NEW ISSUE
BOOK-ENTRY-ONLY

Rating: S&P – "A+"
(See "MISCELLANEOUS-Rating")

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.)

$4,160,000
MORGAN COUNTY, TENNESSEE
General Obligation Refunding Bonds, Series 2020

Dated: June 25, 2020 Due: April 1 (as shown below)

The $4,160,000 General Obligation Refunding Bonds, Series 2020 (the "Bonds") of Morgan 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 October 1, 2020 and thereafter on each April 1 and October 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 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 April 1, 2027 are subject to optional redemption prior to maturity on or after April 1, 2026 as described herein.

Due (April 1)	Amount	Interest Rate	Yield	CUSIP**	Due (April 1)	Amount	Interest Rate	Yield	CUSIP**
2021	$ 485,000	5.00 %	0.30 %	617277LH9	2025	$ 700,000	5.00 %	0.65 %	617277LM8
2022	470,000	5.00	0.35	617277LJ5	2026	745,000	5.00	0.75	617277LN6
2023	490,000	5.00	0.45	617277LK2	2027	460,000	2.00	0.90 c	617277LP1
2024	510,000	5.00	0.55	617277LL0					

$ 300,000 2.00 % Term Bond Due April 1, 2029 @ 1.10 % c 617277LR7

c = Yield to call on April 1, 2026

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 Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Tracey Vought Williams, Esquire, counsel to the County. 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 June 25, 2020.

Cumberland Securities Company, Inc.
Municipal Advisor

May 28, 2020

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.

MORGAN COUNTY, TENNESSEE

COUNTY OFFICIALS

Brian Langley	*County Executive*
Cheryl Collins	*County Clerk*
Cindi Jones	*County Trustee*
Biff Wilson	*Assessor of Property*
Tracey Vought Williams	*County Attorney*
Crystal Garrett	*Finance Director*

BOARD OF COUNTY COMMISSIONERS

Janet Adkisson
Eli Anderson
Melissa Bryant
Robert Byrd
Earl Headrick
David Hennessee
Terry Jackson
Vernon Justes
Susie Kries
Michael McGrath
Mike Raiford
Randy Roberts
Vera Scarbough
Freddie Seavers
Bill Shannon
Fred Snow
Steve Walls
Jerry Zorsch

UNDERWRITER

Robert W. Baird & Co., Inc.
Red Bank, New Jersey

BOND REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Knoxville, Tennessee

MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.

TABLE OF CONTENTS

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	Morgan County, Tennessee (the "County" or "Issuer"). See the section entitled "Supplemental Information Statement" for more information.
Securities Offered	$4,160,000 General Obligation Refunding Bonds, Series 2020 (the "Bonds") of the County, dated June 25, 2020. The Bonds will mature each April 1 beginning April 1, 2021 through April 1, 2027, inclusive and April 1, 2029. 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 refinancing, in whole or in part, certain Outstanding Debt (as defined herein) of the County; and (ii) 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 are subject to optional redemption prior to maturity on or after April 1, 2026, 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	S&P: "A+". See the section entitled "MISCELLANEOUS - Rating" for more information.
Underwriter	Robert W. Baird & Co., Inc., Red Bank, New Jersey.
Municipal Advisor	Cumberland Securities Company, Inc., See the section entitled "MISCELLANEOUS - Municipal Advisor; Related Parties; Other", herein.
Bond Counsel	Bass, Berry & Sims PLC, Knoxville, Tennessee.

Book-Entry-Only	The Bonds will be issued under the Book-Entry System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION - Book-Entry 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. Brian Langley, County Executive, 415 N Kingston Street Wartburg, Tennessee 37887, (423) 346-6288; 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

	2015	2016	2017	2018	2019
Beginning Fund Balance	$1,444,889	$1,968,489	$2,044,593	$1,967,570	$1,684,393
Revenues	7,777,415	7,763,189	8,049,588	8,194,872	8,885,111
Expenditures	7,636,160	7,617,242	8,298,422	8,508,087	9,107,764
Other Financing Sources:					
Insurance Recovery	5,945	6,271	20,701	7,670	22,091
Transfers In	39,130	23,886	23,886	23,886	26,641
Lease / Sale of Assets	337,270	-	127,224	-	-
Transfers Out	-	(100,000)	-	(1,518)	(50,296)
Ending Fund Balance	**$1,968,489**	**$2,044,593**	**$1,967,570**	**$1,684,393**	**$1,460,176**

Source: Comprehensive Annual Financial Reports of the County.

