

ANNUAL FINANCIAL REPORT

MORGAN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
MORGAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2019

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

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Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF TRUSTEE

- ◆ Bank statements were not accurately reconciled with the general ledger in a timely manner.

OFFICE OF FINANCE DIRECTOR

- ◆ Expenditures exceeded appropriations
-

INTRODUCTORY SECTION

Morgan County Officials

June 30, 2019

Officials

Brian Langley, County Executive
Joe H. Miller, Road Superintendent
Ronnie Wilson, Director of Schools
Cindi Jones, Trustee
Gilford Wilson, Assessor of Property
Cheryl Collins, County Clerk
Marla Hines, Circuit and General Sessions Courts Clerk
Angela Anderson, Clerk and Master
Sandy Leach-Dalton, Register of Deeds
Wayne Potter, Sheriff
Crystal Garrett, Director of Finance

Board of County Commissioners

Brian Langley, County Executive, Chairman
David Hennessee
Terry Jackson
Vernon Justes
Michael McGrath
Bill Shannon
Eli Anderson
Earl Headrick
Robert Byrd
Susie Kreis

Melissa Bryant
Steve Walls
Randy Roberts
Jerry Zorsch
Freddie Seavers
Vera Scarbrough
Fred Snow
Janet Adkisson
Michael Raiford

Board of Education

Wade Summers, Chairman
Ben Jackson
Tony Dagley

Glen Moore
Michael Ledbetter
Billy Ward

Financial Management Committee

Brian Langley, County Executive, Chairman
Ronnie Wilson, Director of Schools
Joe H. Miller, Road Superintendent
Fred Snow

David Hennessee
Robert Byrd
Randy Roberts

(Continued)

Morgan County Officials (Cont.)

Audit Committee

Bryan Taylor, Chairman
Jerry Hardin, Vice Chairman
Tiffany Terry

Benny Stewart
Randi Anderson
Steve Walls

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Morgan County Executive and
Board of County Commissioners
Morgan County, Tennessee

To the County Executive and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Morgan County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Morgan County, Tennessee, as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morgan 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 Morgan County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of

additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

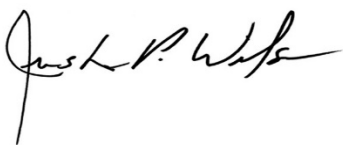
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Morgan County School Department (a discretely presented component unit), schedule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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2020, on our consideration of Morgan 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 Morgan 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 Morgan County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 14, 2020

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Morgan County School Department
<u>ASSETS</u>		
Cash	\$ 1,568	\$ 1,126
Equity in Pooled Cash and Investments	7,819,290	7,785,618
Accounts Receivable	169,536	141,037
Allowance for Uncollectibles	(28,570)	0
Due from Other Governments	788,383	291,778
Property Taxes Receivable	7,355,216	3,056,427
Allowance for Uncollectible Property Taxes	(422,661)	(175,979)
Restricted Assets	0	27,508
Prepaid Items	1,433	0
Net Pension Asset - Agent Plan	830,206	712,068
Net Pension Asset - Teacher Legacy Plan	0	1,109,149
Net Pension Asset - Teacher Hybrid Plan	0	58,647
Capital Assets:		
Assets Not Depreciated:		
Land	627,952	1,112,193
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	3,903,771	14,363,153
Infrastructure	855,670	0
Other Capital Assets	898,586	1,864,342
Total Assets	<u>\$ 22,800,380</u>	<u>\$ 30,347,067</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension Changes in Experience	\$ 0	\$ 227,519
Pension Changes in Assumptions	190,962	821,625
Pension Contributions after Measurement Date	384,571	1,496,280
Pension Changes in Proportion	0	117,133
OPEB Changes in Assumption	0	71,240
OPEB Changes in Proportion	0	19,652
OPEB Contributions after Measurement Date	0	86,134
Total Deferred Outflow of Resources	<u>\$ 575,533</u>	<u>\$ 2,839,583</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 30,974	\$ 0
Accrued Payroll	159,973	0
Accrued Interest Payable	24,298	0
Payroll Deductions Payable	108,421	385,144
Noncurrent Liabilities:		
Due Within One Year - Debt	1,291,000	0
Due Within One Year - Other	108,049	42,768
Due in More Than One Year - Debt	14,031,961	0
Due in More Than One Year - Other	233,758	2,303,619
Total Liabilities	<u>\$ 15,988,434</u>	<u>\$ 2,731,531</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Morgan County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 6,612,242	\$ 2,747,770
Pension Changes in Experience	268,143	1,728,653
Pension Changes in Investment Earnings	56,126	292,849
Pension Changes in Proportion	0	77,677
OPEB Changes in Experience	0	660,493
OPEB Changes in Assumptions	0	96,787
Total Deferred Inflows of Resources	<u>\$ 6,936,511</u>	<u>\$ 5,604,229</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 4,916,230	\$ 17,339,688
Restricted for:		
General Government	33,503	0
Administration of Justice	26,290	0
Public Safety	75,907	0
Public Health and Welfare	213,373	0
Highway/Public Works	3,814,491	0
Education	0	2,445,977
Capital Projects	5,225	0
Pensions	830,206	1,907,372
Unrestricted	<u>(9,464,257)</u>	<u>3,157,853</u>
Total Net Position	<u>\$ 450,968</u>	<u>\$ 24,850,890</u>

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

Exhibit B

Morgan County, Tennessee
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government	Morgan County School Department
					Total Governmental Activities	
Primary Government:						
Governmental Activities:						
General Government	\$ 1,536,017	\$ 216,547	\$ 15,164	\$ 0	\$ (1,304,306)	\$ 0
Finance	887,385	494,265	7,385	0	(385,735)	0
Administration of Justice	1,058,990	425,177	113,573	0	(520,240)	0
Public Safety	3,827,259	220,221	107,940	0	(3,499,098)	0
Public Health and Welfare	3,301,651	1,254,922	174,921	455,361	(1,416,447)	0
Social, Cultural, and Recreational Services	111,106	11,370	29,904	0	(69,832)	0
Agriculture and Natural Resources	80,157	0	782	0	(79,375)	0
Highways	2,641,734	80,926	2,422,532	378,363	240,087	0
Interest on Long-term Debt	414,818	0	0	0	(414,818)	0
Total Primary Government	<u>\$ 13,859,117</u>	<u>\$ 2,703,428</u>	<u>\$ 2,872,201</u>	<u>\$ 833,724</u>	<u>\$ (7,449,764)</u>	<u>\$ 0</u>
Component Unit:						
Morgan County School Department	\$ 28,055,345	\$ 186,504	\$ 5,346,757	\$ 0	\$ 0	\$ (22,522,084)
Total Component Unit	<u>\$ 28,055,345</u>	<u>\$ 186,504</u>	<u>\$ 5,346,757</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (22,522,084)</u>

(Continued)

Exhibit B

Morgan County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government	Morgan County School Department
					Total Governmental Activities	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 5,635,047	\$ 2,832,722
Property Taxes Levied for Solid Waste/Sanitation					838,496	0
Property Taxes Levied for Highway/Public Works					70,369	0
Property Taxes Levied for General Debt Service					168,228	0
Local Option Sales Taxes					1,070,331	0
Mineral Severance Tax					69,380	0
Other Local Taxes					239,571	75,322
Grants and Contributions Not Restricted to Specific Programs					1,099,963	21,017,992
Unrestricted Investment Income					8,907	54,374
Miscellaneous					53,478	11,238
Total General Revenues					<u>\$ 9,253,770</u>	<u>\$ 23,991,648</u>
Change in Net Position					\$ 1,804,006	\$ 1,469,564
Net Position, July 1, 2018					<u>(1,353,038)</u>	<u>23,381,326</u>
Net Position, June 30, 2019					<u>\$ 450,968</u>	<u>\$ 24,850,890</u>

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

Exhibit C-1

Morgan County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 168	\$ 0	\$ 1,400	\$ 1,568
Equity in Pooled Cash and Investments	1,500,038	158,550	3,500,583	2,554,283	105,836	7,819,290
Accounts Receivable	148,698	20,605	233	0	0	169,536
Allowance for Uncollectibles	(28,570)	0	0	0	0	(28,570)
Due from Other Governments	92,572	5,556	419,570	191,241	79,444	788,383
Due from Other Funds	1,400	0	0	0	0	1,400
Property Taxes Receivable	6,303,880	974,236	76,411	689	0	7,355,216
Allowance for Uncollectible Property Taxes	(362,955)	(56,093)	(3,613)	0	0	(422,661)
Prepaid Items	1,433	0	0	0	0	1,433
Total Assets	<u>\$ 7,656,496</u>	<u>\$ 1,102,854</u>	<u>\$ 3,993,352</u>	<u>\$ 2,746,213</u>	<u>\$ 186,680</u>	<u>\$ 15,685,595</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 30,974	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,974
Accrued Payroll	123,590	11,661	24,722	0	0	159,973
Payroll Deductions Payable	87,912	6,865	13,644	0	0	108,421
Due to Other Funds	0	0	0	0	1,400	1,400
Total Liabilities	<u>\$ 242,476</u>	<u>\$ 18,526</u>	<u>\$ 38,366</u>	<u>\$ 0</u>	<u>\$ 1,400</u>	<u>\$ 300,768</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 5,667,276	\$ 875,852	\$ 69,114	\$ 0	\$ 0	\$ 6,612,242
Deferred Delinquent Property Taxes	251,511	39,010	3,409	0	0	293,930
Other Deferred/Unavailable Revenue	35,057	0	206,097	92,934	30,885	364,973
Total Deferred Inflows of Resources	<u>\$ 5,953,844</u>	<u>\$ 914,862</u>	<u>\$ 278,620</u>	<u>\$ 92,934</u>	<u>\$ 30,885</u>	<u>\$ 7,271,145</u>

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Nonspendable:						
Prepaid Items	\$ 1,433	\$ 0	\$ 0	\$ 0	\$ 0	1,433
Restricted:						
Restricted for General Government	33,503	0	0	0	0	33,503
Restricted for Administration of Justice	26,290	0	0	0	0	26,290
Restricted for Public Safety	0	0	0	0	75,907	75,907
Restricted for Public Health and Welfare	0	169,466	0	0	0	169,466
Restricted for Highways/Public Works	0	0	3,645,220	0	0	3,645,220
Restricted for Capital Projects	0	0	0	0	5,225	5,225
Committed:						
Committed for Public Safety	5,773	0	0	0	0	5,773
Committed for Public Health and Welfare	1,050	0	0	0	0	1,050
Committed for Social, Cultural, and Recreational Services	26,051	0	0	0	0	26,051
Committed for Highways/Public Works	0	0	31,146	0	0	31,146
Committed for Debt Service	0	0	0	2,653,279	0	2,653,279
Committed for Capital Projects	0	0	0	0	73,263	73,263
Assigned:						
Assigned for General Government	4,026	0	0	0	0	4,026
Assigned for Finance	1,282	0	0	0	0	1,282
Assigned for Administration of Justice	2,932	0	0	0	0	2,932
Assigned for Public Safety	15,137	0	0	0	0	15,137
Assigned for Public Health and Welfare	7,287	0	0	0	0	7,287
Assigned for Social, Cultural, and Recreational Services	483	0	0	0	0	483
Unassigned	1,334,929	0	0	0	0	1,334,929
Total Fund Balances	\$ 1,460,176	\$ 169,466	\$ 3,676,366	\$ 2,653,279	\$ 154,395	\$ 8,113,682
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,656,496	\$ 1,102,854	\$ 3,993,352	\$ 2,746,213	\$ 186,680	\$ 15,685,595

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

Exhibit C-2

Morgan County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	8,113,682
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	627,952	
Add: buildings and improvements net of accumulated depreciation		3,903,771	
Add: infrastructure net of accumulated depreciation		855,670	
Add: other capital assets net of accumulated depreciation		<u>898,586</u>	6,285,979
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(13,145,000)	
Less: other loans payable		(2,028,000)	
Less: compensated absences payable		(220,869)	
Less: landfill closure/postclosure care costs		(120,938)	
Less: accrued interest on bonds, notes, other loans, and capital leases		(24,298)	
Less: unamortized premium on debt		<u>(149,961)</u>	(15,689,066)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			658,903
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	575,533	
Less: deferred inflows of resources related to pensions		<u>(324,269)</u>	251,264
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			<u>830,206</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>450,968</u></u>

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

Exhibit C-3

Morgan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 5,916,605	\$ 838,355	\$ 139,493	\$ 1,244,359	\$ 0	\$ 8,138,812
Licenses and Permits	58,383	0	0	0	0	58,383
Fines, Forfeitures, and Penalties	115,971	0	0	0	80,637	196,608
Charges for Current Services	1,029,216	235,247	0	0	26,951	1,291,414
Other Local Revenues	116,177	16,578	80,926	0	8,503	222,184
Fees Received From County Officials	765,871	0	0	0	0	765,871
State of Tennessee	670,096	31,492	2,792,518	72,593	62,846	3,629,545
Federal Government	98,925	0	0	0	540,522	639,447
Other Governments and Citizens Groups	113,867	0	0	486,072	0	599,939
Total Revenues	\$ 8,885,111	\$ 1,121,672	\$ 3,012,937	\$ 1,803,024	\$ 719,459	\$ 15,542,203
<u>Expenditures</u>						
Current:						
General Government	\$ 1,251,067	\$ 0	\$ 0	\$ 0	\$ 207	\$ 1,251,274
Finance	947,891	0	0	0	2,236	950,127
Administration of Justice	876,597	0	0	0	24,508	901,105
Public Safety	3,864,992	0	0	0	40,973	3,905,965
Public Health and Welfare	1,719,503	1,168,228	0	0	0	2,887,731
Social, Cultural, and Recreational Services	82,943	0	0	0	0	82,943
Agriculture and Natural Resources	79,957	0	0	0	0	79,957
Other Operations	204,472	20,837	0	0	0	225,309
Highways	0	0	2,683,910	0	0	2,683,910
Debt Service:						
Principal on Debt	77,965	0	0	1,247,000	0	1,324,965
Interest on Debt	2,377	0	0	425,576	0	427,953
Other Debt Service	0	0	0	26,426	0	26,426

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 687,516	\$ 687,516
Total Expenditures	\$ 9,107,764	\$ 1,189,065	\$ 2,683,910	\$ 1,699,002	\$ 755,440	\$ 15,435,181
Excess (Deficiency) of Revenues Over Expenditures	\$ (222,653)	\$ (67,393)	\$ 329,027	\$ 104,022	\$ (35,981)	\$ 107,022
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 22,091	\$ 2,500	\$ 4,668	\$ 0	\$ 0	\$ 29,259
Transfers In	26,641	0	0	0	50,296	76,937
Transfers Out	(50,296)	(2,755)	0	0	(23,886)	(76,937)
Total Other Financing Sources (Uses)	\$ (1,564)	\$ (255)	\$ 4,668	\$ 0	\$ 26,410	\$ 29,259
Net Change in Fund Balances	\$ (224,217)	\$ (67,648)	\$ 333,695	\$ 104,022	\$ (9,571)	\$ 136,281
Fund Balance, July 1, 2018	1,684,393	237,114	3,342,671	2,549,257	163,966	7,977,401
Fund Balance, June 30, 2019	\$ 1,460,176	\$ 169,466	\$ 3,676,366	\$ 2,653,279	\$ 154,395	\$ 8,113,682

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

Exhibit C-4

Morgan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	136,281
(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	\$	322,905	
Less: current-year depreciation expense		(541,006)	(218,101)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$	658,903	
Less: deferred delinquent property taxes and other deferred June 30, 2018		(567,242)	91,661
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:			
Add: principal payments on bonds	\$	1,150,000	
Add: principal payments on other loans		97,000	
Add: principal payments on capital leases		77,965	
Add: amortization of premium on debt issuances		14,158	1,339,123
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	25,403	
Change in compensated absences payable		38,989	
Change in landfill closure/postclosure care costs		16,984	
Change in net pension liability/asset		456,674	
Change in deferred outflows related to pensions		(28,779)	
Change in deferred inflows related to pensions		(54,229)	455,042
Change in net position of governmental activities (Exhibit B)		\$	<u>1,804,006</u>

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

Exhibit C-5

Morgan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,916,605	\$ 0	\$ 0	\$ 5,916,605	\$ 5,801,371	\$ 5,821,397	\$ 95,208
Licenses and Permits	58,383	0	0	58,383	70,000	70,000	(11,617)
Fines, Forfeitures, and Penalties	115,971	0	0	115,971	120,850	121,040	(5,069)
Charges for Current Services	1,029,216	0	0	1,029,216	1,028,500	1,040,124	(10,908)
Other Local Revenues	116,177	0	0	116,177	133,204	158,473	(42,296)
Fees Received From County Officials	765,871	0	0	765,871	810,000	811,300	(45,429)
State of Tennessee	670,096	0	0	670,096	696,530	704,050	(33,954)
Federal Government	98,925	0	0	98,925	0	23,137	75,788
Other Governments and Citizens Groups	113,867	0	0	113,867	89,847	119,174	(5,307)
Total Revenues	\$ 8,885,111	\$ 0	\$ 0	\$ 8,885,111	\$ 8,750,302	\$ 8,868,695	\$ 16,416
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 205,890	\$ 0	\$ 0	\$ 205,890	\$ 214,460	\$ 208,147	\$ 2,257
County Mayor/Executive	180,168	0	0	180,168	172,947	181,947	1,779
County Attorney	29,996	0	0	29,996	10,500	30,000	4
Election Commission	152,669	0	2,620	155,289	155,839	155,839	550
Register of Deeds	145,655	(1,950)	0	143,705	144,802	144,902	1,197
County Buildings	536,689	(2,043)	1,406	536,052	422,040	540,298	4,246
<u>Finance</u>							
Accounting and Budgeting	307,801	(3,576)	1,090	305,315	291,931	305,527	212
Property Assessor's Office	222,426	(160)	192	222,458	214,392	232,292	9,834
Reappraisal Program	13,035	(520)	0	12,515	14,927	14,927	2,412
County Trustee's Office	197,905	0	0	197,905	197,933	198,683	778
County Clerk's Office	206,724	0	0	206,724	208,589	206,964	240
<u>Administration of Justice</u>							
Circuit Court	327,354	(425)	1,732	328,661	332,234	328,834	173
Criminal Court	11,592	0	89	11,681	9,600	11,785	104
General Sessions Court	59,415	0	982	60,397	56,508	60,608	211
General Sessions Judge	138,423	0	0	138,423	145,799	140,799	2,376

