

ANNUAL FINANCIAL REPORT
OVERTON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



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

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

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

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Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following is a summary of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Journal entries were posted to the General Purpose School Fund that did not properly reflect the operations of the fund.
- ◆ The office had deficiencies in budget operations.
- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Overton County Officials
June 30, 2019

Officials

Ben Danner, County Executive
James Norrod, Highway Superintendent
Dr. Mark Winningham, Director of Schools
Peggy Clark Smith, Trustee
Cara Boone, Assessor of Property
Victoria Looper, County Clerk
Barbara Matthews, Circuit and General Sessions Courts Clerk
Dorothy Stanton, Clerk and Master
Kim Copeland, Register of Deeds
John Garrett, Sheriff
Connie York, Director of Accounts and Budgets

Board of County Commissioners

Ben Danner, County Executive, Chairman	Jean Moore
Randall Boswell	Gregg Nivens
Jesse Bowman	Billie Phipps
Darwin Clark	Lee Richards
Jeff Long	Donna Savage
Gail McCowan	Phillip Talley
Frank Martin	Geraldine Walker
Robbie Melton	Shane Walker

Board of Education

William Abston, Chairman	Jarmin Hicks
Dolphus Dial	Larry Looper
Ricky Dodson	Howard Miller
Mike Gilpatrick	Dr. Diane Sadler
Mike Hayes	Mike Sullivan

Budget and Purchasing Committee

Darwin Clark, Chairman
Randall Boswell
Frank Martin
Gregg Nivens
Billie Phipps

Audit Committee

Dick Ward, Chairman
Robbie Melton
Donna Savage
Tina Williams
Vacant

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Overton County Executive and
Board of County Commissioners
Overton 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 Overton 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 did not audit the financial statements of Overton County Health and Rehab Center. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Overton County Health and Rehab Center, is based solely on the report of the other auditors. We were unable to determine Overton County Health and Rehab Center's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Overton/Pickett County Emergency Communications District, a component unit requiring discrete presentation, was not included in the county's financial statements. 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, based on our audit and the report of other auditors, 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 Overton County, Tennessee, as of June 30, 2019, and the respective changes in financial position 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 (asset) and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and school changes in the total OPEB 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 Overton 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 Overton County School Department (a discretely presented component unit), miscellaneous schedules, and other information such as the introductory section and management's corrective action plan 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 Overton 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 Overton 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.

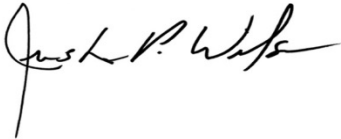
The introductory section and management's corrective action plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of Overton 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 Overton 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 Overton County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 15, 2019

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Overton County School Department	Overton County Health and Rehab Center
<u>ASSETS</u>			
Cash	\$ 1,566	\$ 2,409	\$ 7,941,393
Equity in Pooled Cash and Investments	13,827,302	8,334,079	0
Inventories	0	31,128	0
Accounts Receivable	673,809	138,266	1,326,948
Allowance for Uncollectibles	(318,466)	0	(102,000)
Due from Other Governments	1,217,782	1,299,543	0
Due from Component Units	15,286,377	0	0
Property Taxes Receivable	6,208,252	2,106,371	0
Allowance for Uncollectible Property Taxes	(134,766)	(45,724)	0
Prepaid Items	0	0	2,133
Net Pension Asset - Agent Plan	739,248	524,082	498,882
Net Pension Asset - Teacher Retirement Plan	0	53,475	0
Net Pension Asset - Teacher Legacy Plan	0	1,114,396	0
Restricted Assets:			
Amounts Accumulated for Pension Benefits	0	27,197	0
Capital Assets:			
Assets Not Depreciated:			
Land	700,401	574,963	115,000
Intangibles	51,301	0	0
Construction in Progress	413,892	0	1,109,396
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	6,451,637	12,084,335	6,001,632
Infrastructure	10,140,952	572,352	31,112
Other Capital Assets	2,001,866	1,695,685	317,064
Total Assets	<u>\$ 57,261,153</u>	<u>\$ 28,512,557</u>	<u>\$ 17,241,560</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Changes in Experience	\$ 46,304	\$ 261,113	\$ 31,248
Pension Changes in Assumptions	163,116	776,331	110,080
Pension Other Deferrals	0	66,551	0
Pension Changes in Contributions after Measurement Date	279,527	1,373,226	182,577
OPEB Changes in Experience	18,895	0	0
OPEB Changes in Assumptions	16,488	95,495	3,060
OPEB Other Deferrals	0	236,894	0
OPEB Contributions After Measurement Date	17,259	208,346	2,385
Total Deferred Outflows of Resources	<u>\$ 541,589</u>	<u>\$ 3,017,956</u>	<u>\$ 329,350</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 274,182	\$ 9,551	\$ 317,999
Accrued Payroll	99,288	77,748	122,341
Payroll Deductions Payable	0	0	71,846
Retainage Payable	0	0	13,774
Accrued Interest Payable	66,955	0	55,998
Due to Primary Government	0	7,441,377	7,810,000
Due to State of Tennessee	0	1,651	0
Due to Litigants, Heirs, and Others	0	0	17,872
Noncurrent Liabilities:			
Due Within One Year - Debt	1,925,652	0	152,007
Due Within One Year - Other	115,513	28,395	0
Due in More Than One Year - Debt	18,900,725	0	0
Due in More Than One Year - Other	747,483	3,909,965	310,825
Total Liabilities	<u>\$ 22,129,798</u>	<u>\$ 11,468,687</u>	<u>\$ 8,872,662</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Overton County School Department	Overton County Health and Rehab Center
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,891,115	\$ 1,998,771	\$ 0
Pension Changes in Experience	305,714	1,722,271	206,311
Pension Changes in Investment Earnings	55,991	285,256	37,786
Pension Other Deferrals	0	74,252	0
OPEB Changes in Experience	75,066	102,536	57,802
OPEB Changes in Assumptions	51,618	182,523	4,090
OPEB Changes in Proportionate Share	0	1,066,462	0
Total Deferred Inflow of Resources	<u>\$ 6,379,504</u>	<u>\$ 5,432,071</u>	<u>\$ 305,989</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 14,185,049	\$ 14,927,335	\$ 4,096,720
Restricted for:			
General Government	215,495	0	0
Administration of Justice	85,940	0	0
Public Safety	113,574	0	0
Highways/Public Works	1,533,288	0	0
Education	0	324,530	0
Capital Projects	4,557,507	0	10,502
Pensions	739,248	1,719,150	498,882
Unrestricted	<u>7,863,339</u>	<u>(2,341,260)</u>	<u>3,786,155</u>
Total Net Position	<u>\$ 29,293,440</u>	<u>\$ 14,629,755</u>	<u>\$ 8,392,259</u>

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

Exhibit B

Overton 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 Government Total Governmental Activities	Component Units	
						Overton County School Department	Overton County Health and Rehab Center
Primary Government:							
Governmental Activities:							
General Government	\$ 2,677,016	\$ 169,480	\$ 113,639	\$ 2,107,870	\$ (286,027)	\$ 0	\$ 0
Finance	663,224	582,743	29,618	0	(50,863)	0	0
Administration of Justice	860,141	509,655	199,501	0	(150,985)	0	0
Public Safety	3,829,262	854,709	296,326	0	(2,678,227)	0	0
Public Health and Welfare	3,473,957	1,468,535	243,018	0	(1,762,404)	0	0
Social, Cultural, and Recreational Services	293,242	4,709	52,294	0	(236,239)	0	0
Agriculture and Natural Resources	121,507	0	10,746	0	(110,761)	0	0
Highways/Public Works	2,830,671	2,829	2,275,926	281,385	(270,531)	0	0
Interest on Long-term Debt	510,816	0	0	0	(510,816)	0	0
Total Primary Government	\$ 15,259,836	\$ 3,592,660	\$ 3,221,068	\$ 2,389,255	\$ (6,056,853)	\$ 0	\$ 0
Component Units:							
School Department	\$ 27,635,890	\$ 486,730	\$ 3,861,845	\$ 89,470	\$ 0	\$ (23,197,845)	\$ 0
Health and Rehab Center	8,465,623	8,872,428	30,615	0	0	0	437,420
Total Component Units	\$ 36,101,513	\$ 9,359,158	\$ 3,892,460	\$ 89,470	\$ 0	\$ (23,197,845)	\$ 437,420

(Continued)

Exhibit B

Overton 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 Government Total Governmental Activities	Component Units	
						Overton County School Department	Overton County Health and Rehab Center
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 5,683,736	\$ 2,063,539	\$ 0
Property Taxes Levied for Debt Service					398,219	0	0
Local Option Sales Tax					1,236,914	2,274,672	0
Hotel/Motel Tax					35,717	0	0
Wheel Tax					0	621,611	0
Wholesale Beer Tax					0	119,288	0
Litigation Taxes					91,125	0	0
Mineral Severance Tax					92,226	0	0
Business Tax					161,066	0	0
Other Local Taxes					5,939	14,127	0
Grants and Contributions Not Restricted for Specific Programs					1,274,564	19,107,265	0
Unrestricted Investment Income					472,483	1,607	30,755
Miscellaneous					58,444	107,472	0
Total General Revenues					<u>\$ 9,510,433</u>	<u>\$ 24,309,581</u>	<u>\$ 30,755</u>
Insurance Recovery					<u>\$ 4,594</u>	<u>\$ 99,500</u>	<u>\$ 0</u>
Change in Net Position					\$ 3,458,174	\$ 1,211,236	\$ 468,175
Net Position, July 1, 2018					<u>25,835,266</u>	<u>13,418,519</u>	<u>7,924,084</u>
Net Position, June 30, 2019					<u>\$ 29,293,440</u>	<u>\$ 14,629,755</u>	<u>\$ 8,392,259</u>

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

Exhibit C-1

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

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 0	\$ 50	\$ 0	\$ 0	0
Equity in Pooled Cash and Investments	4,866,269	1,572,688	1,224,153	1,490,577	4,557,507
Accounts Receivable	647,264	17,000	10	0	0
Allowance for Uncollectibles	(318,466)	0	0	0	0
Due from Other Governments	495,798	148,555	573,378	51	0
Due from Other Funds	11,051	0	0	0	0
Due from Component Units	35,000	0	0	0	0
Property Taxes Receivable	5,062,681	369,539	369,539	406,493	0
Allowance for Uncollectible Property Taxes	(109,898)	(8,022)	(8,022)	(8,824)	0
Total Assets	\$ 10,689,699	\$ 2,099,810	\$ 2,159,058	\$ 1,888,297	\$ 4,557,507
<u>LIABILITIES</u>					
Accounts Payable	\$ 16,338	\$ 0	\$ 257,844	\$ 0	0
Accrued Payroll	77,110	4,914	17,264	0	0
Due to Other Funds	0	0	0	0	0
Total Liabilities	\$ 93,448	\$ 4,914	\$ 275,108	\$ 0	0
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 4,804,063	\$ 350,662	\$ 350,662	\$ 385,728	0
Deferred Delinquent Property Taxes	141,703	10,343	10,343	11,378	0
Other Deferred/Unavailable Revenue	281,695	57,448	186,397	0	0
Total Deferred Inflows of Resources	\$ 5,227,461	\$ 418,453	\$ 547,402	\$ 397,106	0

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 1,855	\$ 200,000	\$ 0	\$ 0	\$ 0
Restricted for Administration of Justice	85,940	0	0	0	0
Restricted for Public Safety	11,106	0	0	0	0
Restricted for Highways/Public Works	0	0	1,336,548	0	0
Restricted for Capital Outlay	0	0	0	0	4,557,507
Committed:					
Committed for Public Health and Welfare	0	1,476,443	0	0	0
Committed for Debt Service	0	0	0	1,491,191	0
Unassigned	5,269,889	0	0	0	0
Total Fund Balances	<u>\$ 5,368,790</u>	<u>\$ 1,676,443</u>	<u>\$ 1,336,548</u>	<u>\$ 1,491,191</u>	<u>\$ 4,557,507</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,689,699</u>	<u>\$ 2,099,810</u>	<u>\$ 2,159,058</u>	<u>\$ 1,888,297</u>	<u>\$ 4,557,507</u>

(Continued)

Exhibit C-1

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

	Nonmajor Funds		Other Govern- mental Funds		Total Governmental Funds
<u>ASSETS</u>					
Cash	\$	1,516	\$	1,566	
Equity in Pooled Cash and Investments		116,108		13,827,302	
Accounts Receivable		9,535		673,809	
Allowance for Uncollectibles		0		(318,466)	
Due from Other Governments		0		1,217,782	
Due from Other Funds		0		11,051	
Due from Component Units		0		35,000	
Property Taxes Receivable		0		6,208,252	
Allowance for Uncollectible Property Taxes		0		(134,766)	
		\$		\$	21,521,530
Total Assets		127,159		\$	21,521,530
<u>LIABILITIES</u>					
Accounts Payable	\$	0	\$	274,182	
Accrued Payroll		0		99,288	
Due to Other Funds		11,051		11,051	
Total Liabilities		\$		\$	384,521
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$	0	\$	5,891,115	
Deferred Delinquent Property Taxes		0		173,767	
Other Deferred/Unavailable Revenue		0		525,540	
Total Deferred Inflows of Resources		\$		\$	6,590,422

(Continued)

Exhibit C-1

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

<u>FUND BALANCES</u>	<u>Nonmajor Funds</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
Restricted:			
Restricted for General Government	\$ 13,640		\$ 215,495
Restricted for Administration of Justice		0	85,940
Restricted for Public Safety	102,468		113,574
Restricted for Highways/Public Works		0	1,336,548
Restricted for Capital Outlay		0	4,557,507
Committed:			
Committed for Public Health and Welfare		0	1,476,443
Committed for Debt Service		0	1,491,191
Unassigned		0	5,269,889
Total Fund Balances	<u>\$ 116,108</u>		<u>\$ 14,546,587</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 127,159</u>		<u>\$ 21,521,530</u>

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

Exhibit C-2

Overton 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)		\$ 14,546,587
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 700,401	
Add: intangible assets	51,301	
Add: construction in progress	413,892	
Add: buildings and improvements net of accumulated depreciation	6,451,637	
Add: infrastructure net of accumulated depreciation	10,140,952	
Add: other capital assets net of accumulated depreciation	<u>2,001,866</u>	19,760,049
(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	\$ (14,830,000)	
Less: notes payable	(3,420,000)	
Less: other loans payable	(2,576,377)	
Add: debt to be contributed by the school department	7,441,377	
Add: debt to be contributed by the health and rehab center	7,810,000	
Less: accrued interest on bonds	(43,042)	
Less: accrued interest on notes	(23,913)	
Less: compensated absences payable	(142,911)	
Less: net OPEB liability	(679,609)	
Less: landfill postclosure care costs	<u>(40,476)</u>	(6,504,951)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 488,947	
Less: deferred inflows of resources related to pensions	(361,705)	
Add: deferred outflows of resources related to OPEB	52,642	
Less: deferred inflows of resources related to OPEB	<u>(126,684)</u>	53,200
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		739,248
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>699,307</u>
Net position of governmental activities (Exhibit A)		<u>\$ 29,293,440</u>

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

Exhibit C-3

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

	Major Funds					
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Education Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 5,878,296	\$ 1,049,828	\$ 459,650	\$ 404,214	\$ 0	\$ 0
Licenses and Permits	712	0	0	0	0	0
Fines, Forfeitures, and Penalties	107,104	0	0	0	0	0
Charges for Current Services	1,273,593	264,590	0	0	0	0
Other Local Revenues	167,050	65,125	21,626	472,475	2,060,288	0
Fees Received From County Officials	934,570	0	0	0	0	0
State of Tennessee	1,285,830	28,122	2,557,311	611,335	0	0
Federal Government	496,085	0	0	0	0	0
Other Governments and Citizens Groups	106,291	0	0	1,472,919	0	0
Total Revenues	\$ 10,249,531	\$ 1,407,665	\$ 3,038,587	\$ 2,960,943	\$ 2,060,288	\$ 0
<u>Expenditures</u>						
Current:						
General Government	\$ 1,895,490	\$ 69,056	\$ 0	\$ 0	\$ 0	\$ 0
Finance	682,954	0	0	0	0	0
Administration of Justice	867,088	0	0	0	0	0
Public Safety	3,749,206	0	0	0	0	0
Public Health and Welfare	2,392,194	1,301,585	0	0	0	0
Social, Cultural, and Recreational Services	260,258	0	0	0	0	0
Agriculture and Natural Resources	128,474	0	0	0	0	0
Other Operations	241,215	0	0	0	0	0
Highways	43,936	0	3,088,270	0	0	0
Debt Service:						
Principal on Debt	0	0	0	2,086,777	0	0
Interest on Debt	0	0	0	497,416	0	0
Other Debt Service	0	0	0	18,296	0	0

(Continued)

Exhibit C-3

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

	Major Funds					
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Education Capital Projects
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	922,781	\$ 0
Capital Projects - Donated	0	0	0	0	0	2,576,377
Total Expenditures	\$ 10,260,815	\$ 1,370,641	\$ 3,088,270	\$ 2,602,489	\$ 922,781	\$ 2,576,377
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ (11,284)	\$ 37,024	\$ (49,683)	\$ 358,454	\$ 1,137,507	\$ (2,576,377)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	3,420,000	\$ 0
Other Loans Issued	0	0	0	0	0	2,576,377
Insurance Recovery	4,594	0	0	0	0	0
Transfers In	32,000	0	0	0	0	0
Transfers Out	0	(32,000)	0	0	0	0
Total Other Financing Sources (Uses)	\$ 36,594	\$ (32,000)	\$ 0	\$ 0	\$ 3,420,000	\$ 2,576,377
<u>Net Change in Fund Balances</u>						
Fund Balance, July 1, 2018	\$ 5,343,480	\$ 1,671,419	\$ 1,386,231	\$ 1,132,737	\$ 4,557,507	\$ 0
Fund Balance, June 30, 2019	\$ 5,368,790	\$ 1,676,443	\$ 1,336,548	\$ 1,491,191	\$ 4,557,507	\$ 0

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Total Governmental Funds
	Other	Govern- mental Funds	
<hr/>			
<u>Revenues</u>			
Local Taxes	\$ 387	\$ 7,792,375	
Licenses and Permits	0	712	
Fines, Forfeitures, and Penalties	31,411	138,515	
Charges for Current Services	2,980	1,541,163	
Other Local Revenues	3,031	2,789,595	
Fees Received From County Officials	0	934,570	
State of Tennessee	0	4,482,598	
Federal Government	0	496,085	
Other Governments and Citizens Groups	0	1,579,210	
Total Revenues	<u>\$ 37,809</u>	<u>\$ 19,754,823</u>	
<u>Expenditures</u>			
Current:			
General Government	\$ 9,754	\$ 1,974,300	
Finance	165	683,119	
Administration of Justice	2,815	869,903	
Public Safety	23,245	3,772,451	
Public Health and Welfare	0	3,693,779	
Social, Cultural, and Recreational Services	0	260,258	
Agriculture and Natural Resources	0	128,474	
Other Operations	4	241,219	
Highways	0	3,132,206	
Debt Service:			
Principal on Debt	0	2,086,777	
Interest on Debt	0	497,416	
Other Debt Service	0	18,296	

(Continued)

Exhibit C-3

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

	<u>Nonmajor Funds</u>		<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<hr/>				
<u>Expenditures (Cont.)</u>				
Capital Projects	\$	0	\$	922,781
Capital Projects - Donated		0		2,576,377
Total Expenditures	<u>\$</u>	<u>35,983</u>	<u>\$</u>	<u>20,857,356</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$</u>	<u>1,826</u>	<u>\$</u>	<u>(1,102,533)</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$	0	\$	3,420,000
Other Loans Issued		0		2,576,377
Insurance Recovery		0		4,594
Transfers In		0		32,000
Transfers Out		0		(32,000)
Total Other Financing Sources (Uses)	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>6,000,971</u>
Net Change in Fund Balances	\$	1,826	\$	4,898,438
Fund Balance, July 1, 2018		114,282		9,648,149
Fund Balance, June 30, 2019	<u>\$</u>	<u>116,108</u>	<u>\$</u>	<u>14,546,587</u>

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

Exhibit C-4

Overton 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)		\$ 4,898,438
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,551,556	
Less: current-year depreciation expense	<u>(670,399)</u>	881,157
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Less: book value of capital assets disposed		(156,469)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 699,307	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(680,714)</u>	18,593
(4) 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	\$ 2,086,777	
Less: note proceeds	(3,420,000)	
Less: other loan proceeds	(2,576,377)	
Add: bond proceeds contributed to component unit	2,576,377	
Less: contributions from the school department for bonds	(740,000)	
Less: contributions from the health and rehab center for bonds	<u>(320,000)</u>	(2,393,223)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	\$ (13,400)	
Change in postclosure care costs	16,805	
Change in compensated absences payable	(11,052)	
Change in pension liability/asset	311,681	
Change in deferred outflows related to pensions	(61,937)	
Change in deferred inflows related to pensions	(10,653)	
Change in net OPEB liability	5,517	
Change in deferred outflows related to OPEB	44,083	
Change in deferred inflows related to OPEB	<u>(71,366)</u>	209,678
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,458,174</u>

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

Exhibit C-5

Overton County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,878,296	\$ 5,581,888	\$ 5,581,888	\$ 296,408
Licenses and Permits	712	475	475	237
Fines, Forfeitures, and Penalties	107,104	111,420	111,420	(4,316)
Charges for Current Services	1,273,593	1,141,555	1,141,555	132,038
Other Local Revenues	167,050	96,130	123,084	43,966
Fees Received From County Officials	934,570	903,000	903,000	31,570
State of Tennessee	1,285,830	1,466,217	1,503,167	(217,337)
Federal Government	496,085	854,236	1,090,688	(594,603)
Other Governments and Citizens Groups	106,291	182,500	182,500	(76,209)
Total Revenues	\$ 10,249,531	\$ 10,337,421	\$ 10,637,777	\$ (388,246)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 99,602	\$ 104,408	\$ 109,808	\$ 10,206
Board of Equalization	700	2,700	2,700	2,000
County Mayor/Executive	198,725	216,007	216,007	17,282
County Attorney	53,865	67,700	67,700	13,835
Election Commission	180,137	193,590	194,880	14,743
Register of Deeds	158,661	165,203	170,603	11,942
Planning	16,755	16,480	19,780	3,025
County Buildings	377,363	503,496	512,580	135,217
Other General Administration	808,549	967,230	933,039	124,490
Preservation of Records	1,133	1,000	1,500	367
<u>Finance</u>				
Accounting and Budgeting	58,930	60,561	61,120	2,190
Purchasing	0	0	1,320	1,320
Property Assessor's Office	212,731	219,565	219,565	6,834
County Trustee's Office	187,334	191,784	191,784	4,450
County Clerk's Office	223,959	242,902	242,902	18,943
<u>Administration of Justice</u>				
Circuit Court	272,981	284,080	284,080	11,099
General Sessions Court	153,962	161,172	161,172	7,210
Drug Court	166,669	111,136	306,088	139,419
Chancery Court	232,217	244,437	245,737	13,520
Juvenile Court	21,408	26,110	26,110	4,702
District Attorney General	0	26,161	26,161	26,161
Judicial Commissioners	19,851	22,572	22,572	2,721
<u>Public Safety</u>				
Sheriff's Department	1,738,920	1,942,176	1,997,983	259,063
Special Patrols	41,504	43,024	45,324	3,820
Jail	1,578,251	2,005,840	2,031,348	453,097
Fire Prevention and Control	183,664	190,476	190,476	6,812
Civil Defense	9,462	12,800	15,106	5,644
Rescue Squad	10,000	10,000	10,000	0
Other Emergency Management	150,000	150,000	150,000	0
County Coroner/Medical Examiner	37,405	36,225	41,225	3,820
Other Public Safety	0	3,000	3,000	3,000