$4,160,000
MORGAN COUNTY, TENNESSEE
General Obligation Refunding Bonds, Series 2020

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This *Official Statement*, which includes the Summary Statement and appendices, is furnished in connection with the offering by Morgan County, Tennessee (the "County" or "Issuer") of its $4,160,000 General Obligation Refunding Bonds, Series 2020 (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 March 9, 2020.

The Bonds are being issued for (i) the purpose of refinancing, in whole or in part, certain Outstanding Debt (as defined herein) of the County; and (ii) 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 will issue the Bonds to refinance the County's outstanding: (1) General Obligation Bonds, Series 2010, dated October 13, 2010, maturing April 1, 2021 through April 1, 2026 in the outstanding principal amount of $2,695,000 (the "Series 2010 Bonds"); (2) Loan Agreement, Series B-20-A, dated as of June 1, 2010, maturing June 1, 2025 through June 1, 2027 in the outstanding principal amount of $750,000 (the "Series B-20-A Loan") issued by The Public Building Authority of Blount County, Tennessee and funded by the Local Government Public Improvement Bonds, Series B-20-A, dated June 15, 2010 and (3) Loan Agreement, Series 2009, dated as of December 15, 2009, maturing May 25, 2021 through May 25, 2029 in the outstanding principal amount of $1,177,000 (the "Series 2009 Loan") issued by The Public Building Authority of the City of Clarksville, Tennessee (collectively, the "Outstanding Debt"). The Outstanding Debt will be prepaid or redeemed within 90 days of the issuance of the Bonds.

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 Office of Local Finance for review, and a report was received thereon.

DESCRIPTION OF THE BONDS

The Bonds will be initially dated and bear interest from June 25, 2020. Interest on the Bonds will be payable semi-annually on April 1 and October 1, commencing October 1, 2020. 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 Executive 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 April 1, 2027 and thereafter are subject to optional redemption prior to maturity on or after April 1, 2026 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 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 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.

MANDATORY REDEMPTION

Subject to the credit hereinafter provided, the County shall redeem Bonds maturing April 1, 2029 on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed shall be selected in the same manner as is described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

Maturity	Redemption Date	Principal Amount of Bonds Redeemed
April 1, 2029	April 1, 2028	$150,000
	April 1, 2029*	$150,000

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the County on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation shall be accordingly reduced. The County shall on or before the forty-fifth (45) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

NOTICE OF REDEMPTION

Notice of call for redemption, whether optional or mandatory, 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 15th 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.

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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 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.

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 f or 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 Registration Agent 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 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) an amount, which together with investment earnings thereon and other legally available funds of the County, if any, will be sufficient to pay principal of, premium, if any, and interest on the Outstanding Debt until and through the redemption date therefor shall be transferred to the paying agent for the Outstanding Debt or to the Trustee for conduit bonds related to the Outstanding Debt to be held to the earliest optional redemption date and used for the payment and retirement of the Outstanding Debt; and

(b) the remainder of the proceeds of the sale of the Bonds shall be used to pay the costs of issuance the Bonds, and all necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, registration agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

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 or 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 obligation 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. Bass, Berry & Sims PLC, Knoxville, 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 "CHANGES IN FEDERAL AND STATE LAW" below in this heading.

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 Executive 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 Executive acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the County Executive 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 Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel. Bond counsel has not prepared the *Preliminary Official Statement* or the *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

S&P Global Ratings has given the Bonds the rating of "A+".

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 S&P, 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 S&P and any explanation of the significance of such ratings should be obtained from S&P.

COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on May 28, 2020. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated May 14, 2020.