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Drug Court	\$ 48,395	\$ 0	\$ 0	\$ 48,395	\$ 50,626	\$ 54,726	\$ 6,331
Chancery Court	168,133	(297)	129	167,965	169,337	170,037	2,072
Juvenile Court	47,312	(365)	0	46,947	47,653	47,978	1,031
Courtroom Security	75,973	0	0	75,973	80,061	80,061	4,088
<u>Public Safety</u>							
Sheriff's Department	1,521,776	(12,600)	6,874	1,516,050	1,468,836	1,539,492	23,442
Jail	1,648,376	(700)	7,963	1,655,639	1,503,977	1,657,757	2,118
Juvenile Services	1,750	0	0	1,750	1,000	1,750	0
Fire Prevention and Control	126,183	0	0	126,183	126,304	127,304	1,121
Civil Defense	37,382	(200)	300	37,482	32,430	37,568	86
Rescue Squad	3,000	0	0	3,000	3,000	3,000	0
Other Emergency Management	471,358	0	0	471,358	480,685	491,685	20,327
County Coroner/Medical Examiner	48,394	0	0	48,394	33,820	53,933	5,539
Other Public Safety	6,773	0	0	6,773	7,800	7,800	1,027
<u>Public Health and Welfare</u>							
Local Health Center	18,670	0	0	18,670	44,784	44,784	26,114
Ambulance/Emergency Medical Services	1,663,376	(6,525)	7,287	1,664,138	1,639,196	1,695,196	31,058
Crippled Children Services	400	0	0	400	5,937	5,937	5,537
Other Local Health Services	37,057	(585)	0	36,472	50,300	56,160	19,688
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	2,746	(118)	118	2,746	4,200	2,938	192
Libraries	75,525	(310)	365	75,580	73,133	81,265	5,685
Parks and Fair Boards	4,672	(3,823)	0	849	2,500	2,500	1,651
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	64,957	(730)	0	64,227	65,466	65,466	1,239
Soil Conservation	15,000	0	0	15,000	15,000	15,000	0
<u>Other Operations</u>							
Other Economic and Community Development	23,000	0	0	23,000	23,000	23,000	0
Veterans' Services	27,250	0	0	27,250	25,500	27,250	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Miscellaneous	\$ 154,222	\$ 0	\$ 0	\$ 154,222	\$ 146,800	\$ 156,100	\$ 1,878
<u>Principal on Debt</u>							
General Government	77,965	0	0	77,965	77,964	77,965	0
<u>Interest on Debt</u>							
General Government	2,377	0	0	2,377	2,378	2,377	0
Total Expenditures	<u>\$ 9,107,764</u>	<u>\$ (34,927)</u>	<u>\$ 31,147</u>	<u>\$ 9,103,984</u>	<u>\$ 8,774,188</u>	<u>\$ 9,290,581</u>	<u>\$ 186,597</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (222,653)</u>	<u>\$ 34,927</u>	<u>\$ (31,147)</u>	<u>\$ (218,873)</u>	<u>\$ (23,886)</u>	<u>\$ (421,886)</u>	<u>\$ 203,013</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 22,091	\$ 0	\$ 0	\$ 22,091	\$ 0	\$ 22,090	\$ 1
Transfers In	26,641	0	0	26,641	23,886	23,886	2,755
Transfers Out	(50,296)	0	0	(50,296)	0	(50,296)	0
Total Other Financing Sources	<u>\$ (1,564)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,564)</u>	<u>\$ 23,886</u>	<u>\$ (4,320)</u>	<u>\$ 2,756</u>
Net Change in Fund Balance	\$ (224,217)	\$ 34,927	\$ (31,147)	\$ (220,437)	\$ 0	\$ (426,206)	\$ 205,769
Fund Balance, July 1, 2018	<u>1,684,393</u>	<u>(34,927)</u>	<u>0</u>	<u>1,649,466</u>	<u>1,684,392</u>	<u>1,684,392</u>	<u>(34,926)</u>
Fund Balance, June 30, 2019	<u>\$ 1,460,176</u>	<u>\$ 0</u>	<u>\$ (31,147)</u>	<u>\$ 1,429,029</u>	<u>\$ 1,684,392</u>	<u>\$ 1,258,186</u>	<u>\$ 170,843</u>

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

Exhibit C-6

Morgan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 838,355	\$ 0	\$ 0	\$ 838,355	\$ 822,938	\$ 822,938	\$ 15,417
Charges for Current Services	235,247	0	0	235,247	230,000	230,000	5,247
Other Local Revenues	16,578	0	0	16,578	35,000	35,000	(18,422)
State of Tennessee	31,492	0	0	31,492	45,079	45,079	(13,587)
Total Revenues	\$ 1,121,672	\$ 0	\$ 0	\$ 1,121,672	\$ 1,133,017	\$ 1,133,017	\$ (11,345)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 138,461	\$ 0	\$ 0	\$ 138,461	\$ 112,296	\$ 139,323	\$ 862
Sanitation Education/Information	47,550	(3,825)	311	44,036	45,079	45,079	1,043
Waste Pickup	463,178	(7,490)	27,612	483,300	481,865	475,015	(8,285)
Convenience Centers	267,180	(8,580)	11,167	269,767	332,684	293,254	23,487
Recycling Center	96,506	(313)	116	96,309	72,470	101,630	5,321
Landfill Operation and Maintenance	155,353	(16,985)	18,952	157,320	159,573	173,018	15,698
<u>Other Operations</u>							
Other Charges	18,885	0	0	18,885	22,000	22,000	3,115
Miscellaneous	1,952	0	0	1,952	2,050	3,000	1,048
Total Expenditures	\$ 1,189,065	\$ (37,193)	\$ 58,158	\$ 1,210,030	\$ 1,228,017	\$ 1,252,319	\$ 42,289
Excess (Deficiency) of Revenues Over Expenditures	\$ (67,393)	\$ 37,193	\$ (58,158)	\$ (88,358)	\$ (95,000)	\$ (119,302)	\$ 30,944
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,500	\$ 0	\$ 0	\$ 2,500	\$ 0	\$ 2,500	\$ 0
Transfers Out	(2,755)	0	0	(2,755)	0	(2,755)	0
Total Other Financing Sources	\$ (255)	\$ 0	\$ 0	\$ (255)	\$ 0	\$ (255)	\$ 0

(Continued)

Exhibit C-6

Morgan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (67,648)	\$ 37,193	\$ (58,158)	\$ (88,613)	\$ (95,000)	\$ (119,557)	\$ 30,944
Fund Balance, July 1, 2018	237,114	(37,193)	0	199,921	237,114	237,114	(37,193)
Fund Balance, June 30, 2019	\$ 169,466	\$ 0	\$ (58,158)	\$ 111,308	\$ 142,114	\$ 117,557	\$ (6,249)

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

Exhibit C-7

Morgan 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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 139,493	\$ 0	\$ 0	\$ 139,493	\$ 148,029	\$ 148,029	\$ (8,536)
Other Local Revenues	80,926	0	0	80,926	60,000	60,000	20,926
State of Tennessee	2,792,518	0	0	2,792,518	2,165,007	2,543,370	249,148
Total Revenues	<u>\$ 3,012,937</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,012,937</u>	<u>\$ 2,373,036</u>	<u>\$ 2,751,399</u>	<u>\$ 261,538</u>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 155,158	\$ 0	\$ 0	\$ 155,158	\$ 156,209	\$ 166,209	\$ 11,051
Highway and Bridge Maintenance	1,258,501	(135,434)	164,002	1,287,069	2,965,712	2,760,262	1,473,193
Operation and Maintenance of Equipment	508,173	(11,653)	49,425	545,945	453,765	633,765	87,820
Other Charges	86,045	0	0	86,045	85,500	86,000	(45)
Employee Benefits	44,984	0	0	44,984	41,850	45,223	239
Capital Outlay	631,049	0	0	631,049	407,000	803,363	172,314
Total Expenditures	<u>\$ 2,683,910</u>	<u>\$ (147,087)</u>	<u>\$ 213,427</u>	<u>\$ 2,750,250</u>	<u>\$ 4,110,036</u>	<u>\$ 4,494,822</u>	<u>\$ 1,744,572</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 329,027</u>	<u>\$ 147,087</u>	<u>\$ (213,427)</u>	<u>\$ 262,687</u>	<u>\$ (1,737,000)</u>	<u>\$ (1,743,423)</u>	<u>\$ 2,006,110</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,668	\$ 0	\$ 0	\$ 4,668	\$ 0	\$ 3,050	\$ 1,618
Total Other Financing Sources	<u>\$ 4,668</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,668</u>	<u>\$ 0</u>	<u>\$ 3,050</u>	<u>\$ 1,618</u>
Net Change in Fund Balance	\$ 333,695	\$ 147,087	\$ (213,427)	\$ 267,355	\$ (1,737,000)	\$ (1,740,373)	\$ 2,007,728
Fund Balance, July 1, 2018	<u>3,342,671</u>	<u>(147,087)</u>	<u>0</u>	<u>3,195,584</u>	<u>3,342,670</u>	<u>3,342,670</u>	<u>(147,086)</u>
Fund Balance, June 30, 2019	<u><u>\$ 3,676,366</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (213,427)</u></u>	<u><u>\$ 3,462,939</u></u>	<u><u>\$ 1,605,670</u></u>	<u><u>\$ 1,602,297</u></u>	<u><u>\$ 1,860,642</u></u>

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

Exhibit D

Morgan County, Tennessee
Statement of Fiduciary Assets and Liabilities
June 30, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 579,300
Due from Other Governments	58,122
Property Taxes Receivable	<u>48,659</u>
Total Assets	<u><u>\$ 686,081</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 106,781
Due to Litigants, Heirs, and Others	<u>579,300</u>
Total Liabilities	<u><u>\$ 686,081</u></u>

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

MORGAN COUNTY, TENNESSEE

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Morgan 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 Morgan County:

A. Reporting Entity

Morgan County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Morgan County (the primary government) and its component units. The financial statements of the Morgan County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its 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 Morgan County School Department operates the public school system in the county, and the voters of Morgan 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 Morgan County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Morgan County, and the Morgan 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 Morgan County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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

Administrative Office:

Morgan County Emergency
Communications District
P.O. Box 69
Wartburg, TN 37887

Related Organization – The Morgan County Industrial Development Board is a related organization of Morgan County. The county executive nominates and the Morgan County Commission confirms the board members, but the county's accountability for the organization does not extend beyond making the appointments.

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, where applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Morgan County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Morgan 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.

Morgan County issues all debt for the discretely presented Morgan County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2019.

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

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

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

Fund financial statements of Morgan 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. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Morgan County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Morgan County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are

recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Morgan 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.

Solid Waste/Sanitation Fund – This special revenue fund accounts for transactions related to the county’s garbage collection service. Local taxes and general service charges are the foundational revenues of this fund.

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

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Morgan County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund is used to account for general construction projects of the county and for the receipt of debt issued by Morgan County and contributed to the school department for various capital projects.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Morgan County, and property taxes collected for the City of Sunbright. Agency funds are custodial in nature (assets equal liabilities) and do not involve

measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Morgan 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.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. Service charges and federal grants are the foundational revenues of this fund.

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Morgan County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund and to the discretely presented school department's General Purpose School Fund. Morgan County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with

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

All other investments are reported at fair value. Other than investments of the pension stabilization trust discussed in Note IV.A., no investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectibles for the ambulance service receivables reflected in the General Fund consists of various amounts estimated based on the categories of the payee (Medicare, Medicaid, insurance companies, and individuals). The allowance for uncollectible property taxes is equal to 3.30 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 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. Prepaids 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 Morgan 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 Morgan County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Morgan 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), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life of more than two years and with an initial,

individual cost based on the following table. 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.

<u>Type</u>	<u>Amount</u>
Land and Construction in Progress	\$ 1
Vehicles	5,000
Machinery and Equipment	5,000
Furniture and Fixtures	5,000
Land Improvements	5,000
Intangibles	25,000
Buildings and Improvements	50,000
Infrastructure (Roads and Bridges)	250,000

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	3 - 40
Other Capital Assets	3 - 30
Infrastructure	15 - 40

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the Government-wide Statement of Net Position. These items are for pension changes in experience, pension and OPEB changes in assumptions, pension and OPEB contributions after the measurement date, and pension and OPEB changes in proportion.

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 government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension and OPEB changes in experience, net pension changes in investment earnings, OPEB changes in assumptions, pension changes in proportion, and receivables for various revenues, which do not meet the availability criteria for governmental funds.

7. Compensated Absences

Primary Government

It is the primary government's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no 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 primary government. 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.

Discretely Presented Morgan County School Department

It is the school department's policy to permit certain qualifying personnel to accumulate a limited amount of earned but unused vacation and sick pay benefits, which will be paid to those employees upon separation from service. A liability for vacation and sick pay is accrued when incurred in the government-wide financial statements for the school department. A liability for vacation and sick 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 and Long-term Obligations

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

systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, landfill postclosure care costs, and other postemployment benefits, 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, 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, 2019, Morgan County had \$12,074,400 in outstanding debt for capital purposes for the discretely presented Morgan County School Department and \$1,377,200 in outstanding debt that benefits a joint venture industrial development board. This debt is a liability of Morgan County, but the capital assets acquired are reported in the financial statements of the other entities. As of June 30, 2019, Morgan County also had \$352,800 of non-capital debt, which was issued to terminate an interest rate swap agreement. Therefore, Morgan 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 makes assignments for the general government and the Board of Education makes assignments for the school department. Assigned fund balance in the General Fund consists of amounts assigned for encumbrances (\$31,147). Assigned fund balance in the school department's General Purpose School Fund consists of amounts assigned for encumbrances (\$399,260) and amounts appropriated for use in the 2019-20 budget (\$268,396).

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other

funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

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

Discretely Presented Morgan 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

Discretely Presented Morgan 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 Morgan 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 the governmental funds with the government-wide Statement of Net Position.

Discretely Presented Morgan County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of the 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 Morgan County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statements 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 (a special revenue fund), which is not budgeted, and the General Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may

not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, 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, 2019, Morgan County and the Morgan County School Department reported encumbrances in the following budgeted funds:

<u>Fund</u>	<u>Amount</u>
Primary Government	
General	\$ 31,147
Solid Waste/Sanitation	58,158
Highway/Public Works	213,427
Nonmajor Governmental	120
Discretely Presented School Department:	
General Purpose School	399,260
Central Cafeteria	34,582

B. Cash Shortage – Prior Year

Office of County Clerk

A special report dated February 10, 2011, for the period July 1, 2009, through December 22, 2010, reported a cash shortage of \$54,611.33 on December 14, 2010. The state Comptroller's Office conducted a special investigation with the assistance of the Tennessee Bureau of Investigation resulting in the above-noted cash shortage. Subsequently, Carol Hamby, the county clerk during the period examined, liquidated the cash shortage. However, Ms. Hamby was also ordered by the Criminal Court of Morgan County to repay \$8,758 to Morgan County for a portion of the extended audit costs associated with the cash shortage. Ms. Hamby has paid \$2,466 toward this amount, leaving a balance owed of \$6,292 as of the date of this report.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
Solid Waste/Sanitation Fund:	
Waste Pickup	\$ 8,285
Highway/Public Works Fund:	
Other Charges	45
Discretely Presented School Department:	
General Purpose School Fund:	
Transportation	53,970
Central Cafeteria Fund:	
Food Service	25,959

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the Solid Waste/Sanitation Fund, Highway/Public Works Fund, General Purpose School Fund, and Central Cafeteria Fund.

D. Sheriff's Lawsuit for Additional Funding

In the prior year, former Morgan County Sheriff Glendon Freytag sued the county seeking funds for additional personnel, training and equipment for new personnel, and to increase the salaries of existing personnel. On July 2, 2018, the Morgan County Circuit Court judge ruled in favor of the sheriff. The judgement was appealed and the case has since been voluntarily dismissed.

Mr. Wayne Potter was elected to the position of sheriff effective September 1, 2018, and reached an agreement with the county executive for departmental funding for the 2019-20 year. In addition to budgetary adjustments made by the county, the county paid \$100,063 in attorney fees on behalf of the sheriff's department.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Morgan County and the Morgan County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as

Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2019.

TCRS Stabilization Trust

Legal Provisions. The Morgan 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 Morgan County School Department may not impose any restrictions on investments placed by the trust on their behalf.

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

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

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

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

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

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

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

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

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of

Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

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

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

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 8,527
Developed Market International Equity	N/A	N/A	3,851
Emerging Market International Equity	N/A	N/A	1,100
U.S. Fixed Income	N/A	N/A	5,502
Real Estate	N/A	N/A	2,751
Short-term Securities	N/A	N/A	275
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	5,502
Total			<u>\$ 27,508</u>

Investment by Fair Value Level	Fair Value Measurements Using				Amortized
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Cost
	6-30-19				NAV
U.S. Equity Developed Market	\$ 8,527	\$ 8,527	\$ 0	\$ 0	0
International Equity Emerging Market	3,851	3,851	0	0	0
International Equity	1,100	1,100	0	0	0
U.S. Fixed Income	5,502	0	5,502	0	0
Real Estate	2,751	0	0	2,751	0
Short-term Securities	275	0	275	0	0
Private Equity and Strategic Lending	5,502	0	0	0	5,502
Total	\$ 27,508	\$ 13,478	\$ 5,777	\$ 2,751	\$ 5,502

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Morgan County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will

not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Morgan County School Department to pay retirement benefits of the school department employees.

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

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Balance 6-30-19
Capital Assets Not Depreciated:			
Land	\$ 627,952	\$ 0	\$ 627,952
Total Capital Assets Not Depreciated	<u>\$ 627,952</u>	<u>\$ 0</u>	<u>\$ 627,952</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 6,391,018	\$ 10,486	\$ 6,401,504
Infrastructure	1,435,826	0	1,435,826
Other Capital Assets	6,207,702	312,419	6,520,121
Total Capital Assets Depreciated	<u>\$ 14,034,546</u>	<u>\$ 322,905</u>	<u>\$ 14,357,451</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 2,301,252	\$ 196,481	\$ 2,497,733
Infrastructure	534,189	45,967	580,156
Other Capital Assets	5,322,977	298,558	5,621,535
Total Accumulated Depreciation	<u>\$ 8,158,418</u>	<u>\$ 541,006</u>	<u>\$ 8,699,424</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,876,128</u>	<u>\$ (218,101)</u>	<u>\$ 5,658,027</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,504,080</u>	<u>\$ (218,101)</u>	<u>\$ 6,285,979</u>

There were no decreases in capital assets to report for the year.

