
Committed:						
Committed for General Government	318,570	0	0	0	0	318,570
Committed for Public Safety	26,887	0	0	0	0	26,887
Committed for Capital Outlay	972,196	0	0	0	0	972,196
Committed for Debt Service	0	0	0	3,017,731	0	3,017,731
Assigned:						
Assigned for General Government	2,418,280	1,174	0	0	0	2,419,454
Assigned for Finance	167	0	0	0	0	167
Assigned for Public Safety	120,135	0	0	0	0	120,135
Assigned for Public Health and Welfare	22,612	0	0	0	0	22,612
Assigned for Agriculture and Natural Resources	465	0	0	0	0	465
Unassigned	3,172,122	0	0	0	0	3,172,122
Total Fund Balances	\$ 7,377,803	\$ 1,174	\$ 4,408,004	\$ 3,017,731	\$ 1,158,845	\$ 15,963,557
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,963,863	\$ 6,676,367	\$ 5,899,857	\$ 4,764,549	\$ 1,290,336	\$ 33,594,972

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 15,963,557
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 9,312,266	
Add: construction in progress	227,183	
Add: buildings and improvements net of accumulated depreciation	7,564,846	
Add: infrastructure net of accumulated depreciation	10,257,573	
Add: other capital assets net of accumulated depreciation	<u>9,281,594</u>	36,643,462
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (440,000)	
Less: bonds payable	(33,390,000)	
Less: unamortized premium on debt	(1,302,687)	
Less: landfill closure/postclosure care costs	(575,843)	
Less: net OPEB liability	(275,683)	
Less: compensated absences payable	(286,431)	
Less: accrued interest on notes and bonds	<u>(218,677)</u>	(36,489,321)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 1,663,331	
Add: deferred outflows of resources related to OPEB	48,958	
Less: deferred inflows of resources related to pensions	(3,018,694)	
Less: deferred inflows of resources related to OPEB	<u>(203,022)</u>	(1,509,427)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		2,697,171
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>936,275</u>
Net position of governmental activities (Exhibit A)		<u>\$ 18,241,717</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 10,804,073	\$ 0	\$ 2,505,238	\$ 2,642,981	\$ 0	\$ 15,952,292
Licenses and Permits	226,604	0	0	0	0	226,604
Fines, Forfeitures, and Penalties	169,494	0	0	0	73,166	242,660
Charges for Current Services	152,946	0	0	0	1,247,615	1,400,561
Other Local Revenues	258,484	1,059	141,045	507	3,348	404,443
Fees Received From County Officials	1,769,197	0	0	0	0	1,769,197
State of Tennessee	1,219,794	0	3,779,086	0	28,828	5,027,708
Federal Government	263,537	0	0	0	0	263,537
Other Governments and Citizens Groups	64,271	0	0	0	0	64,271
Total Revenues	\$ 14,928,400	\$ 1,059	\$ 6,425,369	\$ 2,643,488	\$ 1,352,957	\$ 25,351,273
<u>Expenditures</u>						
Current:						
General Government	\$ 2,714,726	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,714,726
Finance	1,489,735	0	0	0	0	1,489,735
Administration of Justice	1,576,105	0	0	0	6,599	1,582,704
Public Safety	7,555,914	0	0	0	34,926	7,590,840
Public Health and Welfare	638,950	0	0	0	1,562,733	2,201,683
Social, Cultural, and Recreational Services	181,451	0	0	0	0	181,451
Agriculture and Natural Resources	183,628	0	0	0	0	183,628
Other Operations	1,717,081	0	0	0	0	1,717,081
Highways	0	0	5,458,900	0	0	5,458,900
Debt Service:						
Principal on Debt	0	0	0	1,195,000	0	1,195,000
Interest on Debt	0	0	0	1,438,392	0	1,438,392
Other Debt Service	0	0	0	44,439	0	44,439
Total Expenditures	\$ 16,057,590	\$ 0	\$ 5,458,900	\$ 2,677,831	\$ 1,604,258	\$ 25,798,579

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,129,190)	\$ 1,059	\$ 966,469	\$ (34,343)	\$ (251,301)	\$ (447,306)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 24,317	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,317
Total Other Financing Sources (Uses)	\$ 24,317	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,317
Net Change in Fund Balances	\$ (1,104,873)	\$ 1,059	\$ 966,469	\$ (34,343)	\$ (251,301)	\$ (422,989)
Fund Balance, July 1, 2021	8,482,676	115	3,441,535	3,052,074	1,410,146	16,386,546
Fund Balance, June 30, 2022	\$ 7,377,803	\$ 1,174	\$ 4,408,004	\$ 3,017,731	\$ 1,158,845	\$ 15,963,557

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	(422,989)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,682,752	
Less: current-year depreciation expense		<u>(2,028,635)</u>	(345,883)
(2) The net effect of various miscellaneous transactions involving capital assets (sales and trade-ins) is to decrease net position.			
Less: book value of capital assets disposed			(20,801)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2021	\$	(824,111)	
Add: deferred delinquent property taxes and other deferred June 30, 2022		<u>936,275</u>	112,164
(4) The issuance of long-term debt (e.g., bonds, notes) 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. This amount is the effect of these differences in the treatment of long-term debt and related items.			
Add: principal payments on bonds	\$	1,110,000	
Add: principal payments on notes		85,000	
Add: change in premium on debt issuances		<u>70,037</u>	1,265,037
(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 landfill closure/postclosure care costs	\$	11,893	
Change in net OPEB liability		85,889	
Change in compensated absences payable		7,797	
Change in accrued interest payable		7,811	
Change in deferred outflows of resources related to pensions		1,081,802	
Change in deferred outflows of resources related to OPEB		(19,242)	
Change in deferred inflows of resources related to pensions		(2,554,872)	
Change in deferred inflows of resources related to OPEB		(85,673)	
Change in net pension asset - agent plan		<u>2,087,607</u>	<u>623,012</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>1,210,540</u></u>

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

Exhibit C-5

Lincoln County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,804,073	\$ 0	\$ 0	\$ 10,804,073	\$ 10,003,099	\$ 10,003,099	\$ 800,974
Licenses and Permits	226,604	0	0	226,604	191,800	191,800	34,804
Fines, Forfeitures, and Penalties	169,494	0	0	169,494	184,475	184,475	(14,981)
Charges for Current Services	152,946	0	0	152,946	114,650	114,650	38,296
Other Local Revenues	258,484	0	0	258,484	321,425	321,425	(62,941)
Fees Received From County Officials	1,769,197	0	0	1,769,197	1,552,000	1,552,000	217,197
State of Tennessee	1,219,794	0	0	1,219,794	1,145,539	1,625,471	(405,677)
Federal Government	263,537	0	0	263,537	49,850	141,483	122,054
Other Governments and Citizens Groups	64,271	0	0	64,271	500	16,866	47,405
Total Revenues	\$ 14,928,400	\$ 0	\$ 0	\$ 14,928,400	\$ 13,563,338	\$ 14,151,269	\$ 777,131
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 175,589	\$ 0	\$ 0	\$ 175,589	\$ 209,352	\$ 211,752	\$ 36,163
County Mayor/Executive	217,354	0	0	217,354	220,318	228,876	11,522
County Attorney	78,834	0	0	78,834	85,267	85,867	7,033
Election Commission	244,397	0	11,738	256,135	319,222	325,889	69,754
Register of Deeds	263,080	0	952	264,032	267,521	274,929	10,897
Planning	331,631	(68)	33,046	364,609	315,834	382,821	18,212
County Buildings	1,393,451	(2,500)	21,249	1,412,200	1,010,560	1,492,095	79,895
Preservation of Records	10,390	0	0	10,390	21,456	21,456	11,066
<u>Finance</u>							
Accounting and Budgeting	453,394	0	3	453,397	466,254	473,828	20,431
Property Assessor's Office	285,388	0	0	285,388	300,111	326,749	41,361
Reappraisal Program	43,693	0	0	43,693	72,614	53,384	9,691
County Trustee's Office	272,345	0	0	272,345	274,030	281,438	9,093
County Clerk's Office	318,666	0	164	318,830	309,098	332,930	14,100
Data Processing	116,249	0	0	116,249	116,966	125,701	9,452
<u>Administration of Justice</u>							
Circuit Court	651,307	(37)	0	651,270	593,467	704,842	53,572

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
General Sessions Court	\$ 182,928	\$ 0	\$ 0	\$ 182,928	\$ 194,411	\$ 194,411	\$ 11,483
Chancery Court	265,874	(138)	0	265,736	262,155	275,299	9,563
Juvenile Court	225,327	0	0	225,327	201,543	226,543	1,216
Judicial Commissioners	50,448	0	0	50,448	52,243	52,243	1,795
Courtroom Security	200,221	0	0	200,221	207,850	207,850	7,629
<u>Public Safety</u>							
Sheriff's Department	3,551,331	(66,325)	81,444	3,566,450	3,329,883	3,681,873	115,423
Special Patrols	665	0	0	665	0	665	0
Jail	3,409,202	(41,417)	288	3,368,073	3,650,418	3,692,990	324,917
Fire Prevention and Control	328,717	(16,614)	18,652	330,755	288,241	361,523	30,768
Civil Defense	265,999	(59)	19,751	285,691	263,076	269,746	(15,945)
<u>Public Health and Welfare</u>							
Local Health Center	422,061	0	0	422,061	581,200	581,200	159,139
Maternal and Child Health Services	62,500	0	0	62,500	37,500	62,500	0
Other Local Welfare Services	9,158	0	0	9,158	9,158	9,158	0
Sanitation Management	145,231	0	0	145,231	157,518	157,518	12,287
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	14,350	0	0	14,350	14,350	14,350	0
Libraries	118,101	0	0	118,101	118,101	118,101	0
Parks and Fair Boards	49,000	0	0	49,000	22,000	49,000	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	112,228	0	465	112,693	117,056	136,189	23,496
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	69,400	0	0	69,400	69,591	69,795	395
<u>Other Operations</u>							
Industrial Development	1,158,011	0	0	1,158,011	102,500	1,164,303	6,292
Other Economic and Community Development	12,500	0	0	12,500	83,038	83,038	70,538
Airport	16,103	0	0	16,103	16,104	16,104	1
Veterans' Services	31,103	0	0	31,103	35,185	35,185	4,082

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Contributions to Other Agencies	\$ 10,000	\$ 0	\$ 0	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
COVID-19 Grant #1	21,000	(21,000)	0	0	0	0	0
Miscellaneous	468,364	0	0	468,364	501,695	501,695	33,331
Total Expenditures	\$ 16,057,590	\$ (148,158)	\$ 187,752	\$ 16,097,184	\$ 14,908,886	\$ 17,295,836	\$ 1,198,652
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,129,190)	\$ 148,158	\$ (187,752)	\$ (1,168,784)	\$ (1,345,548)	\$ (3,144,567)	\$ 1,975,783
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 24,317	\$ 0	\$ 0	\$ 24,317	\$ 0	\$ 0	\$ 24,317
Total Other Financing Sources	\$ 24,317	\$ 0	\$ 0	\$ 24,317	\$ 0	\$ 0	\$ 24,317
Net Change in Fund Balance	\$ (1,104,873)	\$ 148,158	\$ (187,752)	\$ (1,144,467)	\$ (1,345,548)	\$ (3,144,567)	\$ 2,000,100
Fund Balance, July 1, 2021	8,482,676	(148,158)	0	8,334,518	7,117,774	8,334,518	0
Fund Balance, June 30, 2022	\$ 7,377,803	\$ 0	\$ (187,752)	\$ 7,190,051	\$ 5,772,226	\$ 5,189,951	\$ 2,000,100

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 1,059	\$ 0	\$ 0	\$ 1,059
Total Revenues	\$ 1,059	\$ 0	\$ 0	\$ 1,059
 Total Expenditures	 \$ 0	 \$ 0	 \$ 0	 \$ 0
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 1,059	 \$ 0	 \$ 0	 \$ 1,059
 Net Change in Fund Balance	 \$ 1,059	 \$ 0	 \$ 0	 \$ 1,059
Fund Balance, July 1, 2021	115	0	0	115
 Fund Balance, June 30, 2022	 \$ 1,174	 \$ 0	 \$ 0	 \$ 1,174

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

Exhibit C-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,505,238	\$ 0	\$ 0	\$ 2,505,238	\$ 2,398,231	\$ 2,398,231	\$ 107,007
Other Local Revenues	141,045	0	0	141,045	5,000	116,100	24,945
State of Tennessee	3,779,086	0	0	3,779,086	3,073,464	3,073,464	705,622
Total Revenues	<u>\$ 6,425,369</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,425,369</u>	<u>\$ 5,476,695</u>	<u>\$ 5,587,795</u>	<u>\$ 837,574</u>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 289,606	\$ 0	\$ 0	\$ 289,606	\$ 298,738	\$ 312,160	\$ 22,554
Highway and Bridge Maintenance	3,463,347	(3,947)	0	3,459,400	4,214,331	4,223,031	763,631
Operation and Maintenance of Equipment	557,310	(4,980)	2,856	555,186	751,462	752,662	197,476
Quarry Operations	234,336	0	35,491	269,827	357,242	393,042	123,215
Other Charges	128,057	0	0	128,057	145,000	145,000	16,943
Employee Benefits	71,958	0	0	71,958	106,000	106,000	34,042
Capital Outlay	714,286	(772)	0	713,514	660,000	720,000	6,486
Total Expenditures	<u>\$ 5,458,900</u>	<u>\$ (9,699)</u>	<u>\$ 38,347</u>	<u>\$ 5,487,548</u>	<u>\$ 6,532,773</u>	<u>\$ 6,651,895</u>	<u>\$ 1,164,347</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 966,469</u>	<u>\$ 9,699</u>	<u>\$ (38,347)</u>	<u>\$ 937,821</u>	<u>\$ (1,056,078)</u>	<u>\$ (1,064,100)</u>	<u>\$ 2,001,921</u>
Net Change in Fund Balance	\$ 966,469	\$ 9,699	\$ (38,347)	\$ 937,821	\$ (1,056,078)	\$ (1,064,100)	\$ 2,001,921
Fund Balance, July 1, 2021	<u>3,441,535</u>	<u>(9,699)</u>	<u>0</u>	<u>3,431,836</u>	<u>3,400,564</u>	<u>3,431,836</u>	<u>0</u>
Fund Balance, June 30, 2022	<u><u>\$ 4,408,004</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (38,347)</u></u>	<u><u>\$ 4,369,657</u></u>	<u><u>\$ 2,344,486</u></u>	<u><u>\$ 2,367,736</u></u>	<u><u>\$ 2,001,921</u></u>

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

Exhibit D-1

Lincoln County, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities - Major Enterprise Funds		
	Lincoln Health System	Lincoln County Board of Public Utilities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 7,467,871	\$ 9,333,641	\$ 16,801,512
Restricted Assets - Patient Trust Funds	15,770	0	15,770
Accounts Receivable	6,392,345	281,783	6,674,128
Allowance for Uncollectible	(3,235,720)	(2,200)	(3,237,920)
Inventories	640,133	372,713	1,012,846
Lease Receivable	103,387	0	103,387
Prepaid Items	251,630	25,017	276,647
Other Assets	522,980	407,322	930,302
Total Current Assets	\$ 12,158,396	\$ 10,418,276	\$ 22,576,672
Noncurrent Assets:			
Restricted Cash	\$ 0	\$ 182,755	\$ 182,755
Special Funds	6,193,350	0	6,193,350
Lease Receivable	210,695	0	210,695
Net Pension Asset - Agent Plan - County	4,874,575	0	4,874,575
Net Pension Asset - Agent Plan - Public Utility	0	1,796,259	1,796,259
Other Assets	200,996	750	201,746
Capital Assets (Net of Accumulated Depreciation):			
Land	1,152,069	540,381	1,692,450
Construction in Progress	0	214,785	214,785
Buildings and Improvements	5,941,546	27,822,769	33,764,315
Ground Improvements	881,824	0	881,824
Other Capital Assets	3,086,708	0	3,086,708
Intangible Right-to-Use Assets	278,157	0	278,157
Total Noncurrent Assets	\$ 22,819,920	\$ 30,557,699	\$ 53,377,619
Total Assets	\$ 34,978,316	\$ 40,975,975	\$ 75,954,291
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	\$ 72,321	\$ 0	\$ 72,321
Pension Changes in Experience	31,285	84,058	115,343
Pension Changes in Assumptions	2,287,333	342,512	2,629,845
Pension Changes in Proportion	23,561	0	23,561
Pension Contributions After Measurement Date	644,022	118,641	762,663
Total Deferred Outflows of Resources	\$ 3,058,522	\$ 545,211	\$ 3,603,733

(Continued)

Exhibit D-1

Lincoln County, Tennessee
Statement of Net Position
Proprietary Funds (Cont.)

	Business-type Activities - Major Enterprise Funds		
	Lincoln Health System	Lincoln County Board of Public Utilities	Total
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 1,088,430	\$ 797,492	\$ 1,885,922
Accrued Liabilities	681,017	0	681,017
Accrued Interest Payable	42,893	38,471	81,364
Accrued Leave	778,548	60,941	839,489
Current Maturities of Long-term Debt	791,881	498,587	1,290,468
Current Maturities of Lease Obligations	45,012	0	45,012
Patient Trust Funds	15,770	0	15,770
Other Liabilities	638,535	9,907	648,442
Customer Deposits	0	182,755	182,755
Unearned Revenue	2,071,553	25,800	2,097,353
Total Current Liabilities	\$ 6,153,639	\$ 1,613,953	\$ 7,767,592
Noncurrent Liabilities:			
Long-term Debt	\$ 79,565	\$ 7,943,756	\$ 8,023,321
Long-term Lease Obligations	236,920	0	236,920
Total Noncurrent Liabilities	\$ 316,485	\$ 7,943,756	\$ 8,260,241
Total Liabilities	\$ 6,470,124	\$ 9,557,709	\$ 16,027,833
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Lease Receivable	\$ 313,546	\$ 0	\$ 313,546
Pension Changes in Experience	671,042	68,251	739,293
Pension Changes in Investment Earnings	4,784,622	535,421	5,320,043
Pension Changes in Proportion	35,569	0	35,569
Total Deferred Inflows of Resources	\$ 5,804,779	\$ 603,672	\$ 6,408,451
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 10,259,247	\$ 19,648,650	\$ 29,907,897
Restricted for Debt Service	758,904	0	758,904
Restricted for Other Purposes	79,454	0	79,454
Restricted for Pensions	4,874,575	1,796,259	6,670,834
Unrestricted	9,789,755	9,914,896	19,704,651
Total Net Position	\$ 25,761,935	\$ 31,359,805	\$ 57,121,740

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

Exhibit D-2

Lincoln County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Major Enterprise Funds		
	Lincoln Health System	Lincoln County Board of Public Utilities	Total
<u>Operating Revenues</u>			
Charges for Current Services	\$ 38,184,577	\$ 5,946,498	\$ 44,131,075
Other Local Revenues	3,750,939	386,323	4,137,262
Total Operating Revenues	<u>\$ 41,935,516</u>	<u>\$ 6,332,821</u>	<u>\$ 48,268,337</u>
<u>Operating Expenses</u>			
Public Health and Welfare	\$ 39,452,055	\$ 3,796,243	\$ 43,248,298
Depreciation Expense	1,523,878	1,495,472	3,019,350
Total Operating Expenses	<u>\$ 40,975,933</u>	<u>\$ 5,291,715</u>	<u>\$ 46,267,648</u>
Operating Income (Loss)	<u>\$ 959,583</u>	<u>\$ 1,041,106</u>	<u>\$ 2,000,689</u>
<u>Nonoperating Revenues (Expenses)</u>			
Investment Income	\$ 61,683	\$ 13,359	\$ 75,042
Interest Expense	(164,020)	(170,603)	(334,623)
Tap Fees in Excess of Cost	0	77,607	77,607
Amortization	(21,420)	0	(21,420)
American Rescue Plan Revenue	405,410	0	405,410
Provider Relief Fund Revenue	359,030	0	359,030
Noncapital Grants and Contributions	229,222	0	229,222
Gain (Loss) on Disposal of Capital Assets	(26,727)	3,025	(23,702)
Total Nonoperating Revenues (Expenses)	<u>\$ 843,178</u>	<u>\$ (76,612)</u>	<u>\$ 766,566</u>
Income Before Grants and Contributions	\$ 1,802,761	\$ 964,494	\$ 2,767,255
Capital Contributions	104,118	90,000	194,118
Change in Net Position	<u>\$ 1,906,879</u>	<u>\$ 1,054,494</u>	<u>\$ 2,961,373</u>
Net Position, July 1, 2021	<u>23,855,056</u>	<u>30,305,311</u>	<u>54,160,367</u>
Net Position, June 30, 2022	<u>\$ 25,761,935</u>	<u>\$ 31,359,805</u>	<u>\$ 57,121,740</u>

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

Exhibit D-3

Lincoln County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Major Enterprise Funds		
	Lincoln Health System	Lincoln County Board of Public Utilities	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers and Users	\$ 43,801,052	\$ 6,347,402	\$ 50,148,454
Payments to Employees	(23,575,520)	(1,359,388)	(24,934,908)
Payments to Suppliers	(18,022,318)	(2,583,785)	(20,606,103)
Net Cash Provided By (Used In) Operating Activities	\$ 2,203,214	\$ 2,404,229	\$ 4,607,443
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition/Construction of Capital Assets	\$ (895,547)	\$ (505,251)	\$ (1,400,798)
Proceeds from Sale of Assets	0	3,025	3,025
Principal Payments on Long-term Debt and Lease Obligations	(5,643,115)	(491,465)	(6,134,580)
Interest Payments on Long-term Debt and Lease Obligations	(190,055)	(194,604)	(384,659)
Contributions, Grants, and Transfers in Aid of Construction	0	171,107	171,107
Capital Contributions	104,118	0	104,118
Net Cash Provided By (Used In) Capital and Related Financing Activities	\$ (6,624,599)	\$ (1,017,188)	\$ (7,641,787)
<u>Cash Flows from Noncapital Financing Activities</u>			
Noncapital Grants and Contributions	\$ 229,222	\$ 0	\$ 229,222
Proceeds (Recoupment) of Medicare Accelerated Payment Advances	(1,962,608)	0	(1,962,608)
Proceeds (Repayment) from Provider Relief Fund Revenue	(4,564,061)	0	(4,564,061)
Proceeds from American Rescue Plan Revenue	1,968,132	0	1,968,132
Net Cash Provided By (Used In) Noncapital Financing Activities	\$ (4,329,315)	\$ 0	\$ (4,329,315)
<u>Cash Flows from Investing Activities</u>			
Investment Income	\$ 64,636	\$ 13,359	\$ 77,995
(Increase)/Decrease in Special Funds	5,315,219	0	5,315,219
Net Cash Provided By (Used In) Investing Activities	\$ 5,379,855	\$ 13,359	\$ 5,393,214
Net Increase (Decrease) in Cash	\$ (3,370,845)	\$ 1,400,400	\$ (1,970,445)
Cash, July 1, 2021	10,838,716	8,115,996	18,954,712
Cash, June 30, 2022	\$ 7,467,871	\$ 9,516,396	\$ 16,984,267

(Continued)

Exhibit D-3

Lincoln County, Tennessee
Statement of Cash Flows
Proprietary Funds (Cont.)

	Business-type Activities - Major Enterprise Funds		
	Lincoln Health System	Lincoln County Board of Public Utilities	Total
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>			
Operating (Loss) Income	\$ 959,583	\$ 1,041,106	\$ 2,000,689
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:			
Depreciation Expense	1,523,878	1,495,472	3,019,350
Provision for Bad Debts	5,880,156	0	5,880,156
Amortization of Deferred Pension Adjustments	0	247,514	247,514
Investment in Insurance Funds, Net	(38,476)	0	(38,476)
(Increase) Decrease in Accounts Receivable	(5,436,679)	25,147	(5,411,532)
(Increase) Decrease in Lease Receivable	(314,082)	0	(314,082)
(Increase) Decrease in Inventories	(9,445)	22,715	13,270
(Increase) Decrease in Prepaid Items	(5,742)	0	(5,742)
(Increase) Decrease in Pension Assets	(3,794,366)	0	(3,794,366)
(Increase) Decrease in Deferred Outflows Related to Pensions	(1,911,760)	0	(1,911,760)
(Increase) Decrease in Other Assets	(15,720)	(562,545)	(578,265)
Increase (Decrease) in Accounts Payable	180,247	128,700	308,947
Increase (Decrease) in Customer Deposits	0	12,655	12,655
Increase (Decrease) in Accrued Payroll	0	(1,926)	(1,926)
Increase (Decrease) in Deferred Inflows Related to Leases	313,546	0	313,546
Increase (Decrease) in Deferred Inflows Related to Pensions	4,646,815	0	4,646,815
Increase (Decrease) in Estimated Third-party Payor Settlements, Net	459,622	0	459,622
Increase (Decrease) in Accrued Liabilities	(234,363)	(4,609)	(238,972)
Net Cash Provided By (Used In) Operating Activities	\$ 2,203,214	\$ 2,404,229	\$ 4,607,443
<u>Reconciliation of Cash With Statement of Net Position</u>			
Cash Per Statement of Net Position	\$ 7,467,871	\$ 9,333,641	\$ 16,801,512
Restricted Cash Per Statement of Net Position	0	182,755	182,755
Cash, June 30, 2022	\$ 7,467,871	\$ 9,516,396	\$ 16,984,267
<u>Schedule of Noncash Capital and Related Financing Activities:</u>			
Amortization of Bond Premium	\$ 0	\$ 20,886	\$ 20,886

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

Exhibit E-1

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

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,061,110
Equity in Pooled Cash and Investments	931,882
Accounts Receivable	10,008
Due from Other Governments	927,562
Property Taxes Receivable	1,247,807
Allowance for Uncollectible Property Taxes	<u>(11,386)</u>
Total Assets	<u>\$ 5,166,983</u>
<u>LIABILITIES</u>	
Accrued Payroll	\$ 1,339
Due to Other Taxing Units	<u>1,051,038</u>
Total Liabilities	<u>\$ 1,052,377</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Current Property Taxes	<u>\$ 1,233,786</u>
Total Deferred Inflows of Resources	<u>\$ 1,233,786</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 2,880,820</u>
Total Net Position	<u><u>\$ 2,880,820</u></u>

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

Exhibit E-2

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

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Sales Tax Collections for Other Governments	\$ 3,532,384
ADA - Educational Funds Collected for Cities	2,567,443
Fines/Fees and Other Collections	13,618,073
Drug Task Force Collections	685,417
District Attorney General Collections	<u>14,747</u>
Total Additions	<u>\$ 20,418,064</u>
<u>DEDUCTIONS</u>	
Payment of Sales Tax Collections to Other Governments	\$ 3,532,384
Payments to City School Systems	2,567,443
Payments to State	6,622,163
Payments to County	4,743,435
Payments to City	58,711
Payments to Individuals and Others	2,398,048
Payment of Drug Task Force Expenses	199,262
Payment of District Attorney General Expenses	<u>16,089</u>
Total Deductions	<u>\$ 20,137,535</u>
Net Increase (Decrease) in Fiduciary in Net Position	\$ 280,529
Net Position, July 1, 2021	<u>2,600,291</u>
Net Position, June 30, 2022	<u><u>\$ 2,880,820</u></u>

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

LINCOLN COUNTY, TENNESSEE

Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	38
B. Government-wide and Fund Financial Statements	39
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	40
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	43
2. Receivables and Payables	44
3. Prepaid Items	45
4. Restricted Assets	45
5. Capital Assets	45
6. Deferred Outflows/Inflows of Resources	46
7. Compensated Absences	47
8. Long-term Debt, Lease Obligations, and Long-term Obligations	47
9. Net Position and Fund Balance	48
E. Pension Plans	50
F. Other Postemployment Benefits (OPEB) Plans	51
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	51
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	51
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	52
B. Expenditures Exceeded Appropriations	53
IV. Detailed Notes on All Funds	
A. Deposits and Investments	53
B. Capital Assets	58
C. Interfund Receivables, Payables, and Transfers	61
D. Lease Obligations	62
E. Long-term Debt	64
F. Long-term Obligations	66
G. On-Behalf Payments	67
V. Other Information	
A. Risk Management	68
B. Accounting Changes	69
C. Contingent Liabilities	71
D. Landfill Postclosure Care Costs	71
E. Joint Ventures	72
F. Commitments	74
G. Retirement Commitments	
1. Tennessee Consolidated Retirement System (TCRS)	74
2. Deferred Compensation	92
H. Other Postemployment Benefits (OPEB)	92
I. Office of Central Accounting, Budgeting, and Purchasing	101
J. Purchasing Law	101
K. Subsequent Event	102
VI. Other Notes - Lincoln Health System (Enterprise Fund)	102
VII. Other Notes - Lincoln County Board of Public Utilities (Enterprise Fund)	127

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lincoln 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 Lincoln County:

A. Reporting Entity

Lincoln County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Lincoln County (the primary government) and its component units. Although required by GAAP, the financial statements of the Lincoln County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Lincoln County School Department operates the public school system in the county, and the voters of Lincoln 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 Lincoln County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Lincoln County, and the Lincoln 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 Lincoln County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Lincoln 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 Lincoln County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Lincoln County Emergency
Communications District
414 Jay Street
Fayetteville, TN 37334

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Lincoln 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.

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

Separate financial statements are provided for governmental funds, proprietary funds (enterprise), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual

governmental and enterprise 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 proprietary funds and 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 Lincoln 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 outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Lincoln County reports two proprietary funds (all major enterprise funds).

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental and enterprise 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. 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 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. Lincoln County considers grants and similar revenues to be available if they are collected within 30 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt, including lease obligations, are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds.

Lincoln 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 funding related to the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, received by the county to be used to respond to acute pandemic response needs, fill revenue shortfalls, and support communities and populations hit by the COVID-19 crisis.

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.

Lincoln County reports the following major proprietary funds:

Lincoln Health System Fund – This fund accounts for the financial activities of the Lincoln Medical Center (medical center), Lincoln Medical Center EMS (ambulance service), Lincoln Medical Home Health and Hospice (home health care and hospice), Patrick Rehab Center (rehab center), and Donalson Care Center (care center).

Lincoln County Board of Public Utilities Fund – This fund accounts for water distribution services and wastewater services to areas of the county not served by existing municipal systems.

Additionally, Lincoln 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 Lincoln County, the city school system's share of educational revenues, funds held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General.

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

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

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

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

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. The current year (FY 22) report was not available from the auditor of the Internal School Fund in time for inclusion in this report. Therefore, the prior year balances (FY 21) are presented in this report. We do not believe using the prior year balances will affect the independent auditor's opinion on the Aggregate Discretely Presented Component Units. 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; 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 (excluding the Lincoln Health System and Lincoln County Board of Public Utilities, enterprise funds) and the discretely presented Lincoln 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 and General Purpose School funds. Lincoln County (excluding the Lincoln Health System and Lincoln County Board of Public Utilities, enterprise funds) 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. Lincoln County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

All other investments are reported at fair value.