The successful bidder for the Bonds was an account led by Robert W. Baird & Co., Inc., Red Bank, New Jersey (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 $4,700,029.40 (consisting of the par amount of the Bonds, plus an original issue premium of $566,042.50 and less an underwriter's discount of $26,013.10) or 112.981% 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, Bass, Berry & Sims PLC 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 at this time. However, 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, 2020 (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 issuer 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 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. In the past five years, the County has filed its Annual Reports on time at www.emma@msrb.org under the base CUSIP Number 617277 which is the base CUSIP Number for the County. The County has also filed on time such Annual Reports for fiscal year ending June 30, 2015 through June 30, 2019 under the CUSIP Numbers of the Bonds for which the County was an obligated person (Local Government Public Improvement Bonds, Series B-13-A (Cumberland County, Morgan County, Roane County), dated October 18, 2007 (the “Series B-13-A Bonds"); and Local Government Public Improvement Bonds, Series B-20-A (Cumberland County, Morgan County, Roane County), dated June 15, 2010 (the “Series B-20-A Bonds")).

While it is believed that all appropriate filings were made with respect to the ratings of the County’s outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all rating changes of the bonds insured by such insurance companies were made or made in a timely manner as required by SEC Rule 15c2-2. The County does not deem any of the forgoing omissions to be material, and therefore, in the judgment of the County, 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 Bonded Indebtedness as of the end of such fiscal year as shown on page B-9;

2. The indebtedness and debt ratios as of the end of such fiscal year, together with information about the property tax base as shown on pages B-10 and B-11;

3. Information about the Bonded Debt Service Requirements as of the end of such fiscal year as shown on page B-12;

4. The fund balances and retained earnings for the fiscal year as shown on page B-13;

5. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-14;

6. The estimated assessed value 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 as shown on page B-20;

7. Property tax rates and tax collections of the County for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-20; and

8. The ten largest taxpayers as shown on page B-21.

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. Additionally, U.S. and global stock markets have recently experienced significant volatility and overall declines that have attributed to COVID-19 concerns.

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 due each year on October 1st and are delinquent on the last day of February of the following year, so all tax year 2019 taxes were required to be paid without any penalty by February 29, 2020. The Issuer has already collected in excess of 90% of its billed property taxes for tax year 2019, 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 2019 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 Issuer's second largest source of revenues is sales and use tax revenues. Such tax revenues are expected to comprise approximately 65% of the Issuer's revenues in the current 2020 fiscal year that ends June 30, 2020. All sales and use tax revenues are collected by the State, and the Issuer does not typically receive notice from the State of the Issuer's share of sales and use taxes collected for approximately 50 days after the close of each month. With respect to sales and use tax revenues for the most recent month for which information is available, the Issuer's local sales and use tax revenues for March 2020 decreased zero percent (0%) from the prior March. State shared sales tax decreased zero percent (0%) from the prior March. The Issuer has not received any information regarding sales and use tax revenues for any subsequent months.

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 0.1% of the Issuer's revenues.

The administration for the Issuer has proposed a budget for the 2021 fiscal year commencing July 1, 2020 which anticipates a zero percent (0%) decline in revenues. The lack of growth in the revenues is primarily due to the effect of the COVID-19 outbreak. Given the uncertainties as to when businesses, including tourism-related businesses, will be fully operational, these projected declines are uncertain and the ultimate amount of 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. In the proposed budget, the Issuer has proposed certain cost reduction measures that will offset projected revenue reductions due to the COVID-19 outbreak.

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. Therefore, the Issuer cannot provide any assurances to whether the projected decline in tax revenues will be mitigated, in whole or part, by such assistance. The Issuer's proposed 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 April 30, 2020, the Issuer had in excess of $2.4 million in the Debt Service Fund reserve and $1.5 million in the General Fund reserve, which is approximately 134% of the Issuer's Debt Service Fund budget and 16% of the General Fund budget. 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 the 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/ Brian Langley
County Executive

ATTEST:

/s/ Cheryl Collins
County Clerk

APPENDIX A

PROPOSED FORM OF LEGAL OPINION

LAW OFFICES OF
BASS, BERRY & SIMS PLC
900 SOUTH GAY STREET, SUITE 1700
KNOXVILLE, TENNESSEE 37902

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Morgan County, Tennessee (the "Issuer") of its $4,160,000 General Obligation Refunding Bonds, Series 2020 (the "Bonds") dated June 25, 2020. We have examined the law and such certified proceedings and other papers as we deemed 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 such facts by independent investigation.

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

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.

2. The resolution of the Board of County Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer to which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the territorial limits of the Issuer.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Issuer 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 interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4 and Paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. 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 all or a portion of the interest on any of the 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 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.