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

Governmental Activities:

General Government	\$ 120,774
Finance	1,361
Administration of Justice	40,685
Public Safety	107,286
Public Health and Welfare	50,192
Highway/Public Works	<u>220,708</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 541,006</u></u>

Discretely Presented Morgan County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Balance 6-30-19
Capital Assets Not Depreciated:			
Land	\$ 1,112,193	\$ 0	\$ 1,112,193
Total Capital Assets Not Depreciated	<u>\$ 1,112,193</u>	<u>\$ 0</u>	<u>\$ 1,112,193</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 48,532,539	\$ 0	\$ 48,532,539
Other Capital Assets	14,291,495	580,646	14,872,141
Total Capital Assets Depreciated	<u>\$ 62,824,034</u>	<u>\$ 580,646</u>	<u>\$ 63,404,680</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 33,078,027	\$ 1,091,359	\$ 34,169,386
Other Capital Assets	12,605,666	402,133	13,007,799
Total Accumulated Depreciation	<u>\$ 45,683,693</u>	<u>\$ 1,493,492</u>	<u>\$ 47,177,185</u>
Total Capital Assets Depreciated, Net	<u>\$ 17,140,341</u>	<u>\$ (912,846)</u>	<u>\$ 16,227,495</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 18,252,534</u></u>	<u><u>\$ (912,846)</u></u>	<u><u>\$ 17,339,688</u></u>

There were no decreases in capital assets to report for the year.

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

Governmental Activities:

Instruction	\$ 18,096
Support Services	1,355,647
Operation of Non-instructional Services	<u>119,749</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,493,492</u>

C. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,400
Discretely Presented School Department:		
General Purpose School	School Federal Projects	7,515

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

Interfund Transfers:

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

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 50,296
Solid Waste/Sanitation	2,755	
Nonmajor governmental funds	<u>23,886</u>	<u>0</u>
Total	<u>\$ 26,641</u>	<u>\$ 50,296</u>

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

D. Long-term Debt

Primary Government

General Obligation Bonds and Other Loans

General Obligation Bonds - Morgan County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to 15 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Morgan County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Other loans outstanding were issued for original terms of up to 20 years. Morgan County had no outstanding capital outlay notes at June 30, 2019. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	2 to 3 %	4-1-26	\$ 6,400,000	\$ 3,105,000
General Obligation Refunding Bonds	1.375 to 3	6-1-32	11,560,000	10,040,000
Direct Borrowing and Direct Placement:				
Other Loans - Fixed Rate	4.25 to 5	6-1-27	750,000	750,000
Other Loans - Variable Rate	Variable	5-25-29	2,000,000	1,278,000

Morgan County has entered into loan agreements with the Blount County Public Building Authority and the City of Clarksville Public Building Authority (PBAs) to finance capital projects for Morgan County and the discretely presented Morgan County School Department. Under the loan agreements, the PBAs issued bonds and made the proceeds available for loan to Morgan County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.) in connection with the variable rate loan. The following table summarizes loan agreements outstanding at June 30, 2019:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-19	Interest Type	Interest Rates as of 6-30-19	Approximate Fee Rates as of 6-30-19
Blount County PBA:					
Series B-20-A	\$ 750,000	\$ 750,000	Fixed	4.25 to 5 %	N/A
City of Clarksville PBA:					
Series 2009	2,000,000	<u>1,278,000</u>	Variable	1.95	0.74 %
Total		<u><u>\$ 2,028,000</u></u>			

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2019, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 1,190,000	\$ 339,788	\$ 1,529,788
2021	1,225,000	308,190	1,533,190
2022	1,255,000	275,020	1,530,020
2023	1,290,000	240,145	1,530,145
2024	1,320,000	210,025	1,530,025
2025-2029	4,510,000	626,980	5,136,980
2030-2032	2,355,000	123,500	2,478,500
Total	\$ 13,145,000	\$ 2,123,648	\$ 15,268,648

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 101,000	\$ 47,359	\$ 7,979	\$ 156,338
2021	107,000	57,827	8,710	173,536
2022	112,000	55,740	7,918	175,658
2023	118,000	53,556	7,089	178,645
2024	123,000	51,255	6,216	180,471
2025-2029	1,467,000	117,935	16,435	1,601,370
Total	\$ 2,028,000	\$ 383,671	\$ 54,347	\$ 2,466,018

There is \$2,653,279 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$598, based on the 2010 federal census. Total debt per capita including bonds, other loans, and unamortized debt premiums, totaled \$697, based on the 2010 federal census.

During the year, the school department contributed \$486,072 to the primary government's General Debt Service Fund to be applied toward the retirement of school related debt.

Changes in Long-term Debt

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

Governmental Activities:			
	Bonds	Other Loans - Direct Placement	Capital Leases - Direct Placement
Balance, July 1, 2018	\$ 14,295,000	\$ 2,125,000	\$ 77,965
Additions	0	0	0
Reductions	(1,150,000)	(97,000)	(77,965)
Balance, June 30, 2019	<u>\$ 13,145,000</u>	<u>\$ 2,028,000</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 1,190,000</u>	<u>\$ 101,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 15,173,000
Less: Balance Due Within One Year - Debt	(1,291,000)
Add: Unamortized Premium on Debt	<u>149,961</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 14,031,961</u>

E. Long-term Obligations

Changes in Long-term Obligations

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

Governmental Activities:

	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2018	\$ 259,858	\$ 137,922
Additions	167,700	0
Reductions	(206,689)	(16,984)
Balance, June 30, 2019	<u>\$ 220,869</u>	<u>\$ 120,938</u>
Balance Due Within One Year	<u>\$ 88,346</u>	<u>\$ 19,703</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$	341,807
Less: Balance Due Within One Year - Other		<u>(108,049)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	\$	<u><u>233,758</u></u>

Compensated absences will be paid from the employing funds, primarily the General, Solid Waste/Sanitation, and Highway/Public Works funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Morgan County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Morgan County School Department for the year ended June 30, 2019, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Insurance Termination Benefits	Compensated Absences
Balance July 1, 2018	\$ 2,460,328	\$ 72,000	\$ 247,465
Additions	333,132	0	266,612
Reductions	<u>(828,671)</u>	<u>(72,000)</u>	<u>(132,479)</u>
Balance June 30, 2019	<u>\$ 1,964,789</u>	<u>\$ 0</u>	<u>\$ 381,598</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,768</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$	2,346,387
Less: Balance Due Within One Year - Other		<u>(42,768)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	\$	<u><u>2,303,619</u></u>

Amounts previously reported as insurance termination benefits are currently reported as a component of the other postemployment benefits liability.

These long-term obligations will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Morgan County School Department. These payments are made by the state to the Local Education Group Insurance Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2019, were \$46,550. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Morgan County issued tax anticipation notes in advance of property tax in the following funds. These notes were necessary for temporary operating funds. Short-term debt activity for the year ended June 30, 2019, was as follows:

Fund	Balance 7-1-18	Issued	Paid	Balance 6-30-19
General Fund (Borrowed from General Debt Service Fund)	\$ 0	\$ 300,000	\$ (300,000)	\$ 0
Solid Waste/Sanitation Fund (Borrowed from General Debt Service Fund)	\$ 0	\$ 50,000	\$ (50,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Morgan County carries commercial insurance for employee health. Retirees are not allowed to participate in the health plan.

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

Morgan County and the discretely presented Morgan County School Department also participate 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 county and the school department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Morgan County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

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

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

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

C. Contingent Liabilities

The county is involved in several pending lawsuits. Management, based on information from attorneys for the county estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

D. Changes in Administration

The following changes in administration occurred in Morgan County on September 1, 2018:

<u>Office</u>	<u>Official Leaving</u>	<u>Succeeded By</u>
County Executive	Don Edwards	Brian Langley
Sheriff	Glendon Freytag	Wayne Potter
Circuit and General Sessions Courts Clerk	Pamela Keck	Marla Hines

Gary Howard left the Office of Finance Director on March 29, 2019, and was succeeded by Crystal Garrett on April 1, 2019.

E. Landfill Closure/Postclosure Care Costs

Morgan County has active permits on file with the state Department of Environment and Conservation for one sanitary landfill and a demolition landfill. The county has provided financial assurances for estimated closure and 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 Morgan County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and 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 closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Morgan County closed its sanitary landfill in 1995. The \$120,938 reported as postclosure care liability at June 30, 2019, represents amounts based on what it would cost to perform all postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Ninth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Ninth Judicial District, Meigs, Morgan, Loudon, and Roane counties, and various cities within this district. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Morgan County made no contributions to the DTF for the year ended June 30, 2019, and does not have any equity interest in this joint venture. Complete

financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Ninth Judicial District
P.O. Box 703
Kingston, TN 37763

Morgan County entered into an agreement with the counties of Cumberland and Roane to establish an Industrial Development Board to purchase land for the development of a joint industrial park. Cumberland, Morgan, and Roane counties jointly own the park. The agreement established a nine-member board with each county appointing three members and having responsibility for one-third of the entity's funding. Morgan County made no contributions to the board for the year ended June 30, 2019. Complete financial statements for the Industrial Development Board can be obtained from its administrative office at the following address:

Administrative Office:

The Industrial Development Board of the Counties of
Cumberland, Morgan, and Roane, Tennessee
34 South Main Street
Crossville, TN 38555

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Morgan County and non-certified employees of the discretely presented Morgan County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 53.83 percent, the non-certified employees of the discretely presented school department comprise 46.17 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial

report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. 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, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	179
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	589
Active Employees	349
Total	<u><u>1,117</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Morgan County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contribution for Morgan

County was \$718,920 based on a rate of 7.38 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Morgan 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)

Morgan County's net pension liability (asset) was measured as of June 30, 2018, 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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major class are summarized in the following table:

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 20,179,529	\$ 20,889,127	\$ (709,598)
Changes for the Year:			
Service Cost	\$ 736,806	\$ 0	\$ 736,806
Interest	1,485,577	0	1,485,577
Differences Between Expected and Actual Experience	(228,162)	0	(228,162)
Changes in Assumptions	0	0	0
Contributions-Employer	0	664,868	(664,868)
Contributions-Employees	0	451,079	(451,079)
Net Investment Income	0	1,743,554	(1,743,554)
Benefit Payments, Including Refunds of Employee Contributions	(851,223)	(851,223)	0
Administrative Expense	0	(32,604)	32,604
Other Changes	0	0	0
Net Changes	\$ 1,142,998	\$ 1,975,674	\$ (832,676)
Balance, June 30, 2018	\$ 21,322,527	\$ 22,864,801	\$ (1,542,274)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	53.83%	\$ 11,477,916	\$ 12,308,122	\$ (830,206)
School Department	46.17%	9,844,611	10,556,679	(712,068)
Total		\$ 21,322,527	\$ 22,864,801	\$ (1,542,274)

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 1,281,179	\$ (1,542,274)	\$ (3,871,987)

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

Pension Expense. For the year ended June 30, 2019, Morgan County recognized pension expense of \$39,844.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Morgan 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	\$ 0	\$ 498,130
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	104,265
Changes in Assumptions	354,751	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	718,920	N/A
Total	<u>\$ 1,073,671</u>	<u>\$ 602,395</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 575,533	\$ 324,269
School Department	498,138	278,126
Total	\$ 1,073,671	\$ 602,395

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

Year Ending June 30	Amount
2020	\$ 78,010
2021	(49,373)
2022	(186,506)
2023	(89,768)
2024	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, 2019, Morgan County reported a payable of \$1,607 for the outstanding amount of contributions due to the pension plan at year end.

Discretely Presented Morgan County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Morgan County and non-certified employees of the discretely presented Morgan County School Department are provided a defined benefit pension plan through the Public Employee Retirement

Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 53.83 percent and the non-certified employees of the discretely presented school department comprise 46.17 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the

consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$21,908, which is 1.94 percent of covered payroll. In addition, employer contributions of \$26,119 were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$58,647) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .129312 percent. The proportion as of June 30, 2017, was .127350 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$20,375.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 3,322	\$ 2,336
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,313
Changes in Assumptions	2,767	0
Changes in Proportion of Net Pension Liability (Asset)	4,482	475
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	21,908	N/A
Total	<u>\$ 32,479</u>	<u>\$ 6,124</u>

The school department's employer contributions of \$21,908, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ (82)
2021	(187)
2022	(659)
2023	206
2024	648
Thereafter	4,521

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

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

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability	\$	9,067	\$	(58,647)	\$	(108,536)
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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 Morgan County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Morgan County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$1,140,023, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$1,109,149) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .315196 percent. The proportion measured at June 30, 2017, was .325106 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$310,111).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 224,197	\$ 1,496,330
Changes in Assumptions	655,069	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	241,397
Changes in Proportion of Net Pension Liability (Asset)	112,651	77,202
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	1,140,023	N/A
Total	<u>\$ 2,131,940</u>	<u>\$ 1,814,929</u>

The school department's employer contributions of \$1,140,023 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in the net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 236,032
2021	(346,822)
2022	(602,923)
2023	(109,300)
2024	0
Thereafter	0

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

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

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability \$ 8,550,021 \$ (1,109,149) \$ (9,100,766)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the school department contributed \$58,366 and teachers contributed \$51,345 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

The Morgan County primary government does not provide OPEB to its retirees. The discretely presented Morgan County School Department provides OPEB benefits to its retirees through a state administered public entity risk pool. For reporting purposes the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Plan Description. Employees of the Morgan 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.

Post-65 certified retirees of Morgan 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 school department’s total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

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

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

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the 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, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired

lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

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

Benefits Provided. The Morgan County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The Morgan County School Department provides \$2,000 per year to eligible retirees for a maximum of five years following retirement or until the retiree is eligible for Medicare. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retiree’s premiums based on years of service. Retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

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

	School Department
Retirees and Beneficiaries	15
Inactive, Nonretired Members	0
Active Members Eligible for Future Benefits	311
Active Members Not Eligible for Future Benefits	33
Total	359

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 \$86,134 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		Total OPEB Liability
	Morgan County School Department 64.2884%	State of TN 35.7116%	
Balance July 1, 2017	\$ 2,460,328	\$ 1,398,762	\$ 3,859,090
Changes for the Year:			
Service Cost	\$ 142,488	\$ 79,151	\$ 221,639
Interest	91,589	50,876	142,465
Changes in Benefit Terms	0	0	0
Difference between Expected and Actual Experience	(727,210)	(403,958)	(1,131,168)
Changes in Assumption and Other Inputs	78,436	43,571	122,007
Change in Proportion	20,619	(20,619)	0
Benefit Payments	(101,461)	(56,361)	(157,822)
Net Changes	\$ (495,539)	\$ (307,340)	\$ (802,879)
Balance June 30, 2018	\$ 1,964,789	\$ 1,091,422	\$ 3,056,211

The Morgan 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 Morgan County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$88,654 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Morgan County School Department's proportionate share of the collective OPEB liability was 64.2884% and the State of Tennessee's share was 35.7116%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$253,808, which includes expenses funded by subsidies provided by the state. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 660,493
Changes of Assumptions/Inputs	71,240	96,787
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	19,652	0
Benefits Paid After the Measurement Date of June 30, 2018	86,134	0
Total	<u>\$ 177,026</u>	<u>\$ 757,280</u>

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

Year Ending June 30	School Department
2020	\$ (68,923)
2021	(68,923)
2022	(68,923)
2023	(68,923)
2024	(68,923)
Thereafter	(321,775)

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability

would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.62%	3.62%	4.62%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,113,589	\$ 1,964,789	\$ 1,822,621
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Current Rates	1% Increase
	5.75 to 2.85%	6.75 to 3.85%	7.75 to 4.85%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,730,220	\$ 1,964,789	\$ 2,242,476
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I. Termination Benefits – Early Retirement Bonus

The Morgan County Board of Education offers a one-time payment of \$5,000 to eligible employees as an early retirement bonus. During the 2018-19 year, one employee accepted the offer. The financial statements of this report reflect expenditures of \$5,000 in the General Purpose School Fund for the retirement incentive payments, and there is no further liability to the retiree under the incentive plan.

J. Office of Central Accounting, Budgeting, and Purchasing

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

K. 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 Morgan County. All purchase orders are issued by the finance department. Purchases exceeding \$25,000 are required to be competitively bid.

L. Subsequent Events

On September 13, 2019, the county's General Debt Service Fund loaned \$450,000 in the form of a tax anticipation note to the General Fund for temporary operating funds.

On September 20, 2019, the county's General Debt Service Fund loaned \$65,000 in the form of a tax anticipation note to the Solid Waste/Sanitation Fund for temporary operating funds.

On October 9, 2019, the county's General Debt Service Fund loaned \$45,000 in the form of a tax anticipation note to the Solid Waste/Sanitation Fund for temporary operating funds.

On October 14, 2019, the county commission approved a three year interfund capital outlay note from the Debt Service Fund to the Solid Waste/Sanitation Fund in an amount not to exceed \$100,000 to finance the acquisition of solid waste vehicles and equipment. The note has not been issued as of the date of this report.

On December 3, 2019, the Morgan County Board of Education approved the appointment of David Treece as the Director of Schools effective May 1, 2020, to succeed current Director Ronnie Wilson, who intends to retire.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 620,520	\$ 638,132	\$ 673,862	\$ 691,696	\$ 736,806
Interest	1,210,817	1,270,858	1,343,645	1,419,378	1,485,577
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(272,625)	(126,191)	(184,982)	(360,611)	(228,162)
Changes in Assumptions	0	0	0	591,251	0
Benefit Payments, Including Refunds of Employee Contributions	(745,620)	(805,944)	(890,122)	(791,058)	(851,223)
Net Change in Total Pension Liability	\$ 813,092	\$ 976,855	\$ 942,403	\$ 1,550,656	\$ 1,142,998
Total Pension Liability, Beginning	15,896,523	16,709,615	17,686,470	18,628,873	20,179,529
Total Pension Liability, Ending (a)	\$ 16,709,615	\$ 17,686,470	\$ 18,628,873	\$ 20,179,529	\$ 21,322,527
Plan Fiduciary Net Position					
Contributions - Employer	\$ 578,610	\$ 621,625	\$ 642,161	\$ 670,382	\$ 664,868
Contributions - Employee	402,265	400,020	413,779	432,431	451,079
Net Investment Income	2,419,366	530,200	475,267	2,111,933	1,743,554
Benefit Payments, Including Refunds of Employee Contributions	(745,620)	(805,944)	(890,122)	(791,058)	(851,223)
Administrative Expense	(12,384)	(16,019)	(24,544)	(28,749)	(32,604)
Other	0	0	1,556	2,014	0
Net Change in Plan Fiduciary Net Position	\$ 2,642,237	\$ 729,882	\$ 618,097	\$ 2,396,953	\$ 1,975,674
Plan Fiduciary Net Position, Beginning	14,501,958	17,144,195	17,874,077	18,492,174	20,889,127
Plan Fiduciary Net Position, Ending (b)	\$ 17,144,195	\$ 17,874,077	\$ 18,492,174	\$ 20,889,127	\$ 22,864,801
Net Pension Liability (Asset), Ending (a - b)	\$ (434,580)	\$ (187,607)	\$ 136,699	\$ (709,598)	\$ (1,542,274)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.60%	101.06%	99.27%	103.52%	107.23%
Covered Payroll	\$ 7,787,142	\$ 7,997,109	\$ 8,273,864	\$ 8,627,814	\$ 9,021,274
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(5.58%)	(2.35%)	1.65%	(8.22%)	(17.10%)

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

Note: The agent plan is a single plan that is participated in by the primary government and non-certified employees of the discretely presented school department.