2. Receivables and Payables

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

All property taxes and solid waste receivables are shown with an allowance for uncollectible. Solid waste receivables allowance for uncollectible is based on historical collection data. The allowance for uncollectible property taxes is equal to less than one percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes 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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaid items are offset in the nonspendable fund balance account in governmental funds.

4. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Lincoln 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 Lincoln County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Lincoln 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.

5. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), and intangible right-to-use assets (e.g., leased assets) are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$25,000 (infrastructure

\$25,000) or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government (excluding the Lincoln Health System and Lincoln County Board of Public Utilities, enterprise funds) and the discretely presented school department are depreciated using the straight-line method over the following estimated useful lives. Right-to-use assets are amortized over the shorter of the lease term or useful life.

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	3 - 15
Infrastructure:	
Roads	10 - 15
Bridges	40
Right-to-Use Assets	3 - 5

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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, these items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, assumptions, and proportion; pension and OPEB contributions after the measurement date; OPEB changes in experience, assumptions, and proportion; and deferred charges on refunding. 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, etc.) 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; lease receivable; pension changes in experience, investment earnings, and proportion, OPEB changes in experience, assumptions, and proportion; 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.

7. Compensated Absences

It is the policy of the Lincoln County general government to allow two weeks of vacation after one year of service, with a maximum accumulation of 20 days, which will be paid to employees upon separation from service. Highway department employees are allowed two weeks of vacation after one year of service, with no accumulation of unused vacation days. Support personnel of the discretely presented Lincoln County School Department earn one day of vacation for each 20 days of employment with a maximum accumulation of 15 days, which will be paid to employees upon separation from service. There is no liability for unpaid accumulated sick leave since neither Lincoln County nor the school department has a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the discretely presented school department. 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.

8. Long-term Debt, Lease Obligations, and Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt, lease obligations, and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type 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.

Lease obligations are recognized in the government-wide financial statements. At the commencement of a lease, a lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

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

9. Net Position and Fund Balance

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

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

As of June 30, 2022, Lincoln County had \$28,890,000 in outstanding debt for capital purposes for the discretely presented Lincoln County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (Fayetteville City School System) based on an average daily attendance proration. This debt is a liability of Lincoln County, but the capital assets acquired are reported in the financial statements of the school department and the Fayetteville City School System. Therefore, Lincoln 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 Financial Management Committee to make assignments for the general government. The Board of Education makes assignments for the school department.

Unassigned Fund Balance – includes 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 Lincoln County's participation in the Public Employee Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Lincoln 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 Lincoln County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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

Discretely Presented Lincoln 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 Lincoln 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 Lincoln County School Department

Exhibit J-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 Lincoln County School Department

Exhibit J-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 GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2022, Lincoln County and the Lincoln County School Department reported the following significant encumbrances:

Funds	Amount
Primary Government:	
Major Funds:	
General	\$ 187,752
Highway/Public Works	38,347
Nonmajor Fund:	
Solid Waste/Sanitation	665
School Department:	
Major Funds:	
General Purpose School	852,394
School Federal Projects	27,940
Nonmajor Funds:	
Central Cafeteria	7,355
Extended School Program	43,695

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the Public Safety – Civil Defense major appropriations category (the legal level of control) of the General Fund by \$15,945 and in the Public Health and Welfare – Convenience Centers and Public Health and Welfare – Other Waste Disposal major appropriations categories of the Solid Waste/Sanitation Fund by \$7,119 and \$21,336, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the respective funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of three methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer.

Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 90 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2022, Lincoln County had the following investments carried at amortized cost using a Stable Net Asset Value. All investments are in the county trustee's investment pool. Separate disclosures concerning pooling investments cannot be made for Lincoln County and the discretely presented Lincoln County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity	Amortized Cost
State Treasurer's Investment Pool	1 to 44 days	\$ 3,551,888

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Lincoln County has no investment policy that would further limit its investment choices. As of June 30, 2022, Lincoln County's investment in the State Treasurer's Investment Pool was unrated.

Further information concerning the legal provisions, investment policies, investment types, and credit risks for the State Treasurer's Investment Pool can be obtained by reviewing the State of Tennessee Annual Comprehensive Financial Report at <https://www.tn.gov/finance/rd-doa/fa-accfin-ar.html>.

TCRS Stabilization Trust

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

On June 30, 2022, the Lincoln 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	\$ 129,466
Developed Market International Equity	N/A	N/A	58,469
Emerging Market International Equity	N/A	N/A	16,705
U.S. Fixed Income	N/A	N/A	83,527
Real Estate	N/A	N/A	41,763
Short-term Securities	N/A	N/A	4,176
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>83,527</u>
Total			<u>\$ 417,633</u>

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2022/ag21066.pdf>.

B. Capital Assets

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

Primary Government**Governmental Activities:**

	Balance 7-1-21	Increases	Decreases	Balance 6-30-22
Capital Assets Not Depreciated:				
Land	\$ 9,312,266	\$ 0	\$ 0	\$ 9,312,266
Construction in Progress	3,949,848	287,770	(4,010,435)	227,183
Total Capital Assets Not Depreciated	<u>\$ 13,262,114</u>	<u>\$ 287,770</u>	<u>\$ (4,010,435)</u>	<u>\$ 9,539,449</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 17,170,444	\$ 0	\$ 0	\$ 17,170,444
Infrastructure	31,657,801	980,424	0	32,638,225
Other Capital Assets	13,603,175	4,424,993	(43,504)	17,984,664
Total Capital Assets Depreciated	<u>\$ 62,431,420</u>	<u>\$ 5,405,417</u>	<u>\$ (43,504)</u>	<u>\$ 67,793,333</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,299,235	\$ 306,363	\$ 0	\$ 9,605,598
Infrastructure	21,588,439	792,213	0	22,380,652
Other Capital Assets	7,795,714	930,059	(22,703)	8,703,070
Total Accumulated Depreciation	<u>\$ 38,683,388</u>	<u>\$ 2,028,635</u>	<u>\$ (22,703)</u>	<u>\$ 40,689,320</u>
Total Capital Assets Depreciated, Net	<u>\$ 23,748,032</u>	<u>\$ 3,376,782</u>	<u>\$ (20,801)</u>	<u>\$ 27,104,013</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,010,146</u>	<u>\$ 3,664,552</u>	<u>\$ (4,031,236)</u>	<u>\$ 36,643,462</u>

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

Governmental Activities:

General Government	\$ 154,615
Administration of Justice	15,281
Public Safety	636,010
Public Health and Welfare	42,669
Highway	<u>1,180,060</u>

Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,028,635</u></u>
--	----------------------------

Net Investment in Capital Assets

Capital Assets	\$ 36,643,462
Less:	
Outstanding principal of capital debt and other capital borrowings	<u>(4,940,000)</u>
Net Investment in Capital Assets	<u><u>\$ 31,703,462</u></u>

Discretely Presented Lincoln County School Department

Governmental Activities:

	Restated Balance 7-1-21*	Increases	Decreases	Balance 6-30-22
Capital Assets Not Depreciated:				
Land	\$ 1,629,077	\$ 0	\$ 0	\$ 1,629,077
Construction in Progress	18,604,341	2,480,992	(19,150,265)	1,935,068
Total Capital Assets Not Depreciated	\$ 20,233,418	\$ 2,480,992	\$ (19,150,265)	\$ 3,564,145
Capital Assets Depreciated:				
Buildings and Improvements	\$ 54,345,027	\$ 9,711,364	\$ 0	\$ 64,056,391
Other Capital Assets	9,129,818	10,360,336	(91,995)	19,398,159
Total Capital Assets Depreciated	\$ 63,474,845	\$ 20,071,700	\$ (91,995)	\$ 83,454,550
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 31,112,024	\$ 1,652,132	\$ 0	\$ 32,764,156
Other Capital Assets	5,652,482	910,784	(24,021)	6,539,245
Total Accumulated Depreciation	\$ 36,764,506	\$ 2,562,916	\$ (24,021)	\$ 39,303,401
Total Capital Assets Depreciated, Net	\$ 26,710,339	\$ 17,508,784	\$ (67,974)	\$ 44,151,149
Intangible Right-to-Use Assets:				
Leased Equipment	\$ 398,408	\$ 628,679	\$ 0	\$ 1,027,087
Less: Accumulated Amortization	0	224,920	0	224,920
Net Intangible Right-to-Use Assets	\$ 398,408	\$ 403,759	\$ 0	\$ 802,167
Governmental Activities Capital Assets, Net	\$ 47,342,165	\$ 20,393,535	\$ (19,218,239)	\$ 48,517,461

* The 7-1-21 balance for Intangible Right-to-Use Assets has been restated by \$398,408 based on transitional requirements of GASB Statement No. 87.

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

Governmental Activities:

Instruction	\$ 224,920
Support Services	797,978
Operation of Non-instructional Services	<u>1,764,938</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 2,787,836</u>

C. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Discretely Presented School Department:		
Education Capital Projects	School Federal Projects	\$ 1,267,218

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

Interfund Transfers:

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

Discretely Presented Lincoln County School Department

Transfers Out	Transfers In		Purpose
	School Federal Projects Fund	Education Capital Projects Fund	
General Purpose School Fund	\$ 350,000	\$ 0	Cash flow purposes
Nonmajor governmental fund	0	456	To close the fund

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 Purpose School Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. Lease Obligations

In FY 2022, the county implemented GASB Statement 87, *Leases*, which changed the accounting and reporting for items which were previously reported as capital leases and operating leases. See footnote V.B. – Accounting Changes for details of GASB Statement 87, *Leases*.

On May 20, 2020, Lincoln County School Department entered into a 48-month agreement as lessee for the use of 420 ThinkPads. As of July 1, 2021, the remaining term was 35 months. An initial lease liability was recorded in the amount of \$165,594 during the current fiscal year. The school department is required to make monthly principal and interest payments of \$4,981. Lincoln County School Department recognized \$55,132 in lease principal and \$4,640 in lease interest expenditures during the current fiscal year related to this lease. As of June 30, 2022, the lease liability balance was \$110,462.

On May 20, 2020, the school department entered into a 36-month agreement as lessee for the use of 1,800 Chromebooks. As of July 1, 2021, the remaining term was 23 months. An initial lease liability was recorded in the amount of \$232,814 during the current fiscal year. The school department is required to make monthly principal and interest payments of \$10,466. Lincoln County School Department recognized \$119,773 in lease principal and \$5,819 in lease interest expenditures during the current fiscal year related to this lease. As of June 30, 2022, the lease liability balance was \$113,041.

On July 1, 2021, Lincoln County School Department entered into a 36-month agreement as lessee for the use of 500 Chromebooks. A lease liability in the amount of \$114,894 was recorded during the current year. The school department is required to make monthly principal and interest payments of \$3,365. Lincoln County School Department recognized \$37,141 in lease principal and \$3,239 in lease interest expenditures during the current fiscal year related to this lease. As of June 30, 2022, the lease liability balance was \$77,753.

On March 1, 2022, the school department entered into multiple 60-month agreements as lessee for the use of a variety of copiers. A lease liability in the amount of \$125,672 was recorded during the current year. The school department is required to make monthly principal and interest payments of \$2,289, plus additional charges for excess usage and other fees. Lincoln County School Department recognized \$8,042 in lease principal and \$1,114 in lease interest expenditures during the current fiscal year related to these leases. As of June 30, 2022, the lease liability balance was \$117,630.

On May 2, 2022, the school department entered into a 36-month agreement as lessee for the use of 1,500 Chromebooks. A lease liability in the amount of \$388,113 was recorded during the current year. The school department is required to make monthly principal and interest payments of \$11,367; however, no lease principal or interest expenditures were recognized during

the current fiscal year related to this lease. As of June 30, 2022, the lease liability balance was \$388,113.

The present value of the leases was determined using a discount rate of 3.67 percent, the same interest rate as the county's incremental borrowing rate. The leased assets and accumulated amortization of the right-to-use assets are outlined in Note IV.B.

The future lease payments on these equipment leases include:

Year Ending June 30	Equipment Leases		
	Principal	Interest	Total
2023	\$ 356,877	\$ 22,273	\$ 379,150
2024	246,728	12,311	259,039
2025	159,065	4,807	163,872
2026	26,280	1,188	27,468
2027	18,049	243	18,292
Total	<u>\$ 806,999</u>	<u>\$ 40,822</u>	<u>\$ 847,821</u>

Changes in Lease Obligations

Lease obligation activity for the year ended June 30, 2022, was as follows:

Discretely Presented Lincoln County School Department

Governmental Activities:

	Leases
Restated Balance, July 1, 2021	\$ 398,408
Additions	628,679
Reductions	<u>(220,088)</u>
Balance, June 30, 2022	<u>\$ 806,999</u>
Balance Due Within One Year	<u>\$ 356,877</u>

Analysis of Noncurrent Liabilities for Leases Presented on Exhibit A:

Total Noncurrent Liabilities - Leases, June 30, 2022	\$ 806,999
Less: Balance Due Within One Year - Leases	<u>(356,877)</u>
Noncurrent Liabilities - Due in	
More Than One Year - Leases - Exhibit A	<u>\$ 450,122</u>

E. Long-term Debt

Primary Government (excluding the Lincoln Health System and Lincoln County Board of Public Utilities, enterprise funds)

General Obligation Bonds and Notes

General Obligation Bonds - Lincoln 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. 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 25 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2022, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Lincoln County issues capital outlay notes to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes were issued for an original term of 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The notes included in long-term debt as of June 30, 2022, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2022, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-22
General Obligation Bonds	3.25 to 3.67 %	5-1-43	\$ 37,470,000	\$ 33,390,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	2.195	4-1-27	1,000,000	440,000

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2023	\$ 1,160,000	\$ 1,377,367	\$ 2,537,367
2024	1,215,000	1,325,567	2,540,567
2025	1,270,000	1,271,218	2,541,218
2026	1,325,000	1,214,318	2,539,318
2027	1,385,000	1,154,867	2,539,867
2028-2032	7,930,000	4,788,830	12,718,830
2033-2037	8,210,000	3,130,425	11,340,425
2038-2042	8,895,000	1,495,400	10,390,400
2043	2,000,000	80,000	2,080,000
Total	\$ 33,390,000	\$ 15,837,992	\$ 49,227,992

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2023	\$ 85,000	\$ 9,658	\$ 94,658
2024	85,000	7,792	92,792
2025	90,000	5,926	95,926
2026	90,000	3,951	93,951
2027	90,000	1,975	91,975
Total	\$ 440,000	\$ 29,302	\$ 469,302

There is \$3,017,731 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$945 based on the 2020 federal census. Total debt per capita, including bonds, notes, and unamortized debt premiums, totaled \$995 based on the 2020 federal census.

Changes in Long-term Debt

Long-term debt activity for the primary government (excluding the Lincoln Health System and the Lincoln County Board of Public Utilities, enterprise funds) for the year ended June 30, 2022, was as follows:

Governmental Activities:

	Bonds	Notes - Direct Placement
Balance, July 1, 2021	\$ 34,500,000	\$ 525,000
Reductions	(1,110,000)	(85,000)
Balance, June 30, 2022	<u>\$ 33,390,000</u>	<u>\$ 440,000</u>
Balance Due Within One Year	<u>\$ 1,160,000</u>	<u>\$ 85,000</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2022	\$ 33,830,000
Less: Balances Due Within One Year - Debt	(1,245,000)
Add: Unamortized Premium on Debt	<u>1,302,687</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 33,887,687</u>

F. Long-term Obligations

Changes in Long-term Obligations

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

Governmental Activities:

	Compensated Absences	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2021	\$ 294,228	\$ 587,736	\$ 361,572
Additions	226,431	30,257	44,808
Reductions	<u>(234,228)</u>	<u>(42,150)</u>	<u>(130,697)</u>
Balance, June 30, 2022	<u>\$ 286,431</u>	<u>\$ 575,843</u>	<u>\$ 275,683</u>
Balance Due Within One Year	<u>\$ 257,785</u>	<u>\$ 34,573</u>	<u>\$ 0</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Fund. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Analysis of Noncurrent Liabilities for Other Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2022	\$ 1,137,957
Less: Balances Due Within One Year - Other	<u>(292,358)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u><u>\$ 845,599</u></u>

Discretely Presented Lincoln County School Department

Changes in Long-term Obligations

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

Governmental Activities:	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2021	\$ 50,108	\$ 2,645,711
Additions	59,529	691,175
Reductions	<u>(51,615)</u>	<u>(245,647)</u>
Balance, June 30, 2022	<u><u>\$ 58,022</u></u>	<u><u>\$ 3,091,239</u></u>
Balance Due Within One Year	<u><u>\$ 58,022</u></u>	<u><u>\$ 0</u></u>

Analysis of Noncurrent Liabilities for Other Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2022	\$ 3,149,261
Less: Balances Due Within One Year - Other	<u>(58,022)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u><u>\$ 3,091,239</u></u>

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

G. On-Behalf Payments – Discretely Presented Lincoln County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Lincoln County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both plans are 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 for the year ended June 30, 2022, totaled \$64,431. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Lincoln County is exposed to various risks related to general liability, property, and casualty losses. The county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The county joined 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.

Lincoln 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.

Lincoln County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Annual Comprehensive Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Lincoln County School Department

The discretely presented Lincoln County 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.

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

B. Accounting Changes

GASB Statement No. 87, *Leases*, became effective for fiscal year ending June 30, 2022. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation. GASB Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability, (2) an intangible asset representing the lessee's right to use the leased asset, (3) report the amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (4) interest expense on the lease liability and (5) note disclosures about the lease. A lessor must recognize (1) a lease receivable (measured at the present value of lease payments expected to be received during the lease term), (2) deferred inflow of resources, (3) interest revenue on the lease receivable and (4) note disclosures of leasing arrangements and the total inflows of resources recognized from leases. This statement provides exceptions for leases of assets held as investments, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements) and leases with related parties.

GASB Statement No. 92, *Omnibus 2020*, became effective during the fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation

and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provision about the following:

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

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (except for paragraphs 4 and 5 which became effective in the prior fiscal year) became effective during the year. This Statement (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). This statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans.

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

C. Contingent Liabilities

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

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

D. Landfill Postclosure Care Costs

Lincoln County and the city of Fayetteville have an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county and city have provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the entities to place a final cover on their sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site originally for 30 years after closure; however, on April 9, 2021, the postclosure care costs were extended for an additional ten years totaling 40 years for postclosure care cost. Although postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Lincoln County and the city of Fayetteville closed their sanitary landfill in 1995. Lincoln County and the city of Fayetteville each agreed to pay 50 percent of the postclosure costs. The \$575,843 reported as postclosure care liability at June 30, 2022, represents the county's share based on what it would cost to perform all postclosure care in 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Ventures

The Fayetteville-Lincoln County Public Library is a joint venture of Lincoln County and the city of Fayetteville and is operated by an appointed board. The board comprises seven members, with one member each selected by the Lincoln County Commission and the city of Fayetteville, and other members selected by the existing board of directors subject to the approval of the city and county. Lincoln County has control over budgeting and financing of the joint venture only to the extent of representation by appointed board members. Lincoln County contributed \$118,101 to the operations of the library during the year ended June 30, 2022.

The Fayetteville-Lincoln County Regional Airport Authority is jointly owned by Lincoln County and the city of Fayetteville and is governed by a five-member board. Two members are appointed by the city of Fayetteville, two by the Lincoln County Commission, and one is jointly appointed by the other four board members. The airport is operated through a lease with a private vendor. Lincoln County contributed \$16,103 to the operations of the airport during the year ended June 30, 2022.

The city of Fayetteville and Lincoln County operated a landfill as a joint venture until it closed in February 1995. The operation/closure of the landfill is under the oversight of the Joint City/County Solid Waste Committee, which includes eight members, four each appointed by the city and county.

The Interlocal Solid Waste Authority was formed by joint resolution of the counties of Bedford, Franklin, Moore, and Lincoln; and the municipalities of Tullahoma and Fayetteville to develop a solid waste regional plan. Each participating county commission or city council appointed the authority's board for varying terms of office. Lincoln County made no contribution to the Interlocal Solid Waste Authority for the year ended June 30, 2022.

The Industrial Development Board of the City of Fayetteville and Lincoln County is a joint venture of the city of Fayetteville and Lincoln County and is operated by an appointed board. The board comprises seven members. Three members each are appointed by the city and county. The seventh member's appointment is alternated between the city and county every six years. Lincoln County has control over budgeting and financing the joint venture only to the extent of representation of the board members it appoints. Lincoln County contributed \$102,500 to the operations of the Industrial Development Board during the year ended June 30, 2022. In addition, Lincoln County contributed an additional \$1,055,504 to the Industrial Development Board for the purchase of land as detailed in Note V.F.

The Seventeenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Seventeenth Judicial District, Marshall, Lincoln, Moore, and Bedford counties, and various cities within these counties. The purpose of the DTF is

to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Lincoln County made no contribution to the DTF for the year ended June 30, 2022.

Lincoln County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Fayetteville-Lincoln County Public Library, Fayetteville-Lincoln County Regional Airport Authority, Fayetteville-Lincoln County Landfill Fund, Interlocal Solid Waste Authority, Industrial Development Board of the City of Fayetteville and Lincoln County, and Seventeenth Judicial District Drug Task Force can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Fayetteville-Lincoln County Public Library
306 Elk Avenue North
Fayetteville, TN 37334

Fayetteville-Lincoln County Regional Airport Authority
37 Airport Road
Fayetteville, TN 37334

Fayetteville-Lincoln County Landfill Fund
City of Fayetteville
110 Elk Avenue South
Fayetteville, TN 37334

Interlocal Solid Waste Authority of Bedford, Franklin,
Moore and Lincoln Counties, Tennessee
P.O. Box 807
Tullahoma, TN 37388

Industrial Development Board of the City of Fayetteville
and Lincoln County
16 Franke Blvd.
Fayetteville, TN 37334

Office of District Attorney General
Seventeenth Judicial District Drug Task Force
311 East Market St.
Fayetteville, TN 37334

F. Commitments

During the year ended June 30, 2022, Lincoln County approved a contribution agreement with the Industrial Development Board of Fayetteville and Lincoln County for the purchase of 129.8 acres of real property. An initial contribution of \$1,055,504 was made by Lincoln County to the Industrial Development Board for a portion of the purchase price and for bond issuance costs. The remainder of the purchase was funded with bonds issued by the Industrial Development Board in the amount of \$2,590,000. The land purchased will become the Horizon Industrial Park. Funds received from the sale of land in the Horizon Industrial Park are required to be used for debt retirement. Lincoln County has the option to purchase the Horizon Industrial Park from the Industrial Development Board for the amount of debt outstanding. Future maximum contributions are listed in the table below.

Year Ending June 30	Amount
2023	\$ 270,325
2024	276,388
2025	277,275
2026	278,075
2027	283,788
2028	284,325
2029	289,775
2030	295,050
2031	295,150
2032	300,162

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Lincoln County, including employees of the Lincoln Health System (an enterprise fund of the primary government), and the non-certified employees of the discretely presented Lincoln 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 Lincoln County employees comprise 80.85 percent and the non-certified employees of the discretely presented school department comprise 19.15 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>.

In addition, employees of Lincoln County Board of Public Utilities (an enterprise fund of the primary government) are provided, a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The details of this plan are disclosed in Note VII.F.

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.

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. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	386
Inactive Employees Entitled to But Not Yet Receiving Benefits	839
Active Employees	588
Total	<u>1,813</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary to the plan. Lincoln County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, the employer contribution for Lincoln County was \$1,246,158 based on a rate of 5.25 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Lincoln 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)

Lincoln County's net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
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, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 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	6.09	4
Private Equity and Strategic Lending	6.57	20
U.S. Fixed Income	1.20	20
Real Estate	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 Lincoln County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2020	\$ 65,016,869	\$ 67,180,748	\$ (2,163,879)
Changes for the Year:			
Service Cost	\$ 2,040,896	\$ 0	\$ 2,040,896
Interest	4,749,021	0	4,749,021
Differences Between Expected and Actual Experience	(278,210)	0	(278,210)
Changes in Assumptions	5,859,321	0	5,859,321
Contributions-Employer	0	1,224,154	(1,224,154)
Contributions-Employees	0	1,168,618	(1,168,618)
Net Investment Income	0	17,231,575	(17,231,575)
Benefit Payments, Including Refunds of Employee Contributions	(3,108,043)	(3,108,043)	0
Administrative Expense	0	(52,020)	52,020
Net Changes	\$ 9,262,985	\$ 16,464,284	\$ (7,201,299)
Balance, June 30, 2021	\$ 74,279,854	\$ 83,645,032	\$ (9,365,178)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	80.85%	\$ 60,055,262	\$ 67,627,008	\$ (7,571,746)
School Department	19.15%	14,224,592	16,018,024	(1,793,432)
Total		<u>\$ 74,279,854</u>	<u>\$ 83,645,032</u>	<u>\$ (9,365,178)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Lincoln 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
<u>Lincoln County</u>	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>

Net Pension Liability (Asset) \$ 856,124 \$ (9,365,178) \$ (17,790,210)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, Lincoln County recognized pension expense (negative pension expense) of (\$783,816).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, Lincoln 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	\$ 60,106	\$ 1,289,223
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	9,192,357
Changes in Assumptions	4,394,491	0
Contributions Subsequent to the Measurement Date of June 30, 2021 (1)	<u>1,246,158</u>	<u>N/A</u>
Total	<u>\$ 5,700,755</u>	<u>\$ 10,481,580</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 4,625,971	\$ 8,474,358
School Department	<u>1,074,784</u>	<u>2,007,222</u>
Total	<u>\$ 5,700,755</u>	<u>\$ 10,481,580</u>

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

Year Ending June 30	Amount
2023	\$ (1,436,183)
2024	(1,325,728)
2025	(787,317)
2026	(2,477,755)
2027	0
Thereafter	0

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

Discretely Presented Lincoln County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Lincoln County, including employees of the Lincoln Health System (an enterprise fund of the primary government), and the non-certified employees of the discretely presented Lincoln 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 comprise 80.85 percent and the non-certified employees of the discretely presented school department comprise 19.15 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Lincoln County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The

Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid.

The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2022, to the Teacher Retirement Plan were \$117,047, which is 2.01 percent of covered payroll. In addition, employer contributions of \$115,882, which is 1.99 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2022, the school department reported a liability (asset) of (\$381,794) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2021, the school department's proportion was .352465 percent. The proportion as of June 30, 2020, was .355869 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, the Lincoln County School Department recognized pension expense (negative pension expense) of \$46,342.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department reported deferred outflows 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	\$ 6,642	\$ 69,860
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	219,771
Changes in Assumptions	137,710	0
Changes in Proportion of Net Pension Liability (Asset)	5,589	6,356
LEA's Contributions Subsequent to the Measurement Date of June 30, 2021	117,047	N/A
Total	<u>\$ 266,988</u>	<u>\$ 295,987</u>

The school department's employer contributions of \$117,047, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) of net pension liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ (48,295)
2024	(47,092)
2025	(46,749)
2026	(52,279)
2027	6,339
Thereafter	42,030

Actuarial Assumptions. The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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 historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 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 Lincoln 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.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Lincoln 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:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
---	-------------------------	--------------------------------------	-------------------------

Net Pension Liability (Asset) \$ 131,251 \$ (381,794) \$ (760,182)

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 Lincoln 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 Lincoln County School Department for the year ended June 30, 2022, to the Teacher Legacy Pension Plan were \$1,221,447, which is 10.3 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2022, the school department reported a liability (asset) of (\$16,359,263) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2021, the school department's proportion was .379280 percent. The proportion measured at June 30, 2020, was .365500 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, the school department recognized pension expense (negative pension expense) of (\$2,583,984).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 54,976	\$ 1,364,416
Changes in Assumptions	4,370,922	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	13,046,147
Changes in Proportion of Net Pension Liability (Asset)	23,683	75,211
LEA's Contributions Subsequent to the Measurement Date of June 30, 2021	1,221,447	N/A
Total	\$ 5,671,028	\$ 14,485,774

The school department's employer contributions of \$1,221,447 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) of net pension liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ (2,389,513)
2024	(2,259,593)
2025	(1,866,307)
2026	(3,520,780)
2027	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability as of the June 30, 2021, actuarial valuation was determined using the following

actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
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, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 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 Lincoln 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.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Lincoln 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:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
---	-------------------------	--------------------------------------	-------------------------

Net Pension Liability (Asset) \$ (2,911,398) \$ (16,359,263) \$ (27,550,568)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. **Deferred Compensation**

The Lincoln County School Department offers its employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding this program are the responsibility of plan participants. The Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plan.

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 \$298,178 to this deferred compensation pension plan.

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

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

OPEB Provided through State Administered Public Entity Risk Pools

Retirees of Lincoln County are provided healthcare under the Local Government Plan (LGP) until they reach Medicare eligibility. Likewise, the school department provides healthcare benefits to its retirees under the Local Education Plan (LEP) until they reach Medicare eligibility. Both certified and noncertified retirees of Lincoln County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The county and school department's total OPEB liability for each plan was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021, actuarial valuation of the plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2021, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	2.16%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.36% for pre-65 retirees in the 2022 calendar year, and decreasing annually over a 10-year period to an ultimate trend rate of 4.5%
Retirees Share of Benefit	
Related Cost	Discussed under each plan

The discount rate was 2.16%, based on the daily rate of Bond Buyer's 20-year Municipal GO AA index closest to but not later than the measurement date.

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2021, valuations were the same as those employed in the July 1, 2020, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the

results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables for non-teachers are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% to load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Post-retirement tables for teachers are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 19 to load for males and a 18% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

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

Local Government OPEB Plan (Primary Government)

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

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

participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Lincoln County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

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

Inactive Employees Currently Receiving Benefit Payments	0
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	0
Active Employees Eligible for Benefits	174
Total	<u>174</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2022, the county paid \$1,463 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability – As of the Measurement Date

	<u>Lincoln County</u>
Balance July 1, 2020	\$ 361,572
Changes for the Year:	
Service Cost	36,161
Interest	8,647
Difference between Expected and Actuarial Experience	(29,150)
Changes in Assumption	(88,569)
Benefit Payments	<u>(12,978)</u>
Net Changes	<u>\$ (85,889)</u>
Balance June 30, 2021	<u>\$ 275,683</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the county recognized OPEB expense of \$20,489. At June 30, 2022, the county reported deferred outflows

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 115,646
Changes in Assumptions	47,495	87,376
Benefits Paid After the Measurement Date of June 30, 2021	<u>1,463</u>	<u>N/A</u>
Total	<u>\$ 48,958</u>	<u>\$ 203,022</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:

Year Ending June 30	Amount
2023	\$ (24,319)
2024	(24,319)
2025	(24,319)
2026	(24,319)
2027	(24,319)
Thereafter	(33,932)

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

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

<u>Discount Rate</u>	Current		
	1%	Discount	1%
	Decrease	Rate	Increase
	1.16%	2.16%	3.16%
Total OPEB Liability	\$ 297,396	\$ 275,683	\$ 255,074

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

<u>Healthcare Cost Trend Rate</u>	Current		
	1%	Trend	1%
	Decrease	Rate	Increase
	6.36 to 3.5%	7.36 to 4.5%	8.36 to 5.5%
Total OPEB Liability	\$ 242,706	\$ 275,683	\$ 314,701

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

Plan Description. Employees of the Lincoln 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 Lincoln County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The

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

Employees Covered by Benefit Terms

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

Inactive Employees Currently Receiving Benefit Payments	17
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	1
Active Employees Eligible For Benefits	325
Total	<u><u>343</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$110,997 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability—As of the Measurement Date

	<u>Share of Collective Liability</u>			
	Lincoln County School Department 65.25%	State of TN 34.75%		Total OPEB Liability
Balance July 1, 2020	\$ 2,645,711	\$ 1,301,680	\$	3,947,391
Changes for the Year:				
Service Cost	\$ 145,384	\$ 77,426	\$	222,810
Interest	58,855	31,344		90,199
Difference between Expected and Actuarial Experience	(59,089)	(31,469)		(90,558)
Changes in Proportions	(70,059)	70,059		0
Changes in Assumption	486,936	259,326		746,262
Benefit Payments	(116,499)	(62,044)		(178,543)
Net Changes	\$ 445,528	\$ 344,642	\$	790,170
Balance June 30, 2021	\$ 3,091,239	\$ 1,646,322	\$	4,737,561

The Lincoln 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 Lincoln County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$115,620 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Lincoln County School Department's proportionate share of the collective OPEB liability was 65.25 percent and the State of Tennessee's share was 34.75 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department recognized OPEB expense of \$334,557, including the state's share of the expense. At June 30, 2022, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 73,238	\$ 377,726
Changes in Assumptions	695,842	186,800
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	101,170	102,513
Benefits Paid After the Measurement Date of June 30, 2021	110,997	N/A
Total	<u>\$ 981,247</u>	<u>\$ 667,039</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:

Year Ending June 30	School Department
2023	\$ 14,700
2024	14,700
2025	14,700
2026	14,700
2027	14,700
Thereafter	129,711

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

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

<u>Discount Rate</u>	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
----------------------	-------------------------	--------------------------------------	-------------------------

Proportionate Share of the Collective Total OPEB Liability	\$ 3,321,564	\$ 3,091,239	\$ 2,869,405
--	--------------	--------------	--------------

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

<u>Healthcare Cost Trend Rate</u>	1% Decrease 6.36 to 3.5%	Current Rates 7.36 to 4.5%	1% Increase 8.36 to 5.5%
-----------------------------------	--------------------------------	----------------------------------	--------------------------------

Proportionate Share of the Collective Total OPEB Liability	\$ 2,725,043	\$ 3,091,239	\$ 3,524,145
--	--------------	--------------	--------------

I. Office of Central Accounting, Budgeting, and Purchasing

Office of Director of Finance

Lincoln County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing covering all county departments. This act provides for the creation of a finance department operated under the direction of the finance director.

J. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Lincoln County. All purchase orders are issued by the finance department. Purchases exceeding \$25,000 for the Office of County Mayor, the discretely presented school department, and the Office of Highway Superintendent are required to be competitively bid.

K. Subsequent Event

Lincoln County entered into an integration agreement with the Health Care Authority of the City of Huntsville. Accordingly, HH Health System-Lincoln, Inc. (Lincoln Corp), a new organizational structure was formed as a 501 (c)(3) tax exempt entity. The entity is an Alabama nonprofit corporation duly organized under the laws of the State of Alabama and qualified to do business in the State of Tennessee and a wholly owned subsidiary of the Huntsville Authority. The Huntsville Authority operates a system of hospitals under the oversight of the Huntsville Hospital Health System (HH Health System). On the effective date, Lincoln Health System will transfer to Lincoln Corp all assets, cash, accounts receivable, and prepaid expenses. On the effective date, Lincoln Corp assumed all Lincoln Health System assigned contracts, obligations, covenants, and agreements as defined in the agreement. A lease agreement was also signed between Lincoln County and HH Health System for the lease of Lincoln Health System's land, buildings, and equipment for an initial term of forty years. During the five years immediately following the effective date, Huntsville Authority will fund capital improvements to the hospital facilities in the minimum cumulative amount of \$11 million. These agreements shall have an initial term of 40 years commencing on the effective date. The Huntsville Authority may elect to renew these agreements for four additional successive 10-year terms.

VI. OTHER NOTES – LINCOLN HEALTH SYSTEM (ENTERPRISE FUND)

A. Summary of Significant Accounting Policies

Reporting Entity – The accompanying financial statements present the Lincoln Health System, formerly the Lincoln County Health System. The health system is owned by Lincoln County, Tennessee, and is not a legal entity separate and apart from the primary government. The health system is financially accountable and there is a financial benefit/burden relationship with the county. Accordingly, it is blended as an enterprise fund as part of the financial statements of the primary government. The health system is governed by the Lincoln County Health System Committee consisting of five members appointed from the Lincoln County Board of Commissioners and two physicians appointed from the medical staff. Each committee member serves a three-year rotational term.

Principles of Departmental Combination – The health system's financial statements include the following financial activities also referred to herein as departments: Lincoln Medical Center (medical center), Lincoln Medical Center EMS (ambulance service), Lincoln Medical Home Health and Hospice (home health and hospice care), Patrick Rehab Center (rehab center), and Donalson Care Center (care center). Hospital-based departments include the medical center, ambulance service, home health and hospice care, and rehab center. All significant interdepartmental transactions have been eliminated.

The medical center provides general acute health care services for Lincoln County and surrounding areas. The medical center is licensed for 49 acute care beds. The ambulance service provides emergency medical transportation services. The home health and hospice care provide skilled nursing, therapy, personal care, and hospice services. The rehab center provides centralized rehabilitation, health education, therapy and other related programs and services to other departments of the health system and to local businesses, industries, and residents. The care center provides long-term health care services. The Donalson Care Center provides long-term health care services. The care center is licensed for 168 dually certified beds (intermediate and skilled level of care).

The medical center's financial statements include the Lincoln Medical Center Auxiliary Gift Shop (auxiliary). This cost center is not a separate legal entity, and it is financially accountable to the health system. The auxiliary condensed statement of net position includes cash of \$72,017, supplies of \$7,437, and a restricted net position of \$79,454. The condensed statement of revenues, expenses, and changes in net position includes net operating revenue of \$11,836, operating expenses of \$7,004, nonoperating revenues and (expenses), net of (\$6,103), and a change in net position of (\$1,271).

Basis of Accounting – The health system uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

The accompanying financial statements of the health system conform with generally accepted accounting principles (GAAP) in the United States as applied to governments and general practices of governmental health care entities. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental GAAP accounting and financial reporting standards. The GASB's *Codification of Governmental Accounting and Financial Reporting Standards* document these principles.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include the provision for contractual allowances and uncollectible accounts, and self-insurance reserves for the group health insurance plan for eligible employees.

Custodial Credit Risk – The health system's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, excluding restricted cash held for patient trust funds. The health system's

policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the health system's agent in the health system's name, or by the Federal Reserve Banks acting as third-party agents.

State statutes also authorize the health system to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction.

As of June 30, 2022, all bank deposits are fully collateralized or insured.

Special Funds – Special Funds consist of restricted cash by contributors and special fund investments (primarily bank certificates of deposit and money market mutual funds in compliance with state statutes) held for internally designated purposes by the health system, and funds legally restricted for debt service requirements and held by a trustee under an indenture agreement.

Supplies – Supplies are stated at cost (first-in, first-out method) that approximates the lower of cost or market.

Capital Assets – Capital assets are stated at cost, less accumulated depreciation that is computed on the straight-line method over the estimated useful life of the asset. Equipment under financed purchase obligations are amortized on the straight-line method over the shorter period of the agreement term or the established useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Contributed capital assets are reported at their estimated fair value at the time of their donation.

Major expenditures for property and those that substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred.

The health system evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and

the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and the impairment loss is recognized as an amount by which the carrying amount of a long-lived asset exceeds its fair value.

New Accounting Pronouncements – During the year, the system implemented GASB Statement No. 87, Leases (GASB No. 87). This standard enhances the relevance and consistency of information of the system's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB No. 87 is effective for fiscal years beginning after June 15, 2021. See Note VI.S. for a description of the effect of applying this standard on beginning net position.

Grants and Contributions – The health system receives grants and contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets and governmental grants) are recognized when all eligibility requirements, including time requirements, are met. Governmental grants may be subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Grants and contributions may be restricted either for specific operating purposes or for capital purposes. When both restricted and unrestricted resources are available for use, the health system uses the restricted resources first, then the unrestricted resources as they are needed. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Compensated Absences – The health system's employees earn paid time off (PTO) benefits for vacation, sick, and holiday leave at varying rates that may accumulate up to a specified maximum depending on years of service. In the event of termination, an eligible employee is paid for accumulated PTO benefits, excluding discharged employees. The estimated amount of PTO payable is accrued when earned and reported as a current liability in the accompanying financial statements.

Debt Issue Costs – Costs of issuance other than insurance are charged to expense in the period incurred. Premiums and discounts realized on debt issuances are deferred and amortized over the terms of the respective debt using a method which approximates the effective interest method.

Charity Care – The health system provides service to eligible patients at reduced or no cost based upon the individual patient's financial resources.

The system's policy provides for 100 percent charity to patients with income up to 100 percent or less of the federal poverty guidelines, 75 percent to patients with income from 101 to 150 percent, and 50 percent to patients with income from 151 to 200 percent. Records are kept to identify, approve, and monitor those costs that are incurred under the charity care policy. Because the system does not expect payment, estimated charges for charity care are not included in revenue. In addition to the approved charity care described above, the system believes that other uncollected accounts would be approved under its charity care policy if information about the patient's financial resources were shared with the system. Such amounts are not considered charity care.

Income Taxes – The health system, as an instrumentality of Lincoln County, Tennessee, is exempt from federal and state income taxes.

Risk Management – The health system is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. The health system maintains commercial insurance coverage for claims arising from such matters. Settled claims in the past three years have not exceeded insurance coverage. There were no significant reductions in coverage compared to the prior year.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The health system has two items that qualify for reporting in this category. The first is the deferred charge on refunding. 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. The second item is a deferred outflow related to pension, which is described further in Note VI.H.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The health system has two items that qualifies for reporting in this category. It is a deferred inflow related to pension, which is described further in Note VI.H. and deferred inflow related to leases, which is described in Note VI.L.

Unearned Revenue – Unearned revenue is recognized as a liability in the statement of net position in the accounting period in which the revenue does not meet the revenue recognition criteria or, in the case of grants, when the

grant advance has not been expended. Unearned revenue related to CARES Act and American Rescue Plan advances is described further in Note VI.Q.

Net Position – Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets represent capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction, or improvement of these assets as well as any deferred outflows or inflows of resources attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets occur when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations (such as pensions and auxiliary), etc. Unrestricted net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The debt service reserve is presented as a restricted component of net position. The debt service reserve fund held under an indenture agreement is in compliance with the required amount to be maintained by the related long-term debt as described in Note VI.G.

Operating Revenues and Expenses – The health system's Statement of Revenues, Expenses, and Changes in Net Position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing patient health care services - the health system's principal activity. Therefore, no additional segment financial information or disclosures are presented.

Patient service revenue is recorded at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as years are no longer subject to audit, review, or investigation. Laws governing the third-party programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Other operating revenues include charges from services other than to patients such as the sale of medical and pharmaceutical supplies, medical transcripts, cafeteria sales, educational training services, etc.

Investment income, nonexchange revenues, grants, contributions, and incentive payments received for purposes other than capital asset acquisition, and insurance claim proceeds are reported as nonoperating revenues.

Operating expenses are all expenses incurred to provide health care services, other than financing costs.

The health system is eligible to receive payments from an endowment fund for the benefit of eligible patients. The endowment fund is legally separate from the health system and under the control of an independent trustee. Therefore, it is not included in the health system's financial statements. The health system received \$0 from this endowment fund for the year ended June 30, 2022.

Pensions – 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 Lincoln County Medical Center's (i.e. Hospital based departments) participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Lincoln County Medical Center's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

B. Special Funds

Special funds are designated by the health system for specific purposes such as future capital improvements, insurance, and debt service, as described in Note VI.E. Such internally designated special funds remain under the control of the health system, which may at its discretion, later use the funds for other purposes.

C. Charity Care

The gross charges excluded from net patient service revenue under the system's charity policy was \$457,166 for the year ended June 30, 2022. The estimated cost of charity care is based upon the ratio of cost to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing services furnished under the charity care policy totaled \$511,467 for the year ended June 30, 2022.

D. Net Patient Service Revenue

A summary of the payment arrangements with major third-party payors follows:

Medicare – Medical center inpatient care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that

is based on clinical, diagnostic, and other factors. Medical center outpatient services to Medicare beneficiaries are based upon a prospective payment system comprised of a patient's ambulatory patient classification system, as well as fee schedules for certain ancillary services including ambulance services and hospital rehab services.

Care center Medicare payments for long term skill care are based upon a patient driven payment model that incorporates the patient's clinical, functional, and service level factors.

Home health and hospice care also have unique Medicare reimbursement methodologies with home health payments for services based on patient driven group model in a thirty-day treatment window.

Each department is reimbursed at a tentative rate with final settlement determined after submission of an annual cost report by the department and audit thereof by the Medicare fiscal intermediary. Net patient service revenue increased \$520,352, as a result of changes in estimates due to the prior fiscal year's cost report settlements. The health system's Medicare cost reports have been audited by the fiscal intermediary through June 30, 2018, at the report date.

Medicaid – The Medicaid program for acute care services was replaced by a waiver program, TennCare, as approved by the Health Care Financing Administration (HCFA). Services to program beneficiaries are provided under contract with various managed care organizations through the State of Tennessee TennCare program. Payments for medical center inpatient services are paid based either upon a prospective per-diem rate or per discharge rate. Payments for hospital outpatient, ambulance services, and home health and hospice care services are paid based upon a fee schedule.

Care center services rendered to Medicaid program beneficiaries are reimbursed at per-diem rates determined by the State of Tennessee Comptroller's Office. The rates for both intermediate care (level I) and skilled care (level II) program beneficiaries are paid on the same prospective per-diem rates subject to a statewide ceiling rate that also incorporates an acuity and quality-based factors.

Others – The medical center, ambulance service, and rehab center have entered into payment agreements with certain commercial insurance carriers and managed care health plans. The basis for reimbursement under these agreements includes prospectively determined rates per diems and per discharge rates for hospital inpatient care with hospital outpatient services reimbursed using ambulatory patient classification criteria as well as negotiated rate schedules.

E. Deposits and Special Funds

The health system's carrying amount of deposits was \$7,467,871, and the bank balance was \$7,914,851 as of June 30, 2022. The health system's carrying amount for special funds, excluding an amount held under an indenture agreement, was \$5,450,216 and the bank balance was \$5,423,715 as of June 30, 2022. The bank balance totaling \$13,338,566 as of June 30, 2022, is either insured by the Federal Deposit Insurance Corporation or Tennessee Bank Collateral Pool. The remaining balance of \$0 as of June 30, 2022, is collateralized by securities pledged by a financial institution and held by their agent in the name of the system.

Interest Rate Risk – For an investment, this is the risk that a change in interest rates will affect the fair market value of investments held. The health system has established a debt service reserve fund under an indenture agreement for repayment of the outstanding Series 2013 bonds. The reserve fund consists of a money market fund that normally invests at least 80 percent of its assets in U.S. Treasury securities and repurchase agreements for those securities. Its value as of June 30, 2022, was \$758,904. Generally, these investments maintain a dollar weighted average maturity at 60 days or less.

These investments are exposed to declines in fair values due to interest rate changes. The health system's exposure is mitigated through the limited maturities of the investments.

The health system has not adopted formal deposit or investment policies for exposure to various forms of risks associated with its deposit and investment practices, other than to follow state statutes.

Special funds are held as follows as of June 30:

Internally Designated for Capital Improvements, Insurance, and Debt Service, and Other Purposes	\$ 5,362,429
Restricted by Contributors	72,017
Held Under an Indenture Agreement	758,904
Held Under Patient Trust Fund Arrangements - Cash	15,770
Less: Amounts Reclassified to Meet Current Liabilities	<u>(15,770)</u>
Total	<u><u>\$ 6,193,350</u></u>

In the current year, internally designated funds were used for capital and debt service purposes.

F. Capital Assets

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

	Balance 7-1-21	Increases	Retirements	Balance 6-30-22
Capital Assets Not Depreciated:				
Land	\$ 1,077,254	\$ 0	\$ 0	\$ 1,077,254
Property Under Capitalized Lease	0	0	0	0
Construction in Progress	19,731	(19,731)	0	0
Property held for sale	74,815	0	0	74,815
Total Capital Assets Not Depreciated	\$ 1,171,800	\$ (19,731)	\$ 0	\$ 1,152,069
Capital Assets Depreciated:				
Ground Improvements	\$ 2,431,679	\$ 19,800	\$ 0	\$ 2,451,479
Buildings and Improvements	25,547,440	146,369	0	25,693,809
Equipment	19,755,973	749,109	(824,210)	19,680,872
Equipment under Financed Purchases	611,833	0	0	611,833
Right to use Lease Asset	324,517	0	0	324,517
Total Capital Assets Depreciated	\$ 48,671,442	\$ 915,278	\$ (824,210)	\$ 48,762,510
Less Accumulated Depreciation For:				
Ground Improvements	\$ (1,517,306)	\$ (52,349)	\$ 0	\$ (1,569,655)
Buildings and Improvements	(19,185,064)	(567,199)	0	(19,752,263)
Equipment	(16,695,686)	(805,316)	797,483	(16,703,519)
Equipment under Financed Purchases	(449,824)	(52,654)	0	(502,478)
Right to use Lease Asset	0	(46,360)	0	(46,360)
Total Accumulated Depreciation	\$ (37,847,880)	\$ (1,523,878)	\$ 797,483	\$ (38,574,275)
Capital Assets, Net	\$ 11,995,362	\$ (628,331)	\$ (26,727)	\$ 11,340,304

The general depreciation rates based on the useful lives for depreciable capital assets are five percent for ground improvements, 2.5 to five percent for buildings and improvements, and five to 20 percent for equipment and equipment under financed purchases. Depreciation, amortization of

equipment under financed purchases, and amortization of the right to use asset expense for the year ended June 30, 2022, totaled \$1,523,878. Accumulated amortization for equipment under financed purchases was \$502,478 at June 30, 2022.

Property held for sale includes the health system's original Hospital Home Health property totaling \$74,815.

The construction in progress includes ambulance equipment that was placed in service in the 2022 year.

G. Long-term Debt

The following is a schedule of long-term debt and capital lease obligation activity for the year ended June 30, 2022:

	Balance 7-1-21	Reductions	Balance 6-30-22	Due Within One Year
<u>Revenue Bonds</u>				
Series 2007, Hospital Facility Lease Revenue and Tax Refunding Bonds, due in annual installments of \$10,000 to \$1,040,000 through May 2028, at an interest rate of 4.2%	\$ 4,805,000	\$ (4,805,000)	\$ 0	\$ 0
Series 2013, Hospital Facility Lease Revenue and Tax Refunding Bonds, due in annual installments of \$710,000 to 730,000 through May 2023, at an interest rate of 2%	1,455,000	(725,000)	730,000	730,000
<u>Notes and Bonds from Direct Borrowings and Direct Placement</u>				
Rural Economic Development Loan, due in monthly installments of \$1,588 through November 2022, without interest but with administrative expenses	26,938	(19,056)	7,882	7,882
Capital Lease Obligation, due in monthly installments of \$2,038 through May 2024, at an interest rate of 5.74%	67,168	(22,608)	44,560	22,772
Capital Lease Obligation, due in monthly installments of \$2,791 through September 2024, at an interest rate of 4.45%	100,745	(28,866)	71,879	31,227
Lease Liability	324,517	(42,585)	281,932	45,012
Total long-term debt	<u>\$ 6,779,368</u>	<u>\$ (5,643,115)</u>	<u>\$ 1,136,253</u>	<u>\$ 836,893</u>
Less current maturities of long-term debt	(848,319)		(836,893)	
Add unamortized bond premium	<u>35,524</u>		<u>17,125</u>	
Total noncurrent liabilities	<u>\$ 5,966,573</u>		<u>\$ 316,485</u>	

Amortization expense includes net debt premium costs of (\$18,399) and debt refunding deferred charges of \$39,819 for the year ended June 30, 2022.

The annual requirements to amortize all long-term debt outstanding as of June 30, 2022, are as follows:

Year Ending June 30	Revenue Bonds		Notes and Bonds from Direct Borrowings and Direct Placements		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 730,000	\$ 14,600	\$ 61,881	\$ 3,944	\$ 45,012	\$ 9,503
2024	0	0	54,130	1,776	47,577	6,938
2025	0	0	8,310	61	50,288	4,227
2026	0	0	0	0	139,055	29,429
Total	<u>\$ 730,000</u>	<u>\$ 14,600</u>	<u>\$ 124,321</u>	<u>\$ 5,781</u>	<u>\$ 281,932</u>	<u>\$ 50,097</u>

General Obligation and Revenue Bonds - The system has a revenue bond issue outstanding as June 30, 2022, as follows:

Series 2013 – The Industrial Development Board of the City of Fayetteville and Lincoln County, Tennessee, issued \$6,735,000 Series 2013 Hospital Facility Lease Revenue and Tax Refunding Bonds to advance refund \$6,795,000 of its Series 2004 bonds.

The net proceeds of \$6,918,992 (which included a net premium of \$183,992) were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2004 refunded bonds and Series 1998 bonds. As a result, the Series 2004 and Series 1998 bonds were defeased and the liability for those bonds has been removed from the financial statements.

The Series 2013 bonds are the ultimate obligation of Lincoln County, Tennessee. The Series 2013 bonds are subject to redemption prior to maturity, as a whole or in part, at any time, at the redemption price plus interest accrued to the redemption date for bonds maturing after May 1, 2023.

For the year ended June 30, 2022, the health system did maintain the required debt covenant ratio of 1.15:1 established for the outstanding Series 2013.

Direct Borrowings and Direct Placements - The system had direct borrowings and direct placements outstanding as June 30, 2022 as follows:

In 2016, the health system obtained loan proceeds of \$133,334 as a pass-through from the Board of Public Utilities, City of Fayetteville, Tennessee. The Board of Public Utilities entered into a loan agreement with the USDA pursuant to the Rural Electrification Act of 1936 for a Rural Economic Development Loan for the purchase of equipment by the health system. The health system obtained a standby letter of credit to secure repayment of the loan.

The financed purchase obligations are secured by the related property and equipment. The gross amount of assets recorded under financed purchase obligations and the accumulated amortization/depreciation is recorded in the statement of net position and described earlier in Note VI.F. The future minimum lease payments and the net present value of these minimum lease payments are included in the annual requirements to amortize outstanding long-term debt.

Payroll Protection Program loan advances were obtained from a local financial institution in connection with the CARES Act and forgiven in the 2021 year as described further in Note VI.Q.

Lease Liabilities – The medical center has recorded an intangible right to use asset totaling \$324,517 in capital assets (Footnote VI.F.). Due to the implementation of GASB Statement No. 87, this lease for mammography equipment meets the lease financing criteria for the right to use an underlying asset, thus requiring the lease to be recorded by the health system. The health system anticipates buying the equipment at fair market value at the end of the lease term estimated at \$118,513 and this is considered in the right to use asset total. The asset will be amortized over seven years, the useful life of the asset. The leases will end in 2026. A summary of the principal and interest amounts for the remaining lease liability is included above. See Footnote VI.I. for additional information on the health system's leasing activities.

H. Pension Plan

Medical Center, Ambulance Service, Home Health and Hospice Care, and Rehab Center

Plan Description. Employees of the health system's hospital-based departments (i.e., Medical Center, Ambulance Service, Home Health and Hospice Care, and Rehab Center), referred to herein as Lincoln County Medical Center, are included in the Lincoln County Courthouse Employees Pension Plan. The Lincoln County Medical Center comprises 52.05 percent of the Lincoln County Employees Pension Plan. This allocation is based upon contributions. Employees of Lincoln County are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated*, 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. Tennessee Code Annotated, Title 8, Chapters 34-37 establishes 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 at age 55 and vested. 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 are 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. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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. Lincoln County Medical Center makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, the employer contribution for Lincoln County Medical Center was \$644,022 based on a rate of 5.25 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Lincoln County Courthouse Employees' state shared taxes if required employer contributions are not remitted. The employer's 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)

Lincoln County Courthouse Employees' net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 3.44% to 8.72% 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%
Remaining amortization period	1-4 years

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

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

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 investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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 assumed that employee contributions will be made at the current rate and that contributions from Lincoln County Medical Center 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 Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Lincoln County Medical Center calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it was 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%	Current Discount Rate	1%
Lincoln County Medical Center	Decrease 5.75%	6.75%	Increase 7.75%

Net Pension Liability (Asset) \$ 445,613 \$ (4,874,575) \$ (9,259,804)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, Lincoln County Medical Center recognized pension expense of (\$432,915).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, Lincoln County Medical Center 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	\$ 31,285	\$ 671,042
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,784,622
Changes in assumptions	2,287,333	0
Changes in proportion of net pension liability (asset)	23,561	35,569
Contributions Subsequent to the Measurement Date of June 30, 2021	644,022	N/A
Total	<u>\$ 2,986,201</u>	<u>\$ 5,491,233</u>

The amount shown on the above for “Contributions Subsequent to the measurement date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (negative expense) as follows:

Year Ended June 30	Amount
2023	\$ (752,422)
2024	(693,711)
2025	(407,597)
2026	(1,295,324)
2027	0
Thereafter	0

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

Payable to the Pension Plan. At June 30, 2022, the Lincoln County Medical Center reported a payable of \$128,380 for the outstanding amount of contributions to the pension plan required at year end.

Proportionate Share. At the measurement date of June 30, 2020, the Lincoln County Medical Center proportion was 52.05 percent.

Care Center. The care center had a defined contribution pension plan, under Sections 401(a) of the Internal Revenue Code administered by One America. In 2019, the care center converted this defined contribution pension plan to the State of Tennessee's 401(k) defined contribution plan, under Sections 401(a) and 414(d) Internal Revenue Code.

Benefit terms, including contributions requirements, for the State pension plan are established and may be amended by the TCRS Board. The plan is administrated by the Treasurer, State of Tennessee and can be accessed at <https://retirereadytn.empower-retirement.com>. Participants are immediately invested in their own contributions and become fully vested in the employer's contributions after five years (20 percent after 1 year plus 20 percent for each subsequent year). Participants become eligible to retire at the age of 60. The plan provides for early retirement at the age of 59 1/2. Eligible participants may contribute a portion of their salary, up to the legal limit established by the Internal Revenue Code. The Care Center will match up to 50 percent of the employee's contribution up to the first six percent of gross pay. Forfeitures will be used first to reduce the employer's matching contribution (if any) and then to offset plan expenses. Forfeitures totaled \$2,910 for the year ended June 30, 2022. Employer and employee contributions plans totaled \$23,480 and \$60,887 for the year ended June 30, 2022. The pension administrative expense is paid by the employees under the plan. At June 30, 2022, there were no outstanding amounts due to the plan.

Deferred Compensation Plan. The health system also converted their Mass Mutual 457 plan to the Treasurer, State of Tennessee administrated plan. This plan is an optional deferred compensation plan offered to its employees

created in accordance with Section 457(b) of the Internal Revenue Code. This plan is available to all employees on a voluntary basis and allows participants to defer a portion of their current income until future years to shelter such funds and earnings from federal taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The plan is administered by the Treasurer of the State of Tennessee. The health system does not perform the investing function and has no fiduciary accountability for the plan. Thus, plan assets and any related liabilities to plan participants have been excluded from the health system's financial statements.

I. Risk Management

The health system contracts with Allied to provide a self-insured group health insurance plan to eligible employees and their eligible dependents, as defined in the contract. The health system has also purchased reinsurance for claims paid in any one-contract year, in excess of \$100,000 per member, which includes employees and their eligible dependents. Claims are paid on a weekly basis by Allied. Claims expense and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (claims lag).

As of June 30, 2022, the health system accrued \$146,945 for an estimated claims lag. Changes in the reported net liability for 2022 resulted from the following:

Balance, July 1, 2021	\$ 249,710
Current-year Claims and Settlements	1,269,572
Claim Payments	<u>(1,372,337)</u>
Balance, June 30, 2022	<u><u>\$ 146,945</u></u>

The health system has internally designated cash to use for payment of future insurance premiums as described in Note VI.E. As of June 30, 2022, this internally designated cash, including interest earned, totaled \$150,218.

J. Concentrations of Credit Risk

The health system grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements and managed care health plans. The following is a summary of the mix of accounts receivable from third-party payors and patients as of June 30, 2022:

Medicare	34 %
Medicaid	18
Other Third-party Payors	34
Patients	<u>14</u>
Total	<u><u>100 %</u></u>

K. Contingencies and Commitments

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Governmental activity includes investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The health system is involved in litigation arising in the ordinary course of business. While the ultimate outcome of the litigation is unknown at the present time, management estimates that those matters not covered by insurance will be resolved without material adverse effect on the health system's financial position or results of operations.

Also, in the ordinary course of business, the health system has maintenance and service contract commitments under agreements with various vendors to maintain equipment and provide medical services for terms not to exceed generally a five-year period.

L. Leases

The lease agreement that is considered material for recording under GASB 87 is as follows:

Description of Indebtedness	Date	Payment Terms	Payment Amount	Interest Rate	FMV Buyout	Total Lease Liability	Balance 6-30-22
Payable through the Medical Center Mammography	6-3-21	60 months	\$ 4,543	5.56%	\$ 118,513	\$ 324,517	\$ 281,932

The mammogram lease agreement has a stated discount rate of 5.56 percent and has a purchase option that the health system is reasonably certain of being exercised as stated in Footnote VI.G.

Effective June 1, 2022, the health system began leasing office space in its medical office building to physicians under a three-year lease term) previously the lease was on a month-to-month basis). Accordingly, under GASB 87, a lease receivable and deferred inflow must be recognized. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. Rental payments are expected to be made monthly with a scheduled annual increase of two percent. The lease agreement did not have a stated discount rate; therefore, the health system used its incremental borrowing rate of 4.2 percent. The lease agreement has no renewal options. The lease agreement is summarized below:

Description of Lease Receivable	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Receivable	Balance 6-30-22	Due Within One Year
Parkway Medical- Medical Office Bld.	6-1-22	36 months	\$ 9,550	4.2%	\$ 322,504	\$ 314,082	\$ 103,387

The health system recorded a deferred inflow of resources the same as the calculated lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. In the 2022 year, the health system recognized \$8,958 in lease revenue and \$1,128 in interest revenue to the lease. Future minimum lease payments are as follows:

Year Ended June 30	
2023	\$ 114,795
2024	117,091
2025	109,297
	<u>\$ 341,183</u>

In addition, the health system rents office space to others on a month-to-month basis or under cancelable rental agreements. Total lease and rental income received for 2022 totaled \$191,996. Lease and rental income are included in other operating revenue in the accompanying financial statements. The cost and accumulated depreciation related to the medical office building is included in capital assets (See Note VI.F) as follows:

Cost	\$ 3,767,025
Accumulated Depreciation	<u>(2,239,639)</u>
Net Book Value	<u>\$ 1,527,386</u>

M. Lincoln Health System Foundation

The Lincoln Health System Foundation (foundation) is a legally separate, tax-exempt supporting organization closely related to the health system. The health system does not control the timing or amounts of receipts from the foundation or have the ability to access the resources from the foundation. Accordingly, the net assets of the foundation are not reported by the health system.

For informational purposes only, a summary of the foundation's assets, liabilities, net position, results of operations, and changes in net position follows as of June 30, 2022:

Assets, Cash, and Cash Equivalents	\$ 54,880
Liabilities	\$ 0
Restricted Net Position	\$ 59,380
Support and Revenue	\$ 34,260
Expenses	(48,479)
Excess of Expenses Over Support and Revenue	\$ (14,219)
Restricted Net Position, beginning of year	69,099
Restricted Net Position, end of year	\$ 54,880

N. Related Parties

One board member is employed by a financial institution with which the health system transacts business on an arm's length basis.

O. Pledged Revenues

The health system has pledged revenues to secure certain revenue bonds as described in Note VI.G. The current-year revenues, debt service, and future pledge commitment are as follows:

Operating Revenues	Current-Year		Percent of Current Revenue	Remaining Pledge	
	Principal and Interest Paid on Revenue Bonds			Based on Future Principal and Interest Requirements	Commitment Period Through Fiscal Year
\$ 41,935,516	\$ 5,612,916	13.4%	\$	744,660	2023

P. Net Service Revenue

Accounts receivable is reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the health system management analyzes its past collection history utilizing a hindsight review methodology along with identification of collection trends and current status of the existing receivables for each of its major sources of revenue to estimate the allowance for doubtful accounts and provision of bad debts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

The difference between the standard rates (or the discounted rates) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The allowance for doubtful accounts totaled 51.21 percent of accounts receivable at June 30, 2022. Total net write-offs including other adjustments increased \$445,534 to \$5,927,852 for 2022.

The following schedule summarizes total revenues for the fiscal year ended June 30, 2022:

Medicare	\$ 16,610,065
Medicaid	7,633,580
Others	<u>19,821,088</u>
Patient Service Revenue (net of contractual allowances and discounts)	44,064,733
Provision for Bad Debt	<u>(5,880,156)</u>
Net Patient Revenue Less Provision for Bad Debt	\$ 38,184,577
Other Operating Revenue	<u>3,750,939</u>
Total Revenue	<u><u>\$ 41,935,516</u></u>

Patient service revenue, before any provision for bad debts, summarized by payor is as follows for the year ended June 30, 2022:

Medicare	38 %
Medicaid	17
Others	<u>45</u>
Total	<u><u>100 %</u></u>

Q. Coronavirus Relief Funds and Payroll Protection Program

The Coronavirus Aid, Relief, and Economic Security Act (CARES) for Provider Relief Funds (PRF) and American Rescue Plan (ARP) provided relief

funds to hospitals and other healthcare providers on the front lines of the coronavirus (COVID-19) pandemic response. Payments were distributed by the Department of Health and Human Services (HHS). As a condition for receiving distributions, providers agreed to certain terms and conditions, including, among other things, that the funds would be used for lost operating revenues and COVID-19 related costs. Hospitals and providers must report the use of these funds subject to HHS four established reporting portal deadlines determined based on the funds period of availability, which is based on payment date. The health system recognizes the Provider Relief Fund advances as income when there is reasonable assurance of compliance with the conditions associated with these funds. In the current fiscal year, the health system received additional advances totaling \$257,108 from the Provider Relief Fund and \$405,410 from the American Rescue Plan in nonoperating revenues in the statement of revenues, expenses, and changes in net position.

The health system has unrecognized advances totaling \$1,947,924 that is recorded as Provider Relief Fund & American Rescue Plan unearned revenue in the statements of net position.

In fiscal year 2021, under the Payroll Protection Program (PPP), established as part of CARES Act, the health system received funds totaling \$4,279,900 for certain COVID-19 eligible expenses for payroll, benefits, rent and utilities. The funds received are to be treated as a forgivable loan advance as long as the funds are used for eligible purposes and the entity has been legally released from the debt in accordance with GASB Technical Bulletin No. 2020-1. The health system has incurred qualifying payroll expenses and received notification for forgiveness in full. The forgiven loan advances totaling \$4,279,900 was recognized in nonoperating revenue in the fiscal year 2021.

In addition, the health system received accelerated payment advances totaling \$2,455,750 from the Centers for Medicare & Medicaid Services (CMS), intended to increase cash flow for future claims submission to providers of services and suppliers impacted by COVID-19 under the Accelerated Advanced Payment (AAP) Program. As of June 30, 2022, Medicare has recouped \$2,332,121 of the accelerated payment advances. The remaining balance of \$123,629 is reported in the statements of net position as unearned revenue. The remaining unearned revenue was recouped in July 2022.

The laws and regulations related to the funds provided by the CARES Act and ARP are complex and subject to interpretation, as well as frequent changes. Due to the uncertainty, there is a possibility that government authorities may review the health system's compliance, which may result in adjustments to funds previously received. The health system's management will continue to monitor compliance with the terms and conditions of the different relief funds and the impact of the pandemic on the health system's revenues and expenses.

R. Subsequent Events

The health system and Lincoln County, Tennessee (which owns the health system) entered into an integration agreement with the Health Care Authority of the City of Huntsville ("Huntsville Authority") effective July 1, 2022, with the goal to improve the financial condition of the health system by reducing costs and expanding clinical services in the community. Accordingly, HH Health System-Lincoln, Inc. ("Lincoln Corp"), a new organizational structure was formed as a 501 (c)(3) tax exempt entity. The entity is an Alabama nonprofit corporation duly organized under the laws of the State of Alabama and qualified to do business in the State of Tennessee and a wholly owned subsidiary of the Huntsville Authority. The Huntsville Authority operates a system of hospitals under the oversight of the Huntsville Hospital Health System ("HH Health System"). On the effective date, the health system will transfer to Lincoln Corp all assets, cash & accounts receivable, and prepaid expenses. On the effective date the health system will assign to Lincoln Corp all assigned contracts, assume all health system obligations, covenants, and agreements as defined in the agreement. A lease agreement was also signed between Lincoln County, Tennessee and HH Health System for the lease of the Health System's land, buildings, and equipment for an initial term of forty years. During the five years immediately following the effective date, Huntsville Authority will fund capital improvements to the hospital facilities in the minimum cumulative amount of \$11 Million. These agreements shall have an initial term of 40 years commencing on the effective date. The Huntsville Authority may elect to renew these agreements for four additional successive 10-year terms.

S. Change in Accounting Principles and Restatement

For 2022, the health system implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, as previously described in Note VI.A. The health system's 2022 financial statements include a prior period adjustment for its lease obligation. This adjustment had no effect on beginning net position since the right to use asset equals the amount of the lease liability. The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2021:

	Lincoln Medical Center	Lincoln Medical Center EMS	Home Health & Hospice Care	Patrick Rehab- Wellness Center	Donalson Care Center	Total
Net position June 30,2021, as previously reported	\$ (7,546,943)	\$ 724,527	\$ 444,099	\$ 815,177	\$ 29,418,196	\$ 23,855,056
GASBS 87 implementaion						
Record intangible right-to-use asset	324,517	0	0	0	0	324,517
Record lease liability	(324,517)	0	0	0	0	(324,517)
Net position June 30,2021, restated	\$ (7,546,943)	\$ 724,527	\$ 444,099	\$ 815,177	\$ 29,418,196	\$ 23,855,056

VII. OTHER NOTES – LINCOLN COUNTY BOARD OF PUBLIC UTILITIES (ENTERPRISE FUND)

A. Summary of Significant Accounting Policies

Reporting Entity – The Lincoln County Board of Public Utilities is an enterprise fund established under Section 5-16-101, *Tennessee Code Annotated*, by Lincoln County, Tennessee. The board sells drinking water and provides wastewater service to the residents of Lincoln County not served by municipal systems. The board is operated by a five-member board of commissioners appointed by the Lincoln County Commission. The Board of Commissioners employs a superintendent who is responsible for day-to-day operations of the water and wastewater system including hiring its other employees. The board is responsible for generating its own revenue and servicing its debt. The Lincoln County Commission has the authority to approve or reject budgets presented by the board and to approve bonds issued by the board. Bonds issued by the board are secured by a pledge of the taxing authority of Lincoln County.

Measurement Focus and Basis of Accounting – The board's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and general practices of the utility industry. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

The board is intended to operate in a manner whereby the costs of providing water distribution services, wastewater services, and system expansion are recovered through user charges. The board distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from charges to customers for the provision of water or wastewater and related services. Operating expenses include the purchased cost of these services as well as costs to operate and maintain the various treatment,

storage, transmission, and distribution systems plus general and administrative costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the board's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Equivalents for General Use – For purposes of the Statement of Cash Flows, the board considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts – The board provides an allowance for uncollectible accounts equal to the estimated losses that may be incurred in collection of water and wastewater sales receivables when it is probable that a customer account will be uncollectible. The current year's provision is offset against water and wastewater sales revenues.

Materials and Supplies Inventories – Inventory of repair and maintenance supplies and extension materials are stated at the lower of average cost or net realizable value.

Water and Wastewater Plant and Equipment – The board's water and wastewater plant assets are capitalized at cost at the time they become part of operations. Donated capital assets are recorded at estimated current cost of construction. Extensions and betterments are capitalized at cost.

Depreciation of water and wastewater plant capital cost is provided on a group straight-line basis over the estimated useful lives of the assets. Under the group depreciation method, gains and losses on asset dispositions are applied against accumulated depreciation and are not reflected as gains or losses in the Statement of Revenues, Expenses, and Changes in Net Position. Equipment and buildings are depreciated on the straight line basis over their estimated useful lives as follows: buildings from 15 to 40 years, vehicles, and construction equipment over seven to 15 years, and all other equipment from six to 20 years, water and wastewater distribution plant from 10 to 50 years. The board capitalizes equipment additions with a cost in excess of \$500 and plant additions in excess of \$2,000.

Interest – Net interest cost incurred on borrowed funds during the period of construction of capital assets is recognized as an expense in the period in which the cost is incurred.

Debt Issue Costs – Costs of issuance other than insurance are charged to expense in the period incurred. Premiums and discounts realized on debt issuances are deferred and amortized over the terms of the respective debt using a method that approximates the effective interest method.

Compensated Absences – The costs of vacation benefits are recorded as expenses when earned. Employees accrue vacation leave from one to three weeks annually based on years of service. Up to 120 hours of vacation leave not used by each employee's anniversary date can be carried over to the following year. Sick leave benefits are recorded as expenses when used. Employees accrue 12 days sick leave each year with no accumulation limit. Sick leave does not vest, and no liability for unused sick leave is recorded in the financial statements.

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 and so will not be recognized as an outflow of resources (expense) until then. The board has three items reported in this category – contributions to the pension plan made subsequent to the measurement date of June 30, 2021, the difference between expected and actual experience in the calculation of the total pension liability, and the difference due to actuarial assumption changes. Experience gains or losses and changes in actuarial assumptions are amortized over the average working lifetime of all participants.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The board has two items in this category – the difference between expected and actual experience in the calculation of the total pension liability and the difference between projected and actual earnings on plan investments. Experience gains or losses are amortized over the average working lifetime of all participants and investment gains or losses are amortized over five years,

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

Net Position – Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets represents capital assets reduced by

accumulated depreciation and by any outstanding debt related to the acquisition, construction, or improvement of those assets as well as any deferred outflows or inflows of resources attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Restricted assets occur when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributions, laws, regulations, etc. Unrestricted net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

As a general rule, when both restricted and unrestricted resources are available for use, it is the department's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Contributions in Aid of Construction – Connection fees charged to customers (including developers) in excess of the actual cost of installation of new services are reflected as nonoperating revenues in the period of new service installation. Amounts received as contributions or grants related to new line construction are reflected as capital contributions or grants.

Income Taxes and Tax Equivalents – The board is an instrumentality of Lincoln County, Tennessee; therefore, it is exempt from the payment of federal and state income taxes.

Management Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to the pension plan, depreciation, and the value of distribution lines contributed to the board.

Budgets – State law requires the board to adopt a budget for submission to the Lincoln County Board of Commissioners prior to the start of each fiscal year. The board adopts its budget considering all cash receipts and disbursements.

B. Cash and Restricted Funds

The following is a summary of cash and restricted funds as of June 30, 2022:

Cash and Cash Equivalents for General Use	\$ 9,333,641
Special Funds - Restricted for Customer Deposits	<u>182,755</u>
Total	<u><u>\$ 9,516,396</u></u>

Investments in the State Treasurer's Investment Pool are reported at amortized cost. 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.

Board cash consists of deposits in financial institutions or with the State Treasurer's Investment Pool with bank balances of \$9,586,863 and carrying amounts of \$9,515,896. Of the amounts on deposit, all is fully insured by the Federal Deposit Insurance Corporation (FDIC) or Tennessee Bank Collateral Pool. The remaining \$500 is cash on hand.

Legal Provisions: All deposits with financial institutions must be secured by one of two methods depending on whether the financial institution participates in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund's accounts for the state of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure. For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose fair value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the board.

Types of investments authorized: State statutes authorize the entity 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the government's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements. The board has not adopted policies that would further limit its investments.

Restricted Assets: Amounts held for payment of customer deposits are restricted assets.

C. Capital Assets

The following is a summary of capital assets activity for the year ended June 30, 2022:

	Balance			Balance
	7-1-21	Increases	Retirements	6-30-22
Capital Assets Not Depreciated:				
Land & Land Rights	\$ 540,381	\$ 0	\$ 0	\$ 540,381
Construction in Progress	213,301	1,484	0	214,785
Total Capital Assets Not Depreciated	\$ 753,682	\$ 1,484	\$ 0	\$ 755,166
Capital Assets Depreciated:				
Distribution Lines & Tanks	\$ 43,307,526	\$ 841,333	\$ (36,628)	\$ 44,112,231
Wells & Treatment Plant	4,634,287	0	0	4,634,287
Buildings & Equipment	3,365,743	138,183	(21,187)	3,482,739
Total Capital Assets Depreciated	\$ 51,307,556	\$ 979,516	\$ (57,815)	\$ 52,229,257
Less Accumulated Depreciation For:				
Distribution Lines & Tanks	\$ (18,131,069)	\$ (1,242,772)	\$ 33,440	\$ (19,340,401)
Wells & Treatment Plant	(2,291,715)	(108,287)	0	(2,400,002)
Buildings & Equipment	(2,546,047)	(144,413)	24,375	(2,666,085)
Total Accumulated Depreciation	\$ (22,968,831)	\$ (1,495,472)	\$ 57,815	\$ (24,406,488)
Capital Assets, Net	\$ 29,092,407	\$ (514,472)	\$ 0	\$ 28,577,935

D. Long-term Debt

Direct borrowings and direct placements:

Clean Water State Revolving Loan Fund, due in monthly installments of principal and interest through April, 2037 at an interest rate of 0.75%. \$ 453,512

Capitalization Grants for Clean Water State Revolving Loan, due in monthly installments of principal and interest through September, 2036, at an interest rate of 0.91%. 2,470,434

Drinking Water Revolving Loan Fund, due in monthly installments of principal and interest through October 29, 2039, at an interest rate of 0.82% 267,049

Drinking Water Revolving Loan Fund, due in monthly installments of principal and interest through March 20, 2040, at an interest rate of 0.82% 272,957

Total direct borrowings and direct placements debt \$ 3,463,952

A schedule of annual maturities of direct borrowing and direct placements debt as of June 30, 2022, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 218,587	\$ 29,086	\$ 247,673
2024	222,936	27,504	250,440
2025	224,904	25,536	250,440
2026	226,884	23,556	250,440
2027	228,876	21,564	250,440
2028-2032	1,175,028	77,172	1,252,200
2033-2037	1,083,122	24,883	1,108,005
2038-2041	83,615	923	84,538
Total	<u>\$ 3,463,952</u>	<u>\$ 230,224</u>	<u>\$ 3,694,176</u>

All direct borrowings and direct placements debt are secured by the revenues of the board and the state shared taxes of Lincoln County, Tennessee. In the event of default by the board, the state shared revenues of Lincoln County, Tennessee will be withheld by the State of Tennessee.

Other Debt:

Revenue and tax bonds:

Water Revenue and Tax Bonds, Series 2015, issued August 26, 2015. The bonds mature serially at annual interest rates ranging from 2.20% to 4% with final maturity in 2036. The bonds are subject to redemption prior to maturity on or after April 1, 2025, at a redemption price of 100%.	\$	4,845,000
Plus: unamortized bond premium		<u>133,391</u>
Total other debt	\$	<u><u>4,978,391</u></u>

A schedule of annual maturities of other debt outstanding as of June 30, 2022, follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 280,000	\$ 152,061	\$ 432,061
2024	290,000	140,861	430,861
2025	305,000	129,261	434,261
2026	315,000	117,061	432,061
2027	320,000	110,131	430,131
2028-2032	1,745,000	418,057	2,163,057
2033-2036	<u>1,590,000</u>	<u>136,331</u>	<u>1,726,331</u>
Total	<u>\$ 4,845,000</u>	<u>\$ 1,203,763</u>	<u>\$ 6,048,763</u>

The bonds are payable from revenues of the board and are also secured by Lincoln County property taxes. In the event of default by the board, the county would have to increase property taxes in order to meet the obligations of the bonds.

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

	Amount at June 30, 2021	Reductions	Amount at June 30, 2022	Balance Due Within One Year
Direct Borrowings	\$ 3,685,417	\$ 221,465	\$ 3,463,952	\$ 218,587
Other Debt	<u>5,115,000</u>	<u>270,000</u>	<u>4,845,000</u>	<u>280,000</u>
Total Long-Term Debt	<u>\$ 8,800,417</u>	<u>\$ 491,465</u>	<u>\$ 8,308,952</u>	<u>\$ 498,587</u>

Scheduled principal and interest payments for this long-term debt as a percentage of pledged revenues totaled 10.82 percent for the year. Interest totaled \$170,602 for the year.

E. Pledged Revenues

The board has pledged its revenues to secure its revenue bonds described in Note VII.D. The current year revenues, debt service, and future pledge commitment are presented as follows:

	Current-Year		Remaining Pledge	
	Principal and	Percent of	Based on Future	Commitment
Operating	Interest Paid on	Current	Principal	Period
Revenues	Revenue Bonds	Revenue	and Interest	Through
			Requirements	Fiscal Year
\$ 6,410,428	\$ 686,069	10.7%	\$ 9,742,939	2041

F. Pension Plan

General Information About the Pension Plan

Plan Description. Employees of Lincoln County Board of Public Utilities are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <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 are available under various eligibility criteria.

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

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	4
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	7
Active Employees	<u>29</u>
Total	<u>40</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The board makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, the employer contributions for the board were \$118,641 based on a rate of 8.7 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the board's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (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)

The board's net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4.00%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation

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

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

Change of Assumptions: In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment 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	4.88	%	31	%
Developed Market				
International Equity	5.37		14	
Emerging Market				
International Equity	6.09		4	
Private Equity and				
Strategic Lending	6.57		20	
U.S. Fixed Income	1.20		20	
Real Estate	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 assumed that employee contributions will be made at the current rate and that contributions from the board 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 (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2020	\$ 2,578,388	\$ 3,835,664	\$ (1,257,276)
Changes for the Year:			
Service Cost	\$ 90,381	\$ 0	\$ 90,381
Interest	190,559	0	190,559
Differences Between Expected and Actual Experience	8,165	0	8,165
Changes in Assupmtions	345,314	0	345,314
Contributions-Employer	0	110,870	(110,870)
Contributions-Employees	0	63,718	(63,718)
Net Investment Income	0	1,001,272	(1,001,272)
Benefit Payments, Including Refunds of Employee Contributions	(80,727)	(80,727)	0
Administrative Expense	0	(2,458)	2,458
Net Changes	\$ 553,692	\$ 1,092,675	\$ (538,983)
Balance, June 30, 2021	\$ 3,132,080	\$ 4,928,339	\$ (1,796,259)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the board calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it was 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 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
<hr/>			

Net Pension Liability (Asset) \$ (1,367,970) \$ (1,796,259) \$ (2,158,306)

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

Pension Expense (Negative Pension Expense) - For the year ended June 30, 2022, the board recognized (negative pension expense) of (\$172,828).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 84,058	\$ 68,251
Changes in assumptions	342,512	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	535,421
Contributions Subsequent to the Measurement Date of June 30, 2021	118,641	N/A
	<hr/>	<hr/>
Total	<u>\$ 545,211</u>	<u>\$ 603,672</u>

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

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

Year Ending June 30	Amount
2023	\$ (70,352)
2024	(63,739)
2025	(66,326)
2026	(75,217)
2027	55,433
Thereafter	43,095

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

Payable to the Pension Plan

At June 30, 2022, the board reported a payable of \$14,574 (included in accounts payable on the Statement of Net Position) for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2022.

G. Risk Management

The board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2022, the board participated in a public entity risk pool for coverage of general liability, property, and workers' compensation losses. The board participated in the Local Government Fund, a public entity risk pool established by an association of Tennessee local governments. The board pays an annual premium to the pool for the insurance coverage. The pool is created to be self-sustaining through member premiums.

The board is self-insured for employee health claims between \$250 and \$5,000 per year per covered individual. Employees are responsible for the first \$250 of covered claims, with commercial insurance responsible for amounts over \$5,000. The plan liability at year end is determined based on subsequent payments. The change in the liability for medical benefits for the year ended June 30, 2022, is as follows:

Balance, June 30, 2021	\$ 183
Payments Made	32,686
Incurred Claims	<u>(32,811)</u>
Balance, June 30, 2022	<u>\$ 58</u>

The board continues to carry commercial insurance for other risks of loss, including employee bonds and employee health and accident losses above the

\$5,000 level. Settled claims in the past three years have not exceeded the coverage.

H. Water Sources

The board's primary sources of water are the Taft and Flintville well fields with additional sources being the Elora well field and the City of Fayetteville, Tennessee. The City of Fayetteville is the sole supplier of water to nine percent of the board's customers and is a supplemental and primary back-up source of water for the remaining customers.

I. Related-party Transactions

The board provides water and wastewater services to Lincoln County related entities at the same billing rate as other customers. For the year ended June 30, 2022, these sales totaled \$35,414 for water and wastewater and accounts receivable related to these sales were \$1,344 at June 30, 2022.

J. Current and Planned Projects

The board is requesting permits from the State of Tennessee that would allow for the construction of a water treatment plant on the Elk River. The plant would enhance the water available from the board's current wells that are the primary source of water to 91 percent of the board's customers. At June 30, 2022, the board had purchased land for \$202,000, and had recorded construction in progress cost of \$214,785 related to the roadway, other site development costs, and engineering and permitting costs. The estimated cost of the treatment plant and related distribution lines is \$18,000,000. No significant costs are anticipated to be incurred in the near term and actual plant construction is not expected to begin within the next three years.

K. Contingency

During the year ended June 30, 2014, the Tennessee Comptroller's Office issued a report that concluded that unauthorized pension contributions were made for both active and currently retired employees. No further communication has been received by the board concerning what action, if any, will be required due to the unauthorized pension contributions.

The board's facilities and operations are subject to a wide range of environmental protection laws related to the use and disposal of hazardous materials. As a result, there is the possibility that environmental conditions may arise, which would require the board to incur cleanup costs. As in prior years, management continues its efforts to comply, and to determine compliance, with all applicable environmental protection laws and does not believe such costs, if any, would materially affect the board's financial position or its future cash flows.

L. Subsequent Event

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. Potential financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Lincoln 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 - County Plan
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service Cost	\$ 1,678,947	\$ 1,671,820	\$ 1,699,206	\$ 2,009,800	\$ 2,325,979	\$ 2,264,847	\$ 2,146,952	\$ 2,040,896
Interest	3,271,086	3,523,331	3,664,827	3,871,795	4,098,023	4,388,649	4,638,053	4,749,021
Differences Between Actual and Expected Experience	254,576	(1,346,469)	(750,316)	18,256	300,534	(205,295)	(2,058,485)	(278,210)
Changes in Assumptions	0	0	0	1,069,744	0	0	0	5,859,321
Benefit Payments, Including Refunds of Employee Contributions	(1,849,190)	(1,819,228)	(2,159,695)	(2,169,775)	(2,600,733)	(2,708,816)	(3,071,682)	(3,108,043)
Net Change in Total Pension Liability	\$ 3,355,419	\$ 2,029,454	\$ 2,454,022	\$ 4,799,820	\$ 4,123,803	\$ 3,739,385	\$ 1,654,838	\$ 9,262,985
Total Pension Liability, Beginning	42,860,128	46,215,547	48,245,001	50,699,023	55,498,843	59,622,646	63,362,031	65,016,869
Total Pension Liability, Ending (a)	\$ 46,215,547	\$ 48,245,001	\$ 50,699,023	\$ 55,498,843	\$ 59,622,646	\$ 63,362,031	\$ 65,016,869	\$ 74,279,854
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,145,798	\$ 601,764	\$ 594,431	\$ 647,113	\$ 701,475	\$ 1,018,497	\$ 1,121,437	\$ 1,224,154
Contributions - Employee	937,568	926,755	923,579	1,008,589	1,046,868	1,132,508	1,072,072	1,168,618
Net Investment Income	7,103,007	1,536,071	1,350,375	5,851,321	4,710,434	4,519,622	3,196,705	17,231,575
Benefit Payments, Including Refunds of Employee Contributions	(1,849,190)	(1,819,228)	(2,159,695)	(2,169,775)	(2,600,733)	(2,708,816)	(3,071,682)	(3,108,043)
Administrative Expense	(23,285)	(29,352)	(42,837)	(50,840)	(55,825)	(53,324)	(50,786)	(52,020)
Other	0	0	16,241	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 7,313,898	\$ 1,216,010	\$ 682,094	\$ 5,286,408	\$ 3,802,219	\$ 3,908,487	\$ 2,267,746	\$ 16,464,284
Plan Fiduciary Net Position, Beginning	42,703,886	50,017,784	51,233,794	51,915,888	57,202,296	61,004,515	64,913,002	67,180,748
Plan Fiduciary Net Position, Ending (b)	\$ 50,017,784	\$ 51,233,794	\$ 51,915,888	\$ 57,202,296	\$ 61,004,515	\$ 64,913,002	\$ 67,180,748	\$ 83,645,032
Net Pension Liability (Asset), Ending (a - b)	\$ (3,802,237)	\$ (2,988,793)	\$ (1,216,865)	\$ (1,703,453)	\$ (1,381,869)	\$ (1,550,971)	\$ (2,163,879)	\$ (9,365,178)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.23%	106.20%	102.40%	103.07%	102.32%	102.45%	103.33%	112.61%
Covered Payroll	\$ 18,722,223	\$ 18,688,322	\$ 18,449,895	\$ 20,060,385	\$ 20,788,204	\$ 22,482,268	\$ 21,360,690	\$ 23,319,353
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(20.31)%	(15.99)%	(6.60)%	(8.49)%	(6.65)%	(6.90)%	(10.13)%	(40.16)%

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, including employees of the Lincoln Health System (an enterprise fund of the primary government), and the non-certified employees of the discretely presented school department.

Exhibit F-2

Lincoln 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 - Board of Public Utilities Plan
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service Cost	\$ 74,745	\$ 64,598	\$ 77,693	\$ 80,252	\$ 88,024	\$ 85,717	\$ 92,286	\$ 90,381
Interest	138,371	132,868	144,409	150,013	165,112	170,519	171,573	190,559
Differences Between Actual and Expected Experience	(156,724)	35,235	(69,206)	15,227	(1,386)	(66,621)	87,446	8,165
Changes in Assumptions	0	0	0	104,694	0	0	0	345,314
Benefit Payments, Including Refunds of Employee Contributions	(136,129)	(103,109)	(80,727)	(80,727)	(80,727)	(269,005)	(94,298)	(80,727)
Net Change in Total Pension Liability	\$ (79,737)	\$ 129,592	\$ 72,169	\$ 269,459	\$ 171,023	\$ (79,390)	\$ 257,007	\$ 553,692
Total Pension Liability, Beginning	1,838,265	1,758,528	1,888,120	1,960,289	2,229,748	2,400,771	2,321,381	2,578,388
Total Pension Liability, Ending (a)	\$ 1,758,528	\$ 1,888,120	\$ 1,960,289	\$ 2,229,748	\$ 2,400,771	\$ 2,321,381	\$ 2,578,388	\$ 3,132,080
Plan Fiduciary Net Position								
Contributions - Employer	\$ 89,791	\$ 87,393	\$ 90,392	\$ 98,122	\$ 99,400	\$ 100,999	\$ 106,554	\$ 110,870
Contributions - Employee	52,509	50,226	51,949	56,392	57,126	58,261	61,238	63,718
Net Investment Income	353,248	77,098	69,676	312,986	261,232	252,327	179,581	1,001,272
Benefit Payments, Including Refunds of Employee Contributions	(136,129)	(103,109)	(80,727)	(80,727)	(80,727)	(269,005)	(94,298)	(80,727)
Administrative Expense	(1,066)	(1,289)	(2,001)	(2,432)	(2,688)	(2,561)	(2,365)	(2,458)
Net Change in Plan Fiduciary Net Position	\$ 358,353	\$ 110,319	\$ 129,289	\$ 384,341	\$ 334,343	\$ 140,021	\$ 250,710	\$ 1,092,675
Plan Fiduciary Net Position, Beginning	2,128,288	2,486,641	2,596,960	2,726,249	3,110,590	3,444,933	3,584,954	3,835,664
Plan Fiduciary Net Position, Ending (b)	\$ 2,486,641	\$ 2,596,960	\$ 2,726,249	\$ 3,110,590	\$ 3,444,933	\$ 3,584,954	\$ 3,835,664	\$ 4,928,339
Net Pension Liability (Asset), Ending (a - b)	\$ (728,113)	\$ (708,840)	\$ (765,960)	\$ (880,842)	\$ (1,044,162)	\$ (1,263,573)	\$ (1,257,276)	\$ (1,796,259)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	141.40%	137.54%	139.07%	139.50%	143.49%	154.43%	148.76%	157.35%
Covered Payroll	\$ 1,050,185	\$ 1,004,520	\$ 1,038,984	\$ 1,127,834	\$ 1,142,526	\$ 1,165,218	\$ 1,224,758	\$ 1,274,366
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(69.33)%	(70.57)%	(73.72)%	(78.10)%	(91.39)%	(108.44)%	(102.66)%	(140.95)%

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

Exhibit F-3

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 1,145,798	\$ 601,764	\$ 594,431	\$ 647,113	\$ 701,475	\$ 1,018,497	\$ 1,121,437	\$ 1,224,154	\$ 1,246,158
Less: Contributions in Relation to the Actuarially Determined Contribution	(1,145,798)	(601,764)	(594,431)	(647,113)	(701,475)	(1,018,497)	(1,121,437)	(1,224,154)	(1,246,158)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 18,722,223	\$ 18,688,322	\$ 18,449,895	\$ 20,060,385	\$ 20,788,204	\$ 22,482,268	\$ 21,360,690	\$ 23,319,353	\$ 23,736,344
Contributions as a Percentage of Covered Payroll	6.12%	3.22%	3.22%	3.22%	3.37%	4.53%	5.25%	5.25%	5.25%

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, including employees of the Lincoln Health System (an enterprise fund of the primary government), and the non-certified employees of the discretely presented school department.

Exhibit F-4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 89,791	\$ 87,393	\$ 90,392	\$ 31,805	\$ 34,276	\$ 0	\$ 0	\$ 0	\$ 0
Less: Contributions in Relation to the Actuarially Determined Contribution	(89,791)	(87,393)	(90,392)	(98,122)	(99,400)	(100,999)	(106,554)	(110,870)	(118,641)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (66,317)	\$ (65,124)	\$ (100,999)	\$ (106,554)	\$ (110,870)	\$ (118,641)
Covered Payroll	\$ 1,050,185	\$ 1,004,520	\$ 1,038,984	\$ 1,127,834	\$ 1,142,526	\$ 1,165,218	\$ 1,224,758	\$ 1,274,366	\$ 1,363,695
Contributions as a Percentage of Covered Payroll	8.55%	8.70%	8.70%	8.70%	8.70%	8.67%	8.70%	8.70%	8.70%

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

Exhibit F-5

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

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 25,754	\$ 54,382	\$ 93,022	\$ 127,662	\$ 72,644	\$ 91,163	\$ 102,754	\$ 117,047
Less: Contributions in Relation to the Contractually Required Contribution	(25,754)	(54,382)	(93,022)	(127,662)	(72,644)	(91,163)	(102,754)	(117,047)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 643,863	\$ 1,359,555	\$ 2,288,662	\$ 3,191,549	\$ 3,744,517	\$ 4,490,814	\$ 5,086,821	\$ 5,823,216
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.01%

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

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

Exhibit F-6

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 1,327,053	\$ 1,309,860	\$ 1,308,473	\$ 1,252,725	\$ 1,215,979	\$ 1,337,413	\$ 1,293,115	\$ 1,278,473	\$ 1,221,447
Less: Contributions in Relation to the Contractually Required Contribution	(1,327,053)	(1,309,860)	(1,308,473)	(1,252,725)	(1,215,979)	(1,337,413)	(1,293,115)	(1,278,473)	(1,221,447)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 14,944,287	\$ 14,489,626	\$ 14,474,266	\$ 13,894,489	\$ 13,391,813	\$ 12,785,963	\$ 12,164,755	\$ 12,448,621	\$ 11,858,709
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%

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

Exhibit F-7

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

	2015	2016	2017	2018	2019	2020	2021
School Department's Proportion of the Net Pension Liability (Asset)	0.309886%	0.308985%	0.354321%	0.365217%	0.353857%	0.355869%	0.352465%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (12,467)	\$ (32,166)	\$ (93,483)	\$ (165,636)	\$ (199,747)	\$ (202,363)	\$ (381,794)
Covered Payroll	\$ 643,863	\$ 1,359,555	\$ 2,288,662	\$ 3,191,549	\$ 3,744,517	\$ 4,490,814	\$ 5,086,821
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.08)%	(5.19)%	(5.33)%	(4.51)%	(7.51)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%

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

Exhibit F-8

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

	2014	2015	2016	2017	2018	2019	2020	2021
School Department's Proportion of the Net Pension Liability (Asset)	0.380747%	0.387060%	0.400971%	0.392016%	0.382441%	0.381313%	0.365500%	0.379280%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (61,870)	\$ 158,553	\$ 2,505,848	\$ (128,261)	\$ (1,345,777)	\$ (3,920,585)	\$ (2,787,203)	\$ (16,359,263)
Covered Payroll	\$ 14,944,287	\$ 14,489,626	\$ 14,474,266	\$ 13,894,489	\$ 13,391,813	\$ 12,785,963	\$ 12,164,755	\$ 12,448,621
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.41)%	1.09%	17.31%	(.92)%	(10.05)%	(30.66)%	(22.91)%	(131.41)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%

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

Exhibit F-9

Lincoln County, Tennessee

Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plan

Primary Government

For the Fiscal Year Ended June 30

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 26,157	\$ 24,461	\$ 30,729	\$ 28,580	\$ 36,161
Interest	10,162	12,703	13,929	11,675	8,647
Differences Between Actual and Expected Experience	0	(30,712)	(99,794)	(8,275)	(29,150)
Changes in Assumptions	(19,244)	23,333	15,095	30,882	(88,569)
Benefit Payments	(6,140)	(6,953)	(9,331)	(10,598)	(12,978)
Net Change in Total OPEB Liability	\$ 10,935	\$ 22,832	\$ (49,372)	\$ 52,264	\$ (85,889)
Total OPEB Liability, Beginning	324,913	335,848	358,680	309,308	361,572
Total OPEB Liability, Ending	<u>\$ 335,848</u>	<u>\$ 358,680</u>	<u>\$ 309,308</u>	<u>\$ 361,572</u>	<u>\$ 275,683</u>
Covered Employee Payroll	\$ 6,117,200	\$ 6,314,608	\$ 6,940,045	\$ 6,969,847	\$ 6,715,181
Net OPEB Liability as a Percentage of Covered Employee Payroll	5.49%	5.68%	4.46%	5.19%	4.11%

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

Note 2: Changes in assumptions.

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

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

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

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

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

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

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 227,756	\$ 212,678	\$ 186,189	\$ 173,993	\$ 222,810
Interest	123,879	148,020	128,780	123,237	90,199
Differences Between Actual and Expected Experience	0	(786,604)	163,806	(10,901)	(90,558)
Changes in Assumptions	(194,714)	93,846	(275,723)	437,856	746,262
Benefit Payments	(215,553)	(237,293)	(248,606)	(225,719)	(178,543)
Net Change in Total OPEB Liability	\$ (58,632)	\$ (569,353)	\$ (45,554)	\$ 498,466	\$ 790,170
Total OPEB Liability, Beginning	4,122,464	4,063,832	3,494,479	3,448,925	3,947,391
Total OPEB Liability, Ending	<u>\$ 4,063,832</u>	<u>\$ 3,494,479</u>	<u>\$ 3,448,925</u>	<u>\$ 3,947,391</u>	<u>\$ 4,737,561</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,460,232	\$ 1,203,502	\$ 1,219,475	\$ 1,301,680	\$ 1,646,322
Employer Proportionate Share of the Total OPEB Liability	2,603,600	2,290,977	2,229,450	2,645,711	3,091,239
Covered Employee Payroll	\$ 20,159,458	\$ 20,254,516	\$ 20,053,557	\$ 20,665,314	\$ 25,961,134
Employer Proportionate Share of the Total OPEB Liability as a Percentage of Covered Employee Payroll	12.92%	11.31%	11.12%	12.80%	11.91%

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

Note 2: Changes in assumptions.

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

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

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

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

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

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020, actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the county's convenience center operations and transfer fees for hauling solid waste.

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 G-1

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

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 670,837	\$ 403,966	\$ 1,074,803
Accounts Receivable	1,880	110	1,990
Allowance for Uncollectibles	(962)	0	(962)
Due from Other Governments	214,505	0	214,505
Total Assets	<u>\$ 886,260</u>	<u>\$ 404,076</u>	<u>\$ 1,290,336</u>
<u>LIABILITIES</u>			
Accrued Payroll	\$ 4,932	\$ 0	\$ 4,932
Due to Cities	18,337	0	18,337
Total Liabilities	<u>\$ 23,269</u>	<u>\$ 0</u>	<u>\$ 23,269</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 108,222	\$ 0	\$ 108,222
Total Deferred Inflows of Resources	<u>\$ 108,222</u>	<u>\$ 0</u>	<u>\$ 108,222</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 404,076	\$ 404,076
Restricted for Public Health and Welfare	754,769	0	754,769
Total Fund Balances	<u>\$ 754,769</u>	<u>\$ 404,076</u>	<u>\$ 1,158,845</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 886,260</u>	<u>\$ 404,076</u>	<u>\$ 1,290,336</u>

Exhibit G-2

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

	<u>Special Revenue Funds</u>			Total
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Nonmajor Governmental Funds
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 0	\$ 73,166	\$ 0	\$ 73,166
Charges for Current Services	1,241,016	0	6,599	1,247,615
Other Local Revenues	3,078	270	0	3,348
State of Tennessee	28,828	0	0	28,828
Total Revenues	<u>\$ 1,272,922</u>	<u>\$ 73,436</u>	<u>\$ 6,599</u>	<u>\$ 1,352,957</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 6,599	\$ 6,599
Public Safety	0	34,926	0	34,926
Public Health and Welfare	1,562,733	0	0	1,562,733
Total Expenditures	<u>\$ 1,562,733</u>	<u>\$ 34,926</u>	<u>\$ 6,599</u>	<u>\$ 1,604,258</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (289,811)</u>	<u>\$ 38,510</u>	<u>\$ 0</u>	<u>\$ (251,301)</u>
Net Change in Fund Balances	\$ (289,811)	\$ 38,510	\$ 0	\$ (251,301)
Fund Balance, July 1, 2021	<u>1,044,580</u>	<u>365,566</u>	<u>0</u>	<u>1,410,146</u>
Fund Balance, June 30, 2022	<u><u>\$ 754,769</u></u>	<u><u>\$ 404,076</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,158,845</u></u>

Exhibit G-3

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,241,016	\$ 0	\$ 1,241,016	\$ 1,225,000	\$ 1,225,000	\$ 16,016
Other Local Revenues	3,078	0	3,078	11,000	11,000	(7,922)
State of Tennessee	28,828	0	28,828	30,000	30,000	(1,172)
Total Revenues	<u>\$ 1,272,922</u>	<u>\$ 0</u>	<u>\$ 1,272,922</u>	<u>\$ 1,266,000</u>	<u>\$ 1,266,000</u>	<u>\$ 6,922</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 44,688	\$ 0	\$ 44,688	\$ 86,400	\$ 46,900	\$ 2,212
Convenience Centers	238,796	0	238,796	243,377	231,677	(7,119)
Other Waste Disposal	1,237,099	0	1,237,099	1,109,998	1,215,763	(21,336)
Postclosure Care Costs	42,150	665	42,815	85,000	85,000	42,185
Total Expenditures	<u>\$ 1,562,733</u>	<u>\$ 665</u>	<u>\$ 1,563,398</u>	<u>\$ 1,524,775</u>	<u>\$ 1,579,340</u>	<u>\$ 15,942</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (289,811)</u>	<u>\$ (665)</u>	<u>\$ (290,476)</u>	<u>\$ (258,775)</u>	<u>\$ (313,340)</u>	<u>\$ 22,864</u>
Net Change in Fund Balance	\$ (289,811)	(665)	(290,476)	(258,775)	(313,340)	22,864
Fund Balance, July 1, 2021	<u>1,044,580</u>	<u>0</u>	<u>1,044,580</u>	<u>1,050,296</u>	<u>1,044,580</u>	<u>0</u>
Fund Balance, June 30, 2022	<u>\$ 754,769</u>	<u>\$ (665)</u>	<u>\$ 754,104</u>	<u>\$ 791,521</u>	<u>\$ 731,240</u>	<u>\$ 22,864</u>

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 73,166	\$ 13,500	\$ 13,500	\$ 59,666
Other Local Revenues	270	0	0	270
Total Revenues	<u>\$ 73,436</u>	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ 59,936</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 34,926	\$ 61,000	\$ 61,000	\$ 26,074
Total Expenditures	<u>\$ 34,926</u>	<u>\$ 61,000</u>	<u>\$ 61,000</u>	<u>\$ 26,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 38,510</u>	<u>\$ (47,500)</u>	<u>\$ (47,500)</u>	<u>\$ 86,010</u>
Net Change in Fund Balance	\$ 38,510	\$ (47,500)	\$ (47,500)	\$ 86,010
Fund Balance, July 1, 2021	<u>365,566</u>	<u>322,932</u>	<u>365,566</u>	<u>0</u>
Fund Balance, June 30, 2022	<u><u>\$ 404,076</u></u>	<u><u>\$ 275,432</u></u>	<u><u>\$ 318,066</u></u>	<u><u>\$ 86,010</u></u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,642,981	\$ 2,576,769	\$ 2,576,769	\$ 66,212
Other Local Revenues	507	0	0	507
Total Revenues	<u>\$ 2,643,488</u>	<u>\$ 2,576,769</u>	<u>\$ 2,576,769</u>	<u>\$ 66,719</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 385,000	\$ 385,000	\$ 385,000	\$ 0
Education	810,000	810,000	810,000	0
<u>Interest on Debt</u>				
General Government	170,454	170,454	170,454	0
Education	1,267,938	1,267,938	1,267,938	0
<u>Other Debt Service</u>				
General Government	43,639	70,000	70,000	26,361
Education	800	5,000	5,000	4,200
Total Expenditures	<u>\$ 2,677,831</u>	<u>\$ 2,708,392</u>	<u>\$ 2,708,392</u>	<u>\$ 30,561</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (34,343)</u>	<u>\$ (131,623)</u>	<u>\$ (131,623)</u>	<u>\$ 97,280</u>
Net Change in Fund Balance	\$ (34,343)	\$ (131,623)	\$ (131,623)	\$ 97,280
Fund Balance, July 1, 2021	<u>3,052,074</u>	<u>2,936,377</u>	<u>3,052,074</u>	<u>0</u>
Fund Balance, June 30, 2022	<u>\$ 3,017,731</u>	<u>\$ 2,804,754</u>	<u>\$ 2,920,451</u>	<u>\$ 97,280</u>

Custodial Funds

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

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

City School ADA - Fayetteville Fund – The City School ADA - Fayetteville Fund is used to account for the city school system's share of education revenues collected by the county that must be apportioned between the city and county school systems on an average daily attendance basis. These collections are remitted to the city school system on a monthly basis.

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 and general sessions courts clerk, juvenile court clerk, clerk and master, register of deeds, and sheriff. Such collections include amounts due to the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for grants and other restricted revenues for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held in trust for the benefit of the Office of District Attorney General.

Exhibit I-1

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

	Custodial Funds					
	Cities - Sales Tax	City School ADA - Fayetteville	Constitu- tional Officers - Custodial	Judicial District Drug	District Attorney General	Total
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 2,059,924	\$ 1,186	\$ 0	\$ 2,061,110
Equity in Pooled Cash and Investments	0	133,068	0	750,765	48,049	931,882
Accounts Receivable	0	0	1,104	8,904	0	10,008
Due from Other Governments	649,385	265,950	0	12,227	0	927,562
Property Taxes Receivable	0	1,247,807	0	0	0	1,247,807
Allowance for Uncollectible Property Taxes	0	(11,386)	0	0	0	(11,386)
Total Assets	\$ 649,385	\$ 1,635,439	\$ 2,061,028	\$ 773,082	\$ 48,049	\$ 5,166,983
<u>LIABILITIES</u>						
Accrued Payroll	\$ 0	\$ 0	\$ 0	\$ 1,339	\$ 0	\$ 1,339
Due to Other Taxing Units	649,385	401,653	0	0	0	1,051,038
Total Liabilities	\$ 649,385	\$ 401,653	\$ 0	\$ 1,339	\$ 0	\$ 1,052,377
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 1,233,786	\$ 0	\$ 0	\$ 0	\$ 1,233,786
Total Deferred Inflows of Resources	\$ 0	\$ 1,233,786	\$ 0	\$ 0	\$ 0	\$ 1,233,786
<u>NET POSITION</u>						
Restricted for Individuals, Organizations, and Other Governments	\$ 0	\$ 0	\$ 2,061,028	\$ 771,743	\$ 48,049	\$ 2,880,820
Total Net Position	\$ 0	\$ 0	\$ 2,061,028	\$ 771,743	\$ 48,049	\$ 2,880,820

Exhibit I-2

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

	Custodial Funds					
	Cities - Sales Tax	City School ADA - Fayetteville	Constitu - tional Officers - Custodial	Judicial District Drug	District Attorney General	Total
<u>Additions</u>						
Sales Tax Collections for Other Governments	\$ 3,532,384	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,532,384
ADA - Educational Funds Collected for Cities	0	2,567,443	0	0	0	2,567,443
Fines/Fees and Other Collections	0	0	13,618,073	0	0	13,618,073
Drug Task Force Collections	0	0	0	685,417	0	685,417
District Attorney General Collections	0	0	0	0	14,747	14,747
Total Additions	\$ 3,532,384	\$ 2,567,443	\$ 13,618,073	\$ 685,417	\$ 14,747	\$ 20,418,064
<u>Deductions</u>						
Payment of Sales Tax Collections to Other Governments	\$ 3,532,384	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,532,384
Payments to City School Systems	0	2,567,443	0	0	0	2,567,443
Payments to State	0	0	6,622,163	0	0	6,622,163
Payments to County	0	0	4,743,435	0	0	4,743,435
Payments to City	0	0	58,711	0	0	58,711
Payments to Individuals and Others	0	0	2,398,048	0	0	2,398,048
Payment of Drug Task Force Expenses	0	0	0	199,262	0	199,262
Payment of District Attorney General Expenses	0	0	0	0	16,089	16,089
Total Deductions	\$ 3,532,384	\$ 2,567,443	\$ 13,822,357	\$ 199,262	\$ 16,089	\$ 20,137,535
Change in Net Position	\$ 0	\$ 0	\$ (204,284)	\$ 486,155	\$ (1,342)	\$ 280,529
Net Position July 1, 2021	0	0	2,265,312	285,588	49,391	2,600,291
Net Position June 30, 2022	\$ 0	\$ 0	\$ 2,061,028	\$ 771,743	\$ 48,049	\$ 2,880,820

Lincoln County School Department

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

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

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

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

Extended School Program Fund – The Extended School Program Fund is used to account for before- and after-school programs in the individual schools.

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.

Education Capital Projects Fund – The Educational Capital Projects Fund is used to account for resources accumulated to be used for the acquisition, construction, and/or renovation projects for the school department.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for resources accumulated to be used for the acquisition, construction, and/or renovation projects for the school department.

Exhibit J-1

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

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	\$ 19,723,996	\$ 84,352	\$ 2,608,629	\$ 0	\$ (17,031,015)
Support Services	11,142,427	38,119	3,311,860	1,127,945	(6,664,503)
Operation of Non-instructional Services	5,418,681	1,530,588	2,858,236	0	(1,029,857)
Total Governmental Activities	\$ 36,285,104	\$ 1,653,059	\$ 8,778,725	\$ 1,127,945	\$ (24,725,375)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,127,452
Local Option Sales Tax					4,508,228
Wholesale Beer Tax					123,937
Grants and Contributions Not Restricted to Specific Programs					24,291,340
Miscellaneous					57,848
Total General Revenues					\$ 34,108,805
Change in Net Position					\$ 9,383,430
Net Position, July 1, 2021					58,541,375
Net Position, June 30, 2022					\$ 67,924,805

Exhibit J-2

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

	Major Funds			Nonmajor Funds	
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 812,734	\$ 812,734
Equity in Pooled Cash and Investments	6,893,680	536,350	497,700	1,377,047	9,304,777
Accounts Receivable	15,759	0	0	1,269	17,028
Due from Other Governments	2,138,755	1,954,566	0	49,052	4,142,373
Due from Other Funds	0	0	1,267,218	0	1,267,218
Property Taxes Receivable	4,011,388	0	1,266,583	0	5,277,971
Allowance for Uncollectible Property Taxes	(36,605)	0	(11,576)	0	(48,181)
Prepaid Items	641,473	0	0	3,858	645,331
Restricted Assets	417,633	0	0	0	417,633
Total Assets	<u>\$ 14,082,083</u>	<u>\$ 2,490,916</u>	<u>\$ 3,019,925</u>	<u>\$ 2,243,960</u>	<u>\$ 21,836,884</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 7,200	\$ 0	\$ 0	\$ 8,188	\$ 15,388
Accrued Payroll	911,208	105,277	0	31,937	1,048,422
Due to Other Funds	0	1,267,218	0	0	1,267,218
Due to State of Tennessee	0	90,402	0	0	90,402
Total Liabilities	<u>\$ 918,408</u>	<u>\$ 1,462,897</u>	<u>\$ 0</u>	<u>\$ 40,125</u>	<u>\$ 2,421,430</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,894,649	\$ 0	\$ 1,229,715	\$ 0	\$ 5,124,364
Deferred Delinquent Property Taxes	72,320	0	22,776	0	95,096
Other Deferred/Unavailable Revenue	837,664	227,711	0	30,917	1,096,292
Total Deferred Inflows of Resources	<u>\$ 4,804,633</u>	<u>\$ 227,711</u>	<u>\$ 1,252,491</u>	<u>\$ 30,917</u>	<u>\$ 6,315,752</u>

(Continued)

Exhibit J-2

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

	Major Funds			Nonmajor Funds	
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 641,473	\$ 0	\$ 0	\$ 3,858	\$ 645,331
Restricted:					
Restricted for Education	118,924	5,764	0	2,014,111	2,138,799
Restricted for Capital Projects	0	0	1,767,434	0	1,767,434
Restricted for Hybrid Retirement Stabilization Funds	417,633	0	0	0	417,633
Committed:					
Committed for Education	23,951	794,544	0	154,949	973,444
Assigned:					
Assigned for Education	3,220,316	0	0	0	3,220,316
Unassigned	3,936,745	0	0	0	3,936,745
Total Fund Balances	<u>\$ 8,359,042</u>	<u>\$ 800,308</u>	<u>\$ 1,767,434</u>	<u>\$ 2,172,918</u>	<u>\$ 13,099,702</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,082,083</u>	<u>\$ 2,490,916</u>	<u>\$ 3,019,925</u>	<u>\$ 2,243,960</u>	<u>\$ 21,836,884</u>

Exhibit J-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 13,099,702
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,629,077	
Add: construction in progress	1,935,068	
Add: buildings and improvements net of accumulated depreciation	31,292,235	
Add: other capital assets net of accumulated depreciation	12,858,914	
Add: intangible right-to-use assets net of accumulated amortization	<u>802,167</u>	48,517,461
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: net OPEB liability	\$ (3,091,239)	
Less: compensated absences payable	(58,022)	
Less: leases payable	<u>(806,999)</u>	(3,956,260)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 7,012,800	
Add: deferred outflows of resources related to OPEB	981,247	
Less: deferred inflows of resources related to pensions	(16,788,983)	
Less: deferred inflows of resources related to OPEB	<u>(667,039)</u>	(9,461,975)
(4) Net pension assets of the agent and cost-sharing plans are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 1,793,432	
Add: net pension asset - teacher retirement plan	381,794	
Add: net pension asset - teacher legacy pension plan	<u>16,359,263</u>	18,534,489
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>1,191,388</u>
Net position of governmental activities (Exhibit A)		<u>\$ 67,924,805</u>

Exhibit J-4

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

	Major Funds			Nonmajor Funds	
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 8,467,764	\$ 0	\$ 1,226,528	\$ 0	\$ 9,694,292
Licenses and Permits	1,923	0	0	0	1,923
Charges for Current Services	50,667	0	0	237,473	288,140
Other Local Revenues	64,400	0	2,784	1,255,368	1,322,552
State of Tennessee	24,524,788	0	0	18,360	24,543,148
Federal Government	84,352	6,013,579	0	2,810,264	8,908,195
Other Governments and Citizens Groups	39,735	0	0	0	39,735
Total Revenues	\$ 33,233,629	\$ 6,013,579	\$ 1,229,312	\$ 4,321,465	\$ 44,797,985
<u>Expenditures</u>					
Current:					
Instruction	\$ 19,627,057	\$ 2,484,420	\$ 0	\$ 0	\$ 22,111,477
Support Services	10,150,530	1,337,841	0	0	11,488,371
Operation of Non-Instructional Services	1,233,341	17,674	0	3,279,682	4,530,697
Capital Outlay	986,439	2,380,826	244,667	0	3,611,932
Capital Projects	0	0	0	10,687	10,687
Total Expenditures	\$ 31,997,367	\$ 6,220,761	\$ 244,667	\$ 3,290,369	\$ 41,753,164
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,236,262	\$ (207,182)	\$ 984,645	\$ 1,031,096	\$ 3,044,821
<u>Other Financing Sources (Uses)</u>					
Leases Issued	\$ 628,679	\$ 0	\$ 0	\$ 0	\$ 628,679
Insurance Recovery	91,227	0	0	0	91,227
Transfers In	0	350,000	456	0	350,456
Transfers Out	(350,000)	0	0	(456)	(350,456)
Total Other Financing Sources (Uses)	\$ 369,906	\$ 350,000	\$ 456	\$ (456)	\$ 719,906
Net Change in Fund Balances	\$ 1,606,168	\$ 142,818	\$ 985,101	\$ 1,030,640	\$ 3,764,727
Fund Balance, July 1, 2021	6,752,874	657,490	782,333	1,142,278	9,334,975
Fund Balance, June 30, 2022	\$ 8,359,042	\$ 800,308	\$ 1,767,434	\$ 2,172,918	\$ 13,099,702

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

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 3,764,727
(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	\$ 4,031,106	
Less: current-year depreciation/amortization expense	<u>(2,787,836)</u>	1,243,270
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(67,974)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2021	\$ (436,459)	
Add: deferred delinquent property taxes and other deferred June 30, 2022	<u>1,191,388</u>	754,929
(4) The issuance of lease obligations provides current financial resources to governmental funds, while the payment of principal of leases consumes current resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the effect of these differences in the treatment of lease obligations.		
Less: lease proceeds	\$ (628,679)	
Add: principal payments on lease obligations	<u>220,088</u>	(408,591)
(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 net OPEB liability	\$ (445,528)	
Change in compensated absences payable	(7,914)	
Change in net pension asset - agent plan	1,319,326	
Change in net pension asset - teacher retirement plan	179,431	
Change in net pension asset - teacher legacy pension plan	13,572,060	
Change in deferred outflows of resources related to pensions	4,147,698	
Change in deferred outflows of resources related to OPEB	360,402	
Change in deferred inflows of resources related to pensions	(15,005,592)	
Change in deferred inflows of resources related to OPEB	<u>(22,814)</u>	<u>4,097,069</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 9,383,430</u>

Exhibit J-6

Lincoln County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Lincoln County School Department
June 30, 2022

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Central Cafeteria	Extended School Program	Internal School	
<u>ASSETS</u>				
Cash	\$ 2,131	\$ 0	\$ 810,603	\$ 812,734
Equity in Pooled Cash and Investments	1,222,098	154,949	0	1,377,047
Accounts Receivable	1,269	0	0	1,269
Due from Other Governments	49,052	0	0	49,052
Prepaid Items	3,858	0	0	3,858
Total Assets	<u>\$ 1,278,408</u>	<u>\$ 154,949</u>	<u>\$ 810,603</u>	<u>\$ 2,243,960</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 8,188	\$ 8,188
Accrued Payroll	31,937	0	0	31,937
Total Liabilities	<u>\$ 31,937</u>	<u>\$ 0</u>	<u>\$ 8,188</u>	<u>\$ 40,125</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Other Deferred/Unavailable Revenue	\$ 30,917	\$ 0	\$ 0	\$ 30,917
Total Deferred Inflows of Resources	<u>\$ 30,917</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,917</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid Items	\$ 3,858	\$ 0	\$ 0	\$ 3,858
Restricted:				
Restricted for Education	1,211,696	0	802,415	2,014,111
Committed:				
Committed for Education	\$ 0	\$ 154,949	\$ 0	\$ 154,949
Total Fund Balances	<u>\$ 1,215,554</u>	<u>\$ 154,949</u>	<u>\$ 802,415</u>	<u>\$ 2,172,918</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,278,408</u>	<u>\$ 154,949</u>	<u>\$ 810,603</u>	<u>\$ 2,243,960</u>

Exhibit J-7

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Extended School Program	Internal School	Total	Other Capital Projects	
<u>Revenues</u>						
Charges for Current Services	\$ 151,132	\$ 86,341	\$ 0	\$ 237,473	\$ 0	\$ 237,473
Other Local Revenues	9,963	0	1,245,405	1,255,368	0	1,255,368
State of Tennessee	18,360	0	0	18,360	0	18,360
Federal Government	2,810,264	0	0	2,810,264	0	2,810,264
Total Revenues	\$ 2,989,719	\$ 86,341	\$ 1,245,405	\$ 4,321,465	\$ 0	\$ 4,321,465
<u>Expenditures</u>						
Current:						
Operation of Non-Instructional Services	\$ 2,184,916	\$ 86,914	\$ 1,007,852	\$ 3,279,682	\$ 0	\$ 3,279,682
Capital Projects	0	0	0	0	10,687	10,687
Total Expenditures	\$ 2,184,916	\$ 86,914	\$ 1,007,852	\$ 3,279,682	\$ 10,687	\$ 3,290,369
Excess (Deficiency) of Revenues Over Expenditures	\$ 804,803	\$ (573)	\$ 237,553	\$ 1,041,783	\$ (10,687)	\$ 1,031,096
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (456)	\$ (456)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (456)	\$ (456)
Net Change in Fund Balances	\$ 804,803	\$ (573)	\$ 237,553	\$ 1,041,783	\$ (11,143)	\$ 1,030,640
Fund Balance, July 1, 2021	410,751	155,522	564,862	1,131,135	11,143	1,142,278
Fund Balance, June 30, 2022	\$ 1,215,554	\$ 154,949	\$ 802,415	\$ 2,172,918	\$ 0	\$ 2,172,918

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,467,764	\$ 0	\$ 0	\$ 8,467,764	\$ 7,043,969	\$ 7,043,969	\$ 1,423,795
Licenses and Permits	1,923	0	0	1,923	1,500	1,500	423
Charges for Current Services	50,667	0	0	50,667	100,338	100,338	(49,671)
Other Local Revenues	64,400	0	0	64,400	84,812	108,884	(44,484)
State of Tennessee	24,524,788	0	0	24,524,788	23,279,597	25,042,751	(517,963)
Federal Government	84,352	0	0	84,352	0	170,638	(86,286)
Other Governments and Citizens Groups	39,735	0	0	39,735	17,440	97,718	(57,983)
Total Revenues	\$ 33,233,629	\$ 0	\$ 0	\$ 33,233,629	\$ 30,527,656	\$ 32,565,798	\$ 667,831
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 15,773,589	\$ (120,909)	\$ 194,956	\$ 15,847,636	\$ 16,325,408	\$ 16,632,431	\$ 784,795
Alternative Instruction Program	137,121	0	0	137,121	149,141	149,341	12,220
Special Education Program	2,408,044	0	8,895	2,416,939	2,547,197	2,587,747	170,808
Career and Technical Education Program	1,232,883	(15,098)	32,916	1,250,701	1,316,697	1,347,988	97,287
Student Body Education Program	75,420	0	0	75,420	102,338	182,230	106,810
<u>Support Services</u>							
Attendance	193,592	0	0	193,592	250,730	255,025	61,433
Health Services	142,677	0	0	142,677	292,856	369,822	227,145
Other Student Support	781,726	(31,372)	0	750,354	757,287	902,896	152,542
Regular Instruction Program	1,029,981	(4,552)	2,871	1,028,300	1,111,153	1,136,178	107,878
Special Education Program	176,808	0	0	176,808	268,310	207,760	30,952
Career and Technical Education Program	138,626	0	0	138,626	155,245	158,345	19,719
Technology	49,446	0	0	49,446	51,720	51,720	2,274
Other Programs	64,431	0	0	64,431	0	64,431	0
Board of Education	847,996	0	0	847,996	893,381	903,456	55,460
Director of Schools	335,816	0	0	335,816	373,852	381,782	45,966
Office of the Principal	1,681,666	0	0	1,681,666	1,659,185	1,739,670	58,004
Operation of Plant	1,912,105	(7,567)	7,290	1,911,828	2,137,533	2,207,435	295,607

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 994,020	\$ (54,020)	\$ 97,365	\$ 1,037,365	\$ 1,082,268	\$ 1,132,218	\$ 94,853
Transportation	1,801,640	(304,548)	327,520	1,824,612	1,807,564	2,144,909	320,297
<u>Operation of Non-Instructional Services</u>							
Food Service	118,697	0	0	118,697	97,315	132,305	13,608
Community Services	288,429	0	0	288,429	17,440	365,553	77,124
Early Childhood Education	826,215	(11,921)	33,751	848,045	163,129	856,100	8,055
<u>Capital Outlay</u>							
Regular Capital Outlay	986,439	(110,551)	146,830	1,022,718	398,000	1,026,679	3,961
Total Expenditures	\$ 31,997,367	\$ (660,538)	\$ 852,394	\$ 32,189,223	\$ 31,957,749	\$ 34,936,021	\$ 2,746,798
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,236,262	\$ 660,538	\$ (852,394)	\$ 1,044,406	\$ (1,430,093)	\$ (2,370,223)	\$ 3,414,629
<u>Other Financing Sources (Uses)</u>							
Leases Issued	\$ 628,679	\$ 0	\$ 0	\$ 628,679	\$ 0	\$ 628,679	\$ 0
Insurance Recovery	91,227	0	0	91,227	0	79,628	11,599
Transfers Out	(350,000)	0	0	(350,000)	0	(350,000)	0
Total Other Financing Sources	\$ 369,906	\$ 0	\$ 0	\$ 369,906	\$ 0	\$ 358,307	\$ 11,599
Net Change in Fund Balance	\$ 1,606,168	\$ 660,538	\$ (852,394)	\$ 1,414,312	\$ (1,430,093)	\$ (2,011,916)	\$ 3,426,228
Fund Balance, July 1, 2021	6,752,874	(660,538)	0	6,092,336	4,427,998	6,092,336	0
Fund Balance, June 30, 2022	\$ 8,359,042	\$ 0	\$ (852,394)	\$ 7,506,648	\$ 2,997,905	\$ 4,080,420	\$ 3,426,228

Exhibit J-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 6,013,579	\$ 0	\$ 6,013,579	\$ 12,216,793	\$ 12,225,709	\$ (6,212,130)
Total Revenues	\$ 6,013,579	\$ 0	\$ 6,013,579	\$ 12,216,793	\$ 12,225,709	\$ (6,212,130)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,616,542	\$ 0	\$ 1,616,542	\$ 3,632,284	\$ 3,625,551	\$ 2,009,009
Special Education Program	819,544	27,940	847,484	994,479	981,537	134,053
Career and Technical Education Program	48,334	0	48,334	47,757	55,226	6,892
<u>Support Services</u>						
Health Services	630,208	0	630,208	747,033	747,033	116,825
Other Student Support	52,826	0	52,826	62,184	155,686	102,860
Regular Instruction Program	303,222	0	303,222	709,065	906,958	603,736
Special Education Program	163,251	0	163,251	204,300	221,594	58,343
Career and Technical Education Program	3,598	0	3,598	8,182	3,598	0
Technology	75,386	0	75,386	355,400	75,386	0
Board of Education	598	0	598	1,758	774	176
Office of the Principal	0	0	0	46,580	46,580	46,580
Operation of Plant	336	0	336	8,232	8,332	7,996
Maintenance of Plant	3,350	0	3,350	0	3,350	0
Transportation	105,066	0	105,066	522,771	191,569	86,503
<u>Operation of Non-Instructional Services</u>						
Food Service	17,674	0	17,674	218,470	225,320	207,646
<u>Capital Outlay</u>						
Regular Capital Outlay	2,380,826	0	2,380,826	4,675,000	4,985,000	2,604,174
Total Expenditures	\$ 6,220,761	\$ 27,940	\$ 6,248,701	\$ 12,233,495	\$ 12,233,494	\$ 5,984,793

(Continued)

Exhibit J-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (207,182)	\$ (27,940)	\$ (235,122)	\$ (16,702)	\$ (7,785)	\$ (227,337)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 350,000	\$ 0	\$ 350,000	\$ 9,215	\$ 350,299	\$ (299)
Total Other Financing Sources	\$ 350,000	\$ 0	\$ 350,000	\$ 9,215	\$ 350,299	\$ (299)
Net Change in Fund Balance	\$ 142,818	\$ (27,940)	\$ 114,878	\$ (7,487)	\$ 342,514	\$ (227,636)
Fund Balance, July 1, 2021	657,490	0	657,490	650,000	650,000	7,490
Fund Balance, June 30, 2022	\$ 800,308	\$ (27,940)	\$ 772,368	\$ 642,513	\$ 992,514	\$ (220,146)

Exhibit J-10

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lincoln County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 151,132	\$ 0	\$ 0	\$ 151,132	\$ 170,846	\$ 215,846	\$ (64,714)
Other Local Revenues	9,963	0	0	9,963	10,500	10,500	(537)
State of Tennessee	18,360	0	0	18,360	18,000	18,000	360
Federal Government	2,810,264	0	0	2,810,264	1,761,351	2,176,351	633,913
Total Revenues	\$ 2,989,719	\$ 0	\$ 0	\$ 2,989,719	\$ 1,960,697	\$ 2,420,697	\$ 569,022
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,184,916	\$ (31,012)	\$ 7,355	\$ 2,161,259	\$ 1,860,036	\$ 2,418,936	\$ 257,677
Total Expenditures	\$ 2,184,916	\$ (31,012)	\$ 7,355	\$ 2,161,259	\$ 1,860,036	\$ 2,418,936	\$ 257,677
Excess (Deficiency) of Revenues Over Expenditures	\$ 804,803	\$ 31,012	\$ (7,355)	\$ 828,460	\$ 100,661	\$ 1,761	\$ 826,699
Net Change in Fund Balance	\$ 804,803	\$ 31,012	\$ (7,355)	\$ 828,460	\$ 100,661	\$ 1,761	\$ 826,699
Fund Balance, July 1, 2021	410,751	(31,012)	0	379,739	276,348	379,739	0
Fund Balance, June 30, 2022	\$ 1,215,554	\$ 0	\$ (7,355)	\$ 1,208,199	\$ 377,009	\$ 381,500	\$ 826,699

Exhibit J-11

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lincoln County School Department
Extended School Program Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 86,341	\$ 0	\$ 86,341	\$ 113,000	\$ 113,000	\$ (26,659)
Total Revenues	\$ 86,341	\$ 0	\$ 86,341	\$ 113,000	\$ 113,000	\$ (26,659)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Community Services	\$ 86,914	\$ 43,695	\$ 130,609	\$ 113,000	\$ 157,092	\$ 26,483
Total Expenditures	\$ 86,914	\$ 43,695	\$ 130,609	\$ 113,000	\$ 157,092	\$ 26,483
Excess (Deficiency) of Revenues Over Expenditures	\$ (573)	\$ (43,695)	\$ (44,268)	\$ 0	\$ (44,092)	\$ (176)
Net Change in Fund Balance	\$ (573)	\$ (43,695)	\$ (44,268)	\$ 0	\$ (44,092)	\$ (176)
Fund Balance, July 1, 2021	155,522	0	155,522	154,161	155,522	0
Fund Balance, June 30, 2022	\$ 154,949	\$ (43,695)	\$ 111,254	\$ 154,161	\$ 111,430	\$ (176)

Exhibit J-12

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lincoln County School Department
Education Capital Projects Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,226,528	\$ 0	\$ 1,226,528	\$ 1,153,089	\$ 1,153,089	\$ 73,439
Other Local Revenues	2,784	0	2,784	0	0	2,784
Total Revenues	\$ 1,229,312	\$ 0	\$ 1,229,312	\$ 1,153,089	\$ 1,153,089	\$ 76,223
<u>Expenditures</u>						
<u>Capital Outlay</u>						
Regular Capital Outlay	\$ 244,667	\$ (204,734)	\$ 39,933	\$ 584,603	\$ 584,603	\$ 544,670
Total Expenditures	\$ 244,667	\$ (204,734)	\$ 39,933	\$ 584,603	\$ 584,603	\$ 544,670
Excess (Deficiency) of Revenues Over Expenditures	\$ 984,645	\$ 204,734	\$ 1,189,379	\$ 568,486	\$ 568,486	\$ 620,893
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 456	\$ 0	\$ 456	\$ 0	\$ 456	\$ 0
Total Other Financing Sources	\$ 456	\$ 0	\$ 456	\$ 0	\$ 456	\$ 0
Net Change in Fund Balance	\$ 985,101	\$ 204,734	\$ 1,189,835	\$ 568,486	\$ 568,942	\$ 620,893
Fund Balance, July 1, 2021	782,333	(204,734)	577,599	20,058	577,599	0
Fund Balance, June 30, 2022	\$ 1,767,434	\$ 0	\$ 1,767,434	\$ 588,544	\$ 1,146,541	\$ 620,893

Exhibit J-13

Lincoln County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lincoln County School Department
Other Capital Projects Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>						
<u>Capital Projects</u>						
Education Capital Projects	\$ 10,687	\$ (10,687)	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 10,687	\$ (10,687)	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,687)	\$ 10,687	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (456)	\$ 0	\$ (456)	\$ 0	\$ (456)	\$ 0
Total Other Financing Sources	\$ (456)	\$ 0	\$ (456)	\$ 0	\$ (456)	\$ 0
Net Change in Fund Balance	\$ (11,143)	\$ 10,687	\$ (456)	\$ 0	\$ (456)	\$ 0
Fund Balance, July 1, 2021	11,143	(10,687)	456	0	456	0
Fund Balance, June 30, 2022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

MISCELLANEOUS SCHEDULES

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-21	Paid and/or Matured During Period	Outstanding 6-30-22	
<u>GOVERNMENTAL ACTIVITIES</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Public Improvement Bonds, Series 2014	\$ 7,000,000	3.25	%	3-6-14	6-1-34	\$ 4,800,000	\$ 300,000	\$ 4,500,000
General Obligation School Bonds, Series 2018	30,470,000	3.67		11-20-18	5-1-43	29,700,000	810,000	28,890,000
Total Bonds Payable						<u>\$ 34,500,000</u>	<u>\$ 1,110,000</u>	<u>\$ 33,390,000</u>
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Renovations	1,000,000	2.195		4-14-15	4-1-27	\$ 525,000	\$ 85,000	\$ 440,000
Total Notes Payable						<u>\$ 525,000</u>	<u>\$ 85,000</u>	<u>\$ 440,000</u>
<u>BUSINESS-TYPE ACTIVITIES</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through Lincoln Health System Fund</u>								
Lease Revenue & Tax Refunding Bond, Series 2007	4,960,000	4.2		6-12-07	5-1-22	\$ 4,805,000	\$ 4,805,000	\$ 0
Lease Revenue & Tax Refunding Bond, Series 2013	6,735,000	2.0		6-5-13	5-1-23	1,455,000	725,000	730,000
Total Bonds Payable through Lincoln Health System Fund						<u>\$ 6,260,000</u>	<u>\$ 5,530,000</u>	<u>\$ 730,000</u>
<u>Payable through Lincoln County Board of Public Utilities Fund</u>								
Water Revenue and Tax Bond	6,575,000	2.2 to 4.0		8-26-15	4-1-36	\$ 5,115,000	\$ 270,000	\$ 4,845,000
Total Bonds Payable						<u>\$ 11,375,000</u>	<u>\$ 5,800,000</u>	<u>\$ 5,575,000</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through Lincoln Health System Fund</u>								
Financed Purchase Obligation	106,080	5.74		4-25-19	5-29-24	\$ 67,168	\$ 22,608	\$ 44,560
Financed Purchase Obligation	150,000	4.45		9-1-19	9-1-24	100,745	28,866	71,879
USDA Rural Economic Development Loan	133,334	0.0		11-30-15	11-30-22	26,938	19,056	7,882
Total Other Loans Payable through Lincoln Health System Fund						<u>\$ 194,851</u>	<u>\$ 70,530</u>	<u>\$ 124,321</u>
<u>Payable through Lincoln County Board of Public Utilities Fund</u>								
Clean Water State Revolving Loan Fund	600,000	0.75		11-10-16	4-1-37	\$ 482,312	\$ 28,800	\$ 453,512
Capitalization Grants for Clean Water State Revolving Loan Fund	3,558,000	0.91		9-18-15	9-1-36	2,632,074	161,640	2,470,434
Drinking Water State Revolving Loan Fund	306,250	0.82		6-26-17	10-20-39	282,594	15,545	267,049
Drinking Water State Revolving Loan Fund	306,134	0.82		6-26-17	3-20-41	288,437	15,480	272,957
Total Other Loans Payable through Lincoln County Board of Public Utilities Fund						<u>\$ 3,685,417</u>	<u>\$ 221,465</u>	<u>\$ 3,463,952</u>
Total Other Loans Payable						<u>\$ 3,880,268</u>	<u>\$ 291,995</u>	<u>\$ 3,588,273</u>

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Bonds		
	Principal	Interest	Total
2023	\$ 1,160,000	\$ 1,377,367	\$ 2,537,367
2024	1,215,000	1,325,567	2,540,567
2025	1,270,000	1,271,218	2,541,218
2026	1,325,000	1,214,318	2,539,318
2027	1,385,000	1,154,867	2,539,867
2028	1,450,000	1,092,179	2,542,179
2029	1,515,000	1,026,251	2,541,251
2030	1,585,000	957,063	2,542,063
2031	1,660,000	884,150	2,544,150
2032	1,720,000	829,187	2,549,187
2033	1,790,000	761,962	2,551,962
2034	1,860,000	691,463	2,551,463
2035	1,460,000	618,200	2,078,200
2036	1,520,000	559,800	2,079,800
2037	1,580,000	499,000	2,079,000
2038	1,640,000	435,800	2,075,800
2039	1,710,000	370,200	2,080,200
2040	1,775,000	301,800	2,076,800
2041	1,850,000	230,800	2,080,800
2042	1,920,000	156,800	2,076,800
2043	2,000,000	80,000	2,080,000
Total	<u>\$ 33,390,000</u>	<u>\$ 15,837,992</u>	<u>\$ 49,227,992</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2023	\$ 85,000	\$ 9,658	\$ 94,658
2024	85,000	7,792	92,792
2025	90,000	5,926	95,926
2026	90,000	3,951	93,951
2027	90,000	1,975	91,975
Total	<u>\$ 440,000</u>	<u>\$ 29,302</u>	<u>\$ 469,302</u>

(Continued)

Exhibit K-2

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

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Bonds		
	Principal	Interest	Total
2023	\$ 1,010,000	\$ 166,661	\$ 1,176,661
2024	290,000	140,861	430,861
2025	305,000	129,261	434,261
2026	315,000	117,061	432,061
2027	320,000	110,131	430,131
2028	330,000	102,131	432,131
2029	340,000	93,469	433,469
2030	350,000	84,119	434,119
2031	355,000	74,494	429,494
2032	370,000	63,844	433,844
2033	380,000	52,744	432,744
2034	390,000	40,869	430,869
2035	405,000	28,193	433,193
2036	415,000	14,525	429,525
Total	\$ 5,575,000	\$ 1,218,363	\$ 6,793,363

Year Ending June 30	Other Loans Payable		
	Principal	Interest	Total
2023	\$ 280,468	\$ 33,030	\$ 313,498
2024	277,066	29,280	306,346
2025	233,214	25,597	258,811
2026	226,884	23,556	250,440
2027	228,876	21,564	250,440
2028	230,904	19,536	250,440
2029	232,944	17,496	250,440
2030	234,984	15,456	250,440
2031	237,048	13,392	250,440
2032	239,148	11,292	250,440
2033	241,260	9,180	250,440
2034	243,384	7,056	250,440
2035	245,520	4,920	250,440
2036	247,692	2,748	250,440
2037	105,266	979	106,245
2038	32,640	564	33,204
2039	32,904	300	33,204
2040	15,159	57	15,216
2041	2,912	2	2,914
Total	\$ 3,588,273	\$ 236,005	\$ 3,824,278

Exhibit K-3

Lincoln County, Tennessee
Schedule of Changes in Lease Obligations
Primary Government and Discretely Presented Lincoln County School Department
For the Year Ended June 30, 2022

Description	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Restated Outstanding 7-1-21*	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-22
<u>PRIMARY GOVERNMENT - BUSINESS-TYPE ACTIVITIES</u>								
<u>LEASES PAYABLE</u>								
<u>Payable through the Lincoln Health System Fund</u>								
Mammography Lease	\$ 324,517	5.56 %	6-3-21	6-3-26	\$ 324,517	\$ 0	\$ 42,585	\$ 281,932
Total Leases Payable - Business-type Activities					\$ 324,517	\$ 0	\$ 42,585	\$ 281,932
<u>DISCRETELY PRESENTED LINCOLN COUNTY SCHOOL DEPARTMENT</u>								
<u>LEASES PAYABLE</u>								
<u>Payable through the General Purpose School Fund</u>								
Lenovo - Laptops - 2020	239,093	3.67	5-20-20	5-20-24	\$ 165,594	\$ 0	\$ 55,132	\$ 110,462
Lenovo - Chromebooks - 2020	357,350	3.67	5-20-20	5-20-23	232,814	0	119,773	113,041
Lenovo - Chromebooks - 2021	114,894	3.67	7-1-21	6-30-24	0	114,894	37,141	77,753
Copiers - 2022	125,672	3.67	3-1-22	3-1-27	0	125,672	8,042	117,630
Lenovo - Chromebooks - 2022	388,113	3.67	5-2-22	5-2-25	0	388,113	0	388,113
Total Leases Payable					\$ 398,408	\$ 628,679	\$ 220,088	\$ 806,999

* Outstanding 7-1-21 has been restated due to transitional requirements of GASB Statement No. 87.

Exhibit K-4

Lincoln County, Tennessee

Schedule of Lease Requirements by Year

Primary Government and Discretely Presented Lincoln County School Department

PRIMARY GOVERNMENT - BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Leases		
	Principal	Interest	Total
2023	\$ 45,012	\$ 9,503	\$ 54,515
2024	47,577	6,938	54,515
2025	50,288	4,227	54,515
2026	139,055	29,429	168,484
Total	<u>\$ 281,932</u>	<u>\$ 50,097</u>	<u>\$ 332,029</u>

DISCRETELY PRESENTED LINCOLN COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Leases		
	Principal	Interest	Total
2023	\$ 356,877	\$ 22,273	\$ 379,150
2024	246,728	12,311	259,039
2025	159,065	4,807	163,872
2026	26,280	1,188	27,468
2027	18,049	243	18,292
Total	<u>\$ 806,999</u>	<u>\$ 40,822</u>	<u>\$ 847,821</u>

Exhibit K-5

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Purpose School	School Federal Projects	Cash flow purposes	\$ 350,000
Other Capital Projects	Education Capital Projects	To close fund	<u>456</u>
Total Transfers			<u><u>\$ 350,456</u></u>

Exhibit K-6

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 102,552	\$ 400,000	Local Government Property and Casualty Fund
Highway Superintendent	Section 8-24-102, <i>TCA</i>	97,669	400,000	"
Director of Schools	State Board of Education and Local Board of Education	160,773 (1)	400,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <i>TCA</i>	88,788	1,319,120	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	88,788 (2)	400,000	Local Government Property and Casualty Fund
County Clerk	Section 8-24-102, <i>TCA</i>	88,788	400,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	88,788	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Judge	88,788 (3)	100,000 (5)	RLI Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	88,788	400,000	Local Government Property and Casualty Fund
Sheriff	Section 8-24-102, <i>TCA</i>	97,669	400,000	"
Director of Finance	County Commission	87,942 (4)	400,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			400,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Departments			400,000	Tennessee Risk Management Trust

- (1) Does not include a chief executive officer training supplement of \$1,000, a travel allowance of \$800 per month, accrued vacation pay of \$13,395, or \$280 for middle school basketball tournament coordinator.
- (2) Includes \$1,191 paid to the previous assessor of property due to the results of the 2020 Census.
- (3) Does not include special commissioner fees of \$6,599.
- (4) Does not include bonus payments of \$2,233.
- (5) Clerk and Master is additionally covered by the county's public employee dishonesty blanket bond pursuant to Section 8-19-101, *TCA*.

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 6,688,437	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,077,303
Trustee's Collections - Prior Year	115,590	0	0	0	0	18,593
Trustee's Collections - Bankruptcy	16,850	0	0	0	0	2,710
Circuit Clerk/Clerk and Master Collections - Prior Years	29,881	0	0	0	0	4,806
Interest and Penalty	26,270	0	0	0	0	4,226
Payments in-Lieu-of Taxes - T.V.A.	2,794	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	275,057	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	72,030	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	2,271,786	0	0	0	0	0
Hotel/Motel Tax	187,083	0	0	0	0	0
Wheel Tax	209,811	0	0	0	0	1,355,702
Litigation Tax - General	77,868	0	0	0	0	0
Litigation Tax - Special Purpose	91,464	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	33,242	0	0	0	0	0
Litigation Tax - Courthouse Security	78,087	0	0	0	0	0
Business Tax	451,935	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	41,898
<u>Statutory Local Taxes</u>						
Bank Excise Tax	175,888	0	0	0	0	0
Total Local Taxes	\$ 10,804,073	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,505,238
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 78,765	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 4,068	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	143,756	0	0	0	0	0
Other Permits	15	0	0	0	0	0
Total Licenses and Permits	<u>\$ 226,604</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 8,860	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	6,929	0	6,114	0	0	0
Jail Fees	2,880	0	0	0	0	0
DUI Treatment Fines	95	0	0	0	0	0
Data Entry Fee - Circuit Court	2,109	0	0	0	0	0
Courtroom Security Fee	390	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	20,218	0	0	0	0	0
Officers Costs	45,850	0	0	0	0	0
Game and Fish Fines	660	0	0	0	0	0
Drug Control Fines	23,546	0	8,384	0	0	0
Jail Fees	18,525	0	0	0	0	0
Judicial Commissioner Fees	3,263	0	0	0	0	0
DUI Treatment Fines	7,933	0	0	0	0	0
Data Entry Fee - General Sessions Court	11,370	0	0	0	0	0
Courtroom Security Fee	6,197	0	0	0	0	0
<u>Juvenile Court</u>						
Officers Costs	150	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	\$ 1,152	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	1,761	0	0	0	0	0
Courtroom Security Fee	51	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	7,555	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	58,668	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 169,494	\$ 0	\$ 73,166	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 101,639	\$ 0	\$ 0	\$ 0	\$ 0
Residential Waste Collection Charge	0	1,139,377	0	0	0	0
Patient Charges	5,175	0	0	0	0	0
Zoning Studies	10,941	0	0	0	0	0
<u>Fees</u>						
Copy Fees	1,071	0	0	0	0	0
Archives and Records Management Fee	5,240	0	0	0	0	0
Greenbelt Late Application Fee	250	0	0	0	0	0
Telephone Commissions	104,423	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	6,599	0
Data Processing Fee - Register	14,130	0	0	0	0	0
Data Processing Fee - Sheriff	2,336	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	6,365	0	0	0	0	0
Data Processing Fee - County Clerk	3,015	0	0	0	0	0
Total Charges for Current Services	\$ 152,946	\$ 1,241,016	\$ 0	\$ 0	\$ 6,599	\$ 0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 132,264	\$ 0	\$ 0	\$ 1,059	\$ 0	\$ 0
Lease/Rentals	86,400	0	0	0	0	0
Sale of Materials and Supplies	0	1,221	0	0	0	11,825
Commissary Sales	3,800	0	0	0	0	0
Miscellaneous Refunds	32,476	1,857	270	0	0	129,220
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	3,544	0	0	0	0	0
Total Other Local Revenues	\$ 258,484	\$ 3,078	\$ 270	\$ 1,059	\$ 0	\$ 141,045
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 625,345	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	97,767	0	0	0	0	0
General Sessions Court Clerk	207,967	0	0	0	0	0
Clerk and Master	104,820	0	0	0	0	0
Register	208,194	0	0	0	0	0
Sheriff	9,708	0	0	0	0	0
Trustee	515,396	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,769,197	\$ 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
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	31,200	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 192,948	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Health and Welfare Grants	41,470	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	329,511
State Aid Program	0	0	0	0	0	637,895
Litter Program	21,078	0	0	0	0	0
<u>Other State Revenues</u>						
Vehicle Certificate of Title Fees	9,675	0	0	0	0	0
Alcoholic Beverage Tax	108,453	0	0	0	0	0
State Revenue Sharing - Telecommunications	54,776	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	26,564	0	0	0	0	0
Contracted Prisoner Boarding	285,402	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,788,167
Petroleum Special Tax	0	0	0	0	0	23,513
Registrar's Salary Supplement	15,164	0	0	0	0	0
State Shared Sales Tax - Cities	5,135	0	0	0	0	0
Other State Grants	407,262	0	0	0	0	0
Other State Revenues	11,667	28,828	0	0	0	0
Total State of Tennessee	\$ 1,219,794	\$ 28,828	\$ 0	\$ 0	\$ 0	\$ 3,779,086
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 2,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	1,200	0	0	0	0	0
Other Federal through State	225,446	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	\$ 34,091	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 263,537	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 47,385	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>						
Donations	16,886	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 64,271	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 14,928,400	\$ 1,272,922	\$ 73,436	\$ 1,059	\$ 6,599	\$ 6,425,369

(Continued)

Exhibit K-7

Lincoln 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	\$ 1,663,771	\$	9,429,511
Trustee's Collections - Prior Year	28,715		162,898
Trustee's Collections - Bankruptcy	4,215		23,775
Circuit Clerk/Clerk and Master Collections - Prior Years	7,423		42,110
Interest and Penalty	6,526		37,022
Payments in-Lieu-of Taxes - T.V.A.	0		2,794
Payments in-Lieu-of Taxes - Local Utilities	0		275,057
Payments in-Lieu-of Taxes - Other	0		72,030
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0		2,271,786
Hotel/Motel Tax	0		187,083
Wheel Tax	855,383		2,420,896
Litigation Tax - General	0		77,868
Litigation Tax - Special Purpose	0		91,464
Litigation Tax - Jail, Workhouse, or Courthouse	76,948		110,190
Litigation Tax - Courthouse Security	0		78,087
Business Tax	0		451,935
Mineral Severance Tax	0		41,898
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0		175,888
Total Local Taxes	\$ 2,642,981	\$	15,952,292
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$	0	\$ 78,765

(Continued)

Exhibit K-7

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

	Debt Service Fund		
	General Debt Service		Total
<hr/>			
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Beer Permits	\$	0	\$ 4,068
Building Permits		0	143,756
Other Permits		0	15
Total Licenses and Permits	<hr/>	<hr/>	<hr/>
	\$	0	\$ 226,604
<hr/>			
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Officers Costs	\$	0	\$ 8,860
Drug Control Fines		0	13,043
Jail Fees		0	2,880
DUI Treatment Fines		0	95
Data Entry Fee - Circuit Court		0	2,109
Courtroom Security Fee		0	390
<u>General Sessions Court</u>			
Fines		0	20,218
Officers Costs		0	45,850
Game and Fish Fines		0	660
Drug Control Fines		0	31,930
Jail Fees		0	18,525
Judicial Commissioner Fees		0	3,263
DUI Treatment Fines		0	7,933
Data Entry Fee - General Sessions Court		0	11,370
Courtroom Security Fee		0	6,197
<u>Juvenile Court</u>			
Officers Costs		0	150

(Continued)

Exhibit K-7

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

	<u>Debt Service Fund</u>		
	General Debt Service		Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Chancery Court</u>			
Officers Costs	\$ 0	\$	1,152
Data Entry Fee - Chancery Court	0		1,761
Courtroom Security Fee	0		51
<u>Other Courts - In-county</u>			
Fines	0		7,555
<u>Judicial District Drug Program</u>			
Drug Task Force Forfeitures and Seizures	0		58,668
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$</u>	<u>242,660</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Commercial and Industrial Waste Collection Charge	\$ 0	\$	101,639
Residential Waste Collection Charge	0		1,139,377
Patient Charges	0		5,175
Zoning Studies	0		10,941
<u>Fees</u>			
Copy Fees	0		1,071
Archives and Records Management Fee	0		5,240
Greenbelt Late Application Fee	0		250
Telephone Commissions	0		104,423
Special Commissioner Fees/Special Master Fees	0		6,599
Data Processing Fee - Register	0		14,130
Data Processing Fee - Sheriff	0		2,336
Sexual Offender Registration Fee - Sheriff	0		6,365
Data Processing Fee - County Clerk	0		3,015
Total Charges for Current Services	<u>\$ 0</u>	<u>\$</u>	<u>1,400,561</u>

(Continued)

Exhibit K-7

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

	Debt Service Fund		
	General Debt Service		Total
<hr/>			
Other Local Revenues			
Recurring Items			
Investment Income	\$ 505	\$	133,828
Lease/Rentals	0		86,400
Sale of Materials and Supplies	0		13,046
Commissary Sales	0		3,800
Miscellaneous Refunds	2		163,825
Nonrecurring Items			
Damages Recovered from Individuals	0		3,544
Total Other Local Revenues	<hr/> \$ 507	<hr/> \$	<hr/> 404,443
<hr/>			
Fees Received From County Officials			
Fees In-Lieu-of Salary			
County Clerk	\$ 0	\$	625,345
Circuit Court Clerk	0		97,767
General Sessions Court Clerk	0		207,967
Clerk and Master	0		104,820
Register	0		208,194
Sheriff	0		9,708
Trustee	0		515,396
Total Fees Received From County Officials	<hr/> \$ 0	<hr/> \$	<hr/> 1,769,197
<hr/>			
State of Tennessee			
General Government Grants			
Juvenile Services Program	\$ 0	\$	9,000
Public Safety Grants			
Law Enforcement Training Programs	0		31,200

(Continued)

Exhibit K-7

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

	<u>Debt Service Fund</u>		
	General Debt Service		Total
<u>State of Tennessee (Cont.)</u>			
<u>Health and Welfare Grants</u>			
Health Department Programs	\$ 0	\$	192,948
Other Health and Welfare Grants	0		41,470
<u>Public Works Grants</u>			
Bridge Program	0		329,511
State Aid Program	0		637,895
Litter Program	0		21,078
<u>Other State Revenues</u>			
Vehicle Certificate of Title Fees	0		9,675
Alcoholic Beverage Tax	0		108,453
State Revenue Sharing - Telecommunications	0		54,776
State Shared Sports Gaming Privilege Tax	0		26,564
Contracted Prisoner Boarding	0		285,402
Gasoline and Motor Fuel Tax	0		2,788,167
Petroleum Special Tax	0		23,513
Registrar's Salary Supplement	0		15,164
State Shared Sales Tax - Cities	0		5,135
Other State Grants	0		407,262
Other State Revenues	0		40,495
Total State of Tennessee	\$ 0	\$	5,027,708
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$ 0	\$	2,800
Law Enforcement Grants	0		1,200
Other Federal through State	0		225,446

(Continued)

Exhibit K-7

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

	Debt Service Fund		General Debt Service	Total
<hr/>				
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	\$	0	\$	34,091
Total Federal Government	\$	0	\$	263,537
<hr/>				
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$	0	\$	47,385
<u>Citizens Groups</u>				
Donations		0		16,886
Total Other Governments and Citizens Groups	\$	0	\$	64,271
<hr/>				
Total	\$	2,643,488	\$	25,351,273
<hr/>				

Exhibit K-8

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Internal School
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,778,208	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	63,936	0	0	0	0
Trustee's Collections - Bankruptcy	9,319	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	17,315	0	0	0	0
Interest and Penalty	14,820	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,460,229	0	0	0	0
<u>Statutory Local Taxes</u>					
Wholesale Beer Tax	123,937	0	0	0	0
Total Local Taxes	<u>\$ 8,467,764</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,923	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	<u>\$ 1,923</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 2,745	\$ 0	\$ 0
Lunch Payments - Adults	0	0	20,933	0	0
Income from Breakfast	0	0	683	0	0
A la Carte Sales	0	0	126,771	0	0
Receipts from Individual Schools	38,119	0	0	0	0
Community Service Fees - Children	0	0	0	86,341	0

(Continued)

Exhibit K-8

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Internal School
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Other Charges for Services	\$ 12,548	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 50,667	\$ 0	\$ 151,132	\$ 86,341	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ (19,388)	\$ 0	\$ 3,525	\$ 0	\$ 0
Lease/Rentals	35,162	0	0	0	0
Sale of Materials and Supplies	41	0	0	0	0
Miscellaneous Refunds	48,185	0	6,438	0	0
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	400	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	1,245,405
Total Other Local Revenues	\$ 64,400	\$ 0	\$ 9,963	\$ 0	\$ 1,245,405
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 64,431	\$ 0	\$ 0	\$ 0	\$ 0
<u>State Education Funds</u>					
Basic Education Program	22,415,279	0	0	0	0
Early Childhood Education	692,549	0	0	0	0
School Food Service	0	0	18,360	0	0
Driver Education	16,509	0	0	0	0
Other State Education Funds	239,969	0	0	0	0

(Continued)

Exhibit K-8

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Internal School
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Coordinated School Health	\$ 104,308	\$ 0	\$ 0	\$ 0	\$ 0
Family Resource Centers	29,612	0	0	0	0
Statewide Student Management System (SSMS)	5,789	0	0	0	0
Career Ladder Program	49,539	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	3,132	0	0	0	0
Beer Tax	14,354	0	0	0	0
State Revenue Sharing - T.V.A.	793,288	0	0	0	0
Other State Grants	5,000	0	0	0	0
Safe Schools	73,072	0	0	0	0
Other State Revenues	17,957	0	0	0	0
Total State of Tennessee	<u>\$ 24,524,788</u>	<u>\$ 0</u>	<u>\$ 18,360</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,882,300	\$ 0	\$ 0
USDA - Commodities	0	0	153,243	0	0
Breakfast	0	0	771,658	0	0
USDA - Other	0	0	3,063	0	0
Vocational Education - Basic Grants to States	0	68,843	0	0	0
Title I Grants to Local Education Agencies	0	843,578	0	0	0
Special Education - Grants to States	0	947,847	0	0	0
Special Education Preschool Grants	0	42,860	0	0	0
English Language Acquisition Grants	0	6,914	0	0	0

(Continued)

Exhibit K-8

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Internal School
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Eisenhower Professional Development State Grants	\$ 0	\$ 92,971	\$ 0	\$ 0	\$ 0
COVID-19 Grant #1	0	104,537	0	0	0
COVID-19 Grant B	0	1,714,462	0	0	0
COVID-19 Grant D	0	190,000	0	0	0
American Rescue Plan Act Grant #1	0	1,168,601	0	0	0
American Rescue Plan Act Grant #2	0	67,468	0	0	0
American Rescue Plan Act Grant #3	0	468	0	0	0
Other Federal through State	0	765,030	0	0	0
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	84,352	0	0	0	0
Total Federal Government	<u>\$ 84,352</u>	<u>\$ 6,013,579</u>	<u>\$ 2,810,264</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 6,387	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>					
Donations	33,348	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 39,735</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 33,233,629</u>	<u>\$ 6,013,579</u>	<u>\$ 2,989,719</u>	<u>\$ 86,341</u>	<u>\$ 1,245,405</u>

(Continued)

Exhibit K-8

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

	<u>Capital Projects Fund</u>	
	Education Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 1,192,966	\$ 4,971,174
Trustee's Collections - Prior Year	20,589	84,525
Trustee's Collections - Bankruptcy	2,972	12,291
Circuit Clerk/Clerk and Master Collections - Prior Years	5,322	22,637
Interest and Penalty	4,679	19,499
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	4,460,229
<u>Statutory Local Taxes</u>		
Wholesale Beer Tax	0	123,937
Total Local Taxes	<u>\$ 1,226,528</u>	<u>\$ 9,694,292</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Marriage Licenses	\$ 0	\$ 1,923
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 1,923</u>
<u>Charges for Current Services</u>		
<u>Education Charges</u>		
Lunch Payments - Children	\$ 0	\$ 2,745
Lunch Payments - Adults	0	20,933
Income from Breakfast	0	683
A la Carte Sales	0	126,771
Receipts from Individual Schools	0	38,119
Community Service Fees - Children	0	86,341

(Continued)

Exhibit K-8

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

	<u>Capital Projects Fund</u>	
	Education Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Education Charges (Cont.)</u>		
Other Charges for Services	\$ 0	\$ 12,548
Total Charges for Current Services	\$ 0	\$ 288,140
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ (15,863)
Lease/Rentals	0	35,162
Sale of Materials and Supplies	0	41
Miscellaneous Refunds	2,784	57,407
<u>Nonrecurring Items</u>		
Damages Recovered from Individuals	0	400
<u>Other Local Revenues</u>		
Other Local Revenues	0	1,245,405
Total Other Local Revenues	\$ 2,784	\$ 1,322,552
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
On-behalf Contributions for OPEB	\$ 0	\$ 64,431
<u>State Education Funds</u>		
Basic Education Program	0	22,415,279
Early Childhood Education	0	692,549
School Food Service	0	18,360
Driver Education	0	16,509
Other State Education Funds	0	239,969

(Continued)

Exhibit K-8

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

	<u>Capital Projects Fund</u>	
	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>		
<u>State Education Funds (Cont.)</u>		
Coordinated School Health	\$ 0	\$ 104,308
Family Resource Centers	0	29,612
Statewide Student Management System (SSMS)	0	5,789
Career Ladder Program	0	49,539
<u>Other State Revenues</u>		
Income Tax	0	3,132
Beer Tax	0	14,354
State Revenue Sharing - T.V.A.	0	793,288
Other State Grants	0	5,000
Safe Schools	0	73,072
Other State Revenues	0	17,957
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 24,543,148</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
USDA School Lunch Program	\$ 0	\$ 1,882,300
USDA - Commodities	0	153,243
Breakfast	0	771,658
USDA - Other	0	3,063
Vocational Education - Basic Grants to States	0	68,843
Title I Grants to Local Education Agencies	0	843,578
Special Education - Grants to States	0	947,847
Special Education Preschool Grants	0	42,860
English Language Acquisition Grants	0	6,914

(Continued)

Exhibit K-8

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

	<u>Capital Projects Fund</u>	
	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>		
<u>Federal Through State (Cont.)</u>		
Eisenhower Professional Development State Grants	\$ 0	\$ 92,971
COVID-19 Grant #1	0	104,537
COVID-19 Grant B	0	1,714,462
COVID-19 Grant D	0	190,000
American Rescue Plan Act Grant #1	0	1,168,601
American Rescue Plan Act Grant #2	0	67,468
American Rescue Plan Act Grant #3	0	468
Other Federal through State	0	765,030
<u>Direct Federal Revenue</u>		
ROTC Reimbursement	0	84,352
Total Federal Government	<u>\$ 0</u>	<u>\$ 8,908,195</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0	\$ 6,387
<u>Citizens Groups</u>		
Donations	0	33,348
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 39,735</u>
Total	<u>\$ 1,229,312</u>	<u>\$ 44,797,985</u>

Exhibit K-9

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

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	121,867	
Social Security		6,926	
Employer Medicare		1,767	
Contributions		6,387	
Data Processing Services		6,750	
Dues and Memberships		3,187	
Legal Notices, Recording, and Court Costs		6,511	
Postal Charges		299	
Travel		21,895	
Total County Commission			\$ 175,589

County Mayor/Executive

County Official/Administrative Officer	\$	102,552	
Secretary(ies)		24,640	
Clerical Personnel		34,472	
Other Salaries and Wages		1,940	
Social Security		9,643	
Pensions		7,194	
Medical Insurance		19,566	
Employer Medicare		2,255	
Communication		540	
Dues and Memberships		3,263	
Legal Notices, Recording, and Court Costs		62	
Postal Charges		759	
Travel		4,030	
Duplicating Supplies		1,868	
Office Supplies		1,300	
Periodicals		938	
In Service/Staff Development		2,332	
Total County Mayor/Executive			217,354

County Attorney

County Official/Administrative Officer	\$	28,393	
Social Security		1,760	
Employer Medicare		412	
Legal Notices, Recording, and Court Costs		694	
Other Contracted Services		46,075	
Other Charges		1,500	
Total County Attorney			78,834

Election Commission

County Official/Administrative Officer	\$	79,908	
Deputy(ies)		62,980	
Election Commission		3,900	
Election Workers		1,709	
Social Security		9,042	
Pensions		7,739	

(Continued)

Exhibit K-9

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

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

Medical Insurance	\$	8,518	
Employer Medicare		2,349	
Communication		1,772	
Data Processing Services		3,502	
Legal Notices, Recording, and Court Costs		6,036	
Maintenance Agreements		3,880	
Maintenance and Repair Services - Office Equipment		358	
Postal Charges		19,536	
Printing, Stationery, and Forms		4,864	
Duplicating Supplies		1,846	
Office Supplies		3,025	
Other Supplies and Materials		4,276	
In Service/Staff Development		1,127	
Voting Machines		7,168	
Other Equipment		10,862	
Total Election Commission			\$ 244,397

Register of Deeds

County Official/Administrative Officer	\$	88,788	
Deputy(ies)		90,721	
Social Security		10,097	
Pensions		9,095	
Medical Insurance		42,125	
Employer Medicare		2,361	
Data Processing Services		14,036	
Dues and Memberships		878	
Postal Charges		599	
Duplicating Supplies		1,239	
Office Supplies		1,751	
In Service/Staff Development		1,390	
Total Register of Deeds			263,080

Planning

County Official/Administrative Officer	\$	61,466	
Secretary(ies)		28,031	
Part-time Personnel		10,492	
Other Salaries and Wages		66,042	
Board and Committee Members Fees		5,375	
Social Security		9,697	
Pensions		7,402	
Medical Insurance		26,361	
Employer Medicare		2,268	
Communication		1,512	
Data Processing Services		45,122	
Dues and Memberships		974	
Engineering Services		13,012	
Legal Notices, Recording, and Court Costs		2,877	

(Continued)

Exhibit K-9

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

General Fund (Cont.)General Government (Cont.)Planning (Cont.)

Maintenance and Repair Services - Vehicles	\$	889	
Postal Charges		211	
Duplicating Supplies		1,281	
Gasoline		4,571	
Office Supplies		2,375	
Uniforms		112	
In Service/Staff Development		4,817	
Motor Vehicles		28,748	
Office Equipment		7,996	
Total Planning			\$ 331,631

County Buildings

County Official/Administrative Officer	\$	52,581	
Custodial Personnel		13,183	
Bonus Payments		364,464	
Social Security		26,466	
Pensions		17,872	
Employer Medicare		6,222	
Communication		2,905	
Engineering Services		2,500	
Janitorial Services		90,079	
Maintenance and Repair Services - Buildings		174,465	
Maintenance and Repair Services - Equipment		59,403	
Maintenance and Repair Services - Vehicles		918	
Pest Control		1,589	
Disposal Fees		1,100	
Custodial Supplies		11,661	
Electricity		84,924	
Gasoline		962	
Natural Gas		12,835	
Water and Sewer		7,269	
Building and Contents Insurance		407,187	
Site Development		12,116	
Vocational Instruction Equipment		28,850	
Other Construction		13,900	
Total County Buildings			1,393,451

Preservation of Records

Board and Committee Members Fees	\$	5,950	
Social Security		369	
Employer Medicare		86	
Other Contracted Services		3,588	
Office Supplies		397	
Total Preservation of Records			10,390

(Continued)

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

General Fund (Cont.)

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	87,942	
Accountants/Bookkeepers		205,172	
Social Security		16,964	
Pensions		14,515	
Medical Insurance		60,471	
Employer Medicare		3,967	
Contracts with Government Agencies		14,481	
Data Processing Services		15,071	
Dues and Memberships		700	
Legal Notices, Recording, and Court Costs		1,593	
Maintenance Agreements		2,244	
Maintenance and Repair Services - Office Equipment		676	
Postal Charges		4,662	
Printing, Stationery, and Forms		4,708	
Travel		27	
Duplicating Supplies		1,915	
Office Supplies		5,390	
Other Supplies and Materials		2,224	
Office Equipment		10,672	
Total Accounting and Budgeting			\$ 453,394

Property Assessor's Office

County Official/Administrative Officer	\$	88,788	
Deputy(ies)		64,628	
Other Salaries and Wages		12,268	
Board and Committee Members Fees		2,969	
Social Security		9,736	
Pensions		8,156	
Medical Insurance		23,208	
Employer Medicare		2,294	
Contracts with Private Agencies		15,989	
Data Processing Services		4,524	
Dues and Memberships		1,714	
Legal Notices, Recording, and Court Costs		402	
Maintenance Agreements		1,851	
Maintenance and Repair Services - Vehicles		223	
Postal Charges		22	
Travel		310	
Duplicating Supplies		2,402	
Gasoline		1,243	
Office Supplies		1,307	
In Service/Staff Development		175	
Motor Vehicles		43,179	
Total Property Assessor's Office			285,388

Reappraisal Program

Secretary(ies)	\$	16,964
----------------	----	--------

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Other Salaries and Wages	\$	16,178	
Social Security		1,854	
Pensions		1,032	
Medical Insurance		3,456	
Employer Medicare		472	
Contracts with Government Agencies		3,737	
Total Reappraisal Program			\$ 43,693

County Trustee's Office

County Official/Administrative Officer	\$	88,788	
Deputy(ies)		85,382	
Other Salaries and Wages		6,338	
Social Security		10,633	
Pensions		9,035	
Medical Insurance		27,077	
Employer Medicare		2,487	
Contracts with Government Agencies		8,118	
Data Processing Services		11,526	
Dues and Memberships		998	
Legal Notices, Recording, and Court Costs		122	
Maintenance Agreements		3,124	
Maintenance and Repair Services - Office Equipment		321	
Postal Charges		11,013	
Duplicating Supplies		710	
Office Supplies		4,014	
In Service/Staff Development		2,210	
Office Equipment		449	
Total County Trustee's Office			272,345

County Clerk's Office

County Official/Administrative Officer	\$	88,788	
Deputy(ies)		120,668	
Part-time Personnel		7,471	
Social Security		13,006	
Pensions		10,996	
Medical Insurance		34,074	
Employer Medicare		3,042	
Data Processing Services		8,755	
Dues and Memberships		903	
Maintenance Agreements		9,841	
Postal Charges		14,195	
Printing, Stationery, and Forms		1,597	
Duplicating Supplies		668	
Office Supplies		1,345	
In Service/Staff Development		1,036	
Other Charges		1,648	
Office Equipment		633	
Total County Clerk's Office			318,666

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Data Processing

County Official/Administrative Officer	\$	61,466	
Social Security		3,770	
Pensions		3,227	
Medical Insurance		5,062	
Employer Medicare		882	
Communication		819	
Contracts with Government Agencies		6,580	
Data Processing Services		5,987	
Licenses		8,939	
Maintenance Agreements		1,590	
Postal Charges		13	
Other Contracted Services		7,024	
Gasoline		1,022	
Office Supplies		288	
Data Processing Equipment		9,580	
Total Data Processing			\$ 116,249

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	88,788	
Clerical Personnel		263,662	
Overtime Pay		1,827	
Other Salaries and Wages		2,475	
Jury and Witness Expense		8,637	
Social Security		20,812	
Pensions		16,870	
Medical Insurance		68,684	
Employer Medicare		4,867	
Communication		1,824	
Data Processing Services		25,506	
Dues and Memberships		1,113	
Legal Notices, Recording, and Court Costs		975	
Maintenance Agreements		16,518	
Postal Charges		4,344	
Printing, Stationery, and Forms		5,783	
Other Contracted Services		1,164	
Duplicating Supplies		1,664	
Office Supplies		9,045	
In Service/Staff Development		2,189	
Data Processing Equipment		102,479	
Office Equipment		2,081	
Total Circuit Court			651,307

General Sessions Court

Judge(s)	\$	150,032
Social Security		8,909
Pensions		7,877

(Continued)

Exhibit K-9

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

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

Medical Insurance	\$	12,694	
Employer Medicare		2,087	
Dues and Memberships		375	
Travel		954	
Total General Sessions Court			\$ 182,928

Chancery Court

County Official/Administrative Officer	\$	88,788	
Deputy(ies)		105,128	
Social Security		11,851	
Pensions		10,128	
Medical Insurance		17,037	
Employer Medicare		2,772	
Data Processing Services		12,285	
Dues and Memberships		883	
Maintenance Agreements		470	
Maintenance and Repair Services - Office Equipment		96	
Postal Charges		1,259	
Printing, Stationery, and Forms		1,818	
Duplicating Supplies		1,154	
Office Supplies		2,606	
In Service/Staff Development		3,730	
Office Equipment		5,869	
Total Chancery Court			265,874

Juvenile Court

Assistant(s)	\$	48,454	
Youth Service Officer(s)		46,447	
Salary Supplements		10,000	
Other Salaries and Wages		18,584	
Social Security		7,408	
Pensions		6,490	
Medical Insurance		16,495	
Employer Medicare		1,732	
Communication		480	
Postal Charges		222	
Travel		1,173	
Other Contracted Services		66,770	
Office Supplies		1,052	
Other Charges		20	
Total Juvenile Court			225,327

Judicial Commissioners

Other Salaries and Wages	\$	45,000	
Social Security		2,790	
Employer Medicare		652	
Communication		1,706	
In Service/Staff Development		300	
Total Judicial Commissioners			50,448

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security

Deputy(ies)	\$	135,408	
Overtime Pay		9,879	
Social Security		8,714	
Pensions		7,604	
Medical Insurance		24,144	
Employer Medicare		2,038	
Communication		106	
Maintenance and Repair Services - Buildings		6,398	
Other Contracted Services		5,930	
Total Courtroom Security			\$ 200,221

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	97,669	
Assistant(s)		133,191	
Deputy(ies)		695,379	
Detective(s)		17,434	
Investigator(s)		193,251	
Sergeant(s)		257,704	
Accountants/Bookkeepers		57,114	
Salary Supplements		31,200	
Temporary Personnel		13,333	
Part-time Personnel		21,030	
School Resource Officer		293,405	
Overtime Pay		53,464	
Bonus Payments		23,011	
Other Salaries and Wages		6,200	
Social Security		113,377	
Pensions		94,912	
Medical Insurance		272,563	
Employer Medicare		26,533	
Communication		40,033	
Contracts with Government Agencies		496,783	
Contributions		5,000	
Dues and Memberships		8,539	
Maintenance and Repair Services - Equipment		1,652	
Maintenance and Repair Services - Vehicles		94,474	
Medical and Dental Services		23,268	
Postal Charges		933	
Towing Services		1,675	
Travel		1,446	
Duplicating Supplies		1,397	
Gasoline		161,722	
Law Enforcement Supplies		3,830	
Office Supplies		6,935	
Uniforms		23,935	
Other Supplies and Materials		154	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

In Service/Staff Development	\$	3,654	
Other Charges		8,400	
Law Enforcement Equipment		800	
Motor Vehicles		258,362	
Office Equipment		830	
Other Equipment		6,739	
Total Sheriff's Department			\$ 3,551,331

Special Patrols

Overtime Pay	\$	590	
Social Security		35	
Pensions		32	
Employer Medicare		8	
Total Special Patrols			665

Jail

Assistant(s)	\$	55,769	
Supervisor/Director		53,633	
Lieutenant(s)		39,964	
Sergeant(s)		162,194	
Guards		983,813	
Secretary(ies)		48,315	
Cafeteria Personnel		28,338	
Maintenance Personnel		78,258	
Overtime Pay		133,707	
Other Salaries and Wages		152,853	
Social Security		103,234	
Pensions		73,834	
Medical Insurance		300,079	
Employer Medicare		24,143	
Ambulance Services		41,470	
Communication		21,082	
Data Processing Services		7,736	
Legal Services		1,460	
Maintenance Agreements		13,320	
Maintenance and Repair Services - Buildings		34,123	
Maintenance and Repair Services - Equipment		51,970	
Maintenance and Repair Services - Vehicles		16,810	
Medical and Dental Services		224,347	
Pest Control		1,200	
Transportation - Other than Students		40,401	
Disposal Fees		3,360	
Custodial Supplies		57,496	
Drugs and Medical Supplies		61,249	
Duplicating Supplies		1,670	
Electricity		91,739	
Food Supplies		307,668	

(Continued)

Exhibit K-9

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

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

Gasoline	\$	18,390	
Natural Gas		29,311	
Office Supplies		6,485	
Prisoners Clothing		24,635	
Uniforms		21,958	
Water and Sewer		72,327	
Other Supplies and Materials		3,138	
In Service/Staff Development		8,237	
Other Charges		932	
Communication Equipment		1,467	
Maintenance Equipment		2,257	
Office Equipment		4,830	
Total Jail			\$ 3,409,202

Fire Prevention and Control

Contracts with Private Agencies	\$	1,485	
Contributions		55,000	
Data Processing Services		660	
Dues and Memberships		653	
Maintenance and Repair Services - Buildings		35,231	
Maintenance and Repair Services - Equipment		18,281	
Maintenance and Repair Services - Vehicles		42,134	
Electricity		18,077	
Food Supplies		1,388	
Gasoline		10,001	
Natural Gas		13,374	
Office Supplies		486	
Uniforms		18,209	
Water and Sewer		4,218	
Other Supplies and Materials		8,633	
Liability Insurance		4,149	
In Service/Staff Development		4,632	
Other Equipment		494	
Other Capital Outlay		91,612	
Total Fire Prevention and Control			328,717

Civil Defense

Supervisor/Director	\$	65,827	
Deputy(ies)		34,174	
Secretary(ies)		30,984	
Social Security		7,935	
Pensions		6,877	
Medical Insurance		17,037	
Employer Medicare		1,856	
Communication		5,446	
Data Processing Services		12,945	
Dues and Memberships		155	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Legal Notices, Recording, and Court Costs	\$	18	
Maintenance and Repair Services - Buildings		2,142	
Maintenance and Repair Services - Equipment		1,335	
Maintenance and Repair Services - Vehicles		5,675	
Pest Control		348	
Travel		358	
Other Contracted Services		3,240	
Duplicating Supplies		1,649	
Electricity		6,364	
Gasoline		4,831	
Natural Gas		1,871	
Office Supplies		362	
Uniforms		615	
Water and Sewer		1,234	
Other Supplies and Materials		458	
In Service/Staff Development		1,380	
Other Charges		499	
Motor Vehicles		31,250	
Other Capital Outlay		19,134	
Total Civil Defense			\$ 265,999

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	226,329	
Social Security		12,771	
Pensions		5,699	
Medical Insurance		50,940	
Employer Medicare		3,123	
Communication		3,654	
Contracts with Government Agencies		40,000	
Janitorial Services		44,176	
Maintenance and Repair Services - Equipment		8,088	
Pest Control		216	
Travel		6,482	
Disposal Fees		480	
Electricity		10,196	
Natural Gas		1,390	
Office Supplies		307	
Water and Sewer		1,897	
Other Supplies and Materials		2,840	
In Service/Staff Development		200	
Other Charges		3,273	
Total Local Health Center			422,061

Maternal and Child Health Services

Contracts with Other Public Agencies	\$	62,500	
Total Maternal and Child Health Services			62,500

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services

Contracts with Other Public Agencies	\$	9,158	
Total Other Local Welfare Services			\$ 9,158

Sanitation Management

Salary Supplements	\$	1,200	
Other Salaries and Wages		31,624	
Social Security		1,938	
Pensions		1,723	
Medical Insurance		8,518	
Employer Medicare		453	
Contracts with Private Agencies		78,895	
Instructional Supplies and Materials		15,709	
Other Charges		5,171	
Total Sanitation Management			145,231

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$	14,350	
Total Adult Activities			14,350

Libraries

Contributions	\$	118,101	
Total Libraries			118,101

Parks and Fair Boards

Contracts with Other Public Agencies	\$	27,000	
Contributions		22,000	
Total Parks and Fair Boards			49,000

Agriculture and Natural Resources

Agricultural Extension Service

Board and Committee Members Fees	\$	850	
Communication		1,799	
Contracts with Other Public Agencies		100,190	
Travel		4,000	
Duplicating Supplies		1,900	
Office Equipment		3,489	
Total Agricultural Extension Service			112,228

Forest Service

Contributions	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Secretary(ies)	\$	23,272	
Other Salaries and Wages		27,924	
Social Security		3,098	

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Pensions	\$	2,541	
Medical Insurance		8,518	
Employer Medicare		724	
Other Charges		3,323	
Total Soil Conservation			\$ 69,400

Other Operations

Industrial Development

Contracts with Other Public Agencies	\$	1,055,511	
Contributions		102,500	
Total Industrial Development			1,158,011

Other Economic and Community Development

Contributions	\$	12,500	
Total Other Economic and Community Development			12,500

Airport

Airport Improvement	\$	16,103	
Total Airport			16,103

Veterans' Services

Clerical Personnel	\$	16,113	
Social Security		806	
Employer Medicare		236	
Communication		2,615	
Maintenance and Repair Services - Vehicles		980	
Postal Charges		12	
Transportation - Other than Students		5,608	
Travel		1,218	
Gasoline		105	
Office Supplies		2,489	
Other Charges		921	
Total Veterans' Services			31,103

Contributions to Other Agencies

Contributions	\$	10,000	
Total Contributions to Other Agencies			10,000

COVID-19 Grant #1

Other Charges	\$	21,000	
Total COVID-19 Grant #1			21,000

Miscellaneous

Unemployment Compensation	\$	3,723	
Dues and Memberships		5,498	
Medical and Dental Services		18,000	
Trustee's Commission		181,707	

(Continued)

Exhibit K-9

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

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

Workers' Compensation Insurance	\$	239,345	
Other Charges		<u>20,091</u>	
Total Miscellaneous			<u>\$ 468,364</u>

Total General Fund \$ 16,057,590

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Maintenance and Repair Services - Equipment	\$	163	
Other Contracted Services		42,000	
Electricity		2,288	
Natural Gas		34	
Water and Sewer		<u>203</u>	
Total Sanitation Management			<u>\$ 44,688</u>

Convenience Centers

Part-time Personnel	\$	92,713	
Social Security		5,748	
Employer Medicare		1,344	
Communication		720	
Contracts with Other Public Agencies		123,390	
Maintenance and Repair Services - Equipment		7,625	
Electricity		4,576	
Water and Sewer		824	
Other Supplies and Materials		512	
Other Capital Outlay		<u>1,344</u>	
Total Convenience Centers			238,796

Other Waste Disposal

County Official/Administrative Officer	\$	16,648	
Clerical Personnel		35,946	
Social Security		2,993	
Pensions		2,715	
Medical Insurance		9,092	
Employer Medicare		747	
Contracts with Government Agencies		109,792	
Contracts with Other Public Agencies		923,423	
Legal Services		994	
Legal Notices, Recording, and Court Costs		29	
Travel		51	
Disposal Fees		121,942	
Trustee's Commission		11,589	
In Service/Staff Development		75	
Other Charges		<u>1,063</u>	
Total Other Waste Disposal			1,237,099

(Continued)

Exhibit K-9

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Postclosure Care Costs

Contracts for Postclosure Care Costs	\$ 42,150	
Total Postclosure Care Costs		\$ 42,150

Total Solid Waste/Sanitation Fund \$ 1,562,733

Drug Control FundPublic SafetyDrug Enforcement

Confidential Drug Enforcement Payments	\$ 20,000	
Animal Food and Supplies	8,889	
Law Enforcement Supplies	4,052	
Trustee's Commission	751	
In Service/Staff Development	1,234	
Total Drug Enforcement		\$ 34,926

Total Drug Control Fund 34,926

Constitutional Officers - Fees FundAdministration of JusticeChancery Court

Special Commissioner Fees/Special Master Fees	\$ 6,599	
Total Chancery Court		\$ 6,599

Total Constitutional Officers - Fees Fund 6,599

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 97,669	
Assistant(s)	53,295	
Accountants/Bookkeepers	52,250	
Longevity Pay	1,000	
Overtime Pay	382	
Social Security	12,583	
Pensions	10,741	
Medical Insurance	25,014	
Employer Medicare	2,943	
Communication	3,058	
Dues and Memberships	4,576	
Janitorial Services	5,850	
Legal Services	302	
Legal Notices, Recording, and Court Costs	64	
Maintenance and Repair Services - Office Equipment	674	
Postal Charges	552	
Printing, Stationery, and Forms	272	
Travel	1,340	
Electricity	16,486	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Office Supplies	\$	417	
Office Equipment		138	
Total Administration			\$ 289,606

Highway and Bridge Maintenance

Foremen	\$	85,690	
Equipment Operators		156,018	
Truck Drivers		108,784	
Laborers		90,795	
Longevity Pay		6,000	
Overtime Pay		4,256	
Social Security		27,389	
Pensions		23,706	
Medical Insurance		71,343	
Employer Medicare		6,406	
Other Contracted Services		58,496	
Asphalt		646,316	
Asphalt - Hot Mix		1,982,288	
Concrete		482	
Crushed Stone		15,893	
General Construction Materials		624	
Pipe - Metal		152,748	
Road Signs		26,113	
Total Highway and Bridge Maintenance			3,463,347

Operation and Maintenance of Equipment

Mechanic(s)	\$	90,859	
Longevity Pay		1,000	
Overtime Pay		2,744	
Social Security		5,784	
Pensions		4,967	
Medical Insurance		12,869	
Employer Medicare		1,353	
Laundry Service		2,104	
Maintenance and Repair Services - Equipment		26,371	
Diesel Fuel		151,970	
Equipment and Machinery Parts		140,557	
Garage Supplies		1,521	
Gasoline		46,393	
Lubricants		10,730	
Propane Gas		7,972	
Tires and Tubes		49,313	
Other Supplies and Materials		576	
Communication Equipment		227	
Total Operation and Maintenance of Equipment			557,310

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations

Foremen	\$	45,771	
Equipment Operators		67,402	
Truck Drivers		33,336	
Longevity Pay		2,000	
Overtime Pay		396	
Social Security		8,492	
Pensions		7,479	
Medical Insurance		27,316	
Employer Medicare		1,986	
Maintenance and Repair Services - Equipment		10,887	
Electricity		24,803	
Water and Sewer		3,631	
In Service/Staff Development		837	
Total Quarry Operations			\$ 234,336

Other Charges

Trustee's Commission	\$	64,288	
Vehicle and Equipment Insurance		63,769	
Total Other Charges			128,057

Employee Benefits

Unemployment Compensation	\$	413	
Workers' Compensation Insurance		71,545	
Total Employee Benefits			71,958

Capital Outlay

Engineering Services	\$	43,742	
Bridge Construction		458,228	
Highway Equipment		212,316	
Total Capital Outlay			<u>714,286</u>

Total Highway/Public Works Fund \$ 5,458,900

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	300,000	
Principal on Notes		85,000	
Total General Government			\$ 385,000

Education

Principal on Bonds	\$	810,000	
Total Education			810,000

Interest on Debt

General Government

Interest on Bonds	\$	158,930	
Interest on Notes		11,524	
Total General Government			170,454

(Continued)

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt (Cont.)</u>			
<u>Education</u>			
Interest on Bonds	\$	1,267,938	
Total Education			\$ 1,267,938
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	43,639	
Total General Government			43,639
<u>Education</u>			
Other Debt Issuance Charges	\$	800	
Total Education			<u>800</u>
Total General Debt Service Fund			<u>\$ 2,677,831</u>
Total Governmental Funds - Primary Government			<u><u>\$ 25,798,579</u></u>

Exhibit K-10

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

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$	10,841,206	
Career Ladder Program		33,150	
Homebound Teachers		1,325	
Educational Assistants		321,698	
Certified Substitute Teachers		12,885	
Non-certified Substitute Teachers		99,280	
Social Security		659,538	
Pensions		1,023,346	
Employee and Dependent Insurance		89,483	
Medical Insurance		1,430,691	
Unemployment Compensation		10,432	
Employer Medicare		154,558	
Data Processing Services		174,460	
Maintenance and Repair Services - Equipment		37,772	
Other Contracted Services		126,992	
Instructional Supplies and Materials		140,893	
Textbooks - Bound		138,787	
Other Supplies and Materials		1,394	
Fee Waivers		35,670	
Principal on Leases		220,088	
Interest on Leases		14,812	
Furniture and Fixtures		26,094	
Regular Instruction Equipment		153,111	
Other Equipment		25,924	
Total Regular Instruction Program			\$ 15,773,589

Alternative Instruction Program

Teachers	\$	103,096	
Social Security		6,013	
Pensions		10,619	
Medical Insurance		15,491	
Employer Medicare		1,406	
Instructional Supplies and Materials		496	
Total Alternative Instruction Program			137,121

Special Education Program

Teachers	\$	1,194,223	
Career Ladder Program		4,000	
Homebound Teachers		4,662	
Educational Assistants		410,187	
Speech Pathologist		101,655	
Certified Substitute Teachers		632	
Non-certified Substitute Teachers		16,475	
Social Security		99,964	
Pensions		123,081	
Employee and Dependent Insurance		131,050	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	200,043	
Employer Medicare		23,421	
Contracts with Other Public Agencies		62,584	
Contracts with Private Agencies		26,690	
Instructional Supplies and Materials		8,360	
Other Supplies and Materials		1,017	
Total Special Education Program			\$ 2,408,044

Career and Technical Education Program

Teachers	\$	872,350	
Career Ladder Program		2,000	
Non-certified Substitute Teachers		200	
Social Security		51,327	
Pensions		79,585	
Medical Insurance		110,581	
Employer Medicare		12,004	
Maintenance and Repair Services - Equipment		2,916	
Instructional Supplies and Materials		34,952	
Other Charges		33,075	
Vocational Instruction Equipment		33,893	
Total Career and Technical Education Program			1,232,883

Student Body Education Program

Salary Supplements	\$	27,617	
Other Salaries and Wages		39,158	
Social Security		3,987	
Pensions		3,711	
Employer Medicare		947	
Total Student Body Education Program			75,420

Support Services

Attendance

Supervisor/Director	\$	89,164	
Career Ladder Program		1,000	
Other Salaries and Wages		49,317	
Social Security		8,508	
Pensions		11,876	
Employee and Dependent Insurance		7,108	
Medical Insurance		6,751	
Employer Medicare		1,990	
Travel		1,789	
Other Contracted Services		16,089	
Total Attendance			193,592

Health Services

Supervisor/Director	\$	92,774	
---------------------	----	--------	--

(Continued)

Exhibit K-10

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

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

Clerical Personnel	\$	20,511	
Social Security		4,553	
Pensions		6,341	
Employee and Dependent Insurance		7,108	
Medical Insurance		3,364	
Employer Medicare		1,688	
Travel		151	
Drugs and Medical Supplies		6,187	
Total Health Services			\$ 142,677

Other Student Support

Guidance Personnel	\$	542,934	
Social Security		31,924	
Pensions		42,044	
Employee and Dependent Insurance		3,666	
Medical Insurance		52,314	
Employer Medicare		7,466	
Evaluation and Testing		31,570	
In Service/Staff Development		13,263	
Other Charges		5,490	
Other Equipment		51,055	
Total Other Student Support			781,726

Regular Instruction Program

Supervisor/Director	\$	309,366	
Career Ladder Program		4,000	
Librarians		321,042	
Instructional Computer Personnel		83,279	
Other Salaries and Wages		19,282	
Social Security		43,450	
Pensions		70,198	
Medical Insurance		76,715	
Employer Medicare		10,162	
Travel		13,875	
Instructional Supplies and Materials		3,892	
Library Books/Media		8,836	
Other Supplies and Materials		2,876	
In Service/Staff Development		33,098	
Other Charges		29,910	
Total Regular Instruction Program			1,029,981

Special Education Program

Supervisor/Director	\$	38,374	
Secretary(ies)		29,921	
Other Salaries and Wages		63,910	
Social Security		7,159	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Pensions	\$	12,106	
Employee and Dependent Insurance		7,445	
Medical Insurance		8,973	
Employer Medicare		1,674	
Travel		2,837	
Other Supplies and Materials		2,649	
In Service/Staff Development		800	
Special Education Equipment		960	
Total Special Education Program			\$ 176,808

Career and Technical Education Program

Supervisor/Director	\$	70,865	
Clerical Personnel		19,011	
Social Security		4,932	
Pensions		4,541	
Employee and Dependent Insurance		7,259	
Medical Insurance		9,100	
Employer Medicare		1,153	
Travel		16,637	
In Service/Staff Development		2,128	
Other Charges		3,000	
Total Career and Technical Education Program			138,626

Technology

Data Processing Services	\$	3,500	
Internet Connectivity		45,946	
Total Technology			49,446

Other Programs

On-behalf Payments to OPEB	\$	64,431	
Total Other Programs			64,431

Board of Education

Secretary to Board	\$	2,000	
Board and Committee Members Fees		42,072	
Social Security		2,241	
Pensions		122	
Employer Medicare		638	
Audit Services		18,000	
Data Processing Services		2,273	
Dues and Memberships		13,031	
Legal Services		5,078	
Travel		5,693	
Liability Insurance		375,903	
Trustee's Commission		156,451	
Workers' Compensation Insurance		185,429	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Board of Education (Cont.)

Criminal Investigation of Applicants - TBI	\$	10,843	
Other Charges		28,222	
Total Board of Education			\$ 847,996

Director of Schools

County Official/Administrative Officer	\$	160,773	
Career Ladder Program		1,000	
Secretary(ies)		75,597	
Other Salaries and Wages		13,395	
Social Security		12,770	
Pensions		20,860	
Employee and Dependent Insurance		7,108	
Medical Insurance		9,100	
Employer Medicare		3,679	
Communication		11,487	
Postal Charges		500	
Travel		13,316	
Office Supplies		6,231	
Total Director of Schools			335,816

Office of the Principal

Assistant(s)	\$	240,573	
Principals		670,453	
Career Ladder Program		3,000	
Secretary(ies)		4,800	
Clerical Personnel		309,289	
Social Security		70,325	
Pensions		101,122	
Employee and Dependent Insurance		76,666	
Medical Insurance		66,393	
Employer Medicare		16,447	
Communication		9,449	
Contributions		40,000	
Travel		1,018	
Duplicating Supplies		72,131	
Total Office of the Principal			1,681,666

Operation of Plant

Custodial Personnel	\$	394,380	
Social Security		23,323	
Pensions		15,510	
Employee and Dependent Insurance		84,504	
Employer Medicare		5,455	
Other Contracted Services		16,095	
Custodial Supplies		121,214	
Electricity		975,419	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Natural Gas	\$	134,624	
Water and Sewer		103,371	
Other Charges		38,210	
Total Operation of Plant			\$ 1,912,105

Maintenance of Plant

Supervisor/Director	\$	84,129	
Maintenance Personnel		270,756	
Other Salaries and Wages		246,503	
Social Security		36,491	
Pensions		35,068	
Employee and Dependent Insurance		57,419	
Medical Insurance		13,502	
Employer Medicare		8,534	
Maintenance and Repair Services - Buildings		65,291	
Maintenance and Repair Services - Equipment		94,299	
Maintenance and Repair Services - Vehicles		8,563	
General Construction Materials		11,076	
Other Supplies and Materials		22,776	
Other Charges		29,125	
Heating and Air Conditioning Equipment		10,488	
Total Maintenance of Plant			994,020

Transportation

Supervisor/Director	\$	86,116	
Mechanic(s)		91,771	
Bus Drivers		640,540	
Secretary(ies)		31,377	
Other Salaries and Wages		80,221	
Social Security		54,443	
Pensions		51,091	
Employee and Dependent Insurance		36,075	
Medical Insurance		10,516	
Employer Medicare		13,268	
Communication		4,396	
Medical and Dental Services		6,786	
Diesel Fuel		8,000	
Gasoline		278,572	
Lubricants		6,938	
Tires and Tubes		8,266	
Vehicle Parts		72,593	
Other Supplies and Materials		20,621	
Other Charges		7,958	
Motor Vehicles		81,530	
Transportation Equipment		210,562	
Total Transportation			1,801,640

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)Operation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	72,087	
Clerical Personnel		11,843	
Cafeteria Personnel		18,027	
Social Security		6,279	
Pensions		8,993	
Employer Medicare		1,468	
Total Food Service			\$ 118,697

Community Services

Teachers	\$	183,229	
Educational Assistants		18,305	
Other Salaries and Wages		36,694	
Social Security		14,770	
Pensions		18,474	
Employer Medicare		3,454	
Travel		1,231	
Other Supplies and Materials		5,222	
In Service/Staff Development		6,872	
Other Charges		178	
Total Community Services			288,429

Early Childhood Education

Supervisor/Director	\$	40,803	
Teachers		430,966	
Educational Assistants		119,086	
Other Salaries and Wages		11,550	
Certified Substitute Teachers		720	
Non-certified Substitute Teachers		5,610	
Social Security		34,659	
Pensions		54,578	
Medical Insurance		94,720	
Employer Medicare		8,119	
Communication		845	
Travel		14	
Instructional Supplies and Materials		7,660	
Other Supplies and Materials		477	
In Service/Staff Development		699	
Other Equipment		15,709	
Total Early Childhood Education			826,215

Capital OutlayRegular Capital Outlay

Other Equipment	\$	628,679	
Other Construction		357,760	
Total Regular Capital Outlay			986,439

Total General Purpose School Fund \$ 31,997,367

(Continued)

Exhibit K-10

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	696,701	
Educational Assistants		81,586	
Other Salaries and Wages		101,975	
Certified Substitute Teachers		165	
Non-certified Substitute Teachers		3,855	
Social Security		47,653	
Pensions		71,849	
Medical Insurance		84,553	
Employer Medicare		11,229	
Instructional Supplies and Materials		60,779	
Textbooks - Electronic		32,750	
Textbooks - Bound		292,785	
Software		85,919	
Other Supplies and Materials		16,252	
Regular Instruction Equipment		28,491	
Total Regular Instruction Program			\$ 1,616,542

Special Education Program

Teachers	\$	6,857	
Educational Assistants		415,476	
Speech Pathologist		172,422	
Social Security		33,179	
Pensions		37,050	
Medical Insurance		137,548	
Employer Medicare		7,759	
Instructional Supplies and Materials		3,532	
Other Supplies and Materials		233	
Special Education Equipment		5,488	
Total Special Education Program			819,544

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	2,083	
Instructional Supplies and Materials		19,280	
Vocational Instruction Equipment		26,971	
Total Career and Technical Education Program			48,334

Support Services

Health Services

Medical Personnel	\$	291,289	
Bonus Payments		20,000	
Social Security		17,877	
Pensions		16,490	
Medical Insurance		21,801	
Employer Medicare		4,181	
Drugs and Medical Supplies		250,577	
Health Equipment		7,993	
Total Health Services			630,208

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Other Student Support

Social Workers	\$	19,367	
Social Security		987	
Pensions		1,017	
Medical Insurance		3,610	
Employer Medicare		231	
Evaluation and Testing		590	
Travel		8,946	
Other Supplies and Materials		1,228	
In Service/Staff Development		8,910	
Other Charges		7,940	
Total Other Student Support			\$ 52,826

Regular Instruction Program

Clerical Personnel	\$	8,074	
Other Salaries and Wages		103,828	
Certified Substitute Teachers		82	
Non-certified Substitute Teachers		500	
Social Security		6,923	
Pensions		7,521	
Medical Insurance		2,832	
Employer Medicare		1,624	
Other Contracted Services		113,000	
In Service/Staff Development		58,421	
Other Charges		417	
Total Regular Instruction Program			303,222

Special Education Program

Contracts with Other Public Agencies	\$	135,225	
Evaluation and Testing		7,650	
Travel		4,743	
Other Contracted Services		12,300	
In Service/Staff Development		3,333	
Total Special Education Program			163,251

Career and Technical Education Program

In Service/Staff Development	\$	3,598	
Total Career and Technical Education Program			3,598

Technology

Regular Instruction Equipment	\$	75,386	
Total Technology			75,386

Board of Education

Criminal Investigation of Applicants - TBI	\$	598	
Total Board of Education			598

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Operation of Plant

Plant Operation Equipment	\$	336	
Total Operation of Plant			\$ 336

Maintenance of Plant

Other Supplies and Materials	\$	3,350	
Total Maintenance of Plant			3,350

Transportation

Bus Drivers	\$	66,932	
Other Salaries and Wages		16,460	
Social Security		5,158	
Pensions		3,889	
Employer Medicare		1,209	
Diesel Fuel		6,634	
Lubricants		3,355	
Tires and Tubes		1,429	
Total Transportation			105,066

Operation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	6,850	
Cafeteria Personnel		2,623	
Social Security		584	
Pensions		843	
Employer Medicare		137	
Food Service Equipment		6,637	
Total Food Service			17,674

Capital OutlayRegular Capital Outlay

Architects	\$	88,500	
Engineering Services		341	
Building Improvements		138,401	
Other Capital Outlay		2,153,584	
Total Regular Capital Outlay			<u>2,380,826</u>

Total School Federal Projects Fund \$ 6,220,761

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Cafeteria Personnel	\$	508,834	
Bonus Payments		30,818	
Other Salaries and Wages		11,693	
Social Security		32,390	
Pensions		26,682	

(Continued)

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Employee and Dependent Insurance	\$	145,135	
Employer Medicare		7,591	
Contracts with Other Public Agencies		1,119,543	
Maintenance and Repair Services - Equipment		37,160	
Travel		1,049	
Other Contracted Services		6,601	
Food Preparation Supplies		1,979	
Office Supplies		3,395	
Uniforms		83	
USDA - Commodities		153,243	
Other Supplies and Materials		1,215	
Refunds		870	
Trustee's Commission		23	
Workers' Compensation Insurance		31,736	
In Service/Staff Development		612	
Other Charges		1,017	
Food Service Equipment		63,247	
Total Food Service			<u>\$ 2,184,916</u>

Total Central Cafeteria Fund \$ 2,184,916

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	61,466	
Social Security		3,017	
Pensions		3,622	
Employer Medicare		891	
Retirement - Hybrid Stabilization		339	
Trustee's Commission		927	
Other Charges		16,652	
Total Community Services			<u>\$ 86,914</u>

Total Extended School Program Fund 86,914

Internal School Fund

Operation of Non-Instructional Services

Community Services

Other Charges	\$	1,007,852	
Total Community Services			<u>\$ 1,007,852</u>

Total Internal School Fund 1,007,852

(Continued)

Exhibit K-10

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

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Trustee's Commission

\$ 24,521

Other Capital Outlay

220,146

Total Regular Capital Outlay

\$ 244,667

Total Education Capital Projects Fund

\$ 244,667

Other Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction

\$ 10,687

Total Education Capital Projects

\$ 10,687

Total Other Capital Projects Fund

10,687

Total Governmental Funds - Lincoln County School Department

\$ 41,753,164

Exhibit K-11

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

	Cities - Sales Tax Fund	City School ADA - Fayetteville Fund	Total
<u>Additions</u>			
Current Property Taxes	\$ 0	\$ 1,175,302	\$ 1,175,302
Trustee's Collections - Prior Years	0	21,557	21,557
Trustee's Collections - Bankruptcy	0	3,144	3,144
Circuit/Clerk & Master Collections - Prior Years	0	8,573	8,573
Interest and Penalty	0	4,610	4,610
Local Option Sales Tax	3,532,384	1,311,557	4,843,941
Wholesale Beer Tax	0	36,294	36,294
Marriage Licenses	0	592	592
Income Tax	0	974	974
Beer Tax	0	4,840	4,840
Total Additions	\$ 3,532,384	\$ 2,567,443	\$ 6,099,827
<u>Deductions</u>			
Remittance of Revenues Collected	\$ 3,532,384	\$ 2,541,794	\$ 6,074,178
Trustee's Commission	0	25,649	0
Total Deductions	\$ 3,532,384	\$ 2,567,443	\$ 6,074,178
Excess of Additions Over (Under) Deductions	\$ 0	\$ 0	\$ 0
Net Position, July 1, 2021	0	0	0
Net Position, June 30, 2022	\$ 0	\$ 0	\$ 0

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

Lincoln County Mayor and
Board of County Commissioners
Lincoln 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 23, 2023. Our report includes references to other auditors who audited the financial statements of the Lincoln Health System (major proprietary fund), the Lincoln County Board of Public Utilities (major proprietary fund), and the Internal School Fund of the discretely presented Lincoln County School Department, as described in our report on Lincoln County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a material weakness: 2022-002.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2022-001.

Lincoln County's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on Lincoln County's responses to the findings identified in our audit, which are described in the accompanying Schedule of Findings and Questioned Costs. Lincoln County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 Lincoln 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 23, 2023

JEM/tg



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

Lincoln County Mayor and
Board of County Commissioners
Lincoln 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 Lincoln County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lincoln County's major federal programs for the year ended June 30, 2022. Lincoln 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, Lincoln County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lincoln 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 Lincoln County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lincoln 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 Lincoln 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 Lincoln 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 Lincoln 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 Lincoln 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements. We issued our report thereon dated February 23, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

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

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 23, 2023

JEM/tg

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

Federal/Pass-through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Award:			
Rural Business Development Grant	10.351	N/A	\$ 22,642
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(4)	153,243 (6)
National School Lunch Program (Commodity Rebate- Food Storage)	10.555	(4)	5,041 (6)
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	(4)	771,658
National School Lunch Program	10.555	(4)	1,877,259 (6)
Child Nutrition Discretionary Grants Limited Availability	10.579	(4)	30,917
COVID 19 - Pandemic EBT Administrative Costs	10.649	(4)	3,063
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-21-67004-00	52,652
Total U.S. Department of Agriculture			<u>\$ 2,916,475</u>
U.S. Department of Justice:			
Direct Award:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 11,449
Passed through State Department of Finance and Administration:			
COVID 19 - Coronavirus Emergency Supplemental Funding Program	16.034	(4)	90,967
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention	16.540	31601-2215	1,500
Total U.S. Department of Justice			<u>\$ 103,916</u>
U.S. Department of Transportation:			
Passed-through State Department of Environment and Conservation:			
Highway Planning and Construction Cluster: (5)			
Recreational Trails Program	20.219	32701-03987	\$ 2,800
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z21THS167	665
Total U.S. Department of Transportation			<u>\$ 3,465</u>
U.S. Department of Treasury:			
Passed-through State Department of Health:			
COVID 19 - Coronavirus Relief Fund	21.019	LMC-PR-123020	\$ 228,625
Total U.S. Department of Treasury			<u>\$ 228,625</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(4)	\$ 843,569
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	(4)	949,639 (6)
COVID 19 - Special Education-Grants to States- ARP	84.027	(4)	67,467 (6)
Special Education - Preschool Grants	84.173	(4)	41,895 (6)
COVID 19 - Special Education-Preschool Grants- ARP	84.173	(4)	467 (6)
Career and Technical Education - Basic Grants to States	84.048	(4)	68,843
Supporting Effective Instruction State Grants	84.367	(4)	93,879
Comprehensive Literacy Development	84.371	(4)	83,000
Student Support and Academic Enrichment Program	84.424	(4)	58,449
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund	84.425D	(4)	40,000 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER I)	84.425D	(4)	171,537 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER II)	84.425D	(4)	1,928,238 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER ARP)	84.425U	(4)	1,097,028 (6)

(Continued)

Lincoln County, Tennessee, and the Lincoln 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 Education (Cont.):			
Passed-through Giles County, Tennessee, Board of Education:			
English Language Acquisition State Grants	84.365	(4)	\$ 6,914
Total U.S. Department of Education			\$ 5,450,925
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	(4)	\$ 769,836
Temporary Assistance for Needy Families	93.558	(4)	149,816
Passed-through State Department of Health:			
Small Rural Hospital Improvement Grant Program	93.301	Z-20-208242	75,949
COVID 19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	(4)	359,030
Preventive Health and Health Services Block Grant	93.991	34360-08622	26,157
Maternal and Child Health Services Block Grant to the States	93.994	34360-08622	54,170
Total U.S. Department of Health and Human Services			\$ 1,434,958
Total Expenditures of Federal Awards			\$ 10,138,364

		Contract Number	Expenditures
<u>State Grants</u>			
Mental Health Transport Grant - State Department of Finance and Administration	N/A	(4)	\$ 41,470
Juvenile Justice - State Commission on Children and Youth	N/A	(4)	9,000
Health Department Programs - State Department of Health	N/A	34360-08622	174,319
State Direct Appropriations Grant FY 2021 - State Department of Finance and Administration	N/A	(4)	407,262
Safe Schools - State Department of Education	N/A	(4)	73,072
Early Childhood Education Pilot Program - State Department of Education	N/A	(4)	692,549
Lottery for Education Afterschool Program - State Department of Education	N/A	(4)	239,969
Summer Learning Camps - State Department of Education	N/A	(4)	130,960
STREAM Mini Camps - State Department of Education	N/A	(4)	36,760
Bridge Camps - State Department of Education	N/A	(4)	59,096
Transportation Grant - State Department of Education	N/A	(4)	58,701
Coordinated School Health - State Department of Education	N/A	(4)	104,308
Family Resource Center - State Department of Education	N/A	(4)	29,612
PPE (Noncash Assistance) - State Department of Military	N/A	(4)	5,000
Litter Grant - State Department of Transportation	N/A	(4)	30,668
Total State Grants			\$ 2,092,746

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) Lincoln 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) Information not available.
- (5) Child Nutrition Cluster total \$2,807,201; Special Education Cluster total \$1,059,468; Highway Planning and Construction Cluster total \$2,800.
- (6) Total for FAL No. 10.555 is \$2,035,543; Total for FAL No. 84.027 is \$1,017,106; Total for FAL No. 84.173 is \$42,362; Total for FAL No. 84.425 is \$3,236,803.
- (7) CONSOLIDATED ADMINISTRATION
The following amounts were consolidated for administration purposes:

Program Title	Federal Assistance Listing Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 7,654
Supporting Effective Instruction State Grants	84.367	1,462
Total amounts consolidated for administration purposes		\$ 9,116

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

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

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
<u>OFFICE OF DIRECTOR OF SCHOOLS</u>					
2021	249	2021-001	Highland Rim School investigation revealed misappropriation of funds totaling at least \$6,127.	N/A	Corrected

Prior-year Federal Awards Findings

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

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

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Lincoln County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **YES**
 - * Significant deficiency identified? **NONE REPORTED**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * Assistance Listing Number: 84.010 Title I Grants to Local Educational
 - * Assistance Listing Number: 84.425 COVID 19 - Education Stabilization Fund
 - * Assistance Listing Number: 93.323 COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

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 FINANCE

FINDING 2022-001 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations. These deficiencies exist because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures, and management's failure to provide sufficient oversight.

- A. Expenditures exceeded appropriations approved by the county commission in one of 42 major appropriation categories (the legal level of control) in the General Fund and in two of four major appropriation categories of the Solid Waste/Sanitation Fund as reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Public Safety - Civil Defense	\$ 15,945
Solid Waste/Sanitation:	
Public Health and Welfare - Convenience Centers	7,119
Public Health and Welfare - Other Waste Disposal	21,336

- B. Salaries exceeded appropriations in 12 of 82 salary line-items of the General Fund by amounts ranging from \$81 to \$29,107. The budget resolution approved by the county commission states that "The salary, wages, or remuneration of each officer, employee, or agent of the county shall not be in excess of the amounts authorized by existing law or as set forth in the estimate of expenditures which accompanies this resolution." Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the county commission.

Section 5-9-401, *Tennessee Code Annotated (TCA)*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs 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 – DIRECTOR OF FINANCE

We concur with this finding and will work closely with accounting and the payroll department to ensure that expenditure and salary amounts do not exceed appropriations in both line items and major categories.

OFFICES OF DIRECTOR OF SCHOOLS AND DIRECTOR OF FINANCE

FINDING 2022-002

THE EDUCATION CAPITAL PROJECTS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION (Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2022, certain general ledger account balances in the Education Capital Projects Fund were not materially correct, and audit adjustments totaling \$1,221,370, related to overstated property tax receivables, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the school department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the department’s financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the school department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The school department should have appropriate processes in place to ensure its general ledgers are materially correct.

MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE

We concur with this finding and will ensure proper controls are put into place to establish accurate general ledger account balances at year end.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2022.

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

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
-------------------	------------------	---------------------------------------

OFFICE OF DIRECTOR OF FINANCE

2022-001	The office had deficiencies in budget operations.	257
2022-002	The Education Capital Projects Fund required material audit adjustments for proper financial statement presentation.	258

LINCOLN COUNTY FINANCE DEPARTMENT
VICKY H. TRENTHAM, DIRECTOR OF FINANCE

206 Davidson Street East
Fayetteville, Tennessee 37334
Phone: 931-438-1565 Ext. 1002
Fax: 931-438-1570
E-mail: dgentry@lc-tn.com

Corrective Action Plan

FINDING: THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by:

Vicky H. Trentham, Finance Director

Person Responsible for Implementing the Corrective Action:

Vicky H. Trentham, Finance Director
William R. Newman, Lincoln County Mayor

Anticipated Completion Date of Corrective Action:

Immediate

Repeat Finding:

No

Planned Corrective Action:

Director will work closely with payroll and accounts payable bookkeeper to ensure that expenditures and salary amounts do not exceed appropriations in both line items and major categories.


Vicky H. Trentham, Director of Finance

Cc: William R. Newman, Lincoln County Mayor

LINCOLN COUNTY FINANCE DEPARTMENT
VICKY H. TRENTHAM, DIRECTOR OF FINANCE

206 Davidson Street East
Fayetteville, Tennessee 37334
Phone: 931-438-1565 Ext. 1002
Fax: 931-438-1570
E-mail: dgentry@lc-tn.com

Corrective Action Plan

FINDING: THE EDUCATION CAPITAL PROJECTS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION.

Response and Corrective Action Plan Prepared by:
Vicky H. Trentham, Finance Director

Person Responsible for Implementing the Corrective Action:
Vicky H. Trentham, Finance Director
Bill Heath, Director of Schools

Anticipated Completion Date of Corrective Action:
February of 2023

Repeat Finding
No

Planned Corrective Action:
Management has implemented adequate internal controls, and the controls will be reviewed and discussed on a more frequent basis to ensure that personnel are trained accordingly and any corrections or adjustments are implemented in a timely manner. The school bookkeeper will work with management to review general ledger reports to make sure they are materially correct. Adjustment needed in Fund 177 has been corrected as of 2/14/2023.


Vicky H. Trentham, Director of Finance