6. The Bonds are "qualified tax-exempt" obligations within the meaning of Section 265 of the Code.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

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.

Yours truly,

Bass Berry & Sims PLC

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

Morgan County (the "County") is located in the northeastern part of the State of Tennessee. To the north, the County is bordered by Scott County and to the east, by Anderson County. Roane and Cumberland Counties make up the County's southern border, and Fentress County provides Morgan County's western border. The City of Wartburg, the county seat, is located 45 miles west of Knoxville and was originally settled by German-Swiss colonists. It is named after a castle in Thuringia, Germany.

GENERAL

The governing board of the County is 18-member Board of County Commissioners which is elected to concurrent four-year terms of office by direct vote of the voters in each district represented. The County Mayor is the chief financial and administrative officer of the County and is elected by a direct vote of the people to a four-year term of office.

The County has a land area of approximately 539 square miles, with 28.7% of that area devoted to agriculture. Primary agriculture products include corn, beef cattle and chicken. The County also has an abundance of natural resources such as coal, oil, gas, pine and oak.

The County is part of the Knoxville Metropolitan Statistical Area (the "MSA") that had a population of 837,571 according to the 2010 US Census. The MSA includes Knox (Knoxville and Farragut), Anderson (Oak Ridge and Clinton), Blount (Maryville and Alcoa), Campbell (LaFollette), Grainger (Rutledge), Loudon (Loudon), Morgan (Wartburg), Roane (Harriman) and Union (Maynardville) Counties.

The County is also part of the Knoxville-Sevierville-Harriman Combined Statistical Area (the "CSA"). According to the 2010 Census, the CSA had a population of 1,056,442. The CSA includes Roane, Anderson, Blount, Knox, Loudon, Union, Grainger, Hamblen, Jefferson, Campbell, Cocke and Sevier Counties. The City of Knoxville is the largest city in the CSA with a population of 178,874 according to the 2010 Census. According to the 2010 Census, the County has a population of 21,987, while Wartburg has a population of 918. The Town of Oakdale is the only other incorporated town in Morgan County, with a population of 212.

TRANSPORTATION

Transportation is provided by a network of smaller railroads and highways. The Norfolk-Southern Railroad serves the County. U.S. Highway 27 and State Highways 62, 116, 298, 299 and 328 provide the County's highway transportation. The nearest port if Harriman, TN 16 miles away on the Tennessee River. The community's air service is provided by Rockwood Municipal Airport about 22 miles away with a 5,000-foot asphalt runway. Knoxville's McGhee Tyson Airport, about 55 miles away, is the closest commercial airport.

EDUCATION

The *Morgan County School System* has eight schools: two elementary schools, one middle, one high school and three K-12 schools. The Career and Technical Center, located on the eastern edge of Wartburg, serves all of the high school students in Morgan County. The fall 2018 enrollment was 2,778 students with 208 teachers.

Source: Tennessee Department of Education.

Roane State Community College Morgan County Campus. Roane State Community College, which began operation in 1971 in Harriman, Tennessee, is a two-year higher education institution which serves a fifteen county area. Fall 2018 enrollment was about 5,870 students. Designed for students who plan to transfer to senior institutions, the Roane State academic transfer curricula include two years of instruction in the humanities, mathematics, natural sciences, and social sciences. Approximately 21 college transfer programs and/or options are offered by the college.

Roane State's 104-acre main campus is centrally located in Roane County where a wide variety of programs are offered. Roane State has nine locations across East Tennessee – the Roane County flagship campus; an Oak Ridge campus; campuses in Campbell, Cumberland, Fentress, Loudon, Morgan and Scott Counties; and a center for health science education in West Knoxville.

Source: Roane State Community College and TN Higher Education Commission.

The Tennessee College of Applied Technology at Harriman. The Tennessee College of Applied Technology at Harriman (the "TCAT-H") is part of a statewide system of 26 vocational-technical schools. The TCAT-H 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-H serves the eastern region of the state including Anderson, Loudon, Meigs, Morgan, Rhea, and Roane Counties. The TCAT-H began operations in 1970, and the main campus is located in Roane County. Fall 2017 enrollment was 701 students.

Source: Tennessee College of Applied Technology at Harriman and TN Higher Education Commission.