Exhibit E-2

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 578,610	\$ 621,625	\$ 642,161	\$ 670,382	\$ 664,868	\$ 718,920
Less Contributions in Relation to the Actuarially Determined Contribution	(578,610)	(621,625)	(642,161)	(670,382)	(664,868)	(718,920)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,787,142	\$ 7,997,109	\$ 8,273,864	\$ 8,627,814	\$ 9,021,274	\$ 9,742,971
Contributions as a Percentage of Covered Payroll	7.43%	7.77%	7.76%	7.77%	7.37%	7.38%

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

Note: The agent plan is a single plan that is participated in by the primary government and non-certified employees of the discretely presented school department.

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 17,591	\$ 28,248	\$ 33,434	\$ 45,201	\$ 21,908
Less Contributions in Relation to the Contractually Required Contribution	(17,591)	(28,248)	(33,434)	(45,201)	(21,908)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 439,780	\$ 706,201	\$ 864,376	\$ 1,130,022	\$ 1,129,256
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	3.87%	4.00%	1.94%

* - In FY 2019 the school department placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed \$26,119 into the Pension Stabilization Reserve Trust.

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

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 1,042,557	\$ 1,047,412	\$ 1,046,060	\$ 1,038,907	\$ 1,002,173	\$ 1,140,023
Less Contributions in Relation to the Contractually Required Contribution	(1,042,557)	(1,047,412)	(1,046,060)	(1,038,907)	(1,002,173)	(1,140,023)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 11,740,509	\$ 11,586,423	\$ 11,571,453	\$ 11,471,693	\$ 11,037,132	\$ 10,898,900
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.06%	9.08%	10.46%

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

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.207293%	0.160499%	0.127350%	0.129312%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (8,515)	\$ (16,708)	\$ (33,600)	\$ (58,647)
Covered Payroll	\$ 439,780	\$ 706,201	\$ 864,376	\$ 1,130,022
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37%)	(3.89%)	(5.19%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.299122%	0.309507%	0.320557%	0.325106%	0.315196%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (48,606)	\$ 126,785	\$ 2,003,303	\$ (106,369)	\$ (1,109,149)
Covered Payroll	\$ 11,740,509	\$ 11,586,423	\$ 11,571,453	\$ 11,471,693	\$ 11,037,132
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(41.40%)	1.09%	17.31%	(0.93%)	(10.05%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

Exhibit E-7

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

	2017	2018
Total OPEB Liability		
Service Cost	\$ 239,607	\$ 221,639
Interest	116,745	142,465
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(1,131,168)
Changes in Assumptions or Other Inputs	(185,975)	122,007
Benefit Payments	(139,616)	(157,822)
Net Change in Total OPEB Liability	\$ 30,761	\$ (802,879)
Total OPEB Liability, Beginning	3,828,329	3,859,090
Total OPEB Liability, Ending	<u>\$ 3,859,090</u>	<u>\$ 3,056,211</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,398,762	\$ 1,091,422
Employer Proportionate Share of the Total OPEB Liability	2,460,328	1,964,789
Covered Employee Payroll	\$ 12,303,161	\$ 15,172,129
Net OPEB Liability as a Percentage of Covered Employee Payroll	20.00%	12.95%

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:

2017 2.92%

2018 3.56%

2019 3.62%

(b) The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4% to 6.75%.

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

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

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

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

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

Capital Projects Fund

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

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

Exhibit F-1

Morgan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 1,400	\$ 1,400	\$ 0	\$ 1,400
Equity in Pooled Cash and Investments	75,907	0	75,907	29,929	105,836
Due from Other Governments	0	0	0	79,444	79,444
Total Assets	\$ 75,907	\$ 1,400	\$ 77,307	\$ 109,373	\$ 186,680
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 1,400	\$ 1,400	\$ 0	\$ 1,400
Total Liabilities	\$ 0	\$ 1,400	\$ 1,400	\$ 0	\$ 1,400
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 0	\$ 30,885	\$ 30,885
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 30,885	\$ 30,885
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 75,907	\$ 0	\$ 75,907	\$ 0	\$ 75,907
Restricted for Capital Projects	0	0	0	5,225	5,225
Committed:					
Committed for Capital Projects	0	0	0	73,263	73,263
Total Fund Balances	\$ 75,907	\$ 0	\$ 75,907	\$ 78,488	\$ 154,395
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 75,907	\$ 1,400	\$ 77,307	\$ 109,373	\$ 186,680

Exhibit F-2

Morgan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 80,637	\$ 0	\$ 80,637	\$ 0	\$ 80,637
Charges for Current Services	0	26,951	26,951	0	26,951
Other Local Revenues	8,328	0	8,328	175	8,503
State of Tennessee	0	0	0	62,846	62,846
Federal Government	0	0	0	540,522	540,522
Total Revenues	\$ 88,965	\$ 26,951	\$ 115,916	\$ 603,543	\$ 719,459
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 207	\$ 207	\$ 0	\$ 207
Finance	0	2,236	2,236	0	2,236
Administration of Justice	0	24,508	24,508	0	24,508
Public Safety	40,973	0	40,973	0	40,973
Capital Projects	0	0	0	687,516	687,516
Total Expenditures	\$ 40,973	\$ 26,951	\$ 67,924	\$ 687,516	\$ 755,440
Excess (Deficiency) of Revenues Over Expenditures	\$ 47,992	\$ 0	\$ 47,992	\$ (83,973)	\$ (35,981)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 50,296	\$ 50,296
Transfers Out	(23,886)	0	(23,886)	0	(23,886)
Total Other Financing Sources (Uses)	\$ (23,886)	\$ 0	\$ (23,886)	\$ 50,296	\$ 26,410

(Continued)

Exhibit F-2

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

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
Net Change in Fund Balances	\$ 24,106	\$ 0	\$ 24,106	\$ (33,677)	\$ (9,571)
Fund Balance, July 1, 2018	51,801	0	51,801	112,165	163,966
Fund Balance, June 30, 2019	\$ 75,907	\$ 0	\$ 75,907	\$ 78,488	\$ 154,395

Exhibit F-3

Morgan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 80,637	\$ 0	\$ 80,637	\$ 45,896	\$ 58,193	\$ 22,444
Other Local Revenues	8,328	0	8,328	0	0	8,328
Total Revenues	<u>\$ 88,965</u>	<u>\$ 0</u>	<u>\$ 88,965</u>	<u>\$ 45,896</u>	<u>\$ 58,193</u>	<u>\$ 30,772</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 40,973	\$ 120	\$ 41,093	\$ 37,010	\$ 65,010	\$ 23,917
<u>Capital Projects</u>						
Public Safety Projects	0	0	0	23,886	0	0
Total Expenditures	<u>\$ 40,973</u>	<u>\$ 120</u>	<u>\$ 41,093</u>	<u>\$ 60,896</u>	<u>\$ 65,010</u>	<u>\$ 23,917</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 47,992</u>	<u>\$ (120)</u>	<u>\$ 47,872</u>	<u>\$ (15,000)</u>	<u>\$ (6,817)</u>	<u>\$ 54,689</u>
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (23,886)	\$ 0	\$ (23,886)	\$ 0	\$ (23,886)	\$ 0
Total Other Financing Sources	<u>\$ (23,886)</u>	<u>\$ 0</u>	<u>\$ (23,886)</u>	<u>\$ 0</u>	<u>\$ (23,886)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 24,106	\$ (120)	\$ 23,986	\$ (15,000)	\$ (30,703)	\$ 54,689
Fund Balance, July 1, 2018	<u>51,801</u>	<u>0</u>	<u>51,801</u>	<u>51,801</u>	<u>51,801</u>	<u>0</u>
Fund Balance, June 30, 2019	<u><u>\$ 75,907</u></u>	<u><u>\$ (120)</u></u>	<u><u>\$ 75,787</u></u>	<u><u>\$ 36,801</u></u>	<u><u>\$ 21,098</u></u>	<u><u>\$ 54,689</u></u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Morgan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,244,359	\$ 1,172,538	\$ 1,172,538	\$ 71,821
State of Tennessee	72,593	70,000	70,000	2,593
Other Governments and Citizens Groups	486,072	486,073	486,073	(1)
Total Revenues	\$ 1,803,024	\$ 1,728,611	\$ 1,728,611	\$ 74,413
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 282,000	\$ 282,000	\$ 282,000	\$ 0
Education	965,000	965,000	965,000	0
<u>Interest on Debt</u>				
General Government	76,629	101,790	94,663	18,034
Education	348,947	341,821	348,948	1
<u>Other Debt Service</u>				
General Government	26,426	38,000	38,000	11,574
Total Expenditures	\$ 1,699,002	\$ 1,728,611	\$ 1,728,611	\$ 29,609
Excess (Deficiency) of Revenues Over Expenditures	\$ 104,022	\$ 0	\$ 0	\$ 104,022
Net Change in Fund Balance	\$ 104,022	\$ 0	\$ 0	\$ 104,022
Fund Balance, July 1, 2018	2,549,257	2,549,257	2,549,257	0
Fund Balance, June 30, 2019	\$ 2,653,279	\$ 2,549,257	\$ 2,549,257	\$ 104,022

Fiduciary Funds

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

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

Cities - Property Tax Fund – The Cities - Property Tax Fund is used to account for city property taxes levied by the City of Sunbright and collected by the county trustee for the benefit of the city. These revenues are forwarded to the City of Sunbright monthly.

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

Exhibit H-1

Morgan County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	Agency Funds			
	Cities - Sales Tax	Cities - Property Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 579,300	\$ 579,300
Due from Other Governments	58,122	0	0	58,122
Property Taxes Receivable	0	48,659	0	48,659
Total Assets	<u>\$ 58,122</u>	<u>\$ 48,659</u>	<u>\$ 579,300</u>	<u>\$ 686,081</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 58,122	\$ 48,659	\$ 0	\$ 106,781
Due to Litigants, Heirs, and Others	0	0	579,300	579,300
Total Liabilities	<u>\$ 58,122</u>	<u>\$ 48,659</u>	<u>\$ 579,300</u>	<u>\$ 686,081</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 361,884	\$ 361,884	\$ 0
Due from Other Governments	56,521	58,122	56,521	58,122
		0		
Total Assets	\$ 56,521	\$ 420,006	\$ 418,405	\$ 58,122
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 56,521	\$ 420,006	\$ 418,405	\$ 58,122
Total Liabilities	\$ 56,521	\$ 420,006	\$ 418,405	\$ 58,122
<u>Cities-Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 54,697	\$ 54,697	\$ 0
Property Taxes Receivable	63,970	48,659	63,970	48,659
Total Assets	\$ 63,970	\$ 103,356	\$ 118,667	\$ 48,659
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 63,970	\$ 103,356	\$ 118,667	\$ 48,659
Total Liabilities	\$ 63,970	\$ 103,356	\$ 118,667	\$ 48,659
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 866,446	\$ 3,356,238	\$ 3,643,384	\$ 579,300
Total Assets	\$ 866,446	\$ 3,356,238	\$ 3,643,384	\$ 579,300
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 866,446	\$ 3,356,238	\$ 3,643,384	\$ 579,300
Total Liabilities	\$ 866,446	\$ 3,356,238	\$ 3,643,384	\$ 579,300

(Continued)

Exhibit H-2

Morgan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 866,446	\$ 3,356,238	\$ 3,643,384	\$ 579,300
Equity in Pooled Cash and Investments	0	416,581	416,581	0
Due from Other Governments	56,521	58,122	56,521	58,122
Property Taxes Receivable	63,970	48,659	63,970	48,659
Total Assets	<u>\$ 986,937</u>	<u>\$ 3,879,600</u>	<u>\$ 4,180,456</u>	<u>\$ 686,081</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 120,491	\$ 523,362	\$ 537,072	\$ 106,781
Due to Litigants, Heirs, and Others	866,446	3,356,238	3,643,384	579,300
Total Liabilities	<u>\$ 986,937</u>	<u>\$ 3,879,600</u>	<u>\$ 4,180,456</u>	<u>\$ 686,081</u>

Morgan County School Department

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

Exhibit I-1

Morgan County, Tennessee
Statement of Activities
Discretely Presented Morgan County School Department
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 13,967,376	\$ 21,340	\$ 860,971	\$ 0	\$ (13,085,065)
Support Services	10,381,432	0	679,272	0	(9,702,160)
Operation of Non-instructional Services	3,706,537	165,164	3,806,514	0	265,141
Total Governmental Activities	<u>\$ 28,055,345</u>	<u>\$ 186,504</u>	<u>\$ 5,346,757</u>	<u>\$ 0</u>	<u>\$ (22,522,084)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,832,722
Other Local Taxes					75,322
Grants and Contributions Not Restricted to Specific Programs					21,017,992
Unrestricted Investment Income					54,374
Miscellaneous					11,238
Total General Revenues					<u>\$ 23,991,648</u>
Change in Net Position					\$ 1,469,564
Net Position, July 1, 2018					<u>23,381,326</u>
Net Position, June 30, 2019					<u>\$ 24,850,890</u>

Exhibit I-2

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

	Major Funds			Total
	General Purpose School	School Federal Projects	Central Cafeteria	Governmental Funds
<u>ASSETS</u>				
Cash	\$ 1,018	\$ 104	\$ 4	\$ 1,126
Equity in Pooled Cash and Investments	5,221,277	270,102	2,294,239	7,785,618
Accounts Receivable	140,222	0	815	141,037
Due from Other Governments	84,867	56,538	150,373	291,778
Due from Other Funds	7,515	0	0	7,515
Property Taxes Receivable	3,056,427	0	0	3,056,427
Allowance for Uncollectible Property Taxes	(175,979)	0	0	(175,979)
Restricted Assets	27,508	0	0	27,508
Total Assets	<u>\$ 8,362,855</u>	<u>\$ 326,744</u>	<u>\$ 2,445,431</u>	<u>\$ 11,135,030</u>
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 366,461	\$ 16,517	\$ 2,166	\$ 385,144
Due to Other Funds	0	7,515	0	7,515
Total Liabilities	<u>\$ 366,461</u>	<u>\$ 24,032</u>	<u>\$ 2,166</u>	<u>\$ 392,659</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,747,770	\$ 0	\$ 0	\$ 2,747,770
Deferred Delinquent Property Taxes	121,550	0	0	121,550
Total Deferred Inflows of Resources	<u>\$ 2,869,320</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,869,320</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 0	\$ 2,712	\$ 2,443,265	\$ 2,445,977

(Continued)

Exhibit I-2

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

FUND BALANCES (Cont.)

Restricted (Cont.):

 Restricted for Hybrid Retirement Stabilization Funds

Committed:

 Committed for Education

Assigned:

 Assigned for Education

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Major Funds			Total Governmental Funds
General Purpose School	School Federal Projects	Central Cafeteria	
\$ 27,508	\$ 0	\$ 0	\$ 27,508
0	300,000	0	300,000
667,656	0	0	667,656
4,431,910	0	0	4,431,910
<u>\$ 5,127,074</u>	<u>\$ 302,712</u>	<u>\$ 2,443,265</u>	<u>\$ 7,873,051</u>
<u>\$ 8,362,855</u>	<u>\$ 326,744</u>	<u>\$ 2,445,431</u>	<u>\$ 11,135,030</u>

Exhibit I-3

Morgan County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Morgan County School Department
June 30, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	7,873,051
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,112,193	
Add: buildings and improvements net of accumulated depreciation		14,363,153	
Add: other capital assets net of accumulated depreciation		<u>1,864,342</u>	17,339,688
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: OPEB liability	\$	(1,964,789)	
Less: compensated absences payable		<u>(381,598)</u>	(2,346,387)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years:			
Add: deferred outflows of resources related to pensions	\$	2,662,557	
Less: deferred inflows of resources related to pensions		(2,099,179)	
Add: deferred outflows of resources related to OPEB		177,026	
Less: deferred inflows of resources related to OPEB		<u>(757,280)</u>	(16,876)
(4) Net pension assets of the agent plan and teacher retirement plans are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	712,068	
Add: net pension asset - teacher legacy plan		1,109,149	
Add: net pension asset - teacher hybrid plan		<u>58,647</u>	1,879,864
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>121,550</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>24,850,890</u></u>

Exhibit I-4

Morgan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Morgan County School Department
For the Year Ended June 30, 2019

	Major Funds			Total
	General Purpose School	School Federal Projects	Central Cafeteria	Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 2,913,825	\$ 0	\$ 0	\$ 2,913,825
Licenses and Permits	530	0	0	530
Charges for Current Services	23,304	0	163,200	186,504
Other Local Revenues	790,437	0	14,436	804,873
State of Tennessee	21,057,800	31,061	35,292	21,124,153
Federal Government	0	1,821,655	2,486,661	4,308,316
Other Governments and Citizens Groups	150,385	0	0	150,385
Total Revenues	<u>\$ 24,936,281</u>	<u>\$ 1,852,716</u>	<u>\$ 2,699,589</u>	<u>\$ 29,488,586</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 13,489,124	\$ 1,417,891	\$ 0	\$ 14,907,015
Support Services	9,060,904	438,678	0	9,499,582
Operation of Non-Instructional Services	1,378,514	601	2,440,562	3,819,677
Debt Service:				
Other Debt Service	486,778	0	0	486,778
Total Expenditures	<u>\$ 24,415,320</u>	<u>\$ 1,857,170</u>	<u>\$ 2,440,562</u>	<u>\$ 28,713,052</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 520,961</u>	<u>\$ (4,454)</u>	<u>\$ 259,027</u>	<u>\$ 775,534</u>
Net Change in Fund Balances	\$ 520,961	\$ (4,454)	\$ 259,027	\$ 775,534
Fund Balance, July 1, 2018	4,606,113	307,166	2,184,238	7,097,517
Fund Balance, June 30, 2019	<u>\$ 5,127,074</u>	<u>\$ 302,712</u>	<u>\$ 2,443,265</u>	<u>\$ 7,873,051</u>

Exhibit I-5

Morgan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Morgan County School Department
For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	775,534
(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	\$	580,646	
Less: current-year depreciation expense		<u>(1,493,492)</u>	(912,846)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$	121,550	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(127,331)</u>	(5,781)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in termination benefits payable	\$	72,000	
Change in compensated absences payable		(134,133)	
Change in net pension asset/liability		1,403,829	
Change in deferred outflows related to pensions		(69,409)	
Change in deferred inflows related to pensions		419,390	
Change in OPEB Liability		495,539	
Change in deferred outflows related to OPEB		75,446	
Change in deferred inflows related to OPEB		<u>(650,005)</u>	1,612,657
Change in net position of governmental activities (Exhibit B)		\$	<u><u>1,469,564</u></u>