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 51,338	\$ 236,700	\$ 236,700	\$ 185,362
Ambulance/Emergency Medical Services	2,326,769	2,425,576	2,471,607	144,838
Other Local Health Services	2,444	2,500	2,500	56
Regional Mental Health Center	6,327	6,327	6,327	0
Transfer Stations	316	0	500	184
Other Public Health and Welfare	5,000	0	5,000	0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	66,393	65,315	69,545	3,152
Libraries	158,920	161,281	161,281	2,361
Other Social, Cultural, and Recreational	34,945	35,750	35,750	805
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	64,683	71,245	71,245	6,562
Soil Conservation	63,791	69,842	69,842	6,051
<u>Other Operations</u>				
Tourism	8,274	35,500	35,500	27,226
Industrial Development	65,262	69,300	69,300	4,038
Other Economic and Community Development	96,638	525,000	525,000	428,362
Airport	25,947	45,200	45,200	19,253
Veterans' Services	29,492	40,120	40,120	10,628
Contributions to Other Agencies	15,602	15,650	15,650	48
<u>Highways</u>				
Traffic Control	4,595	14,080	14,080	9,485
Litter and Trash Collection	39,341	44,600	44,600	5,259
Total Expenditures	\$ 10,260,815	\$ 12,085,821	\$ 12,421,417	\$ 2,160,602
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (11,284)	\$ (1,748,400)	\$ (1,783,640)	\$ 1,772,356
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,594	\$ 0	\$ 32,561	\$ (27,967)
Transfers In	32,000	32,000	32,000	0
Total Other Financing Sources	\$ 36,594	\$ 32,000	\$ 64,561	\$ (27,967)
Net Change in Fund Balance	\$ 25,310	\$ (1,716,400)	\$ (1,719,079)	\$ 1,744,389
Fund Balance, July 1, 2018	5,343,480	4,985,745	4,985,745	357,735
Fund Balance, June 30, 2019	\$ 5,368,790	\$ 3,269,345	\$ 3,266,666	\$ 2,102,124

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,049,828	\$ 914,690	\$ 914,690	\$ 135,138
Charges for Current Services	264,590	241,500	241,500	23,090
Other Local Revenues	65,125	72,000	72,000	(6,875)
State of Tennessee	28,122	408,590	408,590	(380,468)
Total Revenues	<u>\$ 1,407,665</u>	<u>\$ 1,636,780</u>	<u>\$ 1,636,780</u>	<u>\$ (229,115)</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 69,056	\$ 107,000	\$ 109,000	\$ 39,944
<u>Public Health and Welfare</u>				
Convenience Centers	170,196	417,159	417,159	246,963
Transfer Stations	986,543	1,380,786	1,378,786	392,243
Recycling Center	127,071	318,000	318,000	190,929
Other Waste Disposal	0	6,500	6,500	6,500
Postclosure Care Costs	17,775	71,000	71,000	53,225
Total Expenditures	<u>\$ 1,370,641</u>	<u>\$ 2,300,445</u>	<u>\$ 2,300,445</u>	<u>\$ 929,804</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 37,024</u>	<u>\$ (663,665)</u>	<u>\$ (663,665)</u>	<u>\$ 700,689</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>	<u>\$ 0</u>
Total Other Financing Sources	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 5,024	\$ (695,665)	\$ (695,665)	\$ 700,689
Fund Balance, July 1, 2018	1,671,419	1,585,697	1,585,697	85,722
Fund Balance, June 30, 2019	<u>\$ 1,676,443</u>	<u>\$ 890,032</u>	<u>\$ 890,032</u>	<u>\$ 786,411</u>

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

Exhibit C-7

Overton County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 459,650	\$ 462,490	\$ 462,490	\$ (2,840)
Other Local Revenues	21,626	10,000	10,000	11,626
State of Tennessee	2,557,311	2,637,947	2,637,947	(80,636)
Total Revenues	<u>\$ 3,038,587</u>	<u>\$ 3,110,437</u>	<u>\$ 3,110,437</u>	<u>\$ (71,850)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 151,462	\$ 159,871	\$ 159,821	\$ 8,359
Highway and Bridge Maintenance	1,363,546	1,432,076	1,568,376	204,830
Operation and Maintenance of Equipment	488,284	531,269	639,969	151,685
Quarry Operations	145,303	323,217	233,217	87,914
Other Charges	152,546	190,000	200,000	47,454
Employee Benefits	353,771	461,477	461,477	107,706
Capital Outlay	433,358	436,811	513,811	80,453
Total Expenditures	<u>\$ 3,088,270</u>	<u>\$ 3,534,721</u>	<u>\$ 3,776,671</u>	<u>\$ 688,401</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (49,683)</u>	<u>\$ (424,284)</u>	<u>\$ (666,234)</u>	<u>\$ 616,551</u>
Net Change in Fund Balance	\$ (49,683)	\$ (424,284)	\$ (666,234)	\$ 616,551
Fund Balance, July 1, 2018	1,386,231	1,340,371	1,340,371	45,860
Fund Balance, June 30, 2019	<u>\$ 1,336,548</u>	<u>\$ 916,087</u>	<u>\$ 674,137</u>	<u>\$ 662,411</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,241,504
Due from Other Governments	<u>177,434</u>
Total Assets	<u><u>\$ 1,418,938</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 177,434
Due to Litigants, Heirs, and Others	<u>1,241,504</u>
Total Liabilities	<u><u>\$ 1,418,938</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overton 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 Overton County:

A. Reporting Entity

Overton County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Overton County (the primary government) and its component units. The financial statements of the Overton/Pickett County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Overton County School Department operates the public school system in the county, and the voters of Overton 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 Overton County Health and Rehab Center provides residential nursing care to the citizens of Overton County, and the Overton County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the entity must obtain the county commission's approval.

The Overton/Pickett County Emergency Communications District was established with the merger of the Pickett County Emergency Communications District and the Overton County Emergency Communications District. The merger was adopted by both boards with an effective date of February 1, 2002. The board of the district includes 13 members: nine are appointed by the Overton County Commission, and the remaining four are appointed by the Pickett County Commission. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt, the district must obtain approval of the Overton County Commission. The financial statements of the Overton/Pickett County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Overton 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 Overton County Health and Rehab Center and the Overton/Pickett County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Overton County Health and Rehab Center
318 Bilbrey Street
Livingston, TN 38570

Overton/Pickett County Emergency
Communications District
255 Industrial Drive
Livingston, TN 38570

Related Organization – The Industrial Development Authority for Overton County provides assistance in industrial recruitment in Overton County, and the Overton County Commission appoints its seven-member board. Overton County did not contribute to the operations of the Industrial Development Authority during the year ended June 30, 2019.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately

from governmental activities in government-wide financial statements. However, the primary government of Overton 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 Overton 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.

Overton County issues all debt for the discretely presented Overton County School Department and the discretely presented Overton County Health and Rehab Center. Debt issues totaling \$2,576,377 were contributed by the county to the school department during the year ended June 30, 2019. There were no debt issues contributed by the county to the Health and Rehab Center during the year ended June 30, 2019.

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

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

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

Fund financial statements of Overton 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. An emphasis is placed on

major funds within the governmental category. Overton County has no proprietary funds to report.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Overton 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 debt service funds for payments to be made early in the following year.

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

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

Overton 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 disposal of Overton County’s solid waste. 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.

General Capital Projects Fund – This fund accounts for and reports contributions and debt issued for the construction and equipping of a county administration facility.

Education Capital Projects Fund – This fund accounts for debt issued by Overton County that is subsequently contributed to the discretely presented Overton County School Department for energy efficiency projects.

Additionally, Overton County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Overton County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Overton County School Department reports the following major governmental fund:

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

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

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

Debt Service Fund – The Education Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs on debt issued by the primary government for the school department.

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; 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 Overton 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 Debt Service Fund. Overton 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. 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. All other investments are reported at fair value.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.12 percent of total taxes levied.

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

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

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

Most payables are disaggregated on the face of the financial statements.

3. Inventories

Inventories of the discretely presented Overton County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories 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 Overton 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 Overton County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Overton 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 initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 30
Infrastructure:	
Roads	20 - 50
Bridges	30 - 50

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 and the governmental funds balance sheet. These items are for pension changes in experience, changes in assumptions, changes in proportionate share of contributions, employer contributions made to the pension plan after the measurement date, other postemployment benefits (OPEB) changes in experience, changes in assumptions, changes in proportionate share of contributions, and contributions after measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

7. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Upon termination of employment for any purpose other than retirement, all unused sick leave will be forfeited. All vacation pay is accrued when incurred in the government-wide financial statements for the county.

The general policy of the Overton County School Department permits employees to accumulate vacation and sick days beyond year-end. Non-certified 12-month support personnel earn vacation days that may be accumulated beyond year-end. School support personnel earn personal days and are compensated for any unused days before the end of each fiscal year. The general policy of the school department for professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. Upon retirement, employees have the option of applying

accumulated sick leave toward retirement in the Tennessee Consolidated Retirement System or receiving a lump sum payment of \$20 per day for all days accumulated up to 200 days. Since the payment of sick leave is at the option of employees as they retire, the amount cannot be reasonably estimated and is not accrued in the government-wide financial statements for the county. All vacation pay is accrued when incurred in the government-wide financial statements for the discretely presented school department.

A liability for vacation pay is reported in governmental funds of the county and the school department 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, claims and judgments, other postemployment benefits, and landfill postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

9. Net Position and Fund Balance

In the government-wide financial statements, 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, Overton County had \$7,441,377 in outstanding debt for the discretely presented Overton County School Department and \$7,810,000 in outstanding debt for the Overton County Health and Rehab Center. This debt is a liability of Overton County, but the capital assets acquired are reported in the financial statements of the school department and the health and rehab center.

It is the county’s policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county’s policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the school department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission has by resolution authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the school department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and 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 Overton County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Overton 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 Overton County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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

Discretely Presented Overton 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 Overton County School Department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The school department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Overton County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Overton County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

B. Cash Shortage – Prior Year

The State Comptroller issued a special report dated June 4, 2012, regarding allegations of suspected irregularities at the Millard Oakley Public Library, which is a department of the county's General Fund. The investigation revealed a cash shortage of \$5,600 at March 2, 2012, which was attributed to alleged illegal activity by the library's deputy director. Refunds by the bank and funds returned by the deputy director reduced the shortage to \$3,710 at March 26, 2012. On February 18, 2014, the defendant pled guilty to theft of property over \$1,000 and received a three-year sentence suspended to three years of supervised probation and 100 hours community service as well as being ordered to pay restitution of \$3,710. This shortage is not reflected in the financial statements of Overton County at June 30, 2019, due to the uncertainty of collection. Restitution of \$1,535 was received leaving a balance of \$2,175 at June 30, 2019. Details of the shortage may be found on the Comptroller's website at www.comptroller.tn.gov.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the following major appropriations category (the legal level of control) of the General Purpose School Fund.

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Regular Instruction Program	\$ 405,432
Technology	3,091
Office of the Principal	1,704
Fiscal Services	5,312

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Purpose School Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Overton County and the Overton 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. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2019, Overton County had the following investments carried at amortized cost using a Stable Net Asset Value. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Overton County and the discretely presented Overton County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturity	Amortized Cost
State Treasurer's Investment Pool	1 to 86	N/A	\$ 23,969,917

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Overton County has no investment policy that would further limit its investment choices. As of June 30, 2019, Overton County’s investment in the State Treasurer’s Investment Pool was unrated.

TCRS Stabilization Trust

Legal Provisions. The Overton 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 Overton 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, 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 fair 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 Overton 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	\$ 8,431
Developed Market International Equity	N/A	N/A	3,808
Emerging Market International Equity	N/A	N/A	1,088
U.S. Fixed Income	N/A	N/A	5,439
Real Estate	N/A	N/A	2,720
Short-term Securities	N/A	N/A	272
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	5,439
Total			\$ 27,197

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 8,431	\$ 8,431	0	\$ 0	0
Developed Market International Equity	3,808	3,808	0	0	0
Emerging Market International Equity	1,088	1,088	0	0	0
U.S. Fixed Income	5,439	0	5,439	0	0
Real Estate	2,720	0	0	2,720	0
Short-term Securities	272	0	272	0	0
Private Equity and Strategic Lending	5,439	0	0	0	5,439
Total	\$ 27,197	\$ 13,327	\$ 5,711	\$ 2,720	\$ 5,439

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 Overton 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 Overton 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. Overton 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 Overton County School Department to pay retirement benefits of the school department employees.

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

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 700,401	\$ 0	\$ 0	\$ 700,401
Construction in Progress	0	413,892	0	413,892
Intangibles Assets - Indefinite Life	10,701	40,600	0	51,301
Total Capital Assets Not Depreciated	<u>\$ 711,102</u>	<u>\$ 454,492</u>	<u>\$ 0</u>	<u>\$ 1,165,594</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,814,471	\$ 0	\$ 0	\$ 10,814,471
Infrastructure	14,212,150	429,823	(154,869)	14,487,104
Other Capital Assets	7,038,124	667,241	(40,899)	7,664,466
Total Capital Assets Depreciated	<u>\$ 32,064,745</u>	<u>\$ 1,097,064</u>	<u>\$ (195,768)</u>	<u>\$ 32,966,041</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,165,558	\$ 197,276	\$ 0	\$ 4,362,834
Infrastructure	4,262,170	89,366	(5,384)	4,346,152
Other Capital Assets	5,312,758	383,757	(33,915)	5,662,600
Total Accumulated Depreciation	<u>\$ 13,740,486</u>	<u>\$ 670,399</u>	<u>\$ (39,299)</u>	<u>\$ 14,371,586</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,324,259</u>	<u>\$ 426,665</u>	<u>\$ (156,469)</u>	<u>\$ 18,594,455</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,035,361</u>	<u>\$ 881,157</u>	<u>\$ (156,469)</u>	<u>\$ 19,760,049</u>

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

Governmental Activities:

General Government	\$ 34,892
Finance	2,132
Administration of Justice	8,435
Public Safety	275,194
Public Health and Welfare	202,229
Social, Cultural, and Recreational Services	28,475
Highways/Public Works	<u>119,042</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 670,399</u></u>

Discretely Presented Overton County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Balance 6-30-19
Capital Assets Not Depreciated:			
Land	\$ 457,163	\$ 117,800	\$ 574,963
Total Capital Assets Not Depreciated	<u>\$ 457,163</u>	<u>\$ 117,800</u>	<u>\$ 574,963</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 23,894,657	\$ 0	\$ 23,894,657
Infrastructure	963,193	0	963,193
Other Capital Assets	3,378,045	159,588	3,537,633
Total Capital Assets Depreciated	<u>\$ 28,235,895</u>	<u>\$ 159,588</u>	<u>\$ 28,395,483</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 11,345,344	\$ 464,978	\$ 11,810,322
Infrastructure	368,149	22,692	390,841
Other Capital Assets	1,665,269	176,679	1,841,948
Total Accumulated Depreciation	<u>\$ 13,378,762</u>	<u>\$ 664,349</u>	<u>\$ 14,043,111</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,857,133</u>	<u>\$ (504,761)</u>	<u>\$ 14,352,372</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,314,296</u>	<u>\$ (386,961)</u>	<u>\$ 14,927,335</u>

There were no decreases in capital assets to report during the year ended June 30, 2019.

Depreciation expense was charged to functions of the school department as follows:

Governmental Activities:

Instruction	\$ 473,976
Support Services	<u>190,373</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 664,349</u></u>

C. Insurance Recoveries

Other financing sources in the discretely presented Overton County General Purpose School Fund include insurance proceeds of \$99,550 for damage to a gym floor that was repaired subsequent to June 30, 2019.

D. Construction Commitments

At June 30, 2019, the county had uncompleted construction contracts of approximately \$4,111,676 for the construction of a county administration facility. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 11,051
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	62,941
Nonmajor governmental	General Purpose School	16

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.

The receivable in the nonmajor governmental funds totaling \$16 was in transit from the General Purpose School Fund at June 30, 2019.

Due to/from Primary Government and Component Units:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Units:	
Governmental Activities	School Department	\$ 7,441,377
"	Health and Rehab Center	7,810,000
General Fund	General Purpose School Fund	35,000

The amounts reflected as Due to the Primary Government from the discretely presented component units on the government-wide Statement of Net Position represent debt issued by the primary government for the component units, the principal of which is being contributed by the component units to the primary government to retire the debt.

The receivable in the General Fund totaling \$35,000 was in transit from the discretely presented General Purpose School Fund at June 30, 2019.

Interfund Transfers:

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

Primary Government

Transfers Out	<u>Transfers In</u> General Fund	Purpose
Solid Waste/Sanitation Fund	\$ 32,000	Operations
Total	<u>\$ 32,000</u>	

Discretely Presented Overton County School Department

Transfers Out	Transfers In		Purpose
	General Purpose School Fund	Nonmajor Govern-mental Fund	
General Purpose School Fund	\$ 0	\$ 100,000	Cash flows
"	0	421,521	Debt retirement
Nonmajor governmental fund	19,822	0	Indirect cost
Total	\$ 19,822	\$ 521,521	

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.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Overton County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government, the discretely presented school department, and the discretely presented Overton County Health and Rehab Center. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 25 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Overton County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government, the discretely presented school department and the discretely presented Overton County Health and Rehab Center. 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. Capital outlay notes and other loans outstanding were each issued for original terms of up to 12 years. Repayment terms are generally

structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, 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	2.58 to 2.91 %	4-1-42	\$ 9,115,000	\$ 7,810,000
General Obligation Bonds - Refunding	2 to 4.1	6-1-25	13,965,000	7,020,000
Direct Borrowing and Direct Payment:				
Capital Outlay Notes	3.124	5-1-30	3,420,000	3,420,000
Other Loans	1	1-29-30	2,576,377	2,576,377

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 1,480,000	\$ 475,298	\$ 1,955,298
2021	1,505,000	436,839	1,941,839
2022	1,565,000	389,112	1,954,112
2023	1,620,000	339,483	1,959,483
2024	1,685,000	279,420	1,964,420
2025-2029	2,880,000	834,484	3,714,484
2030-2034	2,045,000	501,925	2,546,925
2035-2039	1,220,000	255,687	1,475,687
2040-2042	830,000	54,438	884,438
Total	\$ 14,830,000	\$ 3,566,686	\$ 18,396,686

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 215,000	\$ 143,476	\$ 358,476
2021	270,000	100,156	370,156
2022	280,000	91,719	371,719
2023	285,000	82,969	367,969
2024	300,000	74,265	374,265
2025-2029	1,685,000	222,751	1,907,751
2030	385,000	12,031	397,031
Total	\$ 3,420,000	\$ 727,367	\$ 4,147,367

Year Ending June 30	Other Loans - Direct Placement		
	Principal	Interest	Total
2020	\$ 230,652	\$ 28,200	\$ 258,852
2021	232,968	25,884	258,852
2022	235,308	23,544	258,852
2023	237,672	21,180	258,852
2024	240,060	18,792	258,852
2025-2029	1,236,960	57,300	1,294,260
2030	162,757	3,960	166,717
Total	\$ 2,576,377	\$ 178,860	\$ 2,755,237

There is \$1,491,191 available in the General Debt Service Fund and \$722,643 in the school department's Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$672, based on the 2010 federal census. Total debt per capita, including bonds, notes, and other loans, totaled \$943, based on the 2010 federal census.

The school department and the Overton County Health and Rehab Center are currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the school department and the health and rehab center as Due from Component Units in the financial statements of the primary government.

Description of Debt	Outstanding 6-30-19
<u>Bonds Payable</u>	
<u>Contributions from the Health and Rehab Center</u>	
Nursing Home Improvements	\$ 2,990,000
Nursing Home Renovation and Construction	4,820,000
<u>Contributions from the Education Debt Service Fund</u>	
School Refunding Series 2014	735,000
School Refunding Series 2015	4,130,000
<u>Other Loans Payable - Direct Placement</u>	
<u>Contributions from the Education Debt Service Fund</u>	
Tennessee Energy Efficiency School Initiative Loan	<u>2,576,377</u>
Total	<u>\$ 15,251,377</u>

Changes in Long-term Debt

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

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans Direct Placement
Balance, July 1, 2018	\$ 16,916,777	\$ 0	\$ 0
Additions	0	3,420,000	2,576,377
Reductions	<u>(2,086,777)</u>	0	0
Balance, June 30, 2019	<u>\$ 14,830,000</u>	<u>\$ 3,420,000</u>	<u>\$ 2,576,377</u>
Balance Due Within One Year	<u>\$ 1,480,000</u>	<u>\$ 215,000</u>	<u>\$ 230,652</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 20,826,377
Less: Balance Due Within One Year - Debt	<u>(1,925,652)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 18,900,725</u>

G. Long-term Obligations

Changes in Long-term Obligations

Primary Government

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

	Other Postemployment Benefits	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2018	\$ 685,126	\$ 131,859	\$ 57,281
Additions	106,364	293,184	910
Reductions	(111,881)	(282,132)	(17,715)
Balance, June 30, 2019	<u>\$ 679,609</u>	<u>\$ 142,911</u>	<u>\$ 40,476</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 107,183</u>	<u>\$ 8,330</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 862,996
Less: Balance Due Within One Year	<u>(115,513)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 747,483</u>

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

Discretely Presented Overton County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2018	\$ 5,364,010	\$ 197,362
Additions	740,187	28,395
Reductions	(2,317,724)	(73,870)
	<hr/>	<hr/>
Balance, June 30, 2019	\$ 3,786,473	\$ 151,887
	<hr/>	<hr/>
Balance Due Within One Year	\$ 0	\$ 28,395
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 3,938,360
Less: Balance Due Within One Year	<u>(28,395)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,909,965</u>

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

H. On-Behalf Payments

Discretely Presented Overton County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Overton County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2019, were \$96,527 and \$52,224, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Overton County general government's risks of loss relating to general liability, property, casualty, and workers' compensation are covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association. The county pays annual premiums to the pools for the risk coverage noted above. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

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

The discretely presented Overton County School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The school department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Overton 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 and the sheriff are defendants in litigation seeking damages for alleged negligence and recklessness related to an accident involving a sheriff's deputy. This case is in its early stages; therefore, the county attorney could not provide us an estimated outcome of this case.

The county is involved in several other pending lawsuits. Attorneys representing the county estimate that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

D. Change in Administration

Register of Deeds Franklin Smith retired August 31, 2018, and was succeeded by Kimberly Smith Copeland effective September 1, 2018.

E. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Overton County closed its landfill in 1994. The Solid Waste/Sanitation Fund reports the postclosure care costs of the closed landfill as expenditures in each period in which they are incurred. The \$40,476 reported as landfill postclosure care liability at June 30, 2019, represents the net amount reported to date based on 100 percent use of the estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Thirteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Thirteenth Judicial District, Clay, Cumberland, DeKalb, Overton, Pickett, Putnam, and White counties, and participating municipalities within the 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. Overton County did not make appropriations to the DTF for the year ended June 30, 2019. Overton County does not have an equity interest in the DTF. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Thirteenth Judicial District Drug Task Force
1519A East Spring Street
Cookeville, TN 38506

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Overton County, non-certified employees of the discretely presented Overton County School Department, and employees of the discretely presented Overton County Health and Rehab Center 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 41.95 percent, the non-certified employees of the discretely presented school department comprise 29.74 percent, and the discretely presented Overton County Health and Rehab Center comprise 28.31 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	213
Inactive Employees Entitled to But Not Yet Receiving Benefits	504
Active Employees	<u>430</u>
 Total	 <u><u>1,147</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. Overton 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 Overton County was \$646,136 based on a rate of 5.41 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Overton 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)

Overton County’s net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by 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 Overton 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	\$ 28,592,606	\$ 29,609,411	\$ (1,016,805)
Changes for the Year:			
Service Cost	\$ 1,023,158	\$ 0	\$ 1,023,158
Interest	2,100,957	0	2,100,957
Differences Between Expected and Actual Experience	(289,955)	0	(289,955)
Changes in Assumptions	0	0	0
Contributions-Employer	0	606,389	(606,389)
Contributions-Employees	0	561,743	(561,743)
Net Investment Income	0	2,451,687	(2,451,687)
Benefit Payments, Including Refunds of Employee Contributions	(1,274,081)	(1,274,081)	0
Administrative Expense	0	(40,254)	40,254
Other Changes	0	0	0
Net Changes	\$ 1,560,079	\$ 2,305,484	\$ (745,405)
Balance, June 30, 2018	\$ 30,152,685	\$ 31,914,895	\$ (1,762,210)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	41.95%	\$ 12,649,051	\$ 13,388,298	\$ (739,248)
School Department	29.74%	8,967,409	9,491,490	(524,082)
Health and Rehab Ctr.	28.31%	8,536,225	9,035,107	(498,880)
Total		\$ 30,152,685	\$ 31,914,895	\$ (1,762,210)

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

Overton County	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 2,282,812	\$ (1,762,210)	\$ (5,103,233)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, Overton County recognized pension expense of \$94,264.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Overton 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	\$ 110,379	\$ 728,758
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	133,472
Changes in Assumptions	388,836	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	645,999	N/A
Total	\$ 1,145,214	\$ 862,230

- (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	\$ 488,947	\$ 361,705
School Department	332,362	256,428
Health and Rehab Center	323,905	244,097
Total	<u>\$ 1,145,214</u>	<u>\$ 862,230</u>

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

Year Ending June 30	Amount
2020	\$ 25,695
2021	(91,129)
2022	(177,537)
2023	(120,052)
2024	0
Thereafter	0

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

Discretely Presented Overton County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Overton County, non-certified employees of the discretely presented Overton County School Department, and employees of the discretely presented Overton County Health and Rehab Center 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 41.95 percent, the non-certified employees of the discretely

presented school department comprise 29.74 percent, and the discretely presented Overton County Health and Rehab Center comprise 28.31 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Overton 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 \$25,155, which is 1.94 percent of covered payroll. In addition, employer contributions of \$25,824, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$53,475) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .117908 percent. The proportion as of June 30, 2017, was .128041 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$18,394.

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	\$ 3,029	\$ 2,130
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,021
Changes in Assumptions	2,523	0
Changes in Proportion of Net Pension Liability (Asset)	2,453	802
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	<u>25,155</u>	N/A
Total	<u>\$ 33,160</u>	<u>\$ 5,953</u>

The school department's employer contributions of \$25,155, 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	\$ (260)
2021	(356)
2022	(786)
2023	3
2024	406
Thereafter	3,044

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 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 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%
Net Pension Liability	\$ 8,267	\$ (53,475)	\$ (98,964)

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 Overton 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 Overton County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$1,164,176, which is 9.04 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 (\$1,114,396) 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 .316687 percent. The proportion measured at June 30, 2017, was .314304 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$332,505).

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	\$ 225,257	\$ 1,503,409
Changes in Assumptions	658,168	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	242,539
Changes in Proportion of Net Pension Liability (Asset)	64,098	73,450
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	<u>1,164,176</u>	N/A
Total	<u>\$ 2,111,699</u>	<u>\$ 1,819,398</u>

The school department's employer contributions of \$1,164,176 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 216,223
2021	(369,388)
2022	(617,306)
2023	(101,403)
2024	0
Thereafter	0

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

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

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by 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 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	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%

Net Pension Liability \$ 8,590,467 \$ (1,114,396) \$ (9,143,818)

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

Primary Government

Overton County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401(k). All costs of administering and funding these programs are the responsibility of plan participants. The Section 401(k) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 401(k) and 457 establish participation, contribution, and withdrawal provisions for the plans.

Discretely Presented Overton County School Department

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

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 \$58,783 and teachers contributed \$15,126 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

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

OPEB Provided through State Administered Public Entity Risk Pools

Primary Government

Retirees of Overton County and the Overton County Highway Department (Hwy) are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. The primary government's LGPs are combined for presentation purposes.

The county's total OPEB liability for each plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	LGP - Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over a 33-year period to an ultimate trend rate of 3.53% with .28% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed under each plan

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

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

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

Closed Local Government OPEB Plan (Primary Government)

Plan Description. Employees of Overton County who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

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

members, of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Overton County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

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

	Overton County	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	2	0	2
Inactive Employees Entitled to But not Yet Receiving Benefits	0	0	0
Active Employees Eligible for Future Benefits	158	15	173
Active Employees not Eligible for Future Benefits	9	3	12
Total	<u>169</u>	<u>18</u>	<u>187</u>

An insurance committee, created in accordance with *TCA 8-27-701*, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the county paid \$11,996 (Overton County - \$10,810, Highway Dept - \$1,186) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Overton County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2017	\$ 189,768	\$ 54,366	\$ 244,134
Changes for the Year:			
Service Cost	\$ 15,283	\$ 5,496	\$ 20,779
Interest	7,228	2,125	9,353
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	21,092	(3,500)	17,592
Changes in Assumption and Other Inputs	12,940	5,605	18,545
Benefit Payments	(4,020)	(338)	(4,358)
Net Changes	<u>\$ 52,523</u>	<u>\$ 9,388</u>	<u>\$ 61,911</u>
Balance June 30, 2018	<u>\$ 242,291</u>	<u>\$ 63,754</u>	<u>\$ 306,045</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$32,689 (Overton County - \$25,081, Highway Dept - \$7,608). At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (DO - County \$18,895, Hwy \$0) (DI - County \$0, Hwy \$3,057)	\$ 18,895	\$ 3,057
Changes of Assumptions/Inputs (DO - County \$11,592, Hwy \$4,896) (DI - County \$7,703, Hwy \$1,950)	16,488	9,653
Net Difference Between Projected and Benefits Paid after the Measurement Date of June 30, 2018 (DO - County \$10,810, Hwy \$1,186)	<u>11,996</u>	<u>0</u>
Total	<u>\$ 47,379</u>	<u>\$ 12,710</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	County	Hwy	Total Amount
2020	\$ 2,570	\$ (13)	\$ 2,557
2021	2,570	(13)	2,557
2022	2,570	(13)	2,557
2023	2,570	(13)	2,557
2024	2,570	(13)	2,557
Thereafter	9,934	(46)	9,888

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

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

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
County	\$ 260,914	\$ 242,291	\$ 224,661
Hwy	68,788	63,754	59,049
Total OPEB Liability	<u>\$ 329,702</u>	<u>\$ 306,045</u>	<u>\$ 283,710</u>

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

	1% Decrease 5.75 to 2.81%	Current Trend Rates 6.75 to 3.81%	1% Increase 7.75 to 4.81%
County	\$ 215,115	242,291	274,196
Hwy	56,736	63,754	72,067
Total OPEB Liability	\$ 271,851	\$ 306,045	\$ 346,263

Closed Tennessee Plan – Medicare (Primary Government)

Plan Description. Employees of Overton County and the Overton County Highway Department who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan – Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local governments, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and local education agencies. However, the amounts reflected in this note disclosure pertain only to the Overton County Primary Government. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65 are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System (TCRS) may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. Overton County provided a direct subsidy of \$50 for eligible retirees with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$20 for eligible retirees with less than 20 years of service.

Employees Covered by Benefit Terms

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

	Overton County	Hwy Dept.	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	10	0	10
Inactive Employees Entitled to But Not Yet Receiving Benefits	10	0	10
Active Employees	440	0	440
Total	460	0	460

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* Sections 8-27-201, 8-27-301, and 8-27-701 determine the required payments to the plan by member employers and 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. For the fiscal year ended June 30, 2019, the county paid \$5,263 (\$5,263 county and \$0 highway department) to the TNM for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Overton County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2017	\$ 427,596	\$ 13,396	\$ 440,992
Changes for the Year:			
Service Cost	\$ 19,503	\$ 746	\$ 20,249
Interest	15,844	502	16,346
Changes in Benefit Terms	0	(14,531)	(14,531)
Difference between Expected and Actuarial Experience	(81,740)	0	(81,740)
Changes in Assumption and Other Inputs	(3,551)	0	(3,551)
Benefit Payments	(4,088)	(113)	(4,201)
Net Changes	\$ (54,032)	\$ (13,396)	\$ (67,428)
Balance June 30, 2018	\$ 373,564	\$ 0	\$ 373,564

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized net OPEB expense of \$6,335 (\$19,801 county and (\$13,466) highway department). At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (Overton County \$72,009, Hwy \$0)	\$ 0	\$ 72,009
Changes of Assumptions/Inputs (Overton County \$40,872, Hwy \$1,093)	0	41,965
Net Difference Between Projected and Benefits Paid After the Measurement Date of June 30, 2018 (Overton County \$5,253, Hwy \$0)	<u>5,263</u>	<u>0</u>
Total	<u>\$ 5,263</u>	<u>\$ 113,974</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	County	Hwy	Total Amount
2020	\$ (15,546)	\$ (182)	\$ (15,728)
2021	(15,546)	(182)	(15,728)
2022	(15,546)	(182)	(15,728)
2023	(15,546)	(182)	(15,728)
2024	(15,546)	(182)	(15,728)
Thereafter	(35,151)	(183)	(35,334)

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

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

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Overton County	\$ 438,808	\$ 373,564	\$ 320,448
Hwy Dept.	0	0	0
Total OPEB Liability	\$ 438,808	\$ 373,564	\$ 320,448

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

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

Plan Description. Employees of the Overton County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Overton 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. Overton County does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

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

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	28
Inactive Employees Entitled to But not Yet Receiving Benefits	1
Active Employees Eligible for Future Benefits	302
Active Employees not Eligible for Future Benefits	<u>43</u>
Total	<u><u>374</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$207,438 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Overton County School Department 69.3407%</u>	<u>State of TN 30.6593%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 3,910,319	\$ 2,090,314	\$ 6,000,633
Changes for the Year:			
Service Cost	\$ 216,133	\$ 95,564	\$ 311,697
Interest	152,432	67,398	219,830
Changes in Benefit Terms	(702,481)	(310,605)	(1,013,086)
Difference between Expected and Actuarial Experience	(91,006)	(40,238)	(131,244)
Changes in Proportionate Share	250,562	(250,562)	0
Changes in Assumption and Other Inputs	105,443	46,622	152,065
Benefit Payments	(190,441)	(84,204)	(274,645)
Net Changes	<u>\$ (259,358)</u>	<u>\$ (476,025)</u>	<u>\$ (735,383)</u>
Balance June 30, 2018	<u>\$ 3,650,961</u>	<u>\$ 1,614,289</u>	<u>\$ 5,265,250</u>

The Overton 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 Overton 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 is required by GASB Statement No. 75 to recognized revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department employees. The amount of the subsidy is equal to the nonemployer share of collective OPEB expenses. During the year, collective OPEB expenses for Overton County School employees was negative. Consequently, Overton County has recorded the negative collective OPEB expense (\$507,734) and recorded negative operating grants and contributions revenues (\$327,389) for the nonemployer share of the collective OPEB expense.

During the year, the Overton County School Department's proportionate share of the collective OPEB liability was 69.3407% and the State of Tennessee's share was 30.6593%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized (negative) OPEB expense of (\$327,389), including the state's share of the expense. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 82,420
Changes of Assumptions/Inputs	95,495	161,951
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	236,894	0
Benefits Paid After the Measurement Date of June 30, 2018	<u>207,438</u>	<u>0</u>
Total	<u>\$ 539,827</u>	<u>\$ 244,371</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	\$ 6,527
2021	6,527
2022	6,527
2023	6,527
2024	6,527
Thereafter	55,383

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	\$ 3,920,285	\$ 3,650,961	\$ 3,394,646
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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	\$ 3,242,020	\$ 3,650,961	\$ 4,134,678
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Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Overton County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The school department's total OPEB liability for the TNM Plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only

postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with *TCA* 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Overton County School Department provides a subsidy of \$50 per month for retirees with 30 or more years of service, retirees with 20-29 years of service receive \$37.50, and retirees with 15-19 years of service receive \$25. The state, as a governmental nonemployer contributing entity, contributes to the premiums of eligible retirees of local education agencies based on years of service. The State of Tennessee provides a subsidy of \$50 per month for retirees with 30 or more years of service, retirees with 20-29 years of service receive \$37.50, and retirees with 15-19 years of service receive \$25.

Employees Covered by Benefit Terms

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

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	97
Inactive Employees Entitled to But Not Yet Receiving Benefits	37
Active Employees	<u>352</u>
Total	<u><u>486</u></u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and 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. For the fiscal year ended June 30, 2019, the school department paid \$908 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Overton County</u>	<u>State of</u>	<u>Total OPEB</u>
	<u>School Department</u>	<u>TN</u>	
	10.28%	89.72%	Liability
Balance July 1, 2017	\$ 1,453,691	\$ 1,257,256	\$ 2,710,947
Changes for the Year:			
Service Cost	\$ 5,682	\$ 49,563	\$ 55,245
Interest	9,935	86,663	96,598
Changes in			
Benefit Terms	(123,824)	(1,080,125)	(1,203,949)
Difference between			
Expected and Actuarial			
Experience	(23,163)	(202,056)	(225,219)
Changes in Proportionate			
Share	(1,174,876)	1,174,876	0
Changes in Assumption			
and Other Inputs	(1,078)	(9,400)	(10,478)
Benefit Payments	(10,855)	(94,693)	(105,548)
Net Changes	\$ (1,318,179)	\$ (75,172)	\$ (1,393,351)
Balance June 30, 2018	\$ 135,512	\$ 1,182,084	\$ 1,317,596

The Overton County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retirees participating in the TNM. The Overton County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department is required by GASB Statement No. 75 to recognize revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TNM for school department employees. The amount of the subsidy is equal to the nonemployer share of collective OPEB expenses. During the year, collective OPEB expenses for Overton County School employees was negative. Consequently, Overton County has recorded the negative collective OPEB expense (\$1,112,951) and recorded negative operating grants and contributions revenues (\$276,050) for the nonemployer share of the collective OPEB expense.

During the year, the Overton County School Department's proportionate share of the collective OPEB liability was 10.28 percent and the State of Tennessee's share was 89.72 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized (negative) OPEB expense of (\$276,050) including the state's share of the OPEB expense.

At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 20,116
Changes of Assumptions/Inputs	0	20,572
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	0	1,066,462
Benefits Paid After the Measurement Date of June 30, 2018	<u>908</u>	<u>0</u>
Total	<u>\$ 908</u>	<u>\$ 1,107,150</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	\$ (167,843)
2021	(167,843)
2022	(167,843)
2023	(167,843)
2024	(167,843)
Thereafter	(267,935)

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 TNM, 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
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Proportionate Share of the Collective Total OPEB Liability	\$	155,345	\$	135,512	\$	119,215
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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

I. Office of Central Accounting and Budgeting

Office of Director of Accounts and Budgets

Overton County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county executive and highway superintendent. These funds are maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

J. Purchasing Laws

Offices of County Executive and Highway Superintendent

Purchasing procedures for these offices are governed by provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., *Tennessee Code Annotated (TCA)*. Purchasing procedures in the Highway Department are also governed by the Uniform Road Law, Section 54-7-113, *TCA*. These statutes provide for the purchasing agent to make all purchases for these departments, with purchases exceeding \$10,000 to be made on the basis of competitive bids solicited through public advertisement. On December 11, 2017, the county commission approved an increase in the bid limit to \$25,000. The county executive serves as purchasing agent for Overton County.

Office of Director of Schools

Purchasing procedures for the discretely presented Overton County School Department are governed by purchasing laws applicable to the schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and the chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

K. Subsequent Events

On October 3, 2019, Overton County issued \$2,095,000 in general obligation refunding bonds.

VI. OTHER NOTES – DISCRETELY PRESENTED OVERTON COUNTY HEALTH AND REHAB CENTER

A. Summary of Significant Accounting Policies

This summary of significant accounting policies of Overton County Health and Rehab Center is presented to assist in understanding the center's financial statements. The financial statements and notes are representations of the center's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles.

Organization

Overton County Health and Rehab Center is a nonprofit corporation chartered under the laws of the State of Tennessee on April 5, 1962, operating as a political subdivision of Overton County, Tennessee (the county). The purpose of the center is to provide nursing care to residents primarily from the Overton County area. The corporation is managed by a board of five directors who are county commissioners, appointed by the Overton County Commission.

Financial Reporting Entity – Component Unit

The center is a component unit of the primary government of Overton County, Tennessee. The center reports its financial information separately from Overton County; however, the county in its financial report also presents the center's financial information.

Legally, the center is a separate nonprofit entity that has considerable legal, financial, and administrative autonomy. However, as the governing board is not elected but instead is entirely appointed by the county's Board of Commissioners, and the county is contingently liable for all of the center's debt obligations, the center cannot be a primary government. Instead it qualifies as a component unit according to the directives of the Governmental Accounting Standards Board (GASB).

The GASB specifies that component units must be legally separate organizations, which have financial accountability to a primary government. Financial accountability exists prima facie if a special-purpose government is not fiscally independent. GASB states that to be fiscally independent, the government has to have the authority to do all of three activities. One of these activities is to issue bonded debt without approval by another government. Overton County Health and Rehab Center may not issue debt without Overton County, Tennessee's approval, and the county remains contingently liable for all debt obligations. Because the center is both a legal entity and financially accountable to the primary government of Overton County as the county commission appoints all members of the governing board and by the nature of its fiscal dependence on Overton County as described above, it is a component unit of Overton County, Tennessee.

At June 30, 2019, there was an amount due to Overton County. This is described in detail in Note VI.J. The center did not engage in any other activities that were subject to the approval of Overton County.

Basis of Presentation

The financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

As a component unit of Overton County, the accounts of the center are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the center's assets, liabilities, net position, revenues, and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured by a pledge of the net revenues from fees and charges of the activity, or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the center is determined by its measurement focus. The transactions of the center are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets plus net deferred outflows net of total liabilities and net deferred inflows) is segregated into net investment in capital assets, restricted for capital projects, and unrestricted components.

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

Cash Flow - Cash and Cash Equivalents

Overton County Health and Rehab Center presents its cash flow statement using the direct method. For purposes of cash flow presentation, the center considers cash in operating bank accounts, cash on hand, and certificates of deposit that have original maturities of three months or less as cash and cash equivalents. At June 30, 2019, there were no certificates of deposit that qualified as cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount that the center expects to collect from outstanding balances. The center provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for doubtful accounts was \$102,000 at June 30, 2019. Account balances are charged against the allowance after reasonable collection efforts have been exhausted and the potential for recovery is considered remote.

Net Patient Revenue

Gross patient revenue is recorded on an accrual basis based on services rendered at amounts equal to established rates. Allowances for contractual adjustments are recorded for the differences between established rates and amounts estimated to be paid by the Medicare and Medicaid programs and other third-party payors. Contractual adjustments are deducted from gross patient revenue to determine net patient revenue. Amounts paid under the Medicare and Medicaid programs are generally based on fixed rates per patient day, adjusted prospectively. All amounts earned under the Medicare, Medicaid, and other governmental programs are subject to review by the third-party payors. Any differences between estimated settlements and final determinations are reflected in operations in the year finalized.

Property and Equipment

Property and equipment are stated at cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Total interest cost incurred the year ended June 30, 2019, was \$231,117 of which \$149,480 was capitalized and \$81,636 was expensed. Purchases of assets with useful lives greater than \$1,000 are capitalized. For financial statement purposes, depreciation of property and equipment is provided using the straight-line method. The center estimates the useful lives of the respective classes of plant and equipment as follows:

<u>Assets</u>	<u>Years</u>
Land and Improvements	5 - 20
Buildings and Improvements	5 - 50
Transportation Equipment	4 - 5
Equipment	3 - 25

Maintenance and repairs are charged to operations when incurred. The center eliminates the costs and related allowances from the accounts for properties sold or retired, and any resulting gains or losses are included in income.

Accrued Vacation

Employees of the center earn vacation by a prescribed formula based on length of service. Employees of the center accrue vacation pay when earned.

Pensions

For the purpose of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (income), information about the fiduciary net position of Overton County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the plan'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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The center has items that include actuarial losses related to the differences between expected and actual experience for the pension plan's adopted economic and demographic assumptions, changes in actuarial assumptions that result in an actuarial loss, and employer contributions to the pension plan. In addition, employer payments of the OPEB plan are included in deferred outflows of resources.

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 center has items that

include actuarial gains related to differences between expected and actual experience for the pension plan's adopted economic and demographic assumptions and differences between projected and actual earnings on pension plan investments. In addition, the center has changed in actuarial assumptions that result in an actuarial gain on the OPEB plans that are included in deferred inflows of resources.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Internal Revenue Service has determined that the center is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

Operating Revenues and Expenses

The center's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its principal ongoing operations. All other revenues and expenses are reported as nonoperating revenues and expenses and consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued.

B. Cash and Certificates of Deposit

The center does not have a formal policy regarding types of investments authorized. State statutes authorize the center to make investments in bonds, notes, or treasury bills of the United States, Federal Loan Bank bonds, Federal Home Loan Bank notes and bonds, Federal National Mortgage Association notes and debentures, banks or cooperative debentures, or any of its other agencies, or obligations guaranteed as to principal and interest by the United States or any of its agencies with a maturity not greater than one year, or in the pooled investment fund established under Tennessee law. During the year ended June 30, 2019, the board of directors chose to limit the investment of funds to demand deposits and certificates of deposit accounts at banking institutions.

At June 30, 2019, the carrying amount of cash deposits, including patient funds, was \$5,897,510, and the bank balance was \$6,032,068. At June 30, 2019, the carrying amount of the certificate of deposit was \$2,043,684, and the bank balance was \$2,023,449.

For deposits with financial institutions, the center follows state statutes which require pledged collateral with a fair value equal to 105 percent of the funds on deposit, less insured amounts. At June 30, 2019, the entire bank balance was covered by federal depository insurance, or pledged securities held as collateral in another institution in the name of the center.

C. Patient Funds Held in Trust

At June 30, 2019, the center held funds totaling \$17,872 on behalf of the residents.

The center is required to maintain a cash account as a depository for patient funds. The fund is restricted in use and can be used only for providing spending money for patients, purchasing supplies for patients with cash in the fund, or paying amounts due to the center for patient care, provided the amount does not include monies stipulated for patients' use only. All funds in excess of \$100 per recipient are required to be placed in an insured interest-bearing account.

D. Concentration of Credit Risk

The center grants credits without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows:

Medicaid	36.94	%
Medicare	25.96	
Insurance	26.60	
Private	10.50	

E. Capital Assets

Capital assets are summarized as follows:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 115,000	\$ 0	\$ 0	\$ 115,000
Construction in Progress	556,542	552,853	0	1,109,395
Total Capital Assets Not Depreciated	\$ 671,542	\$ 552,853	\$ 0	\$ 1,224,395
Capital Assets Depreciated:				
Land/Improvements	\$ 106,849	\$ 0	\$ 0	\$ 106,849
Buildings/Improvements	8,938,660	79,205	(276,789)	8,741,076
Tranportation Equipment	62,197	0	(2,600)	59,597
Equipment	1,220,453	34,233	(144,749)	1,109,937
Total Capital Assets Depreciated	\$ 10,328,159	\$ 113,438	\$ (424,138)	\$ 10,017,459
Less Accumulated Depreciation For:				
Land/Improvements	\$ 70,113	\$ 5,624	\$ 0	\$ 75,737
Buildings/Improvements	2,719,684	228,613	(208,853)	2,739,444
Tranportation Equipment	43,061	6,119	(2,600)	46,580
Equipment	886,971	63,667	(144,749)	805,889
Total Accumulated Depreciation	\$ 3,719,829	\$ 304,023	\$ (356,202)	\$ 3,667,650
Total Capital Assets Depreciated, Net	\$ 6,608,330	\$ (190,585)	\$ (67,936)	\$ 6,349,809
Business-type Activities Capital Assets, Net	\$ 7,279,872	\$ 362,268	\$ (67,936)	\$ 7,574,204

F. Pension Plan

Plan Description. Employees of Overton County Health and Rehab Center, are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>. Since Overton County Health and Rehab Center is a component unit of Overton County and does not have its own distinct agent multiple-employer pension plan, the plan is treated as a cost-sharing plan for purposes of Overton County Health and Rehab Center's stand-alone financial statements.