MANUFACTURING AND COMMERCE

Morgan County has two industrial parks within its boundaries. Advance Transformer Property has a land area of 33 acres. It lies adjacent to U.S. Highway 62 and only 17 miles from Interstate 40. The site is also equipped with full utilities. Sunbright Industrial Park has a land area of 19.23 acres that lies adjacent to U.S. Highway 27 and to the Norfolk/Southern Railroad.

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The following is a list of the major employers in the County:

Major Employers in Morgan County

Company	Product/Service	Employees
Morgan County Correctional Complex	Corrections	561
Morgan County Schools	Education	450
Tennier Industries	Canvas Bags/Sleeping Bags	130
Big South Fork Park	Recreation	60
Morgan County Government	Government	55
Citizens Gas Utility District	Utility	46
Morgan County Head Start	Education	40
R & R Lumber Company	Sawmill	40
Wartburg Tool & Die	Tool & Die	30
Ellison Coating	Rubber coating Products	30
M & G Precision Machining	Tool & Die	30
Heraeus Metal Processing	Metal Processing	29

Source: Department of Economic and Community Development and the Knoxville News Sentinel.

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EMPLOYMENT INFORMATION

Unemployment in the County as of February 2020 stood at 4.9%, representing 7,643 persons employed out of a labor force of 8,036.

The Knoxville MSA's unemployment for February 2020 was at 3.6% with 417,874 persons employed out of a labor force of 433,424. As of February 2020, the unemployment rate in the Knoxville-Sevierville-Harriman CSA stood at 4.0%, representing 533,101 persons employed out of a workforce of 555,347. The chart below depicts unemployment trends in the County for the last five years.

Unemployment

	Annual Average **2014**	Annual Average **2015**	Annual Average **2016**	Annual Average **2017**	Annual Average **2018**
National	6.2%	5.3%	4.9%	4.4%	4.0%
Tennessee	6.6%	5.6%	4.7%	3.8%	3.5%
Morgan County	**8.8%**	**7.5%**	**6.4%**	**4.9%**	**4.5%**
Index vs. National	142	142	131	111	113
Index vs. State	133	134	136	129	129
Knoxville MSA	**6.1%**	**5.2%**	**4.4%**	**3.6%**	**3.3%**
Index vs. National	98	98	90	82	83
Index vs. State	92	93	94	95	94
Knoxville-Sevierville-Harriman CSA	**6.4%**	**5.5%**	**4.6%**	**3.7%**	**3.4%**
Index vs. National	103	104	94	84	85
Index vs. State	97	98	98	97	97

Source: Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

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ECONOMIC DATA

Per Capita Personal Income

	2013	2014	2015	2016	2017
National	$44,826	$47,025	$48,940	$49,831	$51,640
Tennessee	$39,549	$40,977	$42,810	$43,932	$45,517
Morgan County	**$26,179**	**$26,237**	**$27,747**	**$27,894**	**$28,699**
Index vs. National	58	56	57	56	56
Index vs. State	66	64	65	63	63
Knoxville MSA	**$38,267**	**$39,816**	**$41,611**	**$42,547**	**$43,903**
Index vs. National	85	85	85	85	85
Index vs. State	97	97	97	97	96
Knoxville-Sevierville-Harriman CSA	**$36,786**	**$38,233**	**$39,953**	**$40,847**	**$42,102**
Index vs. National	82	81	82	82	82
Index vs. State	93	93	93	93	92

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

Social and Economic Characteristics

	National	Tennessee	Morgan County
Median Value Owner Occupied Housing	$204,900	$158,600	$98,400
% High School Graduates or Higher Persons 25 Years Old and Older	87.7%	87.0%	81.3%
% Persons with Income Below Poverty Level	11.8%	15.3%	20.4%
Median Household Income	$60,293	$50,972	$40,166

Source: U.S. Census Bureau State & County QuickFacts - 2018.