Exhibit I-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,913,825	\$ 0	\$ 0	\$ 2,913,825	\$ 2,832,426	\$ 2,832,426	\$ 81,399
Licenses and Permits	530	0	0	530	500	500	30
Charges for Current Services	23,304	0	0	23,304	28,500	28,500	(5,196)
Other Local Revenues	790,437	0	0	790,437	765,812	762,621	27,816
State of Tennessee	21,057,800	0	0	21,057,800	20,883,595	21,152,324	(94,524)
Other Governments and Citizens Groups	150,385	0	0	150,385	0	150,385	0
Total Revenues	\$ 24,936,281	\$ 0	\$ 0	\$ 24,936,281	\$ 24,510,833	\$ 24,926,756	\$ 9,525
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,115,486	\$ (7,039)	\$ 215	\$ 11,108,662	\$ 11,298,084	\$ 11,181,609	\$ 72,947
Special Education Program	1,444,306	(11,050)	13,518	1,446,774	1,397,947	1,509,088	62,314
Career and Technical Education Program	929,332	(1,542)	115	927,905	907,348	942,518	14,613
<u>Support Services</u>							
Attendance	153,001	0	0	153,001	149,155	156,566	3,565
Health Services	420,370	(18,255)	1,478	403,593	397,186	408,151	4,558
Other Student Support	561,844	0	0	561,844	473,450	570,510	8,666
Regular Instruction Program	796,943	(85,743)	10,356	721,556	895,912	933,877	212,321
Special Education Program	254,992	0	0	254,992	289,490	263,961	8,969
Career and Technical Education Program	103,110	0	1,391	104,501	104,855	104,855	354
Technology	497,436	(31,626)	46,492	512,302	541,958	541,958	29,656
Other Programs	201,084	0	0	201,084	0	206,845	5,761
Board of Education	468,914	(352)	0	468,562	568,022	479,348	10,786
Director of Schools	345,684	0	625	346,309	346,550	353,170	6,861
Office of the Principal	1,482,773	0	0	1,482,773	1,486,730	1,519,610	36,837
Operation of Plant	1,916,440	(775)	1,949	1,917,614	1,962,836	2,045,109	127,495
Maintenance of Plant	666,975	(108,974)	150,376	708,377	638,469	797,089	88,712
Transportation	1,191,338	(95,185)	168,345	1,264,498	1,169,187	1,210,528	(53,970)

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 49,966	\$ (6,600)	\$ 2,890	\$ 46,256	\$ 49,991	\$ 50,991	\$ 4,735
Early Childhood Education	1,328,548	(17,963)	1,510	1,312,095	1,464,690	1,434,391	122,296
<u>Other Debt Service</u>							
Education	486,778	0	0	486,778	486,779	486,779	1
Total Expenditures	<u>\$ 24,415,320</u>	<u>\$ (385,104)</u>	<u>\$ 399,260</u>	<u>\$ 24,429,476</u>	<u>\$ 24,628,639</u>	<u>\$ 25,196,953</u>	<u>\$ 767,477</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 520,961	\$ 385,104	\$ (399,260)	\$ 506,805	\$ (117,806)	\$ (270,197)	\$ 777,002
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,394	\$ 7,394	\$ (7,394)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,394</u>	<u>\$ 7,394</u>	<u>\$ (7,394)</u>
Net Change in Fund Balance	\$ 520,961	\$ 385,104	\$ (399,260)	\$ 506,805	\$ (110,412)	\$ (262,803)	\$ 769,608
Fund Balance, July 1, 2018	4,606,113	(385,104)	0	4,221,009	4,606,113	4,606,113	(385,104)
Fund Balance, June 30, 2019	<u><u>\$ 5,127,074</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (399,260)</u></u>	<u><u>\$ 4,727,814</u></u>	<u><u>\$ 4,495,701</u></u>	<u><u>\$ 4,343,310</u></u>	<u><u>\$ 384,504</u></u>

Exhibit I-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
State of Tennessee	\$ 31,061	\$ 0	\$ 31,061	\$ 0	\$ 31,061	\$ 0
Federal Government	1,821,655	0	1,821,655	1,847,992	2,234,289	(412,634)
Total Revenues	<u>\$ 1,852,716</u>	<u>\$ 0</u>	<u>\$ 1,852,716</u>	<u>\$ 1,847,992</u>	<u>\$ 2,265,350</u>	<u>\$ (412,634)</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 846,251	\$ (6,746)	\$ 839,505	\$ 582,953	\$ 927,530	\$ 88,025
Special Education Program	521,709	0	521,709	546,360	616,994	95,285
Career and Technical Education Program	49,931	0	49,931	46,296	49,931	0
<u>Support Services</u>						
Other Student Support	36,409	0	36,409	42,280	40,492	4,083
Regular Instruction Program	212,154	0	212,154	423,122	422,101	209,947
Special Education Program	185,304	0	185,304	200,217	199,717	14,413
Career and Technical Education Program	2,832	0	2,832	3,906	2,832	0
Transportation	1,979	0	1,979	0	2,223	244
<u>Operation of Non-Instructional Services</u>						
Food Service	601	0	601	0	672	71
Total Expenditures	<u>\$ 1,857,170</u>	<u>\$ (6,746)</u>	<u>\$ 1,850,424</u>	<u>\$ 1,845,134</u>	<u>\$ 2,262,492</u>	<u>\$ 412,068</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,454)</u>	<u>\$ 6,746</u>	<u>\$ 2,292</u>	<u>\$ 2,858</u>	<u>\$ 2,858</u>	<u>\$ (566)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ (2,858)	\$ (2,858)	\$ 2,858
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,858)</u>	<u>\$ (2,858)</u>	<u>\$ 2,858</u>

(Continued)

Exhibit I-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (4,454)	\$ 6,746	\$ 2,292	\$ 0	\$ 0	\$ 2,292
Fund Balance, July 1, 2018	307,166	(6,746)	300,420	307,166	307,166	(6,746)
Fund Balance, June 30, 2019	\$ 302,712	\$ 0	\$ 302,712	\$ 307,166	\$ 307,166	\$ (4,454)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 163,200	\$ 0	\$ 0	\$ 163,200	\$ 160,430	\$ 160,430	\$ 2,770
Other Local Revenues	14,436	0	0	14,436	1,201	1,201	13,235
State of Tennessee	35,292	0	0	35,292	22,125	40,125	(4,833)
Federal Government	2,486,661	0	0	2,486,661	2,013,534	2,013,534	473,127
Total Revenues	\$ 2,699,589	\$ 0	\$ 0	\$ 2,699,589	\$ 2,197,290	\$ 2,215,290	\$ 484,299
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,367,094	\$ (58,799)	\$ 2,232	\$ 2,310,527	\$ 2,094,168	\$ 2,284,568	\$ (25,959)
Community Services	73,468	(43,850)	32,350	61,968	103,122	103,122	41,154
Total Expenditures	\$ 2,440,562	\$ (102,649)	\$ 34,582	\$ 2,372,495	\$ 2,197,290	\$ 2,387,690	\$ 15,195
Excess (Deficiency) of Revenues Over Expenditures	\$ 259,027	\$ 102,649	\$ (34,582)	\$ 327,094	\$ 0	\$ (172,400)	\$ 499,494
Net Change in Fund Balance	\$ 259,027	\$ 102,649	\$ (34,582)	\$ 327,094	\$ 0	\$ (172,400)	\$ 499,494
Fund Balance, July 1, 2018	2,184,238	(102,649)	0	2,081,589	2,080,553	2,080,553	1,036
Fund Balance, June 30, 2019	\$ 2,443,265	\$ 0	\$ (34,582)	\$ 2,408,683	\$ 2,080,553	\$ 1,908,153	\$ 500,530

MISCELLANEOUS SCHEDULES

Exhibit J-1

Morgan County, Tennessee
Schedule of Changes in Long-term Bonds, Other Loans, and Capital Leases
For the Year Ended June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Paid and/or Matured During Period	Outstanding 6-30-19
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Refunding Series 2017A	\$ 9,460,000	2 to 3 %	5-31-17	6-1-32	\$ 9,460,000	\$ 400,000	\$ 9,060,000
General Obligation Refunding Series 2017B	2,100,000	1.375 to 2.65	5-31-17	6-1-24	1,340,000	360,000	980,000
General Obligation School Series 2010	6,400,000	2 to 3	10-13-10	4-1-26	3,495,000	390,000	3,105,000
Total Bonds Payable					<u>\$ 14,295,000</u>	<u>\$ 1,150,000</u>	<u>\$ 13,145,000</u>
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Public Building Authority of Blount County Public Improvement - Series B-20-A	750,000	4.25 to 5	6-15-10	6-1-27	\$ 750,000	\$ 0	\$ 750,000
Public Building Authority of the City of Clarksville - Series 2009	2,000,000	Variable	12-15-09	5-25-29	1,375,000	97,000	1,278,000
Total Other Loans Payable					<u>\$ 2,125,000</u>	<u>\$ 97,000</u>	<u>\$ 2,028,000</u>
<u>CAPITAL LEASES PAYABLE</u>							
<u>Payable through General Fund</u>							
Ford Motor Credit Company - Sheriff Department Vehicles	261,273	5.5	3-31-15	9-30-18	\$ 34,886	\$ 34,886	\$ 0
Republic First National - Ambulance	127,224	3.28	7-22-16	1-15-19	43,079	43,079	0
Total Capital Leases Payable					<u>\$ 77,965</u>	<u>\$ 77,965</u>	<u>\$ 0</u>

Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 1,190,000	\$ 339,788	\$ 1,529,788
2021	1,225,000	308,190	1,533,190
2022	1,255,000	275,020	1,530,020
2023	1,290,000	240,145	1,530,145
2024	1,320,000	210,025	1,530,025
2025	1,150,000	178,230	1,328,230
2026	1,175,000	150,530	1,325,530
2027	710,000	118,040	828,040
2028	730,000	99,580	829,580
2029	745,000	80,600	825,600
2030	765,000	61,230	826,230
2031	785,000	41,340	826,340
2032	805,000	20,930	825,930
Total	<u>\$ 13,145,000</u>	<u>\$ 2,123,648</u>	<u>\$ 15,268,648</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2020	\$ 101,000	\$ 47,359	\$ 7,979	\$ 156,338
2021	107,000	57,827	8,710	173,536
2022	112,000	55,740	7,918	175,658
2023	118,000	53,556	7,089	178,645
2024	123,000	51,255	6,216	180,471
2025	330,000	48,857	5,306	384,162
2026	336,000	36,322	4,344	376,665
2027	493,000	23,670	3,337	520,007
2028	150,000	6,006	2,279	158,285
2029	158,000	3,081	1,169	162,250
Total	\$ 2,028,000	\$ 383,671	\$ 54,347	\$ 2,466,018

Exhibit J-3

Morgan County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Drug Control	General	Drug officer salary	\$ 23,886
Solid Waste	General	Electrical Work at Annex Building	2,755
General	General Capital Projects	Jail Planning and Design	<u>50,296</u>
Total Transfers Primary Government			<u>\$ 76,937</u>

Exhibit J-4

Morgan County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Morgan County School Department
For the Year Ended June 30, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive				
Don Edwards (7-1-18 to 8-31-18)	Section 8-24-102, <i>TCA</i>	\$ 13,873	\$ (4)	Tennessee Risk Management Trust
Brian Langley (9-1-18 to 6-30-19)	Section 8-24-102, <i>TCA</i>	69,365	(4)	
Road Superintendent	Section 8-24-102, <i>TCA</i>	79,276	(4)	"
Director of Schools	State Board of Education and County Board of Education	102,771 (1)	(4)	
Trustee	Section 8-24-102, <i>TCA</i>	72,069	(4)	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,069	(4)	"
County Clerk	Section 8-24-102, <i>TCA</i>	72,069	(4)	"
Circuit and General Sessions Courts Clerk				"
Pamela Keck (7-1-18 to 8-31-18)	Section 8-24-102, <i>TCA</i>	12,011	(4)	
Marla Hines (9-1-18 to 6-30-19)	Section 8-24-102, <i>TCA</i>	60,058	(4)	
Clerk and Master	Section 8-24-102, <i>TCA</i>	72,069	(4)	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,069	(4)	"
Sheriff				"
Glendon Freytag (7-1-18 to 8-31-19)	Section 8-24-102, <i>TCA</i>	13,213	(4)	
Wayne Potter (9-1-18 to 6-30-19)	Section 8-24-102, <i>TCA</i>	66,063	(4)	
Director of Finance				"
Gary Howard (7-1-18 to 3-29-19)	County Commission	63,544 (2)	(4)	
Crystal Garrett (4-1-19 to 6-30-19)	County Commission	26,467 (3)	(4)	
County Employees Blanket Bond Coverage:				
Employee Fidelity - County			400,000	Tennessee Risk Management Trust
Employee Fidelity - School Department			400,000	"

- (1) Includes a chief executive officer training supplement of \$1,000, a bonus payment of \$1,940, and a \$500 supervisory supplement.
- (2) Includes a \$1,600 longevity supplement, \$8,191 appropriated as a salary supplement in the General Fund and reimbursed by the school department, Leave payout of \$3,611 and \$2,500 part time pay for consulting services after retirement from position of finance director.
- (3) Includes \$10,587 for transition period before becoming finance director.
- (4) Officials were covered by a \$400,000 officials' blanket bond by Tennessee Risk Management Trust.

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 5,204,889	\$ 771,299	\$ 0	\$ 0	\$ 64,721	\$ 161,812
Trustee's Collections - Prior Year	202,743	34,482	0	0	2,796	15,082
Trustee's Collections - Bankruptcy	598	112	0	0	9	76
Circuit Clerk/Clerk and Master Collections - Prior Years	137,706	21,901	0	0	1,717	4,440
Interest and Penalty	39,354	6,554	0	0	534	2,635
Pickup Taxes	27,012	4,007	0	0	336	847
Payments in-Lieu-of Taxes - Local Utilities	26,733	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	37,999	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	1,059,467
Litigation Tax - General	29,987	0	0	0	0	0
Litigation Tax - Special Purpose	66,719	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	34,636	0	0	0	0	0
Litigation Tax - Courthouse Security	2,874	0	0	0	0	0
Business Tax	67,752	0	0	0	0	0
Mixed Drink Tax	476	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	69,380	0
Other County Local Option Taxes	3,753	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	32,274	0	0	0	0	0
Beer Privilege Tax	1,100	0	0	0	0	0
Total Local Taxes	\$ 5,916,605	\$ 838,355	\$ 0	\$ 0	\$ 139,493	\$ 1,244,359

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 555	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	57,590	0	0	0	0	0
<u>Permits</u>						
Beer Permits	238	0	0	0	0	0
Total Licenses and Permits	\$ 58,383	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 3,583	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Court Fees	531	0	0	0	0	0
DUI Treatment Fines	332	0	0	0	0	0
Data Entry Fee - Circuit Court	617	0	0	0	0	0
Courtroom Security Fee	1,285	0	0	0	0	0
Victims Assistance Assessments	1,030	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	11,452	0	0	0	0	0
Officers Costs	37,364	0	0	0	0	0
Game and Fish Fines	306	0	0	0	0	0
Drug Control Fines	0	0	57,606	0	0	0
Drug Court Fees	5,296	0	252	0	0	0
Jail Fees	2,164	0	0	0	0	0
DUI Treatment Fines	2,537	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,271	0	0	0	0	0
Courtroom Security Fee	30,279	0	0	0	0	0
Victims Assistance Assessments	8,074	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 281	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	2,257	0	0	0	0	0
Data Entry Fee - Juvenile Court	128	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	823	0	0	0	0	0
Data Entry Fee - Chancery Court	2,052	0	0	0	0	0
Courtroom Security Fee	16	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Data Entry Fee - Other Courts	293	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	22,779	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 115,971	\$ 0	\$ 80,637	\$ 0	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Solid Waste Disposal Fee	\$ 0	\$ 235,247	\$ 0	\$ 0	\$ 0	0
Patient Charges	980,743	0	0	0	0	0
<u>Fees</u>						
Copy Fees	4,578	0	0	0	0	0
Library Fees	11,370	0	0	0	0	0
Telephone Commissions	13,872	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	26,951	0	0
Data Processing Fee - Register	5,876	0	0	0	0	0
Data Processing Fee - Sheriff	2,108	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,700	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - County Clerk	\$ 7,969	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Charges for Current Services	\$ 1,029,216	\$ 235,247	\$ 0	\$ 26,951	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 8,907	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	15	0	0	0	0	0
Commissary Sales	17,458	0	0	0	0	0
Sale of Gasoline	0	0	0	0	80,926	0
Sale of Recycled Materials	0	16,578	0	0	0	0
Miscellaneous Refunds	9,367	0	2,310	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	6,018	0	0	0
Damages Recovered from Individuals	2,220	0	0	0	0	0
Contributions and Gifts	78,210	0	0	0	0	0
Total Other Local Revenues	\$ 116,177	\$ 16,578	\$ 8,328	\$ 0	\$ 80,926	0
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 179,506	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	19,222	0	0	0	0	0
General Sessions Court Clerk	103,092	0	0	0	0	0
Clerk and Master	67,232	0	0	0	0	0
Juvenile Court Clerk	12,072	0	0	0	0	0
Register	69,865	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
Sheriff	\$ 16,053	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee	298,829	0	0	0	0	0
Total Fees Received From County Officials	\$ 765,871	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	4,051	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	9,000	0	0	0	0	0
Drug Control Grants	44,926	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	21,219	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	378,363	0
Litter Program	0	27,441	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	16,943	0	0	0	0	0
Beer Tax	17,959	0	0	0	0	0
Alcoholic Beverage Tax	68,104	0	0	0	0	0
State Revenue Sharing - T.V.A.	354,887	0	0	0	0	0
State Revenue Sharing - Telecommunications	0	0	0	0	0	72,593
Contracted Prisoner Boarding	108,030	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,380,079	0
Petroleum Special Tax	0	0	0	0	34,076	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0	0
Other State Grants	0	0	0	0	0	0
Other State Revenues	364	0	0	0	0	0
Total State of Tennessee	\$ 670,096	\$ 31,492	\$ 0	\$ 0	\$ 2,792,518	\$ 72,593
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Medicaid	72,388	0	0	0	0	0
Other Federal through State	23,137	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	3,400	0	0	0	0	0
Total Federal Government	\$ 98,925	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 36,551	\$ 0	\$ 0	\$ 0	\$ 0	486,072
Contracted Services	71,156	0	0	0	0	0
<u>Other</u>						
Other	6,160	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 113,867	\$ 0	\$ 0	\$ 0	\$ 0	486,072
Total	\$ 8,885,111	\$ 1,121,672	\$ 88,965	\$ 26,951	\$ 3,012,937	\$ 1,803,024

