



ANNUAL FINANCIAL REPORT

Overton County, Tennessee

For the Year Ended June 30, 2020

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

**ANNUAL FINANCIAL REPORT
OVERTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2020**

***COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER***

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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, 2020

Scope

We have audited the basic financial statements of Overton County as of and for the year ended June 30, 2020.

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 COUNTY EXECUTIVE

- ◆ The ambulance service did not implement adequate controls to protect its information resources.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in budget operations.
- ◆ Payroll taxes were not deposited properly resulting in interest and penalty assessments totaling \$50,504.

INTRODUCTORY SECTION

Overton County Officials
June 30, 2020

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

Donna Savage, Chairman
Nicole Cooper
Dian Franklin
Robbie Melton
Tina Williams

FINANCIAL SECTION



JASON E. MUMPOWER
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, 2020, 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, 2020, 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, schedules of school's proportionate share of the net pension liability (asset), 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 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 has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021, 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 11, 2021

JEM/sl

BASIC FINANCIAL STATEMENTS

Exhibit A

Overton County, Tennessee
Statement of Net Position
June 30, 2020

	Primary Governmental Activities	Component Units	
		Overton County School Department	Overton County Health and Rehab Center
<u>ASSETS</u>			
Cash	\$ 1,350	\$ 363	\$ 7,250,236
Equity in Pooled Cash and Investments	10,645,458	10,967,655	0
Inventories	0	49,600	0
Accounts Receivable	600,971	883	1,094,616
Allowance for Uncollectibles	(157,445)	0	(102,000)
Due from Other Governments	888,884	997,573	0
Due from Component Units	14,466,167	0	0
Property Taxes Receivable	6,642,338	2,143,142	0
Allowance for Uncollectible Property Taxes	(129,054)	(42,646)	0
Prepaid Items	0	0	12,742
Net Pension Asset - Agent Plan	1,010,666	664,900	660,694
Net Pension Asset - Teacher Retirement Plan	0	69,130	0
Net Pension Asset - Teacher Legacy Pension Plan	0	3,411,984	0
Restricted Assets:			
Amounts Accumulated for Pension Benefits	0	57,715	0
Capital Assets:			
Assets Not Depreciated:			
Land	700,401	574,963	115,000
Intangibles	51,301	0	0
Construction in Progress	3,986,481	0	3,820,437
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	6,262,796	11,619,357	5,813,107
Infrastructure	10,576,501	549,660	0
Other Capital Assets	2,195,078	1,517,980	256,821
Total Assets	<u>\$ 57,741,893</u>	<u>\$ 32,582,259</u>	<u>\$ 18,921,653</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Changes in Experience	\$ 14,748	\$ 178,690	\$ 9,641
Pension Changes in Assumptions	112,140	535,959	73,309
Pension Changes in Proportion	0	38,121	0
Pension Changes in Contributions after Measurement Date	310,104	1,376,710	149,451
OPEB Changes in Experience	16,698	381,392	78,191
OPEB Changes in Assumptions	27,070	132,198	13,303
OPEB Changes in Proportion	0	448,809	0
OPEB Contributions After Measurement Date	17,842	159,945	4,058
Total Deferred Outflows of Resources	<u>\$ 498,602</u>	<u>\$ 3,251,824</u>	<u>\$ 327,953</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 456,888	\$ 0	\$ 192,529
Accrued Payroll	87,486	60,961	123,962
Payroll Deductions Payable	66	3,007	61,577
Retainage Payable	0	0	138,508
Claims and Judgments Payable	0	0	37,237
Accrued Interest Payable	53,599	0	54,009
Due to Primary Government	0	6,981,167	7,485,000
Due to State of Tennessee	0	17	0
Due to Litigants, Heirs, and Others	0	0	29,909
Noncurrent Liabilities:			
Due Within One Year - Debt	1,954,340	0	637,299
Due Within One Year - Other	105,333	29,152	137,757
Due in More Than One Year - Debt	16,656,827	0	0
Due in More Than One Year - Other	483,319	4,163,611	412,781
Total Liabilities	<u>\$ 19,797,858</u>	<u>\$ 11,237,915</u>	<u>\$ 9,310,568</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Overton County School Department	Overton County Health and Rehab Center
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 6,333,694	\$ 2,039,563	\$ 0
Pension Changes in Experience	244,598	2,257,093	159,899
Pension Changes in Investment Earnings	169,741	1,089,462	110,963
Pension Changes in Proportion	0	49,773	0
OPEB Changes in Experience	362,432	136,911	57,139
OPEB Changes in Assumptions	43,456	434,670	19,822
OPEB Changes in Proportion	0	1,006,290	0
Total Deferred Inflow of Resources	<u>\$ 7,153,921</u>	<u>\$ 7,013,762</u>	<u>\$ 347,823</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 19,627,558	\$ 14,261,960	\$ 4,234,874
Restricted for:			
General Government	13,995	0	0
Administration of Justice	74,859	0	0
Public Safety	120,741	0	0
Public Health and Welfare	200,000	0	0
Social, Cultural, and Recreational Services	110,627	0	0
Highways/Public Works	1,504,111	0	0
Education	0	333,680	0
Debt Service	11,078	0	0
Capital Projects	1,173,807	0	136,318
Pensions	1,010,666	4,203,729	660,694
Unrestricted	<u>7,441,274</u>	<u>(1,216,963)</u>	<u>4,559,329</u>
Total Net Position	<u>\$ 31,288,716</u>	<u>\$ 17,582,406</u>	<u>\$ 9,591,215</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, 2020

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	\$ 1,861,360	\$ 318,565	\$ 90,508	\$ 43,136	\$ (1,409,151)	\$ 0	\$ 0
Finance	736,292	593,050	0	0	(143,242)	0	0
Administration of Justice	931,970	468,224	158,416	42,575	(262,755)	0	0
Public Safety	3,967,818	789,695	44,698	0	(3,133,425)	0	0
Public Health and Welfare	3,583,554	1,654,373	53,474	41,500	(1,834,207)	0	0
Social, Cultural, and Recreational Services	293,120	1,327	45,679	0	(246,114)	0	0
Agriculture and Natural Resources	126,964	0	0	0	(126,964)	0	0
Highways/Public Works	2,716,566	0	2,307,690	283,818	(125,058)	0	0
Interest on Long-term Debt	523,628	0	340,269	0	(183,359)	0	0
Total Primary Government	\$ 14,741,272	\$ 3,825,234	\$ 3,040,734	\$ 411,029	\$ (7,464,275)	\$ 0	\$ 0
Component Units:							
Overton County School Department	\$ 27,083,161	\$ 366,824	\$ 3,738,980	\$ 288,415	\$ 0	\$ (22,688,942)	\$ 0
Overton County Health and Rehab Center	7,925,489	8,470,751	565,502	0	0	0	1,110,764
Total Component Units	\$ 35,008,650	\$ 8,837,575	\$ 4,304,482	\$ 288,415	\$ 0	\$ (22,688,942)	\$ 1,110,764

(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	Component Units		
					Primary Government Total Governmental Activities	Overton County School Department	Overton County Health and Rehab Center
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 5,431,016	\$ 2,093,237	\$ 0	
Property Taxes Levied for Debt Service				380,537	0	0	
Local Option Sales Tax				1,322,846	2,397,067	0	
Hotel/Motel Tax				25,621	0	0	
Mixed Drink Tax				0	10,618	0	
Wholesale Beer Tax				0	111,405	0	
Wheel Tax				0	607,128	0	
Litigation Taxes				77,918	0	0	
Mineral Severance Tax				83,616	0	0	
Business Tax				167,996	0	0	
Other Local Taxes				1,805	237	0	
Grants and Contributions Not Restricted for Specific Programs				1,438,007	20,223,217	0	
Unrestricted Investment Income				376,134	1,949	57,513	
Miscellaneous				8,762	196,735	0	
Amortized Premium				145,293	0	0	
Total General Revenues				<u>\$ 9,459,551</u>	<u>\$ 25,641,593</u>	<u>\$ 57,513</u>	
Insurance Recovery				\$ 0	\$ 0	\$ 30,679	
Change in Net Position				\$ 1,995,276	\$ 2,952,651	\$ 1,198,956	
Net Position, July 1, 2019				<u>29,293,440</u>	<u>14,629,755</u>	<u>8,392,259</u>	
Net Position, June 30, 2020				<u>\$ 31,288,716</u>	<u>\$ 17,582,406</u>	<u>\$ 9,591,215</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, 2020

	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	4,863,650	1,599,185	1,171,562	1,332,935	1,555,294
Accounts Receivable	548,905	39,611	30	0	0
Allowance for Uncollectibles	(157,445)	0	0	0	0
Due from Other Governments	385,155	136,289	367,428	12	0
Due from Other Funds	13,492	0	0	0	0
Property Taxes Receivable	5,459,823	379,379	379,379	423,757	0
Allowance for Uncollectible Property Taxes	(105,685)	(7,517)	(7,517)	(8,335)	0
Total Assets	\$ 11,007,895	\$ 2,146,997	\$ 1,910,882	\$ 1,748,369	\$ 1,555,294
<u>LIABILITIES</u>					
Accounts Payable	\$ 46,315	\$ 40	\$ 29,046	\$ 0	\$ 381,487
Accrued Payroll	63,578	7,382	16,526	0	0
Payroll Deductions Payable	40	0	26	0	0
Due to Other Funds	0	0	0	0	0
Total Liabilities	\$ 109,933	\$ 7,422	\$ 45,598	\$ 0	\$ 381,487
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 5,207,684	\$ 361,173	\$ 361,173	\$ 403,664	\$ 0
Deferred Delinquent Property Taxes	137,977	10,071	10,071	11,078	0
Other Deferred/Unavailable Revenue	342,486	57,000	165,431	0	0
Total Deferred Inflows of Resources	\$ 5,688,147	\$ 428,244	\$ 536,675	\$ 414,742	\$ 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	\$ 0	\$ 200,000	\$ 0	\$ 0	\$ 0
Restricted for Administration of Justice	74,859	0	0	0	0
Restricted for Public Safety	11,671	0	0	0	0
Restricted for Other Operations	110,627	0	0	0	0
Restricted for Highways/Public Works	0	0	1,328,609	0	0
Restricted for Capital Outlay	0	0	0	0	1,173,807
Committed:					
Committed for Public Health and Welfare	0	1,511,331	0	0	0
Committed for Debt Service	0	0	0	1,333,627	0
Assigned:					
Assigned for General Government	130	0	0	0	0
Assigned for Finance	60	0	0	0	0
Assigned for Public Safety	21	0	0	0	0
Assigned for Public Health and Welfare	308,000	0	0	0	0
Assigned for Other Operations	6,079	0	0	0	0
Unassigned	4,698,368	0	0	0	0
Total Fund Balances	\$ 5,209,815	\$ 1,711,331	\$ 1,328,609	\$ 1,333,627	\$ 1,173,807
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,007,895	\$ 2,146,997	\$ 1,910,882	\$ 1,748,369	\$ 1,555,294

(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	\$	1,300	\$	1,350	
Equity in Pooled Cash and Investments		122,832		10,645,458	
Accounts Receivable		12,425		600,971	
Allowance for Uncollectibles		0		(157,445)	
Due from Other Governments		0		888,884	
Due from Other Funds		0		13,492	
Property Taxes Receivable		0		6,642,338	
Allowance for Uncollectible Property Taxes		0		(129,054)	
		\$		\$	18,505,994
Total Assets		136,557		\$	18,505,994
<u>LIABILITIES</u>					
Accounts Payable	\$	0	\$	456,888	
Accrued Payroll		0		87,486	
Payroll Deductions Payable		0		66	
Due to Other Funds		13,492		13,492	
Total Liabilities		\$		\$	557,932
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$	0	\$	6,333,694	
Deferred Delinquent Property Taxes		0		169,197	
Other Deferred/Unavailable Revenue		0		564,917	
Total Deferred Inflows of Resources		\$		\$	7,067,808

(Continued)

Exhibit C-1

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

FUND BALANCES

	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	Other	Govern- mental Funds	Governmental Funds
Restricted:			
Restricted for General Government	\$ 13,995		\$ 213,995
Restricted for Administration of Justice	0		74,859
Restricted for Public Safety	109,070		120,741
Restricted for Other Operations	0		110,627
Restricted for Highways/Public Works	0		1,328,609
Restricted for Capital Outlay	0		1,173,807
Committed:			
Committed for Public Health and Welfare	0		1,511,331
Committed for Debt Service	0		1,333,627
Assigned:			
Assigned for General Government	0		130
Assigned for Finance	0		60
Assigned for Public Safety	0		21
Assigned for Public Health and Welfare	0		308,000
Assigned for Other Operations	0		6,079
Unassigned	0		4,698,368
Total Fund Balances	<u>\$ 123,065</u>		<u>\$ 10,880,254</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 136,557</u>		<u>\$ 18,505,994</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, 2020

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)		\$ 10,880,254
(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	3,986,481	
Add: buildings and improvements net of accumulated depreciation	6,262,796	
Add: infrastructure net of accumulated depreciation	10,576,501	
Add: other capital assets net of accumulated depreciation	<u>2,195,078</u>	23,772,558
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (13,230,250)	
Less: notes payable	(2,455,000)	
Less: other loans payable	(2,925,917)	
Add: debt to be contributed by the school department	6,981,167	
Add: debt to be contributed by the health and rehab center	7,485,000	
Less: accrued interest on bonds	(16,693)	
Less: accrued interest on notes	(36,906)	
Less: compensated absences payable	(129,081)	
Less: net OPEB liability	(425,483)	
Less: landfill postclosure care costs	<u>(34,088)</u>	(4,787,251)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 436,992	
Less: deferred inflows of resources related to pensions	(414,339)	
Add: deferred outflows of resources related to OPEB	61,610	
Less: deferred inflows of resources related to OPEB	<u>(405,888)</u>	(321,625)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,010,666
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>734,114</u>
Net position of governmental activities (Exhibit A)		<u>\$ 31,288,716</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, 2020

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 5,995,340	\$ 1,092,888	\$ 458,109	\$ 411,982	\$ 0
Licenses and Permits	107,112	0	0	0	0
Fines, Forfeitures, and Penalties	110,203	0	0	0	0
Charges for Current Services	1,458,893	258,076	44,790	0	0
Other Local Revenues	95,906	42,354	69,796	375,920	0
Fees Received From County Officials	960,966	0	0	0	0
State of Tennessee	1,234,786	15,579	2,569,615	635,041	0
Federal Government	293,358	0	0	0	0
Other Governments and Citizens Groups	157,764	0	0	1,475,019	0
Total Revenues	\$ 10,414,328	\$ 1,408,897	\$ 3,142,310	\$ 2,897,962	\$ 0
<u>Expenditures</u>					
Current:					
General Government	\$ 1,870,133	\$ 74,689	\$ 0	\$ 0	\$ 0
Finance	729,121	0	0	0	0
Administration of Justice	924,565	0	0	0	0
Public Safety	3,952,862	0	0	0	0
Public Health and Welfare	2,554,293	1,267,320	0	0	0
Social, Cultural, and Recreational Services	253,489	0	0	0	0
Agriculture and Natural Resources	129,051	0	0	0	0
Other Operations	136,224	0	0	0	0
Highways	55,565	0	3,150,249	0	0
Debt Service:					
Principal on Debt	0	0	0	2,504,750	0
Interest on Debt	0	0	0	536,984	0
Other Debt Service	0	0	0	65,483	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
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,383,700
Capital Projects - Donated	0	0	0	0	0
Total Expenditures	\$ 10,605,303	\$ 1,342,009	\$ 3,150,249	\$ 3,107,217	\$ 3,383,700
<u>Excess (Deficiency) of Revenues Over Expenditures</u>					
	\$ (190,975)	\$ 66,888	\$ (7,939)	\$ (209,255)	\$ (3,383,700)
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 2,095,000	\$ 0
Premiums on Debt Sold	0	0	0	145,293	0
Other Loans Issued	0	0	0	0	0
Transfers In	32,000	0	0	0	0
Transfers Out	0	(32,000)	0	0	0
Payments to Refunded Debt Escrow Agent	0	0	0	(2,188,602)	0
Total Other Financing Sources (Uses)	\$ 32,000	\$ (32,000)	\$ 0	\$ 51,691	\$ 0
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2019	\$ (158,975)	\$ 34,888	\$ (7,939)	\$ (157,564)	\$ (3,383,700)
	5,368,790	1,676,443	1,336,548	1,491,191	4,557,507
Fund Balance, June 30, 2020	\$ 5,209,815	\$ 1,711,331	\$ 1,328,609	\$ 1,333,627	\$ 1,173,807

(Continued)

Exhibit C-3

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

	Nonmajor Funds Other	Total Governmental Funds
	Govern- mental Funds	Funds
<u>Revenues</u>		
Local Taxes	\$ 358	\$ 7,958,677
Licenses and Permits	0	107,112
Fines, Forfeitures, and Penalties	10,895	121,098
Charges for Current Services	3,391	1,765,150
Other Local Revenues	2,295	586,271
Fees Received From County Officials	0	960,966
State of Tennessee	0	4,455,021
Federal Government	0	293,358
Other Governments and Citizens Groups	0	1,632,783
Total Revenues	<u>\$ 16,939</u>	<u>\$ 17,880,436</u>
<u>Expenditures</u>		
Current:		
General Government	\$ 0	\$ 1,944,822
Finance	210	729,331
Administration of Justice	3,181	927,746
Public Safety	6,588	3,959,450
Public Health and Welfare	0	3,821,613
Social, Cultural, and Recreational Services	0	253,489
Agriculture and Natural Resources	0	129,051
Other Operations	3	136,227
Highways	0	3,205,814
Debt Service:		
Principal on Debt	0	2,504,750
Interest on Debt	0	536,984
Other Debt Service	0	65,483

(Continued)

Exhibit C-3

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

	Nonmajor Funds Other	Total Governmental Funds
<hr/>		
<u>Expenditures (Cont.)</u>		
Capital Projects	\$ 0	\$ 3,383,700
Capital Projects - Donated	349,540	349,540
Total Expenditures	<u>\$ 359,522</u>	<u>\$ 21,948,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (342,583)</u>	<u>\$ (4,067,564)</u>
<u>Other Financing Sources (Uses)</u>		
Refunding Debt Issued	\$ 0	\$ 2,095,000
Premiums on Debt Sold	0	145,293
Other Loans Issued	349,540	349,540
Transfers In	0	32,000
Transfers Out	0	(32,000)
Payments to Refunded Debt Escrow Agent	0	(2,188,602)
Total Other Financing Sources (Uses)	<u>\$ 349,540</u>	<u>\$ 401,231</u>
Net Change in Fund Balances	\$ 6,957	\$ (3,666,333)
Fund Balance, July 1, 2019	116,108	14,546,587
Fund Balance, June 30, 2020	<u>\$ 123,065</u>	<u>\$ 10,880,254</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, 2020

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)		\$ (3,666,333)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 4,856,561	
Less: current-year depreciation expense	<u>(628,319)</u>	4,228,242
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(215,733)
(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, 2020	\$ 734,114	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(699,307)</u>	34,807
(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	\$ 1,539,750	
Add: principal payments on notes	965,000	
Less: bond proceeds	(2,095,000)	
Less: other loan proceeds	(349,540)	
Add: bond proceeds contributed to component unit	349,540	
Add: debt refunded	2,155,000	
Less: contributions from the school department for bonds	(809,750)	
Less: contributions from the health and rehab center for bonds	<u>(325,000)</u>	1,430,000
(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	\$ 13,356	
Change in postclosure care costs	6,388	
Change in compensated absences payable	13,830	
Change in pension liability/asset	271,418	
Change in deferred outflows related to pensions	(51,955)	
Change in deferred inflows related to pensions	(52,634)	
Change in net OPEB liability	254,126	
Change in deferred outflows related to OPEB	8,968	
Change in deferred inflows related to OPEB	<u>(279,204)</u>	184,293
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,995,276</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 (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,995,340	\$ 0	\$ 5,995,340	\$ 5,705,760	\$ 5,705,760	\$ 289,580
Licenses and Permits	107,112	0	107,112	500	500	106,612
Fines, Forfeitures, and Penalties	110,203	0	110,203	93,060	93,060	17,143
Charges for Current Services	1,458,893	0	1,458,893	1,148,455	1,280,655	178,238
Other Local Revenues	95,906	0	95,906	108,280	117,286	(21,380)
Fees Received From County Officials	960,966	0	960,966	903,000	903,000	57,966
State of Tennessee	1,234,786	0	1,234,786	1,283,370	1,336,993	(102,207)
Federal Government	293,358	0	293,358	555,711	658,467	(365,109)
Other Governments and Citizens Groups	157,764	0	157,764	108,500	110,623	47,141
Total Revenues	\$ 10,414,328	\$ 0	\$ 10,414,328	\$ 9,906,636	\$ 10,206,344	\$ 207,984
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 96,388	\$ 0	\$ 96,388	\$ 114,773	\$ 117,773	\$ 21,385
Board of Equalization	1,000	0	1,000	2,700	7,700	6,700
County Mayor/Executive	208,178	0	208,178	221,194	226,730	18,552
County Attorney	39,039	0	39,039	67,670	67,670	28,631
Election Commission	157,682	130	157,812	179,045	183,091	25,279
Register of Deeds	183,549	0	183,549	188,836	188,836	5,287
Planning	15,990	0	15,990	16,480	16,480	490
County Buildings	303,262	0	303,262	529,600	484,800	181,538
Other General Administration	863,180	0	863,180	961,730	947,196	84,016
Preservation of Records	1,865	0	1,865	2,000	2,954	1,089
<u>Finance</u>						
Accounting and Budgeting	59,596	0	59,596	62,823	64,022	4,426
Property Assessor's Office	219,289	60	219,349	242,397	242,397	23,048

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Trustee's Office	\$ 210,618	\$ 0	\$ 210,618	\$ 214,090	\$ 217,940	\$ 7,322
County Clerk's Office	239,618	0	239,618	254,238	254,238	14,620
<u>Administration of Justice</u>						
Circuit Court	300,702	0	300,702	295,998	307,008	6,306
General Sessions Court	157,988	0	157,988	160,726	160,726	2,738
Drug Court	161,523	0	161,523	185,611	220,194	58,671
Chancery Court	256,093	0	256,093	260,302	267,683	11,590
Juvenile Court	21,162	0	21,162	26,930	26,930	5,768
District Attorney General	8,577	0	8,577	26,161	26,161	17,584
Judicial Commissioners	18,520	0	18,520	24,303	24,303	5,783
<u>Public Safety</u>						
Sheriff's Department	1,927,096	0	1,927,096	2,186,403	2,328,197	401,101
Special Patrols	39,231	0	39,231	45,533	45,533	6,302
Jail	1,582,949	21	1,582,970	2,161,302	2,120,649	537,679
Fire Prevention and Control	192,408	0	192,408	191,676	195,676	3,268
Civil Defense	14,218	0	14,218	12,205	18,105	3,887
Rescue Squad	10,100	0	10,100	10,100	10,100	0
Other Emergency Management	150,000	0	150,000	150,000	150,000	0
County Coroner/Medical Examiner	36,860	0	36,860	36,225	46,225	9,365
<u>Public Health and Welfare</u>						
Local Health Center	90,143	0	90,143	165,500	166,300	76,157
Ambulance/Emergency Medical Services	2,435,202	308,000	2,743,202	2,815,464	2,951,664	208,462
Other Local Health Services	0	0	0	2,500	2,500	2,500
Regional Mental Health Center	6,327	0	6,327	6,327	6,327	0
Other Public Health and Welfare	22,621	0	22,621	30,500	34,263	11,642

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	\$ 64,674	\$ 0	\$ 64,674	\$ 70,121	\$ 70,621	\$ 5,947
Libraries	158,225	0	158,225	161,335	161,675	3,450
Other Social, Cultural, and Recreational	30,590	0	30,590	35,750	35,750	5,160
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	63,882	0	63,882	76,760	76,760	12,878
Soil Conservation	65,169	0	65,169	73,717	73,717	8,548
<u>Other Operations</u>						
Tourism	9,304	0	9,304	60,500	60,500	51,196
Industrial Development	22,788	0	22,788	83,200	83,200	60,412
Other Economic and Community Development	0	0	0	315,000	315,000	315,000
Airport	7,200	0	7,200	32,200	32,200	25,000
Veterans' Services	28,211	0	28,211	37,428	37,428	9,217
Contributions to Other Agencies	19,388	0	19,388	15,650	19,450	62
COVID-19 Grant #6	43,648	0	43,648	0	50,442	6,794
COVID-19 Grant #7	5,685	5,800	11,485	0	12,156	671
<u>Highways</u>						
Operation and Maintenance of Equipment	2,475	0	2,475	0	2,475	0
Quarry Operations	14	0	14	0	15	1
Traffic Control	9,570	279	9,849	11,954	13,954	4,105
Litter and Trash Collection	43,506	0	43,506	44,800	44,800	1,294
Total Expenditures	\$ 10,605,303	\$ 314,290	\$ 10,919,593	\$ 12,869,757	\$ 13,220,514	\$ 2,300,921
Excess (Deficiency) of Revenues Over Expenditures	\$ (190,975)	\$ (314,290)	\$ (505,265)	\$ (2,963,121)	\$ (3,014,170)	\$ 2,508,905

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	47,102	\$ (47,102)
Transfers In	32,000	0	32,000	32,000	32,000	0
Total Other Financing Sources	<u>\$ 32,000</u>	<u>\$ 0</u>	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 79,102</u>	<u>\$ (47,102)</u>
Net Change in Fund Balance	\$ (158,975)	\$ (314,290)	\$ (473,265)	\$ (2,931,121)	\$ (2,935,068)	\$ 2,461,803
Fund Balance, July 1, 2019	<u>5,368,790</u>	<u>0</u>	<u>5,368,790</u>	<u>4,154,791</u>	<u>4,154,791</u>	<u>1,213,999</u>
Fund Balance, June 30, 2020	<u>\$ 5,209,815</u>	<u>\$ (314,290)</u>	<u>\$ 4,895,525</u>	<u>\$ 1,223,670</u>	<u>\$ 1,219,723</u>	<u>\$ 3,675,802</u>

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,092,888	\$ 920,300	\$ 920,300	\$ 172,588
Charges for Current Services	258,076	242,408	242,408	15,668
Other Local Revenues	42,354	72,300	75,222	(32,868)
State of Tennessee	15,579	400,000	400,000	(384,421)
Total Revenues	<u>\$ 1,408,897</u>	<u>\$ 1,635,008</u>	<u>\$ 1,637,930</u>	<u>\$ (229,033)</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 74,689	\$ 107,500	\$ 107,500	\$ 32,811
<u>Public Health and Welfare</u>				
Convenience Centers	186,406	424,722	418,722	232,316
Transfer Stations	987,384	1,389,384	1,438,384	451,000
Recycling Center	60,031	345,000	304,922	244,891
Other Waste Disposal	787	6,500	6,500	5,713
Postclosure Care Costs	32,712	71,000	71,000	38,288
Total Expenditures	<u>\$ 1,342,009</u>	<u>\$ 2,344,106</u>	<u>\$ 2,347,028</u>	<u>\$ 1,005,019</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 66,888</u>	<u>\$ (709,098)</u>	<u>\$ (709,098)</u>	<u>\$ 775,986</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (32,000)	\$ (32,000)	\$ (32,000)	\$ 0
Total Other Financing Sources	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 34,888	\$ (741,098)	\$ (741,098)	\$ 775,986
Fund Balance, July 1, 2019	<u>1,676,443</u>	<u>1,486,947</u>	<u>1,486,947</u>	<u>189,496</u>
Fund Balance, June 30, 2020	<u>\$ 1,711,331</u>	<u>\$ 745,849</u>	<u>\$ 745,849</u>	<u>\$ 965,482</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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 458,109	\$ 475,000	\$ 475,000	\$ (16,891)
Charges for Current Services	44,790	0	0	44,790
Other Local Revenues	69,796	52,000	52,000	17,796
State of Tennessee	2,569,615	2,768,152	2,768,152	(198,537)
Federal Government	0	108,000	108,000	(108,000)
Total Revenues	<u>\$ 3,142,310</u>	<u>\$ 3,403,152</u>	<u>\$ 3,403,152</u>	<u>\$ (260,842)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 165,094	\$ 173,219	\$ 179,919	\$ 14,825
Highway and Bridge Maintenance	1,475,530	1,771,012	1,947,012	471,482
Operation and Maintenance of Equipment	520,718	685,825	760,025	239,307
Quarry Operations	205,100	263,929	238,929	33,829
Other Charges	162,413	195,000	193,923	31,510
Employee Benefits	369,351	472,125	472,125	102,774
Capital Outlay	252,043	431,398	433,975	181,932
Total Expenditures	<u>\$ 3,150,249</u>	<u>\$ 3,992,508</u>	<u>\$ 4,225,908</u>	<u>\$ 1,075,659</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (7,939)</u>	<u>\$ (589,356)</u>	<u>\$ (822,756)</u>	<u>\$ 814,817</u>
Net Change in Fund Balance	\$ (7,939)	\$ (589,356)	\$ (822,756)	\$ 814,817
Fund Balance, July 1, 2019	<u>1,336,548</u>	<u>1,702,586</u>	<u>1,702,586</u>	<u>(366,038)</u>
Fund Balance, June 30, 2020	<u>\$ 1,328,609</u>	<u>\$ 1,113,230</u>	<u>\$ 879,830</u>	<u>\$ 448,779</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, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,316,869
Due from Other Governments	<u>196,222</u>
Total Assets	<u><u>\$ 1,513,091</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 196,222
Due to Litigants, Heirs, and Others	<u>1,316,869</u>
Total Liabilities	<u><u>\$ 1,513,091</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, 2020

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 the county commission's approval. 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 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, 2020.

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 \$349,540 were contributed by the county to the school department during the year ended June 30, 2020. There were no debt issues contributed by the county to the health and rehab center during the year ended June 30, 2020.

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.

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; the State Treasurer's Intermediate Term Investment Fund; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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

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

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 1.03 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. These items are for pension changes in experience, assumptions, and proportionate share of contributions; employer contributions made to the pension and other postemployment benefits (OPEB) plans after the measurement date; OPEB changes in experience, assumptions, and proportionate share of contributions.

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, investment earnings, and proportionate share of contributions; OPEB changes in experience, assumptions, and 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, 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, 2020, Overton County had \$6,981,167 in outstanding debt for the discretely presented Overton County School Department and \$7,485,000 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.

At June 30, 2020, Overton County and the Overton County School Department reported the following significant encumbrances:

Funds	Amount
Primary Government:	
Major Fund:	
General	\$ 314,290
School Department:	
Major Fund:	
General Purpose School	370,112
Nonmajor Funds:	
School Federal Projects	20,903
Central Cafeteria	35

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, 2020, due to the uncertainty of collection. Restitution of \$2,235 has been received leaving a balance of \$1,475 at June 30, 2020. 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 categories (the legal level of control) of the General Purpose School Fund.

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Instruction - Special Education Program	\$ 115,268
Support Services - Attendance	97,083
Support Services - Board of Education	2,574

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.

D. A Board of Education Member Removed Topsoil from County-owned Property Without Authorization

On February 25, 2020, the Comptroller's Office issued an Investigative Report on the Overton County Board of Education. A member of the Board of Education, who also operates a landscaping business, removed topsoil from property owned by Overton County approximately two months before the Board of Education obtained ownership of the property. His removal of the topsoil was not approved by Overton County or the Board of Education. Furthermore, he had the topsoil hauled to at least three individuals for whom he was performing landscape work. Details of the report may be found on the Comptroller's website at www.comptroller.tn.gov.

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 the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. Repurchase agreements must

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

Investment Balances. As of June 30, 2020, 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	Maturity	Amortized Cost
State Treasurer's Investment Pool	1 to 105 days	N/A	\$ 21,917,092

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, 2020, Overton County’s investment in the State Treasurer’s Investment Pool was unrated.

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

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. 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 value of investments and interest and dividend income. Interest income is recognized when earned. 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, 2020, 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 where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

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, 2020, 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	\$ 17,892
Developed Market International Equity	N/A	N/A	8,080
Emerging Market International Equity	N/A	N/A	2,309
U.S. Fixed Income	N/A	N/A	11,543
Real Estate	N/A	N/A	5,771
Short-term Securities	N/A	N/A	577
NAV - Private Equity and Strategic Lending	N/A	N/A	11,543
 Total			\$ 57,715

Investment by Fair Value Level	Fair Value 6-30-20	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	\$ 17,892	\$ 17,892	\$ 0	\$ 0	0
Developed Market International Equity	8,080	8,080	0	0	0
Emerging Market International Equity	2,309	2,309	0	0	0
U.S. Fixed Income	11,543	0	11,543	0	0
Real Estate	5,771	0	0	5,771	0
Short-term Securities	577	0	577	0	0
Private Equity and Strategic Lending	11,543	0	0	0	11,543
 Total	\$ 57,715	\$ 28,281	\$ 12,120	\$ 5,771	\$ 11,543

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/2020/ag19091.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 700,401	\$ 0	\$ 0	\$ 700,401
Intangibles Assets - Indefinite Life	51,301	0	0	51,301
Construction in Progress	413,892	3,572,589	0	3,986,481
Total Capital Assets Not Depreciated	<u>\$ 1,165,594</u>	<u>\$ 3,572,589</u>	<u>\$ 0</u>	<u>\$ 4,738,183</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,814,471	\$ 0	\$ 0	\$ 10,814,471
Infrastructure	14,487,104	530,500	0	15,017,604
Other Capital Assets	7,664,466	753,472	(462,451)	7,955,487
Total Capital Assets Depreciated	<u>\$ 32,966,041</u>	<u>\$ 1,283,972</u>	<u>\$ (462,451)</u>	<u>\$ 33,787,562</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,362,834	\$ 188,841	\$ 0	\$ 4,551,675
Infrastructure	4,346,152	94,951	0	4,441,103
Other Capital Assets	5,662,600	344,527	(246,718)	5,760,409
Total Accumulated Depreciation	<u>\$ 14,371,586</u>	<u>\$ 628,319</u>	<u>\$ (246,718)</u>	<u>\$ 14,753,187</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,594,455</u>	<u>\$ 655,653</u>	<u>\$ (215,733)</u>	<u>\$ 19,034,375</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,760,049</u>	<u>\$ 4,228,242</u>	<u>\$ (215,733)</u>	<u>\$ 23,772,558</u>

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

Governmental Activities:

General Government	\$ 34,892
Finance	2,132
Public Safety	202,866
Public Health and Welfare	230,342
Social, Cultural, and Recreational Services	28,475
Highways/Public Works	<u>129,612</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 628,319</u></u>

Discretely Presented Overton County School Department

Governmental Activities:

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 574,963	\$ 0	\$ 574,963
Total Capital Assets Not Depreciated	<u>\$ 574,963</u>	<u>\$ 0</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	3,537,633	0	3,537,633
Total Capital Assets Depreciated	<u>\$ 28,395,483</u>	<u>\$ 0</u>	<u>\$ 28,395,483</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 11,810,322	\$ 464,978	\$ 12,275,300
Infrastructure	390,841	22,692	413,533
Other Capital Assets	1,841,948	177,705	2,019,653
Total Accumulated Depreciation	<u>\$ 14,043,111</u>	<u>\$ 665,375</u>	<u>\$ 14,708,486</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,352,372</u>	<u>\$ (665,375)</u>	<u>\$ 13,686,997</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 14,927,335</u></u>	<u><u>\$ (665,375)</u></u>	<u><u>\$ 14,261,960</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2020.

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

Governmental Activities:

Instruction	\$ 472,390
Support Services	<u>192,985</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 665,375</u>

C. Construction Commitments

At June 30, 2020, the county had uncompleted construction contracts of approximately \$1,126,304 for the construction of a county administration facility. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 13,492
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	250

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

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Units:	
Governmental Activities	School Department	\$ 6,981,167
"	Health and Rehab Center	7,485,000

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2020, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In	
	General Fund	Purpose
Solid Waste/Sanitation Fund	\$ 32,000	Operations

Discretely Presented Overton County School Department

Transfers Out	Transfers In		Purpose
	General Purpose School Fund	Nonmajor Govern-mental Fund	
General Purpose School Fund	\$ 0	\$ 672,109	Debt retirement
Nonmajor governmental fund	17,888	0	Indirect cost
Total	\$ 17,888	\$ 672,109	

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.

E. 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, 2020, 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 ten years for notes and 13 years for other loans. 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, 2020, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-20
General Obligation Bonds	2.58 to 2.91 %	4-1-42	\$ 9,115,000	\$ 7,485,000
General Obligation Bonds - Refunding	2 to 4	6-1-25	6,325,000	5,745,250
Direct Borrowing and Direct Payment:				
Capital Outlay Notes	3.124	5-1-28	3,420,000	2,455,000
Other Loans	1	8-1-32	2,925,917	2,925,917

The annual requirements to amortize all general obligation bonds, notes, and other loans as of June 30, 2020, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 1,490,000	\$ 433,569	\$ 1,923,569
2022	1,550,000	386,442	1,936,442
2023	1,600,000	337,413	1,937,413
2024	1,665,000	278,150	1,943,150
2025	1,210,250	216,369	1,426,619
2026-2030	2,055,000	744,827	2,799,827
2031-2035	1,840,000	441,263	2,281,263
2036-2040	1,260,000	216,612	1,476,612
2041-2042	560,000	27,463	587,463
Total	\$ 13,230,250	\$ 3,082,108	\$ 16,312,358

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
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
2026-2028	1,010,000	134,626	1,144,626
Total	\$ 2,455,000	\$ 548,423	\$ 3,003,423

Year Ending June 30	Other Loans - Direct Placement		
	Principal	Interest	Total
2021	\$ 194,340	\$ 23,950	\$ 218,290
2022	235,356	26,592	261,948
2023	237,720	24,228	261,948
2024	240,108	21,840	261,948
2025	242,520	19,428	261,948
2026-2030	1,251,816	60,084	1,311,900
2031-2033	524,057	41,337	565,394
Total	\$ 2,925,917	\$ 217,459	\$ 3,143,376

There is \$1,333,627 available in the General Debt Service Fund and \$1,071,090 in the school department's Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$599, based on the 2010 federal census. Total debt per capita, including bonds, notes, and other loans, totaled \$843, 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.

<u>Description of Debt</u>	<u>Outstanding 6-30-20</u>
<u>Bonds Payable</u>	
<u>Contributions from the Health and Rehab Center</u>	
Nursing Home Improvements	\$ 2,815,000
Nursing Home Renovation and Construction	4,670,000
<u>Contributions from the Education Debt Service Fund</u>	
School Refunding Series 2015	4,055,250
<u>Other Loans Payable - Direct Placement</u>	
<u>Contributions from the Education Debt Service Fund</u>	
Tennessee Energy Efficiency School Initiative Loan	<u>2,925,917</u>
Total	<u><u>\$ 14,466,167</u></u>

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes - Direct Placement</u>	<u>Other Loans Direct Placement</u>
Balance, July 1, 2019	\$ 14,830,000	\$ 3,420,000	\$ 2,576,377
Additions	2,095,000	0	349,540
Reductions	<u>(3,694,750)</u>	<u>(965,000)</u>	0
Balance, June 30, 2020	<u>\$ 13,230,250</u>	<u>\$ 2,455,000</u>	<u>\$ 2,925,917</u>
Balance Due Within One Year	<u>\$ 1,490,000</u>	<u>\$ 270,000</u>	<u>\$ 194,340</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 18,611,167
Less: Balance Due Within One Year - Debt	<u>(1,954,340)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 16,656,827</u>

Advance or Current Refunding

On October 3, 2019, Overton County advance refunded a general obligation refunding bond issue with a separate general obligation bond issue. The county issued \$2,095,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Because of the advance refunding, total debt service payments over the next five years will be reduced by \$99,759, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$99,504 was obtained.

F. Long-term Obligations

Changes in Long-term Obligations

Primary Government

Long-term obligations activity for the year ended June 30, 2020, was as follows:

	Other Postemployment Benefits	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2019	\$ 679,609	\$ 142,911	\$ 40,476
Additions	101,740	263,589	603
Reductions	<u>(355,866)</u>	<u>(277,419)</u>	<u>(6,991)</u>
Balance, June 30, 2020	<u>\$ 425,483</u>	<u>\$ 129,081</u>	<u>\$ 34,088</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 96,811</u>	<u>\$ 8,522</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, Other - June 30, 2020	\$ 588,652
Less: Balance Due Within One Year - Other	<u>(105,333)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 483,319</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, 2020, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2019	\$ 3,786,473	\$ 151,887
Additions	1,028,381	34,422
Reductions	<u>(774,231)</u>	<u>(34,169)</u>
Balance, June 30, 2020	<u>\$ 4,040,623</u>	<u>\$ 152,140</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 29,152</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, Other - June 30, 2020	\$ 4,192,763
Less: Balance Due Within One Year - Other	<u>(29,152)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 4,163,611</u>

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

G. On-Behalf Payments

Discretely Presented 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, 2020, were \$88,125 and \$44,671, 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 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. Contingent Liabilities

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.

C. 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 \$34,088 reported as landfill postclosure care liability at June 30, 2020, 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.

D. 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, 2020. 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

E. 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 43.26 percent, the non-certified employees of the discretely presented school department comprise 28.46 percent, and the discretely presented Overton County Health and Rehab Center comprise 28.28 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at 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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	228
Inactive Employees Entitled to But Not Yet Receiving Benefits	542
Active Employees	<u>425</u>
 Total	 <u><u>1,195</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, 2020, the employer contribution for Overton County was \$642,311 based on a rate of 5.37 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, 2019, 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, 2019, 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, 2019, 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 asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity Developed Market	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, 2018	\$ 30,152,685	\$ 31,914,895	\$ (1,762,210)
Changes for the Year:			
Service Cost	\$ 1,091,342	\$ 0	\$ 1,091,342
Interest	2,213,415	0	2,213,415
Differences Between Expected and Actual Experience	(282,351)	0	(282,351)
Contributions-Employer	0	646,082	(646,082)
Contributions-Employees	0	619,920	(619,920)
Net Investment Income	0	2,368,897	(2,368,897)
Benefit Payments, Including Refunds of Employee Contributions	(1,428,330)	(1,428,330)	0
Administrative Expense	0	(38,443)	38,443
Net Changes	\$ 1,594,076	\$ 2,168,126	\$ (574,050)
Balance, June 30, 2019	\$ 31,746,761	\$ 34,083,021	\$ (2,336,260)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 43.26%	\$ 13,733,649	\$ 14,744,315	\$ (1,010,666)
School Department 28.46%	9,035,128	9,700,028	(664,900)
Health and Rehab Ctr. 28.28%	8,977,984	9,638,678	(660,694)
Total	\$ 31,746,761	\$ 34,083,021	\$ (2,336,260)

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:

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

Net Pension Liability (Asset) \$ 1,874,185 \$ (2,336,260) \$ (5,816,475)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2020, Overton County recognized pension expense of \$373,488.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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	\$ 34,092	\$ 565,414
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	392,373
Changes in Assumptions	259,224	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	642,311	N/A
Total	<u>\$ 935,627</u>	<u>\$ 957,787</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” 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	\$ 436,992	\$ 414,339
School Department	266,234	272,586
Health and Rehab Center	232,401	270,862
Total	<u>\$ 935,627</u>	<u>\$ 957,787</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
2021	\$ (160,068)
2022	(246,476)
2023	(188,991)
2024	(68,939)
2025	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 43.26 percent, the non-certified employees of the discretely

presented school department comprise 28.46 percent, and the discretely presented Overton County Health and Rehab Center comprise 28.28 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the 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, 2020, to the Teacher Retirement Plan were \$30,586, which is 2.03 percent of covered payroll. In addition, employer contributions of \$28,716, which is 1.97 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, 2020, the school department reported a liability (asset) of (\$69,130) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .122466 percent. The proportion as of June 30, 2018, was .117908 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$21,668.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,866	\$ 12,068
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,923
Changes in Assumptions	2,402	0
Changes in Proportion of Net Pension Liability (Asset)	2,248	2,656
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	<u>30,586</u>	N/A
Total	<u>\$ 38,102</u>	<u>\$ 17,647</u>

The school department's employer contributions of \$30,586, 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, 2021. 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
2021	\$ (1,493)
2022	(1,941)
2023	(1,121)
2024	(703)
2025	(584)
Thereafter	(4,289)

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, 2019, 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, 2019, 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 asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	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%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 21,903 \$ (69,130) \$ (136,421)

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, 2020, to the Teacher Legacy Pension Plan were \$1,163,369, which is 10.63 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, 2020, the school department reported a liability (asset) of (\$3,411,984) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .331847 percent. The proportion measured at June 30, 2018, was .316687 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$438,772.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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	\$ 166,121	\$ 2,084,108
Changes in Assumptions	459,782	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	974,870
Changes in Proportion of Net Pension Liability (Asset)	35,873	47,117
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	<u>1,163,369</u>	N/A
Total	<u>\$ 1,825,145</u>	<u>\$ 3,106,095</u>

The school department's employer contributions of \$1,163,369 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, 2021. 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
2021	\$ (712,752)
2022	(973,126)
2023	(432,387)
2024	(623,053)
2025	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, 2019, 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, 2019, 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 asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	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%) or one percentage point higher (8.25%) than the current rate:

School Department's		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 6,976,523 \$ (3,411,984) \$ (11,675,754)

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 \$56,563 and teachers contributed \$16,884 to this deferred compensation pension plan.

F. 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

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. Likewise, the school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of the Overton County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare.

The county and school department's total OPEB liability for each plan was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, 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	2.20%
Salary Increases	Salary increases used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.51%
Healthcare Cost Trend Rates	LGPs and LEP- Based on the Getzen Model, with trend starting at 6.03% for the 2019 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5%.
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.51 percent, based on an average rating of AA/Aa as shown the Bond Buyer 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 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 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2020 plan year was revised from 6.75 percent to 6.03 percent.

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.

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, 2019, 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	146	22	168
Total	148	22	170

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, 2020, the county paid \$13,290 (Overton County - \$12,533, Highway Dept - \$757) 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, 2018	\$ 242,291	\$ 63,754	\$ 306,045
Changes for the Year:			
Service Cost	\$ 24,096	\$ 5,296	\$ 29,392
Interest	9,449	2,478	11,927
Difference between Expected and Actuarial Experience	(96,310)	(17,133)	(113,443)
Changes in Assumption and Other Inputs	8,294	2,348	10,642
Benefit Payments	(10,810)	(1,186)	(11,996)
Net Changes	<u>\$ (65,281)</u>	<u>\$ (8,197)</u>	<u>\$ (73,478)</u>
Balance June 30, 2019	<u>\$ 177,010</u>	<u>\$ 55,557</u>	<u>\$ 232,567</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the county recognized OPEB expense of \$29,601 (Overton County - \$24,140, Highway Dept - \$5,461). At June 30, 2020, 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 16,698,\$, Hwy \$0) (DI - County \$83,207, Hwy \$17,082)	\$ 16,698	\$ 100,289
Changes of Assumptions/Inputs (DO - County \$17,410, Hwy \$6,170) (DI - County \$6,728, Hwy \$1,671)	23,580	8,399
Net Difference Between Projected and Benefits paid after the measurement date of June 30, 2019 (DO - County \$12,533, Hwy \$757)	<u>13,290</u>	<u>0</u>
Total	<u>\$ 53,568</u>	<u>\$ 108,688</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
2021	\$ (9,405)	\$ (2,313)	\$ (11,718)
2022	(9,405)	(2,313)	(11,718)
2023	(9,405)	(2,313)	(11,718)
2024	(9,405)	(2,313)	(11,718)
2025	(9,405)	(2,313)	(11,718)
Thereafter	(8,802)	(1,018)	(9,820)

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

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

<u>Discount Rate</u>	1% Decrease		Current Discount Rate	1% Increase	
	2.51%		3.51%	4.51%	
County	\$ 191,628	\$ 177,010	\$ 163,436		
Hwy	59,713	55,557	51,640		
Total OPEB Liability	\$ 251,341	\$ 232,567	\$ 215,076		

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

<u>Healthcare Cost Trend Rate</u>	1% Decrease		Current Trend Rates	1% Increase	
	5.03 to 3.5%		6.03 to 4.5%	7.03 to 5.5%	
County	\$ 156,759	\$ 177,010	\$ 200,937		
Hwy	49,771	55,557	62,272		
Total OPEB Liability	\$ 206,530	\$ 232,567	\$ 263,209		

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.

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, 2019, the following employees were covered by the benefit terms:

	Overton County	Hwy Dept.	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	11	0	11
Inactive Employees Entitled to But Not Yet Receiving Benefits	10	0	10
Active Employees	150	21	171
Total	<u>171</u>	<u>21</u>	<u>192</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, 2020, the county paid \$4,552 (\$4,296 county and \$256 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, 2018	\$ 373,564	\$ 0	\$ 373,564
Changes for the Year:			
Service Cost	\$ 15,556	\$ 0	\$ 15,556
Interest	13,992	0	13,992
Changes in			
Benefit Terms	0	16,299	16,299
Difference between			
Expected and Actuarial			
Experience	(225,164)	0	(225,164)
Changes in Assumption			
and Other Inputs	3,932	0	3,932
Benefit Payments	(5,263)	0	(5,263)
Net Changes	<u>\$ (196,947)</u>	<u>\$ 16,299</u>	<u>\$ (180,648)</u>
Balance June 30, 2019	<u>\$ 176,617</u>	<u>\$ 16,299</u>	<u>\$ 192,916</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the county recognized net OPEB expense of \$27,154 (\$10,855 county and (\$16,299) highway department). At June 30, 2020, 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 \$262,143, Hwy \$0)	\$ 0	\$ 262,143
Changes of Assumptions/Inputs		
DO (Overton County \$3,490, Hwy \$0)	3,490	35,057
DI (Overton County \$35,057, Hwy \$0)		
Net Difference Between Projected and Benefits Paid After the Measurement Date (Overton County \$4,296, Hwy \$256)	<u>4,552</u>	<u>0</u>
Total	<u>\$ 8,042</u>	<u>\$ 297,200</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
2021	\$ (40,403)	\$ 0	\$ (40,403)
2022	(40,403)	0	(40,403)
2023	(40,403)	0	(40,403)
2024	(40,403)	0	(40,403)
2025	(40,403)	0	(40,403)
Thereafter	(91,695)	0	(91,695)

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

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

<u>Discount Rate</u>	Current		
	1% Decrease 2.51%	Discount Rate 3.51%	1% Increase 4.51%
Overton County Hwy Dept.	\$ 205,879 19,091	\$ 176,617 16,299	\$ 152,731 14,006
Total OPEB Liability	\$ 224,970	\$ 192,916	\$ 166,737

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, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	24
Inactive Employees Entitled to But not Yet Receiving Benefits	0
Active Employees	<u>307</u>
Total	<u><u>331</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 \$155,998 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 67.21%</u>	<u>State of TN 32.79%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2018	\$ 3,650,961	\$ 1,614,289	\$ 5,265,250
Changes for the Year:			
Service Cost	\$ 178,781	\$ 87,222	\$ 266,003
Interest	130,911	63,868	194,779
Changes in Benefit Terms	(137,497)	(67,081)	(204,578)
Difference between Expected and Actuarial Experience	427,230	208,434	635,664
Change in Proportion	(112,170)	112,170	0
Changes in Assumption and Other Inputs	(281,860)	(137,512)	(419,372)
Benefit Payments	(204,295)	(99,670)	(303,965)
Net Changes	<u>\$ 1,100</u>	<u>\$ 167,431</u>	<u>\$ 168,531</u>
Balance June 30, 2019	<u>\$ 3,652,061</u>	<u>\$ 1,781,720</u>	<u>\$ 5,433,781</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 recognized \$70,547 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department employees.

During the year, the Overton County School Department's proportionate share of the collective OPEB liability was 67.21% and the State of Tennessee's share was 32.79%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$253,236, including the state's share of the expense. At June 30, 2020, 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	\$ 381,392	\$ 71,566
Changes of Assumptions/Inputs	82,919	389,681
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	212,217	101,413
Benefits Paid After the Measurement Date of June 30, 2019	<u>155,998</u>	<u>0</u>
Total	<u>\$ 832,526</u>	<u>\$ 562,660</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:

<u>Year Ending June 30</u>	<u>School Department</u>
2021	\$ 10,493
2022	10,493
2023	10,493
2024	10,493
2025	10,493
Thereafter	61,403

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

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

<u>Discount Rate</u>	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
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Proportionate Share of the Collective Total OPEB Liability	\$ 3,951,452	\$ 3,652,061	\$ 3,369,072
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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 5.03 to 3.5%	Curent Rates 6.03 to 4.5%	1% Increase 7.03 to 5.5%
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Proportionate Share of the Collective Total OPEB Liability	\$ 3,235,288	\$ 3,652,061	\$ 4,143,946
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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, 2019, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	78
Inactive Employees Entitled to But Not Yet Receiving Benefits	35
Active Employees	<u>342</u>
 Total	 <u><u>455</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, 2020, the school department paid \$3,947 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 School Department 26.65%</u>	<u>State of TN 73.35%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2018	\$ 135,512	\$ 1,182,084	\$ 1,317,596
Changes for the Year:			
Service Cost	\$ 6,534	\$ 17,984	\$ 24,518
Interest	12,694	34,937	47,631
Difference between Expected and Actuarial Experience	(24,249)	(66,740)	(90,989)
Changes in Proportion	215,643	(215,643)	0
Changes in Assumption and Other Inputs	56,588	155,748	212,336
Benefit Payments	(14,160)	(38,972)	(53,132)
Net Changes	<u>\$ 253,050</u>	<u>\$ (112,686)</u>	<u>\$ 140,364</u>
Balance June 30, 2019	<u>\$ 388,562</u>	<u>\$ 1,069,398</u>	<u>\$ 1,457,960</u>

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. The school department recognized \$146,275 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Overton County School Department's proportionate share of the collective OPEB liability was 26.65 percent and the State of Tennessee's share was 73.35 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$26,982 including the state's share of the OPEB expense.

At June 30, 2020, 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	\$ 65,345
Changes of Assumptions/Inputs	49,279	44,989
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	236,592	904,877
Benefits Paid After the Measurement Date of June 30, 2019	3,947	0
Total	<u>\$ 289,818</u>	<u>\$ 1,015,211</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:

<u>Year Ending June 30</u>	<u>School Department</u>
2021	\$ (138,521)
2022	(138,521)
2023	(138,521)
2024	(138,521)
2025	(138,521)
Thereafter	(36,735)

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>	Current Discount Rate
1% Decrease	1% Increase
2.51%	3.51%
	4.51%

<u>Proportionate Share of the Collective Total OPEB Liability</u>	1% Decrease	Current Discount Rate	1% Increase
	\$ 448,327	\$ 388,562	\$ 339,663

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.

G. 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.

H. 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.

I. Subsequent Event

On January 12, 2021, Mark Winningham left the Office of Director of Schools and Donnie Holman was appointed to succeed him on an interim basis.

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, 2020, 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, 2020, 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, 2020. 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, 2020, was \$223,231 of which \$145,095 was capitalized and \$78,136 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.

Other Postemployment Benefit (OPEB) Plans

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and the OPEB expense, have been determined on the same basis as they are reported by the center. For this purpose, benefit payments are recognized when due and

payable in accordance with benefit terms. The center's OPEB plan is not administered through a trust.

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, 2020, 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, 2020, the carrying amount of cash deposits, including patient funds, was \$5,152,047, and the bank balance was \$5,524,146. At June 30, 2020, the carrying amount of the certificate of deposit was \$2,097,990, and the bank balance was \$2,097,990.

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, 2020, 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, 2020, the center held funds totaling \$29,909 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	41.44	%
Medicare	23.48	
Insurance	24.52	
Private	10.56	

E. Capital Assets

Capital assets are summarized as follows:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 115,000	\$ 0	\$ 0	\$ 115,000
Construction in Progress	1,109,395	2,711,042	0	3,820,437
Total Capital Assets Not Depreciated	\$ 1,224,395	\$ 2,711,042	\$ 0	\$ 3,935,437
Capital Assets Depreciated:				
Land/Improvements	\$ 106,849	\$ 0	\$ 0	\$ 106,849
Buildings/Improvements	8,741,076	2,886	0	8,743,962
Transportation Equipment	59,597	0	0	59,597
Equipment	1,109,937	5,397	(64,094)	1,051,240
Total Capital Assets Depreciated	\$ 10,017,459	\$ 8,283	\$ (64,094)	\$ 9,961,648
Less Accumulated Depreciation For:				
Land/Improvements	\$ 75,737	\$ 5,496	\$ 0	\$ 81,233
Buildings/Improvements	2,739,444	217,027	0	2,956,471
Transportation Equipment	46,580	5,579	0	52,159
Equipment	805,889	60,062	(64,094)	801,857
Total Accumulated Depreciation	\$ 3,667,650	\$ 288,164	\$ (64,094)	\$ 3,891,720
Total Capital Assets Depreciated, Net	\$ 6,349,809	\$ (279,881)	\$ 0	\$ 6,069,928
Business-type Activities Capital Assets, Net	\$ 7,574,204	\$ 2,431,161	\$ 0	\$ 10,005,365

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, 2020, the employer contributions for Overton County Health and Rehab

Center were \$149,451 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, 2020, Overton County Health and Rehab Center reported an asset of \$660,694 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, 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, 2019, Overton County Health and Rehab Center's proportion was 28.28 percent. The proportion measured as of June 30, 2018, was 28.31 percent.

Pension Expense. For the year ended June 30, 2020, Overton County Health and Rehab Center recognized pension expense of \$105,622.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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
Difference Between Expected and Actual Experience	\$ 9,641	\$ 159,899
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	110,963
Changes in Assumptions Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	73,309	0
	<u>149,451</u>	<u>N/A</u>
Total	<u>\$ 232,401</u>	<u>\$ 270,862</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” 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
2021	\$ (45,267)
2022	(69,703)
2023	(53,446)
2024	(19,496)
2025	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, 2019, 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, 2019, 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 Real Estate	5.79	20
	2.01	20
	4.32	10
Short-term Securities	0.00	1
		100 %
Total		

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

Net Pension Liability (Asset) \$ 530,020 \$ (660,694) \$ (1,644,899)

Payable to the Pension Plan. At June 30, 2020, Overton County Health and Rehab Center reported a payable of \$28,014 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

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, 2020. 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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 180,000	\$ 75,506
2022	185,000	71,681
2023	190,000	67,750
2024	195,000	63,238
2025	200,000	58,606
2026-2030	1,105,000	211,888
2031-2033	760,000	47,025
Total	<u>\$ 2,815,000</u>	<u>\$ 595,694</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, 2020. 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
2021	\$ 155,000	\$ 141,712
2022	160,000	137,063
2023	165,000	132,262
2024	165,000	127,313
2025	175,000	122,362
2026-2030	950,000	532,937
2031-2035	1,080,000	394,238
2036-2040	1,260,000	216,613
2041-2042	560,000	27,463
Total	<u>\$ 4,670,000</u>	<u>\$ 1,831,963</u>

Changes in long-term debt for the year ended June 30, 2020, was as follows:

	Balance 7-1-19	Additions	Reductions	Balance 6-30-20	Due Within One Year
Due to Primary Government:					
Series 2012	\$ 2,990,000	\$ 0	\$ 175,000	\$ 2,815,000	\$ 180,000
Series 2017	4,820,000	0	150,000	4,670,000	155,000
Total Debt	<u>\$ 7,810,000</u>	<u>\$ 0</u>	<u>\$ 325,000</u>	<u>\$ 7,485,000</u>	<u>\$ 335,000</u>

Changes in other long-term liabilities for the year ended June 30, 2020, was as follows:

	Balance 7-1-19	Additions	Reductions	Balance 6-30-20	Due Within One Year
Other Post-employment Benefits Liability	\$ 310,825	\$ 148,534	\$ 46,578	\$ 412,781	\$ 0
Total Long-term Obligations	<u>\$ 310,825</u>	<u>\$ 148,534</u>	<u>\$ 46,578</u>	<u>\$ 412,781</u>	<u>\$ 0</u>

K. Paycheck Protection Program Loan

On April 30, 2020, the center received loan proceeds in the amount of \$637,299 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amount up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after either eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. The center’s period is twenty-four weeks.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for the first year. The center’s loan was dated April 7, 2020, and its first payment is not due until April 25, 2021. The center intends to use the proceeds for purposes consistent with the PPP. While the center currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, actions could be taken that could cause the center to be ineligible for forgiveness. The center intends to apply for loan forgiveness within the subsequent year, therefore the entire amount of the loan is classified as short-term. No interest was accrued on this loan as of June 30, 2020.

	Balance 7-1-19	Additions	Reductions	Balance 6-30-20
Paycheck Protection Program	\$ 0	\$ 637,299	\$ 0	\$ 637,299

L. 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, 2019, 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>146</u>
Total	<u><u>146</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, 2020, the center paid \$377 to the LGP for OPEB benefits as they came due.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, 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	2.20%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4%
Discount Rate	3.51%
Healthcare Cost Trend Rates	6.03% for pre-65 in 2019, decreasing annually over a 10-year period to an ultimate rate of 4.53%. 5.50% for post-65 in 2019, decreasing annually over a four year period to an ultimate rate of 4.5%.
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, 2019, 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.

Discount Rate. The discount rate used to measure the total OPEB liability was 3.51 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, 2018	\$ 98,824
Changes for the Year:	
Service Cost	\$ 12,187
Interest	4,011
Difference between Expected and Actuarial Experience	(29,636)
Changes in Assumption and Other Inputs	6,819
Benefit Payments	(435)
Net Changes	<u>\$ (7,054)</u>
Balance June 30, 2019	<u>\$ 91,770</u>

Changes in Assumptions. The discount rate changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. 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, 2020, the center recognized OPEB expense of \$12,161. At June 30, 2020, 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	\$ 29,282
Changes of Assumptions/Inputs	8,496	3,430
Net Difference Between Projected and Benefits Paid after the Measurement Date	<u>377</u>	<u>0</u>
Total	<u>\$ 8,873</u>	<u>\$ 32,712</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	
2021	\$ (4,037)
2022	(4,037)
2023	(4,037)
2024	(4,037)
2025	(4,037)
Thereafter	(4,031)

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 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
Total OPEB Liability	\$ 101,052	\$ 91,770	\$ 83,313

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 5.03 to 3.50%	Current Trend Rates 6.03 to 4.50%	1% Increase 7.03 to 5.50%
Total OPEB Liability	\$ 79,382	\$ 91,770	\$ 106,650

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, 2019, 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>126</u>
Total	<u><u>126</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 center paid \$3,681 to the TNM for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2018	\$ 212,001
Changes for the Year:	
Service Cost	\$ 6,899
Interest	7,889
Difference between Expected and Actuarial Experience	90,602
Changes in Assumption and Other Inputs	5,570
Benefit Payments	<u>(1,950)</u>
Net Changes	<u>\$ 109,010</u>
Balance June 30, 2019	<u>\$ 321,011</u>

Changes in Assumptions. The discount rate changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. This change in assumptions decreased the total OPEB liability.

OPEB Expense. For the year ended June 30, 2020, the center recognized OPEB expense of \$18,815.

Deferred Outflows of Resources and Deferred Inflows of Resources. At June 30, 2020, 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	\$ 78,191	\$ 27,857
Changes of Assumptions/Inputs	4,807	16,392
Net Difference Between Projected and Benefits Paid After the Measurement Date	<u>3,681</u>	<u>0</u>
Total	<u>\$ 86,679</u>	<u>\$ 44,249</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
2021	\$ 4,027
2022	4,027
2023	4,027
2024	4,027
2025	6,087
Thereafter	16,554

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
	2.51%	3.51%	4.51%
Total OPEB Liability	\$ 375,042	\$ 321,011	\$ 276,212

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.

M. 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, 2020, was \$1,898,193. 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, 2020, was \$136,318. Total restricted cash at June 30, 2020, was \$2,034,511.

N. 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, 2020. There are no future minimum rental payments under this operating lease.

O. Commitments

The center has entered into the following construction agreement:

	Project Authorization	Expended To Date	Remaining Commitment
Mid-South Construction Company, Inc.	\$ 6,000,000	\$ 2,631,655	\$ 3,368,345

P. Risks and Uncertainties Related to the Pandemic (COVID-19)

In March 2020, the World Health Organization classified a new strain of coronavirus outbreak as a pandemic (COVID-19). As the outbreak continues to spread throughout the area in which the center operates, federal, state, or local health departments have banned or limited admissions to the center’s facility as a precautionary measure to avoid the spread of COVID-19. Patients have postponed or refused necessary care in an attempt to avoid possible exposure to COVID-19, thereby reducing occupancy. Residents in the center have tested positive for COVID-19; accordingly, the center will incur significant increased costs for caring for those patients/residents and, in all likelihood, a reduced occupancy will continue to occur. Further, COVID-19 has impacted the center’s operations by causing staffing and supply shortages. The extent of the impact of COVID-19 on the center’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the center’s patients(residents), employees, and vendors, all of which are uncertain and cannot be predicted. Given these uncertainties, the center cannot reasonably estimate the related impact to its business, operating results, and financial condition, if any. While expected to be temporary, these disruptions may negatively impact the center’s patient service revenue, its results of operations, financial condition, and liquidity during the subsequent year.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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	2019
Total Pension Liability						
Service Cost	\$ 821,188	\$ 873,441	\$ 869,285	\$ 963,413	\$ 1,023,158	\$ 1,091,342
Interest	1,736,406	1,777,058	1,915,961	1,984,413	2,100,957	2,213,415
Differences Between Actual and Expected Experience	(994,065)	296,202	(827,796)	85,227	(289,955)	(282,351)
Changes in Assumptions	0	0	0	648,060	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,076,371)	(1,071,132)	(1,109,892)	(1,167,868)	(1,274,081)	(1,428,330)
Net Change in Total Pension Liability	\$ 487,158	\$ 1,875,569	\$ 847,558	\$ 2,513,245	\$ 1,560,079	\$ 1,594,076
Total Pension Liability, Beginning	22,869,076	23,356,234	25,231,803	26,079,361	28,592,606	30,152,685
Total Pension Liability, Ending (a)	\$ 23,356,234	\$ 25,231,803	\$ 26,079,361	\$ 28,592,606	\$ 30,152,685	\$ 31,746,761
Plan Fiduciary Net Position						
Contributions - Employer	\$ 557,965	\$ 537,490	\$ 573,760	\$ 581,712	\$ 606,389	\$ 646,082
Contributions - Employee	515,219	496,759	532,213	547,104	561,743	619,920
Net Investment Income	3,591,187	778,022	689,545	3,017,854	2,451,687	2,368,897
Benefit Payments, Including Refunds of Employee Contributions	(1,076,371)	(1,071,132)	(1,109,892)	(1,167,868)	(1,274,081)	(1,428,330)
Administrative Expense	(15,473)	(19,883)	(30,836)	(35,061)	(40,254)	(38,443)
Other	0	0	3,500	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 3,572,527	\$ 721,256	\$ 658,290	\$ 2,943,741	\$ 2,305,484	\$ 2,168,126
Plan Fiduciary Net Position, Beginning	21,713,597	25,286,124	26,007,380	26,665,670	29,609,411	31,914,895
Plan Fiduciary Net Position, Ending (b)	\$ 25,286,124	\$ 26,007,380	\$ 26,665,670	\$ 29,609,411	\$ 31,914,895	\$ 34,083,021
Net Pension Liability (Asset), Ending (a - b)	\$ (1,929,890)	\$ (775,577)	\$ (586,309)	\$ (1,016,805)	\$ (1,762,210)	\$ (2,336,260)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.26%	103.07%	102.25%	103.56%	105.84%	107.36%
Covered Payroll	\$ 10,089,798	\$ 9,935,118	\$ 10,605,526	\$ 10,752,516	\$ 11,208,669	\$ 11,942,343
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(19.13)%	(7.81)%	(5.53)%	(9.46)%	(15.72)%	(19.56)%

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	2020
Actuarially Determined Contribution	\$ 557,965	\$ 537,490	\$ 573,760	\$ 581,712	\$ 606,389	\$ 646,082	\$ 642,311
Less Contributions in Relation to the Actuarially Determined Contribution	(557,965)	(537,490)	(573,760)	(581,712)	(606,389)	(646,082)	(642,311)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 10,089,798	\$ 9,935,118	\$ 10,605,526	\$ 10,752,516	\$ 11,208,669	\$ 11,942,343	\$ 11,957,683
Contributions as a Percentage of Covered Payroll	5.53%	5.41%	5.41%	5.41%	5.41%	5.41%	5.37%

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

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	2020
Contractually Required Contribution	\$ 9,956	\$ 21,305	\$ 33,615	\$ 41,215	\$ 25,141	\$ 30,586
Less Contributions in Relation to the Contractually Required Contribution	(9,956)	(21,305)	(33,615)	(41,215)	(25,141)	(30,586)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 248,908	\$ 532,620	\$ 840,382	\$ 1,024,778	\$ 1,295,946	\$ 1,506,727
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.02%	1.94%	2.03%

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	2020
Contractually Required Contribution	\$ 1,053,143	\$ 1,057,677	\$ 1,029,362	\$ 1,004,390	\$ 1,006,914	\$ 1,163,916	\$ 1,163,369
Less Contributions in Relation to the Contractually Required Contribution	(1,053,143)	(1,057,677)	(1,029,362)	(1,004,390)	(1,006,914)	(1,163,916)	(1,163,369)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 11,859,720	\$ 11,699,966	\$ 11,386,739	\$ 11,110,501	\$ 11,094,929	\$ 11,127,307	\$ 10,944,199
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%

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 Retirement Plan of TCRS
Discretely Presented Overton County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Asset	0.117325%	0.121048%	0.128041%	0.117908%	0.122466%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,819)	\$ (12,601)	\$ (33,781)	\$ (53,475)	\$ (69,130)
Covered Payroll	\$ 248,908	\$ 532,620	\$ 840,382	\$ 1,024,778	\$ 1,295,946
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)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

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	2019
School Department's Proportion of the Net Pension Asset	0.302159%	0.312541%	0.315440%	0.314304%	0.316687%	0.331847%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (49,099)	\$ 128,027	\$ 1,971,325	\$ (102,835)	\$ (1,114,396)	\$ (3,411,984)
Covered Payroll	\$ 11,859,720	\$ 11,699,966	\$ 11,386,739	\$ 11,110,501	\$ 11,094,929	\$ 11,127,307
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)%	(30.66)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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 Plans
Primary Government
For the Fiscal Year Ended June 30

Local Government Plans

Overton County Plan

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 15,735	\$ 15,283	\$ 24,096
Interest	5,707	7,228	9,449
Differences Between Actual and Expected Experience	0	21,092	(96,310)
Changes in Assumptions or Other Inputs	(9,653)	12,940	8,294
Benefit Payments	(3,447)	(4,020)	(10,810)
Net Change in Total OPEB Liability	\$ 8,342	\$ 52,523	\$ (65,281)
Total OPEB Liability, Beginning	181,426	189,768	242,291
Total OPEB Liability, Ending	<u>\$ 189,768</u>	<u>\$ 242,291</u>	<u>\$ 177,010</u>
Covered Employee Payroll	\$ 3,973,352	\$ 4,481,573	\$ 4,999,544
Net OPEB Liability as a Percentage of Covered Employee Payroll	4.78%	5.41%	3.54%

Overton County Highway Plan

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 5,748	\$ 5,496	\$ 5,296
Interest	1,614	2,125	2,478
Differences Between Actual and Expected Experience	0	(3,500)	(17,133)
Changes in Assumptions or Other Inputs	(2,508)	5,605	2,348
Benefit Payments	0	(338)	(1,186)
Net Change in Total OPEB Liability	\$ 4,854	\$ 9,388	\$ (8,197)
Total OPEB Liability, Beginning	49,512	54,366	63,754
Total OPEB Liability, Ending	<u>\$ 54,366</u>	<u>\$ 63,754</u>	<u>\$ 55,557</u>
Covered Employee Payroll	\$ 797,458	\$ 758,423	\$ 818,484
Net OPEB Liability as a Percentage of Covered Employee Payroll	6.82%	8.41%	6.79%

(Continued)

Exhibit E-7

Overton County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Overton County Plans (Cont.)

State Administered Medicare Plans

Overton County Plan

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 22,732	\$ 19,503	\$ 15,556
Interest	13,545	15,844	13,992
Differences Between Actual and Expected Experience	0	(81,740)	(225,164)
Changes in Assumptions or Other Inputs	(48,528)	(3,551)	3,932
Benefit Payments	(2,550)	(4,088)	(5,263)
Net Change in Total OPEB Liability	\$ (14,801)	\$ (54,032)	\$ (196,947)
Total OPEB Liability, Beginning	442,397	427,596	373,564
Total OPEB Liability, Ending	\$ 427,596	\$ 373,564	\$ 176,617
Covered Employee Payroll	N/A	N/A	N/A
Total OPEB Liability as a percentage of Covered Employee Payroll	N/A	N/A	N/A

Overton County Highway Plan

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 849	\$ 746	\$ 0
Interest	421	502	0
Changes in Benefit Terms	0	(14,531)	16,299
Changes in Assumptions or Other Inputs	(1,457)	0	0
Benefit Payments	0	(113)	0
Net Change in Total OPEB Liability	\$ (187)	\$ (13,396)	\$ 16,299
Total OPEB Liability, Beginning	13,583	13,396	0
Total OPEB Liability, Ending	\$ 13,396	\$ 0	\$ 16,299
Covered Employee Payroll	N/A	N/A	N/A
Total OPEB Liability as a percentage of Covered Employee Payroll	N/A	N/A	N/A

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

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

Plan year 2019	- from 5.4% to 6.75%
Plan year 2020	- from 6.75% to 6.03%

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 Plans
Discretely Presented Overton County School Department
For the Fiscal Year Ended June 30

Local Education Plan

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 337,837	\$ 311,697	\$ 266,003
Interest	182,077	219,830	194,779
Changes in Benefit Terms	0	(1,013,086)	(204,578)
Differences Between Actual and Expected Experience	0	(131,244)	635,664
Changes in Assumptions or Other Inputs	(289,836)	152,065	(419,372)
Benefit Payments	(254,268)	(274,645)	(303,965)
Net Change in Total OPEB Liability	\$ (24,190)	\$ (735,383)	\$ 168,531
Total OPEB Liability, Beginning	6,024,823	6,000,633	5,265,250
Total OPEB Liability, Ending	\$ 6,000,633	\$ 5,265,250	\$ 5,433,781
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 2,090,315	\$ 1,614,289	\$ 1,781,720
Employer Proportionate Share of the Total OPEB Liability	3,910,318	3,650,961	3,652,061
Covered Employee Payroll	\$ 15,452,856	\$ 15,824,867	\$ 15,828,081
Net OPEB Liability as a Percentage of Covered Employee Payroll	38.83%	33.27%	34.33%

State Administered Medicare Plan

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 67,589	\$ 55,245	\$ 24,518
Interest	85,496	96,598	47,631
Changes in Benefit Terms	0	(1,203,949)	0
Differences Between Actual and Expected Experience	0	(225,219)	(90,989)
Changes in Assumptions or Other Inputs	(250,587)	(10,478)	212,336
Benefit Payments	(103,800)	(105,548)	(53,132)
Net Change in Total OPEB Liability	\$ (201,302)	\$ (1,393,351)	\$ 140,364
Total OPEB Liability, Beginning	2,912,249	2,710,947	1,317,596
Total OPEB Liability, Ending	\$ 2,710,947	\$ 1,317,596	\$ 1,457,960
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,257,256	\$ 1,182,084	\$ 1,069,398
Employer Proportionate Share of the Total OPEB Liability	1,453,691	135,512	388,562
Covered Employee Payroll	N/A	N/A	N/A
Total OPEB Liability as a percentage of Covered Employee Payroll	N/A	N/A	N/A

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

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

Plan year 2019 - from 5.4% to 6.75%
Plan year 2020 - from 6.75% to 6.03%

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, 2020

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018, actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for 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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt issued by Overton County that was subsequently contributed to the discretely presented Overton County School Department.

Exhibit F-1

Overton County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,300	\$ 1,300
Equity in Pooled Cash and Investments	13,995	108,837	0	122,832
Accounts Receivable	0	233	12,192	12,425
Total Assets	\$ 13,995	\$ 109,070	\$ 13,492	\$ 136,557
<u>LIABILITIES</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 13,492	\$ 13,492
Total Liabilities	\$ 0	\$ 0	\$ 13,492	\$ 13,492
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 13,995	\$ 0	\$ 0	\$ 13,995
Restricted for Public Safety	0	109,070	0	109,070
Total Fund Balances	\$ 13,995	\$ 109,070	\$ 0	\$ 123,065
Total Liabilities and Fund Balances	\$ 13,995	\$ 109,070	\$ 13,492	\$ 136,557

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, 2020

	Special Revenue Funds				Capital	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	Total	Education Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 358	\$ 0	\$ 0	\$ 358	\$ 0	\$ 358
Fines, Forfeitures, and Penalties	0	10,895	0	10,895	0	10,895
Charges for Current Services	0	0	3,391	3,391	0	3,391
Other Local Revenues	0	2,295	0	2,295	0	2,295
Total Revenues	\$ 358	\$ 13,190	\$ 3,391	\$ 16,939	\$ 0	\$ 16,939
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 210	\$ 210	\$ 0	\$ 210
Administration of Justice	0	0	3,181	3,181	0	3,181
Public Safety	0	6,588	0	6,588	0	6,588
Other Operations	3	0	0	3	0	3
Capital Projects - Donated	0	0	0	0	349,540	349,540
Total Expenditures	\$ 3	\$ 6,588	\$ 3,391	\$ 9,982	\$ 349,540	\$ 359,522
Excess (Deficiency) of Revenues Over Expenditures	\$ 355	\$ 6,602	\$ 0	\$ 6,957	\$ (349,540)	\$ (342,583)
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 349,540	\$ 349,540
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 349,540	\$ 349,540

(Continued)

Exhibit F-2

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

	Special Revenue Funds			Total	Capital	Total
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees		Projects Fund	
Net Change in Fund Balances	\$ 355	\$ 6,602	\$ 0	\$ 6,957	\$ 0	\$ 6,957
Fund Balance, July 1, 2019	13,640	102,468	0	116,108	0	116,108
Fund Balance, June 30, 2020	\$ 13,995	\$ 109,070	\$ 0	\$ 123,065	\$ 0	\$ 123,065

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 358	\$ 405	\$ 405	\$ (47)
Total Revenues	\$ 358	\$ 405	\$ 405	\$ (47)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 3,000	\$ 3,000	\$ 3,000
<u>Other Operations</u>				
Other Charges	3	50	50	47
Total Expenditures	\$ 3	\$ 3,050	\$ 3,050	\$ 3,047
Excess (Deficiency) of Revenues Over Expenditures	\$ 355	\$ (2,645)	\$ (2,645)	\$ 3,000
Net Change in Fund Balance	\$ 355	\$ (2,645)	\$ (2,645)	\$ 3,000
Fund Balance, July 1, 2019	13,640	13,618	13,618	22
Fund Balance, June 30, 2020	\$ 13,995	\$ 10,973	\$ 10,973	\$ 3,022

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,895	\$ 28,700	\$ 28,700	\$ (17,805)
Other Local Revenues	2,295	1,675	1,675	620
Fees Received From County Officials	0	200	200	(200)
Total Revenues	<u>\$ 13,190</u>	<u>\$ 30,575</u>	<u>\$ 30,575</u>	<u>\$ (17,385)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 6,588	\$ 25,160	\$ 25,160	\$ 18,572
Total Expenditures	<u>\$ 6,588</u>	<u>\$ 25,160</u>	<u>\$ 25,160</u>	<u>\$ 18,572</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,602</u>	<u>\$ 5,415</u>	<u>\$ 5,415</u>	<u>\$ 1,187</u>
Net Change in Fund Balance	\$ 6,602	\$ 5,415	\$ 5,415	\$ 1,187
Fund Balance, July 1, 2019	102,468	106,374	106,374	(3,906)
Fund Balance, June 30, 2020	<u>\$ 109,070</u>	<u>\$ 111,789</u>	<u>\$ 111,789</u>	<u>\$ (2,719)</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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 411,982	\$ 406,280	\$ 406,280	\$ 5,702
Other Local Revenues	375,920	201,000	201,000	174,920
State of Tennessee	635,041	1,570,000	1,570,000	(934,959)
Other Governments and Citizens Groups	1,475,019	0	1,475,019	0
Total Revenues	<u>\$ 2,897,962</u>	<u>\$ 2,177,280</u>	<u>\$ 3,652,299</u>	<u>\$ (754,337)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,695,000	\$ 1,610,000	\$ 2,585,000	\$ 890,000
Education	809,750	0	809,750	0
<u>Interest on Debt</u>				
General Government	422,534	392,880	618,099	195,565
Education	114,450	0	114,450	0
<u>Other Debt Service</u>				
General Government	64,883	42,500	129,127	64,244
Education	600	0	600	0
Total Expenditures	<u>\$ 3,107,217</u>	<u>\$ 2,045,380</u>	<u>\$ 4,257,026</u>	<u>\$ 1,149,809</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (209,255)</u>	<u>\$ 131,900</u>	<u>\$ (604,727)</u>	<u>\$ 395,472</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 2,095,000	0	\$ 2,089,936	\$ 5,064
Premiums on Debt Sold	145,293	0	145,293	0
Payments to Refunded Debt Escrow Agent	(2,188,602)	0	(2,188,602)	0
Total Other Financing Sources	<u>\$ 51,691</u>	<u>\$ 0</u>	<u>\$ 46,627</u>	<u>\$ 5,064</u>
Net Change in Fund Balance	\$ (157,564)	\$ 131,900	\$ (558,100)	\$ 400,536
Fund Balance, July 1, 2019	1,491,191	1,439,187	1,439,187	52,004
Fund Balance, June 30, 2020	<u>\$ 1,333,627</u>	<u>\$ 1,571,087</u>	<u>\$ 881,087</u>	<u>\$ 452,540</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.

Exhibit H-1

Overton County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2020

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,316,869	\$ 1,316,869
Due from Other Governments	196,222	0	196,222
Total Assets	<u>\$ 196,222</u>	<u>\$ 1,316,869</u>	<u>\$ 1,513,091</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 196,222	\$ 0	\$ 196,222
Due to Litigants, Heirs, and Others	0	1,316,869	1,316,869
Total Liabilities	<u>\$ 196,222</u>	<u>\$ 1,316,869</u>	<u>\$ 1,513,091</u>

Exhibit H-2

Overton County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,036,320	\$ 1,036,320	\$ 0
Due from Other Governments	177,434	196,222	177,434	196,222
Total Assets	\$ 177,434	\$ 1,232,542	\$ 1,213,754	\$ 196,222
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 177,434	\$ 1,232,542	\$ 1,213,754	\$ 196,222
Total Liabilities	\$ 177,434	\$ 1,232,542	\$ 1,213,754	\$ 196,222
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,241,504	\$ 5,007,109	\$ 4,931,744	\$ 1,316,869
Total Assets	\$ 1,241,504	\$ 5,007,109	\$ 4,931,744	\$ 1,316,869
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,241,504	\$ 5,007,109	\$ 4,931,744	\$ 1,316,869
Total Liabilities	\$ 1,241,504	\$ 5,007,109	\$ 4,931,744	\$ 1,316,869
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,241,504	\$ 5,007,109	\$ 4,931,744	\$ 1,316,869
Equity in Pooled Cash and Investments	0	1,036,320	1,036,320	0
Due from Other Governments	177,434	196,222	177,434	196,222
Total Assets	\$ 1,418,938	\$ 6,239,651	\$ 6,145,498	\$ 1,513,091
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 177,434	\$ 1,232,542	\$ 1,213,754	\$ 196,222
Due to Litigants, Heirs, and Others	1,241,504	5,007,109	4,931,744	1,316,869
Total Liabilities	\$ 1,418,938	\$ 6,239,651	\$ 6,145,498	\$ 1,513,091

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, 2020

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	\$ 14,828,406	\$ 13,449	\$ 1,623,348	\$ 144,535	\$ (13,047,074)
Support Services	9,366,507	10,474	223,428	143,880	(8,988,725)
Operation of Non-instructional Services	2,773,798	342,901	1,892,204	0	(538,693)
Interest on Long-term Debt	114,450	0	0	0	(114,450)
Total Governmental Activities	\$ 27,083,161	\$ 366,824	\$ 3,738,980	\$ 288,415	\$ (22,688,942)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,093,237
Local Option Sales Taxes					2,397,067
Wheel Tax					607,128
Mixed Drink Tax					10,618
Wholesale Beer Tax					111,405
Other Local Taxes					237
Grants and Contributions Not Restricted for Specific Programs					20,223,217
Unrestricted Investment Income					1,949
Miscellaneous					196,735
Total General Revenues					\$ 25,641,593
Change in Net Position					\$ 2,952,651
Net Position, July 1, 2019					14,629,755
Net Position, June 30, 2020					<u>\$ 17,582,406</u>

Exhibit I-2

Overton County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Overton County School Department
June 30, 2020

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 363	\$ 363
Equity in Pooled Cash and Investments	9,666,522	1,301,133	10,967,655
Inventories	0	49,600	49,600
Accounts Receivable	0	883	883
Due from Other Governments	742,777	254,796	997,573
Due from Other Funds	0	250	250
Property Taxes Receivable	2,143,142	0	2,143,142
Allowance for Uncollectible Property Taxes	(42,646)	0	(42,646)
Restricted Assets	57,715	0	57,715
Total Assets	<u>\$ 12,567,510</u>	<u>\$ 1,607,025</u>	<u>\$ 14,174,535</u>
<u>LIABILITIES</u>			
Accrued Payroll	\$ 46,165	\$ 14,796	\$ 60,961
Payroll Deductions Payable	0	3,007	3,007
Due to Other Funds	250	0	250
Due to State of Tennessee	0	17	17
Total Liabilities	<u>\$ 46,415</u>	<u>\$ 17,820</u>	<u>\$ 64,235</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,039,563	\$ 0	\$ 2,039,563
Deferred Delinquent Property Taxes	57,406	0	57,406
Other Deferred/Unavailable Revenue	234,906	0	234,906
Total Deferred Inflows of Resources	<u>\$ 2,331,875</u>	<u>\$ 0</u>	<u>\$ 2,331,875</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 49,600	\$ 49,600
Restricted:			
Restricted for Education	82,429	201,651	284,080
Restricted for Hybrid Retirement Stabilization Funds	57,715	0	57,715
Committed:			
Committed for Education	0	1,337,954	1,337,954
Assigned:			
Assigned for Education	370,112	0	370,112
Unassigned	9,678,964	0	9,678,964
Total Fund Balances	<u>\$ 10,189,220</u>	<u>\$ 1,589,205</u>	<u>\$ 11,778,425</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,567,510</u>	<u>\$ 1,607,025</u>	<u>\$ 14,174,535</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, 2020

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)		\$ 11,778,425
(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	11,619,357	
Add: infrastructure net of accumulated depreciation	549,660	
Add: other capital assets net of accumulated depreciation	<u>1,517,980</u>	14,261,960
(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	\$ (4,055,250)	
Less: contributions due on primary government debt for other loans	(2,925,917)	
Less: net OPEB liability	(4,040,623)	
Less: compensated absences payable	<u>(152,140)</u>	(11,173,930)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 2,129,480	
Less: deferred inflows of resources related to pensions	(3,396,328)	
Add: deferred outflows of resources related to OPEB	1,122,344	
Less: deferred inflows of resources related to OPEB	<u>(1,577,871)</u>	(1,722,375)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 664,900	
Add: net pension asset - teacher retirement plan	69,130	
Add: net pension asset - teacher legacy pension plan	<u>3,411,984</u>	4,146,014
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>292,312</u>
Net position of governmental activities (Exhibit A)		<u>\$ 17,582,406</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, 2020

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 4,603,818	\$ 607,128	\$ 5,210,946
Licenses and Permits	15,604	0	15,604
Charges for Current Services	13,449	342,901	356,350
Other Local Revenues	234,856	16,327	251,183
State of Tennessee	20,200,119	15,222	20,215,341
Federal Government	376,266	3,568,261	3,944,527
Other Governments and Citizens Groups	349,540	0	349,540
Total Revenues	<u>\$ 25,793,652</u>	<u>\$ 4,549,839</u>	<u>\$ 30,343,491</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 14,059,206	\$ 1,131,159	\$ 15,190,365
Support Services	7,961,052	819,181	8,780,233
Operation of Non-Instructional Services	840,767	1,933,031	2,773,798
Capital Outlay	444,977	0	444,977
Debt Service:			
Principal on Debt	0	809,750	809,750
Interest on Debt	0	114,450	114,450
Other Debt Service	0	6,590	6,590
Total Expenditures	<u>\$ 23,306,002</u>	<u>\$ 4,814,161</u>	<u>\$ 28,120,163</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,487,650</u>	<u>\$ (264,322)</u>	<u>\$ 2,223,328</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 17,888	\$ 672,109	\$ 689,997
Transfers Out	(672,109)	(17,888)	(689,997)
Total Other Financing Sources (Uses)	<u>\$ (654,221)</u>	<u>\$ 654,221</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,833,429	\$ 389,899	\$ 2,223,328
Fund Balance, July 1, 2019	8,355,791	1,199,306	9,555,097
Fund Balance, June 30, 2020	<u>\$ 10,189,220</u>	<u>\$ 1,589,205</u>	<u>\$ 11,778,425</u>

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, 2020

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)		\$ 2,223,328	
(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:			
Less: current-year depreciation expense			(665,375)
(2) 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, 2020	\$ 292,312		
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(250,451)</u>		41,861
(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.			
Less: other loan proceeds contributed from primary government	\$ (349,540)		
Add: principal contributions on bonds to primary government	<u>809,750</u>		460,210
(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.			
Change in OPEB liability	\$ (254,150)		
Change in deferred outflows related to OPEB	581,609		
Change in deferred inflows related to OPEB	(226,350)		
Change in compensated absences payable	(253)		
Change in net pension asset - agent plan	140,818		
Change in net pension asset - teacher retirement plan	15,655		
Change in net pension asset - teacher legacy pension plan	2,297,588		
Change in deferred outflows related to pensions	(347,741)		
Change in deferred inflows related to pensions	<u>(1,314,549)</u>		892,627
Change in net position of governmental activities (Exhibit B)			<u>\$ 2,952,651</u>

Exhibit I-6

Overton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Overton County School Department
June 30, 2020

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Debt Service	
<u>ASSETS</u>					
Cash	\$ 0	\$ 363	\$ 363	\$ 0	\$ 363
Equity in Pooled Cash and Investments	105,516	124,527	230,043	1,071,090	1,301,133
Inventories	0	49,600	49,600	0	49,600
Accounts Receivable	883	0	883	0	883
Due from Other Governments	118,127	136,669	254,796	0	254,796
Due from Other Funds	0	250	250	0	250
Total Assets	\$ 224,526	\$ 311,409	\$ 535,935	\$ 1,071,090	\$ 1,607,025
<u>LIABILITIES</u>					
Accrued Payroll	\$ 280	\$ 14,516	\$ 14,796	\$ 0	\$ 14,796
Payroll Deductions Payable	2,574	433	3,007	0	3,007
Due to State of Tennessee	0	17	17	0	17
Total Liabilities	\$ 2,854	\$ 14,966	\$ 17,820	\$ 0	\$ 17,820
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 0	\$ 49,600	\$ 49,600	\$ 0	\$ 49,600
Restricted:					
Restricted for Education	21,672	179,979	201,651	0	201,651
Committed:					
Committed for Education	200,000	66,864	266,864	1,071,090	1,337,954
Total Fund Balances	\$ 221,672	\$ 296,443	\$ 518,115	\$ 1,071,090	\$ 1,589,205
Total Liabilities and Fund Balances	\$ 224,526	\$ 311,409	\$ 535,935	\$ 1,071,090	\$ 1,607,025

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, 2020

	Special Revenue Funds			Debt Service Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Debt Service	Nonmajor Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 607,128	\$ 607,128
Charges for Current Services	0	342,901	342,901	0	342,901
Other Local Revenues	0	16,327	16,327	0	16,327
State of Tennessee	0	15,222	15,222	0	15,222
Federal Government	1,989,800	1,578,461	3,568,261	0	3,568,261
Total Revenues	\$ 1,989,800	\$ 1,952,911	\$ 3,942,711	\$ 607,128	\$ 4,549,839
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,131,159	\$ 0	\$ 1,131,159	\$ 0	\$ 1,131,159
Support Services	819,181	0	819,181	0	819,181
Operation of Non-Instructional Services	0	1,933,031	1,933,031	0	1,933,031
Debt Service:					
Principal on Debt	0	0	0	809,750	809,750
Interest on Debt	0	0	0	114,450	114,450
Other Debt Service	0	0	0	6,590	6,590
Total Expenditures	\$ 1,950,340	\$ 1,933,031	\$ 3,883,371	\$ 930,790	\$ 4,814,161
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 39,460	\$ 19,880	\$ 59,340	\$ (323,662)	\$ (264,322)

(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 Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Debt Service	Nonmajor Governmental Funds
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 672,109	\$ 672,109
Transfers Out	(17,888)	0	(17,888)	0	(17,888)
Total Other Financing Sources (Uses)	<u>\$ (17,888)</u>	<u>\$ 0</u>	<u>\$ (17,888)</u>	<u>\$ 672,109</u>	<u>\$ 654,221</u>
Net Change in Fund Balances	\$ 21,572	\$ 19,880	\$ 41,452	\$ 348,447	\$ 389,899
Fund Balance, July 1, 2019	<u>200,100</u>	<u>276,563</u>	<u>476,663</u>	<u>722,643</u>	<u>1,199,306</u>
Fund Balance, June 30, 2020	<u>\$ 221,672</u>	<u>\$ 296,443</u>	<u>\$ 518,115</u>	<u>\$ 1,071,090</u>	<u>\$ 1,589,205</u>

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, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,603,818	\$ 0	\$ 4,603,818	\$ 4,128,755	\$ 4,128,755	\$ 475,063
Licenses and Permits	15,604	0	15,604	1,400	1,400	14,204
Charges for Current Services	13,449	0	13,449	24,000	24,000	(10,551)
Other Local Revenues	234,856	0	234,856	105,000	105,000	129,856
State of Tennessee	20,200,119	0	20,200,119	19,813,127	20,040,690	159,429
Federal Government	376,266	0	376,266	600,956	600,956	(224,690)
Other Governments and Citizens Groups	349,540	0	349,540	0	0	349,540
Total Revenues	\$ 25,793,652	\$ 0	\$ 25,793,652	\$ 24,673,238	\$ 24,900,801	\$ 892,851
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 11,523,519	\$ 11,999	\$ 11,535,518	\$ 12,182,279	\$ 11,887,165	\$ 351,647
Alternative Instruction Program	71,464	0	71,464	72,058	72,058	594
Special Education Program	1,731,962	0	1,731,962	1,721,210	1,616,694	(115,268)
Career and Technical Education Program	732,261	7,445	739,706	673,657	757,825	18,119
<u>Support Services</u>						
Attendance	182,910	0	182,910	107,827	85,827	(97,083)
Health Services	225,367	0	225,367	240,926	234,444	9,077
Other Student Support	659,067	0	659,067	792,725	682,630	23,563
Regular Instruction Program	832,520	0	832,520	864,112	988,772	156,252
Special Education Program	203,225	0	203,225	295,178	229,433	26,208
Career and Technical Education Program	18,464	0	18,464	21,403	21,403	2,939
Technology	180,483	0	180,483	158,392	199,861	19,378
Other Programs	132,796	0	132,796	0	132,796	0
Board of Education	417,611	1,134	418,745	405,387	416,171	(2,574)

(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)	Add: Encumbrances 6/30/2020	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	\$ 146,270	\$ 0	\$ 146,270	\$ 146,896	\$ 151,358	\$ 5,088
Office of the Principal	1,776,515	0	1,776,515	1,680,021	1,786,596	10,081
Fiscal Services	275,650	0	275,650	292,976	327,680	52,030
Operation of Plant	1,740,913	0	1,740,913	1,950,433	1,880,169	139,256
Maintenance of Plant	335,379	0	335,379	342,222	361,806	26,427
Transportation	833,882	347,896	1,181,778	1,118,969	1,254,299	72,521
<u>Operation of Non-Instructional Services</u>						
Food Service	10,247	0	10,247	0	11,634	1,387
Community Services	433,539	0	433,539	560,966	584,707	151,168
Early Childhood Education	396,981	1,638	398,619	399,821	399,821	1,202
<u>Capital Outlay</u>						
Regular Capital Outlay	444,977	0	444,977	0	472,495	27,518
Total Expenditures	\$ 23,306,002	\$ 370,112	\$ 23,676,114	\$ 24,027,458	\$ 24,555,644	\$ 879,530
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 2,487,650	\$ (370,112)	\$ 2,117,538	\$ 645,780	\$ 345,157	\$ 1,772,381
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 17,888	\$ 0	\$ 17,888	\$ 470,508	\$ 470,508	\$ (452,620)
Transfers Out	(672,109)	0	(672,109)	(672,109)	(672,109)	0
Total Other Financing Sources	\$ (654,221)	\$ 0	\$ (654,221)	\$ (201,601)	\$ (201,601)	\$ (452,620)
Net Change in Fund Balance						
Fund Balance, July 1, 2019	\$ 1,833,429	\$ (370,112)	\$ 1,463,317	\$ 444,179	\$ 143,556	\$ 1,319,761
	8,355,791	0	8,355,791	7,889,610	7,889,610	466,181
Fund Balance, June 30, 2020						
	\$ 10,189,220	\$ (370,112)	\$ 9,819,108	\$ 8,333,789	\$ 8,033,166	\$ 1,785,942

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, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,989,800	\$ 0	\$ 1,989,800	\$ 2,006,604	\$ 2,525,209	\$ (535,409)
Total Revenues	\$ 1,989,800	\$ 0	\$ 1,989,800	\$ 2,006,604	\$ 2,525,209	\$ (535,409)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 424,792	\$ 10,611	\$ 435,403	\$ 490,542	\$ 507,949	\$ 72,546
Special Education Program	641,264	290	641,554	637,297	805,351	163,797
Career and Technical Education Program	65,103	1,300	66,403	55,778	66,432	29
<u>Support Services</u>						
Other Student Support	70,405	8,702	79,107	98,754	96,756	17,649
Regular Instruction Program	572,551	0	572,551	479,375	766,165	193,614
Special Education Program	117,141	0	117,141	142,375	180,371	63,230
Career and Technical Education Program	3,379	0	3,379	4,529	3,379	0
Transportation	55,705	0	55,705	74,918	80,918	25,213
Total Expenditures	\$ 1,950,340	\$ 20,903	\$ 1,971,243	\$ 1,983,568	\$ 2,507,321	\$ 536,078
Excess (Deficiency) of Revenues Over Expenditures	\$ 39,460	\$ (20,903)	\$ 18,557	\$ 23,036	\$ 17,888	\$ 669
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (17,888)	\$ 0	\$ (17,888)	\$ (23,036)	\$ (17,888)	\$ 0
Total Other Financing Sources	\$ (17,888)	\$ 0	\$ (17,888)	\$ (23,036)	\$ (17,888)	\$ 0
Net Change in Fund Balance	\$ 21,572	\$ (20,903)	\$ 669	\$ 0	\$ 0	\$ 669
Fund Balance, July 1, 2019	200,100	0	200,100	200,000	200,000	100
Fund Balance, June 30, 2020	\$ 221,672	\$ (20,903)	\$ 200,769	\$ 200,000	\$ 200,000	\$ 769

Exhibit I-10

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Overton County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 342,901	\$ 0	\$ 342,901	\$ 473,000	\$ 473,000	\$ (130,099)
Other Local Revenues	16,327	0	16,327	20,000	20,000	(3,673)
State of Tennessee	15,222	0	15,222	20,000	20,000	(4,778)
Federal Government	1,578,461	0	1,578,461	1,525,000	1,525,000	53,461
Total Revenues	\$ 1,952,911	\$ 0	\$ 1,952,911	\$ 2,038,000	\$ 2,038,000	\$ (85,089)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,933,031	\$ 35	\$ 1,933,066	\$ 2,038,000	\$ 2,141,400	\$ 208,334
Total Expenditures	\$ 1,933,031	\$ 35	\$ 1,933,066	\$ 2,038,000	\$ 2,141,400	\$ 208,334
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,880	\$ (35)	\$ 19,845	\$ 0	\$ (103,400)	\$ 123,245
Net Change in Fund Balance	\$ 19,880	\$ (35)	\$ 19,845	\$ 0	\$ (103,400)	\$ 123,245
Fund Balance, July 1, 2019	276,563	0	276,563	263,223	263,223	13,340
Fund Balance, June 30, 2020	\$ 296,443	\$ (35)	\$ 296,408	\$ 263,223	\$ 159,823	\$ 136,585

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 607,128	\$ 601,244	\$ 601,244	\$ 5,884
Total Revenues	\$ 607,128	\$ 601,244	\$ 601,244	\$ 5,884
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 809,750	\$ 997,390	\$ 997,390	\$ 187,640
<u>Interest on Debt</u>				
Education	114,450	178,500	178,500	64,050
<u>Other Debt Service</u>				
Education	6,590	6,800	6,800	210
Total Expenditures	\$ 930,790	\$ 1,182,690	\$ 1,182,690	\$ 251,900
Excess (Deficiency) of Revenues Over Expenditures	\$ (323,662)	\$ (581,446)	\$ (581,446)	\$ 257,784
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 672,109	\$ 672,109	\$ 672,109	\$ 0
Total Other Financing Sources	\$ 672,109	\$ 672,109	\$ 672,109	\$ 0
Net Change in Fund Balance	\$ 348,447	\$ 90,663	\$ 90,663	\$ 257,784
Fund Balance, July 1, 2019	722,643	732,964	732,964	(10,321)
Fund Balance, June 30, 2020	\$ 1,071,090	\$ 823,627	\$ 823,627	\$ 247,463

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, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-20
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding - Series 2009	\$ 5,520,000	2 to 4.1 %	3-31-09	10-3-19	\$ 2,155,000	\$ 0	\$ 0	\$ 2,155,000	\$ 0
General Obligation Refunding - Series 2019	2,095,000	4	10-3-19	6-1-24	0	2,095,000	405,000	0	1,690,000
Total Payable through General Debt Service Fund					<u>\$ 2,155,000</u>	<u>\$ 2,095,000</u>	<u>\$ 405,000</u>	<u>\$ 2,155,000</u>	<u>\$ 1,690,000</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	\$ 2,990,000	\$ 0	\$ 175,000	\$ 0	\$ 2,815,000
Nursing Home Renovation and Construction	4,965,000	2.91	6-26-17	4-1-42	4,820,000	0	150,000	0	4,670,000
Total Contributions Due by the Overton County Health and Rehab Center to the General Debt Service Fund					<u>\$ 7,810,000</u>	<u>\$ 0</u>	<u>\$ 325,000</u>	<u>\$ 0</u>	<u>\$ 7,485,000</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	\$ 735,000	\$ 0	\$ 735,000	\$ 0	\$ 0
School Refunding Bonds, Series 2015	4,230,000	2 to 4	3-5-15	6-1-25	4,130,000	0	74,750	0	4,055,250
Total Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund					<u>\$ 4,865,000</u>	<u>\$ 0</u>	<u>\$ 809,750</u>	<u>\$ 0</u>	<u>\$ 4,055,250</u>
Total Bonds Payable					<u>\$ 14,830,000</u>	<u>\$ 2,095,000</u>	<u>\$ 1,539,750</u>	<u>\$ 2,155,000</u>	<u>\$ 13,230,250</u>
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
County Services Building	3,420,000	3.124	12-28-18	5-1-28	\$ 3,420,000	\$ 0	\$ 965,000 (1)	\$ 0	\$ 2,455,000
OTHER LOANS PAYABLE									
<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	2,925,917	1	1-29-19	8-1-32	\$ 2,576,377	\$ 349,540	\$ 0	\$ 0	\$ 2,925,917

(1) During the year, the county paid additional principal of \$750,000 on this note. As a result, the amortization of this note has been recalculated and the new estimated maturity date is now 5-1-28.

Exhibit J-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2021	\$ 1,490,000	\$ 433,569	\$ 1,923,569
2022	1,550,000	386,442	1,936,442
2023	1,600,000	337,413	1,937,413
2024	1,665,000	278,150	1,943,150
2025	1,210,250	216,369	1,426,619
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	\$ 13,230,250	\$ 3,082,108	\$ 16,312,358

Year Ending June 30	Notes		Total
	Principal	Interest	
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
Total	\$ 2,455,000	\$ 548,423	\$ 3,003,423

(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	
2021	\$ 194,340	\$ 23,950	\$ 218,290
2022	235,356	26,592	261,948
2023	237,720	24,228	261,948
2024	240,108	21,840	261,948
2025	242,520	19,428	261,948
2026	244,956	16,992	261,948
2027	247,416	14,532	261,948
2028	249,912	12,036	261,948
2029	252,420	9,528	261,948
2030	257,112	6,996	264,108
2031	257,508	4,440	261,948
2032	260,100	1,848	261,948
2033	6,449	35,049	41,498
Total	\$ 2,925,917	\$ 217,459	\$ 3,143,376

Exhibit J-3

Overton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Overton County School Department
For the Year Ended June 30, 2020

<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	Education Debt Service	Debt retirement	\$ 672,109
School Federal Projects	General Purpose School	Indirect cost	<u>17,888</u>
Total Transfers Discretely Presented Overton County School Department			<u>\$ 689,997</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, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <i>TCA</i>	\$ 85,435	\$ (2)	
Highway Superintendent	Section 8-24-102, <i>TCA</i>	81,368	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, <i>TCA</i>	73,971	987,641	Pennsylvania National Mutual Casualty Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	73,971	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	73,971	(2)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	73,971	(2)	
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	73,971 (3)	(2)	
Register of Deeds	Section 8-24-102, <i>TCA</i>	73,971	(2)	
Sheriff	Section 8-24-102, <i>TCA</i>	81,368 (4)	(2)	
Director of Accounts and Budgets	Section 5-13-103, <i>TCA</i> , and County Commission	52,494	(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 \$1,000 or salary equity of \$500.

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

(3) Does not include special commissioner fees of \$2,828.

(4) Does not include a law enforcement training supplement of \$800.

Exhibit J-5

Overton County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2020

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,483,545	\$ 0	\$ 327,246	\$ 0	\$ 0	\$ 327,246
Trustee's Collections - Prior Year	153,212	0	11,183	0	0	11,183
Circuit Clerk/Clerk and Master Collections - Prior Years	56,157	0	4,099	0	0	4,099
Interest and Penalty	50,014	0	3,651	0	0	3,651
Payments in-Lieu-of Taxes - Local Utilities	304,230	0	22,206	0	0	22,206
Payments in-Lieu-of Taxes - Other	5,109	0	298	0	0	298
<u>County Local Option Taxes</u>						
Local Option Sales Tax	590,499	0	718,395	0	0	0
Hotel/Motel Tax	25,621	0	0	0	0	0
Litigation Tax - General	63,898	304	0	0	0	0
Litigation Tax - Special Purpose	0	54	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	13,662	0	0	0	0	0
Business Tax	167,996	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	83,616
<u>Statutory Local Taxes</u>						
Bank Excise Tax	79,592	0	5,810	0	0	5,810
Beer Privilege Tax	1,805	0	0	0	0	0
Total Local Taxes	\$ 5,995,340	\$ 358	\$ 1,092,888	\$ 0	\$ 0	\$ 458,109
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 106,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	712	0	0	0	0	0
Total Licenses and Permits	\$ 107,112	\$ 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	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 9,111	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	4,037	0	0	0	0	0
Drug Control Fines	0	0	0	8,649	0	0
Veterans Treatment Court Fees	332	0	0	0	0	0
Jail Fees	2,980	0	0	0	0	0
DUI Treatment Fines	475	0	0	0	0	0
Data Entry Fee - Circuit Court	1,394	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	1,729	0	0	0	0	0
DUI Treatment Fines	1,567	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	18,844	0	0	0	0	0
Fines for Littering	14	0	0	0	0	0
Officers Costs	26,354	0	0	0	0	0
Game and Fish Fines	56	0	0	0	0	0
Drug Control Fines	0	0	0	998	0	0
Drug Court Fees	3,173	0	0	0	0	0
Veterans Treatment Court Fees	1,845	0	0	0	0	0
Jail Fees	22,344	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,044	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	969	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,802	0	0	0	0	0
Data Entry Fee - Chancery Court	2,633	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	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Courts - In-county</u>						
Fines	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	1,248	0	0
Total Fines, Forfeitures, and Penalties	\$ 110,203	\$ 0	\$ 0	\$ 10,895	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 240,824	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	0	17,252	0	0	0
Patient Charges	1,309,884	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	44,790
Service Charges	1,327	0	0	0	0	0
<u>Fees</u>						
Copy Fees	2,350	0	0	0	0	0
Greenbelt Late Application Fee	350	0	0	0	0	0
Telephone Commissions	29,372	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	3,391	0
Data Processing Fee - Register	8,774	0	0	0	0	0
Data Processing Fee - Sheriff	1,384	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,050	0	0	0	0	0
Data Processing Fee - County Clerk	1,472	0	0	0	0	0
<u>Education Charges</u>						
Tuition - Other	99,857	0	0	0	0	0
Other Charges for Services	73	0	0	0	0	0
Total Charges for Current Services	\$ 1,458,893	\$ 0	\$ 258,076	\$ 0	\$ 3,391	\$ 44,790

(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	Highway / Public Works
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 214	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	37,055	0	0	0	0	0
Sale of Materials and Supplies	132	0	0	0	0	3,500
Commissary Sales	28,886	0	0	0	0	0
Sale of Recycled Materials	1,402	0	41,061	0	0	0
E-Rate Funding	728	0	0	0	0	0
Miscellaneous Refunds	17,467	0	0	0	0	500
<u>Nonrecurring Items</u>						
Sale of Equipment	9,812	0	1,293	0	0	65,796
Damages Recovered from Individuals	200	0	0	2,295	0	0
Contributions and Gifts	10	0	0	0	0	0
Total Other Local Revenues	\$ 95,906	\$ 0	\$ 42,354	\$ 2,295	\$ 0	\$ 69,796
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 252,918	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	69,479	0	0	0	0	0
General Sessions Court Clerk	103,083	0	0	0	0	0
Clerk and Master	72,774	0	0	0	0	0
Register	114,634	0	0	0	0	0
Sheriff	14,419	0	0	0	0	0
Trustee	333,659	0	0	0	0	0
Total Fees Received From County Officials	\$ 960,966	\$ 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	Highway / Public Works
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	43,056	0	0	0	0	0
Solid Waste Grants	0	0	15,579	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	20,800	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	210,369
Litter Program	42,859	0	0	0	0	0
Other Public Works Grants	0	0	0	0	0	73,449
<u>Other State Revenues</u>						
Income Tax	20,699	0	0	0	0	0
Beer Tax	18,175	0	0	0	0	0
Vehicle Certificate of Title Fees	8,027	0	0	0	0	0
Alcoholic Beverage Tax	65,574	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0
State Revenue Sharing - Telecommunications	75,255	0	0	0	0	0
Contracted Prisoner Boarding	651,416	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,269,863
Petroleum Special Tax	0	0	0	0	0	15,934
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Revenues	264,761	0	0	0	0	0
Total State of Tennessee	\$ 1,234,786	\$ 0	\$ 15,579	\$ 0	\$ 0	\$ 2,569,615

(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	Highway / Public Works
<u>Federal Government</u>						
<u>Federal Through State</u>						
Other Federal through State	\$ 23,898	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	269,460	0	0	0	0	0
Total Federal Government	<u>\$ 293,358</u>	<u>\$ 0</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	\$ 58,920	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	78,181	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	4,163	0	0	0	0	0
<u>Other</u>						
Other	16,500	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 157,764</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 10,414,328</u>	<u>\$ 358</u>	<u>\$ 1,408,897</u>	<u>\$ 13,190</u>	<u>\$ 3,391</u>	<u>\$ 3,142,310</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 360,011	\$ 5,498,048
Trustee's Collections - Prior Year	12,301	187,879
Circuit Clerk/Clerk and Master Collections - Prior Years	4,509	68,864
Interest and Penalty	4,016	61,332
Payments in-Lieu-of Taxes - Local Utilities	24,427	373,069
Payments in-Lieu-of Taxes - Other	327	6,032
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	1,308,894
Hotel/Motel Tax	0	25,621
Litigation Tax - General	0	64,202
Litigation Tax - Special Purpose	0	54
Litigation Tax - Jail, Workhouse, or Courthouse	0	13,662
Business Tax	0	167,996
Mineral Severance Tax	0	83,616
<u>Statutory Local Taxes</u>		
Bank Excise Tax	6,391	97,603
Beer Privilege Tax	0	1,805
Total Local Taxes	<u>\$ 411,982</u>	<u>\$ 7,958,677</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 106,400
<u>Permits</u>		
Beer Permits	0	712
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 107,112</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 9,111
Officers Costs	0	4,037
Drug Control Fines	0	8,649
Veterans Treatment Court Fees	0	332
Jail Fees	0	2,980
DUI Treatment Fines	0	475
Data Entry Fee - Circuit Court	0	1,394
<u>Criminal Court</u>		
Drug Court Fees	0	1,729
DUI Treatment Fines	0	1,567
<u>General Sessions Court</u>		
Fines	0	18,844
Fines for Littering	0	14
Officers Costs	0	26,354
Game and Fish Fines	0	56
Drug Control Fines	0	998
Drug Court Fees	0	3,173
Veterans Treatment Court Fees	0	1,845
Jail Fees	0	22,344
Data Entry Fee - General Sessions Court	0	5,044
<u>Juvenile Court</u>		
Fines	0	969
<u>Chancery Court</u>		
Officers Costs	0	2,802
Data Entry Fee - Chancery Court	0	2,633

(Continued)

Exhibit J-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Other Courts - In-county</u>		
Fines	\$ 0	\$ 4,500
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	1,248
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 121,098</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	\$ 0	\$ 240,824
Surcharge - Waste Tire Disposal	0	17,252
Patient Charges	0	1,309,884
Other General Service Charges	0	44,790
Service Charges	0	1,327
<u>Fees</u>		
Copy Fees	0	2,350
Greenbelt Late Application Fee	0	350
Telephone Commissions	0	29,372
Constitutional Officers' Fees and Commissions	0	3,391
Data Processing Fee - Register	0	8,774
Data Processing Fee - Sheriff	0	1,384
Sexual Offender Registration Fee - Sheriff	0	4,050
Data Processing Fee - County Clerk	0	1,472
<u>Education Charges</u>		
Tuition - Other	0	99,857
Other Charges for Services	0	73
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,765,150</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 375,920	\$ 376,134
Lease/Rentals	0	37,055
Sale of Materials and Supplies	0	3,632
Commissary Sales	0	28,886
Sale of Recycled Materials	0	42,463
E-Rate Funding	0	728
Miscellaneous Refunds	0	17,967
<u>Nonrecurring Items</u>		
Sale of Equipment	0	76,901
Damages Recovered from Individuals	0	2,495
Contributions and Gifts	0	10
Total Other Local Revenues	<u>\$ 375,920</u>	<u>\$ 586,271</u>
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 252,918
Circuit Court Clerk	0	69,479
General Sessions Court Clerk	0	103,083
Clerk and Master	0	72,774
Register	0	114,634
Sheriff	0	14,419
Trustee	0	333,659
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 960,966</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Aging Programs	0	43,056
Solid Waste Grants	0	15,579
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	20,800
<u>Public Works Grants</u>		
State Aid Program	0	210,369
Litter Program	0	42,859
Other Public Works Grants	0	73,449
<u>Other State Revenues</u>		
Income Tax	0	20,699
Beer Tax	0	18,175
Vehicle Certificate of Title Fees	0	8,027
Alcoholic Beverage Tax	0	65,574
State Revenue Sharing - T.V.A.	635,041	635,041
State Revenue Sharing - Telecommunications	0	75,255
Contracted Prisoner Boarding	0	651,416
Gasoline and Motor Fuel Tax	0	2,269,863
Petroleum Special Tax	0	15,934
Registrar's Salary Supplement	0	15,164
Other State Revenues	0	264,761
Total State of Tennessee	<u>\$ 635,041</u>	<u>\$ 4,455,021</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Federal Government</u>		
<u>Federal Through State</u>		
Other Federal through State	\$ 0	\$ 23,898
<u>Direct Federal Revenue</u>		
Other Direct Federal Revenue	0	269,460
Total Federal Government	<u>\$ 0</u>	<u>\$ 293,358</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Prisoner Board	\$ 0	\$ 58,920
Contributions	1,475,019	1,553,200
<u>Citizens Groups</u>		
Donations	0	4,163
<u>Other</u>		
Other	0	16,500
Total Other Governments and Citizens Groups	<u>\$ 1,475,019</u>	<u>\$ 1,632,783</u>
Total	<u>\$ 2,897,962</u>	<u>\$ 17,880,436</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, 2020

	General Purpose School	Special Revenue Funds			Debt Service Fund	Total
		School Federal Projects	Central Cafeteria	Education Debt Service		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,865,424	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,865,424
Trustee's Collections - Prior Year	57,180	0	0	0	0	57,180
Circuit Clerk/Clerk and Master Collections - Prior Years	23,365	0	0	0	0	23,365
Interest and Penalty	20,348	0	0	0	0	20,348
Payments in-Lieu-of Taxes - Local Utilities	126,513	0	0	0	0	126,513
Payments in-Lieu-of Taxes - Other	1,958	0	0	0	0	1,958
<u>County Local Option Taxes</u>						
Local Option Sales Tax	2,353,655	0	0	0	0	2,353,655
Wheel Tax	0	0	0	607,128	0	607,128
Mixed Drink Tax	10,618	0	0	0	0	10,618
Other County Local Option Taxes	237	0	0	0	0	237
<u>Statutory Local Taxes</u>						
Bank Excise Tax	33,115	0	0	0	0	33,115
Wholesale Beer Tax	111,405	0	0	0	0	111,405
Total Local Taxes	\$ 4,603,818	\$ 0	\$ 0	\$ 607,128	\$ 0	\$ 5,210,946
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 15,604	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,604
Total Licenses and Permits	\$ 15,604	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,604
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	\$ 0	\$ 0	\$ 176,327	\$ 0	\$ 0	\$ 176,327

(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</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Education Debt Service</u>	
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 31,202	\$ 0	\$ 31,202
Income from Breakfast	0	0	47,674	0	47,674
A la Carte Sales	0	0	87,698	0	87,698
Receipts from Individual Schools	13,449	0	0	0	13,449
Total Charges for Current Services	\$ 13,449	\$ 0	\$ 342,901	\$ 0	\$ 356,350
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 1,802	\$ 0	\$ 147	\$ 0	\$ 1,949
Lease/Rentals	10,474	0	0	0	10,474
E-Rate Funding	34,755	0	0	0	34,755
Miscellaneous Refunds	178,075	0	16,180	0	194,255
<u>Nonrecurring Items</u>					
Contributions and Gifts	9,750	0	0	0	9,750
Total Other Local Revenues	\$ 234,856	\$ 0	\$ 16,327	\$ 0	\$ 251,183
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 132,796	\$ 0	\$ 0	\$ 0	\$ 132,796
<u>State Education Funds</u>					
Basic Education Program	18,790,496	0	0	0	18,790,496
Early Childhood Education	298,521	0	0	0	298,521
School Food Service	0	0	15,222	0	15,222
Driver Education	17,003	0	0	0	17,003

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Debt Service Fund	Total
		School Federal Projects	Central Cafeteria	Education Debt Service	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Other State Education Funds	\$ 523,680	\$ 0	\$ 0	\$ 0	\$ 523,680
Career Ladder Program	51,849	0	0	0	51,849
Other Vocational	94,879	0	0	0	94,879
<u>Other State Revenues</u>					
Other State Grants	202,535	0	0	0	202,535
Safe Schools	85,880	0	0	0	85,880
Other State Revenues	2,480	0	0	0	2,480
Total State of Tennessee	\$ 20,200,119	\$ 0	\$ 15,222	\$ 0	\$ 20,215,341
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 658,029	\$ 0	\$ 658,029
USDA - Commodities	0	0	75,158	0	75,158
Breakfast	0	0	261,103	0	261,103
USDA - Other	0	0	584,171	0	584,171
Vocational Education - Basic Grants to States	0	61,099	0	0	61,099
Other Vocational	0	15,192	0	0	15,192
Title I Grants to Local Education Agencies	0	858,567	0	0	858,567
Special Education - Grants to States	0	805,325	0	0	805,325
Special Education Preschool Grants	0	18,016	0	0	18,016
Safe and Drug-free Schools - State Grants	376,266	0	0	0	376,266
Rural Education	0	48,564	0	0	48,564
Eisenhower Professional Development State Grants	0	123,428	0	0	123,428
Other Federal through State	0	59,609	0	0	59,609
Total Federal Government	\$ 376,266	\$ 1,989,800	\$ 1,578,461	\$ 0	\$ 3,944,527

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Debt Service Fund	Total
		School Federal Projects	Central Cafeteria	Education Debt Service	
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 349,540	\$ 0	\$ 0	\$ 0	\$ 349,540
Total Other Governments and Citizens Groups	\$ 349,540	\$ 0	\$ 0	\$ 0	\$ 349,540
Total	\$ 25,793,652	\$ 1,989,800	\$ 1,952,911	\$ 607,128	\$ 30,343,491

Exhibit J-7

Overton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2020

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	68,690	
Social Security		5,250	
Pensions		989	
Medical Insurance		9,139	
Audit Services		8,392	
Dues and Memberships		3,154	
Travel		774	
Total County Commission			\$ 96,388

Board of Equalization

Board and Committee Members Fees	\$	1,000	
Total Board of Equalization			1,000

County Mayor/Executive

County Official/Administrative Officer	\$	85,435	
Supervisor/Director		35,082	
Deputy(ies)		23,056	
Social Security		10,568	
Pensions		7,466	
Medical Insurance		8,772	
Communication		5,324	
Data Processing Services		13,379	
Dues and Memberships		1,885	
Legal Notices, Recording, and Court Costs		1,960	
Maintenance and Repair Services - Vehicles		1,018	
Postal Charges		3,632	
Travel		1,697	
Other Contracted Services		1,140	
Gasoline		168	
Office Supplies		7,445	
Office Equipment		151	
Total County Mayor/Executive			208,178

County Attorney

Social Security	\$	614	
Legal Services		38,425	
Total County Attorney			39,039

Election Commission

County Official/Administrative Officer	\$	66,574	
Deputy(ies)		29,297	
Election Commission		2,900	
Election Workers		9,645	
Social Security		7,807	
Pensions		5,186	
Medical Insurance		5,772	
Communication		1,998	

(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	\$	6,624	
Dues and Memberships		380	
Legal Notices, Recording, and Court Costs		2,552	
Postal Charges		1,676	
Printing, Stationery, and Forms		1,328	
Travel		1,663	
Other Contracted Services		9,712	
Office Supplies		1,771	
Office Equipment		916	
Other Equipment		1,881	
Total Election Commission	\$		157,682

Register of Deeds

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		26,260	
Accountants/Bookkeepers		24,159	
Social Security		9,175	
Pensions		6,730	
Medical Insurance		11,772	
Communication		3,492	
Data Processing Services		7,303	
Dues and Memberships		945	
Travel		434	
Other Contracted Services		11,100	
Office Supplies		1,008	
Office Equipment		7,200	
Total Register of Deeds			183,549

Planning

Board and Committee Members Fees	\$	3,010	
Social Security		230	
Contracts with Government Agencies		12,750	
Total Planning			15,990

County Buildings

Custodial Personnel	\$	29,591	
Maintenance Personnel		29,591	
Part-time Personnel		4,792	
Social Security		4,871	
Pensions		3,202	
Medical Insurance		5,291	
Communication		8,110	
Maintenance and Repair Services - Buildings		94,495	
Maintenance and Repair Services - Vehicles		1,469	
Custodial Supplies		5,638	
Electricity		88,204	
Gasoline		1,961	

(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.)

Natural Gas	\$	22,468	
Small Tools		68	
Uniforms		2,141	
Utilities		460	
Other Charges		910	
Total County Buildings			\$ 303,262

Other General Administration

Teachers	\$	2,250	
Social Security		172	
On-behalf Payments to OPEB		900	
Evaluation and Testing		1,752	
Remittance of Revenue Collected		15,753	
Other Supplies and Materials		9,625	
Liability Insurance		356,870	
Trustee's Commission		141,136	
Workers' Compensation Insurance		321,475	
Other Charges		13,247	
Total Other General Administration			863,180

Preservation of Records

Office Supplies	\$	1,865	
Total Preservation of Records			1,865

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	52,494	
In-service Training		220	
Social Security		4,002	
Pensions		2,780	
Dues and Memberships		100	
Total Accounting and Budgeting			59,596

Property Assessor's Office

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		31,100	
Assessment Personnel		29,216	
Clerical Personnel		17,679	
Social Security		11,188	
Pensions		8,221	
Medical Insurance		13,712	
Communication		3,080	
Data Processing Services		2,890	
Dues and Memberships		1,311	
Legal Notices, Recording, and Court Costs		482	
Maintenance and Repair Services - Vehicles		217	
Postal Charges		6,621	

(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.)

Travel	\$	324	
Other Contracted Services		5,770	
Gasoline		1,330	
Office Supplies		2,399	
Tires and Tubes		646	
Other Charges		4,912	
Office Equipment		4,220	
Total Property Assessor's Office			\$ 219,289

County Trustee's Office

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		30,732	
Accountants/Bookkeepers		25,708	
Clerical Personnel		11,308	
Social Security		10,545	
Pensions		7,042	
Medical Insurance		19,784	
Communication		2,337	
Data Processing Services		13,366	
Dues and Memberships		760	
Legal Notices, Recording, and Court Costs		163	
Postal Charges		2,870	
Travel		8	
Other Contracted Services		9,880	
Office Supplies		1,277	
Office Equipment		867	
Total County Trustee's Office			210,618

County Clerk's Office

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		27,326	
Accountants/Bookkeepers		25,140	
Clerical Personnel		46,689	
Social Security		12,957	
Pensions		9,033	
Medical Insurance		17,544	
Communication		2,853	
Dues and Memberships		795	
Legal Notices, Recording, and Court Costs		301	
Postal Charges		9,590	
Travel		889	
Other Contracted Services		8,895	
Office Supplies		3,507	
Office Equipment		128	
Total County Clerk's Office			239,618

(Continued)

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		30,185	
Accountants/Bookkeepers		49,292	
Clerical Personnel		46,680	
Other Salaries and Wages		3,600	
Jury and Witness Expense		2,992	
Social Security		15,428	
Pensions		11,022	
Medical Insurance		34,382	
Communication		4,231	
Data Processing Services		14,404	
Dues and Memberships		1,205	
Legal Notices, Recording, and Court Costs		349	
Postal Charges		2,200	
Tuition		130	
Other Contracted Services		600	
Office Supplies		3,448	
Office Equipment		6,583	
Total Circuit Court			\$ 300,702

General Sessions Court

Judge(s)	\$	104,666	
Deputy(ies)		26,260	
Social Security		9,909	
Pensions		7,083	
Medical Insurance		5,532	
Dues and Memberships		615	
Travel		1,240	
Office Supplies		2,683	
Total General Sessions Court			157,988

Drug Court

Supervisor/Director	\$	48,555	
Guidance Personnel		40,901	
Part-time Personnel		2,675	
Social Security		205	
Communication		2,944	
Dues and Memberships		500	
Travel		2,258	
Drug Treatment		36,157	
Other Contracted Services		5,054	
Drugs and Medical Supplies		10,362	
Instructional Supplies and Materials		8,452	
Office Supplies		2,038	
Utilities		300	
Office Equipment		1,122	
Total Drug Court			161,523

(Continued)

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	\$	73,971	
Deputy(ies)		33,343	
Accountants/Bookkeepers		29,479	
Clerical Personnel		45,441	
Social Security		13,279	
Pensions		5,857	
Medical Insurance		23,772	
Communication		3,427	
Data Processing Services		12,909	
Dues and Memberships		560	
Other Contracted Services		600	
Office Supplies		6,075	
Premiums on Corporate Surety Bonds		1,500	
Office Equipment		5,880	
Total Chancery Court			\$ 256,093

Juvenile Court

Guidance Personnel	\$	19,101	
Social Security		1,461	
Other Contracted Services		600	
Total Juvenile Court			21,162

District Attorney General

Travel	\$	2,524	
Office Supplies		6,053	
Total District Attorney General			8,577

Judicial Commissioners

County Official/Administrative Officer	\$	17,089	
In-service Training		75	
Social Security		1,311	
Pensions		2	
Medical Insurance		9	
Travel		34	
Total Judicial Commissioners			18,520

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	81,368	
Supervisor/Director		27,416	
Deputy(ies)		434,105	
Investigator(s)		226,041	
Captain(s)		50,246	
Lieutenant(s)		3,484	
Sergeant(s)		130,606	
Salary Supplements		20,800	
Clerical Personnel		48,191	

(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.)

School Resource Officer	\$	104,136	
Overtime Pay		64,353	
Other Salaries and Wages		2,084	
In-service Training		6,488	
Social Security		88,518	
Pensions		62,490	
Medical Insurance		135,114	
Communication		24,192	
Data Processing Services		10,644	
Dues and Memberships		1,575	
Legal Notices, Recording, and Court Costs		690	
Maintenance and Repair Services - Equipment		2,635	
Maintenance and Repair Services - Vehicles		21,641	
Matching Share		4,333	
Postal Charges		825	
Other Contracted Services		19,306	
Gasoline		71,167	
Instructional Supplies and Materials		2,972	
Law Enforcement Supplies		2,916	
Office Supplies		12,076	
Tires and Tubes		9,701	
Uniforms		4,690	
Vehicle Parts		7,492	
Other Supplies and Materials		48,411	
Law Enforcement Equipment		149	
Motor Vehicles		169,686	
Office Equipment		3,709	
Other Equipment		22,846	
Total Sheriff's Department			\$ 1,927,096

Special Patrols

Deputy(ies)	\$	27,034	
Social Security		2,049	
Pensions		1,459	
Medical Insurance		5,772	
Maintenance and Repair Services - Vehicles		283	
Disposal Fees		1,168	
Gasoline		1,052	
Other Supplies and Materials		414	
Total Special Patrols			39,231

Jail

Supervisor/Director	\$	35,692	
Lieutenant(s)		28,410	
Sergeant(s)		205,926	
Guards		426,031	
Maintenance Personnel		33,084	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Overtime Pay	\$	18,730	
In-service Training		1,660	
Social Security		56,218	
Pensions		31,153	
Medical Insurance		102,303	
Evaluation and Testing		5,574	
Maintenance and Repair Services - Buildings		80,572	
Maintenance and Repair Services - Equipment		7,624	
Medical and Dental Services		211,009	
Travel		10,706	
Other Contracted Services		24,957	
Custodial Supplies		57,963	
Diesel Fuel		115	
Electricity		45,774	
Food Supplies		114,255	
Gasoline		623	
Natural Gas		56,800	
Prisoners Clothing		3,712	
Uniforms		7,663	
Other Supplies and Materials		12,695	
Other Charges		262	
Office Equipment		1,868	
Other Equipment		1,570	
Total Jail			\$ 1,582,949

Fire Prevention and Control

Contracts with Government Agencies	\$	1,000	
Contributions		103,200	
Electricity		2,266	
Liability Insurance		74,371	
Workers' Compensation Insurance		11,571	
Total Fire Prevention and Control			192,408

Civil Defense

Supervisor/Director	\$	4,773	
Social Security		365	
Communication		967	
Maintenance and Repair Services - Vehicles		760	
Travel		183	
Other Contracted Services		5,400	
Electricity		445	
Gasoline		987	
Other Charges		18	
Other Equipment		320	
Total Civil Defense			14,218

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 10,100	
Total Rescue Squad		\$ 10,100

Other Emergency Management

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

County Coroner/Medical Examiner

Other Contracted Services	\$ 36,860	
Total County Coroner/Medical Examiner		36,860

Public Health and Welfare

Local Health Center

Communication	\$ 7,359	
Contracts with Other Public Agencies	18,180	
Maintenance and Repair Services - Buildings	40,688	
Other Contracted Services	11,100	
Office Supplies	1,358	
Utilities	11,458	
Total Local Health Center		90,143

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 60,434
Accountants/Bookkeepers	36,135
Paraprofessionals	745,531
Clerical Personnel	21,912
Attendants	312,835
Overtime Pay	254,235
In-service Training	2,625
Social Security	106,132
Pensions	73,671
Medical Insurance	165,086
Communication	15,114
Data Processing Services	11,985
Dues and Memberships	1,195
Evaluation and Testing	1,385
Licenses	2,250
Maintenance and Repair Services - Buildings	10,385
Maintenance and Repair Services - Equipment	9,341
Maintenance and Repair Services - Vehicles	52,250
Travel	632
Tuition	16,529
Other Contracted Services	55,269
Custodial Supplies	9,078
Drugs and Medical Supplies	107,583
Electricity	18,340
Gasoline	52,639

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Natural Gas	\$	5,481	
Office Supplies		6,900	
Tires and Tubes		7,934	
Uniforms		12,498	
Other Charges		180	
Motor Vehicles		247,815	
Office Equipment		3,736	
Other Equipment		8,087	
Total Ambulance/Emergency Medical Services			\$ 2,435,202

Regional Mental Health Center

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

Other Public Health and Welfare

Cafeteria Personnel	\$	18,888	
Social Security		1,410	
Licenses		37	
Food Supplies		420	
Gasoline		1,866	
Total Other Public Health and Welfare			22,621

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	42,694	
Part-time Personnel		11,834	
Social Security		4,155	
Pensions		2,310	
Data Processing Services		479	
Licenses		130	
Maintenance and Repair Services - Vehicles		509	
Other Contracted Services		1,025	
Custodial Supplies		615	
Food Supplies		284	
Gasoline		110	
Office Supplies		529	
Total Senior Citizens Assistance			64,674

Libraries

Librarians	\$	35,685	
Clerical Personnel		25,526	
Part-time Personnel		31,921	
Social Security		6,573	
Pensions		3,311	
Medical Insurance		12,000	
Communication		2,942	
Data Processing Services		1,842	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Dues and Memberships	\$	330	
Maintenance and Repair Services - Buildings		10,243	
Travel		1,031	
Tuition		1,092	
Custodial Supplies		1,006	
Library Books/Media		3,161	
Office Supplies		2,965	
Utilities		15,322	
Other Charges		1,845	
Office Equipment		1,430	
Total Libraries			\$ 158,225

Other Social, Cultural, and Recreational

Communication	\$	1,090	
Contributions		4,500	
Other Charges		25,000	
Total Other Social, Cultural, and Recreational			30,590

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	43,689	
Extension Service Medicare		3,193	
Pensions		4,327	
Medical Insurance		4,844	
Unemployment Compensation		14	
Other Fringe Benefits		1,221	
Communication		3,193	
Contributions		173	
Travel		2,279	
Workers' Compensation Insurance		71	
Office Equipment		878	
Total Agricultural Extension Service			63,882

Soil Conservation

Assistant(s)	\$	27,000	
Deputy(ies)		24,912	
Social Security		3,924	
Pensions		2,808	
Medical Insurance		5,772	
Travel		753	
Total Soil Conservation			65,169

Other Operations

Tourism

Advertising	\$	9,304	
Total Tourism			9,304

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$	20,000	
Other Charges		2,788	
Total Industrial Development			\$ 22,788

Airport

Contracts with Government Agencies	\$	7,200	
Total Airport			7,200

Veterans' Services

Supervisor/Director	\$	15,460	
Social Security		1,171	
Communication		2,826	
Contributions		5,302	
Data Processing Services		611	
Travel		151	
Office Supplies		65	
Other Charges		2,500	
Office Equipment		125	
Total Veterans' Services			28,211

Contributions to Other Agencies

Contributions	\$	19,388	
Total Contributions to Other Agencies			19,388

COVID-19 Grant #6

Salary Supplements	\$	32,000	
Social Security		2,448	
Pensions		1,731	
Drugs and Medical Supplies		7,469	
Total COVID-19 Grant #6			43,648

COVID-19 Grant #7

Office Supplies	\$	3,956	
Office Equipment		1,729	
Total COVID-19 Grant #7			5,685

Highways

Operation and Maintenance of Equipment

Road Signs	\$	2,475	
Total Operation and Maintenance of Equipment			2,475

Quarry Operations

Equipment and Machinery Parts	\$	14	
Total Quarry Operations			14

Traffic Control

Supervisor/Director	\$	978	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Highways (Cont.)

Traffic Control (Cont.)

Social Security	\$	75	
Pensions		53	
Gasoline		168	
Road Signs		8,296	
Total Traffic Control			\$ 9,570

Litter and Trash Collection

Supervisor/Director	\$	23,270	
Social Security		1,769	
Advertising		15,073	
Maintenance and Repair Services - Vehicles		53	
Custodial Supplies		711	
Gasoline		2,630	
Total Litter and Trash Collection			43,506

Total General Fund \$ 10,605,303

Courthouse and Jail Maintenance Fund

Other Operations

Other Charges

Trustee's Commission	\$	3	
Total Other Charges			\$ 3

Total Courthouse and Jail Maintenance Fund 3

Solid Waste/Sanitation Fund

General Government

Other General Administration

Data Processing Services	\$	6,418	
Evaluation and Testing		584	
Legal Notices, Recording, and Court Costs		498	
Other Contracted Services		180	
Office Supplies		1,651	
Liability Insurance		25,494	
Trustee's Commission		17,250	
Workers' Compensation Insurance		22,314	
Other Charges		300	
Total Other General Administration			\$ 74,689

Public Health and Welfare

Convenience Centers

Laborers	\$	144,736	
Social Security		10,924	
Pensions		518	
Medical Insurance		6,282	
Communication		4,697	
Maintenance and Repair Services - Buildings		270	

(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.)

Convenience Centers (Cont.)

Maintenance and Repair Services - Equipment	\$	1,274	
Rentals		4,200	
Custodial Supplies		1,007	
Electricity		7,271	
Water and Sewer		5,227	
Total Convenience Centers			\$ 186,406

Transfer Stations

Supervisor/Director	\$	50,208	
Deputy(ies)		27,375	
Foremen		30,128	
Equipment Operators		28,692	
Truck Drivers		77,472	
Social Security		16,015	
Pensions		11,717	
Medical Insurance		24,839	
Communication		1,047	
Licenses		2,826	
Maintenance and Repair Services - Buildings		1,465	
Maintenance and Repair Services - Equipment		32,832	
Disposal Fees		469,785	
Other Contracted Services		20,567	
Diesel Fuel		28,269	
Lubricants		1,681	
Tires and Tubes		3,213	
Other Supplies and Materials		1,413	
Other Charges		53	
Building Construction		5,787	
Other Equipment		152,000	
Total Transfer Stations			987,384

Recycling Center

Communication	\$	2,296	
Maintenance and Repair Services - Buildings		9,853	
Maintenance and Repair Services - Equipment		9,604	
Custodial Supplies		1,615	
Electricity		3,532	
Gasoline		1,609	
Propane Gas		752	
Uniforms		4,724	
Water and Sewer		1,928	
Other Supplies and Materials		1,722	
Other Charges		2,922	
Solid Waste Equipment		19,474	
Total Recycling Center			60,031

(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.)

Other Waste Disposal

Fertilizer, Lime, and Seed	\$ 787	
Total Other Waste Disposal		\$ 787

Postclosure Care Costs

Testing	\$ 32,712	
Total Postclosure Care Costs		<u>32,712</u>

Total Solid Waste/Sanitation Fund		\$ 1,342,009
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Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 3,000	
Dues and Memberships	300	
Maintenance and Repair Services - Buildings	540	
Towing Services	760	
Animal Food and Supplies	769	
Other Supplies and Materials	768	
Trustee's Commission	96	
Other Equipment	<u>355</u>	
Total Drug Enforcement		<u>\$ 6,588</u>

Total Drug Control Fund		6,588
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Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 210	
Total County Trustee's Office		\$ 210

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 3,181	
Total Chancery Court		<u>3,181</u>

Total Constitutional Officers - Fees Fund		3,391
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 81,368
Supervisor/Director	37,393
Overtime Pay	13,030
Communication	5,123
Dues and Memberships	3,366
Evaluation and Testing	1,404
Legal Notices, Recording, and Court Costs	991

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Licenses	\$	37	
Maintenance and Repair Services - Buildings		3,848	
Travel		2,796	
Custodial Supplies		1,109	
Electricity		4,366	
Office Supplies		1,073	
Utilities		3,685	
Other Charges		3,000	
Office Equipment		2,505	
Total Administration			\$ 165,094

Highway and Bridge Maintenance

Supervisor/Director	\$	125,945	
Equipment Operators		238,540	
Truck Drivers		79,479	
Laborers		48,634	
Overtime Pay		46,459	
Rentals		549	
Asphalt - Cold Mix		291,562	
Asphalt - Hot Mix		106,139	
Asphalt - Liquid		375,644	
Crushed Stone		133,350	
Pipe		8,041	
Pipe - Metal		4,701	
Road Signs		7,651	
Other Supplies and Materials		4,446	
Other Charges		4,390	
Total Highway and Bridge Maintenance			1,475,530

Operation and Maintenance of Equipment

Supervisor/Director	\$	33,342	
Mechanic(s)		90,334	
Overtime Pay		7,948	
Freight Expenses		3,975	
Maintenance and Repair Services - Equipment		51,004	
Equipment and Machinery Parts		82,250	
Gasoline		125,671	
Lubricants		9,037	
Small Tools		3,447	
Tires and Tubes		37,848	
Uniforms		2,594	
Highway Equipment		73,268	
Total Operation and Maintenance of Equipment			520,718

Quarry Operations

Supervisor/Director	\$	32,055	
Equipment Operators		59,680	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

Overtime Pay	\$	10,955	
Explosive and Drilling Services		33,713	
Operating Lease Payments		9,600	
Permits		2,104	
Electricity		38,499	
Equipment and Machinery Parts		17,108	
Uniforms		1,386	
Total Quarry Operations			\$ 205,100

Other Charges

Liability Insurance	\$	51,488	
Trustee's Commission		31,461	
Workers' Compensation Insurance		79,464	
Total Other Charges			162,413

Employee Benefits

Social Security	\$	65,271	
Pensions		44,269	
Medical Insurance		253,600	
Unemployment Compensation		6,211	
Total Employee Benefits			369,351

Capital Outlay

Engineering Services	\$	39,097	
Matching Share		2,577	
Asphalt		210,369	
Total Capital Outlay			252,043

Total Highway/Public Works Fund \$ 3,150,249

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	730,000	
Principal on Notes		965,000	
Total General Government			\$ 1,695,000

Education

Principal on Bonds	\$	809,750	
Total Education			809,750

Interest on Debt

General Government

Interest on Bonds	\$	280,620	
Interest on Notes		141,914	
Total General Government			422,534

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt (Cont.)</u>		
<u>Education</u>		
Interest on Bonds	\$ 114,450	
Total Education		\$ 114,450
 <u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 18,256	
Underwriter's Discount	7,094	
Other Debt Issuance Charges	39,533	
Total General Government		64,883
 <u>Education</u>		
Other Debt Service	\$ 600	
Total Education		600
 Total General Debt Service Fund		 \$ 3,107,217
 <u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Architects	\$ 35,916	
Building Construction	3,347,784	
Total General Administration Projects		\$ 3,383,700
 Total General Capital Projects Fund		 3,383,700
 <u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 349,540	
Total Capital Projects Donated to School Department		\$ 349,540
 Total Education Capital Projects Fund		 349,540
 Total Governmental Funds - Primary Government		 <u>\$ 21,948,000</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, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,459,383	
Career Ladder Program	25,000	
Homebound Teachers	3,835	
Educational Assistants	143,404	
Other Salaries and Wages	73,711	
Certified Substitute Teachers	46,704	
Non-certified Substitute Teachers	119,227	
Social Security	449,948	
Pensions	709,659	
Life Insurance	4,018	
Medical Insurance	1,529,800	
Unemployment Compensation	4,433	
Local Retirement	39,300	
Employer Medicare	105,882	
Payments to Retirees	44,957	
Other Contracted Services	199,444	
Instructional Supplies and Materials	55,996	
Textbooks - Bound	210,417	
Software	41,860	
Other Supplies and Materials	66,128	
In Service/Staff Development	8,774	
Fee Waivers	40,353	
Other Charges	4,007	
Regular Instruction Equipment	137,279	
Total Regular Instruction Program		\$ 11,523,519

Alternative Instruction Program

Teachers	\$ 51,530	
Career Ladder Program	1,000	
Social Security	2,902	
Pensions	5,584	
Life Insurance	26	
Medical Insurance	9,722	
Unemployment Compensation	21	
Employer Medicare	679	
Total Alternative Instruction Program		71,464

Special Education Program

Teachers	\$ 968,723
Career Ladder Program	5,000
Homebound Teachers	6,793
Educational Assistants	135,095
Speech Pathologist	100,998
Other Salaries and Wages	41,296
Non-certified Substitute Teachers	500
Social Security	71,974

(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	\$	101,549	
Life Insurance		650	
Medical Insurance		258,341	
Unemployment Compensation		815	
Local Retirement		11,324	
Employer Medicare		16,778	
Payments to Retirees		1,040	
Other Contracted Services		1,758	
Instructional Supplies and Materials		5,452	
Other Supplies and Materials		3,137	
In Service/Staff Development		739	
Total Special Education Program			\$ 1,731,962

Career and Technical Education Program

Teachers	\$	387,010	
Social Security		22,486	
Pensions		37,988	
Life Insurance		221	
Medical Insurance		72,602	
Unemployment Compensation		184	
Local Retirement		1,832	
Employer Medicare		5,262	
Tuition		105,012	
Other Contracted Services		1,789	
Instructional Supplies and Materials		51,879	
Other Supplies and Materials		9,691	
In Service/Staff Development		305	
Regular Instruction Equipment		36,000	
Total Career and Technical Education Program			732,261

Support Services

Attendance

Supervisor/Director	\$	57,558	
Career Ladder Program		500	
Other Salaries and Wages		61,836	
Social Security		6,810	
Pensions		12,745	
Medical Insurance		19,569	
Unemployment Compensation		42	
Employer Medicare		1,593	
Travel		188	
Other Contracted Services		3,078	
Software		18,058	
Other Supplies and Materials		139	
In Service/Staff Development		794	
Total Attendance			182,910

(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		91,381	
Social Security		8,047	
Pensions		10,136	
Life Insurance		52	
Medical Insurance		34,802	
Unemployment Compensation		116	
Employer Medicare		1,882	
Travel		3,452	
Other Supplies and Materials		7,674	
In Service/Staff Development		7,629	
Total Health Services			\$ 225,367

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		467,020	
Bus Drivers		221	
Attendants		352	
Social Security		26,098	
Pensions		46,357	
Life Insurance		260	
Medical Insurance		95,751	
Unemployment Compensation		206	
Local Retirement		1,980	
Employer Medicare		6,103	
Evaluation and Testing		13,130	
Other Contracted Services		518	
Other Supplies and Materials		71	
Total Other Student Support			659,067

Regular Instruction Program

Supervisor/Director	\$	100,074
Career Ladder Program		6,800
Librarians		287,848
Bus Drivers		1,629
Clerical Personnel		16,632
Other Salaries and Wages		121,968
In-service Training		50
Social Security		31,055
Pensions		55,888
Life Insurance		286
Medical Insurance		86,960
Unemployment Compensation		207
Employer Medicare		7,286
Travel		6,475
Other Contracted Services		2,169

(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.)

Instructional Supplies and Materials	\$	422	
Library Books/Media		3,462	
Other Supplies and Materials		35,498	
In Service/Staff Development		63,290	
Regular Instruction Equipment		4,521	
Total Regular Instruction Program			\$ 832,520

Special Education Program

Supervisor/Director	\$	61,202	
Career Ladder Program		1,000	
Psychological Personnel		48,970	
Clerical Personnel		16,320	
Other Salaries and Wages		10,800	
Social Security		7,586	
Pensions		13,285	
Life Insurance		52	
Medical Insurance		27,943	
Unemployment Compensation		63	
Employer Medicare		1,774	
Travel		2,693	
Other Contracted Services		11,233	
In Service/Staff Development		304	
Total Special Education Program			203,225

Career and Technical Education Program

Supervisor/Director	\$	13,306	
Career Ladder Program		200	
Social Security		733	
Pensions		1,436	
Life Insurance		26	
Medical Insurance		2,588	
Unemployment Compensation		4	
Employer Medicare		171	
Total Career and Technical Education Program			18,464

Technology

Other Salaries and Wages	\$	92,159	
Social Security		5,302	
Pensions		6,072	
Life Insurance		26	
Medical Insurance		14,475	
Unemployment Compensation		50	
Employer Medicare		1,240	
Software		60,194	
Other Supplies and Materials		292	
In Service/Staff Development		393	
Regular Instruction Equipment		280	
Total Technology			180,483

(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.)

Other Programs

On-behalf Payments to OPEB	\$ 132,796	
Total Other Programs		\$ 132,796

Board of Education

Secretary to Board	\$ 1,970	
Board and Committee Members Fees	21,276	
Social Security	778	
Pensions	107	
Unemployment Compensation	1	
Employer Medicare	316	
Audit Services	7,000	
Legal Services	8,866	
Medical and Dental Services	2,324	
Travel	2,207	
Other Contracted Services	3,500	
Other Supplies and Materials	2,183	
Liability Insurance	36,770	
Premiums on Corporate Surety Bonds	350	
Trustee's Commission	109,309	
Workers' Compensation Insurance	193,135	
In Service/Staff Development	9,615	
Fines, Assessments, and Penalties	17,904	
Total Board of Education		417,611

Director of Schools

County Official/Administrative Officer	\$ 87,257	
Assistant(s)	5,000	
Career Ladder Program	1,000	
Social Security	5,479	
Pensions	9,913	
Life Insurance	26	
Medical Insurance	13,845	
Unemployment Compensation	22	
Employer Medicare	1,281	
Dues and Memberships	11,725	
Postal Charges	4,524	
Travel	71	
Other Supplies and Materials	1,802	
In Service/Staff Development	4,308	
Other Charges	17	
Total Director of Schools		146,270

Office of the Principal

Principals	\$ 436,187
Career Ladder Program	6,000
Assistant Principals	359,774

(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.)

Secretary(ies)	\$	403,714	
Other Salaries and Wages		16,738	
Social Security		69,852	
Pensions		108,061	
Life Insurance		390	
Medical Insurance		163,405	
Unemployment Compensation		674	
Employer Medicare		16,337	
Communication		8,247	
Other Contracted Services		165,039	
Software		7,798	
Excess Risk Insurance		14,299	
Total Office of the Principal			\$ 1,776,515

Fiscal Services

Accountants/Bookkeepers	\$	94,804	
Secretary(ies)		69,382	
Other Salaries and Wages		37,040	
Social Security		10,795	
Pensions		10,832	
Medical Insurance		29,676	
Unemployment Compensation		126	
Employer Medicare		2,525	
Other Fringe Benefits		194	
Other Contracted Services		630	
Data Processing Supplies		1,767	
Office Supplies		49	
Software		11,084	
Other Supplies and Materials		2,214	
In Service/Staff Development		4,532	
Total Fiscal Services			275,650

Operation of Plant

Custodial Personnel	\$	572,317	
Social Security		32,016	
Pensions		29,429	
Medical Insurance		108,925	
Unemployment Compensation		764	
Employer Medicare		7,586	
Communication		55,196	
Janitorial Services		10,350	
Maintenance and Repair Services - Equipment		4,978	
Other Contracted Services		82,077	
Custodial Supplies		57,839	
Electricity		486,588	
Natural Gas		80,900	

(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.)

Propane Gas	\$	31,308	
Water and Sewer		40,236	
Chemicals		8,340	
Other Supplies and Materials		4,508	
Boiler Insurance		2,861	
Building and Contents Insurance		124,695	
Total Operation of Plant			\$ 1,740,913

Maintenance of Plant

Supervisor/Director	\$	27,362	
Maintenance Personnel		135,604	
Social Security		9,198	
Pensions		10,024	
Life Insurance		13	
Medical Insurance		15,567	
Unemployment Compensation		69	
Employer Medicare		2,151	
Maintenance and Repair Services - Buildings		76,276	
Maintenance and Repair Services - Equipment		29,293	
Maintenance and Repair Services - Vehicles		543	
Rentals		176	
Other Contracted Services		11,924	
Custodial Supplies		3,314	
Equipment and Machinery Parts		889	
General Construction Materials		1,840	
Small Tools		3,529	
Tires and Tubes		94	
Uniforms		1,849	
Other Supplies and Materials		1,605	
Vehicle and Equipment Insurance		3,319	
Maintenance Equipment		740	
Total Maintenance of Plant			335,379

Transportation

Supervisor/Director	\$	27,362
Career Ladder Program		1,000
Mechanic(s)		77,896
Bus Drivers		430,813
Social Security		29,634
Pensions		19,623
Life Insurance		13
Medical Insurance		54,218
Unemployment Compensation		573
Employer Medicare		7,524
Maintenance and Repair Services - Equipment		1,295
Maintenance and Repair Services - Vehicles		4,817

(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.)

Medical and Dental Services	\$	2,946	
Other Contracted Services		3,223	
Crushed Stone		631	
Custodial Supplies		1,734	
Diesel Fuel		69,160	
Garage Supplies		1,946	
Gasoline		4,866	
Lubricants		6,860	
Small Tools		1,948	
Tires and Tubes		8,827	
Uniforms		1,649	
Vehicle Parts		44,798	
Other Supplies and Materials		1,761	
Vehicle and Equipment Insurance		27,323	
In Service/Staff Development		1,442	
Total Transportation			\$ 833,882

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	1,111	
Social Security		29	
Pensions		62	
Medical Insurance		175	
Employer Medicare		12	
Other Charges		8,858	
Total Food Service			10,247

Community Services

Supervisor/Director	\$	37,766	
Teachers		233,348	
Bus Drivers		15,350	
Other Salaries and Wages		71,231	
Social Security		20,695	
Pensions		27,992	
Life Insurance		13	
Medical Insurance		6,470	
Unemployment Compensation		211	
Employer Medicare		4,869	
Instructional Supplies and Materials		3,171	
Other Supplies and Materials		1,681	
In Service/Staff Development		2,051	
Other Charges		8,691	
Total Community Services			433,539

Early Childhood Education

Teachers	\$	184,401	
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(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.)

Clerical Personnel	\$	3,869	
Educational Assistants		50,694	
Other Salaries and Wages		48,380	
Social Security		16,938	
Pensions		27,690	
Life Insurance		156	
Medical Insurance		40,180	
Unemployment Compensation		176	
Employer Medicare		3,963	
Travel		49	
Instructional Supplies and Materials		15,915	
Other Supplies and Materials		4,501	
In Service/Staff Development		69	
Total Early Childhood Education			\$ 396,981

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	50,437	
Other Contracted Services		10,150	
Building Improvements		349,540	
Land		34,850	
Total Regular Capital Outlay			<u>444,977</u>

Total General Purpose School Fund \$ 23,306,002

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$	49,713	
Other Salaries and Wages		188,865	
Certified Substitute Teachers		1,664	
Non-certified Substitute Teachers		6,360	
Social Security		14,481	
Pensions		22,191	
Life Insurance		105	
Medical Insurance		27,476	
Unemployment Compensation		164	
Employer Medicare		3,413	
Other Fringe Benefits		2,651	
Instructional Supplies and Materials		11,989	
Regular Instruction Equipment		95,720	
Total Regular Instruction Program			\$ 424,792

Special Education Program

Teachers	\$	39,771	
Educational Assistants		424,967	

(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.)

Other Salaries and Wages	\$	10,518	
Certified Substitute Teachers		140	
Non-certified Substitute Teachers		4,554	
Social Security		26,981	
Pensions		24,922	
Medical Insurance		70,974	
Unemployment Compensation		701	
Employer Medicare		6,321	
Other Fringe Benefits		4,750	
Evaluation and Testing		370	
Instructional Supplies and Materials		10,651	
Other Supplies and Materials		3,152	
Special Education Equipment		12,492	
Total Special Education Program			\$ 641,264

Career and Technical Education Program

Clerical Personnel	\$	10,848	
Social Security		702	
Pensions		752	
Medical Insurance		4,864	
Unemployment Compensation		21	
Employer Medicare		164	
Instructional Supplies and Materials		6,261	
Other Supplies and Materials		15,192	
Vocational Instruction Equipment		26,299	
Total Career and Technical Education Program			65,103

Support Services

Other Student Support

Bus Drivers	\$	101	
Social Security		5	
Employer Medicare		1	
Travel		1,953	
Other Supplies and Materials		46,073	
In Service/Staff Development		4,921	
Other Charges		17,351	
Total Other Student Support			70,405

Regular Instruction Program

Supervisor/Director	\$	53,226	
Other Salaries and Wages		267,721	
In-service Training		6,137	
Social Security		16,953	
Pensions		30,644	
Life Insurance		153	
Medical Insurance		47,594	

(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.)

Unemployment Compensation	\$	149	
Employer Medicare		4,358	
Other Fringe Benefits		2,122	
Travel		3,726	
Other Supplies and Materials		9,506	
In Service/Staff Development		81,583	
Other Charges		26,055	
Other Equipment		22,624	
Total Regular Instruction Program			\$ 572,551

Special Education Program

Psychological Personnel	\$	42,539	
Medical Personnel		8,777	
Social Security		3,182	
Pensions		857	
Life Insurance		30	
Unemployment Compensation		42	
Local Retirement		2,127	
Employer Medicare		744	
Other Fringe Benefits		528	
Communication		1,657	
Contracts with Private Agencies		364	
Travel		1,101	
Other Supplies and Materials		3,468	
In Service/Staff Development		27,334	
Other Equipment		24,391	
Total Special Education Program			117,141

Career and Technical Education Program

Clerical Personnel	\$	3,055	
In Service/Staff Development		324	
Total Career and Technical Education Program			3,379

Transportation

Bus Drivers	\$	32,596	
Other Salaries and Wages		10,208	
Social Security		2,005	
Pensions		1,049	
Medical Insurance		1,146	
Unemployment Compensation		67	
Employer Medicare		469	
Other Fringe Benefits		3,174	
Contracts with Parents		4,991	
Total Transportation			55,705

Total School Federal Projects Fund \$ 1,950,340

(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	\$	70,338	
Clerical Personnel		9,787	
Cafeteria Personnel		719,116	
Temporary Personnel		15,920	
Social Security		46,365	
Pensions		43,549	
Life Insurance		25	
Medical Insurance		116,553	
Unemployment Compensation		1,023	
Employer Medicare		10,847	
Other Fringe Benefits		26,861	
Dues and Memberships		1,076	
Maintenance and Repair Services - Equipment		8,774	
Travel		324	
Other Contracted Services		25,386	
Food Supplies		694,567	
USDA - Commodities		75,158	
Other Supplies and Materials		57,224	
In Service/Staff Development		1,888	
Other Charges		1,090	
Food Service Equipment		7,160	
Total Food Service			\$ 1,933,031

Total Central Cafeteria Fund \$ 1,933,031

Education Debt Service Fund

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	809,750	
Total Education			\$ 809,750

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	114,450	
Total Education			114,450

Other Debt Service

Education

Trustee's Commission	\$	5,990	
Debt Service Contribution to Primary Government		600	
Total Education			6,590

Total Education Debt Service Fund 930,790

Total Governmental Funds - Overton County School Department \$ 28,120,163

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, 2020

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,036,320</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,025,957
Trustee's Commission	<u>10,363</u>
Total Cash Disbursements	<u>\$ 1,036,320</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2019	<u>0</u>
Cash Balance, June 30, 2020	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JASON E. MUMPOWER
Comptroller

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

Independent Auditor's Report

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, 2020, 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 February 11, 2021. 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency: 2020-001.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-002 and 2020-003.

Overton County's Responses 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 11, 2021

JEM/sl



JASON E. MUMPOWER
Comptroller

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

Independent Auditor's Report

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, 2020. 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, 2020.

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, 2020, and the related notes to the financial statements, which collectively comprise Overton County's basic financial statements. We issued our report thereon dated February 11, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 11, 2021

JEM/sl

Overton County, Tennessee, and the Overton County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8) (9)
For the Year Ended June 30, 2020

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants Cluster: (5)			
Community Facilities Loans and Grants	10.766	N/A	\$ 41,500
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	261,103 (6)
COVID 19 - School Breakfast Program	10.553	N/A	209,708 (6)
National School Lunch Program	10.555	N/A	699,696 (6) (7)
COVID 19 - National School Lunch Program	10.555	N/A	332,796 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	75,158 (6)
Total U.S. Department of Agriculture			<u>\$ 1,619,961</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-lieu-of Taxes	15.226	N/A	<u>\$ 6,836</u>
U.S. Department of Justice:			
Direct Program:			
Drug Court Discretionary Grant Program: Implementation	16.585	N/A	<u>\$ 149,116</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	<u>\$ 8,336</u>
U.S. Department of the Treasury:			
Direct Program:			
COVID 19 - Coronavirus Relief Fund	21.019	N/A	<u>\$ 50,442</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(4)	<u>\$ 859</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 847,432
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	805,325
Special Education - Preschool Grants	84.173	N/A	17,726
Career and Technical Education - Basic Grants to States	84.048	N/A	74,990
Twenty-first Century Community Learning Centers	84.287	N/A	376,266
Rural Education	84.358	N/A	47,737
Supporting Effective Instruction State Grant	84.367	N/A	127,697
Student Support and Academic Enrichment Program	84.424	N/A	47,320
Passed-through Tennessee Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	33201-08618.02	144,535
Total U.S. Department of Education			<u>\$ 2,489,028</u>

(Continued)

Overton County, Tennessee, and the Overton County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8) (9) (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:			
2020 HAVA Election Security Grants	90.404	(4)	\$ 1,764 (6)
COVID-19 - Election Security Grants	90.404	(4)	24,902 (6)
Total Election Assistance Commission			<u>\$ 26,666</u>
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	\$ 300
Executive Office of the President:			
Passed-through Laurel County, Kentucky, Fiscal Court:			
High Intensity Drug Trafficking Areas Program	95.001	(4)	\$ 15,562
Total Expenditures of Federal Awards			<u>\$ 4,367,106</u>

<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Court State Supplemental Funds - State Department of Children's Services	N/A	(4)	\$ 9,000
Aging Program - Upper Cumberland Development District	N/A	(4)	43,056
Access to Health through Healthy Build Environments Grant - State Department of Health	N/A	(4)	6,653
Special Local Health Needs Grant - State Department of Health	N/A	(4)	31,242
Courtroom Security Grant - State Administrative Office of the Courts	N/A	(4)	42,575
Litter Program - State Department of Transportation	N/A	(4)	42,859
Asset Enhancement Grant Program - State Department of Economic and Community Development	N/A	(4)	43,136
Waste Reduction Grant - State Department of Environment and Conservation	N/A	(4)	15,579
High Priority Bridge Replacement Program - State Department of Transportation	N/A	(4)	73,449
Early Childhood Education - State Department of Education	N/A	(4)	298,521
Lottery for Education - PreK - State Department of Education	N/A	(4)	75,546
Supporting Postsecondary Access in Rural Counties - Tennessee Higher Education Commission	N/A	(4)	36,000
Coordinated School Health Project - State Department of Education	N/A	(4)	100,000
CTE Middle School Start-Up - State Department of Education	N/A	(4)	48,979
Early Postsecondary Expansion - State Department of Education	N/A	(4)	9,900
School Resource Officer - State Department of Education	N/A	(4)	58,000
School Safety & Security Grant - State Department of Education	N/A	(4)	68,200
Safe Schools Act - State Department of Education	N/A	(4)	17,680
Total State Grants			<u>\$ 1,020,375</u>

(Continued)

Overton County, Tennessee, and the Overton County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8) (9) (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) No amounts (\$0) were passed-through to subrecipients.
- (4) Information not available.
- (5) Community Facilities Loans and Grants Cluster total \$41,500; Child Nutrition Cluster total \$1,578,461; Special Education Cluster total \$823,051.
- (6) Total for CFDA No. 10.553 is \$470,811. Total for CFDA No. 10.555 is \$1,107,650. Total for CFDA No. 90.404 is \$26,666.
- (7) National School Lunch Program (NSLP) \$658,029 and NSLP Afterschool Snack Program \$41,667.
- (8) For the year ended June 30, 2020, Overton County received donated PPE valued at \$16,477 (\$12,358 federal and \$4,119 state) from the Tennessee Department of Military. These donations were unaudited.

(9) 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	\$ 75,878
Rural Education	84.358	675
Supporting Effective Instruction State Grant	84.367	3,372
Student Support and Academic Enrichment Program	84.424	675
Total amounts consolidated for administration purposes		\$ 80,600

Overton County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2020

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, 2020.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
-------------	-------------	----------------	------------------	-------------	----------------

OFFICE OF DIRECTOR OF SCHOOLS

2019	229	2019-001	Journal entries were posted to the General Purpose School Fund that did not properly reflect the operations of the fund	N/A	Corrected
2019	230	2019-002	The office had deficiencies in budget operations	N/A	Not Corrected - See Explanation on Corrective
2019	231	2019-003	Duties were not segregated adequately	N/A	Corrected

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, 2020

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 Number: 84.010 Title I Grants to Local Educational Agencies
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plan, whether related to the financial statements or federal awards, is 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 COUNTY EXECUTIVE

FINDING 2020-001 **THE AMBULANCE SERVICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**

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

The ambulance service did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency was the result of a lack of management oversight. This deficiency was corrected after it was brought to management's attention in July 2020.

RECOMMENDATION

The ambulance service should ensure that adequate controls over its information systems and the resources associated with those systems are implemented.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with this finding.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2020-002 **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; management's failure to provide

sufficient oversight; and the failure of management to correct the audit finding noted in prior-year audit report.

- A. Expenditures exceeded appropriations approved by the county commission in three 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>
Instruction - Special Education Program	\$ 115,268
Support Services - Attendance	97,083
Support Services - Board of Education	2,574

- B. Salaries exceeded appropriations in seven of 214 salary line-items of the General Purpose School Fund by amounts ranging from \$30 to \$84,213. 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 – INTERIM DIRECTOR OF SCHOOLS DR. DONNIE HOLMAN

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

FINDING 2020-003

**PAYROLL TAXES WERE NOT DEPOSITED PROPERLY
RESULTING IN INTEREST AND PENALTY
ASSESSMENTS TOTALING \$50,504**
(Noncompliance Under *Government Auditing Standards*)

The school department was assessed penalties and interest totaling \$50,504 by the Internal Revenue Service for failure to make proper payroll tax deposits as follows:

Quarterly Tax Period	Reason for Penalty and Interest	Date Paid	Amount
September 2019	Tax was underpaid \$14,066	12/19/19	\$ 202
September 2019	Penalty increase - Failure to make a proper tax deposit	2/20/20	2,854
December 2019	Multiple tax deposits were late	2/13/20	4,995
March 2020	Multiple tax deposits were late	8/11/20	9,853
June 2020	Multiple tax deposits were late	1/8/21	<u>32,600</u>
	Total Penalty and Interest		<u>\$ 50,504</u>

IRS Circular E – *Employer’s Tax Guide* requires employers to deposit employee payroll taxes in a U.S. Treasury bank account within three days of each payroll. During the year, tax deposits were late from one to thirteen days. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Accurate, timely federal payroll taxes should be deposited with the Internal Revenue Service to avoid interest and penalty assessments.

MANAGEMENT’S RESPONSE – INTERIM DIRECTOR OF SCHOOLS DR. DONNIE HOLMAN

I concur with this finding. During the period, payroll experienced a high employee turnover which led to the unforeseen errors in payroll and taxes. Payroll now has a permanent person in place to oversee the payroll process.

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, 2020.

Overton County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2020

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF COUNTY EXECUTIVE

2020-001	The ambulance service did not implement adequate controls to protect its information resources.	234
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OFFICE OF DIRECTOR OF SCHOOLS

2020-002	The office had deficiencies in budget operations.	235
2020-003	Payroll taxes were not deposited properly resulting in interest and penalty assessments totaling \$50,504.	235

Overton County Ambulance Service
5900 Bradford Hicks Drive
Livingston, Tennessee 38570
(931) 823-6402 Fax (931) 823-7739
E-mail jmorgan@overtonems.com

Corrective Action Plan

FINDING 2020-001

THE AMBULANCE SERVICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION. (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

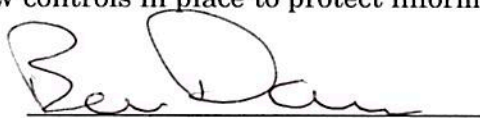
Response and Corrective Action Plan Prepared by:
Jim Morgan, Director - Overton County Ambulance Service

Person Responsible for Implementing the Corrective Action:
Jim Morgan, Director

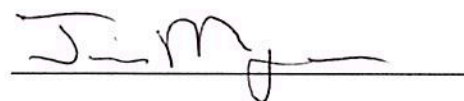
Anticipated Completion Date of Corrective Action:
Date July 1, 2020, Corrected after being made aware of finding.

Repeat Finding:
No

Planned Corrective Action:
We have now controls in place to protect information.

Signature: 

Date: 12-21-20

Signature 

Date: 12-21-20

Corrective Action Plan

FINDING: THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by:
Donnie Holman, Interim Director of Schools

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

Anticipated Completion Date of Corrective Action:
February 2, 2021

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
In part to a payroll coding error that was not discovered in time to correct the deficiencies in the budget line item. Also, a keying error in a budget amendment entry was made. A secondary person will check the amendment after they are entered.

Planned Corrective Action:
All divisions within the bookkeeping/accounting department will follow appropriate procedures in relation to budget operations. Payroll will balance reports monthly and be more aware of any mistakes. When keying entries they will be more cautious when doing this.

FINDING: PAYROLL TAXES WERE NOT DEPOSITED PROPERLY RESULTING IN INTEREST AND PENALTIES ASSESSMENTS TOTALING \$50,504

Response and Corrective Action Plan Prepared by:
Donnie Holman, Interim Director of Schools

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

Anticipated Completion Date of Corrective Action:

February 2, 2021

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

The payroll department has a permanent person in place to process payroll. The payroll clerk is receiving extra training on payroll reports and tax payments.

Signature: Donnie Holman

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.