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.

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. Overton County Health and Rehab Center makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contributions for Overton County Health and Rehab Center was \$182,577 based on a rate of 5.41 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Overton County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution 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), Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2019, Overton County Health and Rehab Center reported an asset of \$498,882 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate net pension asset was determined by an actuarial valuation as of that date. Overton County Health and Rehab Center's proportion of the net pension asset was based on a projection of Overton County

Health and Rehab Center’s contributions to the pension plan relative to the contributions of all participating entities. At the measurement date of June 30, 2018, Overton County Health and Rehab Center’s proportion was 28.31 percent. The proportion measured as of June 30, 2017, was 24.29 percent.

Pension Expense. For the year ended June 30, 2019, Overton County Health and Rehab Center recognized pension expense of \$26,686.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Overton County Health and Rehab Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 31,248	\$ 206,311
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	37,786
Changes in Assumptions	110,080	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	<u>182,577</u>	<u>N/A</u>
Total	<u>\$ 323,905</u>	<u>\$ 244,097</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.

Amounts reported as deferred outflows of resources, with the exception of contributions after 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	\$ 7,274
2021	(25,799)
2022	(50,261)
2023	(33,987)
2024	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability as of the June 30, 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 historical market returns was used in a building-block method in which a best-estimate of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of 2.5 percent. The best-estimate of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	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 three 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 Overton County Health and Rehab Center will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Overton County	6.25%	7.25%	8.25%

Net Pension Liability \$ 646,264 \$ (498,882) \$ (1,444,725)

Payable to the Pension Plan. At June 30, 2019, Overton County Health and Rehab Center reported a payable of \$32,272 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

G. Risk Management

Risks related to the operation of the center are managed through the purchase of commercial insurance policies. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years, and there have been no significant reductions in insurance coverage for the current year or for the prior five years.

H. Health Care Regulations

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

I. Professional Liability Claims and Insurance

The long-term health care industry has experienced a dramatic increase in personal injury and wrongful death claims based on alleged negligence by the center and its employees in providing care to residents. The center is subject to claims and suits, which arise in the ordinary course of business. In the opinion of management, the ultimate resolution of such pending legal proceedings has been adequately provided for through commercial insurance.

J. Due to Primary Government

On February 13, 2012, Overton County, Tennessee, passed a resolution to issue general obligations bonds in the aggregate principal amount of \$4,150,000, for the purpose of financing land acquisition, design, and site development for the construction and equipping of a health and rehab facility of the county. The facility was completed in the year ended June 30, 2016. The bonds, known as the General Obligation Bonds, Series 2012, were issued May 9, 2012, and are payable from unlimited ad valorem taxes to be levied on all taxable property within the county. The bonds are additionally payable from, although not secured by, revenues of the center. The full faith and credit of the county is irrevocably pledged for the payment of principal and interest on the bonds. Funds needed for the payment of the bonds may be reduced by revenues of the center.

It is the intent of the center to repay the county bonds from revenues from the center. Therefore, the center has a note payable to the primary government in the exact amount of the balance of the bonds at June 30, 2019. The county has a liability for the bonds on the county's books with a corresponding amount due from the center. The center is repaying the indebtedness to the county in the form of payments on the bonds to U.S. Bank National Association according to the terms of the bonds. The bonds have a maturity date of April 1, 2033, and bear fixed interest rates ranging from one percent to 3.125 percent.

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 175,000	\$ 79,006
2021	180,000	75,506
2022	185,000	71,681
2023	190,000	67,750
2024	195,000	63,238
2025-2029	1,070,000	240,319
2030-2033	995,000	77,200
Total	<u>\$ 2,990,000</u>	<u>\$ 674,700</u>

On April 10, 2017, Overton County, Tennessee, passed a resolution to issue general obligation bonds in the aggregate principal amount of not to exceed \$5,110,000, for the purpose of financing, in whole or in part, the (i) construction, renovation, and equipping of nursing home facility (the "center") of the county; (ii) payment of legal, fiscal, administrative, architectural, and engineering costs incident to the foregoing; (iii) reimbursement to the county for funds previously expended for any of the foregoing; and (iv) payment of costs incident to the issuance and sale of the bonds authorized herein. The bonds, known as the General Obligation Bonds, Series 2017, were issued June 20, 2017, in the amount of \$4,965,000 and are payable from unlimited ad

valorem taxes to be levied on all taxable property within the county. The bonds are additionally payable from, although not secured by, revenues of the center. The full faith and credit of the county are irrevocably pledged for the payment of principal and interest on the bonds. Funds needed for the payment of the bonds may be reduced by revenues of the center.

It is the intent of the center to repay the county bonds from revenues from the center. Therefore, the center has a due to primary government (the “county”) in the exact amount of the balance of the bonds at June 30, 2019. The county has a liability for the bonds on the county’s books with a corresponding amount due from the center. The center is repaying the indebtedness to the county in the form of payments on the bonds to U.S. Bank National Association according to terms of the bonds. The bonds have a maturity date of April 1, 2042, and bear fixed interest rates ranging from 2.50 percent to 3.25 percent.

The annual debt service requirements to maturity related to the Overton County General Obligation Bonds, Series 2017 are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 150,000	\$ 146,213
2021	155,000	141,712
2022	160,000	137,063
2023	165,000	132,262
2024	165,000	127,313
2025-2029	925,000	558,762
2030-2034	1,050,000	424,725
2035-2039	1,220,000	255,688
2040-2042	830,000	54,438
Total	\$ 4,820,000	\$ 1,978,176

Activity related to the note payable for the year ended June 30, 2019, was as follows:

	Balance 7-1-18	Additions	Reductions	Balance 6-30-19	Due Within One Year
Series 2012	\$ 3,165,000	\$ 0	\$ 175,000	\$ 2,990,000	\$ 175,000
Series 2017	4,965,000	0	145,000	4,820,000	150,000
Total Debt	\$ 8,130,000	\$ 0	\$ 320,000	\$ 7,810,000	\$ 325,000
Other Post- employment Benefits Liability	323,670	34,895	47,740	310,825	0
Total Long-term Obligations	\$ 8,453,670	\$ 34,895	\$ 367,740	\$ 8,120,825	\$ 325,000

K. Other Postemployment Benefits (OPEB)

Employees of the Overton County Health and Rehab Center who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government OPEB Plan (LGP) and with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP), both administered by the Tennessee Department of Finance and Administration. The following is a summary of each of these plans:

Closed Local Government OPEB Plan

Plan Description. Employees of the Overton County Health and Rehab Center who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multi-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The center offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The center does not provide a direct subsidy and is only subject to the implicit subsidy. The LGP 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.

Employees Covered by Benefit Terms

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

	<u>Total</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>144</u>
Total	<u><u>144</u></u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the center paid \$435 to the LGP for OPEB benefits as they came due.

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

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4%
Healthcare Cost Trend Rates	6.75% for 2019, decreasing annually over a 32-year period to an ultimate rate of 3.81%
Retirees Share of Benefit Related Cost	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation, a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after

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

Discount Rate. The discount rate used to measure the total OPEB liability was 3.62 percent. This rate reflects the interest rate derived from yields to 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-year Municipal GO AA index.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 86,814
Changes for the Year:	
Service Cost	\$ 10,460
Interest	3,456
Changes in Benefit Terms	
Difference between Expected and Actuarial Experience	(5,027)
Changes in Assumption and Other Inputs	3,491
Benefit Payments	(370)
Net Changes	<u>\$ 12,010</u>
Balance June 30, 2018	<u>\$ 98,824</u>

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. This change in assumptions decreased the total OPEB liability. It was also decided to change the status of the LGP from a closed plan to one that is open to all eligible employees regardless of initial hire date. This change in status will increase the OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and slight changes to the near term health trend rates.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the center recognized OPEB expense of \$13,066. At June 30, 2019, the center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 4,406
Changes of Assumptions/Inputs	3,060	4,090
Net Difference Between Projected and Benefits Paid after the Measurement Date	<u>435</u>	<u>0</u>
Total	<u>\$ 3,495</u>	<u>\$ 8,496</u>

The amounts shown above for “employer payments subsequent to the measurement date” will be recognized as a reduction to total liability in the following measurement period.

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

Year Ending June 30	
2020	\$ (850)
2021	(850)
2022	(850)
2023	(850)
2024	(850)
Thereafter	(1,186)

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

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

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	\$ 107,721	\$ 98,824	\$ 90,497

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

	1% Decrease 5.75 to 2.81%	Current Trend Rates 6.75 to 3.81%	1% Increase 7.75 to 4.81%
Total OPEB Liability	\$ 86,062	\$ 98,824	\$ 114,139

Closed Tennessee Plan – Medicare

Plan Description. Employees of Overton County Health and Rehab Center who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. This plan is considered a multi-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes this plan will be treated as a single-employer plan. All eligible post-65 retirees and disability participants of local governments, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and local education agencies. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65 are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System (TCRS) may participate in this

plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The center provided a direct subsidy of \$50 for eligible retirees with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$20 for eligible retirees with less than 20 years of service. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in trust that meet the criteria of paragraph 4 of GAST Statement No. 75.

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	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>131</u>
Total	<u><u>131</u></u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* Sections 8-27-201, 8-27-301, and 8-27-701 determine the required payments to the plan by member employers and 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. For the fiscal year ended June 30, 2018, the center paid \$1,950 to the TNM for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 236,856
Changes for the Year:	
Service Cost	\$ 8,351
Interest	8,706
Changes in Benefit Terms	
Difference between Expected and Actuarial Experience	0
Changes in Assumption and Other Inputs	(38,781)
Benefit Payments	(1,806)
Net Changes	<u>(1,325)</u>
	<u>\$ (24,855)</u>
Balance June 30, 2018	<u>\$ 212,001</u>

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. This change in assumptions decreased the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the center recognized OPEB expense of \$7,910. At June 30, 2019, the center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 33,319
Changes of Assumptions/Inputs	0	20,077
Net Difference Between Projected and Benefits Paid After the Measurement Date	<u>1,950</u>	<u>0</u>
Total	<u>\$ 1,950</u>	<u>\$ 53,396</u>

The amounts shown above for “employer payments subsequent to the measurement date” will be recognized as a reduction to total OPEB liability in the following measurement period.

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

Year Ending June 30	County
2020	\$ (9,147)
2021	(9,147)
2022	(9,147)
2023	(9,147)
2024	(9,147)
Thereafter	(7,661)

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

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

	1% Decrease	Current Discount Rates	1% Increase
	2.62%	3.62%	4.62%
Total OPEB Liability	\$ 245,585	\$ 212,001	\$ 183,888

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

L. Cash - Restricted

Restricted cash is in a separate cash account created during the fiscal year ended June 30, 2017, with the net proceeds from the General Obligation Bonds, Series 2017, (the “Bonds”) issued by Overton County, Tennessee, as further explained in Note VI.J. above. This cash is restricted to be used only for purposes as authorized by a resolution passed by the county. The cash is to be disbursed solely to pay costs of issuance of the Bonds and costs of the project, as also described in Note VI.J. above. After completion of the project, any funds remaining in this restricted account are to be deposited to the county’s debt service fund. The carrying amount of this restricted cash account at June 30, 2019, was \$4,413,280. In addition, cash held as retainage that is due to the

contractor at the end of the project is being deposited into a separate bank account. This carrying amount of this cash account at June 30, 2019, was \$10,502. Total restricted cash at June 30, 2019, was \$4,423.782.

M. Operating Lease

The center had an operating lease for therapy equipment that began in the prior year. The lease is for one year and will automatically renew for successive periods of one year unless either party provides written notice of termination 60 days prior to the automatic renewal date. Rental expense for this lease totaled \$18,950 for the year ended June 30, 2019. There are no future minimum rental payments under this operating lease.

N. Commitments

The center has entered into the following construction agreement:

	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>To Date</u>	<u>Remaining</u> <u>Commitment</u>
Mid-South Construction Company, Inc.	\$ 6,000,000	\$ 275,480	\$ 5,724,520

**REQUIRED SUPPLEMENTARY
INFORMATION**

Overton 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	\$ 821,188	\$ 873,441	\$ 869,285	\$ 963,413	\$ 1,023,158
Interest	1,736,406	1,777,058	1,915,961	1,984,413	2,100,957
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(994,065)	296,202	(827,796)	85,227	(289,955)
Changes in Assumptions	0	0	0	648,060	0
Benefit Payments, Including Refunds of Employee Contributions	(1,076,371)	(1,071,132)	(1,109,892)	(1,167,868)	(1,274,081)
Net Change in Total Pension Liability	\$ 487,158	\$ 1,875,569	\$ 847,558	\$ 2,513,245	\$ 1,560,079
Total Pension Liability, Beginning	22,869,076	23,356,234	25,231,803	26,079,361	28,592,606
Total Pension Liability, Ending (a)	\$ 23,356,234	\$ 25,231,803	\$ 26,079,361	\$ 28,592,606	\$ 30,152,685
Plan Fiduciary Net Position					
Contributions - Employer	\$ 557,965	\$ 537,490	\$ 573,760	\$ 581,712	\$ 606,389
Contributions - Employee	515,219	496,759	532,213	547,104	561,743
Net Investment Income	3,591,187	778,022	689,545	3,017,854	2,451,687
Benefit Payments, Including Refunds of Employee Contributions	(1,076,371)	(1,071,132)	(1,109,892)	(1,167,868)	(1,274,081)
Administrative Expense	(15,473)	(19,883)	(30,836)	(35,061)	(40,254)
Other	0	0	3,500	0	0
Net Change in Plan Fiduciary Net Position	\$ 3,572,527	\$ 721,256	\$ 658,290	\$ 2,943,741	\$ 2,305,484
Plan Fiduciary Net Position, Beginning	21,713,597	25,286,124	26,007,380	26,665,670	29,609,411
Plan Fiduciary Net Position, Ending (b)	\$ 25,286,124	\$ 26,007,380	\$ 26,665,670	\$ 29,609,411	\$ 31,914,895
Net Pension Liability (Asset), Ending (a - b)	\$ (1,929,890)	\$ (775,577)	\$ (586,309)	\$ (1,016,805)	\$ (1,762,210)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.26%	103.07%	102.25%	103.56%	105.84%
Covered Payroll	\$ 10,089,798	\$ 9,935,118	\$ 10,605,526	\$ 10,752,516	\$ 11,208,669
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(19.13)%	(7.81)%	(5.53)%	(9.46)%	(15.72)%

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

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

Exhibit E-2

Overton 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	\$ 557,965	\$ 537,490	\$ 573,760	\$ 581,712	\$ 606,389	\$ 646,136
Less Contributions in Relation to the Actuarially Determined Contribution	(557,965)	(537,490)	(573,760)	(581,712)	(606,389)	(646,136)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 10,089,798	\$ 9,935,118	\$ 10,605,526	\$ 10,752,516	\$ 11,208,669	\$ 12,016,464
Contributions as a Percentage of Covered Payroll	5.53%	5.41%	5.41%	5.41%	5.41%	5.41%

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

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

Exhibit E-3

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 9,956	\$ 21,305	\$ 33,615	\$ 41,215	\$ 25,155
Less Contributions in Relation to the Contractually Required Contribution	(9,956)	(21,305)	(33,615)	(41,215)	(25,155)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 248,908	\$ 532,620	\$ 840,382	\$ 1,024,778	\$ 1,295,946
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.02%	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 2.06% of covered payroll into the Pension Stabilization Reserve Trust.

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

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 1,053,143	\$ 1,057,677	\$ 1,029,362	\$ 1,004,390	\$ 1,006,914	\$ 1,164,176
Less Contributions in Relation to the Contractually Required Contribution	(1,053,143)	(1,057,677)	(1,029,362)	(1,004,390)	(1,006,914)	(1,164,176)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 11,859,720	\$ 11,699,966	\$ 11,386,739	\$ 11,110,501	\$ 11,094,929	\$ 11,129,792
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	9.04%

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

Exhibit E-5

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Asset	0.117325%	0.121048%	0.128041%	0.117908%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,819) \$	(12,601) \$	(33,781) \$	(53,475)
Covered Payroll	\$ 248,908 \$	532,620 \$	840,382 \$	1,024,778
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.22)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

Exhibit E-6

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Asset	0.302159%	0.312541%	0.315440%	0.314304%	0.316687%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (49,099) \$	128,027 \$	1,971,325 \$	(102,835) \$	(1,114,396)
Covered Payroll	\$ 11,859,720 \$	11,699,966 \$	11,386,739 \$	11,110,501 \$	11,094,929
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.41)%	1.09%	17.31%	(.93)%	(10.04)%
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

Overton County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Overton County Plan
For the Fiscal Year Ended June 30

Local Government Plan

Overton County Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 15,735	\$ 15,283
Interest	5,707	7,228
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	21,092
Changes in Assumptions or Other Inputs	(9,653)	12,940
Benefit Payments	(3,447)	(4,020)
Net Change in Total OPEB Liability	\$ 8,342	\$ 52,523
Total OPEB Liability, Beginning	181,426	189,768
Total OPEB Liability, Ending	<u>\$ 189,768</u>	<u>\$ 242,291</u>
Covered Employee Payroll	\$ 3,973,352	\$ 4,481,573
Net OPEB Liability as a Percentage of Covered Employee Payroll	4.78%	5.41%

Overton County Highway Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 5,748	\$ 5,496
Interest	1,614	2,125
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(3,500)
Changes in Assumptions or Other Inputs	(2,508)	5,605
Benefit Payments	0	(338)
Net Change in Total OPEB Liability	\$ 4,854	\$ 9,388
Total OPEB Liability, Beginning	49,512	54,366
Total OPEB Liability, Ending	<u>\$ 54,366</u>	<u>\$ 63,754</u>
Covered Employee Payroll	\$ 797,458	\$ 758,423
Net OPEB Liability as a Percentage of Covered Employee Payroll	6.82%	8.41%

(Continued)

Overton County, TennesseeSchedule of Changes in the Total OPEB Liability and Related Ratios - Overton County Plan (Cont.)**State Administered Medicare Plan**Overton County Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 22,732	\$ 19,503
Interest	13,545	15,844
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(81,740)
Changes in Assumptions or Other Inputs	(48,528)	(3,551)
Benefit Payments	(2,550)	(4,088)
Net Change in Total OPEB Liability	\$ (14,801)	\$ (54,032)
Total OPEB Liability, Beginning	\$ 442,397	\$ 427,596
Total OPEB Liability, Ending	\$ 427,596	\$ 373,564
Covered Employee Payroll	\$ N/A	\$ N/A
Total OPEB Liability as a percentage of Covered Employee Payroll	\$ N/A	\$ N/A

Overton County Highway Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 849	\$ 746
Interest	421	502
Changes in Benefit Terms	0	(14,531)
Differences Between Actual and Expected Experience	0	0
Changes in Assumptions or Other Inputs	(1,457)	0
Benefit Payments	0	(113)
Net Change in Total OPEB Liability	\$ (187)	\$ (13,396)
Total OPEB Liability, Beginning	\$ 13,583	\$ 13,396
Total OPEB Liability, Ending	\$ 13,396	\$ 0
Covered Employee Payroll	\$ N/A	\$ N/A
Total OPEB Liability as a percentage of Covered Employee Payroll	\$ N/A	\$ N/A

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

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

2017	2.92%
2018	3.56%
2019	3.62%

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

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

Local Education Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 337,837	\$ 311,697
Interest	182,077	219,830
Changes in Benefit Terms	0	(1,013,086)
Differences Between Actual and Expected Experience	0	(131,244)
Changes in Assumptions or Other Inputs	(289,836)	152,065
Benefit Payments	(254,268)	(274,645)
Net Change in Total OPEB Liability	\$ (24,190)	\$ (735,383)
Total OPEB Liability, Beginning	6,024,823	6,000,633
Total OPEB Liability, Ending	<u>\$ 6,000,633</u>	<u>\$ 5,265,250</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 2,090,315	\$ 1,614,289
Employer Proportionate Share of the Total OPEB Liability	3,910,318	3,650,961
Covered Employee Payroll	\$ 15,452,856	\$ 15,824,867
Net OPEB Liability as a Percentage of Covered Employee Payroll	38.83%	33.27%

State Administered Medicare Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 67,589	\$ 55,245
Interest	85,496	96,598
Changes in Benefit Terms	0	(1,203,949)
Differences Between Actual and Expected Experience	0	(225,219)
Changes in Assumptions or Other Inputs	(250,587)	(10,478)
Benefit Payments	(103,800)	(105,548)
Net Change in Total OPEB Liability	\$ (201,302)	\$ (1,393,351)
Total OPEB Liability, Beginning	\$ 2,912,249	\$ 2,710,947
Total OPEB Liability, Ending	<u>\$ 2,710,947</u>	<u>\$ 1,317,596</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,257,256	\$ 1,182,084
Employer Proportionate Share of the Total OPEB Liability	1,453,691	135,512
Covered Employee Payroll	\$ N/A	\$ N/A
Total OPEB Liability as a percentage of Covered Employee Payroll	\$ N/A	\$ N/A

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

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

2017	2.92%
2018	3.56%
2019	3.62%

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

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

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

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4%; 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 the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation.

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 Funds

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.

County Vehicles and Equipment Fund – The County Vehicles and Equipment Fund is used to account for debt proceeds issued for the acquisition, repair, and equipping of county vehicles and buildings. This fund closed during the year.

Exhibit F-1

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,516	\$ 1,516
Equity in Pooled Cash and Investments	13,640	102,468	0	116,108
Accounts Receivable	0	0	9,535	9,535
Total Assets	<u>\$ 13,640</u>	<u>\$ 102,468</u>	<u>\$ 11,051</u>	<u>\$ 127,159</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 11,051	\$ 11,051
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,051</u>	<u>\$ 11,051</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 13,640	\$ 0	\$ 0	\$ 13,640
Restricted for Public Safety	0	102,468	0	102,468
Total Fund Balances	<u>\$ 13,640</u>	<u>\$ 102,468</u>	<u>\$ 0</u>	<u>\$ 116,108</u>
Total Liabilities and Fund Balances	<u>\$ 13,640</u>	<u>\$ 102,468</u>	<u>\$ 11,051</u>	<u>\$ 127,159</u>

Exhibit F-2

Overton 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
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	Total	County Vehicles and Equipment	
<u>Revenues</u>						
Local Taxes	\$ 387	\$ 0	\$ 0	\$ 387	\$ 0	\$ 387
Fines, Forfeitures, and Penalties	0	31,411	0	31,411	0	31,411
Charges for Current Services	0	0	2,980	2,980	0	2,980
Other Local Revenues	0	3,031	0	3,031	0	3,031
Total Revenues	\$ 387	\$ 34,442	\$ 2,980	\$ 37,809	\$ 0	\$ 37,809
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,754	\$ 9,754
Finance	0	0	165	165	0	165
Administration of Justice	0	0	2,815	2,815	0	2,815
Public Safety	0	23,245	0	23,245	0	23,245
Other Operations	4	0	0	4	0	4
Total Expenditures	\$ 4	\$ 23,245	\$ 2,980	\$ 26,229	\$ 9,754	\$ 35,983
Excess (Deficiency) of Revenues Over Expenditures	\$ 383	\$ 11,197	\$ 0	\$ 11,580	\$ (9,754)	\$ 1,826
Net Change in Fund Balances	\$ 383	\$ 11,197	\$ 0	\$ 11,580	\$ (9,754)	\$ 1,826
Fund Balance, July 1, 2018	13,257	91,271	0	104,528	9,754	114,282
Fund Balance, June 30, 2019	\$ 13,640	\$ 102,468	\$ 0	\$ 116,108	\$ 0	\$ 116,108

Exhibit F-3

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 387	\$ 375	\$ 375	\$ 12
Total Revenues	\$ 387	\$ 375	\$ 375	\$ 12
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 3,000	\$ 3,000	\$ 3,000
<u>Other Operations</u>				
Other Charges	4	50	50	46
Total Expenditures	\$ 4	\$ 3,050	\$ 3,050	\$ 3,046
Excess (Deficiency) of Revenues Over Expenditures	\$ 383	\$ (2,675)	\$ (2,675)	\$ 3,058
Net Change in Fund Balance	\$ 383	\$ (2,675)	\$ (2,675)	\$ 3,058
Fund Balance, July 1, 2018	13,257	13,218	13,218	39
Fund Balance, June 30, 2019	\$ 13,640	\$ 10,543	\$ 10,543	\$ 3,097

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 31,411	\$ 24,500	\$ 24,500	\$ 6,911
Other Local Revenues	3,031	3,500	3,500	(469)
Total Revenues	<u>\$ 34,442</u>	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 6,442</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 23,245	\$ 18,100	\$ 32,873	\$ 9,628
Total Expenditures	<u>\$ 23,245</u>	<u>\$ 18,100</u>	<u>\$ 32,873</u>	<u>\$ 9,628</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,197</u>	<u>\$ 9,900</u>	<u>\$ (4,873)</u>	<u>\$ 16,070</u>
Net Change in Fund Balance	\$ 11,197	\$ 9,900	\$ (4,873)	\$ 16,070
Fund Balance, July 1, 2018	<u>91,271</u>	<u>89,244</u>	<u>89,244</u>	<u>2,027</u>
Fund Balance, June 30, 2019	<u>\$ 102,468</u>	<u>\$ 99,144</u>	<u>\$ 84,371</u>	<u>\$ 18,097</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

Overton 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	\$ 404,214	\$ 402,674	\$ 402,674	\$ 1,540
Other Local Revenues	472,475	79,000	79,000	393,475
State of Tennessee	611,335	570,000	570,000	41,335
Federal Government	0	200,000	200,000	(200,000)
Other Governments and Citizens Groups	1,472,919	0	1,472,919	0
Total Revenues	<u>\$ 2,960,943</u>	<u>\$ 1,251,674</u>	<u>\$ 2,724,593</u>	<u>\$ 236,350</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,346,777	\$ 945,798	\$ 1,361,750	\$ 14,973
Education	740,000	0	740,000	0
<u>Interest on Debt</u>				
General Government	318,166	154,202	371,319	53,153
Education	179,250	0	179,250	0
<u>Other Debt Service</u>				
General Government	17,696	32,500	32,500	14,804
Education	600	0	600	0
Total Expenditures	<u>\$ 2,602,489</u>	<u>\$ 1,132,500</u>	<u>\$ 2,685,419</u>	<u>\$ 82,930</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 358,454</u>	<u>\$ 119,174</u>	<u>\$ 39,174</u>	<u>\$ 319,280</u>
Net Change in Fund Balance	\$ 358,454	\$ 119,174	\$ 39,174	\$ 319,280
Fund Balance, July 1, 2018	<u>1,132,737</u>	<u>1,008,813</u>	<u>1,008,813</u>	<u>123,924</u>
Fund Balance, June 30, 2019	<u>\$ 1,491,191</u>	<u>\$ 1,127,987</u>	<u>\$ 1,047,987</u>	<u>\$ 443,204</u>

Fiduciary Funds

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

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

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.

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

	<u>Agency Funds</u>		
	<u>Cities - Sales Tax</u>	<u>Constitu - tional Officers - Agency</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,241,504	\$ 1,241,504
Due from Other Governments	177,434	0	177,434
Total Assets	<u>\$ 177,434</u>	<u>\$ 1,241,504</u>	<u>\$ 1,418,938</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 177,434	\$ 0	\$ 177,434
Due to Litigants, Heirs, and Others	0	1,241,504	1,241,504
Total Liabilities	<u>\$ 177,434</u>	<u>\$ 1,241,504</u>	<u>\$ 1,418,938</u>

Exhibit H-2

Overton 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	\$ 1,038,055	\$ 1,038,055	\$ 0
Due from Other Governments	179,751	177,434	179,751	177,434
Total Assets	\$ 179,751	\$ 1,215,489	\$ 1,217,806	\$ 177,434
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 179,751	\$ 1,215,489	\$ 1,217,806	\$ 177,434
Total Liabilities	\$ 179,751	\$ 1,215,489	\$ 1,217,806	\$ 177,434
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 821,812	\$ 5,451,708	\$ 5,032,016	\$ 1,241,504
Total Assets	\$ 821,812	\$ 5,451,708	\$ 5,032,016	\$ 1,241,504
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 821,812	\$ 5,451,708	\$ 5,032,016	\$ 1,241,504
Total Liabilities	\$ 821,812	\$ 5,451,708	\$ 5,032,016	\$ 1,241,504
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 821,812	\$ 5,451,708	\$ 5,032,016	\$ 1,241,504
Equity in Pooled Cash and Investments	0	1,038,055	1,038,055	0
Due from Other Governments	179,751	177,434	179,751	177,434
Total Assets	\$ 1,001,563	\$ 6,667,197	\$ 6,249,822	\$ 1,418,938
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 179,751	\$ 1,215,489	\$ 1,217,806	\$ 177,434
Due to Litigants, Heirs, and Others	821,812	5,451,708	5,032,016	1,241,504
Total Liabilities	\$ 1,001,563	\$ 6,667,197	\$ 6,249,822	\$ 1,418,938

Overton County School Department

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

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

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

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

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

Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 13,352,839	\$ 0	\$ 2,189,439	\$ 89,470	\$ (11,073,930)
Support Services	11,368,385	39,886	289,293	0	(11,039,206)
Operation of Non-instructional Services	2,735,416	446,844	1,383,113	0	(905,459)
Interest on Long-term Debt	179,250	0	0	0	(179,250)
Total Governmental Activities	\$ 27,635,890	\$ 486,730	\$ 3,861,845	\$ 89,470	\$ (23,197,845)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,063,539
Local Option Sales Taxes					2,274,672
Wheel Tax					621,611
Wholesale Beer Tax					119,288
Other Local Taxes					14,127
Grants and Contributions Not Restricted for Specific Programs					19,107,265
Unrestricted Investment Income					1,607
Miscellaneous					107,472
Total General Revenues					\$ 24,309,581
Insurance Recovery					\$ 99,500
Change in Net Position					\$ 1,211,236
Net Position, July 1, 2018					13,418,519
Net Position, June 30, 2019					<u>\$ 14,629,755</u>

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,409	\$ 2,409
Equity in Pooled Cash and Investments	7,293,506	1,040,557	8,334,063
Inventories	0	31,128	31,128
Accounts Receivable	136,650	1,616	138,266
Due from Other Governments	1,102,560	196,983	1,299,543
Due from Other Funds	62,941	16	62,957
Property Taxes Receivable	2,106,371	0	2,106,371
Allowance for Uncollectible Property Taxes	(45,724)	0	(45,724)
Restricted Assets	27,197	0	27,197
Total Assets	<u>\$ 10,683,501</u>	<u>\$ 1,272,709</u>	<u>\$ 11,956,210</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 3,185	\$ 6,366	\$ 9,551
Accrued Payroll	74,095	3,653	77,748
Due to Other Funds	0	62,941	62,941
Due to State of Tennessee	1,208	443	1,651
Total Liabilities	<u>\$ 78,488</u>	<u>\$ 73,403</u>	<u>\$ 151,891</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,998,771	\$ 0	\$ 1,998,771
Deferred Delinquent Property Taxes	58,957	0	58,957
Other Deferred/Unavailable Revenue	191,494	0	191,494
Total Deferred Inflows of Resources	<u>\$ 2,249,222</u>	<u>\$ 0</u>	<u>\$ 2,249,222</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 31,128	\$ 31,128
Restricted:			
Restricted for Education	114,731	178,671	293,402
Restricted for Hybrid Retirement Stabilization Funds	27,197	0	27,197
Committed:			
Committed for Education	0	989,507	989,507
Unassigned	8,213,863	0	8,213,863
Total Fund Balances	<u>\$ 8,355,791</u>	<u>\$ 1,199,306</u>	<u>\$ 9,555,097</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,683,501</u>	<u>\$ 1,272,709</u>	<u>\$ 11,956,210</u>

Exhibit I-3

Overton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Overton 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)		\$	9,555,097
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	574,963	
Add: buildings and improvements net of accumulated depreciation		12,084,335	
Add: infrastructure net of accumulated depreciation		572,352	
Add: other capital assets net of accumulated depreciation		<u>1,695,685</u>	14,927,335
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for bonds	\$	(4,865,000)	
Less: contributions due on primary government debt for other loans		(2,576,377)	
Less: net OPEB liability		(3,786,473)	
Less: compensated absences payable		<u>(151,887)</u>	(11,379,737)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	2,477,221	
Less: deferred inflows of resources related to pensions		(2,081,779)	
Add: deferred outflows of resources related to OPEB		540,735	
Less: deferred inflows of resources related to OPEB		<u>(1,351,521)</u>	(415,344)
(4) Net pension assets of the pension plans are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	524,082	
Add: net pension asset - teacher retirement plan		53,475	
Add: net pension asset - teacher legacy plan		<u>1,114,396</u>	1,691,953
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>250,451</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>14,629,755</u></u>

Exhibit I-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 4,503,009	\$ 621,611	\$ 5,124,620
Licenses and Permits	1,530	0	1,530
Charges for Current Services	18,403	446,844	465,247
Other Local Revenues	157,131	20,319	177,450
State of Tennessee	19,120,097	15,436	19,135,533
Federal Government	624,960	3,375,663	4,000,623
Other Governments and Citizens Groups	2,576,377	0	2,576,377
Total Revenues	\$ 27,001,507	\$ 4,479,873	\$ 31,481,380
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,996,891	\$ 1,196,915	\$ 15,193,806
Support Services	8,247,567	875,419	9,122,986
Operation of Non-Instructional Services	975,290	1,760,126	2,735,416
Capital Outlay	2,640,914	0	2,640,914
Debt Service:			
Principal on Debt	0	740,000	740,000
Interest on Debt	0	179,250	179,250
Other Debt Service	0	6,831	6,831
Total Expenditures	\$ 25,860,662	\$ 4,758,541	\$ 30,619,203
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,140,845	\$ (278,668)	\$ 862,177
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 99,500	\$ 0	\$ 99,500
Transfers In	19,822	521,521	541,343
Transfers Out	(521,521)	(19,822)	(541,343)
Total Other Financing Sources (Uses)	\$ (402,199)	\$ 501,699	\$ 99,500
Net Change in Fund Balances	\$ 738,646	\$ 223,031	\$ 961,677
Fund Balance, July 1, 2018	7,617,145	976,275	8,593,420
Fund Balance, June 30, 2019	\$ 8,355,791	\$ 1,199,306	\$ 9,555,097

Exhibit I-5

Overton County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Overton 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)		\$ 961,677
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 277,388	
Less: current-year depreciation expense	<u>(664,349)</u>	(386,961)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 250,451	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(259,077)</u>	(8,626)
<p>(3) The contributions of long-term debt (e.g., bonds, notes, other loans, leases) by the primary government provide current financial resources to governmental funds, while contributions by the school department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Less: other loan proceeds contributed from primary government	\$ (2,576,377)	
Add: principal contributions on bonds to primary government	<u>740,000</u>	(1,836,377)
<p>(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 governmental funds.</p>		
Change in OPEB liability	\$ 1,577,537	
Change in deferred outflows related to OPEB	296,857	
Change in deferred inflows related to OPEB	(1,062,610)	
Change in compensated absences payable	45,475	
Change in net pension liability - agent plan	181,825	
Change in net pension asset - teacher retirement plan	1,011,561	
Change in net pension liability - legacy teacher plan	19,694	
Change in deferred outflows related to pensions	(25,766)	
Change in deferred inflows related to pensions	<u>436,950</u>	<u>2,481,523</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,211,236</u>

Exhibit I-6

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

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Fund Education Debt Service	
<u>ASSETS</u>					
Cash	\$ 0	\$ 2,409	\$ 2,409	\$ 0	\$ 2,409
Equity in Pooled Cash and Investments	71,607	246,307	317,914	722,643	1,040,557
Inventories	0	31,128	31,128	0	31,128
Accounts Receivable	801	815	1,616	0	1,616
Due from Other Governments	196,983	0	196,983	0	196,983
Due from Other Funds	16	0	16	0	16
Total Assets	<u>\$ 269,407</u>	<u>\$ 280,659</u>	<u>\$ 550,066</u>	<u>\$ 722,643</u>	<u>\$ 1,272,709</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 6,366	\$ 0	\$ 6,366	\$ 0	\$ 6,366
Accrued Payroll	0	3,653	3,653	0	3,653
Due to Other Funds	62,941	0	62,941	0	62,941
Due to State of Tennessee	0	443	443	0	443
Total Liabilities	<u>\$ 69,307</u>	<u>\$ 4,096</u>	<u>\$ 73,403</u>	<u>\$ 0</u>	<u>\$ 73,403</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 0	\$ 31,128	\$ 31,128	\$ 0	\$ 31,128
Restricted:					
Restricted for Education	100	178,571	178,671	0	178,671
Committed:					
Committed for Education	200,000	66,864	266,864	722,643	989,507
Total Fund Balances	<u>\$ 200,100</u>	<u>\$ 276,563</u>	<u>\$ 476,663</u>	<u>\$ 722,643</u>	<u>\$ 1,199,306</u>
Total Liabilities and Fund Balances	<u>\$ 269,407</u>	<u>\$ 280,659</u>	<u>\$ 550,066</u>	<u>\$ 722,643</u>	<u>\$ 1,272,709</u>

Exhibit I-7

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

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Debt Service	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 621,611	\$ 621,611
Charges for Current Services	0	446,844	446,844	0	446,844
Other Local Revenues	0	20,319	20,319	0	20,319
State of Tennessee	0	15,436	15,436	0	15,436
Federal Government	2,084,796	1,290,867	3,375,663	0	3,375,663
Total Revenues	\$ 2,084,796	\$ 1,773,466	\$ 3,858,262	\$ 621,611	\$ 4,479,873
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,196,915	\$ 0	\$ 1,196,915	\$ 0	\$ 1,196,915
Support Services	875,419	0	875,419	0	875,419
Operation of Non-Instructional Services	0	1,760,126	1,760,126	0	1,760,126
Debt Service:					
Principal on Debt	0	0	0	740,000	740,000
Interest on Debt	0	0	0	179,250	179,250
Other Debt Service	0	0	0	6,831	6,831
Total Expenditures	\$ 2,072,334	\$ 1,760,126	\$ 3,832,460	\$ 926,081	\$ 4,758,541
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,462	\$ 13,340	\$ 25,802	\$ (304,470)	\$ (278,668)

(Continued)

Exhibit I-7

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

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Fund Education Debt Service	
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 100,000	\$ 0	\$ 100,000	\$ 421,521	\$ 521,521
Transfers Out	(19,822)	0	(19,822)	0	(19,822)
Total Other Financing Sources (Uses)	\$ 80,178	\$ 0	\$ 80,178	\$ 421,521	\$ 501,699
Net Change in Fund Balances	\$ 92,640	\$ 13,340	\$ 105,980	\$ 117,051	\$ 223,031
Fund Balance, July 1, 2018	107,460	263,223	370,683	605,592	976,275
Fund Balance, June 30, 2019	\$ 200,100	\$ 276,563	\$ 476,663	\$ 722,643	\$ 1,199,306

Exhibit I-8

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Overton County School Department
General Purpose School 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	
Revenues						
Local Taxes	\$ 4,503,009	\$ 0	\$ 4,503,009	\$ 4,096,778	\$ 4,096,778	\$ 406,231
Licenses and Permits	1,530	0	1,530	1,400	1,400	130
Charges for Current Services	18,403	0	18,403	24,000	24,000	(5,597)
Other Local Revenues	157,131	0	157,131	96,000	96,000	61,131
State of Tennessee	19,120,097	0	19,120,097	18,618,096	18,882,799	237,298
Federal Government	624,960	0	624,960	541,933	608,308	16,652
Other Governments and Citizens Groups	2,576,377	0	2,576,377	0	2,925,917	(349,540)
Total Revenues	\$ 27,001,507	\$ 0	\$ 27,001,507	\$ 23,378,207	\$ 26,635,202	\$ 366,305
Expenditures						
Instruction						
Regular Instruction Program	\$ 11,613,928	\$ 0	\$ 11,613,928	\$ 11,508,049	\$ 11,782,971	\$ 169,043
Alternative Instruction Program	50,579	0	50,579	54,264	51,964	1,385
Special Education Program	1,688,844	0	1,688,844	1,589,285	1,701,362	12,518
Career and Technical Education Program	643,540	0	643,540	659,825	649,295	5,755
Support Services						
Attendance	92,532	0	92,532	102,248	96,378	3,846
Health Services	244,691	(843)	243,848	229,123	248,818	4,970
Other Student Support	640,736	0	640,736	802,406	769,346	128,610
Regular Instruction Program	895,498	0	895,498	641,278	790,066	(105,432)
Special Education Program	227,212	0	227,212	242,820	240,280	13,068
Career and Technical Education Program	18,397	0	18,397	21,433	21,433	3,036
Technology	131,909	0	131,909	162,268	128,818	(3,091)
Other Programs	148,751	0	148,751	0	148,751	0
Board of Education	354,427	0	354,427	405,387	427,865	73,438

(Continued)

Exhibit I-8

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Overton County School Department
General Purpose School 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	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Director of Schools	\$ 143,339	\$ 0	\$ 143,339	\$ 141,113	\$ 146,213	\$ 2,874
Office of the Principal	1,702,781	0	1,702,781	1,658,277	1,701,077	(1,704)
Fiscal Services	337,620	0	337,620	298,108	332,308	(5,312)
Operation of Plant	1,901,046	0	1,901,046	1,988,362	2,086,862	185,816
Maintenance of Plant	298,729	0	298,729	336,915	306,617	7,888
Transportation	1,109,899	0	1,109,899	937,885	1,115,643	5,744
<u>Operation of Non-Instructional Services</u>						
Food Service	8,627	0	8,627	0	9,455	828
Community Services	553,464	0	553,464	543,067	606,945	53,481
Early Childhood Education	413,199	(12,547)	400,652	393,108	408,060	7,408
<u>Capital Outlay</u>						
Regular Capital Outlay	2,640,914	0	2,640,914	0	2,991,937	351,023
Total Expenditures	\$ 25,860,662	\$ (13,390)	\$ 25,847,272	\$ 22,715,221	\$ 26,762,464	\$ 915,192
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 1,140,845	\$ 13,390	\$ 1,154,235	\$ 662,986	\$ (127,262)	\$ 1,281,497
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 99,500	\$ 0	\$ 99,500	\$ 0	\$ 0	\$ 99,500
Transfers In	19,822	0	19,822	26,329	26,329	(6,507)
Transfers Out	(521,521)	0	(521,521)	(421,521)	(521,521)	0
Total Other Financing Sources	\$ (402,199)	\$ 0	\$ (402,199)	\$ (395,192)	\$ (495,192)	\$ 92,993

(Continued)

Exhibit I-8

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Overton County School Department
General Purpose School 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	\$ 738,646	\$ 13,390	\$ 752,036	\$ 267,794	\$ (622,454)	\$ 1,374,490
Fund Balance, July 1, 2018	7,617,145	(13,390)	7,603,755	6,802,588	6,802,588	801,167
Fund Balance, June 30, 2019	<u>\$ 8,355,791</u>	<u>\$ 0</u>	<u>\$ 8,355,791</u>	<u>\$ 7,070,382</u>	<u>\$ 6,180,134</u>	<u>\$ 2,175,657</u>

Exhibit I-9

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Overton 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>						
Federal Government	\$ 2,084,796	\$ 0	\$ 2,084,796	\$ 2,041,919	\$ 2,589,599	\$ (504,803)
Total Revenues	\$ 2,084,796	\$ 0	\$ 2,084,796	\$ 2,041,919	\$ 2,589,599	\$ (504,803)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 548,891	\$ (5,695)	\$ 543,196	\$ 519,334	\$ 657,076	\$ 113,880
Special Education Program	600,341	0	600,341	609,367	736,286	135,945
Career and Technical Education Program	47,683	(1,765)	45,918	43,121	49,848	3,930
<u>Support Services</u>						
Other Student Support	83,726	0	83,726	84,596	140,968	57,242
Regular Instruction Program	596,632	0	596,632	514,831	713,829	117,197
Special Education Program	117,810	0	117,810	158,671	171,044	53,234
Career and Technical Education Program	3,502	0	3,502	5,129	3,502	0
Board of Education	70	0	70	163	163	93
Transportation	73,679	0	73,679	86,951	96,951	23,272
Total Expenditures	\$ 2,072,334	\$ (7,460)	\$ 2,064,874	\$ 2,022,163	\$ 2,569,667	\$ 504,793
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,462	\$ 7,460	\$ 19,922	\$ 19,756	\$ 19,932	\$ (10)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 100,000	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 100,000
Transfers Out	(19,822)	0	(19,822)	(19,753)	(19,927)	105
Total Other Financing Sources	\$ 80,178	\$ 0	\$ 80,178	\$ (19,753)	\$ (19,927)	\$ 100,105

(Continued)

Exhibit I-9

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Overton 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	\$ 92,640	\$ 7,460	\$ 100,100	\$ 3	\$ 5	\$ 100,095
Fund Balance, July 1, 2018	107,460	(7,460)	100,000	0	0	100,000
Fund Balance, June 30, 2019	\$ 200,100	\$ 0	\$ 200,100	\$ 3	\$ 5	\$ 200,095

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 446,844	\$ 571,000	\$ 571,000	\$ (124,156)
Other Local Revenues	20,319	20,000	20,000	319
State of Tennessee	15,436	27,000	27,000	(11,564)
Federal Government	1,290,867	1,656,000	1,656,000	(365,133)
Total Revenues	<u>\$ 1,773,466</u>	<u>\$ 2,274,000</u>	<u>\$ 2,274,000</u>	<u>\$ (500,534)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,760,126	\$ 2,274,000	\$ 2,274,000	\$ 513,874
Total Expenditures	<u>\$ 1,760,126</u>	<u>\$ 2,274,000</u>	<u>\$ 2,274,000</u>	<u>\$ 513,874</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 13,340</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,340</u>
Net Change in Fund Balance	\$ 13,340	\$ 0	\$ 0	\$ 13,340
Fund Balance, July 1, 2018	<u>263,223</u>	<u>256,840</u>	<u>256,840</u>	<u>6,383</u>
Fund Balance, June 30, 2019	<u>\$ 276,563</u>	<u>\$ 256,840</u>	<u>\$ 256,840</u>	<u>\$ 19,723</u>

Exhibit I-11

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Overton County School Department
Education 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	\$ 621,611	\$ 641,244	\$ 641,244	\$ (19,633)
Total Revenues	\$ 621,611	\$ 641,244	\$ 641,244	\$ (19,633)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 740,000	\$ 740,000	\$ 740,000	\$ 0
<u>Interest on Debt</u>				
Education	179,250	179,250	179,250	0
<u>Other Debt Service</u>				
Education	6,831	6,800	6,800	(31)
Total Expenditures	\$ 926,081	\$ 926,050	\$ 926,050	\$ (31)
Excess (Deficiency) of Revenues Over Expenditures	\$ (304,470)	\$ (284,806)	\$ (284,806)	\$ (19,664)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 421,521	\$ 421,521	\$ 421,521	\$ 0
Total Other Financing Sources	\$ 421,521	\$ 421,521	\$ 421,521	\$ 0
Net Change in Fund Balance	\$ 117,051	\$ 136,715	\$ 136,715	\$ (19,664)
Fund Balance, July 1, 2018	605,592	581,072	581,072	24,520
Fund Balance, June 30, 2019	\$ 722,643	\$ 717,787	\$ 717,787	\$ 4,856

MISCELLANEOUS SCHEDULES

Exhibit J-1

Overton County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Other Loans
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	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Industrial Park Land - F.H.A.	\$ 1,650,000	4.5 %	4-21-03	4-11-19	\$ 641,777	\$ 0	\$ 641,777	\$ 0
General Obligation Refunding - Series 2009	5,520,000	2 to 4.1	3-31-09	6-1-24	2,540,000	0	385,000	2,155,000
Total Payable through General Debt Service Fund					<u>\$ 3,181,777</u>	<u>\$ 0</u>	<u>\$ 1,026,777</u>	<u>\$ 2,155,000</u>
<u>Contributions Due by the Overton County Health and Rehab Center to the General Debt Service Fund</u>								
Nursing Home Improvements	4,150,000	2.58	5-9-12	4-1-33	\$ 3,165,000	\$ 0	\$ 175,000	\$ 2,990,000
Nursing Home Renovation and Construction	4,965,000	2.91	6-26-17	4-1-42	4,965,000	0	145,000	4,820,000
Total Contributions Due by the Overton County Health and Rehab Center to the General Debt Service Fund					<u>\$ 8,130,000</u>	<u>\$ 0</u>	<u>\$ 320,000</u>	<u>\$ 7,810,000</u>
<u>Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund</u>								
School Refunding Bonds, Series 2014	4,215,000	2	1-8-14	4-1-20	\$ 1,450,000	\$ 0	\$ 715,000	\$ 735,000
School Refunding Bonds, Series 2015	4,230,000	2 to 4	3-5-15	6-1-25	4,155,000	0	25,000	4,130,000
Total Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund					<u>\$ 5,605,000</u>	<u>\$ 0</u>	<u>\$ 740,000</u>	<u>\$ 4,865,000</u>
Total Bonds Payable					<u>\$ 16,916,777</u>	<u>\$ 0</u>	<u>\$ 2,086,777</u>	<u>\$ 14,830,000</u>
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
County Services Building	3,420,000	3.124	12-28-18	5-1-30	\$ 0	\$ 3,420,000	\$ 0	\$ 3,420,000
<u>OTHER LOANS PAYABLE</u>								
<u>Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund</u>								
Tennessee Energy Efficiency School Initiative Loan	2,576,377	(1) 1	1-29-19	1-29-30	\$ 0	\$ 2,576,377	\$ 0	\$ 2,576,377

(1) Total amount approved was \$2,925,917, of which \$349,540 remains available for draws as of June 30, 2019.