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 6,202,721
Trustee's Collections - Prior Year	0	255,103
Trustee's Collections - Bankruptcy	0	795
Circuit Clerk/Clerk and Master Collections - Prior Years	0	165,764
Interest and Penalty	0	49,077
Pickup Taxes	0	32,202
Payments in-Lieu-of Taxes - Local Utilities	0	26,733
Payments in-Lieu-of Taxes - Other	0	37,999
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	1,059,467
Litigation Tax - General	0	29,987
Litigation Tax - Special Purpose	0	66,719
Litigation Tax - Jail, Workhouse, or Courthouse	0	34,636
Litigation Tax - Courthouse Security	0	2,874
Business Tax	0	67,752
Mixed Drink Tax	0	476
Mineral Severance Tax	0	69,380
Other County Local Option Taxes	0	3,753
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	32,274
Beer Privilege Tax	0	1,100
Total Local Taxes	\$ 0	\$ 8,138,812

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<hr/>		
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Marriage Licenses	\$ 0	\$ 555
Cable TV Franchise	0	57,590
<u>Permits</u>		
Beer Permits	0	238
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 58,383</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 3,583
Drug Court Fees	0	531
DUI Treatment Fines	0	332
Data Entry Fee - Circuit Court	0	617
Courtroom Security Fee	0	1,285
Victims Assistance Assessments	0	1,030
<u>General Sessions Court</u>		
Fines	0	11,452
Officers Costs	0	37,364
Game and Fish Fines	0	306
Drug Control Fines	0	57,606
Drug Court Fees	0	5,548
Jail Fees	0	2,164
DUI Treatment Fines	0	2,537
Data Entry Fee - General Sessions Court	0	5,271
Courtroom Security Fee	0	30,279
Victims Assistance Assessments	0	8,074

(Continued)

Exhibit J-5

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

	Capital Projects Fund		
	General Capital Projects		Total
<hr/>			
Fines, Forfeitures, and Penalties (Cont.)			
<u>Juvenile Court</u>			
Fines	\$	0	\$ 281
Officers Costs		0	2,257
Data Entry Fee - Juvenile Court		0	128
<u>Chancery Court</u>			
Officers Costs		0	823
Data Entry Fee - Chancery Court		0	2,052
Courtroom Security Fee		0	16
<u>Judicial District Drug Program</u>			
Data Entry Fee - Other Courts		0	293
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property		0	22,779
Total Fines, Forfeitures, and Penalties	\$	0	\$ 196,608
<hr/>			
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Solid Waste Disposal Fee	\$	0	\$ 235,247
Patient Charges		0	980,743
<u>Fees</u>			
Copy Fees		0	4,578
Library Fees		0	11,370
Telephone Commissions		0	13,872
Constitutional Officers' Fees and Commissions		0	26,951
Data Processing Fee - Register		0	5,876
Data Processing Fee - Sheriff		0	2,108
Sexual Offender Registration Fee - Sheriff		0	2,700

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Data Processing Fee - County Clerk	\$ 0	\$ 7,969
Total Charges for Current Services	\$ 0	\$ 1,291,414
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 8,907
Lease/Rentals	0	15
Commissary Sales	0	17,458
Sale of Gasoline	0	80,926
Sale of Recycled Materials	0	16,578
Miscellaneous Refunds	0	11,677
<u>Nonrecurring Items</u>		
Sale of Equipment	0	6,018
Damages Recovered from Individuals	0	2,220
Contributions and Gifts	175	78,385
Total Other Local Revenues	\$ 175	\$ 222,184
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 179,506
Circuit Court Clerk	0	19,222
General Sessions Court Clerk	0	103,092
Clerk and Master	0	67,232
Juvenile Court Clerk	0	12,072
Register	0	69,865

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<hr/>		
<u>Fees Received From County Officials (Cont.)</u>		
<u>Fees In-Lieu-of Salary (Cont.)</u>		
Sheriff	\$ 0	\$ 16,053
Trustee	0	298,829
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 765,871</u>
 <u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 13,500
Solid Waste Grants	0	4,051
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	9,000
Drug Control Grants	0	44,926
<u>Health and Welfare Grants</u>		
Health Department Programs	0	21,219
<u>Public Works Grants</u>		
Bridge Program	0	378,363
Litter Program	0	27,441
<u>Other State Revenues</u>		
Income Tax	0	16,943
Beer Tax	0	17,959
Alcoholic Beverage Tax	0	68,104
State Revenue Sharing - T.V.A.	0	354,887
State Revenue Sharing - Telecommunications	0	72,593
Contracted Prisoner Boarding	0	108,030
Gasoline and Motor Fuel Tax	0	2,380,079
Petroleum Special Tax	0	34,076

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<hr/>		
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Registrar's Salary Supplement	\$ 0	\$ 15,164
Other State Grants	62,846	62,846
Other State Revenues	0	364
Total State of Tennessee	<u>\$ 62,846</u>	<u>\$ 3,629,545</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	\$ 424,476	\$ 424,476
Medicaid	0	72,388
Other Federal through State	116,046	139,183
<u>Direct Federal Revenue</u>		
Other Direct Federal Revenue	0	3,400
Total Federal Government	<u>\$ 540,522</u>	<u>\$ 639,447</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0	\$ 522,623
Contracted Services	0	71,156
<u>Other</u>		
Other	0	6,160
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 599,939</u>
Total	<u>\$ 603,543</u>	<u>\$ 15,542,203</u>

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,615,934	\$ 0	\$ 0	\$ 2,615,934
Trustee's Collections - Prior Year	112,995	0	0	112,995
Trustee's Collections - Bankruptcy	361	0	0	361
Circuit Clerk/Clerk and Master Collections - Prior Years	74,048	0	0	74,048
Interest and Penalty	21,580	0	0	21,580
Pickup Taxes	13,585	0	0	13,585
<u>Statutory Local Taxes</u>				
Wholesale Beer Tax	75,322	0	0	75,322
Total Local Taxes	<u>\$ 2,913,825</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,913,825</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 530	\$ 0	\$ 0	\$ 530
Total Licenses and Permits	<u>\$ 530</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 530</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 7,884	\$ 0	\$ 0	\$ 7,884
Tuition - Other	13,456	0	0	13,456
Lunch Payments - Children	0	0	36,863	36,863
Lunch Payments - Adults	0	0	36,444	36,444
Income from Breakfast	0	0	2,074	2,074
A la Carte Sales	0	0	80,709	80,709
Receipts from Individual Schools	997	0	0	997

(Continued)

Exhibit J-6

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

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Other Charges for Services	\$ 967	\$ 0	\$ 7,110	\$ 8,077
Total Charges for Current Services	\$ 23,304	\$ 0	\$ 163,200	\$ 186,504
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 40,194	\$ 0	\$ 14,180	\$ 54,374
E-Rate Funding	8,650	0	0	8,650
Miscellaneous Refunds	10,982	0	256	11,238
<u>Nonrecurring Items</u>				
Contributions and Gifts	9,965	0	0	9,965
<u>Other Local Revenues</u>				
Other Local Revenues	720,646	0	0	720,646
Total Other Local Revenues	\$ 790,437	\$ 0	\$ 14,436	\$ 804,873
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 46,550	\$ 0	\$ 0	\$ 46,550
<u>State Education Funds</u>				
Basic Education Program	19,274,593	0	0	19,274,593
Early Childhood Education	563,915	0	0	563,915
School Food Service	0	0	20,292	20,292
Other State Education Funds	591,949	31,061	0	623,010
Career Ladder Program	93,169	0	0	93,169

(Continued)

Exhibit J-6

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

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 354,887	\$ 0	\$ 0	\$ 354,887
Other State Grants	0	0	15,000	15,000
Other State Revenues	132,737	0	0	132,737
Total State of Tennessee	\$ 21,057,800	\$ 31,061	\$ 35,292	\$ 21,124,153
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,386,022	\$ 1,386,022
USDA - Commodities	0	0	291,601	291,601
Breakfast	0	0	695,779	695,779
USDA - Other	0	0	113,259	113,259
Vocational Education - Basic Grants to States	0	73,636	0	73,636
Title I Grants to Local Education Agencies	0	901,155	0	901,155
Special Education - Grants to States	0	684,332	0	684,332
Special Education Preschool Grants	0	22,145	0	22,145
Rural Education	0	52,892	0	52,892
Eisenhower Professional Development State Grants	0	79,730	0	79,730
Other Federal through State	0	7,765	0	7,765
Total Federal Government	\$ 0	\$ 1,821,655	\$ 2,486,661	\$ 4,308,316
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 150,385	\$ 0	\$ 0	\$ 150,385
Total Other Governments and Citizens Groups	\$ 150,385	\$ 0	\$ 0	\$ 150,385
Total	\$ 24,936,281	\$ 1,852,716	\$ 2,699,589	\$ 29,488,586

Exhibit J-7

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

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	27,592	
Social Security		1,587	
Employer Medicare		371	
Audit Services		8,355	
Dues and Memberships		14,136	
Legal Services		108,286	
Legal Notices, Recording, and Court Costs		1,538	
Pauper Burials		1,000	
Postal Charges		194	
Other Contracted Services		38,668	
Office Supplies		1,206	
Other Supplies and Materials		56	
Other Charges		2,901	
Total County Commission			\$ 205,890

County Mayor/Executive

County Official/Administrative Officer	\$	83,238	
Assistant(s)		26,480	
Part-time Personnel		15,123	
Social Security		7,390	
Pensions		8,097	
Medical Insurance		26,573	
Employer Medicare		1,728	
Communication		4,301	
Travel		3,468	
Office Supplies		3,770	
Total County Mayor/Executive			180,168

County Attorney

Legal Services	\$	29,996	
Total County Attorney			29,996

Election Commission

County Official/Administrative Officer	\$	64,862	
Clerical Personnel		22,866	
Temporary Personnel		363	
Longevity Pay		600	
Election Commission		2,650	
Election Workers		19,012	
Social Security		5,475	
Pensions		6,519	
Employer Medicare		1,280	
Advertising		1,695	
Communication		2,359	
Dues and Memberships		350	
Maintenance and Repair Services - Office Equipment		10,395	
Postal Charges		493	

(Continued)

Exhibit J-7

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

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

Rentals	\$	1,664	
Travel		2,444	
Office Supplies		9,642	
Total Election Commission			\$ 152,669

Register of Deeds

County Official/Administrative Officer	\$	72,069	
Secretary(ies)		25,987	
Part-time Personnel		1,412	
Longevity Pay		1,500	
Social Security		6,134	
Pensions		7,347	
Medical Insurance		12,291	
Employer Medicare		1,434	
Communication		2,097	
Dues and Memberships		620	
Postal Charges		187	
Printing, Stationery, and Forms		1,656	
Rentals		1,668	
Other Contracted Services		1,986	
Office Supplies		3,230	
Office Equipment		6,037	
Total Register of Deeds			145,655

County Buildings

Custodial Personnel	\$	21,153	
Longevity Pay		1,100	
Overtime Pay		130	
Social Security		1,318	
Pensions		1,651	
Medical Insurance		6,146	
Employer Medicare		308	
Communication		2,934	
Maintenance and Repair Services - Buildings		162,205	
Pest Control		4,080	
Rentals		7,375	
Custodial Supplies		12,611	
Electricity		64,651	
Natural Gas		4,686	
Office Supplies		8,633	
Water and Sewer		11,104	
Other Supplies and Materials		219	
Liability Insurance		125,686	
Workers' Compensation Insurance		100,699	
Total County Buildings			536,689

(Continued)

Exhibit J-7

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

General Fund (Cont.)FinanceAccounting and Budgeting

Supervisor/Director	\$	77,720	
Accountants/Bookkeepers		100,715	
Salary Supplements		8,547	
Part-time Personnel		3,000	
Longevity Pay		7,100	
Social Security		11,651	
Pensions		14,303	
Medical Insurance		40,068	
Employer Medicare		2,725	
Communication		3,168	
Maintenance and Repair Services - Office Equipment		14,947	
Postal Charges		5,193	
Travel		164	
Office Supplies		4,596	
In Service/Staff Development		209	
Data Processing Equipment		13,695	
Total Accounting and Budgeting			\$ 307,801

Property Assessor's Office

County Official/Administrative Officer	\$	72,069	
Clerical Personnel		71,207	
Longevity Pay		3,000	
Board and Committee Members Fees		2,850	
Social Security		8,512	
Pensions		10,795	
Medical Insurance		30,548	
Employer Medicare		1,991	
Advertising		301	
Audit Services		3,663	
Communication		1,238	
Data Processing Services		5,270	
Maintenance and Repair Services - Office Equipment		1,402	
Postal Charges		494	
Travel		805	
Office Supplies		1,575	
Motor Vehicles		6,706	
Total Property Assessor's Office			222,426

Reappraisal Program

Part-time Personnel	\$	7,735	
Social Security		480	
Employer Medicare		112	
Data Processing Services		3,790	
Other Supplies and Materials		918	
Total Reappraisal Program			13,035

(Continued)

Exhibit J-7

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

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

County Official/Administrative Officer	\$	72,069	
Accountants/Bookkeepers		23,272	
Secretary(ies)		24,345	
Part-time Personnel		5,600	
Longevity Pay		1,800	
Social Security		7,480	
Pensions		8,966	
Medical Insurance		22,519	
Employer Medicare		1,749	
Advertising		282	
Communication		1,159	
Data Processing Services		20,065	
Dues and Memberships		615	
Maintenance and Repair Services - Office Equipment		6,081	
Postal Charges		1,355	
Office Supplies		548	
Total County Trustee's Office			\$ 197,905

County Clerk's Office

County Official/Administrative Officer	\$	72,069	
Secretary(ies)		47,567	
Part-time Personnel		801	
Longevity Pay		1,800	
Social Security		7,109	
Pensions		8,962	
Medical Insurance		30,741	
Employer Medicare		1,663	
Communication		3,546	
Dues and Memberships		641	
Postal Charges		3,398	
Office Supplies		28,202	
Office Equipment		225	
Total County Clerk's Office			206,724

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	72,069	
Clerical Personnel		118,060	
Longevity Pay		4,000	
Overtime Pay		2,045	
Social Security		12,273	
Pensions		14,477	
Medical Insurance		64,369	
Employer Medicare		2,599	
Communication		3,304	
Dues and Memberships		9	
Maintenance and Repair Services - Office Equipment		19,435	

(Continued)

Exhibit J-7

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

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

Postal Charges	\$	1,682	
Rentals		1,064	
Travel		1,375	
Office Supplies		10,593	
Total Circuit Court			\$ 327,354

Criminal Court

Other Salaries and Wages	\$	1,369	
Jury and Witness Expense		9,407	
Social Security		85	
Employer Medicare		20	
Postal Charges		711	
Total Criminal Court			11,592

General Sessions Court

Paraprofessionals	\$	5,951	
Clerical Personnel		21,637	
Longevity Pay		700	
Social Security		1,546	
Pensions		2,088	
Medical Insurance		17,371	
Employer Medicare		362	
Communication		2,079	
Dues and Memberships		430	
Postal Charges		209	
Travel		3,663	
Office Supplies		3,379	
Total General Sessions Court			59,415

General Sessions Judge

Judge(s)	\$	117,305	
Social Security		7,131	
Pensions		8,657	
Medical Insurance		3,662	
Employer Medicare		1,668	
Total General Sessions Judge			138,423

Drug Court

Assistant(s)	\$	19,374	
Guards		4,757	
Social Security		1,336	
Pensions		1,430	
Medical Insurance		10,846	
Unemployment Compensation		115	
Employer Medicare		312	
Communication		2,322	
Postal Charges		202	

(Continued)

Exhibit J-7

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

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

Travel	\$	3,303	
Other Contracted Services		1,537	
Office Supplies		2,861	
Total Drug Court			\$ 48,395

Chancery Court

County Official/Administrative Officer	\$	72,069	
Clerical Personnel		42,899	
Longevity Pay		500	
Social Security		6,773	
Pensions		7,251	
Medical Insurance		28,665	
Employer Medicare		1,584	
Communication		2,069	
Dues and Memberships		251	
Postal Charges		1,494	
Travel		450	
Office Supplies		4,128	
Total Chancery Court			168,133

Juvenile Court

Social Workers	\$	22,661	
Social Security		1,112	
Pensions		1,672	
Medical Insurance		16,087	
Employer Medicare		260	
Travel		1,520	
Office Supplies		4,000	
Total Juvenile Court			47,312

Courtroom Security

Supervisor/Director	\$	17,689	
Guards		52,885	
Social Security		4,376	
Employer Medicare		1,023	
Total Courtroom Security			75,973

Public SafetySheriff's Department

County Official/Administrative Officer	\$	79,276	
Deputy(ies)		719,438	
Salary Supplements		9,000	
Clerical Personnel		25,200	
Longevity Pay		15,100	
Overtime Pay		99,248	
Other Salaries and Wages		28,322	
Board and Committee Members Fees		600	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

In-service Training	\$	17,186	
Other Per Diem and Fees		7,377	
Social Security		57,837	
Pensions		69,878	
Medical Insurance		174,426	
Employer Medicare		13,526	
Dues and Memberships		1,815	
Maintenance and Repair Services - Buildings		1,643	
Maintenance and Repair Services - Equipment		2,520	
Maintenance and Repair Services - Vehicles		20,343	
Postal Charges		2,052	
Travel		956	
Other Contracted Services		6,663	
Gasoline		81,783	
Law Enforcement Supplies		5,601	
Office Supplies		5,863	
Uniforms		11,665	
Vehicle Parts		34,903	
Other Supplies and Materials		3,736	
Other Charges		2,178	
Communication Equipment		1,219	
Data Processing Equipment		5,381	
Law Enforcement Equipment		5,041	
Motor Vehicles		12,000	
Total Sheriff's Department			\$ 1,521,776

Jail

Supervisor/Director	\$	40,334
Dispatchers/Radio Operators		1,792
Guards		573,130
Clerical Personnel		20,599
Longevity Pay		7,200
Overtime Pay		38,379
Other Salaries and Wages		28,615
In-service Training		2,447
Social Security		42,130
Pensions		48,108
Medical Insurance		127,354
Employer Medicare		9,853
Communication		29,024
Contracts with Private Agencies		127,412
Maintenance and Repair Services - Buildings		34,258
Maintenance and Repair Services - Equipment		22,428
Maintenance and Repair Services - Office Equipment		551
Medical and Dental Services		369,537
Pest Control		360
Travel		273

(Continued)

Exhibit J-7

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

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

Other Contracted Services	\$	7,526	
Custodial Supplies		12,602	
Drugs and Medical Supplies		373	
Electricity		33,661	
Food Supplies		89	
Natural Gas		10,098	
Office Supplies		1,792	
Prisoners Clothing		7,172	
Uniforms		7,581	
Water and Sewer		33,240	
Other Supplies and Materials		4,159	
Law Enforcement Equipment		6,299	
Total Jail			\$ 1,648,376