TOURISM

Morgan County has access to over 260,000 acres designated for wildlife, park and recreational areas:

Big South Fork National River & Recreation Area. Big South Fork covers over 120,000 acres and was established by Congress in 1974 to protect a unique scenic and cultural area. It is located in Scott, Pickett, Fentress and Morgan Counties. Over 700,000 people visit the park each year. The free-flowing Big South Fork of the Cumberland River and its tributaries pass through 90 miles of scenic gorges and valleys containing a wide range of natural and historic features. The area offers a broad range of recreational opportunities including camping, hunting, fishing, whitewater rafting, kayaking, canoeing, and over 300 miles of hiking, horseback riding, and mountain biking. The U.S. Army Corps of Engineers, with its experience in managing river basins, was charged with land acquisition, planning and development of facilities. Now completed, these lands and facilities are operated and maintained by the National Park Service for the benefit and use of the public. A small portion of the Park extends north into the Daniel Boone National Forest in Kentucky.

Source: National Park Service.

Catoosa Wildlife Management Area. The Catoosa WMA is located in Cumberland and Morgan Counties and consists of about 79,740 acres. Catoosa is also bordered by Obed Wild & Scenic River to the north, a national scenic river recognized for its rugged beauty. For management purposes Catoosa is divided into two sections Genesis (west side) and Bicolor (east side). Daddy's Creek is the dividing line for the two sections. Catoosa was purchased in the 1940's and is managed by the Tennessee Wildlife Resources Agency. Catoosa Wildlife Management Area is one of a few WMA's in Tennessee that has implemented a quality deer management program of sorts with restrictions on antler size as well as food plots, and opportunities to harvest antlerless deer.

Source: Tennessee Wildlife Resources Agency.

Cumberland Trail State Park. The Cumberland Trail is the state's only linear park. It opened in 1998 and upon completion will be 300 miles long, cutting through 11 Tennessee counties from the Cumberland Gap National Historic Park on the Tennessee-Virginia-Kentucky border, to the Signal Point near Chattanooga. Currently about 65 percent of the Trail is open and ready for exploration. In 2017, a private landowner donated a 1,034-acre, $8.27 million parcel that gives access to Soak Creek (that seasonally includes Class III and IV rapids) and adds 5 miles to the trail. The trail is divided into 15 segments. It can be accessed in Sequatchie County through North Chickamauga Creek Pocket Wilderness Area. The Cumberland Trail wanders among the remnants of the Cumberland Mountains that once rose as high as the Rockies. The trail represented a barrier to all who dared push through storied gaps westward onto and over the Cumberland Plateau. It now provides a linkage north to south, forming natural connections and opportunities for scenic vistas and curious geological formations.

Source: Tennessee State Parks.

Emory River Area. Tennessee State Parks acquired approximately 8,000 acres of the Emory River Valley in Morgan County in October 2007. This property was added to the existing Frozen Head State Park and Natural Area as part of the "Connecting the Cumberlands" land initiative, which protects a total of 127,000 acres in a unique public-private partnership between the state of Tennessee, The Nature Conservancy and two conservation-minded timber companies, Conservation Forestry and Lyme Timber. The priorities for this acquisition include resource protection, preventing further fragmentation of the forest communities and preserving the precious water resources. Lands east of the Emory River will be managed as state park. All lands to the west of the Emory River are protected by conservation easement which allows sustainable timber harvesting, as well as gas and oil exploration to continue. This helps protect both the land and the local economies that rely on taxes collected from these businesses.

Source: Tennessee Wildlife Resources Agency.

Frozen Head State Park and Natural Area. Frozen Head Park is situated in the beautiful Cumberland Mountains of eastern Tennessee in Morgan County. The park has 13,122 acres of relatively undisturbed forest. The mountainous terrain varies from an elevation of 1,340 feet to over 3,000 feet on 16 different mountain peaks. Frozen Head, elevation of 3,324, is one of the highest peaks in Tennessee west of the Great Smoky Mountains. The name “Frozen Head” derives from the peaks that are often capped in a shroud of snow or ice in winter. The majority of this land was acquired by the State in early 1900’s to become a state forest for hardwood timber production, but very little timber was ever harvested. In 1988, all of the Frozen Head State Park acreage except approximately 330 acres was classified as Natural Area. The 330 acres lie in the Flat Fork and Judge Branch watersheds below the 1600-foot elevation contour line, and all present and future park developments will be limited to this recreation area. From its observation tower on a clear day, one can plainly see the Cumberland Plateau, Tennessee Ridge and Valley, and the Great Smoky Mountains. The park's lush vegetation, small streams, waterfalls and beautiful mountains make Frozen Head one of Tennessee's most scenic parks. Over 125,000 people visit the park each year.

