

## OFFICIAL STATEMENT

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

**\$7,950,000**

### **FAYETTE COUNTY, TENNESSEE** **General Obligation Bonds, Series 2021C**

Dated: May 28, 2021

Due: March 1 (as shown below)

The \$7,950,000 General Obligation Bonds, Series 2021C (the "Bonds") of Fayette County, Tennessee (the "County" or the "Issuer") are issuable in fully registered form in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on September 1, 2021 and thereafter on each March 1 and September 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

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

The Bonds maturing on or after March 1, 2029 are subject to optional redemption prior to maturity on or after March 1, 2028 as described herein.

<u>Due</u> <u>(March 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Due</u> <u>(March 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2022	\$695,000	3.00 %	0.21 %	312517KY0	2030	\$380,000	2.00 %	1.15 % c	312517LG8
2023	705,000	3.00	0.30	312517KZ7	2031	380,000	2.00	1.25 c	312517LH6
2024	695,000	3.00	0.35	312517LA1	2032	380,000	2.00	1.30 c	312517LJ2
2025	685,000	3.00	0.60	312517LB9	2033	335,000	1.75	1.40 c	312517LK9
2026	685,000	3.00	0.70	312517LC7	2034	335,000	1.50	1.50	312517LL7
2027	675,000	3.00	0.85	312517LD5	2035	335,000	1.55	1.55	312517LM5
2028	665,000	3.00	1.00	312517LE3	2036	335,000	1.60	1.60	312517LN3
2029	665,000	3.00	1.05 c	312517LF0					

c = Yield to call on March 1, 2028

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire *Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Glankler Brown, PLLC, Memphis, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Richard Rosser, Esq., County Attorney. It is expected that the Bonds will be available for delivery through the facilities of Depository Trust Company in New York, New York, on or about May 28, 2021.

**Cumberland Securities Company, Inc.**  
*Municipal Advisor*

May 6, 2021

This *Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Official Statement*. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, as herein after defined, the Disclosure Certificate, as herein after defined, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Bond Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such acts. This *Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Municipal Advisor, or the Underwriter, as herein after defined, to give any information or to make any representations other than those contained in this *Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Municipal Advisor or the Underwriter. Except where otherwise indicated, all information contained in this *Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

\*\*Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

# FAYETTE COUNTY, TENNESSEE

## COUNTY OFFICIALS

Rhea "Skip" Taylor	<i>County Mayor</i>
Sue Culver	<i>County Clerk</i>
Barbra Parker	<i>County Trustee</i>
Richard Rosser	<i>County Attorney</i>

## BOARD OF COUNTY COMMISSIONERS

Charles Dacus	Kevin Powers
Ben Farley	Claude Oglesby, Jr.
Willie German, Jr.	Dale Reaves
Tim Goodroe	Steve Reeves
Jimmy Jordan	Elizabeth "Betsy" Rice
David Lillard, Sr.	Ray Seals
Sylvester Logan	Robert Sills
Terry Leggett	Bill Walker
Jim Norton	Larry Watkins
Tommy Perkins	

## UNDERWRITER

FHN Financial Capital Markets  
Memphis, Tennessee

## BOND REGISTRATION AND PAYING AGENT

Regions Bank  
Nashville, Tennessee

## BOND COUNSEL

Glankler Brown, PLLC  
Memphis, Tennessee

## MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.



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## SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Official Statement*. This Summary Statement shall not be reproduced, distributed or otherwise used except in conjunction with the remainder of this *Official Statement*.

- The Issuer .....Fayette County, Tennessee (the “County” or “Issuer”). See the section entitled “Supplemental Information Statement” for more information.
- Securities Offered.....\$7,950,000 General Obligation Bonds, Series 2021C (the “Bonds”) of the County, dated May 28, 2021. The Bonds will mature each March 1 beginning March 1, 2022 through March 1, 2036, inclusive. See the section entitled “SECURITIES OFFERED – Authority and Purpose”.
- Security.....The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal and interest on the Bonds, the full faith and credit of the Issuer are irrevocably pledged.
- Purpose .....The Bonds are being issued for (i) the purpose of refunding, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; (ii) to finance certain capital expenditures in connection with public works projects as described in Section 9-21-105 of the Tennessee Code Annotated, as amended, including but not limited to, the acquisition of sheriff’s vehicles, ambulances, other emergency vehicles, fire trucks and fire equipment and (iii) payment of the costs related to the issuance and sale of the Bonds. See the section entitled “SECURITIES OFFERED - Authority and Purpose” contained herein.
- Optional Redemption.....The Bonds maturing on or after March 1, 2029 are subject to optional redemption prior to maturity on or after March 1, 2028, at the redemption price of par plus accrued interest. See section entitled “SECURITIES OFFERED - Optional Redemption”.
- Tax Matters.....In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference in calculating the alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS – Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “LEGAL MATTERS -Tax Matters” herein.)
- Bank Qualification.....The Bonds will be treated as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled “LEGAL MATTERS - Tax Matters” for additional information.
- Rating .....Moody’s: “Aa2”. See the section entitled “MISCELLANEOUS - Rating” for more information.
- Underwriter.....FHN Financial Capital Markets, Memphis, Tennessee.
- Municipal Advisor.....Cumberland Securities Company, Inc., See the section entitled “MISCELLANEOUS - Municipal Advisor; Related Parties; Other”, herein.
- Bond Counsel .....Glankler Brown, PLLC, Memphis, Tennessee.
- Book-Entry-Only.....The Bonds will be issued under the Book-Entry-Only System except as otherwise

DOCUMENTATION - Book-Entry-Only System”.

Registration and Paying Agent ....Regions Bank, Nashville, Tennessee (the “Registration Agent”).

General .....The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See the section entitled SECURITIES OFFERED herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of the Depository Trust Company, New York, New York.

Disclosure .....In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the County will provide the Municipal Securities Rulemaking Board (“MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State Information Depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled “MISCELLANEOUS-Continuing Disclosure.”

Other Information .....The information in this *Official Statement* is deemed “final” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof. For more information concerning the County or this *Official Statement* contact Mr. Rhea “Skip” Taylor, County Mayor, 13095 N. Main Street, Somerville, Tennessee 38068, (901) 465-8445; or the County's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663.

**GENERAL FUND BALANCES**  
**Summary of Changes In Fund Balances**  
For the Fiscal Year Ended June 30

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Beginning Fund Balance	\$ 6,506,764	\$ 1,485,474	\$ 7,992,238	\$ 8,303,870	\$ 8,680,619
Revenues	15,784,685	16,942,051	17,709,809	18,123,628	19,016,308
Expenditures	14,820,816	15,485,270	17,472,704	17,317,141	17,822,545
Other Financing Sources:					
Bonds / Notes Issued	-	-	-	-	-
Insurance Recovery	27,795	26,799	71,347	193,000	33,604
Transfers In	-	49,444	50,000	90,000	55,000
Transfers Out	(48,220)	(47,550)	(46,820)	(712,738)	(498,860)
Net Change in Fund Balances	943,444	1,485,474	311,632	376,749	783,507
<b>Ending Fund Balance</b>	<b><u>\$ 6,506,764</u></b>	<b><u>\$ 7,992,238</u></b>	<b><u>\$ 8,303,870</u></b>	<b><u>\$ 8,680,619</u></b>	<b><u>\$ 9,464,216</u></b>

*Source:* Comprehensive Annual Financial Reports of the County.



**\$7,950,000**  
**FAYETTE COUNTY, TENNESSEE**  
**General Obligation Bonds, Series 2021C**

**SECURITIES OFFERED**

**AUTHORITY AND PURPOSE**

This *Official Statement*, which includes the Summary Statement and appendices, is furnished in connection with the offering by Fayette County, Tennessee (the “County” or “Issuer”) of its \$7,950,000 General Obligation Bonds, Series 2021C (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and amended, and other applicable provisions of law and pursuant to the bond resolution (the “Resolution”) duly adopted by the County Commission of the County on February 23, 2021.

The Bonds are being issued for (i) the purpose of refunding, in whole or in part, certain Outstanding Bonds (as defined herein) of the County; (ii) to finance certain capital expenditures in connection with public works projects as described in Section 9-21-105 of the Tennessee Code Annotated, as amended, including but not limited to, the acquisition of sheriff’s vehicles, ambulances, other emergency vehicles, fire trucks and fire equipment and (iii) payment of the costs related to the issuance and sale of the Bonds. See the section entitled “SECURITIES OFFERED - Authority and Purpose” contained herein.

**REFUNDING PLAN**

The County is proposing to issue the Bonds to refund the County’s outstanding (1) General Obligation Bonds, Series 2012B, dated December 12, 2012, maturing April 1, 2022 and thereafter in the outstanding principal amount of \$3,160,000 (\$3,115,000 for schools and \$45,000 for fire truck) (the “Series 2012B Bonds”); (2) General Obligation Bonds, Series 2014, dated April 25, 2014, maturing April 1, 2022 and thereafter in the outstanding principal amount of \$2,490,000 (\$2,160,000 for 2006 Bonds and \$330,000 for Rural Development Bond) (the “Series 2014 Bonds”); (3) General Obligation Capital Outlay Notes, Series 2020A, dated June 26, 2020, maturing April 1, 2022 and thereafter in the outstanding principal amount of \$307,500 (the “Series 2020A Note”) and (4) General Obligation Capital Outlay Notes, Series 2020B, dated June 26, 2020, maturing April 1, 2022 and thereafter in the outstanding principal amount of \$550,000 (the “Series 2020B Note”) (collectively, the “Outstanding Bonds”). The Outstanding Bonds will be called for redemption on May 28, 2021 at par plus accrued interest.

As required by Title 9, Chapter 21, Part 9 of *Tennessee Code Annotated* as supplemented and revised, a plan of refunding (the “Plan”) for the Outstanding Debt was submitted to the Director of the Division of Local Government Finance for review, and a report was received thereon.

## **DESCRIPTION OF THE BONDS**

The Bonds will be initially dated and bear interest from May 28, 2021. Interest on the Bonds will be payable semi-annually on March 1 and September 1, commencing September 1, 2021. The Bonds are issuable in book-entry-only form in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the County Mayor and shall be attested by the County Clerk. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of the authentication noted thereon.

## **SECURITY**

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

The County, through its governing body, shall annually levy and collect a tax on all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the County and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The taxes may be reduced to the extent of direct appropriations from the General Fund of the County or other available funds of the County to the payment of debt service on the Bonds.

The Bonds will not be obligations of the State of Tennessee.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

Under the Internal Revenue Code of 1986, as amended (the "Code"), in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations," as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the County as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

## **OPTIONAL REDEMPTION OF THE BONDS**

The Bonds maturing March 1, 2029 and thereafter are subject to optional redemption prior to maturity on or after March 1, 2028 in whole or in part at any time at a redemption price of par plus accrued interest.

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

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

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

## **NOTICE OF REDEMPTION**

Notice of call for redemption shall be given by the Registration Agent on behalf of the County not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date (“Conditional Redemption”). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

## **PAYMENT OF BONDS**

The Bonds will bear interest from their dated date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Registration Agent to the person in whose name such Bond is registered at the close of business on the 15<sup>th</sup> day of the month next preceding the interest payment date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Registration Agent.

*(The remainder of this page left blank intentionally.)*

## BASIC DOCUMENTATION

### REGISTRATION AGENT

The Bond Registration and Paying Agent, Regions Bank, Nashville, Tennessee, its successor (the “Registration Agent”) or the County will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as described in the following section entitled “Book-Entry-Only System”.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners (as herein after defined) of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

### BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners (as herein after defined) of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, as herein after defined, of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

*DTC and its Participants.* DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit

with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized Book-Entry-Only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

*Payments of Principal and Interest.* Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

*Notices.* Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them,

subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

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

None of the Issuer, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

## **DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM**

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the County determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the County will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

*No Assurance Regarding DTC Practices.* The foregoing information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the County believes to be reliable, but the County, the Bond Counsel, the Registration Agent, the Municipal Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the County, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

## **DISPOSITION OF BOND PROCEEDS**

The proceeds of the sale of the Bonds shall be applied by the County as follows:

- (a) the County shall pay, or cause to be paid, all costs of issuance of the Bonds, including, but not limited to, necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premiums, bond rating fees, Registration Agent fees, administrative and clerical costs, and other necessary miscellaneous expenses incurred in connection with the authorization, issuance and sale and delivery of the Bonds;
- (b) next the County shall pay an amount, which, together with other legally available funds of the County and earnings on said proceeds and funds, will be sufficient to pay principal, accrued interest and redemption premium, as appropriate, on the Outstanding Bonds on the first date after the date of issuance that the same may be redeemed at the option of the County (the "Call Date") and at the applicable redemption prices, and such amount shall be immediately paid over to the registration and paying agent for such Outstanding Bonds to be held and applied, together with any investment proceeds thereof, on the Call Date for the payment and retirement of the Outstanding Bonds;
- (c) the County shall deposit the balance of the proceeds with the County Trustee and they shall be kept separate and apart from all other funds of the County in a special fund hereby designated as the "Fayette County, Tennessee 2021 Capital Projects Fund," (the "Capital Projects Fund") which shall be applied exclusively to pay costs (i) certain capital expenditures in connection with public works projects as described in Section 9-21-105 of the Tennessee Code Annotated, as amended, including but not limited to, the acquisition of sheriff's vehicles, ambulances, other emergency vehicles, fire trucks and fire equipment; and (ii) the payment of legal, fiscal and administrative costs incident to the foregoing and to the issuance of the Bonds; and it shall be used for no other purposes.



## DISCHARGE AND SATISFACTION OF BONDS

If the County shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

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

and if the County shall also pay or cause to be paid all other sums payable hereunder by the County with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such escrow agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the County shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations (defined herein) deposited as aforesaid.

Except as otherwise described below, neither Defeasance Obligations nor moneys deposited with the Registration Agent nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the County as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the County, as received by the Registration Agent. For the purposes hereof, Defeasance Obligations

shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or obligations of any agency or instrumentality of the United States, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

## **REMEDIES OF BONDHOLDERS**

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

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

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

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## LEGAL MATTERS

### LITIGATION

There are no claims against the County, including claims in litigation, which, in the opinion of the County, would materially affect the County's financial position as it relates to its ability to make payments on the Bonds. There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the County to sell or issue the Bonds. See the subsection entitled "CLOSING CERTIFICATES" for additional information.

### TAX MATTERS

#### Federal

*General.* Glankler Brown, PLLC, Memphis, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the County and assuming compliance by the County with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not treated as an item of tax preference in calculating the alternative minimum tax.

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

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

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

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

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also subsection "CHANGES IN FEDERAL AND STATE LAW" below.

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

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

*Qualified Tax-Exempt Obligations.* Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the County as to the Bonds, Bond Counsel has determined that the Bonds, upon issuance, will be "qualified tax-exempt obligations" within the meaning of the Code.

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

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

## **State Taxes**

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

## **CHANGES IN FEDERAL AND STATE TAX LAW**

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

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

## **CLOSING CERTIFICATES**

Upon delivery of the Bonds, the County will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the County Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the County since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or

threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the County Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the County Mayor and County Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the County concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Glankler Brown, PLLC, Memphis, Tennessee, Bond Counsel. Bond counsel has not prepared the *Preliminary Official Statement* or this *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, bond counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled “LEGAL MATTERS - Tax Matters.” The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

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## MISCELLANEOUS

### **RATING**

Moody's Investor Service (the "Moody's") has given the Bonds the rating of "Aa2".

There is no assurance that such rating will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by Moody's, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of Moody's and any explanation of the significance of such ratings should be obtained from Moody's.

### **COMPETITIVE PUBLIC SALE**

The Bonds were offered for sale at competitive public bidding on May 6, 2021. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated April 28, 2021.

The successful bidder for the Bonds was an account led by FHN Financial Capital Markets, Memphis, Tennessee (the "Underwriters") who contracted with the County, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of \$8,438,681.60 (consisting of the par amount of the Bonds, plus an original premium of \$549,619.30 and less an underwriter's discount of \$60,937.70) or 106.147% of par.

### **MUNICIPAL ADVISOR; RELATED PARTIES; OTHER**

*Municipal Advisor.* Cumberland Securities Company, Inc., has served as Municipal Advisor (the "Municipal Advisor") to the County for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the County to compile, create, or interpret any information in the *Preliminary Official Statement* and *Official Statement* relating to the County, including without limitation any of the County's financial and operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the County, any of its affiliates or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not

been engaged by the County to review or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards.

*Regions Bank.* Regions Bank (the “Bank”) is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the County in other normal commercial banking capacities, it will be compensated separately for such services.

*Official Statements.* Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the County and will be compensated and/or reimbursed for such distribution and other such services.

*Bond Counsel.* From time to time, Glankler Brown, PLLC has represented the Bank on legal matters unrelated to the County and may do so again in the future.

*Other.* Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company’s role as serving as the County’s Dissemination Agent. If the County chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

## **ADDITIONAL DEBT**

The County has not authorized any additional debt. The County has previously issued the \$9,295,000 General Obligation Refunding Bonds, Series 2021A, dated April 9, 2021 and the \$7,265,000 General Obligation Refunding Bonds, Series 2021B, dated April 30, 2021. Additionally, the County has ongoing needs that may or may not require the issuance of additional debt.



## **DEBT LIMITATIONS**

Pursuant to Title 9, Chapter 21, Part 1 *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the County uses the statutory authority granted therein to issue bonds. (see DEBT STRUCTURE - Indebtedness and Debt Ratios for additional information.)

## **DEBT RECORD**

There is no record of a default on principal and interest payments by the County from information available. Additionally, no agreements or legal proceedings of the County relating to securities have been declared invalid or unenforceable.

## **CONTINUING DISCLOSURE**

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2021 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the County. The County will provide notice in a timely manner to the MSRB of a failure by the County to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://www.emma.msrb.org) and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

*Five-Year Filing History.* For the past five years, the County has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

*Content of Annual Report.* The County's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the County for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the County's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled "SUPPLEMENTAL INFORMATION STATEMENT."

1. Summary of Long Term Indebtedness as of the end of such fiscal year;

available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled “SUPPLEMENTAL INFORMATION STATEMENT.”

1. Summary of Long Term Indebtedness as of the end of such fiscal year;
2. The Indebtedness and Debt Ratios as of the end of such fiscal year, together with information about the property tax base;
3. Information about the Bonded Debt Service Requirements – General Obligation as of the end of such fiscal year;
4. The Fund Balances and Retained Earnings for the fiscal year;
5. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year;
6. The estimated Assessed Valuations of property in the County for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year;
7. Property Tax Rates and Collections of the County for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year; and
8. The Ten Largest Taxpayers.

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

*Reporting of Significant Events.* The County will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the County shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the County shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of Bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the securities, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o. Incurrence of a financial obligation (which includes a debt obligation, a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the County, if material, or agreement as to covenants, events of default, remedies,

priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and

- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the County, any of which reflect financial difficulties.

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

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

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

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

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

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

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

## **BONDHOLDER RISK - COVID-19**

The world-wide outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to several counties and cities in the State of Tennessee, including the Issuer and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The spread of COVID-19 has led to quarantine and other “social distancing” measures in affected regions. While effects of COVID-19 on the Issuer may be temporary, the virus has affected travel, commerce and financial markets across the world.

The Issuer is unable to predict: (i) the extent or duration of the COVID-19 outbreak or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the Issuer. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the Issuer cannot accurately predict the magnitude of the impact of COVID-19 on the Issuer and its financial condition. The Issuer is proactively taking steps to mitigate the spread of COVID-19 and to preserve effective staffing for all essential Issuer operations.

Although the Issuer cannot accurately predict the magnitude of the ultimate impact of COVID-19 outbreak on the Issuer’s finances, the Issuer is carefully monitoring the immediate effect of the COVID-19 outbreak on the Issuer’s finances and is attempting to make projections as to the effect of the COVID-19 outbreak for the upcoming fiscal year.

For the current fiscal year, the Issuer’s largest source of revenues is property tax revenues. Property tax revenues are levied each year on the 1<sup>st</sup> Monday in October and are delinquent the following March 1<sup>st</sup>. The Issuer has already collected over 95% of its billed property taxes for tax year 2020, which is comparable to prior years. Economic uncertainties resulting from the COVID-19 outbreak may result in delays in collecting the remaining amount of tax year 2020 property taxes outstanding, which is a relatively small portion of the Issuer’s revenues, and may also affect collections in future years if the COVID-19 outbreak and resulting economic restrictions continue.

The administration for the Issuer has a budget for the 2021 fiscal year commencing July 1, 2020 which anticipates an overall 1.32% increase in revenues. This increase includes a projected 1.69% increase in sales tax revenues and no change to the projected \$5,000 in hotel-motel tax revenues in the upcoming fiscal year. Given the uncertainties as to when businesses, including tourism-related businesses, will be fully operational, the projected revenues from sales and use taxes, hotel-motel taxes and other similar business taxes may be significantly less or more than what has been projected in the Issuer’s proposed budget.

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With respect to sales and use tax revenues for the most recent months for which information is available, the Issuer’s local sales and use tax revenues were:

	<u>2019 Revenues</u>	<u>2020 Revenues</u>	<u>% Increase</u>
Jan	\$ 767,257	\$ 951,266	23.98%
Feb	\$ 568,939	\$ 640,070	12.50%
Mar	\$ 574,574	\$ 614,444	6.94%
Apr	\$ 679,098	\$ 803,622	18.34%
May	\$ 634,833	\$ 849,524	33.82%
Jun	\$ 675,654	\$ 869,700	28.72%
Jul	\$ 708,414	\$ 918,801	29.70%
Aug	\$ 680,873	\$ 866,017	27.19%
Sep	\$ 679,927	\$ 873,277	28.44%
Oct	\$ 685,610	\$ 892,453	30.17%
Nov	\$ 696,604	\$ 1,015,941	45.84%
Dec	\$ 666,165	\$ 960,845	44.24%
<b>TOTAL</b>	<b><u>\$ 8,017,948</u></b>	<b><u>\$ 10,255,960</u></b>	<b><u>27.91%</u></b>

The Issuer also collects other tax revenues such as business taxes that are expected to be materially affected by business closures and reduced economic activity resulting from the COVID-19 outbreak. Such revenues typically consist of less than 0.51% of the Issuer’s revenues.

The Issuer expects to receive some federal and/or State assistance to offset costs to the Issuer of addressing the COVID-19 outbreak. As this point, the Issuer has not been informed as to the timing or amount of federal or State assistance that may be provided, nor does the Issuer know the scope of expenses that will be payable from such assistance. The Issuer’s budget for the 2021 fiscal year does not include any such assistance as a source of revenue to provide for a balanced budget.

The Issuer’s liquidity position remains strong. As of June 30, 2020, the Issuer is estimating in excess of \$9.4 million in fund balance for the General Fund (\$7.6 million unassigned), which is approximately 48% of the Issuer’s General Fund budget for the 2021 fiscal year. The Issuer’s current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the Issuer.

Various types of information regarding employment and income trends within Fayette County are detailed in APPENDIX B. This information was assembled prior to the COVID-19 outbreak and may not be reflective of current financial conditions. For example, unemployment rates throughout the United States, including the County, have increased significantly since the COVID-19 outbreak. Furthermore, APPENDIX B lists the largest employers in the County. The COVID-19 outbreak has affected businesses throughout the United States, including businesses in the County, and many of the employers listed in APPENDIX B have been forced to reduce their employment levels from the levels described in APPENDIX B. Given the fluidity of the current economic environment, the Issuer is not able to provide sufficiently accurate updates to this information.

## ADDITIONAL INFORMATION

Use of the words "shall," "must," or "will" in this *Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this *Official Statement* involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this *Official Statement* nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the County and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* or this *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The County has deemed this *Official Statement* as "final" as of its date within the meaning of Rule 15c2-12.

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**CERTIFICATION OF ISSUER**

On behalf of the County, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ Rhea"Skip" Taylor  
County Mayor

ATTEST:

/s/ Sue Culver  
County Clerk



**APPENDIX A**

**PROPOSED FORM OF LEGAL OPINION**



[LETTERHEAD OF GLANKLER BROWN, PLLC]

May 28, 2021

Board of County Commissioners  
of Fayette County, Tennessee  
13095 N. Main Street  
Somerville, Tennessee 38068

**Re: \$7,950,000 General Obligation Bonds, Series 2021C of Fayette County,  
Tennessee**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Fayette County, Tennessee (the "County"), of \$7,950,000 aggregate principal amount of its General Obligation Bonds, Series 2021C dated as of the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material published and distributed in connection with the sale of the Bonds or any other information concerning the financial condition of the County which may have been provided to the purchasers of the Bonds, and we express no opinion relating thereto.

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

1. The Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of Tennessee and constitute the valid and binding general obligations of the County for the payment of which the County has irrevocably pledged its full faith and credit. The Bonds are payable as to both principal and interest from ad valorem taxes to be levied, as necessary, upon all taxable property within the County without limitation as to rate or amount.

2. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax on individuals. The opinion set forth in clause (a) above is subject to the condition that the

County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements. Except as set forth in this Paragraph 2 and in Paragraph 4 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

4. The Bonds have been designated or are deemed designated by the County as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

To the extent constitutionally applicable, the rights of the holders of the Bonds and the enforceability thereof are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereinafter enacted. Also, the enforcement of bondholder rights may be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

Glanker Brown, PLLC

**APPENDIX B**

**SUPPLEMENTAL INFORMATION STATEMENT**





## GENERAL INFORMATION

### LOCATION

Fayette County (the “County”) is located in the southwestern part of the State of Tennessee. The County is bordered by Shelby County to the west, Tipton and Haywood Counties border on the north, Hardeman County to the east and the Mississippi State line to the south. The City of Somerville, the County seat, is approximately 43 miles east of Memphis.

### GENERAL

Fayette County has a total of 706 square miles. The population in the County, according to the 2010 U.S. Census of population, is 38,413.

The County is part of the Memphis, TN-MS-AR Metropolitan Statistical Area (the “MSA”), which includes Fayette, Shelby and Tipton Counties in Tennessee. According to the 2010 US Census the MSA had a population of 1,309,726. The City of Memphis is the largest city in the MSA with a population of 646,889 according to the 2010 Census.

### TRANSPORTATION

Transportation for the County is provided by a variety of sources. Louisville-Nashville and Norfolk-Southern provide the County's rail services. The County is served by U.S. Highways 64, 70 and 72 and State Highways 57, 59 and 76. Interstate 40 is an 18-mile drive from the County. The proposed Interstate 69 from Canada to Mexico has been approved in the U.S. Congress and will go through Memphis and connect with an Interstate 269 loop passing around Memphis and through Fayette County. See “RECENT DEVELOPMENTS” for more information.

The nearest port is located in Memphis on the Mississippi River about 45 miles away. The community air service is provided by the Fayette County-Somerville airport with a 3,500-foot asphalt runway. The nearest commercial airport is the Memphis International Airport about 40 miles to the west.

### EDUCATION

The *Fayette County Schools System* includes seven schools. The fall 2020 enrollment is about 3,498 students with about 228 teachers.

*The Tennessee College of Applied Technology at Whiteville.* The Tennessee College of Applied Technology at Whiteville (the “TCAT-W”) is part of a statewide system of 26 vocational-technical schools. The TCAT-W meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution’s primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-W serves the southwest region of the state including Hardeman, Haywood and Fayette Counties. The TCAT-W began

operations in 1976, and the main campus is located in Hardeman County. Fall 2018 enrollment was 358 students.

*Source:* Tennessee College of Applied Technology at Whiteville.

*Southwest Tennessee Community College* is located in Memphis, Tennessee and draws on the legacies of two colleges, Shelby State Community College and State Technical Institute at Memphis, which were consolidated in 2000. The fall 2019 enrollment is 9,653. Southwest is the comprehensive, multicultural, public, open-access College whose mission is to anticipate and respond to the educational needs of students, employers, and communities in Shelby, Fayette and Tipton counties and the surrounding Mid-South region.

*Source:* Southwest Tennessee Community College.

The *University of Memphis* (the “U of M”) was founded in 1909 in Memphis, Tennessee. The campus has 202 buildings at eight sites on 1,160 acres located within Memphis. Known originally as West Tennessee State Normal School, the University has become one of Tennessee's three comprehensive doctoral-extensive institutions of higher learning. U of M is also the flagship of the Tennessee Board of Regents system. It awards more than 3,000 degrees annually and had a fall 2020 enrollment of 22,203 students. The University has 24 Chairs of Excellence, more than any other Tennessee university, and five state-approved Centers of Excellence. The degrees offered include 15 bachelor's degrees in more than 50 majors and 70 concentrations, Master's degrees in over 50 subjects, Doctoral degrees in 21 disciplines, a specialist degree in education and a Juris Doctor (law degree).

In 2011 the University of Memphis acquired the Lambuth University campus in Jackson, Tennessee after it was forced to cease independent operation due to the down economy. Lambuth University was founded in 1843 and was an all-female university until 1923.

*Source:* University of Memphis.

The *University of Tennessee Health Science Center* (the “UTHSC”) in Memphis is the flagship of the statewide academic health system that is part of the University of Tennessee System. UTHSC has a mission of education, research, clinical care and public service on three campuses and more than 100 clinical and educational sites across the state. Fall 2019 enrollment was 3,250 students. In 1911, the University of Tennessee first launched its Memphis campus, dedicating it solely to health science education and research. In 1963, the UT Graduate School of Medicine in Knoxville became part of the UT Health Science Center, and in 1974, the UT College of Medicine, Chattanooga, joined the UTHSC system.

*Source:* The University of Tennessee Health Science Center.

## **MEDICAL**

*Baptist Memorial Hospital* has announced in 2019 it will build a freestanding emergency department in Arlington in response to Methodist Healthcare-Fayette Hospital closing in 2014. Construction is expected to begin in the fall of 2019. This facility will make emergency care more easily accessible to residents of four counties - Fayette, Haywood, Shelby and Tipton. The freestanding emergency department will be developed with Regional One Health. It will have eight rooms, a CT scan, X-ray, ultrasound imaging and a helipad, according to a news release. The estimated cost is \$10 million and will bring more than 30 jobs to the community.

*Methodist Healthcare-Fayette Hospital* was a 46-bed facility in Somerville. The facility closed the hospital in 2014 due to low inpatient admissions and lower Medicare payments. The closest hospitals are in Jackson, about 50 miles away, or Memphis, which is 45 miles away.

**MANUFACTURING AND COMMERCE**

*Memphis Regional Megasite.* The infrastructure for the 4,100-acre Memphis Regional Megasite, which is located along I-40 in Fayette and Haywood counties, was completed in 2016 and cost \$170 million. The megasite is almost "shovel-ready" and is marketed for large-scale industrial developments that generates jobs and corporate investment. See “RECENT DEVELOPMENTS” for more information.