Juvenile Services

Other Contracted Services	\$	1,750	
Total Juvenile Services			1,750

Fire Prevention and Control

Medical Insurance	\$	9,529	
Contracts with Government Agencies		1,077	
Contributions		54,500	
Vehicle and Equipment Insurance		38,775	
Workers' Compensation Insurance		1,938	
Other Charges		20,364	
Total Fire Prevention and Control			126,183

Civil Defense

Supervisor/Director	\$	8,111	
Salary Supplements		4,645	
Social Security		791	
Employer Medicare		185	
Communication		4,149	
Dues and Memberships		590	
Maintenance and Repair Services - Equipment		3,444	
Travel		1,082	
Food Supplies		376	
Gasoline		1,051	
Office Supplies		281	
Other Supplies and Materials		1,975	
Liability Insurance		1,954	
Other Charges		8,748	
Total Civil Defense			37,382

Rescue Squad

Contributions	\$	3,000	
Total Rescue Squad			3,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Other Emergency Management

Assistant(s)	\$	31,773	
Supervisor/Director		44,644	
Dispatchers/Radio Operators		229,608	
Part-time Personnel		953	
Longevity Pay		6,400	
Overtime Pay		38,950	
Other Salaries and Wages		9,559	
Social Security		21,848	
Pensions		26,543	
Medical Insurance		54,848	
Unemployment Compensation		1,122	
Employer Medicare		5,110	
Total Other Emergency Management			\$ 471,358

County Coroner/Medical Examiner

Supervisor/Director	\$	24,000	
Medical and Dental Services		24,394	
Total County Coroner/Medical Examiner			48,394

Other Public Safety

Contributions	\$	5,000	
Road Signs		1,773	
Total Other Public Safety			6,773

Public Health and WelfareLocal Health Center

Custodial Personnel	\$	5,057	
Social Security		314	
Employer Medicare		73	
Communication		3,303	
Maintenance and Repair Services - Buildings		485	
Maintenance and Repair Services - Equipment		1,163	
Postal Charges		94	
Custodial Supplies		167	
Drugs and Medical Supplies		245	
Electricity		4,289	
Natural Gas		843	
Office Supplies		917	
Water and Sewer		1,470	
Other Charges		250	
Total Local Health Center			18,670

Ambulance/Emergency Medical Services

Assistant(s)	\$	10,010	
Supervisor/Director		56,756	
Accountants/Bookkeepers		26,381	
Medical Personnel		488,752	

(Continued)

Exhibit J-7

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

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

Temporary Personnel	\$	53,682	
Longevity Pay		20,300	
Overtime Pay		378,495	
Other Salaries and Wages		18,775	
In-service Training		2,971	
Social Security		62,724	
Pensions		72,921	
Medical Insurance		175,153	
Employer Medicare		14,639	
Communication		8,599	
Dues and Memberships		645	
Licenses		2,586	
Maintenance and Repair Services - Equipment		7,647	
Maintenance and Repair Services - Vehicles		29,705	
Postal Charges		1,510	
Travel		3,082	
Other Contracted Services		47,837	
Custodial Supplies		3,754	
Drugs and Medical Supplies		65,290	
Electricity		5,286	
Gasoline		34,361	
Natural Gas		2,224	
Office Supplies		2,546	
Uniforms		5,661	
Water and Sewer		2,296	
Liability Insurance		30,935	
Other Charges		20,905	
Attendance Equipment		2,995	
Communication Equipment		1,641	
Data Processing Equipment		2,312	
Total Ambulance/Emergency Medical Services			\$ 1,663,376

Crippled Children Services

Contributions	\$	400	
Total Crippled Children Services			400

Other Local Health Services

Clerical Personnel	\$	25,223	
Longevity Pay		200	
Social Security		1,515	
Pensions		1,876	
Medical Insurance		6,146	
Employer Medicare		354	
Travel		1,158	
Other Charges		585	
Total Other Local Health Services			37,057

(Continued)

Exhibit J-7

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

General Fund (Cont.)Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Other Charges	\$ 2,746	
Total Senior Citizens Assistance		\$ 2,746

Libraries

Librarians	\$ 46,581	
In-service Training	590	
Social Security	2,888	
Employer Medicare	675	
Communication	9,298	
Postal Charges	498	
Rentals	1,307	
Travel	657	
Instructional Supplies and Materials	354	
Office Supplies	1,049	
Periodicals	2,266	
Other Charges	8,362	
Data Processing Equipment	1,000	
Total Libraries		75,525

Parks and Fair Boards

Maintenance and Repair Services - Buildings	\$ 4,044	
Other Supplies and Materials	628	
Total Parks and Fair Boards		4,672

Agriculture and Natural ResourcesAgricultural Extension Service

Communication	\$ 4,137	
Maintenance and Repair Services - Office Equipment	950	
Travel	2,000	
Other Contracted Services	48,666	
Office Supplies	2,160	
Other Supplies and Materials	6,396	
Office Equipment	648	
Total Agricultural Extension Service		64,957

Soil Conservation

Contributions	\$ 6,000	
Other Charges	9,000	
Total Soil Conservation		15,000

Other OperationsOther Economic and Community Development

Contributions	\$ 23,000	
Total Other Economic and Community Development		23,000

Veterans' Services

Contributions	\$ 500	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)Other Operations (Cont.)Veterans' Services (Cont.)

Other Contracted Services	\$ 25,000	
Other Supplies and Materials	<u>1,750</u>	
Total Veterans' Services		\$ 27,250

Miscellaneous

Life Insurance	\$ 3,001	
Unemployment Compensation	11,724	
Remittance of Revenue Collected	8,586	
Trustee's Commission	<u>130,911</u>	
Total Miscellaneous		154,222

Principal on DebtGeneral Government

Principal on Capital Leases	\$ <u>77,965</u>	
Total General Government		77,965

Interest on DebtGeneral Government

Interest on Capital Leases	\$ <u>2,377</u>	
Total General Government		<u>2,377</u>

Total General Fund \$ 9,107,764

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Supervisor/Director	\$ 68,864	
Longevity Pay	3,400	
Social Security	4,344	
Pensions	5,340	
Medical Insurance	10,008	
Employer Medicare	1,016	
Travel	150	
Liability Insurance	7,241	
Workers' Compensation Insurance	<u>38,098</u>	
Total Sanitation Management		\$ 138,461

Sanitation Education/Information

Supervisor/Director	\$ 15,198	
Attendants	14,817	
Social Security	1,861	
Employer Medicare	435	
Advertising	773	
Travel	66	
Gasoline	1,371	
Instructional Supplies and Materials	496	
Vehicle Parts	1,313	
Other Supplies and Materials	<u>11,220</u>	
Total Sanitation Education/Information		47,550

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup

Truck Drivers	\$	49,796	
Part-time Personnel		16,491	
Longevity Pay		1,300	
Overtime Pay		3,279	
Social Security		4,172	
Pensions		4,005	
Medical Insurance		16,809	
Employer Medicare		976	
Licenses		192	
Other Contracted Services		315,052	
Equipment and Machinery Parts		7,395	
Gasoline		15,509	
Tires and Tubes		5,785	
Solid Waste Equipment		22,417	
Total Waste Pickup			\$ 463,178

Convenience Centers

Attendants	\$	177,844	
Longevity Pay		4,600	
Overtime Pay		5,700	
Other Salaries and Wages		9,724	
Social Security		11,825	
Pensions		9,648	
Medical Insurance		30,939	
Employer Medicare		2,765	
General Construction Materials		10,562	
Gravel and Chert		1,626	
Other Supplies and Materials		1,947	
Total Convenience Centers			267,180

Recycling Center

Supervisor/Director	\$	22,642	
Attendants		2,182	
Part-time Personnel		41,657	
Overtime Pay		157	
Social Security		4,132	
Pensions		1,845	
Employer Medicare		966	
Communication		1,690	
Electricity		2,503	
Gasoline		6,924	
Vehicle Parts		4,247	
Water and Sewer		421	
Other Supplies and Materials		4,682	
Other Charges		109	
Solid Waste Equipment		2,349	
Total Recycling Center			96,506

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Landfill Operation and Maintenance

Attendants	\$	25,198	
Longevity Pay		400	
Overtime Pay		3,038	
Social Security		1,559	
Pensions		2,111	
Medical Insurance		10,939	
Employer Medicare		365	
Communication		7,631	
Maintenance and Repair Services - Equipment		19,412	
Rentals		4,928	
Electricity		16,576	
Equipment and Machinery Parts		6,546	
Gasoline		13,646	
General Construction Materials		3,132	
Lubricants		715	
Natural Gas		354	
Office Supplies		1,422	
Water and Sewer		2,826	
Landfill Closure/Postclosure Care Costs		16,812	
Site Development		3,348	
Solid Waste Equipment		14,395	
Total Landfill Operation and Maintenance			\$ 155,353

Other OperationsOther Charges

Trustee's Commission	\$	18,885	
Total Other Charges			18,885

Miscellaneous

Life Insurance	\$	163	
Unemployment Compensation		1,789	
Total Miscellaneous			<u>1,952</u>

Total Solid Waste/Sanitation Fund \$ 1,189,065

Drug Control FundPublic SafetyDrug Enforcement

Contributions	\$	1,125	
Confidential Drug Enforcement Payments		6,500	
Rentals		4,200	
Towing Services		845	
Veterinary Services		1,104	
Other Contracted Services		2,151	
Animal Food and Supplies		527	
Instructional Supplies and Materials		171	
Uniforms		1,949	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)Public Safety (Cont.)Drug Enforcement (Cont.)

Other Supplies and Materials	\$	1,774	
Trustee's Commission		832	
Law Enforcement Equipment		1,795	
Motor Vehicles		18,000	
Total Drug Enforcement			\$ 40,973

Total Drug Control Fund \$ 40,973

Constitutional Officers - Fees FundGeneral GovernmentRegister of Deeds

Constitutional Officers' Operating Expenses	\$	207	
Total Register of Deeds			\$ 207

FinanceCounty Trustee's Office

Constitutional Officers' Operating Expenses	\$	2,236	
Total County Trustee's Office			2,236

Administration of JusticeChancery Court

Deputy(ies)	\$	17,921	
Constitutional Officers' Operating Expenses		5,706	
Office Equipment		881	
Total Chancery Court			24,508

Total Constitutional Officers - Fees Fund 26,951

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	79,276	
Secretary(ies)		27,004	
Social Security		6,083	
Pensions		7,843	
Medical Insurance		26,846	
Employer Medicare		1,423	
Dues and Memberships		4,135	
Legal Notices, Recording, and Court Costs		399	
Printing, Stationery, and Forms		65	
Travel		400	
Office Supplies		734	
Other Charges		950	
Total Administration			\$ 155,158

Highway and Bridge Maintenance

Foremen	\$	39,449	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Equipment Operators	\$	75,590	
Truck Drivers		185,918	
Laborers		28,827	
Part-time Personnel		35,045	
Longevity Pay		14,875	
Social Security		22,028	
Pensions		25,413	
Medical Insurance		87,937	
Employer Medicare		5,177	
Other Contracted Services		87,747	
Asphalt - Hot Mix		356,292	
Asphalt - Liquid		36,458	
Concrete		3,779	
Crushed Stone		170,285	
Pipe - Metal		79,744	
Road Signs		3,937	
Total Highway and Bridge Maintenance			\$ 1,258,501

Operation and Maintenance of Equipment

Mechanic(s)	\$	78,088	
Part-time Personnel		6,159	
Longevity Pay		9,000	
Social Security		5,368	
Pensions		6,423	
Medical Insurance		21,879	
Employer Medicare		1,255	
Other Contracted Services		6,725	
Diesel Fuel		121,332	
Equipment and Machinery Parts		178,774	
Garage Supplies		2,260	
Gasoline		47,611	
Lubricants		3,567	
Small Tools		107	
Tires and Tubes		12,507	
Uniforms		7,118	
Total Operation and Maintenance of Equipment			508,173

Other Charges

Communication	\$	5,324	
Electricity		11,460	
Natural Gas		2,207	
Water and Sewer		1,453	
Liability Insurance		39,460	
Trustee's Commission		26,141	
Total Other Charges			86,045

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Life Insurance	\$	287	
Unemployment Compensation		1,324	
Workers' Compensation Insurance		43,373	
Total Employee Benefits			\$ 44,984

Capital Outlay

Bridge Construction	\$	378,363	
Communication Equipment		9,574	
Highway Equipment		141,455	
Motor Vehicles		101,657	
Total Capital Outlay			631,049

Total Highway/Public Works Fund \$ 2,683,910

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	185,000	
Principal on Other Loans		97,000	
Total General Government			\$ 282,000

Education

Principal on Bonds	\$	965,000	
Total Education			965,000

Interest on Debt

General Government

Interest on Bonds	\$	17,900	
Interest on Other Loans		58,729	
Total General Government			76,629

Education

Interest on Bonds	\$	348,947	
Total Education			348,947

Other Debt Service

General Government

Fiscal Agent Charges	\$	11,515	
Trustee's Commission		14,911	
Total General Government			26,426

Total General Debt Service Fund 1,699,002

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Other Contracted Services	\$	150,481	
Total Administration of Justice Projects			\$ 150,481

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Safety Projects

Other Charges	\$ 10,583	
Total Public Safety Projects		\$ 10,583

Public Health and Welfare Projects

Other Equipment	\$ 32,160	
Other Construction	465,929	
Total Public Health and Welfare Projects		498,089

Social, Cultural, and Recreation Projects

Other Equipment	\$ 3,175	
Other Construction	24,988	
Total Social, Cultural, and Recreation Projects		28,163

Agriculture and Natural Resources Projects

Other Charges	\$ 200	
Total Agriculture and Natural Resources Projects		200

Total General Capital Projects Fund		\$ 687,516
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Total Governmental Funds - Primary Government		\$ 15,435,181
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Exhibit J-8

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

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 7,124,266	
Career Ladder Program	47,000	
Homebound Teachers	1,340	
Educational Assistants	378,449	
Bonus Payments	474,903	
Certified Substitute Teachers	46,529	
Non-certified Substitute Teachers	108,772	
Social Security	496,313	
Pensions	783,877	
Life Insurance	5,821	
Medical Insurance	1,357,996	
Dental Insurance	50,125	
Employer Medicare	116,076	
Instructional Supplies and Materials	38,306	
Textbooks - Bound	46,843	
Other Supplies and Materials	3,442	
Fee Waivers	21,100	
Other Charges	14,328	
Total Regular Instruction Program		\$ 11,115,486

Special Education Program

Teachers	\$ 794,802	
Career Ladder Program	4,000	
Homebound Teachers	7,030	
Educational Assistants	113,068	
Speech Pathologist	117,989	
Other Salaries and Wages	16,690	
Certified Substitute Teachers	1,416	
Non-certified Substitute Teachers	660	
Social Security	63,663	
Pensions	95,184	
Life Insurance	730	
Medical Insurance	162,739	
Dental Insurance	5,927	
Employer Medicare	14,889	
Contracts with Other Public Agencies	21,208	
Instructional Supplies and Materials	24,311	
Total Special Education Program		1,444,306

Career and Technical Education Program

Teachers	\$ 640,051	
Career Ladder Program	2,000	
Homebound Teachers	240	
Secretary(ies)	19,892	
Educational Assistants	15,930	
Social Security	41,254	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Instruction (Cont.)Career and Technical Education Program (Cont.)

Pensions	\$	65,045	
Life Insurance		556	
Medical Insurance		112,763	
Dental Insurance		5,597	
Employer Medicare		9,648	
Instructional Supplies and Materials		14,814	
Vocational Instruction Equipment		1,542	
Total Career and Technical Education Program			\$ 929,332

Support ServicesAttendance

Supervisor/Director	\$	74,570	
Social Security		4,202	
Pensions		7,423	
Life Insurance		35	
Medical Insurance		14,750	
Employer Medicare		983	
Travel		14,329	
Other Contracted Services		30,804	
Other Charges		5,905	
Total Attendance			153,001

Health Services

Supervisor/Director	\$	71,881	
Medical Personnel		50,701	
Clerical Personnel		11,639	
Other Salaries and Wages		149,569	
Social Security		17,149	
Pensions		22,801	
Life Insurance		280	
Medical Insurance		41,085	
Dental Insurance		2,605	
Employer Medicare		4,011	
Communication		811	
Travel		5,848	
Drugs and Medical Supplies		7,062	
Other Supplies and Materials		18,493	
Other Charges		16,435	
Total Health Services			420,370

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		294,976	
Other Salaries and Wages		5,994	
Social Security		18,403	
Pensions		31,371	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Other Student Support (Cont.)

Life Insurance	\$	206	
Medical Insurance		31,046	
Dental Insurance		1,982	
Employer Medicare		4,304	
Contracts with Government Agencies		74,672	
Travel		2,253	
Other Equipment		95,637	
Total Other Student Support			\$ 561,844

Regular Instruction Program

Supervisor/Director	\$	55,241	
Career Ladder Program		1,000	
Librarians		284,992	
Secretary(ies)		71,102	
Bonus Payments		19,250	
Other Salaries and Wages		41,021	
Social Security		29,696	
Pensions		48,518	
Life Insurance		312	
Medical Insurance		64,798	
Dental Insurance		2,633	
Employer Medicare		6,945	
Communication		5,045	
Travel		2,122	
Other Contracted Services		65,475	
Library Books/Media		11,200	
Other Charges		1,850	
Other Equipment		85,743	
Total Regular Instruction Program			796,943

Special Education Program

Supervisor/Director	\$	68,284	
Career Ladder Program		7,000	
Secretary(ies)		28,773	
Clerical Personnel		950	
Other Salaries and Wages		24,420	
Social Security		7,956	
Pensions		10,060	
Life Insurance		55	
Medical Insurance		11,756	
Dental Insurance		329	
Employer Medicare		1,861	
Communication		653	
Maintenance and Repair Services - Equipment		560	
Postal Charges		100	
Travel		3,490	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Special Education Program (Cont.)

Other Contracted Services	\$	70,471	
Other Supplies and Materials		4,229	
In Service/Staff Development		9,358	
Other Charges		4,687	
Total Special Education Program			\$ 254,992

Career and Technical Education Program

Supervisor/Director	\$	81,117	
Social Security		4,981	
Pensions		8,485	
Life Insurance		35	
Medical Insurance		6,969	
Dental Insurance		329	
Employer Medicare		1,165	
Travel		29	
Total Career and Technical Education Program			103,110

Technology

Instructional Computer Personnel	\$	207,843	
Social Security		12,171	
Pensions		15,176	
Life Insurance		113	
Medical Insurance		40,411	
Dental Insurance		1,918	
Employer Medicare		2,846	
Internet Connectivity		39,137	
Software		46,951	
Other Equipment		130,870	
Total Technology			497,436

Other Programs

Other Salaries and Wages	\$	6,125	
Social Security		380	
Pensions		598	
Employer Medicare		89	
On-behalf Payments to OPEB		46,550	
Other Charges		147,342	
Total Other Programs			201,084

Board of Education

Board and Committee Members Fees	\$	13,711	
Social Security		862	
Unemployment Compensation		19,096	
Employer Medicare		202	
Payments to Retirees		33,000	
Audit Services		10,300	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Board of Education (Cont.)