Exhibit J-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2020	\$ 1,480,000	\$ 475,298	\$ 1,955,298
2021	1,505,000	436,839	1,941,839
2022	1,565,000	389,112	1,954,112
2023	1,620,000	339,483	1,959,483
2024	1,685,000	279,420	1,964,420
2025	1,260,000	216,369	1,476,369
2026	385,000	170,719	555,719
2027	400,000	160,195	560,195
2028	410,000	149,000	559,000
2029	425,000	138,201	563,201
2030	435,000	126,712	561,712
2031	450,000	114,163	564,163
2032	465,000	101,175	566,175
2033	475,000	87,225	562,225
2034	220,000	72,650	292,650
2035	230,000	66,050	296,050
2036	235,000	59,150	294,150
2037	245,000	51,512	296,512
2038	250,000	43,550	293,550
2039	260,000	35,425	295,425
2040	270,000	26,975	296,975
2041	275,000	18,200	293,200
2042	285,000	9,263	294,263
Total	\$ 14,830,000	\$ 3,566,686	\$ 18,396,686

Year Ending June 30	Notes		Total
	Principal	Interest	
2020	\$ 215,000	\$ 143,476	\$ 358,476
2021	270,000	100,156	370,156
2022	280,000	91,719	371,719
2023	285,000	82,969	367,969
2024	300,000	74,265	374,265
2025	310,000	64,688	374,688
2026	320,000	55,000	375,000
2027	335,000	45,000	380,000
2028	355,000	34,626	389,626
2029	365,000	23,437	388,437
2030	385,000	12,031	397,031
Total	\$ 3,420,000	\$ 727,367	\$ 4,147,367

(Continued)

Exhibit J-2

Overton County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Other Loans		Total
	Principal	Interest	
2020	\$ 230,652	\$ 28,200	\$ 258,852
2021	232,968	25,884	258,852
2022	235,308	23,544	258,852
2023	237,672	21,180	258,852
2024	240,060	18,792	258,852
2025	242,472	16,380	258,852
2026	244,908	13,944	258,852
2027	247,368	11,484	258,852
2028	249,852	9,000	258,852
2029	252,360	6,492	258,852
2030	162,757	3,960	166,717
Total	\$ 2,576,377	\$ 178,860	\$ 2,755,237

Exhibit J-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Solid Waste/Sanitation	General	Operations	\$ 32,000
Total Transfers Primary Government			<u>\$ 32,000</u>
<u>DISCRETELY PRESENTED OVERTON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flows	\$ 100,000
General Purpose School	Education Debt Service	Debt retirement	421,521
School Federal Projects	General Purpose School	Indirect cost	<u>19,822</u>
Total Transfers Discretely Presented Overton County School Department			<u>\$ 541,343</u>

Exhibit J-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 83,238	\$ (2)	
Highway Superintendent	Section 8-24-102, TCA	79,276	100,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	87,257 (1)	100,000 (2)	RLI Insurance Company
Trustee	Section 8-24-102, TCA	72,069	987,641	Pennsylvania National Mutual Casualty Company
Assessor of Property	Section 8-24-102, TCA	72,069	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	72,069	(2)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	72,069	(2)	
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	72,069 (3)	125,000	Western Surety Company
Register of Deeds:				
Franklin Smith (7-1-18 to 8-31-18)	Section 8-24-102, TCA	12,473	100,000	"
Kimberly Copeland (9-1-18 to 6-30-19)	Section 8-24-102, TCA	59,596	(2)	
Sheriff	Section 8-24-102, TCA	79,276 (4)	(2)	
Director of Accounts and Budgets	Section 5-13-103, TCA, and County Commission	49,884	(2)	
Employee Blanket Bonds:				
Public Employees Dishonesty - County Departments			400,000	Local Government Insurance Pool
Public Employees Dishonesty - School Department			400,000	Tennessee Risk Management Trust

(1) Does not include CEO salary supplement of \$2,000 and salary equity of \$500.

(2) Official was covered by the \$400,000 employee blanket bond.

(3) Does not include special commissioner fees of \$6,795.

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

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,396,233	\$ 0	\$ 320,873	\$ 0	0
Trustee's Collections - Prior Year	173,588	0	12,670	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	43,335	0	3,163	0	0
Interest and Penalty	49,013	0	3,546	0	0
Payments in-Lieu-of Taxes - Local Utilities	313,824	0	22,907	0	0
Payments in-Lieu-of Taxes - Other	4,525	0	330	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	554,512	0	682,402	0	0
Hotel/Motel Tax	35,717	0	0	0	0
Litigation Tax - General	74,236	315	0	0	0
Litigation Tax - Special Purpose	0	72	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	16,502	0	0	0	0
Business Tax	161,066	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	53,940	0	3,937	0	0
Beer Privilege Tax	1,805	0	0	0	0
Total Local Taxes	\$ 5,878,296	\$ 387	\$ 1,049,828	\$ 0	0
<u>Licenses and Permits</u>					
<u>Permits</u>					
Beer Permits	\$ 712	\$ 0	\$ 0	\$ 0	0
Total Licenses and Permits	\$ 712	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control		
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 8,071	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	5,087	0	0	0	0	0
Drug Control Fines	0	0	0	29,273	0	0
Veterans Treatment Court Fees	190	0	0	0	0	0
Jail Fees	4,975	0	0	0	0	0
DUI Treatment Fines	1,306	0	0	0	0	0
Data Entry Fee - Circuit Court	1,215	0	0	0	0	0
Courtroom Security Fee	91	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	1,600	0	0	0	0	0
DUI Treatment Fines	1,730	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	15,241	0	0	0	0	0
Officers Costs	30,011	0	0	0	0	0
Game and Fish Fines	320	0	0	0	0	0
Drug Control Fines	0	0	0	1,194	0	0
Drug Court Fees	3,375	0	0	0	0	0
Veterans Treatment Court Fees	1,936	0	0	0	0	0
Jail Fees	20,469	0	0	0	0	0
DUI Treatment Fines	380	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,885	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	874	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,976	0	0	0	0	0
Data Entry Fee - Chancery Court	2,372	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 944	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 107,104	\$ 0	\$ 0	\$ 31,411	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 245,366	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	0	19,224	0	0
Patient Charges	1,090,169	0	0	0	0
Service Charges	2,290	0	0	0	0
<u>Fees</u>					
Copy Fees	2,987	0	0	0	0
Library Fees	500	0	0	0	0
Telephone Commissions	36,076	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	2,980
Data Processing Fee - Register	7,882	0	0	0	0
Data Processing Fee - Sheriff	1,750	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,600	0	0	0	0
Data Processing Fee - County Clerk	1,963	0	0	0	0
<u>Education Charges</u>					
Tuition - Other	123,036	0	0	0	0
Other Charges for Services	3,340	0	0	0	0
Total Charges for Current Services	\$ 1,273,593	\$ 0	\$ 264,590	\$ 0	\$ 2,980

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 8	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	65,805	0	0	0	0
Sale of Materials and Supplies	256	0	0	0	0
Commissary Sales	61,900	0	0	0	0
Sale of Recycled Materials	2,062	0	65,125	0	0
E-Rate Funding	1,827	0	0	0	0
Miscellaneous Refunds	19,567	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	15,270	0	0	0	0
Damages Recovered from Individuals	230	0	0	3,031	0
Contributions and Gifts	125	0	0	0	0
Total Other Local Revenues	\$ 167,050	\$ 0	\$ 65,125	\$ 3,031	\$ 0
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 254,232	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	58,934	0	0	0	0
General Sessions Court Clerk	120,376	0	0	0	0
Clerk and Master	66,450	0	0	0	0
Register	92,954	0	0	0	0
Sheriff	15,241	0	0	0	0
Trustee	326,383	0	0	0	0
Total Fees Received From County Officials	\$ 934,570	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	0
Aging Programs	13,632	0	0	0	0
Solid Waste Grants	0	0	28,122	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	12,000	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	6,084	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	39,485	0	0	0	0
Other Public Works Grants	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	30,136	0	0	0	0
Beer Tax	17,959	0	0	0	0
Vehicle Certificate of Title Fees	7,632	0	0	0	0
Alcoholic Beverage Tax	61,860	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0
State Revenue Sharing - Telecommunications	74,210	0	0	0	0
Contracted Prisoner Boarding	697,537	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Revenues	301,131	0	0	0	0
Total State of Tennessee	\$ 1,285,830	\$ 0	\$ 28,122	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 96,638	\$ 0	\$ 0	\$ 0	0
Other Federal through State	227,289	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	172,158	0	0	0	0
Total Federal Government	<u>\$ 496,085</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 38,605	\$ 0	\$ 0	\$ 0	0
Contributions	67,686	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 106,291</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Total	<u>\$ 10,249,531</u>	<u>\$ 387</u>	<u>\$ 1,407,665</u>	<u>\$ 34,442</u>	<u>\$ 2,980</u>

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 320,873	\$ 353,001	\$ 0	\$ 5,390,980
Trustee's Collections - Prior Year	12,670	13,938	0	212,866
Circuit Clerk/Clerk and Master Collections - Prior Years	3,160	3,479	0	53,137
Interest and Penalty	3,547	3,904	0	60,010
Payments in-Lieu-of Taxes - Local Utilities	22,907	25,198	0	384,836
Payments in-Lieu-of Taxes - Other	330	363	0	5,548
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	0	0	1,236,914
Hotel/Motel Tax	0	0	0	35,717
Litigation Tax - General	0	0	0	74,551
Litigation Tax - Special Purpose	0	0	0	72
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	16,502
Business Tax	0	0	0	161,066
Mineral Severance Tax	92,226	0	0	92,226
<u>Statutory Local Taxes</u>				
Bank Excise Tax	3,937	4,331	0	66,145
Beer Privilege Tax	0	0	0	1,805
Total Local Taxes	<u>\$ 459,650</u>	<u>\$ 404,214</u>	<u>\$ 0</u>	<u>\$ 7,792,375</u>
<u>Licenses and Permits</u>				
<u>Permits</u>				
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 712
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 712</u>

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	8,071
Officers Costs	0	0	0	5,087
Drug Control Fines	0	0	0	29,273
Veterans Treatment Court Fees	0	0	0	190
Jail Fees	0	0	0	4,975
DUI Treatment Fines	0	0	0	1,306
Data Entry Fee - Circuit Court	0	0	0	1,215
Courtroom Security Fee	0	0	0	91
<u>Criminal Court</u>				
Drug Court Fees	0	0	0	1,600
DUI Treatment Fines	0	0	0	1,730
<u>General Sessions Court</u>				
Fines	0	0	0	15,241
Officers Costs	0	0	0	30,011
Game and Fish Fines	0	0	0	320
Drug Control Fines	0	0	0	1,194
Drug Court Fees	0	0	0	3,375
Veterans Treatment Court Fees	0	0	0	1,936
Jail Fees	0	0	0	20,469
DUI Treatment Fines	0	0	0	380
Data Entry Fee - General Sessions Court	0	0	0	5,885
<u>Juvenile Court</u>				
Fines	0	0	0	874
<u>Chancery Court</u>				
Officers Costs	0	0	0	1,976
Data Entry Fee - Chancery Court	0	0	0	2,372

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 944
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 138,515
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Tipping Fees	\$ 0	\$ 0	\$ 0	245,366
Surcharge - Waste Tire Disposal	0	0	0	19,224
Patient Charges	0	0	0	1,090,169
Service Charges	0	0	0	2,290
<u>Fees</u>				
Copy Fees	0	0	0	2,987
Library Fees	0	0	0	500
Telephone Commissions	0	0	0	36,076
Constitutional Officers' Fees and Commissions	0	0	0	2,980
Data Processing Fee - Register	0	0	0	7,882
Data Processing Fee - Sheriff	0	0	0	1,750
Sexual Offender Registration Fee - Sheriff	0	0	0	3,600
Data Processing Fee - County Clerk	0	0	0	1,963
<u>Education Charges</u>				
Tuition - Other	0	0	0	123,036
Other Charges for Services	0	0	0	3,340
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 1,541,163

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 472,475	\$ 0	\$ 472,483
Lease/Rentals	0	0	0	65,805
Sale of Materials and Supplies	2,829	0	0	3,085
Commissary Sales	0	0	0	61,900
Sale of Recycled Materials	278	0	0	67,465
E-Rate Funding	0	0	0	1,827
Miscellaneous Refunds	18,519	0	0	38,086
<u>Nonrecurring Items</u>				
Sale of Equipment	0	0	0	15,270
Damages Recovered from Individuals	0	0	0	3,261
Contributions and Gifts	0	0	2,060,288	2,060,413
Total Other Local Revenues	\$ 21,626	\$ 472,475	\$ 2,060,288	\$ 2,789,595
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	254,232
Circuit Court Clerk	0	0	0	58,934
General Sessions Court Clerk	0	0	0	120,376
Clerk and Master	0	0	0	66,450
Register	0	0	0	92,954
Sheriff	0	0	0	15,241
Trustee	0	0	0	326,383
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 934,570

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
	Highway / Public Works	General Debt Service	General Capital Projects	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	0	0	0	13,632
Solid Waste Grants	0	0	0	28,122
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	12,000
<u>Health and Welfare Grants</u>				
Health Department Programs	0	0	0	6,084
<u>Public Works Grants</u>				
State Aid Program	172,027	0	0	172,027
Litter Program	0	0	0	39,485
Other Public Works Grants	109,358	0	0	109,358
<u>Other State Revenues</u>				
Income Tax	0	0	0	30,136
Beer Tax	0	0	0	17,959
Vehicle Certificate of Title Fees	0	0	0	7,632
Alcoholic Beverage Tax	0	0	0	61,860
State Revenue Sharing - T.V.A.	0	611,335	0	611,335
State Revenue Sharing - Telecommunications	0	0	0	74,210
Contracted Prisoner Boarding	0	0	0	697,537
Gasoline and Motor Fuel Tax	2,261,320	0	0	2,261,320
Petroleum Special Tax	14,606	0	0	14,606
Registrar's Salary Supplement	0	0	0	15,164
Other State Revenues	0	0	0	301,131
Total State of Tennessee	\$ 2,557,311	\$ 611,335	\$ 0	\$ 4,482,598

(Continued)

Exhibit J-5

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

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	\$ 0	\$ 0	\$ 0	\$ 96,638
Other Federal through State	0	0	0	227,289
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	0	0	0	172,158
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 496,085</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 38,605
Contributions	0	1,472,919	0	1,540,605
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 1,472,919</u>	<u>\$ 0</u>	<u>\$ 1,579,210</u>
Total	<u>\$ 3,038,587</u>	<u>\$ 2,960,943</u>	<u>\$ 2,060,288</u>	<u>\$ 19,754,823</u>

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Debt Service Fund	Total
		School Projects	Central Cafeteria	Education Debt Service		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,829,098	\$ 0	\$ 0	\$ 0	\$ 0	1,829,098
Trustee's Collections - Prior Year	72,224	0	0	0	0	72,224
Circuit Clerk/Clerk and Master Collections - Prior Years	18,030	0	0	0	0	18,030
Interest and Penalty	20,622	0	0	0	0	20,622
Payments in-Lieu-of Taxes - Local Utilities	130,569	0	0	0	0	130,569
Payments in-Lieu-of Taxes - Other	1,621	0	0	0	0	1,621
<u>County Local Option Taxes</u>						
Local Option Sales Tax	2,274,673	0	0	0	0	2,274,673
Wheel Tax	0	0	0	621,611	0	621,611
Mixed Drink Tax	14,127	0	0	0	0	14,127
Other County Local Option Taxes	315	0	0	0	0	315
<u>Statutory Local Taxes</u>						
Bank Excise Tax	22,442	0	0	0	0	22,442
Wholesale Beer Tax	119,288	0	0	0	0	119,288
Total Local Taxes	\$ 4,503,009	\$ 0	\$ 0	\$ 621,611	\$ 0	\$ 5,124,620
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,530	\$ 0	\$ 0	\$ 0	\$ 0	1,530
Total Licenses and Permits	\$ 1,530	\$ 0	\$ 0	\$ 0	\$ 0	1,530
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	\$ 0	\$ 0	\$ 240,553	\$ 0	\$ 0	240,553

(Continued)

Exhibit J-6

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

	Special Revenue Funds			Debt Service Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 40,868	\$ 0	\$ 40,868
Income from Breakfast	0	0	54,233	0	54,233
A la Carte Sales	0	0	111,190	0	111,190
Receipts from Individual Schools	18,403	0	0	0	18,403
Total Charges for Current Services	\$ 18,403	\$ 0	\$ 446,844	\$ 0	\$ 465,247
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 1,373	\$ 0	\$ 234	\$ 0	\$ 1,607
Lease/Rentals	13,295	0	0	0	13,295
Sale of Materials and Supplies	8,188	0	0	0	8,188
E-Rate Funding	41,738	0	0	0	41,738
Miscellaneous Refunds	87,387	0	20,085	0	107,472
<u>Nonrecurring Items</u>					
Contributions and Gifts	5,150	0	0	0	5,150
Total Other Local Revenues	\$ 157,131	\$ 0	\$ 20,319	\$ 0	\$ 177,450
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 148,751	\$ 0	\$ 0	\$ 0	\$ 148,751
<u>State Education Funds</u>					
Basic Education Program	17,823,344	0	0	0	17,823,344
Early Childhood Education	408,060	0	0	0	408,060
School Food Service	0	0	15,436	0	15,436

(Continued)

Exhibit J-6

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

	Special Revenue Funds			Debt Service Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Driver Education	\$ 17,458	\$ 0	\$ 0	\$ 0	\$ 17,458
Other State Education Funds	555,825	0	0	0	555,825
Career Ladder Program	66,697	0	0	0	66,697
<u>Other State Revenues</u>					
Other State Grants	99,962	0	0	0	99,962
Total State of Tennessee	\$ 19,120,097	\$ 0	\$ 15,436	\$ 0	\$ 19,135,533
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 818,995	\$ 0	\$ 818,995
USDA - Commodities	0	0	89,399	0	89,399
Breakfast	0	0	322,416	0	322,416
USDA - Other	0	0	60,057	0	60,057
Vocational Education - Basic Grants to States	0	58,664	0	0	58,664
Other Vocational	0	1,070	0	0	1,070
Title I Grants to Local Education Agencies	0	846,424	0	0	846,424
Special Education - Grants to States	2,497	778,366	0	0	780,863
Special Education Preschool Grants	0	17,546	0	0	17,546
Safe and Drug-free Schools - State Grants	480,963	0	0	0	480,963
Rural Education	0	43,031	0	0	43,031
Eisenhower Professional Development State Grants	0	202,097	0	0	202,097
Other Federal through State	141,500	137,598	0	0	279,098
Total Federal Government	\$ 624,960	\$ 2,084,796	\$ 1,290,867	\$ 0	\$ 4,000,623

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Education Debt Service</u>	<u>Total</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 2,576,377	\$ 0	\$ 0	\$ 0	\$ 2,576,377
Total Other Governments and Citizens Groups	\$ 2,576,377	\$ 0	\$ 0	\$ 0	\$ 2,576,377
 Total	 \$ 27,001,507	 \$ 2,084,796	 \$ 1,773,466	 \$ 621,611	 \$ 31,481,380

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	74,461	
Social Security		5,610	
Pensions		530	
Medical Insurance		6,525	
Audit Services		8,392	
Dues and Memberships		3,404	
Travel		680	
Total County Commission			\$ 99,602

Board of Equalization

Board and Committee Members Fees	\$	700	
Total Board of Equalization			700

County Mayor/Executive

County Official/Administrative Officer	\$	83,238	
Supervisor/Director		29,112	
Deputy(ies)		23,256	
Social Security		9,905	
Pensions		6,789	
Medical Insurance		7,291	
Communication		5,248	
Data Processing Services		13,304	
Dues and Memberships		1,520	
Legal Notices, Recording, and Court Costs		3,062	
Maintenance and Repair Services - Vehicles		93	
Postal Charges		4,060	
Travel		2,210	
Other Contracted Services		900	
Office Supplies		7,028	
Office Equipment		1,709	
Total County Mayor/Executive			198,725

County Attorney

Social Security	\$	609	
Legal Services		53,256	
Total County Attorney			53,865

Election Commission

County Official/Administrative Officer	\$	64,862	
Deputy(ies)		26,352	
Election Commission		3,650	
Election Workers		19,353	
In-service Training		750	
Social Security		7,752	
Pensions		4,935	
Medical Insurance		5,400	
Communication		1,676	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Data Processing Services	\$	6,742	
Dues and Memberships		350	
Legal Notices, Recording, and Court Costs		3,076	
Maintenance and Repair Services - Equipment		10,500	
Postal Charges		1,592	
Printing, Stationery, and Forms		444	
Travel		727	
Other Contracted Services		19,087	
Office Supplies		1,364	
Office Equipment		1,525	
Total Election Commission	\$		180,137

Register of Deeds

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		24,932	
Accountants/Bookkeepers		23,449	
Social Security		8,787	
Pensions		5,191	
Medical Insurance		9,000	
Communication		3,352	
Data Processing Services		7,120	
Dues and Memberships		941	
Travel		1,917	
Other Contracted Services		240	
Office Supplies		1,333	
Office Equipment		330	
Total Register of Deeds			158,661

Planning

Board and Committee Members Fees	\$	3,720	
Social Security		285	
Contracts with Government Agencies		12,750	
Total Planning			16,755

County Buildings

Custodial Personnel	\$	28,445	
Maintenance Personnel		28,445	
Part-time Personnel		4,976	
Social Security		4,712	
Pensions		3,078	
Medical Insurance		2,025	
Architects		5,000	
Communication		6,299	
Maintenance and Repair Services - Buildings		115,669	
Maintenance and Repair Services - Vehicles		605	
Custodial Supplies		7,364	
Electricity		94,303	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Gasoline	\$	2,446	
Natural Gas		22,453	
Small Tools		494	
Tires and Tubes		582	
Uniforms		2,183	
Utilities		450	
Other Charges		562	
Other Equipment		47,272	
Total County Buildings			\$ 377,363

Other General Administration

Teachers	\$	3,000	
Social Security		230	
On-behalf Payments to OPEB		1,050	
Engineering Services		3,400	
Evaluation and Testing		1,074	
Remittance of Revenue Collected		7,400	
Other Contracted Services		16,867	
Other Supplies and Materials		9,779	
Liability Insurance		331,011	
Premiums on Corporate Surety Bonds		14,025	
Trustee's Commission		135,843	
Workers' Compensation Insurance		262,751	
Other Charges		22,119	
Total Other General Administration			808,549

Preservation of Records

Office Supplies	\$	1,133	
Total Preservation of Records			1,133

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	49,884	
In-service Training		1,100	
Social Security		3,798	
Pensions		2,699	
Office Equipment		1,449	
Total Accounting and Budgeting			58,930

Property Assessor's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		27,973	
Assessment Personnel		30,291	
Clerical Personnel		19,776	
Social Security		10,981	
Pensions		8,121	
Medical Insurance		15,300	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Communication	\$	3,421	
Data Processing Services		2,882	
Dues and Memberships		1,400	
Maintenance and Repair Services - Vehicles		271	
Postal Charges		500	
Travel		339	
Other Contracted Services		10,879	
Gasoline		1,637	
Office Supplies		1,994	
Other Charges		4,897	
Total Property Assessor's Office	\$		212,731

County Trustee's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		27,973	
Accountants/Bookkeepers		25,602	
Social Security		9,255	
Pensions		6,797	
Medical Insurance		16,200	
Communication		2,529	
Data Processing Services		12,839	
Dues and Memberships		661	
Legal Notices, Recording, and Court Costs		218	
Postal Charges		1,748	
Other Contracted Services		6,860	
Office Supplies		1,732	
Other Charges		2,851	
Total County Trustee's Office			187,334

County Clerk's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		24,579	
Accountants/Bookkeepers		23,409	
Clerical Personnel		44,433	
Social Security		12,279	
Pensions		8,644	
Medical Insurance		11,700	
Communication		2,764	
Dues and Memberships		741	
Legal Notices, Recording, and Court Costs		161	
Postal Charges		9,101	
Travel		1,135	
Other Contracted Services		8,580	
Office Supplies		4,126	
Office Equipment		238	
Total County Clerk's Office			223,959

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		27,151	
Accountants/Bookkeepers		46,124	
Clerical Personnel		43,493	
Other Salaries and Wages		3,600	
Jury and Witness Expense		2,291	
Social Security		14,441	
Pensions		10,411	
Medical Insurance		27,000	
Communication		4,098	
Data Processing Services		13,712	
Dues and Memberships		641	
Legal Notices, Recording, and Court Costs		533	
Postal Charges		2,000	
Tuition		130	
Other Contracted Services		1,978	
Office Supplies		2,847	
Office Equipment		462	
Total Circuit Court			\$ 272,981

General Sessions Court

Judge(s)	\$	102,212	
Deputy(ies)		23,620	
Social Security		9,567	
Pensions		6,365	
Medical Insurance		5,400	
Dues and Memberships		460	
Travel		4,333	
Office Supplies		2,005	
Total General Sessions Court			153,962

Drug Court

Supervisor/Director	\$	48,018	
Guidance Personnel		34,593	
Part-time Personnel		2,900	
In-service Training		1,100	
Social Security		40	
Communication		2,980	
Dues and Memberships		2,525	
Evaluation and Testing		145	
Travel		16,994	
Drug Treatment		13,170	
Drugs and Medical Supplies		14,113	
Office Supplies		2,563	
Other Charges		27,000	
Office Equipment		528	
Total Drug Court			166,669

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		29,991	
Accountants/Bookkeepers		27,448	
Clerical Personnel		42,338	
Social Security		12,418	
Pensions		4,744	
Medical Insurance		21,150	
Communication		3,121	
Data Processing Services		10,890	
Dues and Memberships		541	
Other Contracted Services		1,658	
Office Supplies		5,849	
Total Chancery Court			\$ 232,217

Juvenile Court

Guidance Personnel	\$	18,912	
Social Security		1,447	
Travel		499	
Other Contracted Services		550	
Total Juvenile Court			21,408

Judicial Commissioners

County Official/Administrative Officer	\$	18,388	
Social Security		1,401	
Travel		62	
Total Judicial Commissioners			19,851

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,276	
Supervisor/Director		24,556	
Deputy(ies)		455,228	
Investigator(s)		152,091	
Captain(s)		49,749	
Sergeant(s)		123,255	
Salary Supplements		12,000	
Clerical Personnel		44,595	
School Resource Officer		119,895	
Overtime Pay		47,394	
Other Salaries and Wages		2,080	
In-service Training		8,879	
Social Security		80,593	
Pensions		54,815	
Medical Insurance		112,050	
Communication		21,235	
Data Processing Services		7,890	
Dues and Memberships		2,340	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Legal Notices, Recording, and Court Costs	\$	155	
Maintenance and Repair Services - Equipment		1,343	
Maintenance and Repair Services - Vehicles		18,362	
Postal Charges		1,000	
Travel		16	
Other Contracted Services		13,304	
Gasoline		91,135	
Law Enforcement Supplies		212	
Office Supplies		9,784	
Tires and Tubes		11,608	
Uniforms		4,876	
Vehicle Parts		19,508	
Other Supplies and Materials		21,681	
Law Enforcement Equipment		2,036	
Motor Vehicles		130,387	
Office Equipment		3,333	
Other Equipment		12,259	
Total Sheriff's Department			\$ 1,738,920

Special Patrols

Deputy(ies)	\$	28,041	
Social Security		2,105	
Pensions		1,517	
Medical Insurance		5,400	
Maintenance and Repair Services - Vehicles		1,365	
Disposal Fees		1,679	
Gasoline		160	
Other Supplies and Materials		1,237	
Total Special Patrols			41,504

Jail

Supervisor/Director	\$	33,897	
Lieutenant(s)		17,027	
Sergeant(s)		198,308	
Guards		396,554	
Cafeteria Personnel		17,152	
Maintenance Personnel		41,756	
Overtime Pay		23,671	
In-service Training		768	
Social Security		53,997	
Pensions		27,197	
Medical Insurance		87,338	
Evaluation and Testing		3,392	
Maintenance and Repair Services - Buildings		108,503	
Maintenance and Repair Services - Equipment		4,299	
Medical and Dental Services		195,367	
Travel		18,249	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Contracted Services	\$	18,463	
Custodial Supplies		59,767	
Diesel Fuel		980	
Electricity		49,882	
Food Supplies		119,706	
Gasoline		38	
Natural Gas		57,921	
Prisoners Clothing		5,921	
Uniforms		3,279	
Other Supplies and Materials		15,290	
Other Charges		949	
Office Equipment		387	
Other Equipment		18,193	
Total Jail			\$ 1,578,251

Fire Prevention and Control

Contracts with Government Agencies	\$	1,000	
Contributions		102,000	
Electricity		2,941	
Liability Insurance		67,625	
Workers' Compensation Insurance		10,098	
Total Fire Prevention and Control			183,664

Civil Defense

Supervisor/Director	\$	4,706	
Social Security		360	
Communication		483	
Dues and Memberships		119	
Maintenance and Repair Services - Equipment		2,586	
Travel		107	
Electricity		930	
Gasoline		171	
Total Civil Defense			9,462

Rescue Squad

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

Other Emergency Management

Contributions	\$	150,000	
Total Other Emergency Management			150,000

County Coroner/Medical Examiner

Other Contracted Services	\$	37,405	
Total County Coroner/Medical Examiner			37,405

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	2,720	
Social Security		290	
Communication		6,824	
Contracts with Other Public Agencies		9,090	
Maintenance and Repair Services - Buildings		4,818	
Travel		520	
Other Contracted Services		11,100	
Office Supplies		721	
Utilities		12,124	
Other Supplies and Materials		2,544	
Office Equipment		587	
Total Local Health Center			\$ 51,338

Ambulance/Emergency Medical Services

Supervisor/Director	\$	56,931	
Accountants/Bookkeepers		35,777	
Paraprofessionals		672,852	
Attendants		331,580	
Overtime Pay		266,268	
In-service Training		6,231	
Social Security		100,331	
Pensions		67,557	
Medical Insurance		132,294	
Communication		11,469	
Dues and Memberships		895	
Evaluation and Testing		2,515	
Licenses		2,250	
Maintenance and Repair Services - Buildings		22,312	
Maintenance and Repair Services - Equipment		1,496	
Maintenance and Repair Services - Vehicles		67,876	
Matching Share		17,169	
Travel		872	
Other Contracted Services		47,979	
Custodial Supplies		4,046	
Drugs and Medical Supplies		81,927	
Electricity		18,291	
Gasoline		55,961	
Natural Gas		6,153	
Office Supplies		7,589	
Tires and Tubes		6,765	
Uniforms		11,666	
Other Charges		730	
Motor Vehicles		94,000	
Office Equipment		3,984	
Other Equipment		191,003	
Total Ambulance/Emergency Medical Services			2,326,769

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services

Gasoline	\$ 2,444	
Total Other Local Health Services		\$ 2,444

Regional Mental Health Center

Contracts with Other Public Agencies	\$ 6,327	
Total Regional Mental Health Center		6,327

Transfer Stations

Maintenance and Repair Services - Equipment	\$ 316	
Total Transfer Stations		316

Other Public Health and Welfare

Other Charges	\$ 5,000	
Total Other Public Health and Welfare		5,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 41,040	
Part-time Personnel	14,946	
Social Security	4,238	
Pensions	2,220	
Data Processing Services	472	
Licenses	205	
Other Contracted Services	1,950	
Custodial Supplies	443	
Food Supplies	388	
Gasoline	45	
Office Supplies	446	
Total Senior Citizens Assistance		66,393

Libraries

Librarians	\$ 34,302	
Clerical Personnel	22,517	
Part-time Personnel	35,558	
Social Security	6,428	
Pensions	3,074	
Medical Insurance	10,800	
Communication	3,031	
Data Processing Services	1,813	
Dues and Memberships	182	
Maintenance and Repair Services - Buildings	10,784	
Travel	429	
Tuition	3,274	
Custodial Supplies	1,856	
Library Books/Media	2,853	
Office Supplies	3,557	
Utilities	14,800	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Other Charges	\$	3,374	
Office Equipment		288	
Total Libraries			\$ 158,920

Other Social, Cultural, and Recreational

Communication	\$	695	
Contributions		9,250	
Other Charges		25,000	
Total Other Social, Cultural, and Recreational			34,945

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	41,651	
Extension Service Medicare		3,038	
Pensions		3,881	
Medical Insurance		5,021	
Unemployment Compensation		5	
Other Fringe Benefits		1,251	
Communication		3,295	
Contributions		475	
Travel		2,651	
Office Supplies		7	
Workers' Compensation Insurance		61	
Office Equipment		3,347	
Total Agricultural Extension Service			64,683

Soil Conservation

Assistant(s)	\$	27,000	
Deputy(ies)		24,336	
Social Security		3,854	
Pensions		2,777	
Medical Insurance		5,400	
Travel		424	
Total Soil Conservation			63,791

Other Operations

Tourism

Advertising	\$	6,621	
Office Supplies		973	
Other Equipment		680	
Total Tourism			8,274

Industrial Development

Contributions	\$	20,000	
Other Contracted Services		40,146	
Other Charges		5,116	
Total Industrial Development			65,262

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Contracts with Government Agencies	\$	9,125	
Other Contracted Services		83,113	
Other Charges		4,400	
Total Other Economic and Community Development	\$		96,638

Airport

Contracts with Government Agencies	\$	7,200	
Airport Improvement		18,747	
Total Airport			25,947

Veterans' Services

Supervisor/Director	\$	15,126	
Social Security		1,155	
Communication		2,667	
Contributions		5,177	
Data Processing Services		834	
Travel		433	
Office Supplies		124	
Other Charges		2,500	
Office Equipment		1,476	
Total Veterans' Services			29,492

Contributions to Other Agencies

Contributions	\$	15,602	
Total Contributions to Other Agencies			15,602

Highways

Traffic Control

Supervisor/Director	\$	546	
Social Security		42	
Pensions		30	
Gasoline		59	
Road Signs		3,918	
Total Traffic Control			4,595

Litter and Trash Collection

Supervisor/Director	\$	22,732	
Social Security		1,735	
Advertising		11,120	
Maintenance and Repair Services - Vehicles		79	
Custodial Supplies		870	
Gasoline		2,805	
Total Litter and Trash Collection			39,341

Total General Fund \$ 10,260,815

(Continued)

Exhibit J-7

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

Courthouse and Jail Maintenance Fund

Other Operations

Other Charges

Trustee's Commission	\$	4	
Total Other Charges			\$ 4

Total Courthouse and Jail Maintenance Fund \$ 4

Solid Waste/Sanitation Fund

General Government

Other General Administration

Data Processing Services	\$	5,996	
Evaluation and Testing		1,103	
Legal Notices, Recording, and Court Costs		367	
Other Contracted Services		180	
Office Supplies		1,465	
Liability Insurance		23,635	
Trustee's Commission		17,339	
Workers' Compensation Insurance		17,213	
Other Charges		842	
Office Equipment		916	
Total Other General Administration			\$ 69,056

Public Health and Welfare

Convenience Centers

Laborers	\$	116,454	
Social Security		8,907	
Pensions		1,135	
Communication		4,449	
Maintenance and Repair Services - Buildings		1,137	
Maintenance and Repair Services - Equipment		1,311	
Matching Share		3,896	
Rentals		4,200	
Custodial Supplies		332	
Electricity		7,270	
Water and Sewer		5,519	
Solid Waste Equipment		15,586	
Total Convenience Centers			170,196

Transfer Stations

Supervisor/Director	\$	49,362	
Deputy(ies)		24,565	
Foremen		30,689	
Equipment Operators		28,371	
Truck Drivers		63,890	
Social Security		14,277	
Pensions		9,873	
Medical Insurance		16,650	
Communication		837	
Licenses		2,500	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

Maintenance and Repair Services - Buildings	\$	19,551	
Maintenance and Repair Services - Equipment		40,753	
Disposal Fees		438,120	
Other Contracted Services		28,132	
Diesel Fuel		31,574	
Lubricants		1,110	
Tires and Tubes		4,426	
Other Supplies and Materials		68	
Other Charges		500	
Solid Waste Equipment		181,295	
Total Transfer Stations	\$		986,543

Recycling Center

Communication	\$	2,316	
Maintenance and Repair Services - Buildings		2,129	
Maintenance and Repair Services - Equipment		2,403	
Custodial Supplies		846	
Electricity		4,197	
Gasoline		2,267	
Propane Gas		708	
Uniforms		3,868	
Water and Sewer		1,938	
Other Supplies and Materials		1,441	
Solid Waste Equipment		89,592	
Other Equipment		15,366	
Total Recycling Center			127,071

Postclosure Care Costs

Testing	\$	17,775	
Total Postclosure Care Costs			17,775

Total Solid Waste/Sanitation Fund \$ 1,370,641

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	5,000	
Dues and Memberships		345	
Maintenance and Repair Services - Buildings		540	
Maintenance and Repair Services - Vehicles		7,941	
Towing Services		425	
Veterinary Services		44	
Animal Food and Supplies		1,774	
Other Supplies and Materials		787	
Trustee's Commission		305	
Other Equipment		6,084	
Total Drug Enforcement	\$		23,245

Total Drug Control Fund 23,245

(Continued)

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 165	
Total County Trustee's Office		\$ 165

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 2,815	
Total Chancery Court		<u>2,815</u>

Total Constitutional Officers - Fees Fund \$ 2,980

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 79,276	
Supervisor/Director	31,350	
Overtime Pay	11,081	
Communication	5,004	
Dues and Memberships	3,631	
Evaluation and Testing	1,974	
Legal Notices, Recording, and Court Costs	457	
Licenses	74	
Maintenance and Repair Services - Buildings	3,183	
Travel	2,442	
Other Contracted Services	93	
Custodial Supplies	1,367	
Electricity	4,468	
Office Supplies	1,189	
Utilities	3,273	
Other Charges	<u>2,600</u>	
Total Administration		\$ 151,462

Highway and Bridge Maintenance

Supervisor/Director	\$ 119,130	
Equipment Operators	238,562	
Truck Drivers	63,768	
Laborers	49,389	
Overtime Pay	60,934	
Asphalt - Cold Mix	350,937	
Asphalt - Liquid	197,561	
Crushed Stone	255,563	
Pipe	7,536	
Pipe - Metal	2,828	
Road Signs	5,370	
Salt	3,041	
Other Supplies and Materials	3,457	
Other Charges	<u>5,470</u>	
Total Highway and Bridge Maintenance		1,363,546

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Supervisor/Director	\$	31,350	
Mechanic(s)		40,929	
Overtime Pay		5,996	
Freight Expenses		2,907	
Maintenance and Repair Services - Equipment		60,018	
Equipment and Machinery Parts		58,900	
Gasoline		160,080	
Lubricants		7,619	
Small Tools		2,437	
Tires and Tubes		37,351	
Uniforms		1,959	
Highway Equipment		78,738	
Total Operation and Maintenance of Equipment			\$ 488,284

Quarry Operations

Supervisor/Director	\$	29,925	
Equipment Operators		35,872	
Laborers		6,300	
Overtime Pay		14,365	
Explosive and Drilling Services		15,360	
Operating Lease Payments		9,600	
Permits		2,828	
Electricity		15,367	
Equipment and Machinery Parts		14,276	
Uniforms		1,410	
Total Quarry Operations			145,303

Other Charges

Liability Insurance	\$	47,270	
Trustee's Commission		31,217	
Workers' Compensation Insurance		74,059	
Total Other Charges			152,546

Employee Benefits

Social Security	\$	58,523	
Pensions		41,030	
Medical Insurance		248,373	
Unemployment Compensation		5,845	
Total Employee Benefits			353,771

Capital Outlay

Engineering Services	\$	201,466	
Matching Share		37,556	
State Aid Projects		194,336	
Total Capital Outlay			433,358

Total Highway/Public Works Fund \$ 3,088,270

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Bonds	\$ 1,346,777	
Total General Government		\$ 1,346,777
<u>Education</u>		
Principal on Bonds	\$ 740,000	
Total Education		740,000
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 318,166	
Total General Government		318,166
<u>Education</u>		
Interest on Bonds	\$ 179,250	
Total Education		179,250
<u>Other Debt Service</u>		
<u>General Government</u>		
Fiscal Agent Charges	\$ 350	
Trustee's Commission	17,346	
Total General Government		17,696
<u>Education</u>		
Other Debt Service	\$ 600	
Total Education		<u>600</u>
Total General Debt Service Fund		\$ 2,602,489
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Architects	\$ 217,057	
Fiscal Agent Charges	20,000	
Building Construction	385,724	
Land	300,000	
Total General Administration Projects		<u>\$ 922,781</u>
Total General Capital Projects Fund		922,781
<u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 2,576,377	
Total Capital Projects Donated to School Department		<u>\$ 2,576,377</u>
Total Education Capital Projects Fund		2,576,377

(Continued)

Exhibit J-7

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

<u>County Vehicles and Equipment Fund</u>			
<u>General Government</u>			
<u>County Buildings</u>			
Maintenance and Repair Services - Buildings	\$	<u>9,754</u>	
Total County Buildings			\$ <u>9,754</u>
Total County Vehicles and Equipment Fund			\$ <u>9,754</u>
Total Governmental Funds - Primary Government			\$ <u><u>20,857,356</u></u>

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,264,838	
Career Ladder Program	30,500	
Homebound Teachers	9,148	
Educational Assistants	161,202	
Other Salaries and Wages	227,286	
Certified Substitute Teachers	48,490	
In-service Training	6,150	
Non-certified Substitute Teachers	165,460	
Social Security	451,928	
Pensions	714,752	
Life Insurance	4,690	
Medical Insurance	1,473,848	
Unemployment Compensation	4,608	
Local Retirement	41,681	
Employer Medicare	106,793	
Payments to Retirees	81,950	
Maintenance and Repair Services - Equipment	216	
Other Contracted Services	144,663	
Instructional Supplies and Materials	55,004	
Textbooks - Bound	302,426	
Other Supplies and Materials	89,426	
In Service/Staff Development	4,271	
Fee Waivers	45,985	
Other Charges	208	
Regular Instruction Equipment	178,405	
Total Regular Instruction Program		\$ 11,613,928

Alternative Instruction Program

Teachers	\$ 36,446	
Career Ladder Program	500	
Social Security	2,053	
Pensions	3,865	
Medical Insurance	7,227	
Unemployment Compensation	8	
Employer Medicare	480	
Total Alternative Instruction Program		50,579

Special Education Program

Teachers	\$ 1,034,187
Career Ladder Program	6,000
Homebound Teachers	9,144
Educational Assistants	72,393
Speech Pathologist	97,293
Other Salaries and Wages	1,640
Non-certified Substitute Teachers	542
Social Security	69,764

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Pensions	\$	103,923	
Life Insurance		650	
Medical Insurance		256,135	
Unemployment Compensation		666	
Local Retirement		11,399	
Employer Medicare		16,310	
Other Contracted Services		289	
Instructional Supplies and Materials		5,265	
Other Supplies and Materials		1,191	
In Service/Staff Development		871	
Other Charges		400	
Regular Instruction Equipment		782	
Total Special Education Program			\$ 1,688,844

Career and Technical Education Program

Teachers	\$	375,897	
Certified Substitute Teachers		70	
Non-certified Substitute Teachers		540	
Social Security		21,782	
Pensions		36,264	
Life Insurance		221	
Medical Insurance		71,763	
Unemployment Compensation		180	
Local Retirement		1,793	
Employer Medicare		5,095	
Tuition		117,761	
Other Contracted Services		331	
Instructional Supplies and Materials		3,678	
Textbooks - Bound		209	
Other Supplies and Materials		6,640	
In Service/Staff Development		215	
Other Charges		1,101	
Total Career and Technical Education Program			643,540

Support Services

Attendance

Supervisor/Director	\$	57,096	
Social Security		3,238	
Pensions		5,972	
Medical Insurance		9,644	
Unemployment Compensation		21	
Employer Medicare		757	
Travel		459	
Other Contracted Services		12,608	
Other Supplies and Materials		318	
In Service/Staff Development		2,189	
Attendance Equipment		230	
Total Attendance			92,532

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Supervisor/Director	\$	60,196	
Medical Personnel		97,435	
Social Security		8,087	
Pensions		13,705	
Medical Insurance		36,475	
Unemployment Compensation		95	
Employer Medicare		1,891	
Travel		6,109	
Other Supplies and Materials		13,788	
In Service/Staff Development		5,410	
Regular Instruction Equipment		1,500	
Total Health Services			\$ 244,691

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		455,666	
Bus Drivers		1,933	
In-service Training		250	
Social Security		25,899	
Pensions		44,724	
Life Insurance		247	
Medical Insurance		91,746	
Unemployment Compensation		229	
Local Retirement		1,793	
Employer Medicare		6,057	
Evaluation and Testing		10,642	
Travel		31	
Other Contracted Services		469	
Other Supplies and Materials		50	
Total Other Student Support			640,736

Regular Instruction Program

Supervisor/Director	\$	133,064
Career Ladder Program		6,800
Librarians		286,767
Bus Drivers		405
Clerical Personnel		16,243
Custodial Personnel		44
Other Salaries and Wages		139,145
In-service Training		1,000
Social Security		33,446
Pensions		59,720
Medical Insurance		96,457
Unemployment Compensation		220
Employer Medicare		7,877
Travel		10,930

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Library Books/Media	\$	3,482	
Other Supplies and Materials		25,344	
In Service/Staff Development		69,912	
Regular Instruction Equipment		4,642	
Total Regular Instruction Program			\$ 895,498

Special Education Program

Supervisor/Director	\$	55,023	
Career Ladder Program		1,000	
Psychological Personnel		47,945	
Clerical Personnel		16,035	
Other Salaries and Wages		45,625	
Social Security		9,334	
Pensions		14,208	
Medical Insurance		29,308	
Unemployment Compensation		105	
Local Retirement		225	
Employer Medicare		2,166	
Travel		4,440	
In Service/Staff Development		1,798	
Total Special Education Program			227,212

Career and Technical Education Program

Supervisor/Director	\$	13,306	
Career Ladder Program		200	
Social Security		735	
Pensions		1,413	
Medical Insurance		2,567	
Unemployment Compensation		4	
Employer Medicare		172	
Total Career and Technical Education Program			18,397

Technology

Other Salaries and Wages	\$	89,630	
Social Security		4,940	
Pensions		5,789	
Medical Insurance		14,858	
Unemployment Compensation		50	
Employer Medicare		1,155	
Internet Connectivity		14,628	
Other Supplies and Materials		643	
In Service/Staff Development		216	
Total Technology			131,909

Other Programs

On-behalf Payments to OPEB	\$	148,751	
Total Other Programs			148,751

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Secretary to Board	\$	2,130	
Board and Committee Members Fees		23,850	
Social Security		885	
Pensions		115	
Unemployment Compensation		1	
Employer Medicare		355	
Audit Services		7,000	
Legal Services		21,556	
Medical and Dental Services		2,899	
Travel		35	
Other Contracted Services		3,500	
Other Supplies and Materials		724	
Liability Insurance		27,303	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		107,882	
Workers' Compensation Insurance		141,631	
In Service/Staff Development		14,211	
Total Board of Education			\$ 354,427

Director of Schools

County Official/Administrative Officer	\$	87,257	
Assistant(s)		5,000	
Career Ladder Program		2,000	
Social Security		5,545	
Pensions		9,859	
Medical Insurance		13,732	
Unemployment Compensation		22	
Employer Medicare		1,311	
Dues and Memberships		11,400	
Postal Charges		1,784	
Other Supplies and Materials		267	
In Service/Staff Development		3,166	
Other Charges		17	
Regular Instruction Equipment		1,979	
Total Director of Schools			143,339

Office of the Principal

Principals	\$	431,425	
Career Ladder Program		6,000	
Assistant Principals		352,734	
Secretary(ies)		429,227	
Custodial Personnel		369	
Other Salaries and Wages		16,970	
Social Security		70,222	
Pensions		106,787	
Medical Insurance		170,961	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Unemployment Compensation	\$	706	
Employer Medicare		16,423	
Communication		8,247	
Other Contracted Services		78,008	
Excess Risk Insurance		12,676	
Regular Instruction Equipment		2,026	
Total Office of the Principal			\$ 1,702,781

Fiscal Services

Accountants/Bookkeepers	\$	91,981	
Secretary(ies)		70,565	
Other Salaries and Wages		54,767	
Social Security		13,821	
Pensions		11,756	
Medical Insurance		31,126	
Unemployment Compensation		146	
Employer Medicare		3,235	
Payments to Retirees		2,600	
Other Fringe Benefits		35,296	
Travel		98	
Other Contracted Services		9,160	
Data Processing Supplies		2,291	
Office Supplies		148	
Other Supplies and Materials		2,710	
In Service/Staff Development		7,920	
Total Fiscal Services			337,620

Operation of Plant

Custodial Personnel	\$	550,419	
Social Security		30,537	
Pensions		28,983	
Medical Insurance		111,948	
Unemployment Compensation		682	
Employer Medicare		7,251	
Communication		55,217	
Janitorial Services		7,605	
Maintenance and Repair Services - Equipment		2,321	
Other Contracted Services		80,955	
Custodial Supplies		58,173	
Electricity		564,960	
Natural Gas		75,048	
Propane Gas		26,982	
Water and Sewer		46,222	
Chemicals		12,000	
Other Supplies and Materials		3,521	
Boiler Insurance		6,241	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Building and Contents Insurance	\$	113,696	
Other Charges		600	
Plant Operation Equipment		117,685	
Total Operation of Plant			\$ 1,901,046

Maintenance of Plant

Supervisor/Director	\$	27,362	
Maintenance Personnel		155,963	
Social Security		10,731	
Pensions		11,299	
Medical Insurance		15,433	
Unemployment Compensation		92	
Employer Medicare		2,495	
Maintenance and Repair Services - Buildings		28,055	
Maintenance and Repair Services - Equipment		26,879	
Maintenance and Repair Services - Vehicles		989	
Other Contracted Services		7,417	
Custodial Supplies		498	
Equipment and Machinery Parts		3,686	
General Construction Materials		1,377	
Small Tools		2,132	
Tires and Tubes		661	
Uniforms		1,803	
Other Supplies and Materials		1,857	
Total Maintenance of Plant			298,729

Transportation

Supervisor/Director	\$	27,362	
Career Ladder Program		1,000	
Mechanic(s)		78,887	
Bus Drivers		449,029	
Social Security		31,029	
Pensions		19,314	
Medical Insurance		55,180	
Unemployment Compensation		640	
Employer Medicare		7,845	
Payments to Retirees		20	
Maintenance and Repair Services - Equipment		2,023	
Maintenance and Repair Services - Vehicles		12,625	
Medical and Dental Services		2,818	
Other Contracted Services		2,141	
Asphalt - Hot Mix		2,829	
Crushed Stone		1,781	
Custodial Supplies		2,197	
Diesel Fuel		119,481	
Garage Supplies		5,111	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Gasoline	\$	8,588	
Lubricants		8,867	
Small Tools		3,585	
Tires and Tubes		19,671	
Uniforms		1,213	
Vehicle Parts		47,749	
Other Supplies and Materials		2,264	
Vehicle and Equipment Insurance		35,103	
In Service/Staff Development		1,115	
Other Charges		807	
Transportation Equipment		<u>159,625</u>	
Total Transportation	\$		1,109,899

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	534	
Social Security		25	
Pensions		29	
Medical Insurance		93	
Employer Medicare		6	
Other Charges		<u>7,940</u>	
Total Food Service			8,627

Community Services

Supervisor/Director	\$	43,425	
Teachers		282,720	
Bus Drivers		22,850	
Other Salaries and Wages		100,527	
Social Security		24,985	
Pensions		35,203	
Medical Insurance		7,526	
Unemployment Compensation		316	
Employer Medicare		5,907	
Travel		184	
Instructional Supplies and Materials		4,523	
Other Supplies and Materials		10,104	
In Service/Staff Development		1,984	
Other Charges		<u>13,210</u>	
Total Community Services			553,464

Early Childhood Education

Teachers	\$	181,805	
Clerical Personnel		4,191	
Educational Assistants		60,911	
Other Salaries and Wages		47,330	
Social Security		17,372	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Pensions	\$	27,410	
Medical Insurance		39,963	
Unemployment Compensation		200	
Employer Medicare		4,063	
Travel		202	
Food Supplies		230	
Instructional Supplies and Materials		16,889	
Other Supplies and Materials		7,300	
In Service/Staff Development		966	
Other Equipment		4,367	
Total Early Childhood Education			\$ 413,199

Capital Outlay

Regular Capital Outlay

Architects	\$	50,530	
Engineering Services		13,990	
Building Improvements		2,576,377	
Land		17	
Total Regular Capital Outlay			\$ 2,640,914

Total General Purpose School Fund \$ 25,860,662

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	46,125	
Educational Assistants		56,665	
Other Salaries and Wages		197,007	
Certified Substitute Teachers		2,765	
Non-certified Substitute Teachers		14,130	
Social Security		18,583	
Pensions		27,455	
Life Insurance		105	
Medical Insurance		33,907	
Unemployment Compensation		207	
Employer Medicare		4,380	
Other Fringe Benefits		1,768	
Instructional Supplies and Materials		44,279	
Other Supplies and Materials		48	
Other Charges		786	
Regular Instruction Equipment		100,681	
Total Regular Instruction Program			\$ 548,891

Special Education Program

Educational Assistants	\$	432,930	
Certified Substitute Teachers		105	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Non-certified Substitute Teachers	\$	3,762	
Social Security		24,321	
Pensions		21,719	
Medical Insurance		71,607	
Unemployment Compensation		656	
Employer Medicare		5,708	
Other Fringe Benefits		2,876	
Instructional Supplies and Materials		27,574	
Other Supplies and Materials		5,769	
Special Education Equipment		3,314	
Total Special Education Program			\$ 600,341

Career and Technical Education Program

Clerical Personnel	\$	10,773	
Social Security		754	
Pensions		727	
Medical Insurance		2,634	
Unemployment Compensation		21	
Employer Medicare		176	
Maintenance and Repair Services - Equipment		73	
Instructional Supplies and Materials		1,676	
Other Supplies and Materials		1,070	
Vocational Instruction Equipment		29,779	
Total Career and Technical Education Program			47,683

Support Services

Other Student Support

Bus Drivers	\$	30	
Social Security		2	
Travel		4,249	
Other Supplies and Materials		49,565	
In Service/Staff Development		6,032	
Other Charges		23,848	
Total Other Student Support			83,726

Regular Instruction Program

Supervisor/Director	\$	57,386	
Other Salaries and Wages		251,147	
In-service Training		8,000	
Social Security		16,287	
Pensions		29,013	
Life Insurance		153	
Medical Insurance		47,743	
Unemployment Compensation		157	
Employer Medicare		4,367	
Other Fringe Benefits		2,023	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	4,200	
Other Contracted Services		12,885	
Other Supplies and Materials		26,809	
In Service/Staff Development		89,986	
Other Charges		14,182	
Other Equipment		32,294	
Total Regular Instruction Program			\$ 596,632

Special Education Program

Supervisor/Director	\$	5,002	
Psychological Personnel		42,340	
Other Salaries and Wages		19,761	
Social Security		4,120	
Pensions		1,914	
Life Insurance		30	
Medical Insurance		1,052	
Unemployment Compensation		58	
Local Retirement		1,892	
Employer Medicare		964	
Other Fringe Benefits		373	
Communication		2,149	
Travel		2,232	
Other Contracted Services		4,343	
Other Supplies and Materials		2,685	
In Service/Staff Development		23,663	
Other Equipment		5,232	
Total Special Education Program			117,810

Career and Technical Education Program

Clerical Personnel	\$	2,664	
In Service/Staff Development		838	
Total Career and Technical Education Program			3,502

Board of Education

Criminal Investigation of Applicants - TBI	\$	70	
Total Board of Education			70

Transportation

Bus Drivers	\$	42,231	
Other Salaries and Wages		12,958	
Social Security		2,482	
Pensions		1,560	
Unemployment Compensation		84	
Employer Medicare		580	
Other Fringe Benefits		2,569	
Contracts with Parents		10,704	
Diesel Fuel		511	
Total Transportation			73,679

Total School Federal Projects Fund \$ 2,072,334

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	65,532	
Clerical Personnel		5,879	
Cafeteria Personnel		594,744	
Temporary Personnel		40,411	
Social Security		40,110	
Pensions		38,982	
Life Insurance		25	
Medical Insurance		118,269	
Unemployment Compensation		1,011	
Employer Medicare		9,429	
Other Fringe Benefits		23,716	
Dues and Memberships		509	
Maintenance and Repair Services - Equipment		4,666	
Travel		439	
Other Contracted Services		29,281	
Food Supplies		601,795	
USDA - Commodities		89,399	
Other Supplies and Materials		66,595	
In Service/Staff Development		3,809	
Food Service Equipment		25,525	
Total Food Service			\$ 1,760,126

Total Central Cafeteria Fund \$ 1,760,126

Education Debt Service Fund

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	740,000	
Total Education			\$ 740,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	179,250	
Total Education			179,250

Other Debt Service

Education

Trustee's Commission	\$	6,231	
Debt Service Contribution to Primary Government		600	
Total Education			6,831

Total Education Debt Service Fund 926,081

Total Governmental Funds - Overton County School Department \$ 30,619,203

Exhibit J-9

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

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,038,055</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,027,674
Trustee's Commission	<u>10,381</u>
Total Cash Disbursements	<u>\$ 1,038,055</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2018	<u>0</u>
Cash Balance, June 30, 2019	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

Overton County Executive and
Board of County Commissioners
Overton 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 Overton County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Overton County's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 15, 2019. Our report includes a reference to other auditors who audited the financial statements of the Overton County Health and Rehab Center, as described in our report on Overton County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Overton 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 Overton County's internal control. Accordingly, we do not express an opinion on the effectiveness of Overton 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 the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2019-001 and 2019-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Overton 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 one 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.

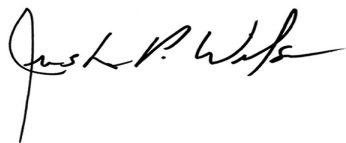
Overton County's Response to the Findings

Overton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Overton County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Overton 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

November 15, 2019

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

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

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Overton 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 Overton County's major federal programs for the year ended June 30, 2019. Overton 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 Overton 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 Overton 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 Overton County's compliance.

Opinion on Each Major Federal Program

In our opinion, Overton 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 Overton 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 Overton 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 Overton 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.

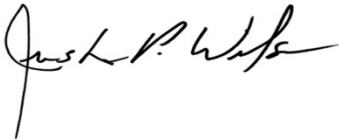
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

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 Overton County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Overton County's basic financial statements. We issued our report thereon dated November 15, 2019, 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

November 15, 2019

JPW/tg

Overton County, Tennessee, and the Overton County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (8)
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	\$ 322,416
National School Lunch Program	10.555	N/A	879,052 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	89,399 (5)
Total U.S. Department of Agriculture			<u>\$ 1,290,867</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
CDBG-Disaster Recovery Grants-Pub. L. No. 113-2 Cluster:			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG -DR)	14.269	(3)	<u>\$ 96,638</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-lieu-of Taxes	15.226	N/A	<u>\$ 6,399</u>
U.S. Department of Justice:			
Direct Program:			
Drug Court Discretionary Grant Program: Implementation	16.585	N/A	\$ 86,684
Bulletproof Vest Partnership Program	16.607	N/A	7,527
Passed-through Tennessee Bureau of Investigation:			
Public Safety Partnership and Community Policing Grants	16.710	(3)	497
Total U.S. Department of Justice			<u>\$ 94,708</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(6)	<u>\$ 13,989</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(3)	<u>\$ 1,398</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 851,985
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	780,863
Special Education - Preschool Grants	84.173	N/A	17,546
Career and Technical Education - Basic Grants to States	84.048	N/A	61,499
Twenty-first Century Community Learning Centers	84.287	N/A	480,963
Rural Education	84.358	N/A	43,030
Supporting Effective Instruction State Grant	84.367	N/A	202,095
Student Support and Academic Enrichment Program	84.424	N/A	49,431
Passed-through Tennessee Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S	33201-08618.02	141,500
Total U.S. Department of Education			<u>\$ 2,628,912</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass through Entity Identifying Number	Expenditures
Election Assistance Commission: Passed-through Tennessee Secretary of State: 2018 HAVA Election Security Grants	90.404	(3)	\$ 1,837
U.S. Department of Health and Human Services: Direct Program: Substance Abuse and Mental Health Services Projects of Regional and Significance	93.243	N/A	\$ 77,928
Passed-through Upper Cumberland Development District: Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	(3)	700
Aging Cluster: (4) Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(3)	8,859
National Family Caregiver Support, Title III Part E	93.052	(3)	16,080
Passed-through State Department of Education: CCDF Cluster: (4) Child Care and Development Block Grant	93.575	G1801TNCCDF	88,208
Total U.S. Department of Health and Human Services			\$ 191,775
Executive Office of the President: Passed-through Laurel County, Kentucky, Fiscal Court: High Intensity Drug Trafficking Areas Program	95.001	(7)	\$ 8,871
U.S. Department of Homeland Security: Passed-through State Department of Military: Assistance to Firefighters Grant	97.044	(3)	\$ 167,531
Total Expenditures of Federal Awards			\$ 4,502,925

State Grants		Contract Number	
Juvenile Court State Supplemental Funds - State Department of Children's Services	N/A	(3)	\$ 9,000
Aging Program - Upper Cumberland Development District	N/A	(3)	13,632
Rural Local Health Services - State Department of Health	N/A	(3)	26,084
Access to Health through Healthy Build Environments Grant - State Department of Health	N/A	(3)	48,845
Courtroom Security Grant - State Administrative Office of the Courts	N/A	(3)	25,889
Litter Program - State Department of Transportation	N/A	(3)	39,485
Asset Enhancement Grant Program - State Department of Economic and Community Development	N/A	(3)	47,582
Education and Outreach Grant - State Department of Environment and Conservation	N/A	(3)	8,640
Waste Reduction Grant - State Department of Environment and Conservation	N/A	(3)	19,482
High Priority Bridge Replacement Program - State Department of Transportation	N/A	(3)	109,358
Early Childhood Education - State Department of Education	N/A	(3)	408,060
Lottery for Education - PreK - State Department of Education	N/A	(3)	76,810
Read to Be Ready Coaching Network - State Department of Education	N/A	(3)	9,995
Coordinated School Health Project - State Department of Education	N/A	(3)	99,962
School Safety & Security Grant - State Department of Education	N/A	(3)	89,470
Safe Schools Act - State Department of Education	N/A	(3)	35,790
Total State Grants			\$ 1,068,084

(Continued)

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

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) Overton 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 \$1,290,867; Special Education Cluster total \$798,409; Aging Cluster total \$8,859; CCFD Cluster total \$88,208.
- (5) Total for CFDA No. 10.555 is \$968,451.
- (6) Z-18-THS241: \$4,837; Z-19-THS218: \$9,152.
- (7) G18AP0001A: \$3,895; G19AP0001A: \$4,976.

(8) CONSOLIDATED ADMINISTRATION

The following amounts were consolidated for administration purposes:

Program Title	Federal CFDA Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 75,549
Rural Education	84.358	724
Supporting Effective Instruction State Grant	84.367	3,619
Student Support and Academic Enrichment Program	84.424	724
Total amounts consolidated for administration purposes		<u>\$ 80,616</u>

Overton 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 Overton 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
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OFFICE OF DIRECTOR OF SCHOOLS

2018	220	2018-001	The School Federal Projects Fund had a cash overdraft of \$6,280 at June 30, 2018	N/A	Corrected
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Prior-year Federal Awards Findings

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

OVERTON 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 Overton 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 Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
 - * 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? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2019-001

JOURNAL ENTRIES WERE POSTED TO THE GENERAL PURPOSE SCHOOL FUND THAT DID NOT PROPERLY REFLECT THE OPERATIONS OF THE FUND

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

During our review of journal entries posted to the General Purpose School Fund, we noted the following deficiencies. These deficiencies resulted from a lack of management oversight.

- A. Journal entries totaling \$215,618 were made near the end of the fiscal year to reclassify expenditures from their proper account codes to account codes that did not reflect the true nature of the expenditures. For example, salaries and benefits in five different major appropriation categories were reclassified to the electricity account code in the Operation of Plant major appropriation category. The school budget director stated that these journal entries were posted to keep expenditures within appropriations because it was too late in the year for the county commission to approve budget amendments. These improper journal entries resulted in the affected expenditure accounts not reflecting the true nature of the transactions. Auditors had management reverse these improper journal entries for the financial statements of this report to properly classify expenditures; however, these reversals resulted in some major categories and payroll line-items to be overspent as noted in Finding 2019-002.
- B. School personnel posted a journal entry to the General Purpose School Fund to delete all revenues and expenditures (\$141,500) for the Gear Up Grant; thereby, eliminating this grant activity from the School Department's general ledger. Auditors had management reverse this journal entry so revenues and expenditures for this grant are reflected in the financial statements of this report. This reversal resulted in the Support Services - Regular Instruction Program major category to be overspent as noted in Finding 2019-002.

RECOMMENDATION

Journal entries should not be posted to intentionally misstate expenditures for the purpose of keeping expenditures within appropriations. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions to present accurate

financial information for use by governing bodies and county officials. The budget should be closely monitored during the year and, when necessary, budget amendments should be submitted to the county commission for their consideration. Grant revenues and expenditures should be properly reflected in the School Department's general ledger.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

I concur with this finding. Overton County schools budget director will ensure that all journal entries are accurate and that they reflect the actual operations within the fund.

FINDING 2019-002 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
 (Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations. These deficiencies exist because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures, and management's failure to provide sufficient oversight.

- A. Expenditures exceeded appropriations approved by the County Commission in four of 23 major appropriation categories (the legal level of control) of the General Purpose School Fund as reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Support Services - Regular Instruction Program	\$ 105,432
Support Services - Technology	3,091
Support Services - Office of Principal	1,704
Support Services - Fiscal Services	5,312

- B. Salaries exceeded appropriations in 17 of 214 salary line-items of the General Purpose School Fund by amounts ranging from \$104 to \$49,737. The budget resolution approved by the county commission states that “the salary, wages, or remuneration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution.” Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the county commission.

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

I concur with this finding. All divisions within the bookkeeping/accounting department will follow appropriate procedure in relation to budget operations.

FINDING 2019-003

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the official and employees in the Office of Director of Schools. The official and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

I concur with this finding. All duties related to bookkeeping/accounting will be segregated in order to ensure that all accounts are secure.

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.

Overton 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 DIRECTOR OF SCHOOLS

2019-001	Journal entries were posted to the General Purpose School Fund that did not properly reflect the operations of the fund.	234
2019-002	The office had deficiencies in budget operations.	234
2019-003	Duties were not segregated adequately.	235

Corrective Action Plan

FINDING: JOURNAL ENTRIES WERE POSTED TO THE GENERAL PURPOSE SCHOOL FUND THAT DID NOT PROPERLY REFLECT THE OPERATIONS OF THE FUND

Response and Corrective Action Plan Prepared by:
Dr. Mark L. Winningham Director of Overton County Schools

Person Responsible for Implementing the Corrective Action:
Mrs. Heather Melton Budget Director Overton County Schools

Anticipated Completion Date of Corrective Action:
November 1, 2019

Repeat Finding:
No

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

Planned Corrective Action:
The Overton County schools budget director will ensure that all journal entries are accurate and that they reflect the actual operations within the fund.

FINDING: THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by:
Dr. Mark L. Winningham Director of Overton County Schools

Person Responsible for Implementing the Corrective Action:
Mrs. Heather Melton Budget Director Overton County Schools

Anticipated Completion Date of Corrective Action:
November 1, 2019

Repeat Finding:
No

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

Planned Corrective Action:

All divisions within the bookkeeping/accounting department will follow appropriate procedures in relation to budget operations.

FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:

Dr. Mark L. Winningham Director of Overton County Schools

Person Responsible for Implementing the Corrective Action:

Mrs. Heather Melton

Anticipated Completion Date of Corrective Action:

November 1, 2019

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

All duties related to bookkeeping/accounting will be segregated in order to ensure that all accounts are secure.

Signature:



BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Overton County.

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

Overton County does not have a central system of accounting, budgeting, and purchasing for all departments. Overton County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county executive and highway superintendent but exclude the school department. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing that includes all departments is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Overton County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.