The Memphis Regional Megasite has been certified as a Select Tennessee Certified Sites Program. The Select Tennessee Certified Sites Program has helped communities prepare industrial sites for private investment and job creation since 2012. The certification process ensures that each certified site meets high quality standards and are primed for development. Certified sites must have documented environmental conditions and geotechnical analysis, existing onsite utilities or a formal plan to extend utilities to the site, and truck-quality road access. The program’s goal is to give companies detailed and reliable information during the site selection process and markets the sites to a targeted group of site selection consultants and business leaders in Tennessee’s key industry clusters. As of January 2021, sixty-five sites in Tennessee have been certified and 23 companies have invested over \$1.8 billion in capital investment to construct facilities on certified sites, accounting for more than 7,200 new job commitments.

*Source:* Tennessee Department of Economic and Community Development.

**Major Employers located in Fayette County, Tennessee**

<u>Company</u>	<u>Product</u>	<u>Employees</u>
Fayette County Board of Education	Education	500
Eggo Company	Manufacturing	327
Fayette County Government	Government	250
Tennessee Dept of Children’s Services	Government	182
Memphis Contract Packaging	Packaging	175
Coilmaster Corporation	Manufacturing	150
WalMart Inc.	Retail	150
Troxel Company	Manufacturing	150
River City Erectors of TN, LLC	Manufacturing	135
The Kroger Co.	Retail	113
Medegen Medical Products	Medical	100

*Source:* Tennessee Department of Economic & Community Development - 2019.

## EMPLOYMENT INFORMATION

Due to the national rise in unemployment due to COVID-19 in the spring of 2020, the rates for the County for December 2020 do not represent the usual unemployment rate.

Unemployment in Fayette County as of December 2020 stood at 6.2%, representing 18,626 persons employed out of a labor force of 19,853. The Memphis MSA's unemployment for December 2020 was at 7.4% with 626,498 persons employed out of a labor force of 676,541.

The following charts show unemployment trends in the City for the last 5 years:

	<b>Unemployment</b>				
	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average
	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
National	5.3%	4.9%	4.4%	3.6%	3.9%
Tennessee	5.6%	4.7%	3.8%	3.5%	3.4%
<b>Fayette County</b>	<b>6.2%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>3.8%</b>	<b>3.6%</b>
Index vs. National	117	102	91	106	92
Index vs. State	111	106	105	109	106
<b>Memphis MSA</b>	<b>6.3%</b>	<b>5.2%</b>	<b>4.3%</b>	<b>4.2%</b>	<b>4.2%</b>
Index vs. National	119	106	98	117	108
Index vs. State	113	111	113	120	124

*Source:* Tennessee Department of Labor and Workforce Development.

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## ECONOMIC DATA

	<b>Per Capita Personal Income</b>				
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
National	\$47,058	\$48,978	\$49,870	\$51,885	\$54,446
Tennessee	\$40,801	\$42,593	\$43,726	\$44,950	\$46,900
<b>Fayette County</b>	<b>\$46,247</b>	<b>\$49,719</b>	<b>\$51,961</b>	<b>\$52,993</b>	<b>\$55,364</b>
Index vs. National	98	102	104	102	102
Index vs. State	113	117	119	118	118
<b>Memphis MSA</b>	<b>\$41,124</b>	<b>\$42,472</b>	<b>\$43,526</b>	<b>\$44,655</b>	<b>\$46,620</b>
Index vs. National	87	87	87	86	86
Index vs. State	101	100	100	99	99

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Social and Economic Characteristics

	<b><u>National</u></b>	<b><u>Tennessee</u></b>	<b><u>Fayette County</u></b>
Median Value Owner Occupied Housing	\$217,500	\$167,200	\$206,700
% High School Graduates or Higher Persons 25 Years Old and Older	85.2%	87.5%	86.2%
% Persons with Income Below Poverty Level	10.5%	13.9%	11.2%
Median Household Income	\$62,843	\$53,320	\$60,711

Source: U.S. Census Bureau State & County QuickFacts - 2019.

## RECREATION

*Herb Parsons Lake.* Herb Parsons Lake is a Reservoir lake and 177-acre state park located in Fayette County near the town of Eads. Named after Herb Parsons an exhibition shooter, it is known primarily for its fishing, hiking and bicycle trails and wildlife. It has several facilities such as a boat launching ramp, fish attractors, handicapped accessible fishing pier, bait and tackle, and rental boats.

Source: Tennessee State Parks.

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*Wolf River Wildlife Management Area and Ghost River State Natural Area.* Tennessee Wildlife Resources Agency manages the Wolf River Wildlife Management Area. The majority of the Wolf River Wildlife Management Area lies along the unchannelized portion of the Wolf River from the Tennessee/Mississippi state line to the Bateman Bridge. Upland areas are characterized by agricultural fields/pastures, and scattered stands of upland hardwoods. The Wolf River WMA consists of 4,236 acres of which 2,400 acres is in the Wolf River floodplain and 1,667 acres in open agricultural and pastures. The forested acreage is >80% bottomland hardwood/swamp forest.

The Ghost River State Natural Area is a 2,220-acre, 14-mile section of the Wolf River from the parking area near La Grange to the Bateman Bridge. Here, the Ghost River section of the Wolf is unchannelized and meanders through bottomland hardwood forests, cypress-tupelo swamps, and open marshes. Some of the most impressive trees are oaks that include Cherrybark, Water Willow, and Swamp Chestnut. The low ridges above the river bottoms support Tulip Poplar, beech, and White Oak with Northern Red Oak infrequently occurring. The natural area also includes significant uplands and sandy hills adjacent to the floodplain. The Ghost River section of the Wolf River received its name from the loss of river current as the water "flows" through open marshes and bald cypress-water tupelo swamps. A canoe trail has been blazed through the disorienting maze of Virginia Willow, cypress, tupelos, and stunted Pumpkin Ash. This trail includes a 600-foot boardwalk in the Minnow Slough area.

*Source:* Tennessee Department of Environment & Conservation.

## **RECENT DEVELOPMENTS**

*Commercial Filter.* Commercial Filter began in 2020 expanding its operations by building a new facility in Piperton. In response to growing demand, Commercial Filter's expansion will include an investment of \$8.9 million and the creation of 30 new jobs in Fayette County over the next three years. Currently located in Memphis, Commercial Filter will relocate and expand its operations to Piperton. The company plans to construct a new 125,000-square-foot facility designed specifically to accommodate the production line and warehouse needs now and for the foreseeable future. Commercial Filter broke ground on the new location in October 2020 and expects to complete the project in Q4 of 2021. Commercial Filter manufactures air filters and has operated out of Memphis for the past 30 years. The company is expanding due to an increase in demand by the nonresidential construction industry for heating, ventilation, air conditioning and refrigeration (HVACR) products.

*Interstate 69 Project (the "I-69").* The proposed north-south highway corridor between Canada and Mexico will go through nearby Memphis and will include an I-269 loop that will go through the most south-western corner of Fayette County along the current State Route 385. It is estimated that 63 percent of the truck traffic between Canada and Mexico will go through West Tennessee on I-69. Completion of the corridor in Tennessee could cost in excess of \$800 million. The economic potential of this interstate's location in West Tennessee is very promising. One study has shown I-69 would produce about \$1.57 for every dollar invested.

*Memphis Contract Packaging.* Memphis Contract Packaging, the beauty product contract manufacturer, will build a new facility to expand its Fayette County operations in 2021. Memphis Contract Packaging will invest \$48 million to add new product lines and create 261 new jobs.

Memphis Contract Packaging is a contract manufacturer of liquid beauty products such as shampoo, lotions and hand soaps. As a result of increased demand for sanitizing products due to the COVID-19 pandemic, foaming hand soap and hand sanitizer will also be produced at the Somerville facility.

*Memphis Regional Megasite.* The infrastructure for the 4,100-acre Memphis Regional Megasite, which is located along I-40 in Fayette and Haywood counties, was completed in 2016 and cost \$170 million. State and local officials began to purchase the land in 2009. The megasite is now a huge, pre-purchased site marketed for large-scale industrial developments that generates jobs and corporate investment. Once the Megasite is fully optimized, the site could bring more than 34,000 jobs to the region, \$12.3 billion in new salaries and \$7.8 billion in economic impact for West Tennessee over 10 years when a company first establishes its operations.

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## FAYETTE COUNTY, TENNESSEE

### Summary of Long Term Indebtedness

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)	(1) As of June 30, 2020 OUTSTANDING
\$ 9,585,000	General Obligation Bonds, Series 2011	April 2030	Fixed	\$ 5,830,000
7,240,000	General Obligation Refunding Bonds, Series 2012A	April 2029	Fixed	4,685,000
4,575,000	General Obligation Bonds, Series 2012B	April 2036	Fixed	3,360,000
495,000	Capital Outlay Note, Series 2013	Dec. 2021	Fixed	135,000
8,715,000	General Obligation Bonds, Series 2013	April 2036	Fixed	7,640,000
4,560,000	General Obligation Bonds, Series 2014	April 2036	Fixed	2,770,000
410,000	General Obligation Capital Outlay Note, Series 2020A	April 2024	Fixed	410,000
600,000	General Obligation Capital Outlay Note, Series 2020B	April 2032	Fixed	600,000
<u>\$ 36,180,000</u>	<b>TOTAL BONDED DEBT</b>			<u>\$ 25,430,000</u>
\$ 9,295,000	General Obligation Refunding Bonds, Series 2021A	March 2030	Fixed	\$ 9,295,000
7,265,000	General Obligation Refunding Bonds, Series 2021B	March 2036	Fixed	7,265,000
7,950,000	General Obligation Bonds, Series 2021C	March 2036	Fixed	7,950,000
<u>(35,685,000)</u>	Less: Debt Being Refunded (2011 & 2012A & 2012B & 2013 & 2014 & 2020A & 2020B)			<u>(23,517,500)</u>
<u><u>\$ 25,005,000</u></u>	<b>NET GENERAL OBLIGATION BONDED DEBT</b>			<u><u>\$ 26,422,500</u></u>

**NOTES:**

(1) The above figures may not include all short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.



**FAYETTE COUNTY, TENNESSEE  
INDEBTEDNESS AND DEBT RATIOS**

**INTRODUCTION**

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are attached herein and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

	For Fiscal Year Ended June 30				After Issuance	
	2016	2017	2018	2019		2020
<b>INDEBTEDNESS</b>						
<b>TAX SUPPORTED</b>						
General Obligation Bonds & Notes	\$ 31,830,619	\$ 25,430,000	\$ 27,809,378	\$ 26,177,416	\$ 25,430,000	\$ 26,422,500
<b>TOTAL TAX SUPPORTED</b>	<u>\$ 31,830,619</u>	<u>\$ 25,430,000</u>	<u>\$ 27,809,378</u>	<u>\$ 26,177,416</u>	<u>\$ 25,430,000</u>	<u>\$ 26,422,500</u>
<b>TOTAL DEBT</b>	\$ 31,830,619	\$ 25,430,000	\$ 27,809,378	\$ 26,177,416	\$ 25,430,000	\$ 26,422,500
Less: Revenue Supported Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Less: Debt Service Funds	<u>(2,796,404)</u>	<u>(2,769,407)</u>	<u>(2,299,247)</u>	<u>(2,845,879)</u>	<u>(3,181,314)</u>	<u>(3,181,314)</u>
<b>NET DIRECT DEBT</b>	<u>\$ 29,034,215</u>	<u>\$ 22,660,593</u>	<u>\$ 25,510,131</u>	<u>\$ 23,331,537</u>	<u>\$ 22,248,686</u>	<u>\$ 23,241,186</u>
<b>PROPERTY TAX BASE</b>						
Estimated Actual Value	\$ 3,781,563,202	\$ 3,882,451,367	\$ 3,959,579,874	\$ 4,093,596,828	\$ 4,669,897,144	\$ 4,832,613,079
Appraised Value	3,572,442,757	3,667,751,806	3,959,579,874	4,093,596,828	4,177,222,995	4,322,772,399
Assessed Value	965,180,034	991,665,291	1,067,370,940	1,105,524,302	1,128,978,474	1,172,507,174

	For Fiscal Year Ended June 30				After Issuance	
	2016	2017	2018	2019	2020	2021
<b>DEBT RATIOS</b>						
TOTAL DEBT to Estimated Actual Value	0.84%	0.65%	0.70%	0.64%	0.54%	0.55%
TOTAL DEBT to Appraised Value	0.89%	0.69%	0.70%	0.64%	0.61%	0.61%
TOTAL DEBT to Assessed Value	3.30%	2.56%	2.61%	2.37%	2.25%	2.25%
NET DIRECT DEBT to Estimated Actual Value	0.77%	0.58%	0.64%	0.57%	0.48%	0.48%
NET DIRECT DEBT to Appraised Value	0.81%	0.62%	0.64%	0.57%	0.53%	0.54%
NET DIRECT DEBT to Assessed Value	3.01%	2.29%	2.39%	2.11%	1.97%	1.98%
<b>PER CAPITA RATIOS</b>						
POPULATION (1)	39,590	40,036	40,507	41,133	41,133	41,133
PER CAPITA PERSONAL INCOME (2)	\$51,961	\$52,993	\$55,364	\$55,364	\$55,364	\$55,364
Estimated Actual Value to POPULATION	\$95,518	\$96,974	\$97,751	\$99,521	\$113,532	\$117,487
Assessed Value to POPULATION	\$24,379	\$24,769	\$26,350	\$26,877	\$27,447	\$28,505
Total Debt to POPULATION	\$804	\$635	\$687	\$636	\$618	\$642
Net Direct Debt to POPULATION	\$733	\$566	\$630	\$567	\$541	\$565
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	1.55%	1.20%	1.24%	1.15%	1.12%	1.16%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	1.41%	1.07%	1.14%	1.02%	0.98%	1.02%

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census and the County.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

**FAVETTE COUNTY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS - GENERAL OBLIGATION**

F.Y. Ended	Existing Debt (1) As of June 30, 2020			General Obligation Refunding Bonds, Series 2021A			General Obligation Refunding Bonds, Series 2021B			General Obligation Refunding Bonds, Series 2021C			Less: Refunded Bonds			Total Bonded Debt Service Requirements			% Principal All Debt Repaid
	Principal	Interest	TOTAL	Principal	Interest (2)	TOTAL	Principal	Interest (3)	TOTAL	Principal	Interest (4)	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL	
2021	\$ 1,842,500	\$ 754,400	\$ 2,596,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6.97%
2022	1,937,500	715,162	2,652,662	1,015,000	166,277	1,181,277	490,000	129,016	619,016	695,000	157,991	852,991	(1,867,500)	(713,419)	(2,580,919)	2,270,000	754,400	2,596,900	
2023	1,887,500	667,253	2,554,753	1,035,000	165,000	1,200,000	490,000	139,605	629,605	705,000	187,490	892,490	(1,887,500)	(667,253)	(2,554,753)	2,230,000	492,095	2,722,095	
2024	1,927,500	623,350	2,550,850	1,035,000	144,900	1,179,900	490,000	124,905	614,905	695,000	166,340	861,340	(1,927,500)	(623,350)	(2,550,850)	2,220,000	492,095	2,686,145	
2025	1,960,000	579,384	2,539,384	1,035,000	103,500	1,138,500	485,000	105,655	590,655	685,000	152,440	837,440	(1,960,000)	(579,384)	(2,539,384)	2,210,000	492,095	2,528,095	
2026	1,995,000	523,385	2,488,385	1,035,000	103,500	1,138,500	485,000	105,655	590,655	685,000	152,440	837,440	(1,995,000)	(523,385)	(2,488,385)	2,200,000	492,095	2,498,095	49.10%
2027	2,030,000	469,050	2,499,050	1,035,000	82,800	1,117,800	485,000	81,105	566,105	675,000	104,300	779,300	(2,030,000)	(469,050)	(2,499,050)	2,185,000	368,295	2,463,295	
2028	2,100,000	409,643	2,509,643	1,035,000	62,100	1,097,100	485,000	66,555	551,555	665,000	84,140	749,140	(2,100,000)	(409,643)	(2,509,643)	2,185,000	212,795	2,347,795	
2029	2,150,000	346,535	2,496,535	1,035,000	41,400	1,076,400	485,000	52,005	537,005	665,000	64,190	729,190	(2,150,000)	(346,535)	(2,496,535)	2,185,000	157,595	2,342,595	
2030	1,820,000	279,910	2,099,910	1,035,000	20,700	1,055,700	485,000	47,155	532,155	380,000	44,240	424,240	(1,820,000)	(279,910)	(2,099,910)	1,900,000	112,095	2,012,095	
2031	950,000	116,490	1,066,490	485,000	-	485,000	485,000	41,820	526,820	380,000	36,640	416,640	(950,000)	(116,490)	(1,066,490)	865,000	78,460	943,460	84.41%
2032	935,000	182,645	1,117,645	480,000	-	480,000	480,000	36,000	516,000	335,000	29,040	364,040	(935,000)	(182,645)	(1,117,645)	865,000	65,040	925,040	
2033	935,000	148,150	1,083,150	480,000	-	480,000	480,000	29,760	509,760	335,000	21,440	356,440	(935,000)	(148,150)	(1,083,150)	815,000	51,200	866,200	
2034	980,000	113,200	1,093,200	480,000	-	480,000	480,000	23,040	503,040	335,000	15,578	350,578	(980,000)	(113,200)	(1,093,200)	815,000	38,638	853,638	
2035	1,040,000	85,500	1,125,500	480,000	-	480,000	480,000	15,840	495,840	335,000	10,535	345,535	(1,040,000)	(85,500)	(1,125,500)	815,000	26,535	841,535	
2036	1,095,000	39,100	1,088,100	480,000	-	480,000	480,000	8,160	488,160	335,000	5,500	340,500	(1,095,000)	(39,100)	(1,088,100)	815,000	15,290	826,520	100.00%
	\$25,430,000	\$ 6,141,667	\$ 31,571,667	\$ 9,295,000	\$ 911,477	\$ 10,206,477	\$ 7,265,000	\$ 1,000,820	\$ 8,265,820	\$ 7,950,000	\$ 1,197,821	\$ 9,147,821	#####	#####	#####	\$ 26,422,500	\$ 2,642,250	\$ 26,422,500	\$ 30,288,768

**NOTES:**  
(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.  
(2) Average Coupon 2.00%.  
(3) Average Coupon 1.7646%.  
(4) Average Coupon 2.3057%.

## FINANCIAL INFORMATION

### BASIS OF ACCOUNTING AND PRESENTATION

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the County. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures, other than interest or long-term debt, are recognized when incurred and measurable.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred except for prepaid expenses, such as insurance, which are fully expended at the time of payment.

### FUND BALANCES AND RETAINED EARNINGS

The following table depicts audited fund balances and retained earnings for the last five fiscal years ending June 30:

	<u>For the Fiscal Year Ended June 30,</u>				
<u>Fund Type</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<i>Governmental Funds:</i>					
General	\$ 6,506,764	\$ 7,992,238	\$ 8,303,870	\$ 8,680,709	\$ 9,464,216
Highway/Public Works	2,341,658	2,663,385	1,816,730	3,582,789	3,280,347
General Debt Service	2,796,404	2,769,407	2,299,247	2,845,879	3,181,314
Other Governmental	<u>1,485,915</u>	<u>2,221,742</u>	<u>2,431,521</u>	<u>2,713,269</u>	<u>4,000,027</u>
<b>TOTAL</b>	<b><u>\$13,130,741</u></b>	<b><u>\$15,646,772</u></b>	<b><u>\$14,851,368</u></b>	<b><u>\$17,822,646</u></b>	<b><u>\$19,925,904</u></b>

*Source:* Comprehensive Financial Audit Reports of the County.

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**FAYETTE COUNTY, TENNESSEE**  
 Five Year Summary of Revenues, Expenditures and  
 Changes In Fund Balances - General Fund  
 For the Fiscal Year Ended June 30

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Revenues:</b>					
Local Taxes	\$ 9,492,030	\$ 10,006,364	\$ 10,131,801	\$ 10,530,667	\$ 11,914,390
Licenses and Permits	237,245	268,918	412,913	122,577	174,421
Fines, forfeitures and penalties	309,392	339,594	342,090	339,589	244,577
Charges for current services	1,673,840	1,674,953	1,921,967	2,055,202	2,063,382
Other local revenue	169,386	217,849	218,666	179,254	183,189
Fees Recv'd from County Officials	1,633,012	1,718,156	1,821,978	1,806,207	1,864,583
State of Tennessee	2,097,157	2,549,884	2,638,066	2,727,708	2,220,821
Federal Government	110,926	68,500	73,398	95,956	175,375
Other Gov'ts & Citizens Groups	61,697	97,833	148,930	266,468	175,570
<b>Total Revenues</b>	<u>\$ 15,784,685</u>	<u>\$ 16,942,051</u>	<u>\$ 17,709,809</u>	<u>\$ 18,123,628</u>	<u>\$ 19,016,308</u>
<b>Expenditures:</b>					
General Government	\$ 1,254,653	\$ 1,569,606	\$ 1,831,282	\$ 1,495,097	\$ 1,491,229
Finance	950,231	946,532	1,041,936	1,032,761	1,033,525
Administration of Justice	904,282	926,732	1,036,527	1,016,744	1,055,622
Public Safety	6,540,254	6,720,876	7,581,822	7,774,793	8,453,398
Public Health and Welfare	2,398,060	2,719,141	2,723,023	2,781,235	2,709,249
Social, Cultural, and Recreational Services	210,780	214,906	210,764	230,144	238,642
Agricultural & Natural Resources	198,964	200,557	204,362	164,559	191,970
Other Operations	2,363,592	2,186,920	2,842,988	2,821,808	2,648,910
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 14,820,816</u>	<u>\$ 15,485,270</u>	<u>\$ 17,472,704</u>	<u>\$ 17,317,141</u>	<u>\$ 17,822,545</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 963,869	\$ 1,456,781	\$ 237,105	\$ 806,487	\$ 1,193,763
<b>Other Sources &amp; Uses:</b>					
Capital Leases Issued	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds / Notes Issued	-	-	-	-	-
Premiums on Debt Issued	-	-	-	-	-
Insurance Recovery	27,795	26,799	71,347	193,000	33,604
Operating Transfers In	-	49,444	50,000	90,000	55,000
Operating Transfers Out	(48,220)	(47,550)	(46,820)	(712,738)	(498,860)
<b>Total Other Sources &amp; Uses</b>	<u>\$ (20,425)</u>	<u>\$ 28,693</u>	<u>\$ 74,527</u>	<u>\$ (429,738)</u>	<u>\$ (410,256)</u>
Net Change in Fund Balances	\$ 943,444	\$ 1,485,474	\$ 311,632	\$ 376,749	\$ 783,507
<b>Fund Balance July 1</b>	5,563,320	6,506,764	7,992,238	8,303,870	8,680,619
Adjustments	-	-	-	-	90
<b>Fund Balance June 30</b>	<u>\$ 6,506,764</u>	<u>\$ 7,992,238</u>	<u>\$ 8,303,870</u>	<u>\$ 8,680,619</u>	<u>\$ 9,464,216</u>

Source: Comprehensive Annual Financial Reports for Fayette County, Tennessee.

## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

Investment of idle County operating funds is controlled by state statute and local policies and administered by the County Trustee. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the County. For reporting purposes, all investments are stated at cost that approximates market value. The County Trustee is responsible for all County investments.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

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

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

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

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

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

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

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

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

### ***County Taxation of Property***

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

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

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## *Assessment of Property*

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

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

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

*State Assessments of Public Utility Property; State Board of Equalization.* The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the



State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

### ***Periodic Reappraisal and Equalization***

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an on-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

### ***Valuation for Property Tax Purposes***

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

*State Valuation of Public Utility Property.* The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

### ***Certified Tax Rate***

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive

of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

### ***Tax Freeze for the Elderly Homeowners***

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

### ***Tax Collection and Tax Lien***

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

*[balance of page left blank]*

*Assessed Valuations.* According to the Tax Aggregate Report of Tennessee, property in the County reflected a ratio of appraised value to true market value of 0.8945. The following table shows pertinent data for tax year 2019<sup>1</sup>.

<u>Class</u>	<u>Estimated Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Value</u>
Public Utilities	\$ 61,484,907	55%	\$ 140,743,610
Commercial and Industrial	119,410,000	40%	333,733,924
Personal Tangible Property	55,329,727	30%	203,331,753
Residential and Farm	<u>892,753,840</u>	25%	<u>3,992,087,857</u>
<b>Total</b>	<b><u>\$1,128,978,474</u></b>		<b><u>\$4,669,897,144</u></b>

<sup>1</sup> The tax year coincides with the calendar year; therefore, tax year 2019 is actually fiscal year 2019-2020.  
*Source:* 2019 Tax Aggregate Report for Tennessee and the County.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2020 (tax year 2019) is \$1,128,978,474 compared to \$1,105,524,302 for the fiscal year ending June 30, 2019 (tax year 2018). The estimated actual value of all taxable property for tax year 2019 is \$4,669,897,144 compared to \$4,093,596,828 for tax year 2018.

*Property Tax Rates and Collections.* The following table shows the property tax rates and collections of the County for tax years 2016 through 2020 as well as the aggregate uncollected balances for each fiscal year ending June 30, 2020.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr. Collections		Aggregate Uncollected Balance	
Tax Year <sup>2</sup>	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	As of June 30, 2020 Amount Pct	
2016	\$ 991,665,291	\$1.6054	\$15,942,616	\$15,502,233	97.2%	N/A	
2017	1,067,370,940	1.5074	16,089,776	15,170,832	97.3%	N/A	
2018	1,105,524,302	1.5074	16,670,930	16,230,026	97.4%	N/A	
2019	1,128,978,474	1.5074	17,029,208	16,613,579	97.6%	\$415,629	2.4%
2020	1,128,705,185	1.5074	17,064,675	<b>IN PROGRESS</b>			

\* Estimated

<sup>2</sup> The tax year coincides with the calendar year; therefore, tax year 2020 is actually fiscal year 2020-2021.

[balance of page left blank]

*Ten Largest Taxpayers.* For the fiscal year ending June 30, 2020 (tax year 2019), the ten largest taxpayers in the County are as follows:

	<u><b>Taxpayer</b></u>	<u><b>Business Type</b></u>	<u><b>Assessment</b></u>	<u><b>Taxes Paid</b></u>
1.	Norfolk Southern - Memphis	Railroad	\$14,172,573	\$ 213,638
2.	Chickasaw Electric Coop	Utility	12,842,758	193,593
3.	EGGO Company	Food Service	9,638,633	145,263
4.	Energy Transfer Crude Oil		9,088,416	136,999
5.	Alpha Corporation The	Chemical Manufacturer	5,167,044	82,561
6.	EGGO Company	Food Service	3,907,800	58,906
7.	ANR Pipeline Co.		3,730,747	56,237
8.	Medegen Medical Products	Medical Products	3,625,303	54,648
9.	AOC LLC	Chemical Company	3,510,040	52,910
10.	A T & T Mobility, LLC	Phone Service	<u>3,066,648</u>	<u>46,226</u>
	<b>TOTAL</b>		<b><u>\$68,749,962</u></b>	<b><u>\$1,040,981</u></b>

*Source:* The County.

## **PENSION PLANS**

Employees of Fayette County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five- year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Fayette County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

For additional information of the funding status, trend information and actuarial status of the County's retirement programs, please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the County located herein.

**GENERAL PURPOSE FINANCIAL STATEMENTS**

FAYETTE COUNTY, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of Fayette County for the fiscal year ended June 30, 2020 which is available upon request from the County.





## ANNUAL FINANCIAL REPORT

# Fayette County, Tennessee

*For the Year Ended June 30, 2020*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF  
LOCAL GOVERNMENT AUDIT**

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

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

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

***LEE ANN WEST, CPA, CGFM***  
***Audit Manager***

***TIFFANY NOLEN, CFE***  
***Senior Auditor***

***VICKY BARBER, CFE***  
***SAVANAH MASSEY***  
***TWYLA PRATT, CISA***  
***State Auditors***

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)



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# ***Summary of Audit Findings***

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

## ***Scope***

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

## ***Results***

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

Our audit resulted in five findings and recommendations, which we have reviewed with Fayette 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 DIRECTOR OF SCHOOLS**

- ◆ The General Purpose School Fund required material audit adjustments for proper financial statement presentation.
- ◆ The office had deficiencies in budget operations.
- ◆ Some journal entries were posted in the General Purpose School and School Federal Projects funds that contained errors or were not supported by adequate documentation.
- ◆ The school department was assessed interest and penalties totaling \$68,823 by the Internal Revenue Service.
- ◆ The office had purchasing deficiencies.

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# INTRODUCTORY SECTION

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Fayette County Officials  
June 30, 2020

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**Officials**

Rhea Taylor, County Mayor  
Wayne Dowdy, Public Works Superintendent  
Dr. Marlon King, Director of Schools  
Barbra Parker, Trustee  
Mark Ward, Assessor of Property  
Sue Culver, County Clerk  
Edward Pulliam, Circuit, General Sessions, and Juvenile Courts Clerk  
Amy Anderson, Clerk and Master  
Eddie Pattat, Register of Deeds  
Bobby Riles, Sheriff

**Board of County Commissioners**

Rhea Taylor, County Mayor, Chairman  
Charles Dacus, Jr.  
Ben Farley  
Willie German, Jr.  
Tim Goodroe  
Jim Jordan  
Terry Leggett  
David Lillard, Sr.  
Sylvester Logan  
Jim Norton

Claude Oglesby, Jr.  
Tommy Perkins  
Kevin Powers  
Dale Reeves  
Steve Reeves  
Elizabeth Rice  
Ray Seals  
Robert Sills  
Bill Walker  
Larry Watkins

**Board of Education**

Wendell Wainwright, Chairman  
Tom Fleps  
Russ Holcomb  
Alisa Logan  
Civil Miller-Watkins

Willie Odeneal  
Sally Spencer  
Amy Webb  
Myles Wilson

**Board of Public Works**

Hank Franck, Chairman  
Jimmy Jordan  
Bill McClure, Jr

Wesley Parks  
Ronnie Wilkins

**Audit Committee**

Claude Oglesby, Chairman  
Willie German  
David Lillard, Sr.

Steve Reeves  
Myles Wilson

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## FINANCIAL SECTION

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JASON E. MUMPOWER  
*Comptroller*

## Independent Auditor's Report

Fayette County Mayor and  
Board of County Commissioners  
Fayette County, Tennessee

To the County Mayor and Board of County Commissioners:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparisons 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*

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

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fayette 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 Fayette 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 Fayette 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 Fayette 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 January 13, 2021, on our consideration of Fayette 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 Fayette 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 Fayette County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower  
Comptroller of the Treasury  
Nashville, Tennessee

January 13, 2021

JEM/yu

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fayette County Government (the county), we offer readers of the county's financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2020.

Accounting principles generally accepted in the United States of America for governmental entities are established by the Governmental Accounting Standards Board (GASB). The county follows all GASB standards as well as other authoritative literature known collectively within the accounting profession as "generally accepted accounting principles."

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and required supplementary information. The MD&A represents management's examination of the county's financial condition and performance.

### FINANCIAL HIGHLIGHTS

Management believes that the county's financial condition is strong. The county as a whole is within its budget, and continues to implement procedures and controls to improve the accuracy and effectiveness of its financial reporting. The following are some key financial highlights:

- Total assets and deferred outflows of resources at year-end exceeded liabilities and deferred inflows of resources by \$32,536,665 (i.e., net position).
- Total revenues of the governmental funds were \$31,776,310, an increase of \$3,155,101 from fiscal year 2019.
- Total expenses of the governmental funds were \$28,789,022, an increase of \$2,442,268 from fiscal year 2019.

### OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The Annual Financial Report consists of three sections: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. These statements are organized so the reader can understand the county as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the county's finances in a manner similar to a private-sector business. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. Because these statements are designed to give a broad overview, they use highly summarized information.

The Statement of Net Position presents information on all of the county's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The Statement of Activities presents information illustrating the changes in the county's net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the county that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, known as business-type activities. The governmental activities of the county include: general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; highways/public works; education; and interest on long-term debt. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

The government-wide financial statements not only include the county, known as the primary government, but also legally separate entities for which the county is financially accountable. These entities, Fayette County School Department and Fayette County Emergency Communications District, are listed as component units and are reported separately from the financial information presented for the primary government itself. This discussion and analysis is devoted to the county rather than the component units.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The county, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the county can be divided into two categories: governmental and fiduciary.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet

and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fayette County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Highway/Public Works, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the nonmajor governmental funds combining statements elsewhere in this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's programs.

**Notes to the financial statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. "Notes" is the traditional term applied to this information; however the term is misleading in that the notes can vary in length from one paragraph to several pages. Please refer to the table of contents to locate these notes.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension information and other postemployment benefits information. This required information has been presented in the required supplementary information section of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Fayette County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,536,665 at the close of the most recent fiscal year for the governmental activities. The Constitution for the State of Tennessee allows only the local legislative body authorization to issue debt. Therefore, whenever the Fayette County Board of Education requires additional money to fund school construction and equipment, the related debt must be issued by the Fayette County Government. As of June 30, 2020, Fayette County had outstanding debt totaling \$16,965,000 for capital purposes for the Fayette County Board of Education, but the capital assets are reported in the financial statements of the Fayette County Board of Education. As a result, the county has incurred the related liability without a corresponding increase in the county's capital assets, thereby significantly decreasing its unrestricted net position.

	Fayette County Net Position	
	Governmental Activities	
	2020	2019
Assets:		
Current and Other Assets	\$ 39,810,340	\$ 35,376,779
Capital Assets	33,552,804	34,416,580
Total Assets	\$ 73,363,144	\$ 69,793,359
Deferred Outflows of Resources:		
Deferred Charge on Refunding	\$ 11,223	\$ 14,742
Pension Changes in Experience	192,666	130,794
Pension Changes in Assumptions	281,392	39,056
Pension Other Deferrals	0	420,421
Pension Contributions After Measurement Date	391,044	387,585
OPEB Changes in Assumptions	35,261	0
OPEB Contributions After Measurement Date	8,056	0
Total Deferred Outflows of Resources	\$ 919,642	\$ 992,598
Liabilities:		
Other Liabilities	\$ 1,644,277	\$ 2,849,817
Long-term Liabilities Outstanding	27,470,118	26,199,660
Total Liabilities	\$ 29,114,395	\$ 29,049,477
Deferred Inflows of Resources:		
Deferred Current Property Taxes	\$ 11,456,582	\$ 11,106,610
Pension Changes in Experience	569,102	899,609
Pension Changes in Investment Earnings	413,465	120,632
OPEB Changes in Experience	178,141	0
OPEB Changes in Assumptions	14,436	60,252
Total Deferred Inflows of Resources	\$ 12,631,726	\$ 12,187,103
Net Position:		
Net Investment in Capital Assets	\$ 24,866,379	\$ 26,080,234
Restricted	11,607,735	9,967,694
Unrestricted	(3,937,449)	(6,498,551)
Total Net Position	\$ 32,536,665	\$ 29,549,377

By far the largest portion of the county's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Fayette County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Fayette County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the county's net position (\$11,607,735) represents resources that are subject to external restrictions on how they may be used.

Fayette County Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues:		
Charges for Services	\$ 6,427,813	\$ 6,438,292
Operating Grants and Contributions	4,756,191	2,952,560
Capital Grants and Contributions	1,987,035	2,130,629
General Revenues:		
Property Taxes	11,576,984	10,241,646
Other Taxes	5,026,034	4,866,900
Grants and Contributions Not Restricted to Specific Programs	1,471,666	1,623,643
Unrestricted Investment Income	454,826	305,029
Miscellaneous	75,761	62,510
Total Revenues	<u>\$ 31,776,310</u>	<u>\$ 28,621,209</u>
Expenses:		
General Government	\$ 2,952,367	\$ 3,017,301
Finance	1,220,223	1,154,983
Administration of Justice	1,366,939	1,271,322
Public Safety	10,249,205	9,187,784
Public Health and Welfare	4,509,328	4,240,818
Social, Cultural, and Recreational Services	273,152	258,471
Agriculture and Natural Resources	209,640	177,254
Highway/Public Works	7,237,110	6,230,382
Interest on Long-term Debt	771,058	808,439
Total Expenses	<u>\$ 28,789,022</u>	<u>\$ 26,346,754</u>
Change in Net Position	\$ 2,987,288	\$ 2,274,455
Net Position, July 1	<u>29,549,377</u>	<u>27,274,922</u>
Net Position, June 30	<u>\$ 32,536,665</u>	<u>\$ 29,549,377</u>

**Capital Assets and Debt Administration**

**Capital assets.** The county’s investment in capital assets for its governmental activities as of June 30, 2020, totaled \$33,552,804 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other capital assets (includes equipment), and infrastructure (roads, highway, and bridges). The total decrease in Fayette County Government’s investment in capital assets for the current fiscal year was \$863,776 (net of accumulated depreciation). This decrease was mainly attributable to depreciation expense for the year.

**Long-term debt.** At the end of the current fiscal year, Fayette County had notes payable of \$1,214,296, of which \$135,000 will be the responsibility of the Fayette County Board of Education. Fayette County had bonds payable of \$24,285,000. Fayette County’s total long-term debt is \$25,499,296, of which \$16,965,000 was for capital purposes for the Fayette County Board of Education, as previously mentioned. All debt is backed by full faith and credit of the county.

Fayette County's Outstanding Debt  
As of June 30, 2020

	Governmental Activities
Notes Payable through General Debt Service Fund	\$ 1,079,296
Notes Payable by Board of Education Contributions	135,000
Total Notes Payable	\$ 1,214,296
Bonds Payable through General Debt Service Fund	\$ 24,285,000
Total Bonds Payable	\$ 24,285,000
Total Long-term Debt	\$ 25,499,296

**ECONOMIC FACTORS**

**Unemployment: Fayette County vs. Tennessee vs. United States**

The unemployment rates for June 2020 were 8.5, 9.6, and 11.2 percent, respectively, for Fayette County, Tennessee, and the United States. These number are all significantly increased from last year due to the COVID pandemic and the shutdown it caused. However, Fayette County, and Tennessee in general, have fared much better than the United States as a whole. The unemployment rate percentages increased by 4.4, 6.2, and 7.5 percentage points, respectively, for Fayette County, Tennessee, and the United States. This is due to both Fayette County’s rural environment, as well as the ability of our commuter workers to work remotely from home.



## **COVID-19 Pandemic**

The impact of the COVID-19 pandemic is impossible to summarize in just a paragraph or two. However, we can take a look at a couple of the economic impacts that have affected Fayette County's financial position. As can be seen above, there are more people unable to work due to temporary shut-downs, reduced-time scheduling, and business closures from this virus. However, due to both Fayette County's rural environment, as well as the ability of our commuter workers to work remotely from home this impact has not been as severe as elsewhere.

There has also been a reduced demand for brick-and-mortar store locations and increased use of online shopping. This shift from in-person to online shopping has been beneficial to Fayette County tax revenues because Tennessee began distributing online sales tax to the jurisdiction of the purchaser's residence. Due to the pandemic, many Fayette County residents that would have traveled to retail locations outside of the county made those purchases online. Sales tax that would have previously gone to the jurisdiction of the brick-and-mortar store's location, if purchased in-person, has instead been distributed to the jurisdiction of the purchaser's residence for goods purchased online. This trend will probably continue for some time after the pandemic ends.

## **Resident Growth**

Fayette County's population has grown in the past few years. The 2010 census put the county's population at 38,413, and estimates the population for Fayette County at July 1, 2019, the beginning of the fiscal year for the county are 41,133. This is an increase of 7.1 percent over the nine years since the last census.

An increasing population is beneficial to the financial status of the county as long as the increased revenues associated with increasing property values, increased sales tax revenue, and intergovernmental revenues, exceed the increased current demand for services. A steady increase in population is more conducive to allowing the service capacity of the county to grow as the demand for services increases without necessitating a large increase in capacity from one year to the next. The current rate of growth is not so great as to cause an immediate need for additional revenue.

## **Memphis Regional Megasite**

The Memphis Regional Megasite is located on the northern border of the county in Haywood County. This is a 4,100-acre industrial park owned by the State of Tennessee. The goal of the park is to attract an automobile manufacturer/assembly plant. The park is projected to create about 1,500 jobs on site, with another 1,500-3,000 jobs throughout the region. Progress is being made to install the needed utilities and road system. The State of Tennessee is marketing the park. The park is probably two to five years away from having a major tenant.

## **Memphis Regional Intermodal Facility**

The Memphis Regional Intermodal Facility in southern Rossville near the Mississippi state line is a railyard operated by Norfolk Southern Railroad and is the largest one in its system. This railyard transfers containers between rail and truck for delivery in the region and

throughout the eastern United States. The yard opened in 2012. The operation employs only 150-200 workers, but offers a service that is expected to create many jobs related to the distribution and logistics industries. Interest is high in the area from businesses, and several have already located across the state line in Mississippi.

### **Interstate 269**

Interstate 269 is open from Interstate 40 to the Mississippi state line. This connects all of western Fayette County to a transportation network that goes nationwide. This also opens up opportunities for further commercial and residential growth.

### **Exit 28 Opening**

Interstate 40 exit 28 opened in November of 2018. This becomes the first interchange after leaving Shelby County, and opens northwest Fayette County to investment with improved access to the Memphis market. The area is expected to be a growth area in the next few years because of its location to the Memphis-metropolitan area and the ease of access to the nationwide interstate system.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Fayette County's finances for all those with an interest in the county's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Fayette County Mayor's Office  
Attn: Accounting & Budgeting  
P.O. Box 218  
13095 North Main Street  
Somerville, TN 38068

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Fayette County School Department</u>
<u>ASSETS</u>		
Cash	\$ 51,777	\$ 0
Equity in Pooled Cash and Investments	20,522,302	6,291,987
Accounts Receivable	5,716,362	12,004
Allowance for Uncollectibles	(3,421,195)	0
Due from Other Governments	1,668,509	1,255,365
Due from Component Unit	135,000	0
Property Taxes Receivable	11,880,011	5,600,038
Allowance for Uncollectible Property Taxes	(223,652)	(106,710)
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	183,628
Net Pension Asset - Agent Plan	3,481,226	1,807,784
Net Pension Asset - Teacher Retirement Plan	0	230,657
Net Pension Asset - Teacher Legacy Pension Plan	0	2,894,134
Capital Assets:		
Assets Not Depreciated:		
Land	2,147,640	349,377
Construction in Progress	785,034	121,408
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	10,301,067	16,001,140
Infrastructure	16,223,079	0
Other Capital Assets	4,095,984	2,261,148
Total Assets	<u>\$ 73,363,144</u>	<u>\$ 36,901,960</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 11,223	\$ 0
Pension Changes in Experience	192,666	250,523
Pension Changes in Assumptions	281,392	544,138
Pension Changes in Proportion	0	68,545
Pension Contributions After Measurement Date	391,044	1,285,268
OPEB Changes in Experience	0	225,721
OPEB Changes in Assumptions	35,261	32,814
OPEB Changes in Proportion	0	17,940
OPEB Contributions After Measurement Date	8,056	57,221
Total Deferred Outflows of Resources	<u>\$ 919,642</u>	<u>\$ 2,482,170</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 147,850	\$ 2,037
Accrued Payroll	601,189	0
Payroll Deductions Payable	223	47,946
Contracts Payable	708,705	0
Due to Primary Government	0	135,000
Other Current Liabilities	0	158
Accrued Interest Payable	186,310	0
Noncurrent Liabilities:		
Due Within One Year - Debt	1,911,796	0
Due Within One Year - Other	333,558	0
Due in More Than One Year - Debt	23,979,666	0
Due in More Than One Year - Other	1,245,098	1,378,940
Total Liabilities	<u>\$ 29,114,395</u>	<u>\$ 1,564,081</u>

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Fayette County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 11,456,582	\$ 5,396,791
Pension Changes in Experience	569,102	2,103,593
Pension Changes in Investment Earnings	413,465	1,051,372
Pension Changes in Proportion	0	215,829
OPEB Changes in Experience	178,141	540,484
OPEB Changes in Assumptions	14,436	152,789
OPEB Changes in Proportion	0	72,237
Total Deferred Inflows of Resources	<u>\$ 12,631,726</u>	<u>\$ 9,533,095</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 24,866,379	\$ 18,733,073
Restricted for:		
General Government	422,379	0
Finance	95,257	0
Administration of Justice	326,434	0
Public Safety	332,766	0
Public Health and Welfare	431,345	0
Social, Cultural, and Recreational Services	57,844	0
Highway/Public Works	1,497,865	0
Education	314,762	203,516
Operation of Non-instructional Services	0	1,189,769
Capital Outlay	1,650,747	0
Debt Service	2,997,110	0
Pensions	3,481,226	4,932,575
Hybrid Retirement Stabilization Funds	0	183,628
Unrestricted	<u>(3,937,449)</u>	<u>3,044,393</u>
Total Net Position	<u>\$ 32,536,665</u>	<u>\$ 28,286,954</u>

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government Total Governmental Activities	Fayette County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 2,952,367	\$ 853,483	\$ 145,697	\$ 10	\$ (1,953,177)	\$ 0
Finance	1,220,223	1,051,801	0	0	(168,422)	0
Administration of Justice	1,366,939	764,273	104,854	0	(497,812)	0
Public Safety	10,249,205	1,049,941	170,067	507,678	(8,521,519)	0
Public Health and Welfare	4,509,328	2,681,359	204,660	8,325	(1,614,984)	0
Social, Cultural, and Recreational Services	273,152	26,956	38,019	0	(208,177)	0
Agriculture and Natural Resources	209,640	0	0	0	(209,640)	0
Highways/Public Works	7,237,110	0	3,729,597	1,471,022	(2,036,491)	0
Education	0	0	329,780	0	329,780	0
Interest on Long-term Debt	771,058	0	33,517	0	(737,541)	0
<b>Total Primary Government</b>	<b>\$ 28,789,022</b>	<b>\$ 6,427,813</b>	<b>\$ 4,756,191</b>	<b>\$ 1,987,035</b>	<b>\$ (15,617,983)</b>	<b>\$ 0</b>
Component Unit:						
Fayette County School Department	\$ 35,209,830	\$ 233,789	\$ 5,465,546	\$ 0	\$ 0	\$ (29,510,495)
<b>Total Component Unit</b>	<b>\$ 35,209,830</b>	<b>\$ 233,789</b>	<b>\$ 5,465,546</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (29,510,495)</b>

(Continued)

Exhibit B

Fayette County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Total Activities	Component Unit Fayette County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 11,576,984	\$ 5,620,114
Local Option Sales Tax					642,592	4,528,303
Wheel Tax					3,047,552	0
Litigation Tax					187,833	0
Business Tax					340,732	0
Adequate Facilities/Development Tax					723,318	0
Wholesale Beer Tax					79,031	0
Other Local Taxes					4,976	9,061
Grants and Contributions Not Restricted to Specific Programs					1,471,666	18,757,513
Unrestricted Investment Income					454,826	0
Miscellaneous					75,761	113,220
Total General Revenues					<u>\$ 18,605,271</u>	<u>\$ 29,028,211</u>
Change in Net Position					\$ 2,987,288	\$ (482,284)
Net Position, July 1, 2019					<u>29,549,377</u>	<u>28,769,238</u>
Net Position, June 30, 2020					<u>\$ 32,536,665</u>	<u>\$ 28,286,954</u>

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

Exhibit C-1

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 51,777	\$ 51,777
Equity in Pooled Cash and Investments	9,981,503	3,620,083	6,920,716	20,522,302
Accounts Receivable	5,638,339	0	78,023	5,716,362
Allowance for Uncollectibles	(3,421,195)	0	0	(3,421,195)
Due from Other Governments	175,988	1,420,225	72,296	1,668,509
Due from Other Funds	53,314	0	249,900	303,214
Property Taxes Receivable	11,286,007	594,004	0	11,880,011
Allowance for Uncollectible Property Taxes	(211,937)	(11,715)	0	(223,652)
Total Assets	\$ 23,502,019	\$ 5,622,597	\$ 7,372,712	\$ 36,497,328
<u>LIABILITIES</u>				
Accounts Payable	\$ 97,882	\$ 0	\$ 49,968	\$ 147,850
Accrued Payroll	578,943	486	21,760	601,189
Payroll Deductions Payable	223	0	0	223
Contracts Payable	0	708,705	0	708,705
Due to Other Funds	249,900	0	53,314	303,214
Total Liabilities	\$ 926,948	\$ 709,191	\$ 125,042	\$ 1,761,181
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 10,885,262	\$ 571,320	\$ 0	\$ 11,456,582
Deferred Delinquent Property Taxes	152,083	8,836	0	160,919
Other Deferred/Unavailable Revenue	2,073,510	1,052,903	66,329	3,192,742
Total Deferred Inflows of Resources	\$ 13,110,855	\$ 1,633,059	\$ 66,329	\$ 14,810,243

(Continued)



Exhibit C-1

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 91,385	\$ 0	\$ 283,100	\$ 374,485
Restricted for General Government - COVID-19	47,894	0	0	47,894
Restricted for Finance	95,257	0	0	95,257
Restricted for Administration of Justice	326,434	0	0	326,434
Restricted for Public Safety	88,848	0	243,918	332,766
Restricted for Public Health and Welfare	365,016	0	0	365,016
Restricted for Social, Cultural, and Recreational Services	57,844	0	0	57,844
Restricted for Highways/Public Works	0	219,201	314,763	533,964
Restricted for Education	0	0	314,762	314,762
Restricted for Capital Outlay	246,220	0	1,404,527	1,650,747
Restricted for Debt Service	0	0	3,172,197	3,172,197
Committed:				
Committed for General Government	171,693	0	0	171,693
Committed for Public Safety	54,431	0	0	54,431
Committed for Public Health and Welfare	0	0	1,438,957	1,438,957
Committed for Social, Cultural, and Recreational Services	60,032	0	0	60,032
Committed for Other Operations	4,800	0	0	4,800
Committed for Highways/Public Works	0	3,061,146	0	3,061,146
Committed for Debt Service	0	0	9,117	9,117
Assigned:				
Assigned for General Government	29,071	0	0	29,071
Assigned for Finance	14,674	0	0	14,674
Assigned for Administration of Justice	251	0	0	251
Assigned for Public Safety	137,747	0	0	137,747
Assigned for Public Health and Welfare	33,180	0	0	33,180

(Continued)

Exhibit C-1

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

FUND BALANCES (Cont.)

Assigned (Cont.):

Assigned for Agriculture and Natural Resources

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Major Funds		Nonmajor Funds		Total Governmental Funds
General	Highway / Public Works	Other Governmental Funds		
\$ 135	\$ 0	\$ 0	\$ 135	
7,639,304	0	0	7,639,304	
<u>\$ 9,464,216</u>	<u>\$ 3,280,347</u>	<u>\$ 7,181,341</u>	<u>\$ 19,925,904</u>	
<u>\$ 23,502,019</u>	<u>\$ 5,622,597</u>	<u>\$ 7,372,712</u>	<u>\$ 36,497,328</u>	

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

Exhibit C-2

Fayette 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)		\$ 19,925,904
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,147,640	
Add: construction in progress	785,034	
Add: buildings and improvements net of accumulated depreciation	10,301,067	
Add: infrastructure net of accumulated depreciation	16,223,079	
Add: other capital assets net of accumulated depreciation	<u>4,095,984</u>	33,552,804
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,214,296)	
Add: debt to be contributed by the school department	135,000	
Less: bonds payable	(24,285,000)	
Add: deferred amount on refunding	11,223	
Less: other deferred revenue - premium on debt	(392,166)	
Less: compensated absences payable	(515,416)	
Less: landfill postclosure care costs	(707,048)	
Less: net OPEB liability	(356,192)	
Less: accrued interest payable	<u>(186,310)</u>	(27,510,205)
(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	\$ 865,102	
Less: deferred inflows of resources related to pensions	(982,567)	
Add: deferred outflows of resources related to OPEB	43,317	
Less: deferred inflows of resources related to OPEB	<u>(192,577)</u>	(266,725)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		3,481,226
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>3,353,661</u>
Net position of governmental activities (Exhibit A)		<u>\$ 32,536,665</u>

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

Exhibit C-3

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

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 11,914,390	\$ 2,114,466	\$ 2,828,248	\$ 16,857,104
Licenses and Permits	174,421	0	166,724	341,145
Fines, Forfeitures, and Penalties	244,577	0	46,671	291,248
Charges for Current Services	2,063,382	0	623,703	2,687,085
Other Local Revenues	183,189	21,107	545,602	749,898
Fees Received From County Officials	1,864,583	0	0	1,864,583
State of Tennessee	2,220,821	4,443,678	49,395	6,713,894
Federal Government	175,375	0	34,421	209,796
Other Governments and Citizens Groups	175,570	0	394,780	570,350
Total Revenues	<u>\$ 19,016,308</u>	<u>\$ 6,579,251</u>	<u>\$ 4,689,544</u>	<u>\$ 30,285,103</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 1,491,229	\$ 0	\$ 29,789	\$ 1,521,018
Finance	1,033,525	0	5,509	1,039,034
Administration of Justice	1,055,622	0	0	1,055,622
Public Safety	8,453,398	0	494,163	8,947,561
Public Health and Welfare	2,709,249	0	1,306,115	4,015,364
Social, Cultural, and Recreational Services	238,642	0	0	238,642
Agriculture and Natural Resources	191,970	0	0	191,970
Other Operations	2,648,910	0	56,628	2,705,538
Highways	0	7,049,944	0	7,049,944
Debt Service:				
Principal on Debt	0	0	1,688,120	1,688,120
Interest on Debt	0	0	775,638	775,638
Other Debt Service	0	0	26,309	26,309
Total Expenditures	<u>\$ 17,822,545</u>	<u>\$ 7,049,944</u>	<u>\$ 4,382,271</u>	<u>\$ 29,254,760</u>

(Continued)

Exhibit C-3

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

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,193,763	\$ (470,693)	\$ 307,273	\$ 1,030,343
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 1,010,000	\$ 1,010,000
Insurance Recovery	33,604	26,750	2,561	62,915
Transfers In	55,000	165,000	852,359	1,072,359
Transfers Out	(498,860)	(23,499)	(550,000)	(1,072,359)
Total Other Financing Sources (Uses)	\$ (410,256)	\$ 168,251	\$ 1,314,920	\$ 1,072,915
Net Change in Fund Balances	\$ 783,507	\$ (302,442)	\$ 1,622,193	\$ 2,103,258
Fund Balance, July 1, 2019	8,680,709	3,582,789	5,559,148	17,822,646
Fund Balance, June 30, 2020	\$ 9,464,216	\$ 3,280,347	\$ 7,181,341	\$ 19,925,904

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

Exhibit C-4

Fayette 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)		\$ 2,103,258
(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	\$ 2,230,571	
Less: current-year depreciation expense	<u>(3,587,021)</u>	(1,356,450)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized		492,674
(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	\$ 3,353,661	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(2,323,645)</u>	1,030,016
(4) The issuance of long-term debt (e.g., bonds, notes, 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: change in premium on debt proceeds	\$ 33,517	
Add: principal payments on bonds	1,555,000	
Add: principal payments on notes	133,120	
Less: note proceeds	(1,010,000)	
Less: contributions from the school department for notes	(65,000)	
Less: change in deferred amount on refunding debt	<u>(3,519)</u>	643,118
(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	\$ 10,113	
Change in compensated absences payable	(71,878)	
Change in landfill postclosure care costs	5,098	
Change in net OPEB liability	98,313	
Change in deferred outflows related to OPEB	4,261	
Change in deferred inflows related to OPEB	(132,325)	
Change in net pension asset	197,114	
Change in deferred outflows related to pensions	(73,698)	
Change in deferred inflows related to pensions	<u>37,674</u>	<u>74,672</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,987,288</u>

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

Exhibit C-5

Fayette County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,914,390	\$ 0	\$ 0	\$ 11,914,390	\$ 11,668,685	\$ 11,611,685	\$ 302,705
Licenses and Permits	174,421	0	0	174,421	106,000	149,000	25,421
Fines, Forfeitures, and Penalties	244,577	0	0	244,577	304,700	312,194	(67,617)
Charges for Current Services	2,063,382	0	0	2,063,382	2,114,300	2,114,300	(50,918)
Other Local Revenues	183,189	0	0	183,189	155,300	180,857	2,332
Fees Received From County Officials	1,864,583	0	0	1,864,583	1,775,000	1,775,000	89,583
State of Tennessee	2,220,821	0	0	2,220,821	2,891,364	2,916,858	(696,037)
Federal Government	175,375	0	0	175,375	128,676	191,185	(15,810)
Other Governments and Citizens Groups	175,570	0	0	175,570	145,000	145,500	30,070
Total Revenues	\$ 19,016,308	\$ 0	\$ 0	\$ 19,016,308	\$ 19,289,025	\$ 19,396,579	\$ (380,271)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 77,566	\$ (1,544)	\$ 0	\$ 76,022	\$ 93,874	\$ 98,875	\$ 22,853
Beer Board	214	0	0	214	818	818	604
County Mayor/Executive	100,683	0	0	100,683	105,501	112,901	12,218
Personnel Office	83,410	0	0	83,410	113,868	122,068	38,658
County Attorney	76,064	0	0	76,064	73,968	79,718	3,654
Election Commission	313,166	(951)	6,961	319,176	329,512	340,562	21,386
Register of Deeds	204,742	0	350	205,092	208,552	222,702	17,610
Development	208,352	0	4,820	213,172	239,409	250,619	37,447
Building	102,357	0	0	102,357	101,535	153,535	51,178
County Buildings	239,663	(18,366)	1,665	222,962	204,107	239,696	16,734
Other Facilities	2,279	0	0	2,279	6,800	2,500	221
Other General Administration	81,177	(5,831)	0	75,346	81,596	81,596	6,250
Preservation of Records	1,556	0	0	1,556	10,000	10,000	8,444
<u>Finance</u>							
Accounting and Budgeting	142,370	0	6,038	148,408	157,695	165,795	17,387
Property Assessor's Office	284,821	(1,467)	0	283,354	305,817	327,067	43,713
Reappraisal Program	35,183	(1,665)	0	33,518	38,000	36,500	2,982

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 250,726	\$ (419)	\$ 0	\$ 250,307	\$ 252,433	\$ 268,483	\$ 18,176
County Clerk's Office	320,425	0	8,637	329,062	345,010	381,625	52,563
<u>Administration of Justice</u>							
Circuit Court	187,603	0	186	187,789	197,504	214,304	26,515
General Sessions Court	173,466	(490)	65	173,041	176,575	189,075	16,034
General Sessions Judge	229,356	0	0	229,356	235,342	253,542	24,186
General Sessions Court Clerk	74,543	0	0	74,543	77,014	83,514	8,971
Drug Court	69,886	0	0	69,886	70,000	74,125	4,239
Chancery Court	226,524	0	0	226,524	240,740	256,240	29,716
Juvenile Court	51,407	0	0	51,407	55,270	58,900	7,493
Other Administration of Justice	31,587	0	0	31,587	36,002	57,502	25,915
Victim Assistance Programs	11,250	0	0	11,250	0	11,250	0
<u>Public Safety</u>							
Sheriff's Department	3,023,502	(22,290)	47	3,001,259	3,224,052	3,536,069	534,810
Drug Enforcement	162,152	0	0	162,152	201,090	219,065	56,913
Jail	3,941,886	(25,534)	37,590	3,953,942	4,253,160	4,372,011	418,069
Fire Prevention and Control	952,280	(131,103)	92,499	913,676	858,304	946,189	32,513
Civil Defense	158,932	(1,802)	6,124	163,254	176,291	185,213	21,959
Rescue Squad	3,505	(607)	60	2,958	6,618	4,900	1,942
Other Emergency Management	8,848	(1,980)	0	6,868	7,000	7,000	132
Inspection and Regulation	22,788	0	0	22,788	25,000	25,530	2,742
County Coroner/Medical Examiner	34,330	0	0	34,330	43,630	43,630	9,300
Other Public Safety	145,175	(939)	1,425	145,661	189,818	183,518	37,857
<u>Public Health and Welfare</u>							
Local Health Center	64,641	0	995	65,636	81,257	98,257	32,621
Rabies and Animal Control	64,751	0	0	64,751	95,626	100,126	35,375
Ambulance/Emergency Medical Services	2,398,976	(2,020)	31,135	2,428,091	2,537,021	2,674,622	246,531
Dental Health Program	104,755	0	0	104,755	314,400	238,100	133,345
Alcohol and Drug Programs	7,200	0	0	7,200	7,200	7,200	0

(Continued)



Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Crippled Children Services	\$ 2,216	\$ 0	\$ 0	\$ 2,216	\$ 2,216	\$ 2,216	\$ 0
Other Local Health Services	0	0	0	0	1,534	1,534	1,534
Appropriation to State	14,971	0	0	14,971	24,971	14,971	0
Aid to Dependent Children	0	0	0	0	2,750	2,750	2,750
Sanitation Education/Information	51,739	0	1,050	52,789	67,577	70,577	17,788
<u>Social, Cultural, and Recreational Services</u>							
Libraries	238,642	(5,781)	0	232,861	241,664	257,460	24,599
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	127,153	(839)	135	126,449	149,819	149,819	23,370
Soil Conservation	64,817	0	0	64,817	76,657	71,428	6,611
<u>Other Operations</u>							
Industrial Development	0	0	0	0	1,730	1,730	1,730
Airport	243,734	(766)	7,776	250,744	274,440	262,170	11,426
Veterans' Services	24,503	(175)	0	24,328	27,595	28,895	4,567
Other Charges	405,244	0	0	405,244	406,000	427,000	21,756
Contributions to Other Agencies	85,999	0	7,500	93,499	93,500	93,500	1
Employee Benefits	1,809,739	0	0	1,809,739	2,003,898	1,984,983	175,244
COVID-19 Grant #1	19,486	0	0	19,486	0	19,486	0
COVID-19 Grant #6	0	0	0	0	0	47,894	47,894
Miscellaneous	60,205	0	0	60,205	43,000	80,343	20,138
Total Expenditures	\$ 17,822,545	\$ (224,569)	\$ 215,058	\$ 17,813,034	\$ 19,194,760	\$ 20,251,698	\$ 2,438,664
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 1,193,763	\$ 224,569	\$ (215,058)	\$ 1,203,274	\$ 94,265	\$ (855,119)	\$ 2,058,393
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 33,604	\$ 0	\$ 0	\$ 33,604	\$ 0	\$ 34,625	\$ (1,021)
Transfers In	55,000	0	0	55,000	0	55,000	0
Transfers Out	(498,860)	0	0	(498,860)	(453,440)	(498,860)	0
Total Other Financing Sources	\$ (410,256)	\$ 0	\$ 0	\$ (410,256)	\$ (453,440)	\$ (409,235)	\$ (1,021)

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 783,507	\$ 224,569	\$ (215,058)	\$ 793,018	\$ (359,175)	\$ (1,264,354)	\$ 2,057,372
Fund Balance, July 1, 2019	8,680,709	(224,569)	0	8,456,140	7,799,021	7,799,021	657,119
Fund Balance, June 30, 2020	\$ 9,464,216	\$ 0	\$ (215,058)	\$ 9,249,158	\$ 7,439,846	\$ 6,534,667	\$ 2,714,491

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

Exhibit C-6

Fayette County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,114,466	\$ 2,077,327	\$ 1,912,327	\$ 202,139
Other Local Revenues	21,107	21,500	21,500	(393)
State of Tennessee	4,443,678	5,818,000	5,818,000	(1,374,322)
Federal Government	0	67,738	67,738	(67,738)
<b>Total Revenues</b>	<b>\$ 6,579,251</b>	<b>\$ 7,984,565</b>	<b>\$ 7,819,565</b>	<b>\$ (1,240,314)</b>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 215,512	\$ 230,631	\$ 230,631	\$ 15,119
Highway and Bridge Maintenance	2,039,455	2,197,900	2,197,900	158,445
Operation and Maintenance of Equipment	498,601	503,500	524,500	25,899
Other Charges	183,571	214,000	193,000	9,429
Employee Benefits	717,482	783,200	783,200	65,718
Capital Outlay	3,395,323	4,495,000	4,468,250	1,072,927
<u>Principal on Debt</u>				
Highways and Streets	0	23,500	1	1
<b>Total Expenditures</b>	<b>\$ 7,049,944</b>	<b>\$ 8,447,731</b>	<b>\$ 8,397,482</b>	<b>\$ 1,347,538</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (470,693)	\$ (463,166)	\$ (577,917)	\$ 107,224
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 26,750	\$ 0	\$ 0	\$ 26,750
Transfers In	165,000	0	165,000	0
Transfers Out	(23,499)	0	(23,499)	0
<b>Total Other Financing Sources</b>	<b>\$ 168,251</b>	<b>\$ 0</b>	<b>\$ 141,501</b>	<b>\$ 26,750</b>
Net Change in Fund Balance	\$ (302,442)	\$ (463,166)	\$ (436,416)	\$ 133,974
Fund Balance, July 1, 2019	3,582,789	1,518,897	1,518,897	2,063,892
<b>Fund Balance, June 30, 2020</b>	<b>\$ 3,280,347</b>	<b>\$ 1,055,731</b>	<b>\$ 1,082,481</b>	<b>\$ 2,197,866</b>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,492,165
Equity in Pooled Cash and Investments	42,792
Accounts Receivable	54,396
Due from Other Governments	<u>767,449</u>
Total Assets	<u>\$ 4,356,802</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 810,241
Due to Litigants, Heirs, and Others	<u>3,546,561</u>
Total Liabilities	<u>\$ 4,356,802</u>

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

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**FAYETTE COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fayette 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 Fayette County:

**A. Reporting Entity**

Fayette County is a public municipal corporation governed by an elected 19-member board. As required by GAAP, these financial statements present Fayette County (the primary government) and its component units. The financial statements of the Fayette County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Fayette County School Department operates the public school system in the county, and the voters of Fayette 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 Fayette County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Fayette County, and the Fayette County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Fayette County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Fayette County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the school department are included in this report as listed in the table of contents. Complete financial statements of the Fayette County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Fayette County Emergency Communications District  
P.O. Box 159  
Somerville, TN 38068

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

**B. Government-wide and Fund Financial Statements**

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

Fayette County issues all debt for the discretely presented Fayette 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 and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Fayette County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Fayette County has no proprietary funds to report.

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

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

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

Fayette 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.

Additionally, Fayette County reports the following fund types:

**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.

**Capital Projects Funds** – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Agency Funds** – These funds account for local sales taxes received by the state to be forwarded to the various cities in Fayette County, assets held in a custodial capacity for a watershed district, and amounts collected in an agency capacity by the constitutional officers. 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 Fayette County School Department reports the following major governmental funds:

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

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

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

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

**1. Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Fayette 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 primary government's Solid Waste/Sanitation Fund. Fayette 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 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. Fayette County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

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 receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 0.97 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the

ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

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

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

**3. 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 Fayette 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 Fayette County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Fayette 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.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets

with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	10
Buildings and Improvements	25
Other Capital Assets	5 - 10
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30

**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. Deferred outflows of resources represent 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 the deferred charge on refunding, pension and OPEB changes in experience, pension and OPEB changes in assumptions, pension and OPEB changes in proportion, and employer contributions made to the pension and OPEB plans 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) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension and OPEB

changes in experience, pension changes in investment earnings, OPEB changes in assumptions, pension and OPEB changes in proportion, 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**

Fayette County permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Fayette County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. 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.

The discretely presented Fayette County School Department permits 12-month administrative and supervisory employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. In prior years, a liability for vacation pay was reported in the governmental funds; however, the school department changed their policy during February 2019 which now prohibits payments for vacation pay at separation of service. There is no liability for unpaid accumulated sick leave since the school department does not have a policy to pay any amounts when employees separate from service with the government.

**7. Long-term Debt and Long-term Obligations**

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as

other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

## **8. Net Position and Fund Balance**

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

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

The government-wide Statement of Net Position reports \$11,607,735 of restricted net position for the primary government, of which \$912,625 is restricted by enabling legislation.

As of June 30, 2020, Fayette County had \$16,965,000 in outstanding debt for capital purposes for the discretely presented Fayette County School Department. This debt is a liability of Fayette County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Fayette County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would

be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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

These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission has by resolution authorized the county's Budget 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 that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.



**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Fayette County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Fayette 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 Fayette County School Department**

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

**F. Other Postemployment Benefit (OPEB) Plans**

**Primary Government**

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

**Discretely Presented Fayette 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 Fayette 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 Fayette County School Department**

Exhibit H-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 Fayette County School Department**

Exhibit H-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 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, Beer Board, County Mayor/Executive, Personnel Office, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Funds	Amount
Primary Government:	
Major Fund:	
General	\$ 215,058
Nonmajor Funds:	
Solid/Waste Sanitation	3,685
Drug Control	3,200
School Department:	
Major Funds:	
General Purpose School	193,171
School Federal Projects	41,110

**B. Expenditures Exceeded Appropriations**

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Purpose School:	
Instruction - Career and Technical Education Program	\$ 28,332
Support Services - Technology	55,306
Support Services - Operation of Plant	8,080
Support Services - Transportation	9,758
Operation of Non-Instructional Services - Community Services	357,969
School Federal Projects:	
Support Services - Other Student Support	11,575
Support Services - Career and Technical Education Program	189

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Fayette County and the Fayette 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 and nonpooled investments as of June 30, 2020.

### **TCRS Stabilization Trust**

**Legal Provisions.** The Fayette 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 Fayette 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 Fayette 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	\$ 56,924
Developed Market International Equity	N/A	N/A	25,708
Emerging Market International Equity	N/A	N/A	7,345
U.S. Fixed Income	N/A	N/A	36,726
Real Estate	N/A	N/A	18,363
Short-term Securities	N/A	N/A	1,836
NAV - Private Equity and Strategic Lending	N/A	N/A	36,726
 Total			\$ 183,628

Investment by Fair Value Level	Fair Value Measurements Using					NAV
	Fair Value 6-30-20	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
U.S. Equity	\$ 56,924	\$ 56,924	\$ 0	\$ 0	0	
Developed Market International Equity	25,708	25,708	0	0	0	
Emerging Market International Equity	7,345	7,345	0	0	0	
U.S. Fixed Income	36,726	0	36,726	0	0	
Real Estate	18,363	0	0	18,363	0	
Short-term Securities	1,836	0	1,836	0	0	
Private Equity and Strategic Lending	36,726	0	0	0	36,726	
 Total	\$ 183,628	\$ 89,977	\$ 38,562	\$ 18,363	\$ 36,726	

**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 Fayette 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 Fayette 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. Fayette 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 Fayette 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	\$ 2,147,640	\$ 0	\$ 0	\$ 2,147,640
Construction in Progress	0	785,034	0	785,034
Total Capital Assets Not Depreciated	\$ 2,147,640	\$ 785,034	\$ 0	\$ 2,932,674
Capital Assets Depreciated:				
Buildings and Improvements	\$ 23,024,588	\$ 0	\$ 0	\$ 23,024,588
Infrastructure	122,183,261	641,894	0	122,825,155
Other Capital Assets	13,809,245	1,296,317	(80,900)	15,024,662
Total Capital Assets Depreciated	\$ 159,017,094	\$ 1,938,211	\$ (80,900)	\$ 160,874,405
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 11,925,121	\$ 798,400	\$ 0	\$ 12,723,521
Infrastructure	104,801,592	1,800,484	0	106,602,076
Other Capital Assets	10,021,441	988,137	(80,900)	10,928,678
Total Accumulated Depreciation	\$ 126,748,154	\$ 3,587,021	\$ (80,900)	\$ 130,254,275
Total Capital Assets Depreciated, Net	\$ 32,268,940	\$ (1,648,810)	\$ 0	\$ 30,620,130
Governmental Activities Capital Assets, Net	\$ 34,416,580	\$ (863,776)	\$ 0	\$ 33,552,804

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

**Governmental Activities:**

General Government	\$	339,661
Finance		6,538
Administration of Justice		154,821
Public Safety		815,035
Public Health and Welfare		265,980
Highway/Public Works		<u>2,004,986</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>3,587,021</u></u>

**Discretely Presented Fayette County School Department**

**Governmental Activities:**

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 349,377	\$ 0	\$ 0	\$ 349,377
Construction In Progress	12,918	121,408	(12,918)	121,408
Total Capital Assets Not Depreciated	<u>\$ 362,295</u>	<u>\$ 121,408</u>	<u>\$ (12,918)</u>	<u>\$ 470,785</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 48,607,782	\$ 743,859	\$ 0	\$ 49,351,641
Infrastructure	394,280	0	0	394,280
Other Capital Assets	8,546,257	215,634	(1,310,063)	7,451,828
Total Capital Assets Depreciated	<u>\$ 57,548,319</u>	<u>\$ 959,493</u>	<u>\$ (1,310,063)</u>	<u>\$ 57,197,749</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 32,058,102	\$ 1,292,399	\$ 0	\$ 33,350,501
Infrastructure	394,280	0	0	394,280
Other Capital Assets	6,044,790	455,953	(1,310,063)	5,190,680
Total Accumulated Depreciation	<u>\$ 38,497,172</u>	<u>\$ 1,748,352</u>	<u>\$ (1,310,063)</u>	<u>\$ 38,935,461</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,051,147</u>	<u>\$ (788,859)</u>	<u>\$ 0</u>	<u>\$ 18,262,288</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,413,442</u>	<u>\$ (667,451)</u>	<u>\$ (12,918)</u>	<u>\$ 18,733,073</u>

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

**Governmental Activities:**

Instruction	\$ 1,029,197
Support Services	540,813
Operation of Non-instructional Services	<u>178,342</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,748,352</u>

**C. Construction Commitments**

At June 30, 2020, the school department had uncompleted construction contracts of approximately \$1,752,595 for school improvement projects. Funding has been received for these future expenditures.

**D. Interfund Receivables, Payables, and Transfers**

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 53,314
Nonmajor governmental	General	249,900
Discretely Presented School Department:		
General Purpose School	School Federal Projects	17,742
"	Nonmajor governmental	165,500

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 Purpose School Fund totaling \$183,242 was in transit from the School Federal Projects and Central Cafeteria funds totaling \$17,742, and \$165,500, respectively at June 30, 2020.

**Due to/from Primary Government and Component Unit:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
Governmental Activities	Component Unit: School Department: Governmental Activities	\$ 135,000

This balance represents amounts due to the primary government from the school department for debt.

**Interfund Transfers:**

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

**Primary Government**

Transfers Out	Transfers In			Purpose
	General Fund	Highway/ Public Works Fund	Nonmajor Governmental Funds	
General Fund	\$ 0	\$ 0	\$ 45,420	Debt retirement
"	0	0	453,440	Capital outlay
Highway Public Works Fund	0	0	23,499	Debt retirement
Nonmajor governmental fund	55,000	0	0	Equipment
"	0	165,000	0	Road paving
"	0	0	330,000	Debt retirement
Total	<u>\$ 55,000</u>	<u>\$ 165,000</u>	<u>\$ 852,359</u>	

**Discretely Presented Fayette County School Department**

Transfers Out	Transfers In	
	General Purpose	School Purpose
Nonmajor Governmental Fund	\$ 165,500	Indirect costs

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

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

General Obligation Bonds - Fayette 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 24 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 - Fayette County issues capital outlay notes to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes outstanding were 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 included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-20
General Obligation Bonds	2 to 4 %	4-1-36	\$ 13,290,000	\$ 11,000,000
General Obligation Bonds - Refunding	1.25 to 3.5	4-1-30	21,385,000	13,285,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	1.64 to 2.59	4-1-32	1,839,889	1,214,296

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 1,625,000	\$ 734,032	\$ 2,359,032
2022	1,715,000	694,131	2,409,131
2023	1,735,000	650,942	2,385,942
2024	1,775,000	610,012	2,385,012
2025	1,845,000	565,524	2,410,524
2026-2030	9,810,000	1,997,157	11,807,157
2031-2035	4,735,000	733,100	5,468,100
2036	1,045,000	39,100	1,084,100
Total	\$ 24,285,000	\$ 6,023,998	\$ 30,308,998

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 286,796	\$ 21,571	\$ 308,367
2022	222,500	21,031	243,531
2023	152,500	16,312	168,812
2024	152,500	13,336	165,836
2025	50,000	10,360	60,360
2026-2030	250,000	32,375	282,375
2031-2032	100,000	3,885	103,885
Total	\$ 1,214,296	\$ 118,870	\$ 1,333,166

There is \$3,181,314 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$632, based on the 2010 federal census. Total debt per capita, including bonds, notes, and unamortized debt premiums, totaled \$674, based on the 2010 federal census.

The school department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. The note payable 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 Unit in the financial statements of the primary government.

<u>Description of Debt</u>	<u>Outstanding 6-30-20</u>
<u>Bond Payable</u>	
<u>Contributions from the General Purpose School Fund</u> General Obligation Bonds, Series 2012B	\$ 3,360,000
<u>Note Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u> School Buses	<u>135,000</u>
Total	<u>\$ 3,495,000</u>

Changes in Long-term Debt

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

	<u>Bonds</u>	<u>Notes- Direct Placement</u>
Balance, July 1, 2019	\$ 25,840,000	\$ 337,416
Additions	0	1,010,000
Reductions	<u>(1,555,000)</u>	<u>(133,120)</u>
Balance, June 30, 2020	<u>\$ 24,285,000</u>	<u>\$ 1,214,296</u>
Balance Due Within One Year	<u>\$ 1,625,000</u>	<u>\$ 286,796</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities for Debt, June 30, 2020	\$ 25,499,296
Less: Balance Due Within One Year - Debt	(1,911,796)
Add: Unamortized Premium on Debt	<u>392,166</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 23,979,666</u>



**F. Long-term Obligations**

**Changes in Long-term Obligations**

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

	Compensated Absences	Landfill Postclosure Care Costs	Net OPEB Liability
Balance, July 1, 2019	\$ 443,538	\$ 712,146	\$ 454,505
Additions	446,066	12,502	78,043
Reductions	(374,188)	(17,600)	(176,356)
Balance, June 30, 2020	<u>\$ 515,416</u>	<u>\$ 707,048</u>	<u>\$ 356,192</u>
Balance Due Within One Year	<u>\$ 315,958</u>	<u>\$ 17,600</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2020	\$ 1,578,656
Less: Balance Due Within One Year - Other	<u>(333,558)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,245,098</u>

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

**Discretely Presented Fayette County School Department**

**Changes in Long-term Obligations**

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

Governmental Activities:

	<u>Net OPEB Liability</u>
Balance, July 1, 2019	\$ 1,209,530
Additions	383,720
Reductions	<u>(214,310)</u>
Balance, June 30, 2020	<u>\$ 1,378,940</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2020	\$ 1,378,940
Less: Balance Due Within One Year - Other	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,378,940</u>

Other postemployment benefits are paid from the employing funds, primarily the General Purpose School Fund.

**G. On-Behalf Payments**

**Discretely Presented Fayette County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Fayette County School Department. These payments are made by the state to the Local Education Group Insurance Plan. The plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2020, were \$34,388. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

## V. OTHER INFORMATION

### A. Risk Management

#### Primary Government

##### Liability, Property, and Casualty

Fayette County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

##### Workers' Compensation Insurance

Fayette County participates in the Local Government Workers' Compensation Fund (LGGWCF), a public entity risk pool established under the provisions of Section 29-20-401, *Tennessee Code Annotated (TCA)*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGGWCF for its workers' compensation insurance coverage. The LGGWCF is to be self-sustaining through member premiums and reinsures through commercial insurance companies for claims exceeding \$300,000.

##### Employee Health Insurance

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

#### Discretely Presented Fayette County School Department

##### Liability, Property, Casualty, and Workers' Compensation Insurance

The school department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the

Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The school department pays an annual premium 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.

#### Employee Health Insurance

The school department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk of 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. The county attorney advised that any potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements.

#### **C. Landfill Closure/Postclosure Care Costs**

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Fayette County closed its sanitary landfill in 1998. The \$707,048 reported as postclosure care liability at June 30, 2020, represents amounts based on what it would cost to perform all postclosure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

#### **D. Joint Venture**

The Twenty-fifth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fifth Judicial District, Fayette, Lauderdale, and Tipton counties, and various cities within these counties. The purpose of the DTF is to provide

multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Fayette County made no contributions to the DTF during the year ended June 30, 2020. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General  
Twenty-fifth Judicial District Drug Task Force  
121 North Main  
Ripley, TN 38063

**E. Retirement Commitments**

**1. Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Fayette County and non-certified employees of the discretely presented Fayette 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 comprised 65.82 percent and the non-certified employees of the discretely presented school department comprised 34.18 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

*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	319
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	424
Active Employees	447
 Total	 <u><u>1,190</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Fayette 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 Fayette County was \$628,004 based on a rate of 3.82 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Fayette 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)**

Fayette 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 historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Fayette 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	\$ 45,982,301	\$ 50,991,623	\$ (5,009,322)
Changes for the Year:			
Service Cost	\$ 1,161,656	\$ 0	\$ 1,161,656
Interest	3,328,287	0	3,328,287
Differences Between Expected and Actual Experience	200,686	0	200,686
Contributions-Employer	0	557,473	(557,473)
Contributions-Employees	0	699,911	(699,911)
Net Investment Income	0	3,750,171	(3,750,171)
Benefit Payments, Including Refunds of Employee Contributions	(2,473,114)	(2,473,114)	0
Administrative Expense	0	(37,238)	37,238
Net Changes	\$ 2,217,515	\$ 2,497,203	\$ (279,688)
Balance, June 30, 2019	\$ 48,199,816	\$ 53,488,826	\$ (5,289,010)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	65.82%	\$ 31,725,119	\$ 35,206,345	\$ (3,481,226)
School Department	34.18%	16,474,697	18,282,481	(1,807,784)
Total		\$ 48,199,816	\$ 53,488,826	\$ (5,289,010)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Fayette 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)	\$ 519,333	\$ (5,289,010)	\$ (10,139,786)

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

*Pension Expense.* For the year ended June 30, 2020, Fayette County recognized pension expense of \$334,944.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, Fayette 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	\$ 292,717	\$ 864,634
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	628,175
Changes in Assumptions	427,517	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	628,004	N/A
Total	<u>\$ 1,348,238</u>	<u>\$ 1,492,809</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	\$ 865,102	\$ 982,567
School Department	483,136	510,242
Total	<u>\$ 1,348,238</u>	<u>\$ 1,492,809</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	\$ (220,667)
2022	(492,654)
2023	(79,650)
2024	20,396
2025	0
Thereafter	0

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

**Discretely Presented Fayette County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Fayette County and non-certified employees of the discretely presented Fayette 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 comprised 65.82 percent and the non-certified employees of the discretely presented school department comprised 34.18 percent of the plan based on contribution data.

## **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

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

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for 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 \$91,699, which is 2.03 percent of covered payroll. In addition, employer contributions of \$84,951, which is 1.88 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 (\$230,657) 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 .408613 percent. The proportion as of June 30, 2018, was .420913 percent.

*Pension Expense.* For the year ended June 30, 2020, the school department recognized pension expense of \$74,186.

*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	\$ 9,564	\$ 40,266
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	9,752
Changes in Assumptions	8,014	0
Changes in Proportion of Net Pension Liability (Asset)	19,749	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	91,699	N/A
Total	<u>\$ 129,026</u>	<u>\$ 50,018</u>

The school department's employer contributions of \$91,699, 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	\$ (3,092)
2022	(4,584)
2023	(1,848)
2024	(454)
2025	(56)
Thereafter	(2,657)

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 historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

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

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



School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset)    \$    73,081    \$ (230,657)    \$ (455,175)

*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 Fayette County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for 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 Fayette County School Department for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$956,609, 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 (\$2,894,134) 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 .281481 percent. The proportion measured at June 30, 2018, was .282814 percent.

*Pension Expense.* For the year ended June 30, 2020, the school department recognized pension expense of \$226,754.

*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
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 140,908	\$ 1,767,795
Changes in Assumptions	389,999	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	826,910
Changes in Proportion of Net Pension Liability (Asset)	48,796	215,829
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	<u>956,609</u>	<u>N/A</u>
Total	<u>\$ 1,536,312</u>	<u>\$ 2,810,534</u>

The school department's employer contributions of \$956,609 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
<u>June 30</u>	<u>Amount</u>
2021	\$ (749,999)
2022	(840,280)
2023	(366,242)
2024	(274,310)
2025	0
Thereafter	0

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset)     \$ 5,917,669    \$ (2,894,134)    \$ (9,903,679)

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

**2. Deferred Compensation**

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion, which is placed into the state’s 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher’s salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$235,821 and teachers contributed \$115,666 to this deferred compensation pension plan.

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

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

**OPEB Provided through State Administered Public Entity Risk Pool**

Retirees of Fayette County and the Fayette County Highway Department (Hwy) are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. The primary government’s LGPs are combined for presentation purposes. Likewise, the school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of the Fayette County School Department may then join the Tennessee Plan – Medicare (TNM) which provides supplemental medical insurance for retirees with

Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

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

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2019, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.20%
Salary Increases	Salary increases used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.51%
Healthcare Cost Trend Rates	LGP and LEP - Based on the Getzen Model, with trend starting at 6.03% for pre-65 retirees in the 2019 calendar year, and gradually decreasing over a 10-year period to an ultimate trend rate of 4.5%.
Retirees Share of Benefit Related Cost	Discussed under each plan

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

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2019, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016, Post-retirement tables are Blue Collar and

adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

*Changes in Assumptions.* The discount rate changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2020 plan year was revised from 6.75 percent to 6.03 percent.

### **Local Government OPEB Plan (Primary Government)**

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

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

#### Employees Covered by Benefit Terms

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



	Fayette County	Hwy Dept	Total
Inactive Employees or Beneficiaries			
Currently receiving Benefits	1	0	1
Inactive Employees Entitled to But Not Yet REceiving Benefits	0	0	0
Active Employees	166	40	206
 Total	<u>167</u>	<u>40</u>	<u>207</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2020, the county paid \$8,056 (Fayette County - \$7,540, Highway Dept - \$516) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Fayette County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2018	\$ 361,377	\$ 93,128	\$ 454,505
Changes for the Year:			
Service Cost	\$ 33,512	\$ 10,072	\$ 43,584
Interest	14,037	3,716	17,753
Difference between Expected and Actuarial Experience	(125,356)	(35,490)	(160,846)
Changes in Assumption and Other Inputs	14,286	2,420	16,706
Benefit Payments	(14,402)	(1,108)	(15,510)
Net Changes	<u>\$ (77,923)</u>	<u>\$ (20,390)</u>	<u>\$ (98,313)</u>
 Balance June 30, 2019	<u>\$ 283,454</u>	<u>\$ 72,738</u>	<u>\$ 356,192</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, the county recognized OPEB expense of \$37,808 (Fayette County – \$30,706, Highway Dept - \$7,102). At June 30, 2020, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (Fayette County \$136,161 Hwy \$41,980)	\$ 0	\$ 178,141
Changes of Assumptions/Inputs (DO - County \$28,137, Hwy \$7,124) (DI - County \$12,399, Hwy \$2,037)	35,261	14,436
Net Difference Between Projected and Benefits paid after the measurement date of June 30, 2019 (DO - County \$7,540, Hwy \$516)	<u>8,056</u>	<u>0</u>
Total	<u>\$ 43,317</u>	<u>\$ 192,577</u>

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

Year Ending June 30	County	Hwy	Total Amount
2021	\$ (16,843)	\$ (6,686)	\$ (23,529)
2022	(16,843)	(6,686)	(23,529)
2023	(16,843)	(6,686)	(23,529)
2024	(16,843)	(6,686)	(23,529)
2025	(16,843)	(6,408)	(23,251)
Thereafter	(36,208)	(3,741)	(39,949)

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

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

<u>Discount Rate</u>	Current		
	1% Decrease	Discount Rate	1% Increase
	2.51%	3.51%	4.51%
County	\$ 309,618	\$ 283,454	\$ 259,228
Hwy	78,521	72,738	67,284
Total OPEB Liability	<u>\$ 388,139</u>	<u>\$ 356,192</u>	<u>\$ 326,512</u>

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

<u>Healthcare Costs Trend Rate</u>	Current		
	1% Decrease	Trend Rates	1% Increase
	5.03 to 3.5%	6.03 to 4.5%	7.03 to 5.5%
County	\$ 247,492	\$ 283,454	\$ 326,372
Hwy	64,489	72,738	82,287
Total OPEB Liability	<u>\$ 311,981</u>	<u>\$ 356,192</u>	<u>\$ 408,659</u>

### **Closed Local Education (LEP) OPEB Plan - Discretely Presented Fayette County School Department**

*Plan Description.* Employees of the Fayette 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 Fayette County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of

choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The Fayette County School Department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

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

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees or Beneficiaries Not Currently Receiving Benefits	1
Active Employees	318
 Total	 <u><u>329</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 \$57,221 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Fayette County	State of	Total OPEB
	School Department	TN	
	65.774%	34.226%	Liability
Balance July 1, 2018	\$ 1,209,530	\$ 546,004	\$ 1,755,534
Changes for the Year:			
Service Cost	\$ 87,728	\$ 45,650	\$ 133,378
Interest	44,116	22,956	67,072
Difference between Expected and Actuarial Experience	251,876	131,065	382,941
Changes in Proportion	(54,844)	54,844	0
Changes in Assumption and Other Inputs	(111,557)	(58,050)	(169,607)
Benefit Payments	(47,908)	(24,929)	(72,837)
Net Changes	\$ 169,410	\$ 171,537	\$ 340,947
Balance June 30, 2019	\$ 1,378,940	\$ 717,541	\$ 2,096,481

The Fayette 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 Fayette 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 \$48,933 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Fayette County School Department's proportionate share of the collective OPEB liability was 65.774 percent and the State of Tennessee's share was 34.226 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 \$124,408, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 225,721	\$ 540,484
Changes of Assumptions/Inputs	32,814	152,789
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	17,940	72,237
Benefits Paid After the Measurement Date of June 30, 2019	<u>57,221</u>	<u>0</u>
Total	<u>\$ 333,696</u>	<u>\$ 765,510</u>

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

<u>Year Ending June 30</u>	<u>School Department</u>
2021	\$ (56,369)
2022	(56,369)
2023	(56,369)
2024	(56,369)
2025	(56,369)
Thereafter	(207,190)

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

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

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.51%	3.51%	4.51%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,486,646	\$ 1,378,940	\$ 1,276,791
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*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Current Rates	1% Increase
	5.03 to 3.5%	6.03 to 4.5%	7.03 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,219,777	\$ 1,378,940	\$ 1,567,318
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**G. Purchasing Laws**

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Public Works Superintendent

Chapter 234, Private Acts of 1974 and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the highway department. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

### Office of Director of Schools

Purchasing procedures for the discretely presented Fayette County 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.

#### **H. Subsequent Events**

On June 30, 2020, Dr. Marlon King left the Office of Director of Schools and was succeeded by Dr. Connie Smith on July 1, 2020.

On September 30, 2020, Dr. Connie Smith left the Office of Director of Schools and was succeeded by Dr. Versie Ray Hamlett on October 1, 2020.



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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Fayette 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
<b>Total Pension Liability</b>						
Service Cost	\$ 1,031,073	\$ 1,033,190	\$ 1,105,049	\$ 1,069,442	\$ 1,111,210	\$ 1,161,656
Interest	2,815,322	2,957,446	3,100,143	3,183,342	3,168,553	3,328,287
Differences Between Actual and Expected Experience	(51,596)	6,245	(752,411)	(1,785,379)	264,338	200,686
Changes in Assumptions	0	0	0	1,068,794	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,760,198)	(2,043,676)	(2,288,559)	(2,327,141)	(2,309,546)	(2,473,114)
Net Change in Total Pension Liability	\$ 2,034,601	\$ 1,953,205	\$ 1,164,222	\$ 1,209,058	\$ 2,234,555	\$ 2,217,515
Total Pension Liability, Beginning	37,386,660	39,421,261	41,374,466	42,538,688	43,747,746	45,982,301
Total Pension Liability, Ending (a)	\$ 39,421,261	\$ 41,374,466	\$ 42,538,688	\$ 43,747,746	\$ 45,982,301	\$ 48,199,816
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 1,022,512	\$ 962,826	\$ 977,058	\$ 524,176	\$ 531,043	\$ 557,473
Contributions - Employee	633,135	653,631	664,544	653,589	665,911	699,911
Net Investment Income	6,126,528	1,318,917	1,155,887	4,964,499	3,952,288	3,750,171
Benefit Payments, Including Refunds of Employee Contributions	(1,760,198)	(2,043,676)	(2,288,559)	(2,327,141)	(2,309,546)	(2,473,114)
Administrative Expense	(17,761)	(23,182)	(34,134)	(35,044)	(37,844)	(37,238)
Other Changes	0	0	0	17,951	0	0
Net Change in Plan Fiduciary Net Position	\$ 6,004,216	\$ 868,516	\$ 474,796	\$ 3,798,030	\$ 2,801,852	\$ 2,497,203
Plan Fiduciary Net Position, Beginning	37,044,213	43,048,429	43,916,945	44,391,741	48,189,771	50,991,623
Plan Fiduciary Net Position, Ending (b)	\$ 43,048,429	\$ 43,916,945	\$ 44,391,741	\$ 48,189,771	\$ 50,991,623	\$ 53,488,826
Net Pension Liability (Asset), Ending (a - b)	\$ (3,627,168)	\$ (2,542,479)	\$ (1,853,053)	\$ (4,442,025)	\$ (5,009,322)	\$ (5,289,010)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.20%	106.15%	104.36%	110.15%	110.89%	110.97%
Covered Payroll	\$ 12,607,687	\$ 13,081,874	\$ 13,430,190	\$ 13,075,856	\$ 13,448,679	\$ 14,290,283
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(28.77)%	(19.44)%	(13.8)%	(33.97)%	(37.25)%	(37.01)%

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 E-2

Fayette 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	\$ 1,022,512	\$ 962,826	\$ 977,058	\$ 524,176	\$ 485,497	\$ 216,872	\$ 294,275
Less Contributions in Relation to the Actuarially Determined Contribution	(1,022,512)	(962,826)	(977,058)	(524,176)	(531,043)	(557,473)	(628,004)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (45,546)	\$ (340,601)	\$ (333,729)
Covered Payroll	\$ 12,607,687	\$ 13,081,874	\$ 13,430,190	\$ 13,075,856	\$ 13,448,679	\$ 14,290,283	\$ 16,439,937
Contributions as a Percentage of Covered Payroll	8.11%	7.36%	7.28%	4.01%	3.95%	3.90%	3.82%

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 E-3

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

	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 53,945	\$ 89,243	\$ 118,255	\$ 59,983	\$ 83,885	\$ 91,699
Less Contributions in Relation to the Contractually Required Contribution	(53,945)	(89,243)	(118,255)	(147,131)	(83,885)	(91,699)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (87,148)	\$ 0	\$ 0
Covered Payroll	\$ 1,348,622	\$ 2,231,087	\$ 2,892,726	\$ 3,654,360	\$ 4,303,056	\$ 4,517,173
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.09%	4.03%	1.95%	2.03%

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

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 1,103,265	\$ 979,435	\$ 865,117	\$ 905,439	\$ 899,213	\$ 987,264	\$ 956,609
Less Contributions in Relation to the Contractually Required Contribution	(1,103,265)	(979,435)	(865,117)	(905,439)	(899,213)	(987,264)	(956,609)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 12,424,156	\$ 10,834,481	\$ 9,569,886	\$ 10,079,579	\$ 9,927,080	\$ 9,466,291	\$ 8,999,148
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	8.98%	9.06%	10.43%	10.63%

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

Exhibit E-5

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

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.649085%	0.507060%	0.450434%	0.420913%	0.408613%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (26,112) \$	(52,787) \$	(118,841) \$	(190,896) \$	(230,657)
Covered Payroll	\$ 1,348,622 \$	2,231,087 \$	2,892,726 \$	3,654,360 \$	4,303,056
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.11)%	(5.22)%	(5.36)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

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

Exhibit E-6

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

	2014	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.31654%	0.28942%	0.265108%	0.283340%	0.282814%	0.281481%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (51,435)	\$ 118,557	\$ 1,656,779	\$ (92,703)	\$ (995,199)	\$ (2,894,134)
Covered Payroll	\$ 12,424,156	\$ 10,834,481	\$ 9,569,886	\$ 10,079,579	\$ 9,927,080	\$ 9,466,291
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(.414002)%	1.094252%	17.31%	(.92)%	(10.03)%	(30.57)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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

Exhibit E-7

Fayette County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plans  
Primary Government  
For the Fiscal Year Ended June 30

**Fayette County Plan**

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 30,130	\$ 29,617	\$ 33,512
Interest	10,693	13,205	14,037
Differences Between Actual and Expected Experience	0	(33,007)	(125,356)
Changes in Assumptions or Other Inputs	(18,033)	19,701	14,286
Benefit Payments	(16,276)	(18,871)	(14,402)
Net Change in Total OPEB Liability	\$ 6,514	\$ 10,645	\$ (77,923)
Total OPEB Liability, Beginning	344,218	350,732	361,377
Total OPEB Liability, Ending	<u>\$ 350,732</u>	<u>\$ 361,377</u>	<u>\$ 283,454</u>
Covered Employee Payroll	\$ 7,437,946	\$ 8,104,012	\$ 8,433,941
Net OPEB Liability as a Percentage of Covered Employee Payroll	4.72%	4.46%	3.36%

**Highway Department Plan**

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 8,993	\$ 8,769	\$ 10,072
Interest	2,690	3,540	3,716
Differences Between Actual and Expected Experience	0	(15,837)	(35,490)
Changes in Assumptions or Other Inputs	(3,426)	6,716	2,420
Benefit Payments	0	(1,441)	(1,108)
Net Change in Total OPEB Liability	\$ 8,257	\$ 1,747	\$ (20,390)
Total OPEB Liability, Beginning	83,124	91,381	93,128
Total OPEB Liability, Ending	<u>\$ 91,381</u>	<u>\$ 93,128</u>	<u>\$ 72,738</u>
Covered Employee Payroll	\$ 1,387,490	\$ 1,561,417	\$ 1,802,845
Net OPEB Liability as a Percentage of Covered Employee Payroll	6.59%	5.96%	4.03%

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.



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

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 181,426	\$ 168,829	\$ 133,378
Interest	75,810	94,344	67,072
Differences Between Actual and Expected Experience	0	(1,006,386)	382,941
Changes in Assumptions or Other Inputs	(114,713)	61,099	(169,607)
Benefit Payments	(64,808)	(87,287)	(72,837)
Net Change in Total OPEB Liability	\$ 77,715	\$ (769,401)	\$ 340,947
Total OPEB Liability, Beginning	2,447,220	2,524,935	1,755,534
Total OPEB Liability, Ending	\$ 2,524,935	\$ 1,755,534	\$ 2,096,481
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 802,889	\$ 546,004	\$ 717,541
Employer Proportionate Share of the Total OPEB Liability	1,722,046	1,209,530	1,378,940
Covered Employee Payroll	\$ 14,753,246	\$ 14,702,852	\$ 15,202,299
Net OPEB Liability as a Percentage of Covered Employee Payroll	11.67%	8.23%	9.07%

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.

**FAYETTE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2020**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

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

Methods and assumptions used to determine contribution rates:

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

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Fayette County’s garbage collection and convenience center operations.

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

Adequate Facilities/Development Tax Fund – The Adequate Facilities/Development Tax Fund is used to account for operations funded from the local development tax.

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

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

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

# Capital Projects Funds

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

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for grant proceeds and capital expenditures for jail renovation.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for grant proceeds and capital expenditures of the Fayette County Airport.

Exhibit F-1

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

	Special Revenue Funds					Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu - tional Officers - Fees	Total	General Debt Service
<u>ASSETS</u>						
Cash	\$ 400	\$ 0	\$ 0	\$ 51,377	\$ 51,777	\$ 0
Equity in Pooled Cash and Investments	1,417,639	246,418	912,625	0	2,576,682	2,931,414
Accounts Receivable	77,776	0	0	247	78,023	0
Due from Other Governments	72,296	0	0	0	72,296	0
Due from Other Funds	0	0	0	0	0	249,900
<b>Total Assets</b>	<b>\$ 1,568,111</b>	<b>\$ 246,418</b>	<b>\$ 912,625</b>	<b>\$ 51,624</b>	<b>\$ 2,778,778</b>	<b>\$ 3,181,314</b>
<u>LIABILITIES</u>						
Accounts Payable	\$ 40,825	\$ 2,500	\$ 0	\$ 0	\$ 43,325	\$ 0
Accrued Payroll	21,760	0	0	0	21,760	0
Due to Other Funds	240	0	0	51,624	51,864	0
<b>Total Liabilities</b>	<b>\$ 62,825</b>	<b>\$ 2,500</b>	<b>\$ 0</b>	<b>\$ 51,624</b>	<b>\$ 116,949</b>	<b>\$ 0</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Other Deferred/Unavailable Revenue	\$ 66,329	\$ 0	\$ 0	\$ 0	\$ 66,329	\$ 0
<b>Total Deferred Inflows of Resources</b>	<b>\$ 66,329</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 66,329</b>	<b>\$ 0</b>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 0	\$ 0	\$ 283,100	\$ 0	\$ 283,100	\$ 0

(Continued)

Exhibit F-1

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

	Special Revenue Funds					Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu - tional Officers - Fees	Total	General Debt Service
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Public Safety	\$ 0	\$ 243,918	\$ 0	\$ 0	\$ 243,918	\$ 0
Restricted for Highways/Public Works	0	0	314,763	0	314,763	0
Restricted for Education	0	0	314,762	0	314,762	0
Restricted for Capital Outlay	0	0	0	0	0	0
Restricted for Debt Service	0	0	0	0	0	3,172,197
Committed:						
Committed for Public Health and Welfare	1,438,957	0	0	0	1,438,957	0
Committed for Debt Service	0	0	0	0	0	9,117
<b>Total Fund Balances</b>	<b>\$ 1,438,957</b>	<b>\$ 243,918</b>	<b>\$ 912,625</b>	<b>\$ 0</b>	<b>\$ 2,595,500</b>	<b>\$ 3,181,314</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,568,111</b>	<b>\$ 246,418</b>	<b>\$ 912,625</b>	<b>\$ 51,624</b>	<b>\$ 2,778,778</b>	<b>\$ 3,181,314</b>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Funds</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>General Capital Projects</u>	<u>Community Development/ Industrial Park</u>	<u>Other Capital Projects</u>	<u>Total</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,777
Equity in Pooled Cash and Investments	1,318,149	20	94,451	1,412,620	6,920,716
Accounts Receivable	0	0	0	0	78,023
Due from Other Governments	0	0	0	0	72,296
Due from Other Funds	0	0	0	0	249,900
<b>Total Assets</b>	<b>\$ 1,318,149</b>	<b>\$ 20</b>	<b>\$ 94,451</b>	<b>\$ 1,412,620</b>	<b>\$ 7,372,712</b>
<u>LIABILITIES</u>					
Accounts Payable	\$ 6,643	\$ 0	\$ 0	\$ 6,643	\$ 49,968
Accrued Payroll	0	0	0	0	21,760
Due to Other Funds	0	0	1,450	1,450	53,314
<b>Total Liabilities</b>	<b>\$ 6,643</b>	<b>\$ 0</b>	<b>\$ 1,450</b>	<b>\$ 8,093</b>	<b>\$ 125,042</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 66,329
<b>Total Deferred Inflows of Resources</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 66,329</b>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 283,100

(Continued)



Exhibit F-1

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>FUND BALANCES (Cont.)</u>					
Restricted (Cont.):					
Restricted for Public Safety	\$ 0	\$ 0	\$ 0	\$ 0	243,918
Restricted for Highways/Public Works	0	0	0	0	314,763
Restricted for Education	0	0	0	0	314,762
Restricted for Capital Outlay	1,311,506	20	93,001	1,404,527	1,404,527
Restricted for Debt Service	0	0	0	0	3,172,197
Committed:					
Committed for Public Health and Welfare	0	0	0	0	1,438,957
Committed for Debt Service	0	0	0	0	9,117
Total Fund Balances	<u>\$ 1,311,506</u>	<u>\$ 20</u>	<u>\$ 93,001</u>	<u>\$ 1,404,527</u>	<u>\$ 7,181,341</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,318,149</u>	<u>\$ 20</u>	<u>\$ 94,451</u>	<u>\$ 1,412,620</u>	<u>\$ 7,372,712</u>

Exhibit F-2

Fayette 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	Capital
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Total	General Debt Service	General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 73,127	\$ 0	\$ 723,318	\$ 796,445	\$ 2,031,803	\$ 0
Licenses and Permits	166,724	0	0	166,724	0	0
Fines, Forfeitures, and Penalties	0	46,671	0	46,671	0	0
Charges for Current Services	623,703	0	0	623,703	0	0
Other Local Revenues	545,602	0	0	545,602	0	0
State of Tennessee	0	0	0	0	0	49,395
Federal Government	0	29,515	0	29,515	0	4,906
Other Governments and Citizens Groups	0	0	0	0	394,780	0
<b>Total Revenues</b>	<b>\$ 1,409,156</b>	<b>\$ 76,186</b>	<b>\$ 723,318</b>	<b>\$ 2,208,660</b>	<b>\$ 2,426,583</b>	<b>\$ 54,301</b>
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,789
Finance	0	0	0	0	0	5,509
Public Safety	0	110,549	0	110,549	0	383,614
Public Health and Welfare	1,253,550	0	0	1,253,550	0	52,565
Other Operations	0	0	7,233	7,233	0	49,395
Debt Service:						
Principal on Debt	0	0	0	0	1,688,120	0
Interest on Debt	0	0	0	0	775,638	0
Other Debt Service	0	0	0	0	26,309	0
<b>Total Expenditures</b>	<b>\$ 1,253,550</b>	<b>\$ 110,549</b>	<b>\$ 7,233</b>	<b>\$ 1,371,332</b>	<b>\$ 2,490,067</b>	<b>\$ 520,872</b>

(Continued)

Exhibit F-2

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

	Special Revenue Funds				Debt Service	Capital
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Total	Fund  General Debt Service	Projects Funds  General Capital Projects
Excess (Deficiency) of Revenues Over Expenditures	\$ 155,606	\$ (34,363)	\$ 716,085	\$ 837,328	\$ (63,484)	\$ (466,571)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,010,000
Insurance Recovery	2,561	0	0	2,561	0	0
Transfers In	0	0	0	0	398,919	453,440
Transfers Out	0	0	(550,000)	(550,000)	0	0
Total Other Financing Sources (Uses)	\$ 2,561	\$ 0	\$ (550,000)	\$ (547,439)	\$ 398,919	\$ 1,463,440
Net Change in Fund Balances	\$ 158,167	\$ (34,363)	\$ 166,085	\$ 289,889	\$ 335,435	\$ 996,869
Fund Balance, July 1, 2019	1,280,790	278,281	746,540	2,305,611	2,845,879	314,637
Fund Balance, June 30, 2020	\$ 1,438,957	\$ 243,918	\$ 912,625	\$ 2,595,500	\$ 3,181,314	\$ 1,311,506

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 2,828,248
Licenses and Permits	0	0	0	166,724
Fines, Forfeitures, and Penalties	0	0	0	46,671
Charges for Current Services	0	0	0	623,703
Other Local Revenues	0	0	0	545,602
State of Tennessee	0	0	49,395	49,395
Federal Government	0	0	4,906	34,421
Other Governments and Citizens Groups	0	0	0	394,780
Total Revenues	\$ 0	\$ 0	\$ 54,301	\$ 4,689,544
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 29,789	\$ 29,789
Finance	0	0	5,509	5,509
Public Safety	0	0	383,614	494,163
Public Health and Welfare	0	0	52,565	1,306,115
Other Operations	0	0	49,395	56,628
Debt Service:				
Principal on Debt	0	0	0	1,688,120
Interest on Debt	0	0	0	775,638
Other Debt Service	0	0	0	26,309
Total Expenditures	\$ 0	\$ 0	\$ 520,872	\$ 4,382,271

(Continued)

Exhibit F-2

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

	<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Other Capital Projects	Total	
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ (466,571)	\$ 307,273
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 1,010,000	\$ 1,010,000
Insurance Recovery	0	0	0	2,561
Transfers In	0	0	453,440	852,359
Transfers Out	0	0	0	(550,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 1,463,440	\$ 1,314,920
Net Change in Fund Balances	\$ 0	\$ 0	\$ 996,869	\$ 1,622,193
Fund Balance, July 1, 2019	20	93,001	407,658	5,559,148
Fund Balance, June 30, 2020	\$ 20	\$ 93,001	\$ 1,404,527	\$ 7,181,341

Exhibit F-3

Fayette County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 73,127	\$ 0	\$ 0	\$ 73,127	\$ 75,000	\$ 75,000	\$ (1,873)
Licenses and Permits	166,724	0	0	166,724	160,000	160,000	6,724
Charges for Current Services	623,703	0	0	623,703	511,000	511,000	112,703
Other Local Revenues	545,602	0	0	545,602	227,596	227,596	318,006
State of Tennessee	0	0	0	0	105,000	105,000	(105,000)
Total Revenues	\$ 1,409,156	\$ 0	\$ 0	\$ 1,409,156	\$ 1,078,596	\$ 1,078,596	\$ 330,560
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Convenience Centers	\$ 445,531	\$ 0	\$ 0	\$ 445,531	\$ 345,000	\$ 445,000	\$ (531)
Landfill Operation and Maintenance	808,019	(9,748)	3,685	801,956	890,072	939,654	137,698
Total Expenditures	\$ 1,253,550	\$ (9,748)	\$ 3,685	\$ 1,247,487	\$ 1,235,072	\$ 1,384,654	\$ 137,167
Excess (Deficiency) of Revenues Over Expenditures	\$ 155,606	\$ 9,748	\$ (3,685)	\$ 161,669	\$ (156,476)	\$ (306,058)	\$ 467,727
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,561	\$ 0	\$ 0	\$ 2,561	\$ 0	\$ 0	\$ 2,561
Total Other Financing Sources	\$ 2,561	\$ 0	\$ 0	\$ 2,561	\$ 0	\$ 0	\$ 2,561
Net Change in Fund Balance	\$ 158,167	\$ 9,748	\$ (3,685)	\$ 164,230	\$ (156,476)	\$ (306,058)	\$ 470,288
Fund Balance, July 1, 2019	1,280,790	(9,748)	0	1,271,042	1,011,267	1,011,267	259,775
Fund Balance, June 30, 2020	\$ 1,438,957	\$ 0	\$ (3,685)	\$ 1,435,272	\$ 854,791	\$ 705,209	\$ 730,063

Exhibit F-4

Fayette County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 46,671	\$ 0	\$ 0	\$ 46,671	\$ 33,000	\$ 33,000	\$ 13,671
Federal Government	29,515	0	0	29,515	0	0	29,515
Total Revenues	\$ 76,186	\$ 0	\$ 0	\$ 76,186	\$ 33,000	\$ 33,000	\$ 43,186
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 80,237	\$ (555)	\$ 3,200	\$ 82,882	\$ 127,735	\$ 110,735	\$ 27,853
Other Public Safety	30,312	(9,313)	0	20,999	0	21,000	1
Total Expenditures	\$ 110,549	\$ (9,868)	\$ 3,200	\$ 103,881	\$ 127,735	\$ 131,735	\$ 27,854
Excess (Deficiency) of Revenues Over Expenditures	\$ (34,363)	\$ 9,868	\$ (3,200)	\$ (27,695)	\$ (94,735)	\$ (98,735)	\$ 71,040
Net Change in Fund Balance	\$ (34,363)	\$ 9,868	\$ (3,200)	\$ (27,695)	\$ (94,735)	\$ (98,735)	\$ 71,040
Fund Balance, July 1, 2019	278,281	(9,868)	0	268,413	255,606	255,606	12,807
Fund Balance, June 30, 2020	\$ 243,918	\$ 0	\$ (3,200)	\$ 240,718	\$ 160,871	\$ 156,871	\$ 83,847

Exhibit F-5

Fayette County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Adequate Facilities/ Development Tax Fund  
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 723,318	\$ 800,000	\$ 800,000	\$ (76,682)
Total Revenues	\$ 723,318	\$ 800,000	\$ 800,000	\$ (76,682)
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 7,233	\$ 11,000	\$ 11,000	\$ 3,767
Total Expenditures	\$ 7,233	\$ 11,000	\$ 11,000	\$ 3,767
Excess (Deficiency) of Revenues Over Expenditures	\$ 716,085	\$ 789,000	\$ 789,000	\$ (72,915)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (550,000)	\$ (550,000)	\$ (550,000)	\$ 0
Total Other Financing Sources	\$ (550,000)	\$ (550,000)	\$ (550,000)	\$ 0
Net Change in Fund Balance	\$ 166,085	\$ 239,000	\$ 239,000	\$ (72,915)
Fund Balance, July 1, 2019	746,540	529,116	529,116	217,424
Fund Balance, June 30, 2020	\$ 912,625	\$ 768,116	\$ 768,116	\$ 144,509



Exhibit F-6

Fayette 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	\$ 2,031,803	\$ 2,230,000	\$ 1,900,000	\$ 131,803
Other Governments and Citizens Groups	394,780	393,719	394,780	0
Total Revenues	<u>\$ 2,426,583</u>	<u>\$ 2,623,719</u>	<u>\$ 2,294,780</u>	<u>\$ 131,803</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 672,175	\$ 643,121	\$ 672,176	\$ 1
Education	1,015,945	980,000	1,015,945	0
<u>Interest on Debt</u>				
General Government	225,087	212,320	225,089	2
Education	550,551	558,342	550,553	2
<u>Other Debt Service</u>				
General Government	24,295	26,900	36,953	12,658
Education	2,014	2,200	2,149	135
Total Expenditures	<u>\$ 2,490,067</u>	<u>\$ 2,422,883</u>	<u>\$ 2,502,865</u>	<u>\$ 12,798</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (63,484)</u>	<u>\$ 200,836</u>	<u>\$ (208,085)</u>	<u>\$ 144,601</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 398,919	\$ 0	\$ 398,919	\$ 0
Total Other Financing Sources	<u>\$ 398,919</u>	<u>\$ 0</u>	<u>\$ 398,919</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 335,435	\$ 200,836	\$ 190,834	\$ 144,601
Fund Balance, July 1, 2019	2,845,879	2,725,888	2,725,888	119,991
Fund Balance, June 30, 2020	<u><u>\$ 3,181,314</u></u>	<u><u>\$ 2,926,724</u></u>	<u><u>\$ 2,916,722</u></u>	<u><u>\$ 264,592</u></u>

# Fiduciary Funds

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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.

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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.

Watershed District Fund – The Watershed District Fund is used to account for prior years' acreage assessments collected on drainage district properties and held in trust for the watershed district.

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, general sessions, and juvenile 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 G-1

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

	<u>Agency Funds</u>			
	Cities - Sales Tax	Watershed District	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 3,492,165	\$ 3,492,165
Equity in Pooled Cash and Investments	0	42,792	0	42,792
Accounts Receivable	0	0	54,396	54,396
Due from Other Governments	767,449	0	0	767,449
Total Assets	<u>\$ 767,449</u>	<u>\$ 42,792</u>	<u>\$ 3,546,561</u>	<u>\$ 4,356,802</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 767,449	\$ 42,792	\$ 0	\$ 810,241
Due to Litigants, Heirs, and Others	0	0	3,546,561	3,546,561
Total Liabilities	<u>\$ 767,449</u>	<u>\$ 42,792</u>	<u>\$ 3,546,561</u>	<u>\$ 4,356,802</u>

Exhibit G-2

Fayette 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	\$ 3,688,034	\$ 3,688,034	\$ 0
Due from Other Governments	607,269	767,449	607,269	767,449
Total Assets	\$ 607,269	\$ 4,455,483	\$ 4,295,303	\$ 767,449
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 607,269	\$ 4,455,483	\$ 4,295,303	\$ 767,449
Total Liabilities	\$ 607,269	\$ 4,455,483	\$ 4,295,303	\$ 767,449
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 42,792	\$ 0	\$ 0	\$ 42,792
Total Assets	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 42,792	\$ 0	\$ 0	\$ 42,792
Total Liabilities	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,800,759	\$ 13,366,774	\$ 12,675,368	\$ 3,492,165
Accounts Receivable	26,842	54,396	26,842	54,396
Total Assets	\$ 2,827,601	\$ 13,421,170	\$ 12,702,210	\$ 3,546,561
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,827,601	\$ 13,421,170	\$ 12,702,210	\$ 3,546,561
Total Liabilities	\$ 2,827,601	\$ 13,421,170	\$ 12,702,210	\$ 3,546,561
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,800,759	\$ 13,366,774	\$ 12,675,368	\$ 3,492,165
Equity in Pooled Cash and Investments	42,792	3,688,034	3,688,034	42,792
Accounts Receivable	26,842	54,396	26,842	54,396
Due from Other Governments	607,269	767,449	607,269	767,449
Total Assets	\$ 3,477,662	\$ 17,876,653	\$ 16,997,513	\$ 4,356,802
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 650,061	\$ 4,455,483	\$ 4,295,303	\$ 810,241
Due to Litigants, Heirs, and Others	2,827,601	13,421,170	12,702,210	3,546,561
Total Liabilities	\$ 3,477,662	\$ 17,876,653	\$ 16,997,513	\$ 4,356,802

# Fayette County School Department

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

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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 H-1

Fayette County, Tennessee  
Statement of Activities  
Discretely Presented Fayette County School Department  
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 17,539,048	\$ 96,096	\$ 1,823,970	\$ (15,618,982)
Support Services	14,032,142	0	937,088	(13,095,054)
Operation of Non-instructional Services	3,638,640	137,693	2,704,488	(796,459)
Total Governmental Activities	<u>\$ 35,209,830</u>	<u>\$ 233,789</u>	<u>\$ 5,465,546</u>	<u>\$ (29,510,495)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 5,620,114
Local Option Sales Taxes				4,528,303
Other Local Taxes				9,061
Grants and Contributions Not Restricted to Specific Programs				18,757,513
Miscellaneous				113,220
Total General Revenues				<u>\$ 29,028,211</u>
Change in Net Position				\$ (482,284)
Net Position, July 1, 2019				<u>28,769,238</u>
Net Position, June 30, 2020				<u>\$ 28,286,954</u>

Exhibit H-2

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 4,952,832	\$ 84,231	\$ 1,071,682	\$ 6,108,745
Accounts Receivable	963	0	11,041	12,004
Due from Other Governments	922,544	225,593	107,228	1,255,365
Due from Other Funds	183,242	0	0	183,242
Property Taxes Receivable	5,600,038	0	0	5,600,038
Allowance for Uncollectible Property Taxes	(106,710)	0	0	(106,710)
Restricted Assets	183,628	0	0	183,628
Total Assets	<u>\$ 11,736,537</u>	<u>\$ 309,824</u>	<u>\$ 1,189,951</u>	<u>\$ 13,236,312</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,037	\$ 0	\$ 0	\$ 2,037
Payroll Deductions Payable	47,724	40	182	47,946
Other Current Liabilities	158	0	0	158
Total Liabilities	<u>\$ 49,919</u>	<u>\$ 40</u>	<u>\$ 182</u>	<u>\$ 50,141</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,396,791	\$ 0	\$ 0	\$ 5,396,791
Deferred Delinquent Property Taxes	77,760	0	0	77,760
Other Deferred/Unavailable Revenue	459,400	0	0	459,400
Total Deferred Inflows of Resources	<u>\$ 5,933,951</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,933,951</u>

(Continued)

Exhibit H-2

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 82,680	\$ 109,784	\$ 0	\$ 192,464
Restricted for Instruction	11,052	0	0	11,052
Restricted for Operation of Non-instructional Services	0	0	1,189,769	1,189,769
Restricted for Hybrid Retirement Stabilization Funds	183,628	0	0	183,628
Committed:				
Committed for Education	1,461,917	0	0	1,461,917
Assigned:				
Assigned for Education	0	200,000	0	200,000
Assigned for Instruction	66,000	0	0	66,000
Assigned for Support Services	123,565	0	0	123,565
Assigned for Capital Outlay	3,606	0	0	3,606
Unassigned	3,820,219	0	0	3,820,219
Total Fund Balances	<u>\$ 5,752,667</u>	<u>\$ 309,784</u>	<u>\$ 1,189,769</u>	<u>\$ 7,252,220</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,736,537</u>	<u>\$ 309,824</u>	<u>\$ 1,189,951</u>	<u>\$ 13,236,312</u>



Exhibit H-3

Fayette County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Fayette 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 H-2)		\$	7,252,220
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	349,377	
Add: construction in progress		121,408	
Add: buildings and improvements net of accumulated depreciation		16,001,140	
Add: other capital assets net of accumulated depreciation		<u>2,261,148</u>	18,733,073
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for note	\$	(135,000)	
Less: net OPEB liability		<u>(1,378,940)</u>	(1,513,940)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as a component of pension and OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	2,148,474	
Less: deferred inflows of resources related to pensions		(3,370,794)	
Add: deferred outflows of resources related to OPEB		333,696	
Less: deferred inflows of resources related to OPEB		<u>(765,510)</u>	(1,654,134)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	1,807,784	
Add: net pension asset - teacher retirement plan		230,657	
Add: net pension asset - teacher legacy pension plan		<u>2,894,134</u>	4,932,575
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>537,160</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>28,286,954</u></u>

Exhibit H-4

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

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 10,093,910	\$ 0	\$ 0	\$ 10,093,910
Licenses and Permits	3,410	0	0	3,410
Charges for Current Services	96,096	0	137,693	233,789
Other Local Revenues	118,088	998	0	119,086
State of Tennessee	18,155,276	0	18,797	18,174,073
Federal Government	333,050	3,889,422	1,784,635	6,007,107
Total Revenues	<u>\$ 28,799,830</u>	<u>\$ 3,890,420</u>	<u>\$ 1,941,125</u>	<u>\$ 34,631,375</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 14,945,164	\$ 1,525,411	\$ 0	\$ 16,470,575
Support Services	11,847,462	2,300,253	0	14,147,715
Operation of Non-Instructional Services	1,473,080	0	2,051,869	3,524,949
Capital Outlay	864,867	0	0	864,867
Debt Service:				
Other Debt Service	394,780	0	0	394,780
Total Expenditures	<u>\$ 29,525,353</u>	<u>\$ 3,825,664</u>	<u>\$ 2,051,869</u>	<u>\$ 35,402,886</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (725,523)</u>	<u>\$ 64,756</u>	<u>\$ (110,744)</u>	<u>\$ (771,511)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 165,500	\$ 0	\$ 0	\$ 165,500
Transfers Out	0	0	(165,500)	(165,500)
Total Other Financing Sources (Uses)	<u>\$ 165,500</u>	<u>\$ 0</u>	<u>\$ (165,500)</u>	<u>\$ 0</u>

(Continued)

Exhibit H-4

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

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	School Federal Projects	Fund  Central Cafeteria	
Net Change in Fund Balances	\$ (560,023)	\$ 64,756	\$ (276,244)	\$ (771,511)
Fund Balance, July 1, 2019	6,312,690	245,028	1,466,013	8,023,731
Fund Balance, June 30, 2020	\$ 5,752,667	\$ 309,784	\$ 1,189,769	\$ 7,252,220

Exhibit H-5

Fayette County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Fayette 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 H-4)		\$ (771,511)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,067,983	
Less: current-year depreciation expense	<u>(1,748,352)</u>	(680,369)
(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	\$ 537,160	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(440,989)</u>	96,171
(3) The contributions of long-term debt (e.g., notes) 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. Neither transaction, however, has any effect on net position.		
Add: principal contributions on note to primary government		65,000
(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 net OPEB liability	\$ (169,410)	
Change in deferred outflows related to OPEB	223,670	
Change in deferred inflows related to OPEB	(72,514)	
Change in net pension asset - agent plan	82,574	
Change in net pension asset - teacher retirement plan	39,761	
Change in net pension asset - teacher legacy pension plan	1,898,935	
Change in deferred outflows related to pensions	(331,397)	
Change in deferred inflows related to pensions	<u>(863,194)</u>	<u>808,425</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (482,284)</u>

Exhibit H-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,093,910	\$ 0	\$ 0	\$ 10,093,910	\$ 9,810,709	\$ 9,810,709	\$ 283,201
Licenses and Permits	3,410	0	0	3,410	2,750	2,750	660
Charges for Current Services	96,096	0	0	96,096	90,000	90,000	6,096
Other Local Revenues	118,088	0	0	118,088	12,000	12,000	106,088
State of Tennessee	18,155,276	0	0	18,155,276	18,290,273	18,478,378	(323,102)
Federal Government	333,050	0	0	333,050	3,000	332,055	995
<b>Total Revenues</b>	<b>\$ 28,799,830</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 28,799,830</b>	<b>\$ 28,208,732</b>	<b>\$ 28,725,892</b>	<b>\$ 73,938</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,189,679	\$ 0	\$ 0	\$ 12,189,679	\$ 12,401,680	\$ 12,236,957	\$ 47,278
Special Education Program	1,996,495	(1,340)	66,000	2,061,155	2,109,006	2,077,811	16,656
Career and Technical Education Program	758,990	0	0	758,990	908,388	730,658	(28,332)
<u>Support Services</u>							
Attendance	132,197	0	0	132,197	127,688	132,851	654
Health Services	433,985	0	13,551	447,536	365,399	455,099	7,563
Other Student Support	1,208,102	(9,731)	4,800	1,203,171	1,114,425	1,414,650	211,479
Regular Instruction Program	787,696	0	0	787,696	907,232	907,232	119,536
Special Education Program	134,542	0	0	134,542	253,917	191,317	56,775
Career and Technical Education Program	155,184	0	0	155,184	172,215	159,515	4,331
Technology	423,464	0	6,335	429,799	444,993	374,493	(55,306)
Other Programs	34,388	0	0	34,388	0	34,388	0
Board of Education	697,644	0	0	697,644	785,432	726,382	28,738
Director of Schools	468,653	0	0	468,653	418,581	532,981	64,328
Office of the Principal	1,801,866	0	0	1,801,866	1,782,922	1,841,972	40,106
Fiscal Services	285,986	0	0	285,986	240,691	302,626	16,640
Human Services/Personnel	109,717	0	0	109,717	121,946	119,946	10,229
Operation of Plant	1,792,664	0	5,879	1,798,543	1,699,963	1,790,463	(8,080)
Maintenance of Plant	694,466	(1,355)	0	693,111	733,739	783,455	90,344

(Continued)

Exhibit H-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 2,686,908	\$ 0	\$ 93,000	\$ 2,779,908	\$ 2,529,270	\$ 2,770,150	\$ (9,758)
<u>Operation of Non-Instructional Services</u>							
Community Services	518,179	0	0	518,179	160,210	160,210	(357,969)
Early Childhood Education	954,901	0	0	954,901	1,075,918	1,078,618	123,717
<u>Capital Outlay</u>							
Regular Capital Outlay	864,867	(465,481)	3,606	402,992	449,963	498,963	95,971
<u>Principal on Debt</u>							
Education	0	0	0	0	175,000	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	154,780	0	0
<u>Other Debt Service</u>							
Education	394,780	0	0	394,780	0	394,780	0
Total Expenditures	\$ 29,525,353	\$ (477,907)	\$ 193,171	\$ 29,240,617	\$ 29,133,358	\$ 29,715,517	\$ 474,900
Excess (Deficiency) of Revenues Over Expenditures							
	\$ (725,523)	\$ 477,907	\$ (193,171)	\$ (440,787)	\$ (924,626)	\$ (989,625)	\$ 548,838
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 165,500	\$ 0	\$ 0	\$ 165,500	\$ 165,500	\$ 165,500	\$ 0
Total Other Financing Sources	\$ 165,500	\$ 0	\$ 0	\$ 165,500	\$ 165,500	\$ 165,500	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2019	\$ (560,023)	\$ 477,907	\$ (193,171)	\$ (275,287)	\$ (759,126)	\$ (824,125)	\$ 548,838
	6,312,690	(477,907)	0	5,834,783	6,173,731	6,173,731	(338,948)
Fund Balance, June 30, 2020	\$ 5,752,667	\$ 0	\$ (193,171)	\$ 5,559,496	\$ 5,414,605	\$ 5,349,606	\$ 209,890

Exhibit H-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 998	\$ 0	\$ 0	\$ 998	\$ 0	\$ 0	\$ 998
Federal Government	3,889,422	0	0	3,889,422	3,018,219	4,325,923	(436,501)
<b>Total Revenues</b>	<b>\$ 3,890,420</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,890,420</b>	<b>\$ 3,018,219</b>	<b>\$ 4,325,923</b>	<b>\$ (435,503)</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 723,716	\$ (670)	\$ 2,197	\$ 725,243	\$ 514,975	\$ 768,209	\$ 42,966
Special Education Program	729,180	(1,005)	738	728,913	528,318	855,468	126,555
Career and Technical Education Program	72,515	0	5,998	78,513	48,000	79,504	991
<u>Support Services</u>							
Health Services	7,711	0	0	7,711	49,867	25,834	18,123
Other Student Support	522,068	0	207	522,275	196,769	510,700	(11,575)
Regular Instruction Program	1,266,738	0	0	1,266,738	1,255,748	1,496,161	229,423
Special Education Program	318,702	0	4,970	323,672	241,917	423,147	99,475
Career and Technical Education Program	189	0	0	189	0	0	(189)
Transportation	184,845	0	27,000	211,845	182,625	285,657	73,812
<b>Total Expenditures</b>	<b>\$ 3,825,664</b>	<b>\$ (1,675)</b>	<b>\$ 41,110</b>	<b>\$ 3,865,099</b>	<b>\$ 3,018,219</b>	<b>\$ 4,444,680</b>	<b>\$ 579,581</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 64,756	\$ 1,675	\$ (41,110)	\$ 25,321	\$ 0	\$ (118,757)	\$ 144,078
Net Change in Fund Balance	\$ 64,756	\$ 1,675	\$ (41,110)	\$ 25,321	\$ 0	\$ (118,757)	\$ 144,078
Fund Balance, July 1, 2019	245,028	(1,675)	0	243,353	259,772	259,772	(16,419)
<b>Fund Balance, June 30, 2020</b>	<b>\$ 309,784</b>	<b>\$ 0</b>	<b>\$ (41,110)</b>	<b>\$ 268,674</b>	<b>\$ 259,772</b>	<b>\$ 141,015</b>	<b>\$ 127,659</b>

Exhibit H-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 137,693	\$ 0	\$ 137,693	\$ 176,868	\$ 176,868	\$ (39,175)
Other Local Revenues	0	0	0	2,500	2,500	(2,500)
State of Tennessee	18,797	0	18,797	20,200	20,200	(1,403)
Federal Government	1,784,635	0	1,784,635	2,526,632	2,526,632	(741,997)
<b>Total Revenues</b>	<b>\$ 1,941,125</b>	<b>\$ 0</b>	<b>\$ 1,941,125</b>	<b>\$ 2,726,200</b>	<b>\$ 2,726,200</b>	<b>\$ (785,075)</b>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,051,869	\$ (2,400)	\$ 2,049,469	\$ 2,560,700	\$ 2,602,370	\$ 552,901
<b>Total Expenditures</b>	<b>\$ 2,051,869</b>	<b>\$ (2,400)</b>	<b>\$ 2,049,469</b>	<b>\$ 2,560,700</b>	<b>\$ 2,602,370</b>	<b>\$ 552,901</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (110,744)	\$ 2,400	\$ (108,344)	\$ 165,500	\$ 123,830	\$ (232,174)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (165,500)	\$ 0	\$ (165,500)	\$ (165,500)	\$ (165,500)	\$ 0
<b>Total Other Financing Sources</b>	<b>\$ (165,500)</b>	<b>\$ 0</b>	<b>\$ (165,500)</b>	<b>\$ (165,500)</b>	<b>\$ (165,500)</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ (276,244)	\$ 2,400	\$ (273,844)	\$ 0	\$ (41,670)	\$ (232,174)
Fund Balance, July 1, 2019	1,466,013	(2,400)	1,463,613	959,992	959,992	503,621
<b>Fund Balance, June 30, 2020</b>	<b>\$ 1,189,769</b>	<b>\$ 0</b>	<b>\$ 1,189,769</b>	<b>\$ 959,992</b>	<b>\$ 918,322</b>	<b>\$ 271,447</b>



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## MISCELLANEOUS SCHEDULES

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Exhibit I-1

Fayette County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
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
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Capital Outlay Notes, Series 2015	\$ 334,889	1.73	% 11-30-15	11-30-20	\$ 137,416	\$ 0	\$ 68,120	\$ 69,296
General Obligation Capital Outlay Notes, Series 2020A	410,000	1.64	6-26-20	4-1-24	0	410,000	0	410,000
General Obligation Capital Outlay Notes, Series 2020B	600,000	2.59	6-26-20	4-1-32	0	600,000	0	600,000
Total Payable through General Debt Service Fund					<u>\$ 137,416</u>	<u>\$ 1,010,000</u>	<u>\$ 68,120</u>	<u>\$ 1,079,296</u>
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
School Buses	495,000	2.49	11-18-13	12-1-21	\$ 200,000	\$ 0	\$ 65,000	\$ 135,000
Total Notes Payable					<u>\$ 337,416</u>	<u>\$ 1,010,000</u>	<u>\$ 133,120</u>	<u>\$ 1,214,296</u>
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2011	9,585,000	1.25 to 3.5	9-15-11	4-1-30	\$ 6,390,000	\$ 0	\$ 560,000	\$ 5,830,000
General Obligation Refunding Bonds, Series 2012A	7,240,000	2 to 3	5-1-12	4-1-29	5,000,000	0	315,000	4,685,000
General Obligation Bonds, Series 2012B	4,575,000	2 to 3	12-12-12	4-1-36	3,555,000	0	195,000	3,360,000
General Obligation Bonds, Series 2013	8,715,000	2 to 4	12-20-13	4-1-36	7,865,000	0	225,000	7,640,000
General Obligation and Refunding Bonds, Series 2014	4,560,000	2 to 3	4-25-14	4-1-29	3,030,000	0	260,000	2,770,000
Total Bonds Payable					<u>\$ 25,840,000</u>	<u>\$ 0</u>	<u>\$ 1,555,000</u>	<u>\$ 24,285,000</u>

Exhibit I-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2021	\$ 286,796	\$ 21,571	\$ 308,367
2022	222,500	21,031	243,531
2023	152,500	16,312	168,812
2024	152,500	13,336	165,836
2025	50,000	10,360	60,360
2026	50,000	9,065	59,065
2027	50,000	7,770	57,770
2028	50,000	6,475	56,475
2029	50,000	5,180	55,180
2030	50,000	3,885	53,885
2031	50,000	2,590	52,590
2032	50,000	1,295	51,295
Total	\$ 1,214,296	\$ 118,870	\$ 1,333,166

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 1,625,000	\$ 734,032	\$ 2,359,032
2022	1,715,000	694,131	2,409,131
2023	1,735,000	650,942	2,385,942
2024	1,775,000	610,012	2,385,012
2025	1,845,000	565,524	2,410,524
2026	1,910,000	515,330	2,425,330
2027	1,980,000	461,280	2,441,280
2028	2,050,000	403,168	2,453,168
2029	2,100,000	341,354	2,441,354
2030	1,770,000	276,025	2,046,025
2031	900,000	213,900	1,113,900
2032	920,000	181,350	1,101,350
2033	935,000	148,150	1,083,150
2034	980,000	113,200	1,093,200
2035	1,000,000	76,500	1,076,500
2036	1,045,000	39,100	1,084,100
Total	\$ 24,285,000	\$ 6,023,998	\$ 30,308,998

Exhibit I-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 45,420
"	General Capital Projects	Capital outlay	453,440
Adequate Facilities/Development Tax	General	Public safety equipment	55,000
"	Highway/Public Works	Road paving	165,000
"	General Debt Service	Debt retirement	330,000
Highway/Public Works	"	"	<u>23,499</u>
Total Transfers Primary Government			<u>\$ 1,072,359</u>
<u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u>			
Central Cafeteria	General Purpose School	Indirect costs	<u>\$ 165,500</u>
Total Transfers Discretely Presented Fayette County School Department			<u>\$ 165,500</u>

Exhibit I-4

Fayette County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Fayette County School Department  
For the Year Ended June 30, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 97,072	\$ 100,000	Western Surety Company
Public Works Superintendent	Chapter 234, Private Acts of 1974 and Section 8-24-102, TCA	89,676	100,000	"
Director of Schools	State Board of Education and County Board of Education	146,365	400,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	81,524	1,212,380	Western Surety Company
Assessor of Property	Section 8-24-102, TCA	81,524	50,000	"
County Clerk	Section 8-24-102, TCA	81,524	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	81,524	100,000	"
Clerk and Master	Section 8-24-102, TCA	81,524	200,000	"
Register of Deeds	Section 8-24-102, TCA	81,524	100,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA	92,448 (1)	100,000	Western Surety Company
Employees Blanket Bond:				
Office:				
County Mayor:				
All Employees			400,000	Local Government Property and Casualty
Public Works Superintendent:				
All Employees			400,000	"
Director of Schools:				
All Employees			400,000	Tennessee Risk Management Trust

(1) Does not include a law enforcement training supplement of \$800. Includes \$2,772 for supervising an inmate repair shop.

Exhibit I-5

Fayette 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	Adequate Facilities/ Development Tax	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 10,545,142	\$ 0	\$ 0	\$ 0	\$ 612,611	\$ 0
Trustee's Collections - Prior Year	181,455	0	0	0	13,104	0
Circuit Clerk/Clerk and Master Collections - Prior Years	118,024	0	0	0	10,452	0
Interest and Penalty	39,837	0	0	0	2,804	0
Pickup Taxes	28,544	0	0	0	1,692	0
Payments in-Lieu-of Taxes - Local Utilities	46,271	0	0	0	323	0
Payments in-Lieu-of Taxes - Other	57,888	0	0	0	3,382	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	657,499	0
Hotel/Motel Tax	4,871	0	0	0	0	0
Wheel Tax	203,150	0	0	0	812,599	2,031,803
Litigation Tax - General	98,409	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	89,424	0	0	0	0	0
Business Tax	333,260	0	0	0	0	0
Mixed Drink Tax	149	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	723,318	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	167,966	0	0	0	0	0
Wholesale Beer Tax	0	73,127	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 11,914,390</b>	<b>\$ 73,127</b>	<b>\$ 0</b>	<b>\$ 723,318</b>	<b>\$ 2,114,466</b>	<b>\$ 2,031,803</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 43,916	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	0	166,724	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 760	\$ 0	\$ 0	\$ 0	\$ 0	0
Building Permits	129,745	0	0	0	0	0
Total Licenses and Permits	\$ 174,421	\$ 166,724	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 6,165	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	14,806	0	0	0	0	0
Drug Control Fines	9,720	0	10,356	0	0	0
Drug Court Fees	3,548	0	0	0	0	0
Jail Fees	239	0	0	0	0	0
DUI Treatment Fines	1,214	0	0	0	0	0
Data Entry Fee - Circuit Court	2,558	0	0	0	0	0
Courtroom Security Fee	16	0	0	0	0	0
Victims Assistance Assessments	4,286	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	17,315	0	0	0	0	0
Fines for Littering	142	0	0	0	0	0
Officers Costs	32,034	0	0	0	0	0
Game and Fish Fines	326	0	0	0	0	0
Drug Control Fines	4,634	0	5,531	0	0	0
Drug Court Fees	5,090	0	0	0	0	0
Jail Fees	2,403	0	0	0	0	0
Judicial Commissioner Fees	77,761	0	0	0	0	0
DUI Treatment Fines	3,746	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Data Entry Fee - General Sessions Court	\$ 13,381	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	1,794	0	0	0	0	0
Victims Assistance Assessments	7,334	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	95	0	0	0	0	0
Officers Costs	1,634	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,988	0	0	0	0	0
Data Entry Fee - Chancery Court	4,226	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	30,784	0	0	0
Other Fines, Forfeitures, and Penalties	27,122	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 244,577</b>	<b>\$ 0</b>	<b>\$ 46,671</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 157,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Residential Waste Collection Charge	9,100	0	0	0	0	0
Solid Waste Disposal Fee	0	604,682	0	0	0	0
Surcharge - Waste Tire Disposal	0	19,021	0	0	0	0
Patient Charges	1,693,586	0	0	0	0	0
Other General Service Charges	5	0	0	0	0	0
<u>Fees</u>						
Airport Fees	93,566	0	0	0	0	0
Library Fees	6,369	0	0	0	0	0

(Continued)



Exhibit I-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Archives and Records Management Fee	\$ 17,964	\$ 0	\$ 0	\$ 0	\$ 0	0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	53,066	0	0	0	0	0
Data Processing Fee - Register	18,612	0	0	0	0	0
Data Processing Fee - Sheriff	1,881	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,550	0	0	0	0	0
Data Processing Fee - County Clerk	3,508	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	2,425	0	0	0	0	0
Total Charges for Current Services	\$ 2,063,382	\$ 623,703	\$ 0	\$ 0	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 10,105	\$ 444,721	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	12,402	2,596	0	0	0	0
Sale of Materials and Supplies	286	0	0	0	0	0
Commissary Sales	13,696	0	0	0	0	0
Sale of Gasoline	97,638	0	0	0	0	0
Sale of Recycled Materials	0	83,281	0	0	0	0
Miscellaneous Refunds	29,048	6,679	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	15,004	8,325	0	0	0	0
Sale of Property	5,000	0	0	0	0	0
Contributions and Gifts	10	0	0	0	21,107	0
Total Other Local Revenues	\$ 183,189	\$ 545,602	\$ 0	\$ 0	\$ 21,107	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Highway / Public Works	General Debt Service
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 419,373	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	105,153	0	0	0	0	0
General Sessions Court Clerk	208,855	0	0	0	0	0
Clerk and Master	137,074	0	0	0	0	0
Juvenile Court Clerk	23,209	0	0	0	0	0
Register	322,495	0	0	0	0	0
Sheriff	26,622	0	0	0	0	0
Trustee	621,802	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,864,583	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Airport Maintenance Program	\$ 26,671	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	32,000	0	0	0	0	0
Other Public Safety Grants	4,416	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	133,085	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	701,288	0
State Aid Program	0	0	0	0	751,161	0
Litter Program	47,183	0	0	0	0	0
<u>Other State Revenues</u>						
Beer Tax	18,175	0	0	0	0	0
Vehicle Certificate of Title Fees	9,329	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 110,405	\$ 0	\$ 0	\$ 0	\$ 0	0
State Revenue Sharing - T.V.A.	1,051,342	0	0	0	0	0
State Revenue Sharing - Telecommunications	6,585	0	0	0	0	0
Prisoner Transportation	7,107	0	0	0	0	0
Contracted Prisoner Boarding	622,830	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,963,512	0
Petroleum Special Tax	0	0	0	0	27,717	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	109,725	0	0	0	0	0
Other State Revenues	26,804	0	0	0	0	0
Total State of Tennessee	\$ 2,220,821	\$ 0	\$ 0	\$ 0	4,443,678	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Civil Defense Reimbursement	52,000	0	0	0	0	0
COVID-19 Grant #1	14,615	0	0	0	0	0
Other Federal through State	23,177	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	29,515	0	0	0
COVID-19 Grant #6	47,894	0	0	0	0	0
Other Direct Federal Revenue	37,689	0	0	0	0	0
Total Federal Government	\$ 175,375	\$ 0	\$ 29,515	\$ 0	\$ 0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 110,304	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	46,577	0	0	0	0	394,780
Contracted Services	18,667	0	0	0	0	0
<u>Other</u>						
Other	22	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 175,570</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 394,780</u>
Total	<u>\$ 18,996,822</u>	<u>\$ 1,409,156</u>	<u>\$ 76,186</u>	<u>\$ 723,318</u>	<u>\$ 6,579,251</u>	<u>\$ 2,426,583</u>

(Continued)

Exhibit I-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 11,157,753
Trustee's Collections - Prior Year	0	194,559
Circuit Clerk/Clerk and Master Collections - Prior Years	0	128,476
Interest and Penalty	0	42,641
Pickup Taxes	0	30,236
Payments in-Lieu-of Taxes - Local Utilities	0	46,594
Payments in-Lieu-of Taxes - Other	0	61,270
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	657,499
Hotel/Motel Tax	0	4,871
Wheel Tax	0	3,047,552
Litigation Tax - General	0	98,409
Litigation Tax - Jail, Workhouse, or Courthouse	0	89,424
Business Tax	0	333,260
Mixed Drink Tax	0	149
Adequate Facilities/Development Tax	0	723,318
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	167,966
Wholesale Beer Tax	0	73,127
Total Local Taxes	<u>\$ 0</u>	<u>\$ 16,857,104</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Registration	\$ 0	\$ 43,916
Cable TV Franchise	0	166,724

(Continued)

Exhibit I-5

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

	<u>Capital</u> <u>Projects Fund</u>		
	General	Capital	Total
	Projects	Projects	
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Beer Permits	\$ 0	\$ 760	
Building Permits	0	129,745	
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 341,145</u>	
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 6,165	
Officers Costs	0	14,806	
Drug Control Fines	0	20,076	
Drug Court Fees	0	3,548	
Jail Fees	0	239	
DUI Treatment Fines	0	1,214	
Data Entry Fee - Circuit Court	0	2,558	
Courtroom Security Fee	0	16	
Victims Assistance Assessments	0	4,286	
<u>General Sessions Court</u>			
Fines	0	17,315	
Fines for Littering	0	142	
Officers Costs	0	32,034	
Game and Fish Fines	0	326	
Drug Control Fines	0	10,165	
Drug Court Fees	0	5,090	
Jail Fees	0	2,403	
Judicial Commissioner Fees	0	77,761	
DUI Treatment Fines	0	3,746	

(Continued)

Exhibit I-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>General Sessions Court (Cont.)</u>		
Data Entry Fee - General Sessions Court	\$ 0	\$ 13,381
Courtroom Security Fee	0	1,794
Victims Assistance Assessments	0	7,334
<u>Juvenile Court</u>		
Fines	0	95
Officers Costs	0	1,634
<u>Chancery Court</u>		
Officers Costs	0	2,988
Data Entry Fee - Chancery Court	0	4,226
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	30,784
Other Fines, Forfeitures, and Penalties	0	27,122
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 291,248</b>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Other Employee Benefit Charges/Contributions	\$ 0	\$ 157,700
Residential Waste Collection Charge	0	9,100
Solid Waste Disposal Fee	0	604,682
Surcharge - Waste Tire Disposal	0	19,021
Patient Charges	0	1,693,586
Other General Service Charges	0	5
<u>Fees</u>		
Airport Fees	0	93,566
Library Fees	0	6,369

(Continued)

Exhibit I-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Archives and Records Management Fee	\$ 0	\$ 17,964
Greenbelt Late Application Fee	0	50
Telephone Commissions	0	53,066
Data Processing Fee - Register	0	18,612
Data Processing Fee - Sheriff	0	1,881
Sexual Offender Registration Fee - Sheriff	0	5,550
Data Processing Fee - County Clerk	0	3,508
Vehicle Insurance Coverage and Reinstatement Fees	0	2,425
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 2,687,085</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 454,826
Lease/Rentals	0	14,998
Sale of Materials and Supplies	0	286
Commissary Sales	0	13,696
Sale of Gasoline	0	97,638
Sale of Recycled Materials	0	83,281
Miscellaneous Refunds	0	35,727
<u>Nonrecurring Items</u>		
Sale of Equipment	0	23,329
Sale of Property	0	5,000
Contributions and Gifts	0	21,117
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 749,898</u>

(Continued)



Exhibit I-5

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

	Capital Projects Fund	
	General Capital Projects	Total
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 419,373
Circuit Court Clerk	0	105,153
General Sessions Court Clerk	0	208,855
Clerk and Master	0	137,074
Juvenile Court Clerk	0	23,209
Register	0	322,495
Sheriff	0	26,622
Trustee	0	621,802
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 1,864,583</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Airport Maintenance Program	\$ 49,395	\$ 76,066
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	32,000
Other Public Safety Grants	0	4,416
<u>Health and Welfare Grants</u>		
Health Department Programs	0	133,085
<u>Public Works Grants</u>		
Bridge Program	0	701,288
State Aid Program	0	751,161
Litter Program	0	47,183
<u>Other State Revenues</u>		
Beer Tax	0	18,175
Vehicle Certificate of Title Fees	0	9,329

(Continued)

Exhibit I-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Alcoholic Beverage Tax	\$ 0	\$ 110,405
State Revenue Sharing - T.V.A.	0	1,051,342
State Revenue Sharing - Telecommunications	0	6,585
Prisoner Transportation	0	7,107
Contracted Prisoner Boarding	0	622,830
Gasoline and Motor Fuel Tax	0	2,963,512
Petroleum Special Tax	0	27,717
Registrar's Salary Supplement	0	15,164
Other State Grants	0	109,725
Other State Revenues	0	26,804
Total State of Tennessee	<u>\$ 49,395</u>	<u>\$ 6,713,894</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	\$ 4,906	\$ 4,906
Civil Defense Reimbursement	0	52,000
COVID-19 Grant #1	0	14,615
Other Federal through State	0	23,177
<u>Direct Federal Revenue</u>		
Asset Forfeiture Funds	0	29,515
COVID-19 Grant #6	0	47,894
Other Direct Federal Revenue	0	37,689
Total Federal Government	<u>\$ 4,906</u>	<u>\$ 209,796</u>

(Continued)

Exhibit I-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<hr/>		
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Prisoner Board	\$ 0	\$ 110,304
Contributions	0	441,357
Contracted Services	0	18,667
<u>Other</u>		
Other	0	22
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 570,350</u>
Total	<u>\$ 54,301</u>	<u>\$ 30,285,103</u>

Exhibit I-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 5,391,841	\$ 0	\$ 0	\$ 5,391,841
Trustee's Collections - Prior Year	116,974	0	0	116,974
Circuit Clerk/Clerk and Master Collections - Prior Years	81,033	0	0	81,033
Interest and Penalty	23,709	0	0	23,709
Pickup Taxes	15,579	0	0	15,579
Payments in-Lieu-of Taxes - Local Utilities	2,845	0	0	2,845
Payments in-Lieu-of Taxes - Other	29,758	0	0	29,758
<u>County Local Option Taxes</u>				
Local Option Sales Tax	4,423,110	0	0	4,423,110
Mixed Drink Tax	9,061	0	0	9,061
Total Local Taxes	<u>\$ 10,093,910</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,093,910</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 3,410	\$ 0	\$ 0	\$ 3,410
Total Licenses and Permits	<u>\$ 3,410</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,410</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 96,096	\$ 0	\$ 0	\$ 96,096
Lunch Payments - Adults	0	0	7,036	7,036
Income from Breakfast	0	0	468	468
Other Charges for Services	0	0	130,189	130,189
Total Charges for Current Services	<u>\$ 96,096</u>	<u>\$ 0</u>	<u>\$ 137,693</u>	<u>\$ 233,789</u>

(Continued)

Exhibit I-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 5,866	\$ 0	\$ 0	\$ 5,866
Lease/Rentals	19,370	0	0	19,370
Miscellaneous Refunds	83,263	998	0	84,261
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	104	0	0	104
Contributions and Gifts	8,845	0	0	8,845
<u>Other Local Revenues</u>				
Other Local Revenues	640	0	0	640
Total Other Local Revenues	<u>\$ 118,088</u>	<u>\$ 998</u>	<u>\$ 0</u>	<u>\$ 119,086</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 34,388	\$ 0	\$ 0	\$ 34,388
<u>State Education Funds</u>				
Basic Education Program	17,041,636	0	0	17,041,636
Early Childhood Education	654,419	0	0	654,419
School Food Service	0	0	18,797	18,797
Other State Education Funds	377,953	0	0	377,953
Career Ladder Program	46,880	0	0	46,880
Total State of Tennessee	<u>\$ 18,155,276</u>	<u>\$ 0</u>	<u>\$ 18,797</u>	<u>\$ 18,174,073</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 981,466	\$ 981,466

(Continued)

Exhibit I-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
USDA - Commodities	\$ 0	\$ 0	\$ 110,099	\$ 110,099
Breakfast	0	0	413,959	413,959
USDA - Other	0	0	88,035	88,035
Vocational Education - Basic Grants to States	0	78,708	0	78,708
Title I Grants to Local Education Agencies	0	1,679,864	0	1,679,864
Special Education - Grants to States	0	1,248,819	0	1,248,819
Special Education Preschool Grants	0	58,103	0	58,103
English Language Acquisition Grants	0	9,569	0	9,569
Rural Education	0	60,875	0	60,875
21st Century Community Learning Centers	240,771	0	0	240,771
Eisenhower Professional Development State Grants	0	294,787	0	294,787
Job Training Partnership Act	4,000	0	0	4,000
COVID-19 Grant #1	0	0	38,685	38,685
COVID-19 Grant #2	0	0	133,158	133,158
COVID-19 Grant #3	0	0	19,233	19,233
COVID-19 Grant A	0	3,952	0	3,952
Other Federal through State	88,279	454,745	0	543,024
Total Federal Government	\$ 333,050	\$ 3,889,422	\$ 1,784,635	\$ 6,007,107
Total	\$ 28,799,830	\$ 3,890,420	\$ 1,941,125	\$ 34,631,375

Exhibit I-7

Fayette 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	\$	50,128	
Pensions		1,032	
Communication		963	
Contracts with Private Agencies		981	
Legal Services		16,786	
Duplicating Supplies		2,191	
Office Supplies		1,539	
Other Charges		10	
Office Equipment		3,936	
Total County Commission			\$ 77,566

Beer Board

Board and Committee Members Fees	\$	214	
Total Beer Board			214

County Mayor/Executive

County Official/Administrative Officer	\$	97,072	
Communication		961	
Dues and Memberships		28	
Legal Notices, Recording, and Court Costs		1,081	
Postal Charges		59	
Printing, Stationery, and Forms		19	
Travel		395	
Other Contracted Services		400	
Office Supplies		668	
Total County Mayor/Executive			100,683

Personnel Office

Supervisor/Director	\$	51,967	
Part-time Personnel		31,183	
In Service/Staff Development		260	
Total Personnel Office			83,410

County Attorney

Other Salaries and Wages	\$	74,840	
Other Per Diem and Fees		1,224	
Total County Attorney			76,064

Election Commission

Assistant(s)	\$	37,236	
Supervisor/Director		73,364	
Deputy(ies)		33,056	
Temporary Personnel		3,104	
Part-time Personnel		9,732	
Election Commission		6,417	
Election Workers		29,344	
Communication		2,344	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Data Processing Services	\$	5,345	
Dues and Memberships		400	
Janitorial Services		2,925	
Legal Notices, Recording, and Court Costs		3,637	
Maintenance and Repair Services - Buildings		2,927	
Maintenance and Repair Services - Office Equipment		969	
Postal Charges		14,620	
Printing, Stationery, and Forms		3,694	
Rentals		2,121	
Travel		414	
Office Supplies		5,038	
Other Supplies and Materials		10,916	
In Service/Staff Development		1,000	
Data Processing Equipment		63,612	
Office Equipment		951	
Total Election Commission			\$ 313,166

Register of Deeds

County Official/Administrative Officer	\$	81,524	
Assistant(s)		37,236	
Deputy(ies)		65,136	
Communication		1,035	
Data Processing Services		17,003	
Dues and Memberships		790	
Postal Charges		274	
Printing, Stationery, and Forms		478	
Rentals		813	
Office Supplies		453	
Total Register of Deeds			204,742

Development

Assistant(s)	\$	45,252	
Supervisor/Director		65,665	
Deputy(ies)		30,985	
Secretary(ies)		26,920	
Board and Committee Members Fees		3,141	
Communication		2,836	
Consultants		3,400	
Data Processing Services		17,625	
Dues and Memberships		25	
Legal Notices, Recording, and Court Costs		3,759	
Maintenance and Repair Services - Buildings		2,323	
Postal Charges		110	
Rentals		2,746	
Travel		486	
Office Supplies		2,245	
In Service/Staff Development		418	
Data Processing Equipment		416	
Total Development			208,352

(Continued)



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

General Fund (Cont.)

General Government (Cont.)

Building

Assistant(s)	\$	11,349	
Supervisor/Director		54,032	
Deputy(ies)		31,031	
Communication		48	
Contracts with Private Agencies		75	
Dues and Memberships		135	
Maintenance and Repair Services - Vehicles		531	
Printing, Stationery, and Forms		415	
Gasoline		3,948	
Other Supplies and Materials		220	
In Service/Staff Development		573	
Total Building			\$ 102,357

County Buildings

Custodial Personnel	\$	31,057	
Temporary Personnel		4,045	
Communication		10,039	
Contracts with Government Agencies		36,000	
Contracts with Other Public Agencies		2,486	
Contracts with Private Agencies		4,800	
Maintenance and Repair Services - Buildings		57,177	
Maintenance and Repair Services - Vehicles		823	
Postal Charges		25,045	
Rentals		15,234	
Custodial Supplies		3,558	
Gasoline		1,090	
Small Tools		128	
Uniforms		600	
Utilities		47,581	
Total County Buildings			239,663

Other Facilities

Propane Gas	\$	2,279	
Total Other Facilities			2,279

Other General Administration

Dues and Memberships	\$	81,177	
Total Other General Administration			81,177

Preservation of Records

Postal Charges	\$	64	
Maintenance and Repair Services - Records		800	
Office Supplies		692	
Total Preservation of Records			1,556

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Finance

Accounting and Budgeting

Supervisor/Director	\$	63,752	
Purchasing Personnel		39,513	
Educational Incentive - Other County Employees		1,000	
Audit Services		14,697	
Communication		1,799	
Data Processing Services		15,839	
Legal Notices, Recording, and Court Costs		974	
Maintenance and Repair Services - Office Equipment		35	
Travel		346	
Office Supplies		2,747	
In Service/Staff Development		1,450	
Data Processing Equipment		218	
Total Accounting and Budgeting			\$ 142,370

Property Assessor's Office

County Official/Administrative Officer	\$	81,524	
Assistant(s)		37,236	
Deputy(ies)		96,790	
Investigator(s)		41,575	
Board and Committee Members Fees		474	
Communication		3,733	
Consultants		7,900	
Data Processing Services		6,840	
Legal Notices, Recording, and Court Costs		2,699	
Maintenance and Repair Services - Office Equipment		30	
Maintenance and Repair Services - Vehicles		391	
Printing, Stationery, and Forms		430	
Rentals		813	
Travel		459	
Gasoline		1,148	
Office Supplies		954	
Other Supplies and Materials		153	
Data Processing Equipment		1,467	
Office Equipment		205	
Total Property Assessor's Office			284,821

Reappraisal Program

Consultants	\$	21,645	
Data Processing Services		13,538	
Total Reappraisal Program			35,183

County Trustee's Office

County Official/Administrative Officer	\$	81,524	
Assistant(s)		37,236	
Supervisor/Director		37,236	
Deputy(ies)		32,891	
Part-time Personnel		16,968	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Communication	\$	1,330	
Data Processing Services		13,031	
Dues and Memberships		1,355	
Legal Notices, Recording, and Court Costs		90	
Maintenance and Repair Services - Office Equipment		304	
Postal Charges		7,340	
Printing, Stationery, and Forms		8,236	
Rentals		1,151	
Travel		899	
Office Supplies		1,607	
Other Supplies and Materials		415	
In Service/Staff Development		2,470	
Data Processing Equipment		5,992	
Office Equipment		651	
Total County Trustee's Office			\$ 250,726

County Clerk's Office

County Official/Administrative Officer	\$	81,524	
Assistant(s)		73,386	
Deputy(ies)		102,204	
Part-time Personnel		15,024	
Other Salaries and Wages		1,073	
Communication		7,324	
Data Processing Services		23,692	
Dues and Memberships		930	
Printing, Stationery, and Forms		182	
Rentals		1,950	
Travel		1,476	
Office Supplies		10,326	
In Service/Staff Development		765	
Data Processing Equipment		569	
Total County Clerk's Office			320,425

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	81,524	
Assistant(s)		37,236	
Deputy(ies)		35,066	
Jury and Witness Expense		12,898	
Communication		2,879	
Data Processing Services		9,776	
Dues and Memberships		787	
Maintenance and Repair Services - Office Equipment		111	
Printing, Stationery, and Forms		1,706	
Travel		547	
Office Supplies		3,937	
In Service/Staff Development		235	
Data Processing Equipment		901	
Total Circuit Court			187,603

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Assistant(s)	\$	36,993	
Deputy(ies)		121,994	
Data Processing Services		4,628	
Postal Charges		150	
Printing, Stationery, and Forms		3,703	
Rentals		2,199	
Office Supplies		3,799	
Total General Sessions Court	\$		173,466

General Sessions Judge

Judge(s)	\$	177,715	
Deputy(ies)		45,574	
Communication		1,037	
Dues and Memberships		842	
Rentals		1,112	
Travel		1,677	
Office Supplies		450	
Other Supplies and Materials		672	
In Service/Staff Development		277	
Total General Sessions Judge			229,356

General Sessions Court Clerk

Assistant(s)	\$	34,290	
Deputy(ies)		32,891	
Data Processing Services		4,263	
Rentals		1,608	
Travel		122	
Office Supplies		548	
Data Processing Equipment		821	
Total General Sessions Court Clerk			74,543

Drug Court

Temporary Personnel	\$	48,251	
Longevity Pay		1,000	
Social Security		3,194	
Pensions		2,017	
Employee and Dependent Insurance		7,944	
Employer Medicare		747	
Contracts with Private Agencies		2,400	
Dues and Memberships		75	
Travel		1,965	
Other Contracted Services		2,107	
Workers' Compensation Insurance		186	
Total Drug Court			69,886

Chancery Court

County Official/Administrative Officer	\$	81,524	
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(Continued)

Exhibit I-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Assistant(s)	\$	86,905	
Deputy(ies)		32,890	
Communication		1,213	
Data Processing Services		9,360	
Dues and Memberships		775	
Legal Notices, Recording, and Court Costs		3,839	
Maintenance and Repair Services - Office Equipment		1,850	
Postal Charges		150	
Printing, Stationery, and Forms		2,361	
Rentals		1,773	
Travel		88	
Data Processing Supplies		1,246	
Office Supplies		1,630	
Office Equipment		920	
Total Chancery Court			\$ 226,524

Juvenile Court

Youth Service Officer(s)	\$	46,933	
Communication		192	
Data Processing Services		1,500	
Dues and Memberships		310	
Travel		1,368	
Other Contracted Services		340	
Other Supplies and Materials		734	
In Service/Staff Development		30	
Total Juvenile Court			51,407

Other Administration of Justice

Evaluation and Testing	\$	2,770	
Matching Share		20,000	
Other Contracted Services		5,757	
Office Supplies		544	
Office Equipment		2,516	
Total Other Administration of Justice			31,587

Victim Assistance Programs

Contracts with Private Agencies	\$	11,250	
Total Victim Assistance Programs			11,250

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	92,448	
Supervisor/Director		111,387	
Deputy(ies)		1,018,975	
Investigator(s)		181,927	
Captain(s)		100,545	
Lieutenant(s)		205,069	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Sergeant(s)	\$	277,391	
Salary Supplements		29,600	
Part-time Personnel		40,817	
Overtime Pay		81,928	
Employee and Dependent Insurance		294,694	
Advertising		242	
Communication		65,940	
Contracts with Private Agencies		11,233	
Maintenance and Repair Services - Buildings		118	
Maintenance and Repair Services - Office Equipment		266	
Maintenance and Repair Services - Vehicles		109,799	
Medical and Dental Services		7,148	
Postal Charges		150	
Printing, Stationery, and Forms		436	
Rentals		8,427	
Travel		7,043	
Other Contracted Services		500	
Duplicating Supplies		920	
Gasoline		157,838	
Office Supplies		12,318	
Uniforms		19,805	
Other Supplies and Materials		10,575	
Liability Insurance		112,457	
In Service/Staff Development		4,152	
Communication Equipment		27,720	
Data Processing Equipment		5,483	
Law Enforcement Equipment		8,151	
Motor Vehicles		18,000	
Total Sheriff's Department			\$ 3,023,502

Drug Enforcement

Supervisor/Director	\$	48,158	
Investigator(s)		65,395	
Salary Supplements		1,600	
Overtime Pay		19,633	
Social Security		8,555	
Pensions		4,935	
Employee and Dependent Insurance		11,792	
Employer Medicare		2,001	
Uniforms		83	
Total Drug Enforcement			162,152

Jail

Assistant(s)	\$	50,435	
Supervisor/Director		53,003	
Lieutenant(s)		77,023	
Sergeant(s)		102,264	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Data Processing Personnel	\$	74,245	
Salary Supplements		800	
Dispatchers/Radio Operators		455,314	
Guards		580,267	
Secretary(ies)		79,400	
Maintenance Personnel		72,014	
Part-time Personnel		24,205	
Overtime Pay		192,137	
Employee and Dependent Insurance		338,034	
Contracts with Private Agencies		48,504	
Data Processing Services		4,525	
Maintenance and Repair Services - Buildings		329,100	
Medical and Dental Services		782,167	
Postal Charges		1,450	
Printing, Stationery, and Forms		614	
Travel		8,401	
Custodial Supplies		40,221	
Food Supplies		253,291	
Gasoline		3,241	
Office Supplies		5,197	
Prisoners Clothing		6,573	
Uniforms		10,876	
Utilities		263,741	
Other Supplies and Materials		4,143	
Liability Insurance		62,332	
In Service/Staff Development		1,275	
Communication Equipment		8,129	
Law Enforcement Equipment		8,965	
Total Jail			\$ 3,941,886

Fire Prevention and Control

Assistant(s)	\$	39,695
Supervisor/Director		55,482
Mechanic(s)		53,482
Secretary(ies)		15,141
Part-time Personnel		113,270
Communication		11,081
Contracts with Government Agencies		131,000
Dues and Memberships		795
Evaluation and Testing		60
Forest Resource Services		2,000
Operating Lease Payments		10,200
Maintenance and Repair Services - Buildings		36,815
Maintenance and Repair Services - Equipment		13,946
Maintenance and Repair Services - Vehicles		37,159
Postal Charges		150
Printing, Stationery, and Forms		229

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Travel	\$	11,738	
Diesel Fuel		10,844	
Gasoline		11,510	
Natural Gas		269	
Office Supplies		707	
Propane Gas		6,198	
Uniforms		6,370	
Utilities		17,065	
Other Supplies and Materials		127,246	
Building and Contents Insurance		15,468	
Liability Insurance		8,535	
Vehicle and Equipment Insurance		43,992	
Workers' Compensation Insurance		39,787	
In Service/Staff Development		8,266	
Other Charges		20,011	
Administration Equipment		250	
Communication Equipment		12,295	
Motor Vehicles		23,000	
Office Equipment		337	
Other Equipment		67,887	
Total Fire Prevention and Control			\$ 952,280

Civil Defense

Assistant(s)	\$	15,141	
Supervisor/Director		55,482	
Deputy(ies)		39,696	
Communication		5,640	
Dues and Memberships		705	
Maintenance and Repair Services - Buildings		2,139	
Maintenance and Repair Services - Equipment		1,089	
Maintenance and Repair Services - Vehicles		4,946	
Postal Charges		150	
Travel		567	
Gasoline		6,630	
Instructional Supplies and Materials		941	
Office Supplies		1,032	
Uniforms		203	
Utilities		6,539	
Other Supplies and Materials		572	
Liability Insurance		15,321	
Other Equipment		2,139	
Total Civil Defense			158,932

Rescue Squad

Maintenance and Repair Services - Vehicles	\$	1,298	
Other Supplies and Materials		2,207	
Total Rescue Squad			3,505

(Continued)



Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Other Contracted Services	\$	7,005	
Other Supplies and Materials		1,843	
Total Other Emergency Management			\$ 8,848

Inspection and Regulation

Other Contracted Services	\$	22,788	
Total Inspection and Regulation			22,788

County Coroner/Medical Examiner

Contracts with Government Agencies	\$	28,080	
Medical and Dental Services		1,650	
Transportation - Other than Students		4,600	
Total County Coroner/Medical Examiner			34,330

Other Public Safety

Mechanic(s)	\$	73,827	
Employee and Dependent Insurance		15,888	
Equipment Parts - Light		49,379	
Gasoline		1,952	
Uniforms		381	
Utilities		3,683	
Other Supplies and Materials		65	
Total Other Public Safety			145,175

Public Health and Welfare

Local Health Center

Communication	\$	11,573	
Dues and Memberships		228	
Janitorial Services		12,000	
Maintenance and Repair Services - Buildings		26,540	
Postal Charges		150	
Drugs and Medical Supplies		1,506	
Office Supplies		865	
Utilities		11,779	
Total Local Health Center			64,641

Rabies and Animal Control

Deputy(ies)	\$	20,596	
Investigator(s)		35,085	
Communication		580	
Maintenance and Repair Services - Buildings		109	
Maintenance and Repair Services - Vehicles		93	
Veterinary Services		61	
Animal Food and Supplies		190	
Gasoline		3,689	
Uniforms		706	
Utilities		3,094	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Other Supplies and Materials	\$	373	
In Service/Staff Development		175	
Total Rabies and Animal Control			\$ 64,751

Ambulance/Emergency Medical Services

Supervisor/Director	\$	76,416	
Lieutenant(s)		82,084	
Secretary(ies)		37,236	
Attendants		784,680	
Part-time Personnel		93,382	
Overtime Pay		484,478	
Social Security		96,900	
Pensions		55,004	
Employee and Dependent Insurance		190,442	
Employer Medicare		22,662	
Communication		12,346	
Contracts with Private Agencies		15,000	
Debt Collection Services		103,756	
Licenses		3,115	
Maintenance and Repair Services - Buildings		5,159	
Maintenance and Repair Services - Office Equipment		2,255	
Maintenance and Repair Services - Vehicles		82,655	
Rentals		2,104	
Travel		60	
Custodial Supplies		2,076	
Diesel Fuel		51,912	
Drugs and Medical Supplies		104,173	
Gasoline		2,338	
Office Supplies		3,173	
Uniforms		1,443	
Utilities		8,453	
Other Supplies and Materials		19,533	
Building and Contents Insurance		689	
Liability Insurance		14,621	
Vehicle and Equipment Insurance		37,943	
In Service/Staff Development		2,130	
Furniture and Fixtures		758	
Total Ambulance/Emergency Medical Services			2,398,976

Dental Health Program

Medical Personnel	\$	41,140	
Paraprofessionals		20,349	
Clerical Personnel		13,568	
Social Security		5,343	
Pensions		3,571	
Employee and Dependent Insurance		12,578	
Employer Medicare		1,249	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Other Fringe Benefits	\$	659	
Travel		1,085	
Drugs and Medical Supplies		2,713	
Workers' Compensation Insurance		2,500	
Total Dental Health Program			\$ 104,755

Alcohol and Drug Programs

Contracts with Private Agencies	\$	7,200	
Total Alcohol and Drug Programs			7,200

Crippled Children Services

Contracts with Government Agencies	\$	2,216	
Total Crippled Children Services			2,216

Appropriation to State

Contracts with Government Agencies	\$	14,971	
Total Appropriation to State			14,971

Sanitation Education/Information

Foremen	\$	24,365	
Overtime Pay		96	
Social Security		1,363	
Pensions		902	
Employee and Dependent Insurance		5,296	
Employer Medicare		319	
Maintenance and Repair Services - Vehicles		477	
Other Supplies and Materials		2,741	
Workers' Compensation Insurance		2,030	
Other Charges		14,150	
Total Sanitation Education/Information			51,739

Social, Cultural, and Recreational Services

Libraries

Assistant(s)	\$	57,840	
Supervisor/Director		38,353	
Librarians		14,458	
Part-time Personnel		21,536	
Social Security		8,266	
Pensions		3,652	
Employee and Dependent Insurance		23,170	
Employer Medicare		1,933	
Communication		3,860	
Janitorial Services		7,800	
Maintenance and Repair Services - Buildings		12,853	
Maintenance and Repair Services - Office Equipment		800	
Matching Share		5,604	
Travel		97	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Library Books/Media	\$	23,029	
Office Supplies		2,090	
Utilities		7,939	
Other Supplies and Materials		592	
Other Charges		2,245	
Data Processing Equipment		2,525	
Total Libraries			\$ 238,642

Agriculture and Natural Resources

Agricultural Extension Service

Board and Committee Members Fees	\$	1,734	
Communication		3,744	
Contracts with Government Agencies		87,249	
Contributions		2,000	
Dues and Memberships		542	
Maintenance and Repair Services - Buildings		3,700	
Rentals		14,036	
Travel		3,912	
Custodial Supplies		363	
Utilities		4,899	
Office Equipment		4,974	
Total Agricultural Extension Service			127,153

Soil Conservation

Secretary(ies)	\$	35,642	
Educational Assistants		24,130	
Dues and Memberships		625	
Travel		4,036	
Office Supplies		384	
Total Soil Conservation			64,817

Other Operations

Airport

Supervisor/Director	\$	39,244	
Part-time Personnel		31,855	
Advertising		36	
Communication		14,298	
Engineering Services		16,000	
Maintenance and Repair Services - Buildings		26,800	
Travel		687	
Custodial Supplies		216	
Diesel Fuel		1,160	
Gasoline		83,429	
Office Supplies		2,107	
Uniforms		335	
Utilities		19,222	
Liability Insurance		8,345	
Total Airport			243,734

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	16,726	
Part-time Personnel		28	
Communication		1,538	
Maintenance and Repair Services - Buildings		1,850	
Travel		654	
Office Supplies		1,634	
Other Supplies and Materials		2,073	
Total Veterans' Services	\$		24,503

Other Charges

Boiler Insurance	\$	50	
Liability Insurance		75,460	
Premiums on Corporate Surety Bonds		16,816	
Trustee's Commission		263,929	
Tax Relief Program		48,989	
Total Other Charges			405,244

Contributions to Other Agencies

Contracts with Government Agencies	\$	50,000	
Contracts with Other Public Agencies		2,575	
Contributions		33,424	
Total Contributions to Other Agencies			85,999

Employee Benefits

Longevity Pay	\$	153,800	
Social Security		453,003	
Pensions		250,979	
Employee and Dependent Insurance		465,844	
Unemployment Compensation		3,943	
Employer Medicare		106,565	
Medical and Dental Services		7,002	
Workers' Compensation Insurance		368,603	
Total Employee Benefits			1,809,739

COVID-19 Grant #1

Other Charges	\$	19,486	
Total COVID-19 Grant #1			19,486

Miscellaneous

Contracts with Government Agencies	\$	10,205	
Refunds		50,000	
Total Miscellaneous			60,205

Total General Fund \$ 17,822,545

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Contracts with Public Carriers	\$	445,531	
Total Convenience Centers	\$		445,531

(Continued)

Exhibit I-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance

Supervisor/Director	\$	63,328	
Accountants/Bookkeepers		36,939	
Equipment Operators - Heavy		195,916	
Temporary Personnel		16,850	
Longevity Pay		8,000	
Overtime Pay		16,568	
Board and Committee Members Fees		225	
In-service Training		1,537	
Social Security		21,189	
Pensions		10,559	
Employee and Dependent Insurance		54,979	
Employer Medicare		4,956	
Communication		3,163	
Contracts with Government Agencies		6,678	
Data Processing Services		8,169	
Evaluation and Testing		4,880	
Legal Notices, Recording, and Court Costs		8,364	
Licenses		300	
Maintenance and Repair Services - Buildings		11,489	
Maintenance and Repair Services - Equipment		6,429	
Diesel Fuel		4,169	
Equipment and Machinery Parts		38,370	
Gasoline		13,259	
Lubricants		307	
Tires and Tubes		3,810	
Utilities		10,059	
Other Supplies and Materials		4,065	
Liability Insurance		44,446	
Trustee's Commission		14,904	
Workers' Compensation Insurance		22,581	
Other Charges		9,083	
Site Development		31,482	
Solid Waste Equipment		130,966	
Total Landfill Operation and Maintenance			\$ 808,019

Total Solid Waste/Sanitation Fund \$ 1,253,550

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	2,000
Confidential Drug Enforcement Payments		3,000
Veterinary Services		455
Animal Food and Supplies		174
Instructional Supplies and Materials		555
Law Enforcement Supplies		6,897
Trustee's Commission		453

(Continued)

Exhibit I-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

In Service/Staff Development	\$	1,345	
Law Enforcement Equipment		8,882	
Motor Vehicles		50,879	
Other Equipment		5,597	
Total Drug Enforcement			\$ 80,237

Other Public Safety

Law Enforcement Supplies	\$	30,312	
Total Other Public Safety			30,312

Total Drug Control Fund \$ 110,549

Adequate Facilities/ Development Tax Fund

Other Operations

Other Charges

Trustee's Commission	\$	7,233	
Total Other Charges			\$ 7,233

Total Adequate Facilities/ Development Tax Fund 7,233

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	89,676	
Accountants/Bookkeepers		73,376	
Board and Committee Members Fees		6,840	
In-service Training		1,343	
Data Processing Services		16,286	
Dues and Memberships		4,382	
Rentals		2,800	
Office Supplies		2,308	
Other Charges		18,501	
Total Administration			\$ 215,512

Highway and Bridge Maintenance

Supervisor/Director	\$	171,063
Foremen		193,143
Equipment Operators		197,315
Equipment Operators - Light		85,873
Truck Drivers		443,039
Laborers		381,633
Longevity Pay		52,000
Overtime Pay		71,922
Freight Expenses		169,421
Other Contracted Services		104,400
Asphalt - Liquid		91,252
Crushed Stone		50,931

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Road Signs	\$	18,045	
Small Tools		2,264	
Other Supplies and Materials		7,154	
Total Highway and Bridge Maintenance			\$ 2,039,455

Operation and Maintenance of Equipment

Mechanic(s)	\$	164,252	
Maintenance and Repair Services - Equipment		17,862	
Diesel Fuel		108,617	
Equipment and Machinery Parts		99,627	
Garage Supplies		5,039	
Gasoline		36,014	
Lubricants		13,947	
Small Tools		905	
Tires and Tubes		34,795	
Other Supplies and Materials		9,451	
Other Capital Outlay		8,092	
Total Operation and Maintenance of Equipment			498,601

Other Charges

Communication	\$	5,617	
Utilities		22,505	
Liability Insurance		96,958	
Trustee's Commission		57,991	
Liability Claims		500	
Total Other Charges			183,571

Employee Benefits

Social Security	\$	145,210	
Pensions		68,868	
Employee and Dependent Insurance		340,239	
Evaluation and Testing		1,968	
Workers' Compensation Insurance		161,197	
Total Employee Benefits			717,482

Capital Outlay

Bridge Construction	\$	167,515	
Highway Equipment		378,215	
State Aid Projects		2,247,574	
Other Construction		602,019	
Total Capital Outlay			<u>3,395,323</u>

Total Highway/Public Works Fund \$ 7,049,944

(Continued)



Exhibit I-7

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

<u>General Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Bonds	\$	604,055	
Principal on Notes		<u>68,120</u>	
Total General Government			\$ 672,175
<u>Education</u>			
Principal on Bonds	\$	950,945	
Principal on Notes		<u>65,000</u>	
Total Education			1,015,945
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	222,710	
Interest on Notes		<u>2,377</u>	
Total General Government			225,087
<u>Education</u>			
Interest on Bonds	\$	545,571	
Interest on Notes		<u>4,980</u>	
Total Education			550,551
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	22,883	
Other Debt Service		<u>1,412</u>	
Total General Government			24,295
<u>Education</u>			
Other Debt Service	\$	<u>2,014</u>	
Total Education			<u>2,014</u>
Total General Debt Service Fund			\$ 2,490,067
<u>General Capital Projects Fund</u>			
<u>General Government</u>			
<u>Development</u>			
Office Equipment	\$	<u>16,559</u>	
Total Development			\$ 16,559
<u>Other Facilities</u>			
Maintenance and Repair Services - Buildings	\$	1,500	
Building Construction		<u>11,730</u>	
Total Other Facilities			13,230
<u>Finance</u>			
<u>Accounting and Budgeting</u>			
Office Equipment	\$	<u>5,509</u>	
Total Accounting and Budgeting			5,509

(Continued)

Exhibit I-7

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

General Capital Projects Fund (Cont.)

Public Safety

Sheriff's Department

Motor Vehicles	\$	233,199	
Office Equipment		<u>90,022</u>	
Total Sheriff's Department	\$		323,221

Fire Prevention and Control

Other Supplies and Materials	\$	50,000	
Motor Vehicles		<u>3,750</u>	
Total Fire Prevention and Control			53,750

Civil Defense

Other Supplies and Materials	\$	6,643	
Total Civil Defense			6,643

Public Health and Welfare

Ambulance/Emergency Medical Services

Other Supplies and Materials	\$	41,755	
Motor Vehicles		<u>10,810</u>	
Total Ambulance/Emergency Medical Services			52,565

Other Operations

Airport

Maintenance and Repair Services - Buildings	\$	49,395	
Total Airport			<u>49,395</u>

Total General Capital Projects Fund \$ 520,872

Total Governmental Funds - Primary Government \$ 29,254,760

Exhibit I-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,650,433	
Career Ladder Program	28,000	
Educational Assistants	364,162	
Other Salaries and Wages	564,779	
Certified Substitute Teachers	70,026	
Non-certified Substitute Teachers	154,872	
Social Security	582,825	
Pensions	642,869	
Medical Insurance	906,831	
Employer Medicare	115,771	
Other Contracted Services	582,611	
Instructional Supplies and Materials	139,100	
Textbooks - Bound	348,834	
Other Supplies and Materials	10,606	
Regular Instruction Equipment	21,945	
Other Equipment	6,015	
Total Regular Instruction Program		\$ 12,189,679

Special Education Program

Teachers	\$ 1,172,929	
Career Ladder Program	4,000	
Homebound Teachers	6,988	
Educational Assistants	135,168	
Speech Pathologist	184,520	
Other Salaries and Wages	62,389	
Certified Substitute Teachers	2,644	
Non-certified Substitute Teachers	31,700	
Social Security	89,813	
Pensions	137,763	
Medical Insurance	142,520	
Employer Medicare	21,036	
Special Education Equipment	5,025	
Total Special Education Program		1,996,495

Career and Technical Education Program

Teachers	\$ 604,336	
Career Ladder Program	500	
Non-certified Substitute Teachers	1,001	
Social Security	30,795	
Pensions	52,231	
Medical Insurance	35,440	
Employer Medicare	7,202	
Travel	2,069	
Other Contracted Services	20,085	
Vocational Instruction Equipment	5,331	
Total Career and Technical Education Program		758,990

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	58,540	
Career Ladder Program		1,000	
Clerical Personnel		26,140	
Social Security		4,956	
Pensions		7,343	
Medical Insurance		4,818	
Employer Medicare		1,159	
Travel		923	
Other Contracted Services		25,920	
Other Supplies and Materials		483	
In Service/Staff Development		915	
Total Attendance			\$ 132,197

Health Services

Supervisor/Director	\$	49,417	
Medical Personnel		274,361	
Social Security		18,969	
Pensions		23,729	
Medical Insurance		33,432	
Employer Medicare		4,436	
Communication		1,211	
Travel		1,082	
Other Contracted Services		15,306	
Drugs and Medical Supplies		3,415	
Other Supplies and Materials		6,341	
In Service/Staff Development		745	
Health Equipment		1,541	
Total Health Services			433,985

Other Student Support

Guidance Personnel	\$	423,353	
Clerical Personnel		30,938	
Other Salaries and Wages		294,611	
Social Security		44,321	
Pensions		46,353	
Medical Insurance		44,277	
Unemployment Compensation		1,968	
Employer Medicare		10,359	
Contracts with Other School Systems		20,737	
Travel		16,897	
Other Contracted Services		114,191	
Instructional Supplies and Materials		6,381	
Other Supplies and Materials		69,838	
In Service/Staff Development		5,709	
Other Charges		33,772	
Other Equipment		44,397	
Total Other Student Support			1,208,102

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	214,342	
Career Ladder Program		4,000	
Librarians		295,703	
Other Salaries and Wages		57,987	
Non-certified Substitute Teachers		385	
Social Security		33,530	
Pensions		56,538	
Medical Insurance		35,227	
Employer Medicare		7,841	
Travel		5,150	
Other Contracted Services		62,065	
Periodicals		196	
Other Supplies and Materials		221	
In Service/Staff Development		14,114	
Other Charges		397	
Total Regular Instruction Program			\$ 787,696

Special Education Program

Supervisor/Director	\$	48,519	
Psychological Personnel		51,600	
Assessment Personnel		1,703	
Social Security		5,266	
Pensions		10,824	
Medical Insurance		15,246	
Employer Medicare		1,232	
Communication		44	
Travel		108	
Total Special Education Program			134,542

Career and Technical Education Program

Supervisor/Director	\$	48,338	
Secretary(ies)		16,293	
Other Salaries and Wages		61,203	
Social Security		7,300	
Pensions		12,243	
Medical Insurance		7,900	
Employer Medicare		1,707	
In Service/Staff Development		200	
Total Career and Technical Education Program			155,184

Technology

Supervisor/Director	\$	100,630	
Data Processing Personnel		25,518	
Social Security		6,992	
Pensions		8,926	
Medical Insurance		13,498	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Technology (Cont.)