Communication	\$	64	
Legal Services		2,745	
Travel		9,786	
Other Contracted Services		7,026	
Liability Insurance		174,369	
Trustee's Commission		104,856	
Workers' Compensation Insurance		76,962	
Other Charges		15,935	
Total Board of Education			\$ 468,914

Director of Schools

County Official/Administrative Officer	\$	101,831	
Assistant(s)		73,186	
Career Ladder Program		1,000	
Secretary(ies)		31,556	
Social Security		12,356	
Pensions		20,529	
Life Insurance		90	
Medical Insurance		33,075	
Dental Insurance		1,254	
Employer Medicare		2,890	
Communication		13,187	
Dues and Memberships		8,120	
Travel		11,991	
Other Contracted Services		27,131	
Office Supplies		1,849	
Other Charges		5,639	
Total Director of Schools			345,684

Office of the Principal

Principals	\$	492,264	
Career Ladder Program		6,000	
Assistant Principals		365,820	
Secretary(ies)		149,593	
Clerical Personnel		93,337	
Social Security		67,626	
Pensions		108,098	
Life Insurance		684	
Medical Insurance		126,456	
Dental Insurance		4,610	
Employer Medicare		15,816	
Communication		18,000	
Travel		1,550	
Other Contracted Services		32,869	
Other Charges		50	
Total Office of the Principal			1,482,773

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Operation of Plant

Bus Drivers	\$	65	
Custodial Personnel		609,580	
Other Salaries and Wages		48,791	
Social Security		39,498	
Pensions		48,067	
Life Insurance		602	
Medical Insurance		120,031	
Dental Insurance		403	
Employer Medicare		9,237	
Other Contracted Services		46,815	
Custodial Supplies		63,197	
Electricity		725,222	
Natural Gas		109,014	
Water and Sewer		95,846	
Other Charges		72	
Total Operation of Plant			\$ 1,916,440

Maintenance of Plant

Supervisor/Director	\$	50,524	
Maintenance Personnel		103,472	
Social Security		9,335	
Pensions		11,365	
Life Insurance		116	
Medical Insurance		20,954	
Dental Insurance		329	
Employer Medicare		2,183	
Communication		1,790	
Maintenance and Repair Services - Buildings		75,022	
Travel		837	
Other Contracted Services		337,950	
Other Supplies and Materials		4,950	
Other Charges		48,148	
Total Maintenance of Plant			666,975

Transportation

Supervisor/Director	\$	52,880	
Mechanic(s)		56,264	
Bus Drivers		500,480	
Social Security		37,663	
Pensions		45,055	
Life Insurance		502	
Medical Insurance		15,267	
Dental Insurance		385	
Employer Medicare		8,807	
Communication		1,277	
Travel		6,569	

(Continued)

Exhibit J-8

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

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

Other Contracted Services	\$	50,758	
Diesel Fuel		165,480	
Equipment and Machinery Parts		4,068	
Gasoline		23,480	
Lubricants		4,161	
Propane Gas		12,711	
Tires and Tubes		22,907	
Vehicle Parts		64,818	
Other Charges		12,034	
Transportation Equipment		105,772	
Total Transportation			\$ 1,191,338

Operation of Non-Instructional ServicesCommunity Services

Other Salaries and Wages	\$	19,452	
Social Security		1,119	
Pensions		1,093	
Life Insurance		9	
Medical Insurance		4,541	
Employer Medicare		262	
Travel		6,287	
Other Supplies and Materials		9,856	
Other Charges		7,347	
Total Community Services			49,966

Early Childhood Education

Supervisor/Director	\$	17,000	
Teachers		422,364	
Bus Drivers		57,520	
Clerical Personnel		11,659	
Educational Assistants		424,405	
Non-certified Substitute Teachers		6,663	
Social Security		55,355	
Pensions		77,439	
Life Insurance		578	
Medical Insurance		83,062	
Dental Insurance		2,644	
Employer Medicare		12,946	
Travel		27,526	
Other Contracted Services		3,408	
Food Supplies		421	
Instructional Supplies and Materials		101,594	
Textbooks - Bound		17,945	
Other Supplies and Materials		1,449	
In Service/Staff Development		1,156	
Other Charges		638	
Other Equipment		2,776	
Total Early Childhood Education			1,328,548

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Other Debt ServiceEducation

Fiscal Agent Charges	\$	706	
Debt Service Contribution to Primary Government		486,072	
Total Education			\$ 486,778

Total General Purpose School Fund \$ 24,415,320

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	356,369	
Educational Assistants		82,828	
Social Security		26,871	
Pensions		38,645	
Life Insurance		334	
Medical Insurance		62,453	
Dental Insurance		2,249	
Unemployment Compensation		730	
Employer Medicare		6,284	
Retirement - Hybrid Stabilization		1,541	
Other Contracted Services		68,020	
Instructional Supplies and Materials		46,599	
Other Charges		1,591	
Regular Instruction Equipment		151,737	
Total Regular Instruction Program			\$ 846,251

Special Education Program

Educational Assistants	\$	321,728	
Speech Pathologist		46,330	
Certified Substitute Teachers		1,357	
Non-certified Substitute Teachers		798	
Social Security		21,892	
Pensions		28,560	
Life Insurance		425	
Medical Insurance		60,912	
Unemployment Compensation		898	
Employer Medicare		5,120	
Contracts with Private Agencies		24,000	
Instructional Supplies and Materials		9,689	
Total Special Education Program			521,709

Career and Technical Education Program

Other Contracted Services	\$	3,032	
Instructional Supplies and Materials		5,573	
Other Supplies and Materials		5,596	
Vocational Instruction Equipment		35,730	
Total Career and Technical Education Program			49,931

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)Support ServicesOther Student Support

Other Salaries and Wages	\$	2,600	
Social Security		161	
Pensions		210	
Employer Medicare		38	
Travel		11,626	
Other Supplies and Materials		259	
In Service/Staff Development		8,538	
Other Charges		12,977	
Total Other Student Support			\$ 36,409

Regular Instruction Program

Supervisor/Director	\$	74,570	
Secretary(ies)		18,301	
Other Salaries and Wages		28,909	
Certified Substitute Teachers		649	
Non-certified Substitute Teachers		605	
Social Security		7,545	
Pensions		12,103	
Life Insurance		55	
Medical Insurance		5,955	
Dental Insurance		329	
Unemployment Compensation		177	
Employer Medicare		1,765	
Postal Charges		55	
Travel		882	
Other Contracted Services		9,120	
Other Supplies and Materials		725	
In Service/Staff Development		50,409	
Total Regular Instruction Program			212,154

Special Education Program

Other Salaries and Wages	\$	64,190	
Social Security		3,980	
Pensions		2,219	
Life Insurance		20	
Unemployment Compensation		84	
Employer Medicare		931	
Other Contracted Services		111,640	
In Service/Staff Development		2,240	
Total Special Education Program			185,304

Career and Technical Education Program

In Service/Staff Development	\$	2,587	
Other Charges		245	
Total Career and Technical Education Program			2,832

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Transportation

Bus Drivers	\$	1,480	
Social Security		92	
Pensions		109	
Employer Medicare		21	
Diesel Fuel		277	
Total Transportation			\$ 1,979

Operation of Non-Instructional ServicesFood Service

Food Supplies	\$	601	
Total Food Service			601

Total School Federal Projects Fund \$ 1,857,170

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	67,230	
Clerical Personnel		28,973	
Cafeteria Personnel		650,658	
Social Security		45,205	
Pensions		54,172	
Life Insurance		928	
Medical Insurance		96,986	
Dental Insurance		407	
Employer Medicare		10,572	
Maintenance and Repair Services - Equipment		62,404	
Travel		14,984	
Other Contracted Services		45,404	
Food Preparation Supplies		50,106	
Food Supplies		835,606	
Office Supplies		592	
Uniforms		1,925	
USDA - Commodities		291,601	
Other Supplies and Materials		10	
In Service/Staff Development		7,489	
Other Charges		7,604	
Food Service Equipment		94,238	
Total Food Service			\$ 2,367,094

Community Services

Cafeteria Personnel	\$	29,922	
Social Security		1,855	
Pensions		2,137	
Employer Medicare		434	
Maintenance and Repair Services - Equipment		3,730	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Travel	\$	671	
Food Preparation Supplies		2,874	
Food Supplies		<u>31,845</u>	
Total Community Services			<u>\$ 73,468</u>

Total Central Cafeteria Fund			<u>\$ 2,440,562</u>
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Total Governmental Funds - Morgan County School Department			<u><u>\$ 28,713,052</u></u>
--	--	--	-----------------------------

Exhibit J-9

Morgan County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2019

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Total
<u>Cash Receipts</u>			
Current Property Tax	\$ 0	\$ 52,421	\$ 52,421
Prior Year's Property Tax	0	1,883	1,883
Interest and Penalty	0	393	393
Local Option Sales Tax	361,884	0	361,884
Total Cash Receipts	<u>\$ 361,884</u>	<u>\$ 54,697</u>	<u>\$ 416,581</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 358,265	\$ 53,771	\$ 412,036
Trustee's Commission	3,619	926	4,545
Total Cash Disbursements	<u>\$ 361,884</u>	<u>\$ 54,697</u>	<u>\$ 416,581</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2018	0	0	0
Cash Balance, June 30, 2019	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

Morgan County Executive and
Board of County Commissioners
Morgan County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Morgan County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Morgan County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Morgan County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morgan County's internal control. Accordingly, we do not express an opinion on the effectiveness of Morgan 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency: 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Morgan County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2019-002.

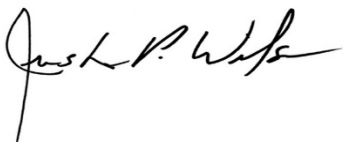
Morgan County's Responses to the Findings

Morgan County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Morgan 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 Morgan County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 14, 2020

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

Morgan County Executive and
Board of County Commissioners
Morgan County, Tennessee

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Morgan 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 Morgan County's major federal programs for the year ended June 30, 2019. Morgan County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

examining, on a test basis, evidence about Morgan County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Morgan County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

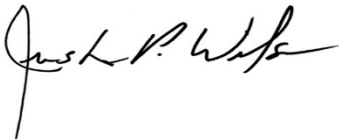
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Morgan County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Morgan County's basic financial statements. We issued our report thereon dated February 14, 2020, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 14, 2020

JPW/tg

Morgan County, Tennessee, and the Morgan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2019

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	\$ 695,779
National School Lunch Program	10.555	N/A	1,404,179 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	291,601 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-19-59379	7,234
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	95,102
Total U.S. Department of Agriculture			<u>\$ 2,493,895</u>
U.S. Department of Military:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 15,983 (6)
Total U.S. Department of Military			<u>\$ 15,983</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	N/A	<u>\$ 262,287</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 262,287</u>
U.S. Department of the Interior:			
Passed-through State Department of Environment and Conservation:			
Abandoned Mine Land Reclamation (AMLR) Program	15.252	N/A	<u>\$ 162,189</u>
Total U.S. Department of the Interior			<u>\$ 162,189</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540		<u>\$ 500</u>
Total U.S. Department of Justice			<u>\$ 500</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-19-THS198	<u>\$ 4,975</u>
Total U.S. Department of Transportation			<u>\$ 4,975</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 874,901
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	684,332
Special Education - Preschool Grants	84.173	N/A	22,680
Career and Technical Education - Basic Grants to States	84.048	N/A	73,637
Rural Education	84.358	N/A	57,961
Supporting Effective Instruction State Grant	84.367	N/A	98,058
Total U.S. Department of Education			<u>\$ 1,811,569</u>

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
CCDF Cluster: (4)			
Child Care and Development Block Grant	93.575	N/A	\$ 14,517
Passed-through State Department of Mental Health and Substance Abuse:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	TI-19-002	100,073
Passed-through State Department of Health:			
Family Planning - Services	93.217	GG-19-59379	2,769
National State Based Tobacco Control Programs	93.305	GG-19-59379	1,250
Medicaid Cluster: (4)			
Medical Assistance Program	93.778	GG-19-59379	4,680
HIV Prevention Activities - Health Department Based	93.940	GG-19-59379	20
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-19-59379	395
Maternal and Child Health Services Block Grant to the States	93.994	GG-19-59379	1,314
Total U.S. Department of Health and Human Services			<u>\$ 125,018</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 3,775
Homeland Security Grant Program	97.067	(3)	6,973
Total U.S. Department of Homeland Security			<u>\$ 10,748</u>
Total Expenditures of Federal Grants			<u>\$ 4,887,164</u>

State Grants		Contract Number	
Adult Drug Court - State Administrative Offices of the Court	N/A	(3)	\$ 44,926
Juvenile Services Program - State Children's Services Commission	N/A	(3)	13,500
Used Oil Grant - State Department of Environment and Conservation	N/A	(3)	32,160
Statewide Agricultural Farmers Market Grant Program - State Department of Agriculture	N/A	(3)	782
Materials Management Convenience Centers Grant - State Department of Environment and Conservation	N/A	(3)	30,885
Law Enforcement Training Grants	N/A	(3)	9,000
Coordinated School Health - State Department of Education	N/A	(3)	100,000
Family Resource Center	N/A	(3)	30,612
Safe Schools Act - State Department of Education	N/A	(3)	38,530
School Safety Grant - State Department of Education	N/A	(3)	96,330
Three-Star 911 Grant - State Department of Economic and Community Development	N/A	(3)	24,904
Archives Equipment Grant - State Secretary of State	N/A	(3)	5,000
Litter Program - State Department of Transportation	N/A	(3)	27,441
Rural Local Health Services - State Department of Health	N/A	(3)	21,219
Early Childhood Education - State Department of Education	N/A	(3)	563,915
Waste Tire Grant - State Department of Environment and Conservation	N/A	(3)	4,051
Total State Grants			<u>\$ 1,043,255</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Morgan County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$2,391,559; Special Education Cluster total \$707,012; CCDF Cluster total \$14,517; Medicaid Cluster total \$4,680.
- (5) Total for CFDA No 10.555 is \$1,695,780
- (6) During the year ended June 30, 2019, Morgan County received excess military equipment from the U.S. Department of Military valued at \$15,983.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Morgan County, Tennessee, for the year ended June 30, 2019.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF TRUSTEE</u>					
2018	185	2018-001	Bank statements were not accurately reconciled with the general ledger in a timely manner	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF COUNTY CLERK</u>					
2018	186	2018-002	The clerk did not require a depository to collateralize funds	N/A	Corrected
<u>OFFICE OF SHERIFF</u>					
2018	186	2018-003	Duties were not segregated adequately	N/A	Corrected

Prior-year Federal Award Findings

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

MORGAN COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number: 84.010 Title I Grants to Local Education Agencies
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster:
Special Education Grants to States and
Special Education Preschool Grants
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.

OFFICE OF TRUSTEE

FINDING 2019-001

BANK STATEMENTS WERE NOT ACCURATELY RECONCILED WITH THE GENERAL LEDGER IN A TIMELY MANNER

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

Bank statements were not accurately reconciled with the general ledger in a timely manner. The trustee attempted to reconcile the accounts; however, unidentified differences were reflected on the reconciliations of two bank accounts on June 30, 2019. The reconciliations also reflected reconciling differences that had been identified but not corrected. These reconciling differences had accumulated during the current- and prior-years and had not been corrected when auditors arrived in December 2019. Sound business practices dictate that bank statements should be reconciled with the general ledger monthly, and any differences should be identified and corrected promptly. These deficiencies were the result of the trustee failing to accurately reconcile the accounts on a current basis, failure to post correcting entries for identified posting errors, failure to correct the finding noted in the prior-year audit report, and the failure to fully implement the corrective action plan.

RECOMMENDATION

Bank statements should be reconciled with the general ledger monthly, and any differences discovered should be identified and corrected promptly.

MANAGEMENT'S RESPONSE – TRUSTEE

I've reviewed the 2018-2019 audit finding. I have made progress towards correcting this since last year. I am still working to get this finding completely corrected.

OFFICE OF FINANCE DIRECTOR

FINDING 2019-002

EXPENDITURES EXCEEDED APPROPRIATIONS

(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the county commission in four major appropriation categories (the legal level of control) of the Solid Waste/Sanitation, Highway/Public Works, General Purpose School, and Central Cafeteria funds by amounts ranging from \$45 to \$53,970. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE –DIRECTOR OF FINANCE

I have reviewed the 2018-19 finding. Corrective action has been taken so that this does not become a repeat finding. I have added a note to my calendar specifically designed to address this finding for the upcoming 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, 2019.

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

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF TRUSTEE

2019-001	Bank Statements were not Accurately Reconciled with the General Ledger in a Timely Manner	186
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OFFICE OF FINANCE DIRECTOR

2019-002	Expenditures Exceeded Appropriations	187
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MORGAN COUNTY TRUSTEE
CINDI JONES

P.O. BOX 189
WARTBURG, TN 37887

WORK: (423) 346-3430
FAX: (423) 346-2730

Corrective Action Plan

**FINDING: BANK STATEMENTS WERE NOT ACCURATELY RECONCILED WITH THE
GENERAL LEDGER IN A TIMELY MANNER.**

Response and Corrective Action Plan Prepared By:
Cindi Jones, Trustee

Person Responsible for implementing the Corrective Action:
Cindi Jones, Trustee

Anticipated Completion Date of Corrective Action:
6-30-2020

Repeating Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
I did make an attempt to correct the finding. I hired a CPA familiar with my office who has assisted in identifying reconciling differences. Two accounts have all reconciling items identified. The other one I am still working on.

Planned Corrective Action:
I'll continue to seek outside help from a person familiar with my office to help get me the accounts reconciled up to date and keep them up to date.

Signature: Cindi Jones

Office of Director of Finance

Morgan County

P.O. Box 250

Wartburg, Tennessee 37887

423-346-6618

Corrective Action Plan

FINDING:

EXPENDITURES EXCEEDED APPROPRIATIONS

Response and Corrective Action Plan Prepared by:

Crystal Garrett, Director of Finance

Person Responsible for Implementing the Corrective Action:

Crystal Garrett, Director of Finance

Anticipated Completion Date of Corrective Action:

6/30/2020

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

I did not pay as close attention as I should have to the affected funds. To correct this, I have added a note to my calendar to thoroughly check each fund prior to the last school board meeting, ask appropriate personnel if any amendments will be needed that I do not know about, and let them know of any overages that require amendments.

Signature:

