

ANNUAL FINANCIAL REPORT

PICKETT COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2020



DIVISION OF LOCAL GOVERNMENT AUDIT



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

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director***

***STEVE REEDER, CPA, CGFM, CFE
Audit Manager***

***MELODIE C. HODGES, CFE
Senior Auditor***

***TIM BRASHEARS, CGFM
BARBARA SHULTS
State Auditors***

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

PICKETT COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Pickett County, Tennessee
For the Year Ended June 30, 2020

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY EXECUTIVE

- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net position.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in budget operations.

OFFICE OF CLERK AND MASTER

- ◆ Execution docket trial balances did not reconcile with general ledger accounts.
- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Pickett County Officials

June 30, 2020

Officials

Carey Garner, County Executive
Jimmy Cope, Road Superintendent
Diane Elder, Director of Schools
Jennifer Anderson, Trustee
Kim Logan, Assessor of Property
Robert Lee, County Clerk
Danny Huddleston, Circuit and General Sessions Courts Clerk
Leana Neal, Clerk and Master
Letha McCurdy, Register of Deeds
Dana Dowdy, Sheriff

Board of County Commissioners

Carey Garner, County Executive, Chairman
Larry Beaty
Tony Beaty
Andrew Conner
Darrell Garrett
Joe Harden
Carter Martin
Kathy Mitchell
Sheila Moon
Brad Richardson
Jim Richardson
Douglas Scroggins
Terri Worley

Board of Education

John Reagan, Chairman
Nathan Anderson
Jerry Mitchell
Travis Parrott

Audit Committee

Sheila Moon, Chairman
Tony Beaty
Darrell Garrett
Joe Harden
Kathy Mitchell

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Pickett County Executive and
Board of County Commissioners
Pickett 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickett 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickett County, Tennessee, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit(s) plan 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 Pickett County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Pickett 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, combining and individual fund financial statements of the Pickett 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, combining and individual fund financial statements of the Pickett County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules, are fairly stated in all material respects in relation to the basic financial statements as a whole.

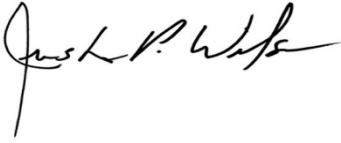
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020, on our consideration of Pickett 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 Pickett 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 Pickett County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 13, 2020

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type		Pickett
	Activities	Activities	Total	County
				School
				Department
<u>ASSETS</u>				
Cash	\$ 574	\$ 0	\$ 574	\$ 0
Equity in Pooled Cash and Investments	2,133,748	293,085	2,426,833	1,386,024
Accounts Receivable	220,801	0	220,801	0
Allowance for Uncollectibles	(105,101)	0	(105,101)	0
Due from Other Governments	400,479	0	400,479	224,409
Due from Component Units	1,310,000	0	1,310,000	0
Property Taxes Receivable	2,909,635	0	2,909,635	704,222
Allowance for Uncollectible Property Taxes	(50,340)	0	(50,340)	(12,041)
Restricted Assets:				
Amounts Accumulated for Pension Benefits	0	0	0	11,257
Net Pension Asset - Agent Plan	233,047	0	233,047	52,445
Net Pension Asset - Teacher Retirement Plan	0	0	0	12,357
Net Pension Asset - Teacher Legacy Pension Plan	0	0	0	952,724
Capital Assets:				
Assets Not Depreciated:				
Land	162,805	110,900	273,705	22,955
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	1,693,635	47,725	1,741,360	3,283,356
Infrastructure	9,906,852	0	9,906,852	0
Other Capital Assets	2,233,541	109,398	2,342,939	503,094
Total Assets	\$ 21,049,676	\$ 561,108	\$ 21,610,784	\$ 7,140,802
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Changes in Experience	\$ 217,601	\$ 0	\$ 217,601	\$ 95,867
Pension Changes in Assumptions	71,123	0	71,123	144,818
Pension Changes in Proportion	0	0	0	26,815
Pension Contributions after Measurement Date	136,361	0	136,361	354,091
OPEB Changes in Experience	0	0	0	22,871
OPEB Changes in Assumptions	0	0	0	12,829
OPEB Changes in Proportion	0	0	0	3,903
OPEB Contributions after Measurement Date	0	0	0	35,168
Total Deferred Outflows of Resources	\$ 425,085	\$ 0	\$ 425,085	\$ 696,362
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 29,463
Accrued Interest Payable	17,376	0	17,376	0
Payroll Deductions Payable	5,477	0	5,477	0
Due to Primary Government	0	0	0	1,310,000
Noncurrent Liabilities:				
Due Within One Year - Debt	510,063	0	510,063	0
Due Within One Year - Other	5,957	1,306,183	1,312,140	3,574
Due in More Than One Year - Debt	2,402,534	0	2,402,534	0
Due in More Than One Year - Other	13,900	1,358,895	1,372,795	639,488
Total Liabilities	\$ 2,955,307	\$ 2,665,078	\$ 5,620,385	\$ 1,982,525

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pickett County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,771,452	\$ 0	\$ 2,771,452	\$ 671,434
Pension Changes in Experience	125,220	0	125,220	612,280
Pension Changes in Investment Earnings	97,474	0	97,474	294,669
Pension Changes in Proportion	0	0	0	3,567
OPEB Changes in Experience	0	0	0	87,060
OPEB Changes in Assumptions	0	0	0	62,949
OPEB Changes in Proportion	0	0	0	8,979
Total Deferred Inflows of Resources	<u>\$ 2,994,146</u>	<u>\$ 0</u>	<u>\$ 2,994,146</u>	<u>\$ 1,740,938</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 12,394,236	\$ 268,023	\$ 12,662,259	\$ 2,499,405
Restricted for:				
General Government	42,422	0	42,422	0
Finance	40,603	0	40,603	0
Administration of Justice	18,205	0	18,205	0
Public Safety	75,360	0	75,360	0
Highway/Public Works	469,597	0	469,597	0
Education	0	0	0	363,857
Pensions	233,047	0	233,047	1,028,783
Unrestricted	<u>2,251,838</u>	<u>(2,371,993)</u>	<u>(120,155)</u>	<u>221,656</u>
Total Net Position	<u>\$ 15,525,308</u>	<u>\$ (2,103,970)</u>	<u>\$ 13,421,338</u>	<u>\$ 4,113,701</u>

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

Exhibit B

Pickett County, Tennessee
Statement of Activities
For the Year Ended June 30, 2020

					Net (Expense) Revenue and Changes in Net Position				Component Unit Pickett County School Department
		Program Revenues							
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
Functions/Programs	Expenses				Governmental Activities	Business-type Activities	Total		
Primary Government:									
Governmental Activities:									
General Government	\$ 718,839	\$ 145,254	\$ 15,449	\$ 21,770	\$ (536,366)	\$ 0	\$ (536,366)	\$ 0	
Finance	436,522	210,242	0	0	(226,280)	0	(226,280)	0	
Administration of Justice	418,684	99,495	9,000	0	(310,189)	0	(310,189)	0	
Public Safety	1,511,818	66,979	107,095	155,635	(1,182,109)	0	(1,182,109)	0	
Public Health and Welfare	1,504,887	638,581	21,179	20,000	(825,127)	0	(825,127)	0	
Social, Cultural, and Recreational Services	181,153	2,036	64,037	0	(115,080)	0	(115,080)	0	
Agriculture and Natural Resources	110,366	0	18,834	0	(91,532)	0	(91,532)	0	
Highways/Public Works	1,891,954	0	1,670,357	0	(221,597)	0	(221,597)	0	
Education	0	0	360,235	0	360,235	0	360,235	0	
Interest on Long-term Debt	124,309	0	0	0	(124,309)	0	(124,309)	0	
Total Governmental Activities	\$ 6,898,532	\$ 1,162,587	\$ 2,266,186	\$ 197,405	\$ (3,272,354)	\$ 0	\$ (3,272,354)	\$ 0	
Business-type Activities:									
Landfill	\$ 45,212	\$ 0	\$ 107,361	\$ 0	\$ 0	\$ 62,149	\$ 62,149	\$ 0	
Total Business-type Activities	\$ 45,212	\$ 0	\$ 107,361	\$ 0	\$ 0	\$ 62,149	\$ 62,149	\$ 0	
Total Primary Government	\$ 6,943,744	\$ 1,162,587	\$ 2,373,547	\$ 197,405	\$ (3,272,354)	\$ 62,149	\$ (3,210,205)	\$ 0	
Component Unit:									
School Department	\$ 6,758,870	\$ 121,925	\$ 952,729	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,684,216)	
Total Component Unit	\$ 6,758,870	\$ 121,925	\$ 952,729	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,684,216)	

(Continued)

Exhibit B

Pickett County, Tennessee
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position			Component Unit Pickett County School Department
		Program Revenues						
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
Functions/Programs	Expenses				Governmental Activities	Business-type Activities	Total	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 2,895,469	\$ 0	\$ 2,895,469	\$ 684,309
Property Taxes Levied for Debt Service					34,870	0	34,870	0
Local Option Sales Taxes					311,164	0	311,164	620,941
Litigation Taxes					6,756	0	6,756	0
Wheel Tax					60,830	0	60,830	0
Business Tax					1,566	0	1,566	28,546
Wholesale Beer Tax					108,239	0	108,239	0
Mineral Severance Tax					3,003	0	3,003	0
Other Local Taxes					1,389	0	1,389	66
Grants and Contributions Not Restricted to Specific Programs					214,321	0	214,321	4,254,626
Unrestricted Investment Income					10,884	3,681	14,565	11,840
Miscellaneous					51,530	0	51,530	31,971
Total General Revenues					\$ 3,700,021	\$ 3,681	\$ 3,703,702	\$ 5,632,299
Change in Net Position					\$ 427,667	\$ 65,830	\$ 493,497	\$ (51,917)
Net Position, July 1, 2019					15,097,641	(2,169,800)	12,927,841	4,165,618
Net Position, June 30, 2020					\$ 15,525,308	\$ (2,103,970)	\$ 13,421,338	\$ 4,113,701

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

Exhibit C-1

Pickett County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
		Highway / Public Works	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>	General			
Cash	\$ 0	\$ 0	\$ 574	\$ 574
Equity in Pooled Cash and Investments	1,276,491	210,176	644,504	2,131,171
Accounts Receivable	202,117	120	18,564	220,801
Allowance for Uncollectibles	(105,101)	0	0	(105,101)
Due from Other Governments	136,948	263,531	0	400,479
Due from Other Funds	3,001	0	0	3,001
Property Taxes Receivable	2,654,916	0	254,719	2,909,635
Allowance for Uncollectible Property Taxes	(45,985)	0	(4,355)	(50,340)
Total Assets	<u>\$ 4,122,387</u>	<u>\$ 473,827</u>	<u>\$ 914,006</u>	<u>\$ 5,510,220</u>
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 1,064	\$ 4,230	\$ 183	\$ 5,477
Due to Other Funds	0	0	424	424
Total Liabilities	<u>\$ 1,064</u>	<u>\$ 4,230</u>	<u>\$ 607</u>	<u>\$ 5,901</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,528,593	\$ 0	\$ 242,859	\$ 2,771,452
Deferred Delinquent Property Taxes	79,126	0	7,391	86,517
Other Deferred/Unavailable Revenue	107,745	131,765	0	239,510
Total Deferred Inflows of Resources	<u>\$ 2,715,464</u>	<u>\$ 131,765</u>	<u>\$ 250,250</u>	<u>\$ 3,097,479</u>

(Continued)

Exhibit C-1

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Governmental Funds	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 42,422	\$ 0	\$ 0	\$ 42,422
Restricted for Finance	40,603	0	0	40,603
Restricted for Administration of Justice	18,205	0	0	18,205
Restricted for Public Safety	8,029	0	67,331	75,360
Restricted for Highways/Public Works	0	337,832	0	337,832
Committed:				
Committed for Public Health and Welfare	0	0	250,708	250,708
Committed for Debt Service	0	0	345,110	345,110
Committed for Capital Projects	922	0	0	922
Unassigned	1,295,678	0	0	1,295,678
Total Fund Balances	<u>\$ 1,405,859</u>	<u>\$ 337,832</u>	<u>\$ 663,149</u>	<u>\$ 2,406,840</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,122,387</u>	<u>\$ 473,827</u>	<u>\$ 914,006</u>	<u>\$ 5,510,220</u>

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

Exhibit C-2

Pickett 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)		\$	2,406,840
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	162,805	
Add: buildings and improvements net of accumulated depreciation		1,693,635	
Add: infrastructure net of accumulated depreciation		9,906,852	
Add: other capital assets net of accumulated depreciation		<u>2,233,541</u>	13,996,833
(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	\$	(1,310,000)	
Less: notes payable		(653,110)	
Less: other loans payable		(763,900)	
Less: capital leases payable		(185,587)	
Add: debt to be contributed by the school department		1,310,000	
Less: compensated absences payable		(19,857)	
Less: accrued interest on debt		<u>(17,376)</u>	(1,639,830)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	425,085	
Less: deferred inflows of resources related to pensions		<u>(222,694)</u>	202,391
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			233,047
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>326,027</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>15,525,308</u></u>

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

Exhibit C-3

Pickett County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds		Nonmajor Funds	
	General	Highway / Public Works	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 3,105,789	\$ 0	\$ 307,119	\$ 3,412,908
Licenses and Permits	100,155	0	0	100,155
Fines, Forfeitures, and Penalties	64,809	0	8,085	72,894
Charges for Current Services	453,489	0	136,809	590,298
Other Local Revenues	52,629	80,542	12,206	145,377
Fees Received From County Officials	250,922	0	0	250,922
State of Tennessee	589,963	1,686,147	0	2,276,110
Federal Government	269,486	0	0	269,486
Other Governments and Citizens Groups	101,688	0	360,235	461,923
Total Revenues	\$ 4,988,930	\$ 1,766,689	\$ 824,454	\$ 7,580,073
<u>Expenditures</u>				
Current:				
General Government	\$ 540,910	\$ 0	\$ 0	\$ 540,910
Finance	299,526	0	0	299,526
Administration of Justice	337,897	0	0	337,897
Public Safety	1,119,486	0	50,441	1,169,927
Public Health and Welfare	898,479	0	296,172	1,194,651
Social, Cultural, and Recreational Services	141,855	0	0	141,855
Agriculture and Natural Resources	97,213	0	0	97,213
Other Operations	752,657	0	0	752,657
Highways	3,665	2,366,352	0	2,370,017
Debt Service:				
Principal on Debt	0	226,026	295,000	521,026
Interest on Debt	0	61,341	65,235	126,576
Other Debt Service	0	0	1,183	1,183
Total Expenditures	\$ 4,191,688	\$ 2,653,719	\$ 708,031	\$ 7,553,438

(Continued)

Exhibit C-3

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

	Major Funds		Nonmajor Funds	
	General	Highway / Public Works	Other Govern- mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 797,242	\$ (887,030)	\$ 116,423	\$ 26,635
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 0	\$ 190,361	\$ 0	\$ 190,361
Transfers Out	0	0	(100,000)	(100,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 190,361	\$ (100,000)	\$ 90,361
Net Change in Fund Balances	\$ 797,242	\$ (696,669)	\$ 16,423	\$ 116,996
Fund Balance, July 1, 2019	608,617	1,034,501	646,726	2,289,844
Fund Balance, June 30, 2020	\$ 1,405,859	\$ 337,832	\$ 663,149	\$ 2,406,840

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

Exhibit C-4

Pickett 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)		\$	116,996
(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	\$	884,217	
Less: current-year depreciation expense		<u>(518,754)</u>	365,463
(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 assets disposed			(146,691)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$	326,027	
Less: deferred delinquent property taxes and other deferred June 30, 2019		<u>(224,451)</u>	101,576
(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 effect of these differences in the treatment of long-term debt and related items.			
Add: principal payments on bonds	\$	295,000	
Add: principal payments on notes		46,890	
Add: principal payments on other loans		122,600	
Add: principal payments on capital leases		56,536	
Less: contributions from the school department for bonds		(295,000)	
Less: capital lease proceeds		<u>(190,361)</u>	35,665
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	2,267	
Change in compensated absences payable		3,139	
Change in net pension asset		(237,222)	
Change in deferred outflows related to pensions		176,784	
Change in deferred inflows related to pensions		<u>9,690</u>	(45,342)
Change in net position of governmental activities (Exhibit B)		\$	<u>427,667</u>

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

Exhibit C-5

Pickett County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,105,789	\$ 2,962,047	\$ 2,962,047	\$ 143,742
Licenses and Permits	100,155	2,300	2,300	97,855
Fines, Forfeitures, and Penalties	64,809	68,713	68,713	(3,904)
Charges for Current Services	453,489	616,082	617,241	(163,752)
Other Local Revenues	52,629	51,390	57,593	(4,964)
Fees Received From County Officials	250,922	290,603	290,603	(39,681)
State of Tennessee	589,963	640,867	643,876	(53,913)
Federal Government	269,486	229,428	254,834	14,652
Other Governments and Citizens Groups	101,688	109,066	109,066	(7,378)
Total Revenues	\$ 4,988,930	\$ 4,970,496	\$ 5,006,273	\$ (17,343)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 34,420	\$ 35,253	\$ 35,253	\$ 833
Board of Equalization	200	240	240	40
Beer Board	864	620	1,160	296
County Mayor/Executive	168,349	171,170	171,170	2,821
County Attorney	10,000	10,000	10,000	0
Election Commission	108,312	118,685	118,685	10,373
Register of Deeds	74,795	75,033	75,033	238
County Buildings	143,970	190,754	180,754	36,784
<u>Finance</u>				
Property Assessor's Office	77,406	78,681	78,681	1,275
County Trustee's Office	102,758	98,994	105,197	2,439
County Clerk's Office	119,362	111,622	132,253	12,891
<u>Administration of Justice</u>				
Circuit Court	122,959	128,183	130,268	7,309
General Sessions Judge	79,901	82,236	82,236	2,335
Chancery Court	86,478	77,301	90,041	3,563
Juvenile Court	11,087	11,827	11,827	740
Probation Services	37,472	42,794	42,794	5,322
<u>Public Safety</u>				
Sheriff's Department	616,720	624,786	637,671	20,951
Jail	429,153	387,464	482,464	53,311
Fire Prevention and Control	30,000	30,000	30,000	0
Rescue Squad	1,000	1,000	1,000	0
Other Emergency Management	25,000	25,000	25,000	0
County Coroner/Medical Examiner	8,016	5,000	8,560	544
Other Public Safety	9,597	9,512	9,927	330
<u>Public Health and Welfare</u>				
Local Health Center	40,281	40,748	40,748	467
Ambulance/Emergency Medical Services	809,076	840,330	843,612	34,536
Regional Mental Health Center	2,274	2,274	2,274	0
Appropriation to State	7,092	7,582	7,582	490
Sanitation Management	38,347	44,200	44,200	5,853
Other Public Health and Welfare	1,409	7,200	8,609	7,200
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	16,552	22,100	22,100	5,548

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Social, Cultural, and Recreational Services (Cont.)</u>				
Libraries	\$ 54,373	\$ 54,258	\$ 55,917	\$ 1,544
Other Social, Cultural, and Recreational	70,930	54,215	84,549	13,619
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	46,063	45,577	47,677	1,614
Soil Conservation	51,150	51,328	51,328	178
<u>Other Operations</u>				
Tourism	20,050	20,050	22,050	2,000
Industrial Development	0	100	100	100
Other Economic and Community Development	22,000	18,500	53,500	31,500
Veterans' Services	20,149	20,137	20,222	73
Other Charges	184,871	156,300	196,547	11,676
Contributions to Other Agencies	6,500	6,000	6,500	0
Employee Benefits	470,836	548,000	502,753	31,917
COVID-19 Grant #1	21,179	0	21,179	0
COVID-19 Grant #2	4,227	0	4,227	0
Miscellaneous	2,845	16,215	11,230	8,385
<u>Highways</u>				
Traffic Control	3,665	5,000	5,000	1,335
Total Expenditures	\$ 4,191,688	\$ 4,276,269	\$ 4,512,118	\$ 320,430
Excess (Deficiency) of Revenues Over Expenditures	\$ 797,242	\$ 694,227	\$ 494,155	\$ 303,087
Net Change in Fund Balance	\$ 797,242	\$ 694,227	\$ 494,155	\$ 303,087
Fund Balance, July 1, 2019	608,617	266,824	266,824	341,793
Fund Balance, June 30, 2020	\$ 1,405,859	\$ 961,051	\$ 760,979	\$ 644,880

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

Exhibit C-6

Pickett 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>				
Other Local Revenues	\$ 80,542	\$ 1,000	\$ 77,575	\$ 2,967
State of Tennessee	1,686,147	1,639,120	1,639,120	47,027
Total Revenues	<u>\$ 1,766,689</u>	<u>\$ 1,640,120</u>	<u>\$ 1,716,695</u>	<u>\$ 49,994</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 136,165	\$ 133,822	\$ 138,612	\$ 2,447
Highway and Bridge Maintenance	953,324	781,613	964,528	11,204
Operation and Maintenance of Equipment	296,525	265,500	317,315	20,790
Quarry Operations	2,400	2,400	2,400	0
Other Charges	50,691	53,750	56,029	5,338
Employee Benefits	138,741	140,000	141,301	2,560
Capital Outlay	788,506	10,000	788,507	1
<u>Principal on Debt</u>				
General Government	0	253,035	0	0
Highways and Streets	226,026	0	226,046	20
<u>Interest on Debt</u>				
Highways and Streets	61,341	0	61,399	58
Total Expenditures	<u>\$ 2,653,719</u>	<u>\$ 1,640,120</u>	<u>\$ 2,696,137</u>	<u>\$ 42,418</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (887,030)</u>	<u>\$ 0</u>	<u>\$ (979,442)</u>	<u>\$ 92,412</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 190,361	\$ 0	\$ 190,361	\$ 0
Total Other Financing Sources	<u>\$ 190,361</u>	<u>\$ 0</u>	<u>\$ 190,361</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (696,669)	\$ 0	\$ (789,081)	\$ 92,412
Fund Balance, July 1, 2019	<u>1,034,501</u>	<u>413,660</u>	<u>1,202,291</u>	<u>(167,790)</u>
Fund Balance, June 30, 2020	<u><u>\$ 337,832</u></u>	<u><u>\$ 413,660</u></u>	<u><u>\$ 413,210</u></u>	<u><u>\$ (75,378)</u></u>

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

Exhibit D-1

Pickett County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2020

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 293,085
Total Current Assets	<u>\$ 293,085</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 110,900
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	47,725
Machinery and Equipment	109,398
Total Noncurrent Assets	<u>\$ 268,023</u>
Total Assets	<u>\$ 561,108</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs - Current	\$ 1,306,183
Total Current Liabilities	<u>\$ 1,306,183</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 1,358,895
Total Noncurrent Liabilities	<u>\$ 1,358,895</u>
Total Liabilities	<u>\$ 2,665,078</u>
<u>NET POSITION</u>	
Unrestricted	\$ (2,371,993)
Net Investment in Capital Assets	<u>268,023</u>
Total Net Position	<u><u>\$ (2,103,970)</u></u>

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

Exhibit D-2

Pickett County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Year Ended June 30, 2020

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Operating Revenues</u>	
State Solid Waste Grants	\$ 7,361
Total Operating Revenues	
<u>Operating Expenses</u>	
Depreciation	\$ 20,916
Landfill Closure/Postclosure Care Costs	24,296
Total Operating Expenses	\$ 45,212
Operating Income (Loss)	\$ (37,851)
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 3,681
Transfers In	100,000
Total Nonoperating Revenues (Expenses)	\$ 103,681
Change in Net Position	\$ 65,830
Net Position, July 1, 2019	(2,169,800)
Net Position, June 30, 2020	\$ (2,103,970)

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

Exhibit D-3

Pickett County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

	Business-type Activities - Major Enterprise Fund Solid Waste Disposal Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from intergovernmental operating grants	\$ 7,361
Payments to Vendors	(61,589)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (54,228)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Transfer In	\$ 100,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 100,000</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	\$ 3,681
Net Cash Provided By (Used In) Investing Activities	<u>\$ 3,681</u>
Net Increase (Decrease) in Cash	\$ 49,453
Cash, July 1, 2019	<u>243,632</u>
Cash, June 30, 2020	<u><u>\$ 293,085</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (37,851)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation Expense	20,916
Increase (Decrease) in Landfill Closure/Postclosure Care Costs	<u>(37,293)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (54,228)</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 191,060
Due from Other Governments	<u>67,187</u>
Total Assets	<u><u>\$ 258,247</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 67,187
Due to Litigants, Heirs, and Others	<u>191,060</u>
Total Liabilities	<u><u>\$ 258,247</u></u>

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

PICKETT COUNTY, TENNESSEE

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PICKETT COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pickett 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 Pickett County:

A. Reporting Entity

Pickett County is a public municipal corporation governed by an elected 12-member board. As required by GAAP, these financial statements present Pickett County (the primary government) and its component unit. The component unit discussed below is included in the county's reporting entity because of the significance of its operational or financial relationship with the county.

Discretely Presented Component Unit – The following entity meets the criteria for a discretely presented component unit of the county. It is reported in a separate column on the government-wide financial statements to emphasize that it is legally separate from the county.

The Pickett County School Department operates the public school system in the county, and the voters of Pickett 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 Pickett 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.

Related Organization – The Industrial Development Board of the County of Pickett, Tennessee, provides assistance in industrial recruitment in Pickett County, and the Pickett County Commission appoints all of the members. The board acted as a decision-making board and did not have any financial activity during the year.

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 unit. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Pickett 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.

Pickett County issues all debt for the discretely presented Pickett County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2020.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and 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 Pickett County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources,

fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Pickett County only reports one proprietary fund, an enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major enterprise fund 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. Pickett County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Proprietary fund and fiduciary fund 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Pickett 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.

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.

Pickett County reports the following major proprietary fund:

Solid Waste Disposal Fund – This fund accounts for the county’s solid waste landfill operations.

Additionally, Pickett County reports the following fund types:

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

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 Pickett 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 Pickett County School Department reports the following major governmental funds:

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

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. Federal funds and lunch sales are the foundational revenues of this fund.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund used to account for the operations of the landfill. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the county's enterprise fund is investment income.

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

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee.

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 Pickett County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund and the school department's General Purpose School Fund. Pickett 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 State 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 the 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 State of America. Pickett County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivable's allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to .89 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. 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 Pickett 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 Pickett County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Pickett County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

4. Capital Assets

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

Primary Government

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the

government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$25,000 for buildings and improvements, \$12,500 for land improvements, and \$10,000 for all remaining assets and a useful life of greater 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 are depreciated using the straight-line method over the following estimated useful lives with salvage values of 25 percent for buildings and improvements, five percent for other capital assets, and 50 percent for infrastructure (roads):

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	50 - 75
Bridges	75

Discretely Presented Pickett County School Department

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the school department as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 18

5. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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, proportionate share of contributions, and employer contributions made to the pension plan after the measurement date; and other postemployment benefits (OPEB) changes in experience, assumptions, proportionate share of contributions, and employer contributions made after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for 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.

6. **Compensated Absences**

Primary Government

The county does not permit employees to accumulate earned but unused vacation and sick leave benefits beyond the fiscal year end.

Discretely Presented Pickett County School Department

The general policy of the school department does not allow for the accumulation of vacation days beyond year-end for professional personnel. The school department's policy does permit 12-month support personnel to accumulate earned but unused vacation benefits not to exceed 40 days; however, any accumulated vacation leave has no guaranteed payment upon termination. All support personnel vacation pay is accrued when incurred in the government-wide financial statements for the school department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

All professional personnel (teachers) of the school department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment provision, and therefore, is not required to be accrued or recorded. Support personnel are compensated for any sick days not used each year.

7. Long-term Debt and Long-term Obligations

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

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

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 closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. **Net Position and Fund Balance**

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

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

As of June 30, 2020, Pickett County had \$1,310,000 in outstanding debt for, capital purposes for the discretely presented Pickett County School Department. This debt is a liability of Pickett County, but the capital assets acquired are reported in the financial statements of the school department.

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 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 Pickett County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Pickett 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 Pickett County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Discretely Presented Pickett 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 Pickett 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 Pickett 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 Pickett County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Executive, County Attorney, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

B. Net Position Deficit

The Solid Waste Disposal Fund had a deficit of \$2,371,993 in unrestricted net position and a deficit of \$2,103,970 in total net position at June 30, 2020. This deficit resulted from the recognition of a liability of \$2,665,078 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the Maintenance of Plant major appropriations category (the legal level of control) of the General Purpose School Fund by \$144,958. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

D. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount

The General Purpose School Fund's actual fund balance at July 1, 2019, was \$1,575,339; however, the estimated fund balance reflected in the county's budget was \$1,006,686. Therefore, the actual fund balance exceeded the estimated fund balance presented to the county commission during the budget approval process by \$568,653

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Pickett County and the Pickett 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.

The county had no pooled or nonpooled investments at June 30, 2020.

TCRS Stabilization Trust

Legal Provisions. The Pickett 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 Pickett 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 Pickett 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	\$ 3,490
Developed Market International Equity	N/A	N/A	1,576
Emerging Market International Equity	N/A	N/A	450
U.S. Fixed Income	N/A	N/A	2,251
Real Estate	N/A	N/A	1,126
Short-term Securities	N/A	N/A	113
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>2,251</u>
Total			<u><u>\$ 11,257</u></u>

		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment by Fair Value Level	Fair Value 6-30-20				
U.S. Equity	\$ 3,490	\$ 3,490	\$ 0	\$ 0	0
Developed Market International Equity	1,576	1,576	0	0	0
Emerging Market International Equity	450	450	0	0	0
U.S. Fixed Income	2,251	0	2,251	0	0
Real Estate	1,126	0	0	1,126	0
Short-term Securities	113	113	0	0	0
Private Equity and Strategic Lending	2,251	0	0	0	2,251
Total	<u>\$ 11,257</u>	<u>\$ 5,629</u>	<u>\$ 2,251</u>	<u>\$ 1,126</u>	<u>2,251</u>

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 Pickett 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 Pickett 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. Pickett 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 Pickett 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	\$ 162,805	\$ 0	\$ 0	\$ 162,805
Total Capital Assets Not Depreciated	\$ 162,805	\$ 0	\$ 0	\$ 162,805
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,773,689	\$ 0	\$ 0	\$ 2,773,689
Infrastructure	13,628,369	0	0	13,628,369
Other Capital Assets	4,305,974	884,217	(394,292)	4,795,899
Total Capital Assets Depreciated	\$ 20,708,032	\$ 884,217	\$ (394,292)	\$ 21,197,957
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,037,617	\$ 42,437	\$ 0	\$ 1,080,054
Infrastructure	3,606,425	115,092	0	3,721,517
Other Capital Assets	2,448,734	361,225	(247,601)	2,562,358
Total Accumulated Depreciation	\$ 7,092,776	\$ 518,754	\$ (247,601)	\$ 7,363,929
Total Capital Assets Depreciated, Net	\$ 13,615,256	\$ 365,463	\$ (146,691)	\$ 13,834,028
Governmental Activities Capital Assets, Net	\$ 13,778,061	\$ 365,463	\$ (146,691)	\$ 13,996,833

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

Governmental Activities:

General Government	\$ 9,350
Public Safety	147,774
Public Health and Welfare	132,027
Social, Cultural, and Recreational Services	9,733
Highways/Public Works	219,870
Total Depreciation Expense - Governmental Activities	<u>\$ 518,754</u>

Primary Government

Business-type Activities:

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 110,900	\$ 0	\$ 110,900
Total Capital Assets Not Depreciated	\$ 110,900	\$ 0	\$ 110,900
Capital Assets Depreciated:			
Buildings and Improvements	\$ 233,635	\$ 0	\$ 233,635
Landfill Facilities and Development	268,303	0	268,303
Machinery and Equipment	675,421	0	675,421
Total Capital Assets Depreciated	\$ 1,177,359	\$ 0	\$ 1,177,359
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 178,790	\$ 7,120	\$ 185,910
Landfill Facilities and Development	268,303	0	268,303
Machinery and Equipment	552,227	13,796	566,023
Total Accumulated Depreciation	\$ 999,320	\$ 20,916	\$ 1,020,236
Total Capital Assets Depreciated, Net	\$ 178,039	\$ (20,916)	\$ 157,123
Business-type Activities Capital Assets, Net	\$ 288,939	\$ (20,916)	\$ 268,023

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

Depreciation expense of \$20,916 was recorded by the Solid Waste Disposal Fund.

Discretely Presented Pickett County School Department

Governmental Activities:

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 22,955	\$ 0	\$ 22,955
Total Capital Assets Not Depreciated	\$ 22,955	\$ 0	\$ 22,955
Capital Assets Depreciated:			
Buildings and Improvements	\$ 7,108,662	\$ 0	\$ 7,108,662
Other Capital Assets	861,382	0	861,382
Total Capital Assets Depreciated	\$ 7,970,044	\$ 0	\$ 7,970,044
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 3,670,169	\$ 155,137	\$ 3,825,306
Other Capital Assets	303,019	55,269	358,288
Total Accumulated Depreciation	\$ 3,973,188	\$ 210,406	\$ 4,183,594
Total Capital Assets Depreciated, Net	\$ 3,996,856	\$ (210,406)	\$ 3,786,450
Governmental Activities Capital Assets, Net	\$ 4,019,811	\$ (210,406)	\$ 3,809,405

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:

Support Services	\$ 210,406
Total Depreciation Expense - Governmental Activities	\$ 210,406

C. Interfund Receivables and Payables

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 424
General	Nonmajor governmental	2,577

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

The receivable in the General Fund totaling \$2,577 was in-transit from the Drug Control Fund at June 30, 2020.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government		
Component Unit:		
School Department		
Governmental Activities	Governmental Activities	\$ 1,310,000

The Due to Primary Government is the balance of bonds issued by the county for the school department. The school department has agreed to contribute the funds annually to retire these bonds. These long-term obligations are reflected in the governmental activities on the Statement of Net Position.

D. Capital Leases

On August 4, 2015, Pickett County entered into a six-year lease-purchase agreement for a wheeled loader for the highway department. The terms of the agreement require total lease payments of \$143,340 plus interest of 2.89 percent. The highway department liquidated the lease on May 15, 2020, and the title to the loader transferred to the Pickett County Highway Department.

On April 7, 2020, Pickett County entered into a six-year lease-purchase agreement for a grader for the highway department. The terms of the agreement require total lease payments of \$190,361 plus interest of 3.59 percent. Title to the grader transfers to the Pickett County Highway Department at the end of the lease period. The Highway/Public Works Fund is making the lease payments.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Other Capital Assets	\$ 190,361
Less: Accumulated Depreciation	<u>(4,019)</u>
Total Book Value	<u>\$ 186,342</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

Year Ending June 30	Governmental Funds
2021	\$ 35,437
2022	35,437
2023	35,437
2024	35,437
2025	35,437
2026	<u>28,700</u>
Total Minimum Lease Payments	\$ 205,885
Less: Amount Representing Interest	<u>(20,298)</u>
Present Value of Minimum Lease Payments	<u>\$ 185,587</u>

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Pickett County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 15 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Pickett County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit,

and taxing authority of the government. Capital outlay notes and other loans outstanding were each issued for original terms of up to 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2020, will be retired from the Highway/Public Works Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases 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 -				
Refunding	3 to 4.2 %	6-1-24	\$ 4,100,000	\$ 1,310,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	3.82	6-1-31	700,000	653,110
Other Loans	3.79	12-15-25	1,483,000	763,900
Capital Leases	3.59	3-4-26	190,361	185,587

In December 2013, Pickett County entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee. Under this agreement, the authority loaned \$1,483,000 to Pickett County at an interest rate of 3.79 percent. The proceeds of this loan were used to refund previously issued capital outlay notes being repaid by the highway department and to purchase highway equipment.

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 305,000	\$ 53,435	\$ 358,435
2022	320,000	41,235	361,235
2023	335,000	28,435	363,435
2024	350,000	14,700	364,700
Total	\$ 1,310,000	\$ 137,805	\$ 1,447,805

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 48,710	\$ 24,102	\$ 72,812
2022	50,600	22,208	72,808
2023	52,570	20,241	72,811
2024	54,610	18,197	72,807
2025	56,740	16,074	72,814
2026-2030	318,550	45,518	364,068
2031	71,330	1,486	72,816
Total	\$ 653,110	\$ 147,826	\$ 800,936

Year Ending June 30	Other Loans - Direct Placement		
	Principal	Interest	Total
2021	\$ 127,100	\$ 26,762	\$ 153,862
2022	132,300	21,852	154,152
2023	137,400	16,750	154,150
2024	142,500	11,455	153,955
2025	148,300	5,955	154,255
2026	76,300	846	77,146
Total	\$ 763,900	\$ 83,620	\$ 847,520

There is \$345,110 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$258, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and capital leases totaled \$574, based on the 2010 federal census.

The school department is currently contributing funds to service 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 as Due from Component Units in the financial statements of the primary government.

Description of Debt	Outstanding 6-30-20
<u>Bonds</u>	
<u>Contributions from General Purpose School Fund</u>	
School Refunding Bond, Series 2009	\$ 1,310,000

Changes in Long-term Debt

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

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2019	\$ 1,605,000	\$ 700,000	\$ 886,500
Additions	0	0	0
Reductions	(295,000)	(46,890)	(122,600)
Balance, June 30, 2020	<u>\$ 1,310,000</u>	<u>\$ 653,110</u>	<u>\$ 763,900</u>
Balance Due Within One Year	<u>\$ 305,000</u>	<u>\$ 48,710</u>	<u>\$ 127,100</u>

Governmental Activities:

	Capital Lease - Direct Placement
Balance, July 1, 2019	\$ 51,762
Additions	190,361
Reductions	(56,536)
Balance, June 30, 2020	<u>\$ 185,587</u>
Balance Due Within One Year	<u>\$ 29,253</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 2,912,597
Less: Balance Due Within One Year - Debt	<u>(510,063)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 2,402,534</u>

F. Long-term Obligations

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2019	\$ 22,996
Additions	11,627
Reductions	<u>(14,766)</u>
Balance, June 30, 2020	<u>\$ 19,857</u>
Balance Due Within One Year	<u>\$ 5,957</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 19,857
Less: Balance Due Within One Year - Other	<u>(5,957)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 13,900</u>

Pickett County Solid Waste Disposal Fund (Enterprise Fund)**Changes in Long-term Obligations**

Long-term obligations activity for the Solid Waste Disposal Fund (Enterprise Fund) for the year ended June 30, 2020, was as follows:

	<u>Closure/ Postclosure Care Costs</u>
Balance, July 1, 2019	\$ 2,702,371
Additions	24,296
Reductions	<u>(61,589)</u>
Balance, June 30, 2020	<u>\$ 2,665,078</u>
Balance Due Within One Year	<u>\$ 1,306,183</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 2,665,078
Less: Balance Due Within One Year - Other	<u>(1,306,183)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,358,895</u>

Discretely Presented Pickett County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Pickett County School Department for the year ended June 30, 2020, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2019	\$ 14,297	\$ 657,998
Additions	3,574	75,677
Deductions	(3,574)	(104,910)
Balance, June 30, 2020	<u>\$ 14,297</u>	<u>\$ 628,765</u>
Balance Due Within One Year	<u>\$ 3,574</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 643,062
Less: Balance Due Within One Year - Other	<u>(3,574)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 639,488</u>

Compensated absences will be paid from the employing funds, primarily the General Purpose School Fund.

G. On-Behalf Payments - Discretely Presented Pickett County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Pickett 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 \$26,574 and \$12,385, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Pickett County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet operations. Short-term debt activity for the year ended June 30, 2020, was as follows:

	Balance			Balance
	7-1-19	Issued	Paid	6-30-20
Tax Anticipation Notes	\$ 0	\$ 450,000	\$ (450,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

Pickett County provides commercial health insurance for its employees.

Discretely Presented Pickett County School Department

The discretely presented Pickett County School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The school department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of 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, *Tennessee Code Annotated (TCA)*, all local

education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Contingent Liabilities

The county is involved in several pending lawsuits. Attorneys for the county, highway department, and discretely presented school department estimate that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

C. Landfill Closure/Postclosure Care Costs

Pickett County has two active permits on file with the state Department of Environment and Conservation for sanitary landfills. The county has provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require Pickett County to place a final cover on the Highway 325 sanitary landfill site and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The Highway 325 landfill stopped accepting solid waste in October 2015 and is in the process of being closed at June 30, 2020.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,665,078 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount reported to date for the Highway 325 landfill and the landfill that closed in 1994. The Highway 325 landfill liability of \$2,583,871 is based on 100 percent of the estimated closure costs and 35 percent of the postclosure costs based upon the estimated capacity of the landfill that was used since the landfill is being closed before it reaches capacity. The postclosure liability for the landfill closed in 1994 is \$81,207. The \$2,665,078 reported as closure and postclosure care liability at June 30, 2020, represents amounts based on what it would cost to perform all closure/postclosure care in 2020. 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. Pickett County did not make any appropriations to the DTF for the year ended June 30, 2020. Pickett 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. Jointly Governed Organization

The Pickett County Emergency Communications District merged with the Overton County Emergency Communications District to form the Overton/Pickett County Emergency Communications District (OPCECD). The merger was adopted by both boards with an effective date of February 1, 2002. The board of the OPCECD includes 13 members; four are appointed by the Pickett County Commission, and the remaining nine are appointed by the Overton County Commission. Pickett County does not have any ongoing financial interest or responsibility for the entity. Complete financial statements for the Overton/Pickett Emergency Communications District can be obtained from its administrative office at 255 Industrial Drive, Livingston, TN 38570.

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Pickett County and non-certified employees of the discretely presented Pickett County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 81.63 percent, the non-certified employees of the discretely presented school department comprise 18.37 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	64
Inactive Employees Entitled to But Not Yet Receiving Benefits	161
Active Employees	114
Total	<u>339</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. Pickett 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 Pickett County was \$171,094 based on a rate of five percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Pickett 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)

Pickett 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	5.69	31
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
Short-term Securities	0.00	1
Total		100

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Pickett 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	\$ 9,163,468	\$ 9,736,547	\$ (573,079)
Changes for the Year:			
Service Cost	\$ 347,108	\$ 0	\$ 347,108
Interest	672,627	0	672,627
Differences Between Expected and Actual Experience	333,213	0	333,213
Contributions-Employer	0	172,929	(172,929)
Contributions-Employees	0	182,227	(182,227)
Net Investment Income	0	720,474	(720,474)
Benefit Payments, Including Refunds of Employee Contributions	(465,915)	(465,915)	0
Administrative Expense	0	(10,269)	10,269
Net Changes	\$ 887,033	\$ 599,446	\$ 287,587
Balance, June 30, 2019	\$ 10,050,501	\$ 10,335,993	\$ (285,492)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	81.63%	\$ 8,204,224	\$ 8,437,271	\$ (233,047)
School Department	18.37%	1,846,277	1,898,722	(52,445)
Total		\$ 10,050,501	\$ 10,335,993	\$ (285,492)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Pickett 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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 993,755	\$ (285,492)	\$ (1,347,103)

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

Pension Expense. For the year ended June 30, 2020, Pickett County recognized pension expense of \$227,132.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, Pickett 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	\$ 266,570	\$ 153,400
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	119,409
Changes in Assumptions	87,128	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	171,094	N/A
Total	<u>\$ 524,792</u>	<u>\$ 272,809</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	\$ 425,085	\$ 222,694
School Department	99,707	50,115
Total	<u>\$ 524,792</u>	<u>\$ 272,809</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	\$ 41,749
2022	(35,610)
2023	11,903
2024	62,851
2025	0
Thereafter	0

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

Discretely Presented Pickett County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Pickett County and non-certified employees of the discretely presented Pickett County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 81.63 percent and the non-certified employees of the discretely presented school department comprise 18.37 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Pickett 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 \$6,298, which is 2.03 percent of covered payroll. In addition, employer contributions of \$5,886, 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 (\$12,357) 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 .021890 percent. The proportion as of June 30, 2018, was .025045 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$3,925.

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	\$ 512	\$ 2,157
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	522
Changes in Assumptions	429	0
Changes in Proportion of Net Pension Liability (Asset)	1,836	1,197
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	6,298	N/A
Total	<u>\$ 9,075</u>	<u>\$ 3,876</u>

The school department's employer contributions of \$6,298, 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	\$ (215)
2022	(294)
2023	(148)
2024	(73)
2025	(52)
Thereafter	(316)

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	5.69	%	31	%
Developed Market				
International Equity	5.29		14	
Emerging Market				
International Equity	6.36		4	
Private Equity and				
Strategic Lending	5.79		20	
U.S. Fixed Income	2.01		20	
Real Estate	4.32		10	
Short-term Securities	0.00		1	
Total			100	%

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) 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)	\$ 3,915	\$ (12,357)	\$ (24,384)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Pickett 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 Pickett County School Department for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$313,060, 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 (\$952,724) 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 .092661 percent. The proportion measured at June 30, 2018, was .089198 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$139,501.

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	\$ 46,386	\$ 581,943
Changes in Assumptions	128,384	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	272,212
Changes in Proportion of Net Pension Liability (Asset)	24,979	2,370
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	313,060	N/A
Total	<u>\$ 512,809</u>	<u>\$ 856,525</u>

The school department's employer contributions of \$313,060 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	\$ (182,038)
2022	(262,759)
2023	(121,058)
2024	(90,921)
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 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	5.69	%	31	%
Developed Market				
International Equity	5.29		14	
Emerging Market				
International Equity	6.36		4	
Private Equity and				
Strategic Lending	5.79		20	
U.S. Fixed Income	2.01		20	
Real Estate	4.32		10	
Short-term Securities	0.00		1	
Total			100	%

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) 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)	\$ 1,948,045	\$ (952,724)	\$ (3,260,205)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. **Deferred Compensation**

Pickett County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401(k). The Pickett County School Department offers its employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of the plan participants. The Section 401(k), 457 and 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 401(k), 457 and 403(b) establish 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 \$15,530 and teachers contributed \$733 to this deferred compensation pension plan.

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

The discretely presented Pickett County School Department provides 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.

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

Plan Description. Employees of the Pickett 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 Pickett 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. Pickett 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:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	6
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	0
Active Employees	73
Total	<u><u>79</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 \$35,168 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		Total OPEB Liability
	Pickett County School Department 62.57%	State of TN 37.43%	
Balance July 1, 2018	\$ 657,998	\$ 374,521	\$ 1,032,519
Changes for the Year:			
Service Cost	\$ 25,936	\$ 15,515	\$ 41,451
Interest	23,565	14,097	37,662
Difference between Expected and Actuarial Experience	26,176	15,659	41,835
Changes in Proportionate Share	(11,957)	11,957	0
Changes in Assumption and Other Inputs	(50,561)	(30,247)	(80,808)
Benefit Payments	(42,392)	(25,360)	(67,752)
Net Changes	\$ (29,233)	\$ 1,621	\$ (27,612)
Balance June 30, 2019	\$ 628,765	\$ 376,142	\$ 1,004,907

The Pickett 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 Pickett 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 \$20,264 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Pickett County School Department's proportionate share of the collective OPEB liability was 62.57 percent and the State of Tennessee's share was 37.43 percent.

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 \$52,159, 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	\$ 22,871	\$ 87,060
Changes of Assumptions/Inputs	12,829	62,949
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	3,903	8,979
Benefits Paid After the Measurement Date of June 30, 2019	35,168	0
Total	<u>\$ 74,771</u>	<u>\$ 158,988</u>

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

Year Ending June 30	School Department
2021	\$ (17,606)
2022	(17,606)
2023	(17,606)
2024	(17,606)
2025	(17,606)
Thereafter	(31,355)

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	\$ 667,058	\$ 628,765	\$ 591,258
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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%	Current 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	\$ 571,214	\$ 628,765	\$ 694,962
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H. **Purchasing Laws**

Office of County Executive

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, provide for all purchases exceeding \$10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Superintendent

Purchasing procedures for the highway department were governed by Chapter 104, Private Acts of 1957, and provisions of the Uniform Road Law, Section 54-7-113, *TCA*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the school department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This

statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Pickett 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	\$ 215,048	\$ 259,681	\$ 250,172	\$ 266,770	\$ 305,396	\$ 347,108
Interest	508,300	533,635	569,347	610,349	640,282	672,627
Differences Between Actual and Expected Experience	(154,215)	(30,552)	(7,844)	(139,927)	(159,768)	333,213
Changes in Assumptions	0	0	0	217,823	0	0
Benefit Payments, Including Refunds of Employee Contributions	(257,637)	(294,283)	(259,896)	(303,271)	(297,035)	(465,915)
Net Change in Total Pension Liability	\$ 311,496	\$ 468,481	\$ 551,779	\$ 651,744	\$ 488,875	\$ 887,033
Total Pension Liability, Beginning	6,691,093	7,002,589	7,471,070	8,022,849	8,674,593	9,163,468
 Total Pension Liability, Ending (a)	 \$ 7,002,589	 \$ 7,471,070	 \$ 8,022,849	 \$ 8,674,593	 \$ 9,163,468	 \$ 10,050,501
 Plan Fiduciary Net Position						
Contributions - Employer	\$ 217,624	\$ 16,478	\$ 16,802	\$ 18,641	\$ 30,198	\$ 172,929
Contributions - Employee	141,683	135,068	140,113	152,798	171,579	182,227
Net Investment Income	1,149,167	247,115	215,959	932,800	750,341	720,474
Benefit Payments, Including Refunds of Employee Contributions	(257,637)	(294,283)	(259,896)	(303,271)	(297,035)	(465,915)
Administrative Expense	(3,999)	(5,147)	(7,558)	(9,974)	(11,550)	(10,269)
Net Change in Plan Fiduciary Net Position	\$ 1,246,838	\$ 99,231	\$ 105,420	\$ 790,994	\$ 643,533	\$ 599,446
Plan Fiduciary Net Position, Beginning	6,850,531	8,097,369	8,196,600	8,302,020	9,093,014	9,736,547
 Plan Fiduciary Net Position, Ending (b)	 \$ 8,097,369	 \$ 8,196,600	 \$ 8,302,020	 \$ 9,093,014	 \$ 9,736,547	 \$ 10,335,993
 Net Pension Liability (Asset), Ending (a - b)	 \$ (1,094,780)	 \$ (725,530)	 \$ (279,171)	 \$ (418,421)	 \$ (573,079)	 \$ (285,492)
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 115.63%	 109.71%	 103.48%	 104.82%	 106.25%	 102.84%
Covered Payroll	\$ 2,833,642	\$ 2,701,347	\$ 2,754,384	\$ 3,055,943	\$ 3,431,569	\$ 3,458,563
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(38.64)%	(26.86)%	(10.41)%	(13.69)%	(16.70)%	(8.25)%

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 and non-certified employees of the discretely presented school department.

Exhibit F-2

Pickett 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	\$ 217,624	\$ 16,478	\$ 16,802	\$ 18,641	\$ 30,198	\$ 141,110	\$ 171,094
Less Contributions in Relation to the Actuarially Determined Contribution	(217,624)	(16,478)	(16,802)	(18,641)	(30,198)	(172,929)	(171,094)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (31,819)</u>	<u>\$ 0</u>
Covered Payroll	\$ 2,833,642	\$ 2,701,347	\$ 2,754,384	\$ 3,055,943	\$ 3,431,569	\$ 3,458,563	\$ 3,445,704
Contributions as a Percentage of Covered Payroll	7.68%	0.61%	0.61%	0.61%	0.88%	5.00%	5.00%

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 and non-certified employees of the discretely presented school department.

Exhibit F-3

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

	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 1,243	\$ 2,559	\$ 7,171	\$ 8,755	\$ 4,494	\$ 6,298
Less Contributions in Relation to the Contractually Required Contribution	(1,243)	(2,559)	(7,171)	(8,755)	(4,494)	(6,298)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 31,076	\$ 63,970	\$ 179,263	\$ 218,863	\$ 231,635	\$ 310,608
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%

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

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

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 279,797	\$ 279,190	\$ 290,364	\$ 284,999	\$ 283,606	\$ 324,999	\$ 313,060
Less Contributions in Relation to the Contractually Required Contribution	(279,797)	(279,190)	(290,364)	(284,999)	(283,606)	(324,999)	(313,060)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 3,150,863	\$ 3,088,382	\$ 3,211,996	\$ 3,152,636	\$ 3,123,405	\$ 3,107,068	\$ 2,945,024
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 F-5

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

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Asset	0.014648%	0.014539%	0.027313%	0.025045%	0.021890%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (602) \$	(1,514) \$	(7,208) \$	(11,359) \$	(12,357)
Covered Payroll	\$ 31,076 \$	63,970 \$	179,263 \$	218,863 \$	231,635
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%	(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 F-6

Pickett County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Pickett 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	0.080277%	0.082500%	0.088980%	0.089185%	0.089198%	0.092661%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ 13,045	\$ (33,795)	\$ 556,074	\$ (29,180)	\$ (313,879)	\$ (952,724)
Covered Payroll	\$ 3,150,863	\$ 3,088,382	\$ 3,211,996	\$ 3,152,636	\$ 3,123,405	\$ 3,107,068
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%	(10.05)%	(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 F-7

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

Total OPEB Liability	2017	2018	2019
Service Cost	\$ 50,036	\$ 45,940	\$ 41,451
Interest	35,318	41,955	37,662
Differences Between Actual and Expected Experience	0	(178,895)	41,835
Changes in Assumptions or Other Inputs	(45,257)	26,362	(80,808)
Benefit Payments	(63,221)	(70,811)	(67,752)
Net Change in Total OPEB Liability	\$ (23,124)	\$ (135,449)	\$ (27,612)
Total OPEB Liability, Beginning	1,191,092	1,167,968	1,032,519
Total OPEB Liability, Ending	<u>\$ 1,167,968</u>	<u>\$ 1,032,519</u>	<u>\$ 1,004,907</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 435,988	\$ 378,700	\$ 376,142
Employer Proportionate Share of the Total OPEB Liability	731,980	653,819	628,765
Covered Employee Payroll	\$ 3,955,136	\$ 3,763,039	\$ 3,950,293
Net OPEB Liability as a Percentage of Covered Employee Payroll	29.53%	27.44%	25.44%

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:

For the 2019 plan year - from 5.4% to 6.75%
For the 2020 plan year - 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.

PICKETT 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	Early 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	2.50%
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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

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.

Debt Service Fund

The General Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Exhibit G-1

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

	Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Debt Service	
<u>ASSETS</u>						
Cash	\$ 174	\$ 0	\$ 400	\$ 574	\$ 0	\$ 574
Equity in Pooled Cash and Investments	232,076	67,331	0	299,407	345,097	644,504
Accounts Receivable	18,540	0	24	18,564	0	18,564
Property Taxes Receivable	217,349	0	0	217,349	37,370	254,719
Allowance for Uncollectible Property Taxes	(2,178)	0	0	(2,178)	(2,177)	(4,355)
Total Assets	<u>\$ 465,961</u>	<u>\$ 67,331</u>	<u>\$ 424</u>	<u>\$ 533,716</u>	<u>\$ 380,290</u>	<u>\$ 914,006</u>
<u>LIABILITIES</u>						
Payroll Deductions Payable	\$ 183	\$ 0	\$ 0	\$ 183	\$ 0	\$ 183
Due to Other Funds	0	0	424	424	0	424
Total Liabilities	<u>\$ 183</u>	<u>\$ 0</u>	<u>\$ 424</u>	<u>\$ 607</u>	<u>\$ 0</u>	<u>\$ 607</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 214,287	\$ 0	\$ 0	\$ 214,287	\$ 28,572	\$ 242,859
Deferred Delinquent Property Taxes	783	0	0	783	6,608	7,391
Total Deferred Inflows of Resources	<u>\$ 215,070</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 215,070</u>	<u>\$ 35,180</u>	<u>\$ 250,250</u>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 67,331	\$ 0	\$ 67,331	\$ 0	\$ 67,331

(Continued)

Exhibit G-1

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

	Special Revenue Funds				Debt Service	Total
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Fund General Debt Service	
<u>FUND BALANCES (Cont.)</u>						
Committed:						
Committed for Public Health and Welfare	\$ 250,708	\$ 0	\$ 0	\$ 250,708	\$ 0	\$ 250,708
Committed for Debt Service	0	0	0	0	345,110	345,110
Total Fund Balances	<u>\$ 250,708</u>	<u>\$ 67,331</u>	<u>\$ 0</u>	<u>\$ 318,039</u>	<u>\$ 345,110</u>	<u>\$ 663,149</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 465,961</u>	<u>\$ 67,331</u>	<u>\$ 424</u>	<u>\$ 533,716</u>	<u>\$ 380,290</u>	<u>\$ 914,006</u>

Exhibit G-2

Pickett 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			Debt Service Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Total	General Debt Service	
<u>Revenues</u>					
Local Taxes	\$ 217,312	\$ 0	\$ 217,312	\$ 89,807	\$ 307,119
Fines, Forfeitures, and Penalties	0	8,085	8,085	0	8,085
Charges for Current Services	136,809	0	136,809	0	136,809
Other Local Revenues	8,724	3,482	12,206	0	12,206
Other Governments and Citizens Groups	0	0	0	360,235	360,235
Total Revenues	\$ 362,845	\$ 11,567	\$ 374,412	\$ 450,042	\$ 824,454
<u>Expenditures</u>					
Current:					
Public Safety	\$ 0	\$ 50,441	\$ 50,441	\$ 0	\$ 50,441
Public Health and Welfare	296,172	0	296,172	0	296,172
Debt Service:					
Principal on Debt	0	0	0	295,000	295,000
Interest on Debt	0	0	0	65,235	65,235
Other Debt Service	0	0	0	1,183	1,183
Total Expenditures	\$ 296,172	\$ 50,441	\$ 346,613	\$ 361,418	\$ 708,031
Excess (Deficiency) of Revenues Over Expenditures	\$ 66,673	\$ (38,874)	\$ 27,799	\$ 88,624	\$ 116,423
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (100,000)	\$ 0	\$ (100,000)	\$ 0	\$ (100,000)
Total Other Financing Sources (Uses)	\$ (100,000)	\$ 0	\$ (100,000)	\$ 0	\$ (100,000)

(Continued)

Exhibit G-2

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

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	
	Solid Waste / Sanitation	Drug Control	Total	General Debt Service	Total Nonmajor Governmental Funds
Net Change in Fund Balances	\$ (33,327)	\$ (38,874)	\$ (72,201)	\$ 88,624	\$ 16,423
Fund Balance, July 1, 2019	284,035	106,205	390,240	256,486	646,726
Fund Balance, June 30, 2020	<u>\$ 250,708</u>	<u>\$ 67,331</u>	<u>\$ 318,039</u>	<u>\$ 345,110</u>	<u>\$ 663,149</u>

Exhibit G-3

Pickett County, Tennessee
Schedule 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	\$ 217,312	\$ 209,397	\$ 209,397	\$ 7,915
Charges for Current Services	136,809	120,225	120,225	16,584
Other Local Revenues	8,724	20,000	20,000	(11,276)
State of Tennessee	0	172,597	172,597	(172,597)
Total Revenues	<u>\$ 362,845</u>	<u>\$ 522,219</u>	<u>\$ 522,219</u>	<u>\$ (159,374)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 296,172	\$ 344,814	\$ 344,814	\$ 48,642
Total Expenditures	<u>\$ 296,172</u>	<u>\$ 344,814</u>	<u>\$ 344,814</u>	<u>\$ 48,642</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 66,673</u>	<u>\$ 177,405</u>	<u>\$ 177,405</u>	<u>\$ (110,732)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ 0
Total Other Financing Sources	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (33,327)	\$ 77,405	\$ 77,405	\$ (110,732)
Fund Balance, July 1, 2019	<u>284,035</u>	<u>116,074</u>	<u>116,074</u>	<u>167,961</u>
Fund Balance, June 30, 2020	<u><u>\$ 250,708</u></u>	<u><u>\$ 193,479</u></u>	<u><u>\$ 193,479</u></u>	<u><u>\$ 57,229</u></u>

Exhibit G-4

Pickett 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	\$ 8,085	\$ 3,000	\$ 3,000	\$ 5,085
Other Local Revenues	3,482	200,000	200,000	(196,518)
Total Revenues	<u>\$ 11,567</u>	<u>\$ 203,000</u>	<u>\$ 203,000</u>	<u>\$ (191,433)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 50,441	\$ 165,000	\$ 165,000	\$ 114,559
Total Expenditures	<u>\$ 50,441</u>	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ 114,559</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (38,874)</u>	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ (76,874)</u>
Net Change in Fund Balance	\$ (38,874)	\$ 38,000	\$ 38,000	\$ (76,874)
Fund Balance, July 1, 2019	106,205	105,946	105,946	259
Fund Balance, June 30, 2020	<u><u>\$ 67,331</u></u>	<u><u>\$ 143,946</u></u>	<u><u>\$ 143,946</u></u>	<u><u>\$ (76,615)</u></u>

Exhibit G-5

Pickett 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	\$ 89,807	\$ 85,342	\$ 85,342	\$ 4,465
Other Governments and Citizens Groups	360,235	0	360,235	0
Total Revenues	<u>\$ 450,042</u>	<u>\$ 85,342</u>	<u>\$ 445,577</u>	<u>\$ 4,465</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 0	\$ 21,817	\$ 21,817	\$ 21,817
Education	295,000	0	295,000	0
<u>Interest on Debt</u>				
General Government	0	22,750	22,750	22,750
Education	65,235	0	65,235	0
<u>Other Debt Service</u>				
General Government	1,183	2,900	2,900	1,717
Total Expenditures	<u>\$ 361,418</u>	<u>\$ 47,467</u>	<u>\$ 407,702</u>	<u>\$ 46,284</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 88,624</u>	<u>\$ 37,875</u>	<u>\$ 37,875</u>	<u>\$ 50,749</u>
Net Change in Fund Balance	\$ 88,624	\$ 37,875	\$ 37,875	\$ 50,749
Fund Balance, July 1, 2019	<u>256,486</u>	<u>251,721</u>	<u>251,721</u>	<u>4,765</u>
Fund Balance, June 30, 2020	<u><u>\$ 345,110</u></u>	<u><u>\$ 289,596</u></u>	<u><u>\$ 289,596</u></u>	<u><u>\$ 55,514</u></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

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

	Agency Funds		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 191,060	\$ 191,060
Due from Other Governments	67,187	0	67,187
Total Assets	<u>\$ 67,187</u>	<u>\$ 191,060</u>	<u>\$ 258,247</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 67,187	\$ 0	\$ 67,187
Due to Litigants, Heirs, and Others	0	191,060	191,060
Total Liabilities	<u>\$ 67,187</u>	<u>\$ 191,060</u>	<u>\$ 258,247</u>

Exhibit H-2

Pickett 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	\$ 297,507	\$ 297,507	\$ 0
Due from Other Governments	67,563	67,187	67,563	67,187
Total Assets	\$ 67,563	\$ 364,694	\$ 365,070	\$ 67,187
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 67,563	\$ 364,694	\$ 365,070	\$ 67,187
Total Liabilities	\$ 67,563	\$ 364,694	\$ 365,070	\$ 67,187
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 144,602	\$ 1,487,432	\$ 1,440,974	\$ 191,060
Total Assets	\$ 144,602	\$ 1,487,432	\$ 1,440,974	\$ 191,060
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 144,602	\$ 1,487,432	\$ 1,440,974	\$ 191,060
Total Liabilities	\$ 144,602	\$ 1,487,432	\$ 1,440,974	\$ 191,060
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 144,602	\$ 1,487,432	\$ 1,440,974	\$ 191,060
Equity in Pooled Cash and Investments	0	297,507	297,507	0
Due from Other Governments	67,563	67,187	67,563	67,187
Total Assets	\$ 212,165	\$ 1,852,126	\$ 1,806,044	\$ 258,247
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 67,563	\$ 364,694	\$ 365,070	\$ 67,187
Due to Litigants, Heirs, and Others	144,602	1,487,432	1,440,974	191,060
Total Liabilities	\$ 212,165	\$ 1,852,126	\$ 1,806,044	\$ 258,247

Pickett County School Department

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

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

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

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

Exhibit I-1

Pickett County, Tennessee
Statement of Activities
Discretely Presented Pickett 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	\$ 3,408,803	\$ 34,588	\$ 216,033	\$ 0	\$ (3,158,182)
Support Services	2,703,188	0	161,333	0	(2,541,855)
Operation of Non-instructional Services	581,644	87,337	575,363	0	81,056
Interest on Long-term Debt	65,235	0	0	0	(65,235)
Total Governmental Activities	\$ 6,758,870	\$ 121,925	\$ 952,729	\$ 0	\$ (5,684,216)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 684,309
Local Option Sales Taxes					620,941
Business Tax					28,546
Other Local Taxes					66
Grants and Contributions Not Restricted to Specific Programs					4,254,626
Unrestricted Investment Income					11,840
Miscellaneous					31,971
Total General Revenues					\$ 5,632,299
Change in Net Position					\$ (51,917)
Net Position, July 1, 2019					4,165,618
Net Position, June 30, 2020					\$ 4,113,701

Exhibit I-2

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

	Major Funds		Nonmajor Fund	Total
	General Purpose School	Central Cafeteria	School Federal Projects	Governmental Funds
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 1,014,732	\$ 321,352	\$ 49,940	\$ 1,386,024
Due from Other Governments	156,996	60,689	6,724	224,409
Property Taxes Receivable	704,222	0	0	704,222
Allowance for Uncollectible Property Taxes	(12,041)	0	0	(12,041)
Restricted Assets	11,257	0	0	11,257
Total Assets	<u>\$ 1,875,166</u>	<u>\$ 382,041</u>	<u>\$ 56,664</u>	<u>\$ 2,313,871</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 4,615	\$ 18,199	\$ 6,649	\$ 29,463
Total Liabilities	<u>\$ 4,615</u>	<u>\$ 18,199</u>	<u>\$ 6,649</u>	<u>\$ 29,463</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 671,434	\$ 0	\$ 0	\$ 671,434
Deferred Delinquent Property Taxes	20,434	0	0	20,434
Other Deferred/Unavailable Revenue	80,145	0	0	80,145
Total Deferred Inflows of Resources	<u>\$ 772,013</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 772,013</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 0	\$ 363,842	\$ 15	\$ 363,857
Restricted for Hybrid Retirement Stabilization Funds	11,257	0	0	11,257
Committed:				
Committed for Education	0	0	50,000	50,000

(Continued)

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

FUND BALANCES (Cont.)

Unassigned
Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Major Funds		Nonmajor Fund		Total Governmental Funds
General Purpose School	Central Cafeteria	School Federal Projects		
\$ 1,087,281	\$ 0	\$ 0	\$	1,087,281
\$ 1,098,538	\$ 363,842	\$ 50,015	\$	1,512,395
\$ 1,875,166	\$ 382,041	\$ 56,664	\$	2,313,871

Exhibit I-3

Pickett County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Pickett 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)		\$	1,512,395
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	22,955	
Add: buildings and improvements net of accumulated depreciation		3,283,356	
Add: other capital assets net of accumulated depreciation		<u>503,094</u>	3,809,405
(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 to primary government for bonded debt	\$	(1,310,000)	
Less: compensated absences payable		(14,297)	
Less: net OPEB liability		<u>(628,765)</u>	(1,953,062)
(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	\$	621,591	
Less: deferred inflows of resources related to pensions		(910,516)	
Add: deferred outflows of resources related to OPEB		74,771	
Less: deferred inflows of resources related to OPEB		<u>(158,988)</u>	(373,142)
(4) Net pension assets of the pension plans are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	52,445	
Add: net pension asset - teacher retirement plan		12,357	
Add: net pension asset - teacher legacy pension plan		<u>952,724</u>	1,017,526
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>100,579</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>4,113,701</u></u>

Exhibit I-4

Pickett County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Pickett County School Department
For the Year Ended June 30, 2020

	Major Funds		Nonmajor Fund	
	General Purpose School	Central Cafeteria	School Federal Projects	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 1,311,519	\$ 0	\$ 0	\$ 1,311,519
Licenses and Permits	190	0	0	190
Charges for Current Services	0	87,337	0	87,337
Other Local Revenues	44,201	610	0	44,811
State of Tennessee	4,311,232	3,371	0	4,314,603
Federal Government	49,764	478,180	416,545	944,489
Total Revenues	<u>\$ 5,716,906</u>	<u>\$ 569,498</u>	<u>\$ 416,545</u>	<u>\$ 6,702,949</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 3,271,323	\$ 0	\$ 367,233	\$ 3,638,556
Support Services	2,417,831	0	49,530	2,467,361
Operation of Non-Instructional Services	144,318	437,326	0	581,644
Debt Service:				
Principal on Debt	295,000	0	0	295,000
Interest on Debt	65,235	0	0	65,235
Total Expenditures	<u>\$ 6,193,707</u>	<u>\$ 437,326</u>	<u>\$ 416,763</u>	<u>\$ 7,047,796</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (476,801)</u>	<u>\$ 132,172</u>	<u>\$ (218)</u>	<u>\$ (344,847)</u>
Net Change in Fund Balances	<u>\$ (476,801)</u>	<u>\$ 132,172</u>	<u>\$ (218)</u>	<u>\$ (344,847)</u>
Fund Balance, July 1, 2019	<u>1,575,339</u>	<u>231,670</u>	<u>50,233</u>	<u>1,857,242</u>
Fund Balance, June 30, 2020	<u>\$ 1,098,538</u>	<u>\$ 363,842</u>	<u>\$ 50,015</u>	<u>\$ 1,512,395</u>

Exhibit I-5

Pickett County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Pickett 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)			\$ (344,847)
(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			(210,406)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$ 100,579		
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(77,880)</u>	22,699	
(3) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the school department of the principal of long-term debt consume the current financial resources of governmental funds.			
Add: principal contributions on bonds to the primary government			295,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in OPEB liability	\$ 25,054		
Change in deferred outflows related to OPEB	14,295		
Change in deferred inflows related to OPEB	(36,076)		
Change in net pension asset - agent plan	(50,365)		
Change in net pension asset - teacher retirement plan	998		
Change in net pension asset - teacher legacy pension plan	638,845		
Change in deferred outflows related to pensions	(41,893)		
Change in deferred inflows related to pensions	<u>(365,221)</u>	185,637	
Change in net position of governmental activities (Exhibit B)			<u>\$ (51,917)</u>

Exhibit I-6

Pickett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Pickett County School Department
General Purpose School Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,311,519	\$ 1,283,650	\$ 1,283,650	\$ 27,869
Licenses and Permits	190	200	200	(10)
Other Local Revenues	44,201	53,600	53,600	(9,399)
State of Tennessee	4,311,232	4,257,587	4,296,546	14,686
Federal Government	49,764	60,000	60,000	(10,236)
Total Revenues	\$ 5,716,906	\$ 5,655,037	\$ 5,693,996	\$ 22,910
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,774,562	\$ 2,907,300	\$ 2,872,485	\$ 97,923
Special Education Program	354,345	324,410	359,225	4,880
Career and Technical Education Program	142,416	178,985	178,985	36,569
<u>Support Services</u>				
Attendance	44,821	48,495	48,495	3,674
Health Services	140,181	150,360	150,360	10,179
Other Student Support	171,243	211,685	211,685	40,442
Regular Instruction Program	241,936	245,200	245,200	3,264
Special Education Program	100,269	106,045	106,045	5,776
Technology	20,804	50,000	50,000	29,196
Other Programs	38,959	0	38,959	0
Board of Education	98,091	118,120	118,120	20,029
Director of Schools	118,151	120,400	120,400	2,249
Office of the Principal	214,466	257,985	257,985	43,519
Fiscal Services	94,030	95,245	95,245	1,215
Operation of Plant	422,661	514,925	514,925	92,264
Maintenance of Plant	429,033	284,075	284,075	(144,958)
Transportation	269,703	318,600	318,600	48,897
Central and Other	13,483	15,600	15,600	2,117
<u>Operation of Non-Instructional Services</u>				
Community Services	50,000	52,000	52,000	2,000
Early Childhood Education	94,318	103,880	103,880	9,562
<u>Principal on Debt</u>				
Education	295,000	295,000	295,000	0
<u>Interest on Debt</u>				
Education	65,235	65,235	65,235	0
Total Expenditures	\$ 6,193,707	\$ 6,463,545	\$ 6,502,504	\$ 308,797
Excess (Deficiency) of Revenues Over Expenditures	\$ (476,801)	\$ (808,508)	\$ (808,508)	\$ 331,707
Net Change in Fund Balance	\$ (476,801)	\$ (808,508)	\$ (808,508)	\$ 331,707
Fund Balance, July 1, 2019	1,575,339	1,006,686	1,006,686	568,653
Fund Balance, June 30, 2020	\$ 1,098,538	\$ 198,178	\$ 198,178	\$ 900,360

Exhibit I-7

Pickett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Pickett County School Department
School Federal Projects Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 416,545	\$ 595,278	\$ 597,131	\$ (180,586)
Total Revenues	\$ 416,545	\$ 595,278	\$ 597,131	\$ (180,586)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 194,329	\$ 268,326	\$ 268,207	\$ 73,878
Special Education Program	160,881	226,683	218,707	57,826
Career and Technical Education Program	12,023	11,100	12,550	527
<u>Support Services</u>				
Other Student Support	15,849	23,650	22,391	6,542
Regular Instruction Program	13,516	40,393	43,892	30,376
Special Education Program	19,842	24,376	30,884	11,042
Career and Technical Education Program	323	750	500	177
Total Expenditures	\$ 416,763	\$ 595,278	\$ 597,131	\$ 180,368
Excess (Deficiency) of Revenues Over Expenditures	\$ (218)	\$ 0	\$ 0	\$ (218)
Net Change in Fund Balance	\$ (218)	\$ 0	\$ 0	\$ (218)
Fund Balance, July 1, 2019	50,233	50,000	50,000	233
Fund Balance, June 30, 2020	\$ 50,015	\$ 50,000	\$ 50,000	\$ 15

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 87,337	\$ 121,000	\$ 121,000	\$ (33,663)
Other Local Revenues	610	500	500	110
State of Tennessee	3,371	4,000	4,000	(629)
Federal Government	478,180	320,000	320,000	158,180
Total Revenues	<u>\$ 569,498</u>	<u>\$ 445,500</u>	<u>\$ 445,500</u>	<u>\$ 123,998</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 437,326	\$ 499,400	\$ 499,400	\$ 62,074
Total Expenditures	<u>\$ 437,326</u>	<u>\$ 499,400</u>	<u>\$ 499,400</u>	<u>\$ 62,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 132,172</u>	<u>\$ (53,900)</u>	<u>\$ (53,900)</u>	<u>\$ 186,072</u>
Net Change in Fund Balance	\$ 132,172	\$ (53,900)	\$ (53,900)	\$ 186,072
Fund Balance, July 1, 2019	<u>231,670</u>	<u>113,340</u>	<u>113,340</u>	<u>118,330</u>
Fund Balance, June 30, 2020	<u><u>\$ 363,842</u></u>	<u><u>\$ 59,440</u></u>	<u><u>\$ 59,440</u></u>	<u><u>\$ 304,402</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Pickett County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, Other Loans, and Capital Leases
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	Outstanding 6-30-20
<u>BONDS PAYABLE</u>								
<u>Contributions Due by the School Department from the General Purpose School</u>								
<u>Fund to the General Debt Service Fund</u>								
School Refunding Bond, Series 2009	\$ 4,100,000	3 to 4.2 %	3-31-09	6-1-24	\$ 1,605,000	\$ 0	\$ 295,000	\$ 1,310,000
Total Bonds Payable					\$ 1,605,000	\$ 0	\$ 295,000	\$ 1,310,000
<u>NOTES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Highway Road Projects and Equipment	700,000	3.82	5-21-19	6-1-31	\$ 700,000	\$ 0	\$ 46,890	\$ 653,110
Total Notes Payable					\$ 700,000	\$ 0	\$ 46,890	\$ 653,110
<u>OTHER LOANS PAYABLE</u>								
<u>Public Building Authority Loan Agreement:</u>								
<u>Payable through Highway/Public Works Fund</u>								
Highway Refunding and Equipment	(1) 1,483,000	3.79	12-18-13	12-15-25	\$ 886,500	\$ 0	\$ 122,600	\$ 763,900
Total Other Loans Payable					\$ 886,500	\$ 0	\$ 122,600	\$ 763,900
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Wheel Loader	143,340	2.89	8-4-15	5-15-20	\$ 51,762	\$ 0	\$ 51,762	\$ 0
Grader	190,361	3.59	4-7-20	3-4-26		190,361	4,774	185,587
Total Capital Leases Payable					\$ 51,762	\$ 190,361	\$ 56,536	\$ 185,587

(1) A portion of this loan (\$1,276,307) was used to refund the outstanding principal balances of capital outlay notes being retired by the Highway/Public Works Fund.

Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 305,000	\$ 53,435	\$ 358,435
2022	320,000	41,235	361,235
2023	335,000	28,435	363,435
2024	350,000	14,700	364,700
Total	\$ 1,310,000	\$ 137,805	\$ 1,447,805

Year Ending June 30	Notes		
	Principal	Interest	Total
2021	\$ 48,710	\$ 24,102	\$ 72,812
2022	50,600	22,208	72,808
2023	52,570	20,241	72,811
2024	54,610	18,197	72,807
2025	56,740	16,074	72,814
2026	58,940	13,868	72,808
2027	61,240	11,577	72,817
2028	63,620	9,196	72,816
2029	66,090	6,723	72,813
2030	68,660	4,154	72,814
2031	71,330	1,486	72,816
Total	\$ 653,110	\$ 147,826	\$ 800,936

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2021	\$ 127,100	\$ 26,762	\$ 153,862
2022	132,300	21,852	154,152
2023	137,400	16,750	154,150
2024	142,500	11,455	153,955
2025	148,300	5,955	154,255
2026	76,300	846	77,146
Total	\$ 763,900	\$ 83,620	\$ 847,520

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2021	\$ 29,253	\$ 6,184	\$ 35,437
2022	30,320	5,117	35,437
2023	31,427	4,010	35,437
2024	32,574	2,863	35,437
2025	33,763	1,674	35,437
2026	28,250	450	28,700
Total	\$ 185,587	\$ 20,298	\$ 205,885

Exhibit J-3

Pickett County, Tennessee
Schedule of Transfers
Primary Government
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	Solid Waste Disposal	Closure cost on landfill	<u>\$ 100,000</u>
Total Transfers Primary Government			<u><u>\$ 100,000</u></u>

Exhibit J-4

Pickett County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Pickett 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>	\$ 79,083	\$ 100,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i> , and Chapter 104, Private Acts of 1957	75,318 (1)	100,000	"
Director of Schools	State Board of Education and Pickett County Board of Education	87,985 (2)	(3)	
Trustee	Section 8-24-102, <i>TCA</i>	68,471	339,442	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,471	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	68,471	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	68,471	50,000	
Clerk and Master	Section 8-24-102, <i>TCA</i>	68,471	75,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	68,471	50,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	75,318 (4)	100,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			400,000	Local Government Insurance Pool
Public Employee Dishonesty - Highway Department			400,000	"
Public Employee Dishonesty - School Department			400,000	Tennessee Risk Management Trust

- (1) Does not include annual travel payments of \$1,800 approved by private act.
(2) Does not include \$1,000 chief executive officer training supplement or \$1,700 bonus.
(3) Covered by the employee insurance policy pursuant to Section 8-19-101, *TCA*.
(4) Does not include a law enforcement training supplement of \$800.

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,516,852	\$ 207,423	\$ 0	\$ 0	\$ 27,660	\$ 2,751,935
Trustee's Collections - Prior Year	41,173	5,649	0	0	754	47,576
Circuit Clerk/Clerk and Master Collections - Prior Years	19,461	2,677	0	0	360	22,498
Interest and Penalty	8,138	1,032	0	0	137	9,307
Pickup Taxes	3,917	417	0	0	51	4,385
Payments in-Lieu-of Taxes - Other	52,668	114	0	0	15	52,797
<u>County Local Option Taxes</u>						
Local Option Sales Tax	298,901	0	0	0	0	298,901
Wheel Tax	0	0	0	0	60,830	60,830
Litigation Tax - General	5,788	0	0	0	0	5,788
Litigation Tax - Special Purpose	968	0	0	0	0	968
Business Tax	1,566	0	0	0	0	1,566
Mineral Severance Tax	3,003	0	0	0	0	3,003
<u>Statutory Local Taxes</u>						
Bank Excise Tax	45,072	0	0	0	0	45,072
Wholesale Beer Tax	108,239	0	0	0	0	108,239
Other Statutory Local Taxes	43	0	0	0	0	43
Total Local Taxes	\$ 3,105,789	\$ 217,312	\$ 0	\$ 0	\$ 89,807	\$ 3,412,908
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 152	\$ 0	\$ 0	\$ 0	\$ 0	\$ 152
Cable TV Franchise	97,903	0	0	0	0	97,903
<u>Permits</u>						
Beer Permits	2,100	0	0	0	0	2,100
Total Licenses and Permits	\$ 100,155	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,155

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 3,939	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,939
Officers Costs	1,078	0	0	0	0	1,078
Drug Control Fines	95	0	3,657	0	0	3,752
Drug Court Fees	333	0	0	0	0	333
Veterans Treatment Court Fees	111	0	0	0	0	111
Jail Fees	581	0	0	0	0	581
Data Entry Fee - Circuit Court	162	0	0	0	0	162
<u>Criminal Court</u>						
DUI Treatment Fines	332	0	0	0	0	332
<u>General Sessions Court</u>						
Fines	50,332	0	0	0	0	50,332
Officers Costs	3,438	0	0	0	0	3,438
Game and Fish Fines	56	0	0	0	0	56
Drug Control Fines	1,470	0	4,428	0	0	5,898
Drug Court Fees	408	0	0	0	0	408
Veterans Treatment Court Fees	360	0	0	0	0	360
Jail Fees	779	0	0	0	0	779
Data Entry Fee - General Sessions Court	708	0	0	0	0	708
<u>Chancery Court</u>						
Officers Costs	348	0	0	0	0	348
Data Entry Fee - Chancery Court	279	0	0	0	0	279
Total Fines, Forfeitures, and Penalties	\$ 64,809	\$ 0	\$ 8,085	\$ 0	\$ 0	\$ 72,894

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Total
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 135,240	\$ 0	\$ 0	\$ 0	\$ 135,240
Surcharge - Waste Tire Disposal	0	1,569	0	0	0	1,569
Patient Charges	431,728	0	0	0	0	431,728
<u>Fees</u>						
Copy Fees	212	0	0	0	0	212
Library Fees	2,036	0	0	0	0	2,036
Greenbelt Late Application Fee	50	0	0	0	0	50
Data Processing Fee - Register	2,268	0	0	0	0	2,268
Probation Fees	11,193	0	0	0	0	11,193
Data Processing Fee - Sheriff	318	0	0	0	0	318
Sexual Offender Registration Fee - Sheriff	750	0	0	0	0	750
Data Processing Fee - County Clerk	4,869	0	0	0	0	4,869
Vehicle Insurance Coverage and Reinstatement Fees	65	0	0	0	0	65
Total Charges for Current Services	\$ 453,489	\$ 136,809	\$ 0	\$ 0	\$ 0	\$ 590,298
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 10,884	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,884
Lease/Rentals	15,731	0	0	0	0	15,731
Sale of Recycled Materials	0	6,697	0	0	0	6,697
Miscellaneous Refunds	21,714	2,027	1,592	12,292	0	37,625
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	1,890	68,250	0	70,140
Sale of Property	4,300	0	0	0	0	4,300
Total Other Local Revenues	\$ 52,629	\$ 8,724	\$ 3,482	\$ 80,542	\$ 0	\$ 145,377

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 75,214	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,214
Circuit Court Clerk	4,014	0	0	0	0	4,014
Clerk and Master	11,394	0	0	0	0	11,394
Register	29,140	0	0	0	0	29,140
Sheriff	3,368	0	0	0	0	3,368
Trustee	127,792	0	0	0	0	127,792
Total Fees Received From County Officials	\$ 250,922	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,922
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	7,745	0	0	0	0	7,745
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	8,800	0	0	0	0	8,800
<u>Health and Welfare Grants</u>						
Health Department Programs	20,000	0	0	0	0	20,000
<u>Public Works Grants</u>						
Litter Program	38,596	0	0	0	0	38,596
<u>Other State Revenues</u>						
Flood Control	194,442	0	0	0	0	194,442
Income Tax	8,080	0	0	0	0	8,080
Beer Tax	18,175	0	0	0	0	18,175
Vehicle Certificate of Title Fees	895	0	0	0	0	895
Alcoholic Beverage Tax	19,896	0	0	0	0	19,896
State Revenue Sharing - T.V.A.	211,430	0	0	0	0	211,430

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
State Revenue Sharing - Telecommunications	\$ 11,331	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,331
Gasoline and Motor Fuel Tax	0	0	0	1,682,484	0	1,682,484
Petroleum Special Tax	0	0	0	3,663	0	3,663
T.B.I. - Equipment Reimbursement	285	0	0	0	0	285
Registrar's Salary Supplement	15,164	0	0	0	0	15,164
Other State Grants	10,409	0	0	0	0	10,409
Other State Revenues	15,715	0	0	0	0	15,715
Total State of Tennessee	\$ 589,963	\$ 0	\$ 0	\$ 1,686,147	\$ 0	\$ 2,276,110
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 155,635	\$ 0	\$ 0	\$ 0	\$ 0	\$ 155,635
COVID-19 Grant #1	21,179	0	0	0	0	21,179
COVID-19 Grant #2	4,227	0	0	0	0	4,227
Other Federal through State	66,068	0	0	0	0	66,068
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	12,543	0	0	0	0	12,543
Other Direct Federal Revenue	9,834	0	0	0	0	9,834
Total Federal Government	\$ 269,486	\$ 0	\$ 0	\$ 0	\$ 0	\$ 269,486
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 51,688	\$ 0	\$ 0	\$ 0	\$ 360,235	\$ 411,923
Contracted Services	50,000	0	0	0	0	50,000
Total Other Governments and Citizens Groups	\$ 101,688	\$ 0	\$ 0	\$ 0	\$ 360,235	\$ 461,923
Total	\$ 4,988,930	\$ 362,845	\$ 11,567	\$ 1,766,689	\$ 450,042	\$ 7,580,073

Exhibit J-6

Pickett County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Pickett County School Department
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 649,961	\$ 0	\$ 0	\$ 649,961
Trustee's Collections - Prior Year	18,072	0	0	18,072
Circuit Clerk/Clerk and Master Collections - Prior Years	8,469	0	0	8,469
Interest and Penalty	3,233	0	0	3,233
Pickup Taxes	1,305	0	0	1,305
Payments in-Lieu-of Taxes - Other	356	0	0	356
<u>County Local Option Taxes</u>				
Local Option Sales Tax	328,094	0	0	328,094
Local Amusement Tax	66	0	0	66
Business Tax	28,546	0	0	28,546
Other County Local Option Taxes	273,417	0	0	273,417
Total Local Taxes	<u>\$ 1,311,519</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,311,519</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 190	\$ 0	\$ 0	\$ 190
Total Licenses and Permits	<u>\$ 190</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 190</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 28,749	\$ 28,749
Lunch Payments - Adults	0	0	10,635	10,635
Income from Breakfast	0	0	29,484	29,484
A la Carte Sales	0	0	18,469	18,469
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 87,337</u>	<u>\$ 87,337</u>

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 11,230	\$ 0	\$ 610	\$ 11,840
Miscellaneous Refunds	31,971	0	0	31,971
<u>Nonrecurring Items</u>				
Contributions and Gifts	1,000	0	0	1,000
Total Other Local Revenues	<u>\$ 44,201</u>	<u>\$ 0</u>	<u>\$ 610</u>	<u>\$ 44,811</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 38,959	\$ 0	\$ 0	\$ 38,959
<u>State Education Funds</u>				
Basic Education Program	4,002,804	0	0	4,002,804
Early Childhood Education	93,812	0	0	93,812
School Food Service	0	0	3,371	3,371
Other State Education Funds	138,694	0	0	138,694
Career Ladder Program	34,588	0	0	34,588
<u>Other State Revenues</u>				
Other State Revenues	2,375	0	0	2,375
Total State of Tennessee	<u>\$ 4,311,232</u>	<u>\$ 0</u>	<u>\$ 3,371</u>	<u>\$ 4,314,603</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 286,479	\$ 286,479
USDA - Commodities	0	0	18,855	18,855
Breakfast	0	0	140,346	140,346

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
USDA - Other	\$ 0	\$ 0	\$ 32,500	\$ 32,500
Vocational Education - Basic Grants to States	0	14,177	0	14,177
Title I Grants to Local Education Agencies	0	200,512	0	200,512
Special Education - Grants to States	0	178,761	0	178,761
Special Education Preschool Grants	0	1,729	0	1,729
Rural Education	0	10,810	0	10,810
Eisenhower Professional Development State Grants	0	4,956	0	4,956
Other Federal through State	0	5,600	0	5,600
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	49,764	0	0	49,764
Total Federal Government	<u>\$ 49,764</u>	<u>\$ 416,545</u>	<u>\$ 478,180</u>	<u>\$ 944,489</u>
Total	<u>\$ 5,716,906</u>	<u>\$ 416,545</u>	<u>\$ 569,498</u>	<u>\$ 6,702,949</u>

Pickett 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	\$	23,400	
Audit Services		1,929	
Dues and Memberships		1,748	
Legal Notices, Recording, and Court Costs		48	
Other Debt Service		7,295	
Total County Commission			\$ 34,420

Board of Equalization

Board and Committee Members Fees	\$	200	
Total Board of Equalization			200

Beer Board

Board and Committee Members Fees	\$	720	
Legal Services		144	
Total Beer Board			864

County Mayor/Executive

County Official/Administrative Officer	\$	79,083	
Accountants/Bookkeepers		32,798	
Secretary(ies)		22,489	
Communication		2,357	
Data Processing Services		13,791	
Dues and Memberships		1,351	
Legal Notices, Recording, and Court Costs		189	
Postal Charges		1,045	
Printing, Stationery, and Forms		1,408	
Travel		348	
Other Contracted Services		576	
Office Supplies		2,891	
Other Supplies and Materials		342	
Data Processing Equipment		9,681	
Total County Mayor/Executive			168,349

County Attorney

Legal Services	\$	10,000	
Total County Attorney			10,000

Election Commission

County Official/Administrative Officer	\$	61,624	
Secretary(ies)		12,512	
Election Commission		6,500	
Election Workers		6,605	
Communication		1,927	
Data Processing Services		12,500	
Dues and Memberships		15	
Legal Notices, Recording, and Court Costs		1,024	
Postal Charges		409	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Printing, Stationery, and Forms	\$	3,685	
Office Supplies		955	
Data Processing Equipment		556	
Total Election Commission			\$ 108,312

Register of Deeds

County Official/Administrative Officer	\$	68,471	
Communication		1,242	
Dues and Memberships		570	
Maintenance Agreements		251	
Printing, Stationery, and Forms		32	
Other Contracted Services		2,878	
Office Supplies		1,351	
Total Register of Deeds			74,795

County Buildings

Custodial Personnel	\$	47,659	
Communication		6,986	
Maintenance and Repair Services - Buildings		32,398	
Maintenance and Repair Services - Vehicles		918	
Custodial Supplies		4,487	
Electricity		45,060	
Water and Sewer		6,462	
Total County Buildings			143,970

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	68,471	
Communication		595	
Postal Charges		236	
Printing, Stationery, and Forms		160	
Travel		2,769	
Other Contracted Services		5,106	
Office Supplies		69	
Total Property Assessor's Office			77,406

County Trustee's Office

County Official/Administrative Officer	\$	68,471	
Deputy(ies)		9,373	
Communication		1,699	
Data Processing Services		10,534	
Dues and Memberships		490	
Legal Notices, Recording, and Court Costs		420	
Postal Charges		1,100	
Printing, Stationery, and Forms		176	
Other Contracted Services		3,081	
Office Supplies		1,211	
Refunds		6,203	
Total County Trustee's Office			102,758

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	68,471	
Deputy(ies)		35,719	
Communication		1,161	
Dues and Memberships		565	
Postal Charges		2,054	
Printing, Stationery, and Forms		418	
Other Contracted Services		8,452	
Office Supplies		2,522	
Total County Clerk's Office			\$ 119,362

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	68,471	
Deputy(ies)		31,382	
Jury and Witness Expense		2,510	
Communication		1,465	
Data Processing Services		15,205	
Dues and Memberships		650	
Legal Notices, Recording, and Court Costs		136	
Postal Charges		889	
Travel		110	
Office Supplies		2,141	
Total Circuit Court			122,959

General Sessions Judge

Judge(s)	\$	71,786	
Communication		1,965	
Dues and Memberships		382	
Legal Services		4,550	
Travel		1,218	
Total General Sessions Judge			79,901

Chancery Court

County Official/Administrative Officer	\$	68,471	
Communication		1,880	
Data Processing Services		12,740	
Dues and Memberships		550	
Postal Charges		110	
Office Supplies		2,727	
Total Chancery Court			86,478

Juvenile Court

Youth Service Officer(s)	\$	11,087	
Total Juvenile Court			11,087

Probation Services

Probation Officer(s)	\$	23,895	
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(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Other Salaries and Wages	\$	12,259	
Communication		1,002	
Office Supplies		316	
Total Probation Services			\$ 37,472

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	75,318	
Deputy(ies)		428,753	
Salary Supplements		8,800	
In-service Training		8,230	
Data Processing Services		15,188	
Dues and Memberships		1,000	
Maintenance and Repair Services - Equipment		1,610	
Maintenance and Repair Services - Vehicles		12,756	
Postal Charges		110	
Towing Services		575	
Travel		1,743	
Gasoline		47,143	
Office Supplies		4,188	
Tires and Tubes		5,566	
Uniforms		5,740	
Total Sheriff's Department			616,720

Jail

Deputy(ies)	\$	146,738	
Communication		12,811	
Contracts with Government Agencies		226,290	
Maintenance and Repair Services - Buildings		978	
Medical and Dental Services		39,530	
Custodial Supplies		1,107	
Food Supplies		1,699	
Total Jail			429,153

Fire Prevention and Control

Contributions	\$	30,000	
Total Fire Prevention and Control			30,000

Rescue Squad

Contributions	\$	1,000	
Total Rescue Squad			1,000

Other Emergency Management

Supervisor/Director	\$	22,000	
Contributions		3,000	
Total Other Emergency Management			25,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Medical and Dental Services	\$	8,016	
Total County Coroner/Medical Examiner			\$ 8,016

Other Public Safety

Supervisor/Director	\$	8,612	
Drugs and Medical Supplies		985	
Total Other Public Safety			9,597

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	9,547	
Communication		1,435	
Dues and Memberships		200	
Medical and Dental Services		46	
Electricity		6,836	
Water and Sewer		483	
Other Supplies and Materials		630	
Other Charges		19,999	
Building Improvements		1,105	
Total Local Health Center			40,281

Ambulance/Emergency Medical Services

Supervisor/Director	\$	22,000	
Accountants/Bookkeepers		22,188	
Medical Personnel		477,745	
In-service Training		1,297	
Communication		5,625	
Dues and Memberships		855	
Licenses		1,500	
Maintenance and Repair Services - Buildings		1,134	
Maintenance and Repair Services - Equipment		2,835	
Maintenance and Repair Services - Vehicles		4,912	
Postal Charges		385	
Other Contracted Services		21,951	
Custodial Supplies		778	
Drugs and Medical Supplies		18,816	
Electricity		10,572	
Gasoline		18,775	
Office Supplies		901	
Tires and Tubes		1,909	
Uniforms		4,362	
Water and Sewer		1,533	
Refunds		1,209	
Data Processing Equipment		3,710	
Other Equipment		184,084	
Total Ambulance/Emergency Medical Services			809,076

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

Contributions	\$	2,274	
Total Regional Mental Health Center			\$ 2,274

Appropriation to State

Contributions	\$	7,092	
Total Appropriation to State			7,092

Sanitation Management

Other Salaries and Wages	\$	24,992	
Other Contracted Services		13,355	
Total Sanitation Management			38,347

Other Public Health and Welfare

Other Charges	\$	1,409	
Total Other Public Health and Welfare			1,409

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	9,981	
Transportation - Other than Students		6,571	
Total Senior Citizens Assistance			16,552

Libraries

County Official/Administrative Officer	\$	27,834	
Assistant(s)		16,258	
Communication		3,218	
Office Supplies		7,063	
Total Libraries			54,373

Other Social, Cultural, and Recreational

Supervisor/Director	\$	26,524	
Other Salaries and Wages		25,043	
Communication		1,259	
Maintenance and Repair Services - Vehicles		18	
Postal Charges		55	
Travel		211	
Food Supplies		15,756	
Gasoline		170	
Office Supplies		290	
Other Supplies and Materials		1,604	
Total Other Social, Cultural, and Recreational			70,930

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	3,639	
Other Contracted Services		41,546	
Data Processing Equipment		878	
Total Agricultural Extension Service			46,063

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	17,704	
Other Salaries and Wages		30,992	
Communication		1,158	
Contributions		1,000	
Office Supplies		296	
Total Soil Conservation			\$ 51,150

Other Operations

Tourism

Contributions	\$	20,050	
Total Tourism			20,050

Other Economic and Community Development

Remittance of Revenue Collected	\$	22,000	
Total Other Economic and Community Development			22,000

Veterans' Services

Other Salaries and Wages	\$	18,072	
Communication		1,210	
Travel		273	
Office Supplies		594	
Total Veterans' Services			20,149

Other Charges

Travel	\$	290	
Building and Contents Insurance		18,923	
Liability Insurance		60,441	
Premiums on Corporate Surety Bonds		1,727	
Trustee's Commission		69,183	
Vehicle and Equipment Insurance		31,434	
Liability Claims		2,873	
Total Other Charges			184,871

Contributions to Other Agencies

Contributions	\$	6,500	
Total Contributions to Other Agencies			6,500

Employee Benefits

Longevity Pay	\$	16,579	
Social Security		173,011	
Pensions		102,160	
Medical Insurance		63,834	
Unemployment Compensation		13,417	
Workers' Compensation Insurance		101,835	
Total Employee Benefits			470,836

(Continued)

Exhibit J-7

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

General Fund (Cont.)Other Operations (Cont.)COVID-19 Grant #1

Other Salaries and Wages	\$	11,429	
Other Equipment		<u>9,750</u>	
Total COVID-19 Grant #1			\$ 21,179

COVID-19 Grant #2

Other Charges	\$	<u>4,227</u>	
Total COVID-19 Grant #2			4,227

Miscellaneous

Advertising	\$	528	
Debt Collection Services		<u>2,317</u>	
Total Miscellaneous			2,845

HighwaysTraffic Control

Road Signs	\$	<u>3,665</u>	
Total Traffic Control			<u>3,665</u>

Total General Fund \$ 4,191,688

Solid Waste/Sanitation FundPublic Health and WelfareTransfer Stations

Supervisor/Director	\$	31,385	
Other Salaries and Wages		73,367	
Social Security		7,723	
Pensions		5,500	
Medical Insurance		6,459	
Unemployment Compensation		722	
Advertising		48	
Communication		2,554	
Contracts with Government Agencies		3,500	
Data Processing Services		8,391	
Licenses		905	
Maintenance and Repair Services - Buildings		932	
Maintenance and Repair Services - Equipment		8,494	
Maintenance and Repair Services - Vehicles		2,256	
Postal Charges		174	
Travel		75	
Other Contracted Services		118,647	
Crushed Stone		393	
Custodial Supplies		113	
Electricity		4,715	
Gasoline		4,679	
Office Supplies		368	
Uniforms		3,826	
Water and Sewer		694	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

Wire	\$	354	
Other Supplies and Materials		1,271	
Refunds		2,894	
Trustee's Commission		5,733	
Total Transfer Stations			\$ 296,172

Total Solid Waste/Sanitation Fund \$ 296,172

Drug Control Fund

Public Safety

Drug Enforcement

Other Supplies and Materials	\$	48,604	
Motor Vehicles		1,837	
Total Drug Enforcement			\$ 50,441

Total Drug Control Fund 50,441

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	75,318	
Accountants/Bookkeepers		30,557	
Advertising		216	
Data Processing Services		8,728	
Dues and Memberships		2,513	
Postal Charges		412	
Printing, Stationery, and Forms		890	
Travel		1,800	
Drugs and Medical Supplies		710	
Office Supplies		3,403	
Other Charges		11,618	
Total Administration			\$ 136,165

Highway and Bridge Maintenance

Foremen	\$	27,725	
Laborers		622,731	
Other Contracted Services		53,740	
Asphalt		135,002	
Crushed Stone		95,891	
Pipe		11,117	
Road Signs		937	
Other Charges		6,181	
Total Highway and Bridge Maintenance			953,324

Operation and Maintenance of Equipment

Mechanic(s)	\$	73,735	
Maintenance and Repair Services - Vehicles		37,162	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Diesel Fuel	\$	46,226	
Equipment and Machinery Parts		52,701	
Gasoline		18,044	
Lubricants		8,808	
Propane Gas		1,164	
Tires and Tubes		27,003	
Other Supplies and Materials		15,563	
Other Charges		16,119	
Total Operation and Maintenance of Equipment			\$ 296,525

Quarry Operations

Operating Lease Payments	\$	2,400	
Total Quarry Operations			2,400

Other Charges

Communication	\$	5,393	
Contributions		1,500	
Utilities		5,501	
Trustee's Commission		17,019	
Vehicle and Equipment Insurance		21,278	
Total Other Charges			50,691

Employee Benefits

Social Security	\$	63,502	
Pensions		28,964	
Unemployment Compensation		9,974	
Workers' Compensation Insurance		36,301	
Total Employee Benefits			138,741

Capital Outlay

Highway Equipment	\$	642,635	
Motor Vehicles		145,871	
Total Capital Outlay			788,506

Principal on Debt

Highways and Streets

Principal on Notes	\$	46,890	
Principal on Capital Leases		56,536	
Principal on Other Loans		122,600	
Total Highways and Streets			226,026

Interest on Debt

Highways and Streets

Interest on Notes	\$	26,668	
Interest on Capital Leases		3,189	
Interest on Other Loans		31,484	
Total Highways and Streets			61,341

Total Highway/Public Works Fund \$ 2,653,719

(Continued)

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

<u>General Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>Education</u>			
Principal on Bonds	\$	295,000	
Total Education			\$ 295,000
<u>Interest on Debt</u>			
<u>Education</u>			
Interest on Bonds	\$	65,235	
Total Education			65,235
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	1,183	
Total General Government			<u>1,183</u>
Total General Debt Service Fund			<u>\$ 361,418</u>
Total Governmental Funds - Primary Government			<u><u>\$ 7,553,438</u></u>

Exhibit J-8

Pickett County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Pickett County School Department
For the Year Ended June 30, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,098,525	
Career Ladder Program		18,000	
Educational Assistants		5,544	
Other Salaries and Wages		3,447	
Certified Substitute Teachers		33,795	
Non-certified Substitute Teachers		7,345	
Social Security		122,419	
Pensions		213,817	
Medical Insurance		151,772	
Employer Medicare		28,835	
Retirement - Hybrid Stabilization		4,202	
Other Contracted Services		12,513	
Instructional Supplies and Materials		25,518	
Textbooks - Bound		14,238	
Regular Instruction Equipment		34,592	
Total Regular Instruction Program			\$ 2,774,562

Special Education Program

Teachers	\$	260,766	
Career Ladder Program		3,000	
Homebound Teachers		3,542	
Educational Assistants		11,332	
Social Security		15,666	
Pensions		28,967	
Medical Insurance		27,408	
Employer Medicare		3,664	
Total Special Education Program			354,345

Career and Technical Education Program

Teachers	\$	103,602	
Career Ladder Program		1,000	
Social Security		6,428	
Pensions		8,460	
Medical Insurance		4,301	
Employer Medicare		1,503	
Retirement - Hybrid Stabilization		968	
Other Contracted Services		12,000	
Other Charges		4,154	
Total Career and Technical Education Program			142,416

Support Services

Attendance

Supervisor/Director	\$	36,035	
Social Security		2,094	
Pensions		3,831	
Medical Insurance		1,693	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Employer Medicare	\$	490	
Travel		678	
Total Attendance			\$ 44,821

Health Services

Supervisor/Director	\$	65,680	
Medical Personnel		23,338	
Other Salaries and Wages		14,070	
Social Security		5,697	
Pensions		8,803	
Medical Insurance		8,370	
Employer Medicare		1,332	
Communication		576	
Travel		1,263	
Other Contracted Services		1,425	
Other Supplies and Materials		9,627	
Total Health Services			140,181

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		81,750	
Social Security		4,628	
Pensions		8,434	
Medical Insurance		5,692	
Employer Medicare		1,082	
Contracts with Government Agencies		51,688	
Evaluation and Testing		96	
Other Equipment		16,873	
Total Other Student Support			171,243

Regular Instruction Program

Supervisor/Director	\$	63,610	
Career Ladder Program		2,000	
Librarians		100,420	
Instructional Computer Personnel		36,040	
Social Security		12,300	
Pensions		21,480	
Medical Insurance		1,693	
Employer Medicare		2,877	
Travel		1,516	
Total Regular Instruction Program			241,936

Special Education Program

Supervisor/Director	\$	50,453	
Psychological Personnel		29,005	
Social Security		4,305	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Pensions	\$	8,084	
Medical Insurance		7,415	
Employer Medicare		1,007	
Total Special Education Program			\$ 100,269

Technology

Internet Connectivity	\$	15,180	
Software		5,624	
Total Technology			20,804

Other Programs

On-behalf Payments to OPEB	\$	38,959	
Total Other Programs			38,959

Board of Education

Secretary to Board	\$	1,800	
Board and Committee Members Fees		9,000	
Social Security		661	
Pensions		90	
Life Insurance		4,493	
Unemployment Compensation		452	
Employer Medicare		155	
Audit Services		4,300	
Dues and Memberships		5,929	
Legal Services		3,679	
Trustee's Commission		31,881	
Workers' Compensation Insurance		30,197	
In Service/Staff Development		831	
Criminal Investigation of Applicants - TBI		35	
Other Charges		4,588	
Total Board of Education			98,091

Director of Schools

County Official/Administrative Officer	\$	87,985	
Career Ladder Program		1,000	
Social Security		5,014	
Pensions		9,459	
Medical Insurance		6,604	
Employer Medicare		1,173	
Communication		3,704	
Dues and Memberships		1,369	
Travel		1,520	
Office Supplies		323	
Total Director of Schools			118,151

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	112,017	
Career Ladder Program		500	
Secretary(ies)		54,279	
Social Security		9,514	
Pensions		11,895	
Medical Insurance		22,478	
Employer Medicare		2,225	
Retirement - Hybrid Stabilization		1,012	
Communication		546	
Total Office of the Principal			\$ 214,466

Fiscal Services

Accountants/Bookkeepers	\$	77,415	
Social Security		4,426	
Pensions		3,867	
Medical Insurance		7,004	
Employer Medicare		1,035	
Office Supplies		283	
Total Fiscal Services			94,030

Operation of Plant

Custodial Personnel	\$	83,201	
Social Security		5,158	
Pensions		4,160	
Medical Insurance		5,364	
Employer Medicare		1,206	
Other Contracted Services		7,669	
Electricity		159,383	
Natural Gas		33,161	
Water and Sewer		17,521	
Other Supplies and Materials		44,675	
Building and Contents Insurance		53,925	
Plant Operation Equipment		7,238	
Total Operation of Plant			422,661

Maintenance of Plant

Maintenance Personnel	\$	48,000	
Social Security		2,961	
Pensions		2,407	
Employer Medicare		692	
Maintenance and Repair Services - Buildings		300,447	
Maintenance and Repair Services - Equipment		63,820	
Maintenance Equipment		10,706	
Total Maintenance of Plant			429,033

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Mechanic(s)	\$	42,680	
Bus Drivers		113,064	
Social Security		8,402	
Pensions		7,780	
Medical Insurance		24,551	
Employer Medicare		1,965	
Communication		526	
Diesel Fuel		23,613	
Garage Supplies		482	
Gasoline		3,921	
Lubricants		369	
Tires and Tubes		4,468	
Vehicle Parts		31,972	
Other Charges		5,910	
Total Transportation			\$ 269,703

Central and Other

Data Processing Services	\$	12,520	
Maintenance and Repair Services - Equipment		131	
Data Processing Supplies		532	
Other Supplies and Materials		300	
Total Central and Other			13,483

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	34,000	
Clerical Personnel		3,920	
Social Security		2,187	
Pensions		3,814	
Medical Insurance		3,024	
Employer Medicare		512	
Travel		490	
Other Charges		2,053	
Total Community Services			50,000

Early Childhood Education

Supervisor/Director	\$	8,000	
Teachers		58,010	
Educational Assistants		13,266	
Social Security		4,909	
Pensions		7,680	
Medical Insurance		855	
Employer Medicare		1,148	
Instructional Supplies and Materials		450	
Total Early Childhood Education			94,318

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$ 295,000	
Total Education		\$ 295,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$ 65,235	
Total Education		65,235

Total General Purpose School Fund		\$ 6,193,707
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 74,688	
Educational Assistants	8,072	
Other Salaries and Wages	50,815	
Social Security	7,510	
Pensions	13,214	
Medical Insurance	13,529	
Employer Medicare	1,756	
Retirement - Hybrid Stabilization	97	
Instructional Supplies and Materials	3,323	
Other Supplies and Materials	7,333	
Regular Instruction Equipment	13,992	
Total Regular Instruction Program		\$ 194,329

Special Education Program

Educational Assistants	\$ 101,183	
Social Security	6,088	
Pensions	4,458	
Medical Insurance	16,213	
Employer Medicare	1,424	
Contracts with Private Agencies	1,485	
Instructional Supplies and Materials	15,008	
Other Supplies and Materials	5,414	
Other Charges	579	
Special Education Equipment	9,029	
Total Special Education Program		160,881

Career and Technical Education Program

Instructional Supplies and Materials	\$ 1,416	
Vocational Instruction Equipment	10,607	
Total Career and Technical Education Program		12,023

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Other Contracted Services	\$	7,067	
In Service/Staff Development		1,831	
Other Charges		6,951	
Total Other Student Support			\$ 15,849

Regular Instruction Program

Other Contracted Services	\$	1,503	
In Service/Staff Development		10,727	
Other Equipment		1,286	
Total Regular Instruction Program			13,516

Special Education Program

Postal Charges	\$	421	
Other Contracted Services		6,124	
Other Supplies and Materials		2,974	
In Service/Staff Development		9,509	
Other Equipment		814	
Total Special Education Program			19,842

Career and Technical Education Program

In Service/Staff Development	\$	323	
Total Career and Technical Education Program			323

Total School Federal Projects Fund \$ 416,763

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	134,210	
Social Security		8,196	
Pensions		4,540	
Medical Insurance		10,728	
Employer Medicare		1,917	
Communication		1,155	
Maintenance and Repair Services - Equipment		4,066	
Travel		392	
Other Contracted Services		18,006	
Food Preparation Supplies		19,096	
Food Supplies		212,481	
Office Supplies		193	
USDA - Commodities		18,855	
Other Supplies and Materials		1,294	
Other Charges		484	
Food Service Equipment		1,713	
Total Food Service			\$ 437,326

Total Central Cafeteria Fund 437,326

Total Governmental Funds - Pickett County School Department \$ 7,047,796

Exhibit J-9

Pickett 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
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 297,507
Total Cash Receipts	<u>\$ 297,507</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 294,532
Trustee's Commission	2,975
Total Cash Disbursements	<u>\$ 297,507</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



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

Pickett County Executive and
Board of County Commissioners
Pickett 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickett County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pickett County's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pickett 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 Pickett County's internal control. Accordingly, we do not express an opinion on the effectiveness of Pickett County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2020-001, 2020-002 (A,D), and 2020-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pickett 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 (B,C) and 2020-003.

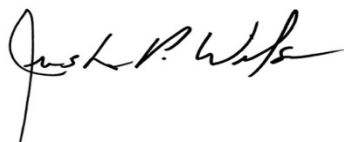
Pickett County's Responses to the Findings

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 13, 2020

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Pickett 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 Pickett County's major federal programs for the year ended June 30, 2020. Pickett 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 Pickett 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 Pickett 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 Pickett County's compliance.

Opinion on Each Major Federal Program

In our opinion, Pickett 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 Pickett 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 Pickett 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 Pickett 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.

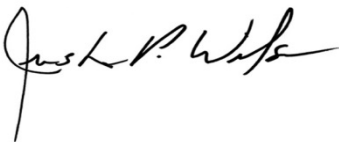
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on

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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickett County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pickett County's basic financial statements. We issued our report thereon dated November 13, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 13, 2020

JPW/tg

Pickett County, Tennessee, and the Pickett County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)(2)(3)
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:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	\$ 43,876 (6)
COVID 19 - School Breakfast Program	10.553	N/A	96,470 (6)
National School Lunch Program	10.555	N/A	132,440 (6)
COVID 19 - National School Lunch Program	10.555	N/A	154,039 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	20,456 (6)
Passed-through State Department of Human Services:			
Child Nutrition Cluster: (5)			
Summer Food Service Program for Children	10.559	N/A	30,899
Direct Program:			
Environmental Quality Incentives Program	10.912	N/A	9,834
Total U.S. Department of Agriculture			<u>\$ 488,014</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(4)	<u>\$ 155,635</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 51,289</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	<u>\$ 3,105</u>
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 49,764
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	200,512
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	178,994
Special Education - Preschool Grants	84.173	N/A	1,729
Career and Technical Education - Basic Grants to States	84.048	(4)	14,177
Rural Education	84.358	(4)	10,810
Supporting Effective Instruction State Grants	84.367	(4)	4,941
Student Support and Academic Enrichment Program	84.424	(4)	5,600
Total U.S. Department of Education			<u>\$ 466,527</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
2018 HAVA Election Security Grants	90.404	(4)	\$ 1,765
COVID 19 - 2020 Supplemental Election Security Grants	90.404	(4)	6,815
Total U.S. Elections Assistance Commission			<u>\$ 8,580</u>
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Aging Cluster: (5)			
Special Programs for the Aging - Title III, Part D Grants for Disease prevention and Health Promotion Services	93.043	(4)	\$ 8,957
Special Programs for the Aging - Title III, Part B Grants Nutrition Services	93.044	(4)	1,600
Special Programs for the Aging - Title III, Part C Grants for Supportive Services and Senior Centers	93.045	(4)	45,735
Direct Program:			
Coronavirus Relief Fund	93.498	N/A	<u>\$ 21,179</u>
Total U.S. Department of Health and Human Services			<u>\$ 77,471</u>

(Continued)

Pickett County, Tennessee, and the Pickett County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)(2)(3) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Executive Office of the President: Passed-through Laurel County, Kentucky Fiscal Court: High Intensity Drug Trafficking Areas Program	95.001	(4)	\$ 4,906
U.S. Department of Homeland Security: Passed-through State Department of Military: COVID 19 - Disaster Relief Fund - PPE	97.036	(4)	\$ 4,227
Total Expenditures of Federal Awards			\$ 1,259,754

		Contract Number	
State Grants			
Aging Program - Upper Cumberland Development District	N/A	(4)	\$ 7,745
COVID 19 - PPE - State Department of Military	N/A	(4)	1,409
Healthy Active Built Environments Grants - State Department of Health	N/A	(4)	20,000
State Supplement Juvenile Court Improvement Funds - State Department of Children Services	N/A	(4)	9,000
Litter Program - State Department of Transportation	N/A	(4)	38,596
Tennessee Agricultural Enhancement Program (TAEP) - State Department of Agriculture	N/A	(4)	9,000
Old Closed Landfill Grant - State Department of Environment and Conservation	N/A	(4)	7,361
ConnecTenn - State Department of Education	N/A	(4)	958
Coordinated School Health - State Department of Education	N/A	(4)	90,000
Early Childhood Education - State Department of Education	N/A	(4)	93,182
Family Resource Center - State Department of Education	N/A	(4)	30,101
Safe Schools Act - State Department of Education	N/A	(4)	15,390
Total State Grants			\$ 322,742

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) Pickett County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) No amounts (\$0) were passed-through to subrecipients.
- (4) Information not available.
- (5) Child Nutrition Cluster total is \$478,180; Special Education Cluster total is \$180,723; and Aging Cluster total is \$56,292.
- (6) Total for CFDA No. 10.553 is 140,346; Total for CFDA No. 10.555 is 306,935.

Pickett 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 Pickett 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
<u>OFFICE OF COUNTY EXECUTIVE</u>					
2019	169	2019-001	The Solid Waste Disposal Fund had a deficit in unrestricted net position	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	169	2019-002	The office had deficiencies in computer system backup procedures	N/A	Corrected
<u>OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK</u>					
2019	170	2019-003	Execution docket trial balances for Circuit and General Sessions Courts did not reconcile with general ledger accounts	N/A	Corrected
<u>OFFICE OF CLERK AND MASTER</u>					
2019	171	2019-004	Execution docket trial balances did not reconcile with general ledger accounts	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	171	2019-005	The office did not prepare an annual financial report	N/A	Corrected

Prior-year Federal Awards Findings

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

PICKETT 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 Pickett County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number: 84.010 Title I Grants to Local Education Agencies
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster:
Special Education Grants to States,
Special Education Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY EXECUTIVE

FINDING 2020-001

THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION

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

The Solid Waste Disposal Fund had a deficit of \$2,371,993 in unrestricted net position on June 30, 2020. This deficit resulted from the recognition of a liability totaling \$2,665,078 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency resulted from management's failure to correct the finding noted in prior-year audit reports and the failure to implement their corrective action plan.

RECOMMENDATION

Management should develop and implement a plan that would fund the deficit in unrestricted net position.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with the finding.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2020-002

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

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

Our examination revealed the following deficiencies in budget operations of the office.

- A. Several budget amendments were posted in the General Purpose School Fund that had not been approved by the county commission. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits.

We have recognized only those budget amendments approved by the county commission in the financial statements of this report.

- B. Expenditures exceeded appropriations in the Maintenance of Plant major appropriation category (the legal level of control) of the General Purpose School Fund by \$144,958. This deficiency was a result of Finding Part A. noted above.
- C. Salaries exceeded appropriations in five of 43 salary line-items of the General Purpose School Fund by amounts ranging from \$400 to \$13,795. 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. This deficiency was a result of Finding Part A. noted above.
- D. The General Purpose School Fund's actual beginning fund balance (\$1,575,339) on July 1, 2019, exceeded the estimated fund balance (\$1,006,686) presented to the county commission by \$568,653. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the county commission during the budget process. This deficiency is due to management's failure to properly estimate the actual ending fund balance for June 30, 2019, and resulted in materially understating the estimated beginning fund balance for July 1, 2019.

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

RECOMMENDATION

Budget amendments should be posted to the accounting records only after approval by the county commission. Expenditures should be held within appropriations approved by the county commission. Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended when it becomes apparent that the original fund balance estimate varies from the actual by a material amount.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

I concur with the finding.

OFFICE OF CLERK AND MASTER

FINDING 2020-003

EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS (Noncompliance Under *Government Auditing Standards*)

As of June 30, 2020, the clerk and master had prepared trial balances of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. However, the trial balances failed to reconcile with general ledger accounts by \$5,061. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-101, *TCA*. This statute provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency resulted from the clerk's failure to correct the finding noted in prior-year audit reports and the failure to implement their corrective action plan.

RECOMMENDATION

The clerk and master should reconcile the trial balance of execution docket cause balances with general ledger accounts. The clerk should report and pay to the state Treasurer's Office any unclaimed funds held for more than one year.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I concur with the finding. I have been in touch with local government corporation and with auditors to get this figured out and taken off my books. It will be done by next week.

FINDING 2020-004

DUTIES WERE NOT SEGREGATED ADEQUATELY (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

RECOMMENDATION

The clerk and master should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I concur with the finding. I will start having someone sign off on all my paperwork daily.

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.

Pickett 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 Solid Waste Disposal Fund had a deficit in unrestricted net position.	167
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OFFICE OF DIRECTOR OF SCHOOLS

2020-002	The office had deficiencies in budget operations.	168
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OFFICE OF CLERK AND MASTER

2020-003	Execution docket trial balances did not reconcile with general ledger accounts.	169
2020-004	Duties were not segregated adequately.	170

Pickett County Executive

Carey B. Garner

1 Courthouse Square, Suite 200
Byrdstown, Tennessee 38549
(931)864-3798 Fax (931) 864-6615
Email: pickettcogov@twlakes.net

Corrective Action Plan

FINDING: THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION

Response and Corrective Action Plan Prepared by:
Carey B. Garner, County Executive

Person Responsible for Implementing the Corrective Action:
Carey B. Garner, County Executive

Anticipated Completion Date of Corrective Action:
12/31/2021

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Due to inclement weather and Covid-19 restrictions, the County was unable to finish the closure of the landfill in the time allowed.

Planned Corrective Action:
The County plans to work closely with TDEC on completing the closure of the landfill as soon as possible. Currently, the County is working with an engineered plan of action to put a temporary cover on the landfill until the closure process can be completed. As soon as funds are available the County will move forward on the closure process. Once the landfill is closed this finding will no longer be an issue.

Carey B. Garner

Pickett County Schools
141 Skyline Drive, Byrdstown, TN 38549

Diane Elder, Director of Schools
Phone (931) 864-3123
Fax (931) 864-7185

John Reagan, Chairman
Travis Parrott

Jerry Mitchell
Nathan Anderson

Corrective Action Plan

FINDING: THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by:
Diane Elder, Director of Schools


Person Responsible for Implementing the Corrective Action:
Diane Elder, Director of Schools

Anticipated Completion Date of Corrective Action:
October 20, 2020

Repeat Finding:
No

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

Planned Corrective Action:
All amendments will be approved by the county commission in the future. Fund balance will be monitored in order to present a more accurate beginning budgeted fund balance to the county commission.



Director of Schools

PICKETT COUNTY CLERK & MASTER

Leana Neal

1 COURTHOUSE SQUARE • SUITE 203

BYRDSTOWN, TENNESSEE 38549

ph: 931-864-3359 • fax: 931-864-7885

Corrective Action Plan

**FINDING: EXECUTION DOCKET TRIAL BALANCES DID NOT
RECONCILE WITH GENERAL LEDGER ACCOUNTS**

Response and Corrective Action Plan Prepared by:

Leana Neal, Clerk and Master

Person Responsible for Implementing the Corrective Action:

Leana Neal, Clerk and Master

Anticipated Completion Date of Corrective Action:

10/19/2020

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

I have been in touch with local government and with auditors and we are going to make the proper adjustments to my accounts to clear this matter up.



Clerk and Master

PICKETT COUNTY CLERK & MASTER

Leana Neal

1 COURTHOUSE SQUARE • SUITE 203

BYRDSTOWN, TENNESSEE 38549

ph: 931-864-3359 • fax: 931-864-7885

Corrective Action Plan

FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:
Leana Neal, Clerk and Master

Person Responsible for Implementing the Corrective Action:
Leana Neal, Clerk and Master

Anticipated Completion Date of Corrective Action:
08/01/2020

Repeat Finding:
No

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

Planned Corrective Action:
I plan to start having someone sign off on all of my things after I am finished with them instead of just before.

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 Pickett County.

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

Pickett County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Pickett 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.