Employer Medicare	\$	1,635	
Communication		193,138	
Postal Charges		4,848	
Internet Connectivity		40,986	
Travel		753	
Other Contracted Services		7,068	
Software		11,488	
Other Supplies and Materials		547	
Other Equipment		7,437	
Total Technology			\$ 423,464

Other Programs

On-behalf Payments to OPEB	\$	34,388	
Total Other Programs			34,388

Board of Education

Longevity Pay	\$	22,900	
Board and Committee Members Fees		25,710	
Social Security		2,548	
Pensions		842	
Unemployment Compensation		27,435	
Employer Medicare		582	
Audit Services		16,095	
Dues and Memberships		2,175	
Legal Services		15,659	
Travel		21,517	
Other Contracted Services		26,805	
Other Supplies and Materials		1,411	
Liability Insurance		98,554	
Premiums on Corporate Surety Bonds		1,190	
Trustee's Commission		217,505	
Workers' Compensation Insurance		174,933	
In Service/Staff Development		15,899	
Other Charges		25,884	
Total Board of Education			697,644

Director of Schools

County Official/Administrative Officer	\$	146,365	
Career Ladder Program		500	
Secretary(ies)		85,890	
Clerical Personnel		70,585	
Other Salaries and Wages		37,010	
Social Security		19,506	
Pensions		25,156	
Medical Insurance		21,436	
Unemployment Compensation		287	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Employer Medicare	\$	4,632	
Communication		898	
Dues and Memberships		9,292	
Travel		8,299	
Office Supplies		1,817	
Other Supplies and Materials		3,661	
In Service/Staff Development		3,624	
Other Charges		23,696	
Administration Equipment		5,999	
Total Director of Schools			\$ 468,653

Office of the Principal

Principals	\$	585,080	
Career Ladder Program		1,500	
Assistant Principals		571,573	
Secretary(ies)		160,275	
Clerical Personnel		142,425	
Social Security		84,354	
Pensions		134,962	
Medical Insurance		99,085	
Employer Medicare		19,756	
Communication		323	
Other Contracted Services		2,533	
Total Office of the Principal			1,801,866

Fiscal Services

Supervisor/Director	\$	94,635	
Accountants/Bookkeepers		1,500	
Other Salaries and Wages		125,619	
Social Security		10,582	
Pensions		8,573	
Medical Insurance		11,349	
Employer Medicare		2,475	
Travel		3,182	
Other Contracted Services		23,618	
Data Processing Supplies		1,328	
Office Supplies		2,285	
In Service/Staff Development		840	
Total Fiscal Services			285,986

Human Services/Personnel

Supervisor/Director	\$	79,905	
Social Security		4,384	
Pensions		8,494	
Medical Insurance		7,026	
Employer Medicare		1,025	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Travel	\$	1,434	
Office Supplies		6,570	
Other Supplies and Materials		879	
Total Human Services/Personnel			\$ 109,717

Operation of Plant

Custodial Personnel	\$	458,005	
Other Salaries and Wages		46,750	
Social Security		29,790	
Pensions		17,788	
Medical Insurance		29,478	
Employer Medicare		6,967	
Rentals		4,294	
Disposal Fees		26,787	
Other Contracted Services		72,415	
Custodial Supplies		50,814	
Electricity		690,040	
Natural Gas		71,747	
Water and Sewer		58,446	
Other Supplies and Materials		2,184	
Boiler Insurance		11,725	
Building and Contents Insurance		213,624	
Other Charges		1,810	
Total Operation of Plant			1,792,664

Maintenance of Plant

Supervisor/Director	\$	51,333	
Mechanic(s)		173,536	
Other Salaries and Wages		141,480	
Social Security		21,406	
Pensions		12,830	
Medical Insurance		32,132	
Employer Medicare		5,006	
Maintenance and Repair Services - Buildings		19,241	
Other Contracted Services		81,791	
General Construction Materials		95,159	
Other Supplies and Materials		8,421	
In Service/Staff Development		250	
Other Charges		2,672	
Administration Equipment		42,252	
Maintenance Equipment		6,957	
Total Maintenance of Plant			694,466

Transportation

Supervisor/Director	\$	32,533	
Mechanic(s)		265,115	

(Continued)



Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Bus Drivers	\$	1,050,095	
Clerical Personnel		37,338	
Other Salaries and Wages		284,768	
Social Security		100,121	
Pensions		50,846	
Medical Insurance		53,547	
Employer Medicare		23,597	
Communication		4,625	
Maintenance and Repair Services - Vehicles		25,368	
Rentals		1,108	
Other Contracted Services		36,891	
Diesel Fuel		159,969	
Equipment and Machinery Parts		724	
Gasoline		84,030	
Lubricants		8,875	
Tires and Tubes		40,106	
Vehicle Parts		143,829	
Other Supplies and Materials		4,615	
Vehicle and Equipment Insurance		65,956	
Other Charges		16,051	
Transportation Equipment		196,801	
Total Transportation			\$ 2,686,908

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	23,230	
Teachers		178,325	
Clerical Personnel		18,297	
Other Salaries and Wages		219,645	
Social Security		25,095	
Pensions		22,932	
Employer Medicare		6,180	
Travel		571	
Instructional Supplies and Materials		560	
In Service/Staff Development		200	
Other Charges		21,764	
Other Equipment		1,380	
Total Community Services			518,179

Early Childhood Education

Supervisor/Director	\$	30,010	
Teachers		539,543	
Educational Assistants		195,075	
Certified Substitute Teachers		1,980	
Non-certified Substitute Teachers		2,473	
Social Security		44,088	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Pensions	\$	62,236	
Medical Insurance		68,694	
Employer Medicare		10,336	
Other Supplies and Materials		466	
Total Early Childhood Education			\$ 954,901

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	13,661	
Building Improvements		733,648	
Furniture and Fixtures		56,621	
Other Capital Outlay		60,937	
Total Regular Capital Outlay			864,867

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	394,780	
Total Education			394,780

Total General Purpose School Fund \$ 29,525,353

School Federal Projects Fund

Instruction

Regular Instruction Program

Part-time Personnel	\$	28,921	
Other Salaries and Wages		12,089	
Certified Substitute Teachers		420	
Non-certified Substitute Teachers		758	
Social Security		2,588	
Pensions		307	
Employer Medicare		605	
Other Contracted Services		287,649	
Instructional Supplies and Materials		48,113	
Software		12,080	
Fee Waivers		6,095	
Other Charges		10,190	
Regular Instruction Equipment		313,901	
Total Regular Instruction Program			\$ 723,716

Special Education Program

Educational Assistants	\$	344,710	
Certified Substitute Teachers		197	
Non-certified Substitute Teachers		1,874	
Social Security		21,134	
Pensions		13,312	
Medical Insurance		8,086	

(Continued)

Exhibit I-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	4,943	
Other Contracted Services		10,799	
Instructional Supplies and Materials		166,280	
Other Supplies and Materials		22,495	
Special Education Equipment		135,350	
Total Special Education Program			\$ 729,180

Career and Technical Education Program

Instructional Supplies and Materials	\$	4,060	
Other Supplies and Materials		3,098	
Vocational Instruction Equipment		65,357	
Total Career and Technical Education Program			72,515

Support Services

Health Services

Other Supplies and Materials	\$	936	
Other Equipment		6,775	
Total Health Services			7,711

Other Student Support

Supervisor/Director	\$	41,250	
Social Workers		77,112	
Bonus Payments		20,000	
Other Salaries and Wages		82,307	
Social Security		12,709	
Pensions		11,976	
Medical Insurance		16,296	
Employer Medicare		2,972	
Evaluation and Testing		55	
Travel		517	
Other Contracted Services		90,214	
Other Supplies and Materials		71,042	
In Service/Staff Development		9,746	
Other Charges		7,030	
Other Equipment		78,842	
Total Other Student Support			522,068

Regular Instruction Program

Supervisor/Director	\$	51,508	
Secretary(ies)		24,242	
Other Salaries and Wages		614,865	
In-service Training		14,309	
Social Security		39,812	
Pensions		67,615	
Medical Insurance		53,087	
Employer Medicare		9,311	

(Continued)

Exhibit I-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Retirement - Hybrid Stabilization	\$	1,494	
Travel		1,795	
Other Contracted Services		205,269	
Other Supplies and Materials		19,698	
In Service/Staff Development		129,027	
Other Charges		31,312	
Other Equipment		3,394	
Total Regular Instruction Program			\$ 1,266,738

Special Education Program

Medical Personnel	\$	63,501	
Clerical Personnel		12,625	
Social Security		4,400	
Pensions		7,239	
Medical Insurance		4,818	
Employer Medicare		1,029	
Travel		9,253	
Other Contracted Services		190,470	
Other Supplies and Materials		1,489	
In Service/Staff Development		21,578	
Other Charges		2,300	
Total Special Education Program			318,702

Career and Technical Education Program

In Service/Staff Development	\$	189	
Total Career and Technical Education Program			189

Transportation

Bus Drivers	\$	798	
Other Salaries and Wages		152,048	
Social Security		9,458	
Pensions		4,333	
Employer Medicare		2,212	
Contracts with Parents		5,771	
Transportation Equipment		10,225	
Total Transportation			184,845

Total School Federal Projects Fund \$ 3,825,664

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	50,155	
Accountants/Bookkeepers		34,092	
Cafeteria Personnel		748,863	
Maintenance Personnel		42,254	

(Continued)

Exhibit I-8

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Longevity Pay	\$	2,900
Social Security		52,519
Pensions		11,365
Medical Insurance		20,693
Unemployment Compensation		920
Employer Medicare		12,283
Maintenance and Repair Services - Equipment		6,344
Travel		5,897
Other Contracted Services		45,808
Food Supplies		707,196
Gasoline		104
USDA - Commodities		110,099
Other Supplies and Materials		69,872
Workers' Compensation Insurance		22,896
Other Charges		8,248
Food Service Equipment		99,361
Total Food Service		<u>\$ 2,051,869</u>
Total Central Cafeteria Fund		<u>\$ 2,051,869</u>
Total Governmental Funds - Fayette County School Department		<u><u>\$ 35,402,886</u></u>

Exhibit I-9

Fayette County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2020

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 3,688,034
Total Cash Receipts	<u>\$ 3,688,034</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 3,651,151
Trustee's Commission	<u>36,883</u>
Total Cash Disbursements	<u>\$ 3,688,034</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>

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## SINGLE AUDIT SECTION

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JASON E. MUMPOWER  
*Comptroller*

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

Independent Auditor's Report

Fayette County Mayor and  
Board of County Commissioners  
Fayette County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Fayette County's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 13, 2021.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the following deficiency, described in the accompanying Schedule of Findings and Questioned Costs, to be a material weakness: 2020-001.

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. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies: 2020-002(C), 2020-003, 2020-004 and 2020-005(B, C, D).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fayette 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(A, B) and 2020-005(A).

### **Fayette County's Responses to the Findings**

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

Very truly yours,



Jason E. Mumpower  
Comptroller of the Treasury  
Nashville, Tennessee

January 13, 2021

JEM/yu



JASON E. MUMPOWER  
*Comptroller*

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

Independent Auditor's Report

Fayette County Mayor and  
Board of County Commissioners  
Fayette County, Tennessee

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

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

### ***Opinion on Each Major Federal Program***

In our opinion, Fayette 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 Fayette 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 Fayette 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 Fayette County's internal control over compliance.

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

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

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

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Fayette County's basic financial statements. We issued our report thereon dated January 13, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Jason E. Mumpower  
Comptroller of the Treasury  
Nashville, Tennessee

January 13, 2021

JEM/yu

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed-through to Subrecipients	Expenditures
U.S. Department of Agriculture:				
Passed-through State Department of Education:				
Child Nutrition Cluster: (3)				
School Breakfast Program	10.553	N/A	\$ 0	\$ 413,959 (6)
COVID 19 - School Breakfast Program	10.553	N/A	0	38,685 (6)
National School Lunch Program	10.555	N/A	0	981,466 (6)
COVID 19 - National School Lunch Program	10.555	N/A	0	133,158 (6)
Summer Food Service Program for Children	10.559	N/A	0	42,214 (6)
COVID 19 - Summer Food Service Program for Children	10.559	N/A	0	19,233 (6)
Fresh Fruit and Vegetable Program	10.582	N/A	0	36,222
Passed-through State Department of Agriculture:				
Child Nutrition Cluster: (3)				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	0	110,099 (6)
Rebate of Storage and Distribution Fees	10.555	N/A	0	9,598 (6)
Passed-through State Department of Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-19-59520-01	0	28,840
Total U.S. Department of Agriculture				<u>\$ 1,813,474</u>
U.S. Department of Defense:				
Passed-through State Department of General Services:				
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	0	\$ 532,973 (7)
Total U.S. Department of Defense			0	<u>\$ 532,973</u>
U.S. Department of Housing and Urban Development:				
Passed-through State Department of Economic and Community Development:				
Community Development Block Grants/State's Program	14.228	33004-93318	0	\$ 4,906
Total U.S. Department of Housing and Urban Development				<u>\$ 4,906</u>
U.S. Department of Justice:				
Direct Grant:				
Federal Asset Forfeiture Program	16.U01	N/A	0	\$ 29,515
Total U.S. Department of Justice				<u>\$ 29,515</u>
U.S. Department of Labor:				
Passed-through City of Memphis, Tennessee:				
WIOA Cluster: (3)				
WIA Adult Program	17.258	(4)	0	\$ 4,000
Total U.S. Department of Labor				<u>\$ 4,000</u>
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
Airport Improvement Program	20.106	(5)	0	\$ 50,845
Alcohol Open Container Requirements	20.607	(4)	0	4,416
Total U.S. Department of Transportation				<u>\$ 55,261</u>
U.S. Department of Education:				
Passed-through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	N/A	0	\$ 1,702,636
Special Education Cluster: (3)				
Special Education - Grants to States	84.027	N/A	0	1,169,045 (6)
COVID 19 - Special Education - Grants to States	84.027	N/A	0	3,952 (6)
Special Education - Preschool Grants	84.173	N/A	0	58,103
Career and Technical Education - Basic Grants to States	84.048	N/A	0	73,236
Career and Technical Education - Grants to Native Americans and Alaska Natives	84.101	N/A	0	119,645
Education for Homeless Children and Youth	84.196	N/A	0	5,534
Twenty-first Century Community Learning Centers	84.287	N/A	0	240,771
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	0	88,279
Rural Education	84.358	N/A	0	60,875
English Language Acquisition State Grants	84.365	N/A	4,840	9,566 (9)
Supporting Effective Instruction State Grants	84.367	N/A	0	295,693
Student Support and Academic Enrichment Program	84.424	N/A	0	50,401
Total U.S. Department of Education				<u>\$ 3,877,736</u>

(Continued)

Fayette County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (8) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number		Expenditures
U.S. Elections Assistance Commission:				
Passed-through Tennessee Secretary of State:				
2020 HAVA Election Security Grants	90.404	(4)	\$ 0	\$ 1,837
Total U.S. Elections Assistance Commission				\$ 1,837
U.S. Department of Health and Human Services:				
Passed-through State Department of Health:				
Family Planning Services	93.217	GG-19-59520-01	0	\$ 6,228
Maternal and Child Health Services Block Grant to the States	93.994	GG-19-59520-01	0	4,498
Passed-through State Department of Human Services:				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	(4)	0	276,980
Total U.S. Department of Health and Human Services				\$ 287,706
U.S. Department of Homeland Security:				
Passed-through State Department of Military:				
Emergency Management Performance Grants	97.042	(4)	0	\$ 52,000
Homeland Security Grant Program	97.067	(4)	0	21,340
Total U.S. Department of Homeland Security				\$ 73,340
Total Expenditures of Federal Awards				\$ 6,680,748

State Grants:		Contract Number		
Airport Maintenance - State Department of Transportation	N/A	(4)	\$	23,916
Airport REIL Replacement Design - State Department of Transportation	N/A	(4)		1,305
Local Health Services - State Department of Health	N/A	(4)		78,786
Litter Program - State Department of Transportation	N/A	(4)		47,183
Library Technology Grant - State Department of Library and Archives	N/A	(4)		2,623
Certified Drug Court Program - State Department of Mental Health and Substance Abuse Services	N/A	(4)		104,854
Fayette County Sober Drivers Project - State Department of Safety and Homeland Security	N/A	(4)		9,488
Early Childhood Education - State Department of Education	N/A	(4)		654,419
Beyond the Bell - Lottery for Education - State Department of Education	N/A	(4)		150,364
Entrepreneurial Education Contract - State Department of Education	N/A	(4)		6,760
Priority Schools Grant - State Department of Education	N/A	(4)		17,742
Coordinated School Health - State Department of Education	N/A	(4)		69,701
School Safety Grant - State Department of Education	N/A	(4)		40,034
Safe Schools Act - State Department of Education	N/A	(4)		38,795
Total State Grants			\$	1,245,970

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) Fayette County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster total \$1,748,412; WIOA Cluster total \$4,000; Special Education Cluster total \$1,231,100.
- (4) Information not available.
- (5) 40100-00619: \$1,450; AERO-19-208-00: \$49,395.
- (6) Total for CFDA No. 10.553 is \$452,644; Total for CFDA No. 10.555 is \$1,234,321; Total for CFDA No. 10.559 is \$61,447; Total for CFDA No. 84.027 is \$1,172,997.
- (7) During the year ended June 30, 2020, Fayette County received excess military equipment from the U.S. Department of Defense valued at \$532,973.
- (8) For the year ended June 30, 2020, Fayette County received donated PPE valued at \$19,486 (\$14,615 federal and \$4,871 state) from the Tennessee Department of Military. These donations were unaudited.

(9) SUBRECIPIENTS	Federal CFDA Number	Amount Provided to Subrecipient	Subrecipient
English Language Acquisition Grant	84.365	\$ 2,024	McKenzie Special School District
"	"	1,295	Milan Special School District
"	"	1,521	Henry County Board of Education

Fayette 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 Fayette 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
<b><u>OFFICE OF COUNTY MAYOR</u></b>					
2019	199	2019-001	Appropriations Exceeded Estimated Available Funding in the Drug Control Fund	N/A	Corrected
<b><u>OFFICE OF DIRECTOR OF SCHOOLS</u></b>					
2019	200	2019-002	The General Purpose School Fund Required Material Audit Adjustments for Proper Financial Statement Presentation	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	201	2019-003	The Office had Deficiencies in Budget Operations	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	202	2019-004	Employee and Employer Contributions to the Defined Contribution Component of the Hybrid Pension Plan were not Always Withheld, Paid, and Reported to the Tennessee Consolidated Retirement ~	N/A	Corrected
2019	203	2019-005	The Office had Deficiencies in Purchasing Procedures	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>OFFICE OF SHERIFF</u></b>					
2019	204	2019-006	The Cash Journal was not Properly Maintained	N/A	Corrected

***Prior-year Federal Awards Findings***

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

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**FAYETTE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2020**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Fayette County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **YES**
  - \* 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 Program:
  - \* CFDA Number: 84.010 Title I Grants to Local Educational Agencies
  - \* CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**



## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

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

### **OFFICE OF DIRECTOR OF SCHOOLS**

#### **FINDING 2020-001**

#### **THE GENERAL PURPOSE SCHOOL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2020, certain general ledger account balances in the General Purpose School Fund were not materially correct, and audit adjustments totaling \$1,513,961 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the school department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the school department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

#### **RECOMMENDATION**

Management should have appropriate processes in place to ensure its general ledgers are materially correct.

#### **MANAGEMENT'S RESPONSE – DR. VERSIE RAY HAMLETT, CURRENT DIRECTOR OF SCHOOLS**

We concur with this finding.

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FINDING 2020-002

**THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

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

Our examination revealed the following deficiencies in budget operations of the office. These deficiencies exist because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures. In addition, the deficiencies are the result of a lack of management oversight, management’s failure to correct the finding noted in the prior-year audit report, and management’s failure to implement their corrective action plan.

- A. Expenditures exceeded appropriations approved by the county commission in five of 25 major appropriation categories (the legal level of control) in the General Purpose School Fund and in two of nine major appropriation categories in the School Federal Projects Fund as reflected in the following table:

Fund/Major Appropriation Category	Amount Overspent
General Purpose School:	
Instruction - Career and Technical Education Program	\$ 28,332
Support Services - Technology	55,306
Support Services - Operation of Plant	8,080
Support Services - Transportation	9,758
Operation of Non-Instructional Services - Community Services	357,969
School Federal Projects:	
Support Services - Other Student Support	11,575
Support Services - Career and Technical Education Program	189

- B. Salaries exceeded appropriations in seven of 82 salary line-items in the General Purpose School Fund by amounts ranging from \$5,562 to \$165,397 and in five of 19 salary line-items in the School Federal Projects Fund by amounts ranging from \$123 to \$260,378. The budget resolution approved by the county commission states that the salary, wages, or enumeration 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.
- C. Several budget amendments were posted in the General Purpose School and School Federal Projects funds that were not approved by the county commission. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have presented adjustments to the county that they have approved and posted to properly present only the budget amendments approved by the county commission in the financial statements of this report.

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

Expenditures should be held within appropriations approved by the county commission. Budget amendments should be properly posted to the accounting records after approval by the county commission.

MANAGEMENT’S RESPONSE – DR. VERSIE RAY HAMLETT, CURRENT DIRECTOR OF SCHOOLS

We concur with this finding.

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FINDING 2020-003

**SOME JOURNAL ENTRIES WERE POSTED IN THE GENERAL PURPOSE SCHOOL AND SCHOOL FEDERAL PROJECTS FUNDS THAT CONTAINED ERRORS OR WERE NOT SUPPORTED BY ADEQUATE DOCUMENTATION**

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

During our review of journal entries posted to the General Purpose School and School Federal Projects funds, we noted some journal entries that contained errors totaling \$105,355 in the General Purpose School Fund and \$14,589 in the School Federal Projects Fund or were not supported by adequate documentation. Sound business practices dictate that financial transactions should be accurately posted and documented in accordance with generally accepted accounting principles. Journal entries without adequate documentation or containing errors, indicate a weakness in internal controls related to recording financial transactions. This deficiency exists because management failed to provide sufficient oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Journal entries should be accurate and supported by adequate documentation.

MANAGEMENT’S RESPONSE – DR. VERSIE RAY HAMLETT, CURRENT DIRECTOR OF SCHOOLS

We concur with this finding.

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FINDING 2020-004

**THE SCHOOL DEPARTMENT WAS ASSESSED INTEREST AND PENALTIES TOTALING \$68,823 BY THE INTERNAL REVENUE SERVICE**

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

The school department maintains a bank clearing account with the county trustee to deposit employee payroll taxes due to the Internal Revenue Service (IRS) and is required to notify the IRS when withdrawals can be made. Total amounts deposited and reported for the quarters ending September 30, 2019, and December 31, 2019, were less than the amounts due. The IRS notified the school department on April 13, 2020, of the errors and the resulting assessment of \$68,823 in interest and penalties. This deficiency resulted from a lack of management oversight.

RECOMMENDATION

Federal payroll tax deposits should be accurately calculated and reported to the IRS to avoid interest and penalty assessments.

MANAGEMENT’S RESPONSE – DR. VERSIE RAY HAMLETT, CURRENT DIRECTOR OF SCHOOLS

We concur with this finding.

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FINDING 2020-005

**THE OFFICE HAD PURCHASING DEFICIENCIES**

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 63 disbursements totaling \$360,902 from a population of 2,523 vendor checks totaling \$8,943,482. Our examination revealed the following deficiencies in purchasing procedures, which are the result of a lack of management oversight, the failure to comply with state statute, and management’s failure to correct the finding noted in the prior-year audit report.

- A. Competitive bids were not solicited for a billboard advertisement and painting improvements totaling \$31,005 and \$24,800, respectively. Purchasing procedures for the school department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *Tennessee Code Annotated*. This statute requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. The failure to solicit competitive bids could result in the school department paying more than the most competitive price.

- B. In seven of 35 applicable instances, purchase orders were issued after purchases were made. Issuing the purchase order after the purchase defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
- C. In four of 62 applicable instances, proper documentation was not on file to support the purchases. Sound business practices dictate that proper documentation should be on file to support all purchases. The failure to maintain adequate documentation increases the risks of unauthorized purchases.
- D. In 21 of 51 applicable instances, invoices were paid without documentation that goods had been received and/or services had been rendered. The lack of documentation weakens controls over the purchasing process and increases the risks of paying for something that was never received.

### RECOMMENDATION

Competitive bids should be solicited through newspaper advertisement for all purchases exceeding \$10,000 as required by state statute. To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases prior to the purchase being made. Proper documentation should be on file for all purchases and should include evidence that goods have been received or services have been rendered before invoices are paid.

### MANAGEMENT'S RESPONSE – DR. VERSIE RAY HAMLETT, CURRENT DIRECTOR OF SCHOOLS

We concur with this finding.

### **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.

**Fayette 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 DIRECTOR OF SCHOOLS**

2020-001	The General Purpose School Fund Required Material Audit Adjustments for Proper Financial Statement Presentation	210
2020-002	The Office had Deficiencies in Budget Operations	211
2020-003	Some Journal Entries were Posted in the General Purpose School and School Federal Projects Funds that Contained Errors or were not Supported by Adequate Documentation	212
2020-004	The School Department was Assessed Interest and Penalties Totaling \$68,823 by the Internal Revenue Service	213
2020-005	The Office had Purchasing Deficiencies	214



# Fayette County Public Schools

Family – Optimism – Courage – Unity – Service

Dr. Versie Ray Hamlett  
Superintendent

**FINDING-001: THE GENERAL PURPOSE SCHOOL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**

**Response and Corrective Action Plan Prepared by:**

**Vincent Harvell**

**Person Responsible for Implementing the Corrective Action:**

**Vincent Harvell**

**Anticipated Completion Date of Corrective Action:**

**June 30, 2021**

**Repeat Finding Explanation:**

**Management Oversight**

**Planned Corrective Action:**

**Proper accounting adjustments will be made to the General Ledger to correct account balances and provide true representation of financial position at year-end closing.**

X   
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# Fayette County Public Schools

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**FINDING-002: THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

**Response and Corrective Action Plan Prepared by:**

**Vincent Harvell**

**Person Responsible for Implementing the Corrective Action:**

**Vincent Harvell**

**Anticipated Completion Date of Corrective Action:**

**January 31, 2021**

**Repeat Finding Explanation:**

**Management Oversight**

**Planned Corrective Action:**

**All budgets will be monitored and the appropriate amendment submitted to the Board of Education and County Commission to stay within funding limitations. Financial transactions shall be approved after examining funding availability.**

X   
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# Fayette County Public Schools

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**FINDING-003:**

**JOURNAL ENTRIES WERE POSTED IN THE GENERAL PURPOSE SCHOOL AND SCHOOL FEDERAL PROJECTS FUNDS THAT WERE NOT SUPPORTED BY ADEQUATE DOCUMENTATION OR CONTAINED ERRORS**

**Response and Corrective Action Plan Prepared by:**

**Vincent Harvell**

**Person Responsible for Implementing the Corrective Action:**

**Vincent Harvell**

**Anticipated Completion Date of Corrective Action:**

**January 31, 2021**

**Repeat Finding:**

No

**Planned Corrective Action:**

**Journal entries shall be reviewed for supporting documentation prior to entering into the accounting records. Authorization will be present.**

X 





# Fayette County Public Schools

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**FINDING-004: THE SCHOOL DEPARTMENT WAS ASSESSED INTEREST AND PENALTIES TOTALING \$68,823 BY THE INTERNAL REVENUE SERVICE**

**Response and Corrective Action Plan Prepared by:**

**Vincent Harvell**

**Person Responsible for Implementing the Corrective Action:**

**Vincent Harvell**

**Anticipated Completion Date of Corrective Action:**

**February 28, 2021**

**Repeat Finding:**

**No**

**Planned Corrective Action:**

**A review of the prior year reconciliations shall be made to uncover any disputed balances and resolve them with the Internal Revenue Service. The bank clearing account shall be reconciled monthly with the Internal Revenue Service and the Trustee's office.**

**X**





# Fayette County Public Schools

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**FINDING-005: THE OFFICE HAD PURCHASING DEFICIENCIES**

**Response and Corrective Action Plan Prepared by:**

**Vincent Harvell**

**Person Responsible for Implementing the Corrective Action:**

**Vincent Harvell**

**Anticipated Completion Date of Corrective Action:**

**January 31, 2021**

**Repeat Finding Explanation:**

**Management Oversight**

**Planned Corrective Action:**

**The Board policy will be amended to reinstate the \$10,000 bid limitation. Communications will be provided to all staff responsible for making purchases, that an approved purchase order is required prior to making a purchase. All purchases requiring bids will have documentation attached. Affirmation that goods and services have been received will be present before invoice is paid.**

**X** 

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## **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 Fayette County.

### **FAYETTE COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Fayette 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. 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.