Source: Tennessee State Parks.

Historic Ruby. Near the Big South Fork Park in the northern tip of Morgan County, the town of Ruby today is a heritage treasure listed on the National Register of Historic Places since 1972. It is an example of Victorian England in the Tennessee Cumberlands. In 1880 a famous British author, statesman and social reformer Thomas Hughes dedicated America's Rugby. It was to be a cooperative, class-free society where Britain's younger sons of gentry, and artisans, tradesman and farming families, could build a new community through agriculture, temperance and high Christian principles. This would-be Utopia survives in a rugged river gorge setting, little changed by 20th century technology. More than twenty of its decorative, gabled buildings remain. Rugby's British and Appalachian heritage is visible everywhere. In 1880, Rugby's British founder called it a lovely corner of God's earth. In this century, writers call it a town of cultured ghosts and Utopia in the Cumberlands. The National Trust calls it one of the most authentically preserved historic villages in America.

Source: Morgan County Chamber of Commerce

Lone Mountain State Forest. It is located on the Cumberland Plateau in Morgan County and is about 3,624 aces. Near streams on the cooler, lower slopes several areas of cove hardwoods with eastern white pine and eastern hemlock can be found. Recreational uses of the Forest include hunting, hiking, horseback riding, and mountain biking. Approximately 15 miles of trails exist on the Forest, including an interpretive nature trail.

Source: Tennessee Wildlife Resources Agency.

North Cumberland Wildlife Management Area. The North Cumberland WMA (formally Royal Blue WMA & Sundquist WMA) consists of 155,000 acres. Home of Tennessee’s only wild elk population, it is a unique area due to its size, recreational opportunities, and habitat management opportunities/goals. It is the largest Agency owned WMA and is located in four counties: Anderson, Campbell, Morgan and Scott Counties. Recreational opportunities vary from ATV riding, camping, hunting and hiking.

Source: Tennessee Wildlife Resources Agency.

Obed Wild and Scenic River. Located in Cumberland and Morgan Counties in East Tennessee, the national park is on the Cumberland Plateau. The park includes parts of the Obed

River, Clear Creek, Daddys Creek and the Emory River. Over 45 miles of creeks and rivers are included in the wild and scenic river area. These waterways have cut rugged gorges with bluffs as high as 500 feet above the whitewater in the streams. Outdoor recreation such as whitewater boating, rock climbing, hiking and fishing are popular seasonal activities in the Obed. The river includes three different difficulty classifications (II-IV), making it one of the best whitewater rivers in the eastern United States. The Obed's sandstone rock faces provide a challenging opportunity for experienced climbers, with several hundred climbing routes spanning through much of the park.

Source: National Park Service.

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MORGAN COUNTY, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)		(1) As of June 30, 2019 OUTSTANDING
2,000,000	Loan Agreement, Series 2009	May 2029	Variable	(2)	1,278,000
750,000	Loan Agreement, Series B-20-A	June 2027	Fixed		750,000
6,400,000	General Obligation School Bonds, Series 2010	April 2026	Fixed		3,105,000
9,460,000	General Obligation Refunding Bonds, Series 2017A (Bank-Qualified)	June 2032	Fixed		9,060,000
2,100,000	General Obligation Refunding Bonds, Series 2017B (Federally Taxable)	June 2024	Fixed		980,000
$ 20,710,000	**TOTAL BONDED DEBT**				$ 15,173,000
$ 4,160,000	General Obligation Refunding Bonds, Series 2020	April 2029	Fixed		$ 4,160,000
(9,150,000)	Less: Refunded Debt (2009 & B-20-A & 2010)				(4,622,000)
$ 15,720,000	**NET BONDED DEBT**				$ 14,711,000

NOTES:

(1) The above figures may not include all short-term notes or leases outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

(2) The County budgets to account for interest rate and/or basis risk.

MORGAN COUNTY, TENNESSEE

Indebtedness and Debt Ratios

INTRODUCTION

The information set forth in the following table is based upon information derived in part from the CAFR 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 Years Ended June 30					After Issuance
INDEBTEDNESS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
TAX SUPPORTED						
General Obligation Bonds & Notes	$18,869,260	$17,502,913	$17,671,606	$16,420,000	$15,173,000	$14,711,000
TOTAL TAX SUPPORTED	$18,869,260	$17,502,913	$17,671,606	$16,420,000	$15,173,000	$14,711,000
REVENUE SUPPORTED	-	-	-	-	-	-
TOTAL REVENUE SUPPORTED	-	-	-	-	-	-
TOTAL DEBT	$18,869,260	$17,502,913	$17,671,606	$16,420,000	$15,173,000	$14,711,000
Less: Revenue Supported Debt	-	-	-	-	-	-
Less: Debt Service Fund	(2,380,244)	(2,216,046)	(2,322,203)	(2,549,257)	(2,653,279)	(2,653,279)
NET DIRECT DEBT	$16,489,016	$15,286,867	$15,349,403	$13,870,743	$12,519,721	$12,057,721
PROPERTY TAX BASE						
Estimated Actual Value	$1,034,614,373	$1,075,595,520	$1,032,150,401	$1,057,080,022	$1,087,519,206	$1,102,427,449
Appraised Value	1,034,614,373	1,039,025,272	1,032,150,401	1,057,080,022	1,061,745,001	1,076,299,918
Assessed Value	283,205,529	285,720,657	284,941,892	291,854,463	292,936,155	297,187,729

	For Fiscal Years Ended June 30					After Issuance
DEBT RATIOS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
TOTAL DEBT to Estimated Actual Value	1.82%	1.63%	1.71%	1.55%	1.40%	1.33%
TOTAL DEBT to Appraised Value	1.82%	1.68%	1.71%	1.55%	1.43%	1.37%
TOTAL DEBT to Assessed Value	6.66%	6.13%	6.20%	5.63%	5.18%	4.95%
NET DIRECT DEBT to Estimated Actual Value	1.59%	1.42%	1.49%	1.31%	1.15%	1.09%
NET DIRECT DEBT to Appraised Value	1.59%	1.47%	1.49%	1.31%	1.18%	1.12%
NET DIRECT DEBT to Assessed Value	5.82%	5.35%	5.39%	4.75%	4.27%	4.06%
PER CAPITA RATIOS						
POPULATION (1)	21,498	21,554	21,636	21,579	21,579	21,579
PER CAPITA PERSONAL INCOME (2)	$27,747	$27,894	$28,699	$28,699	$28,699	$28,699
Estimated Actual Value to POPULATION	$48,126	$49,902	$47,705	$48,987	$50,397	$51,088
Assessed Value to POPULATION	$13,174	$13,256	$13,170	$13,525	$13,575	$13,772
Total Debt to POPULATION	$878	$812	$817	$761	$703	$682
Net Direct Debt to POPULATION	$767	$709	$709	$643	$580	$559
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	3.16%	2.91%	2.85%	2.65%	2.45%	2.38%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	2.76%	2.54%	2.47%	2.24%	2.02%	1.95%

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

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

MORGAN COUNTY, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS

F.Y. Ended 6/30	Existing Debt - (1) As of June 30, 2019			General Obligation Refunding Bonds, Series 2020 (Bank-Qualified)			% 2020 Principal Repaid	Less Bonds Being Refunded			Total Bonded Debt Service Requirements (1)			% All Principal Repaid
	Principal	Interest (2)	TOTAL	Principal	Interest (3)	TOTAL		Principal	Interest (3)	TOTAL	Principal	Interest (2)	TOTAL	
2020	$ 1,291,000	$ 844,225	$ 2,135,225	$ -	$ -	$ -	0.00%	$ -	$ -	$ -	$ 1,291,000	$ 844,225	$ 2,135,225	8.78%
2021	1,332,000	756,693	2,088,693	485,000	141,987	626,987		(527,000)	(140,860)	(667,860)	1,290,000	898,679	2,188,679	17.54%
2022	1,367,000	663,365	2,030,365	470,000	160,950	630,950		(537,000)	(127,265)	(664,265)	1,300,000	824,315	2,124,315	26.38%
2023	1,408,000	565,950	1,973,950	490,000	137,450	627,450		(558,000)	(112,990)	(670,990)	1,340,000	703,400	2,043,400	35.49%
2024	1,443,000	470,458	1,913,458	510,000	112,950	622,950	47.00%	(578,000)	(97,720)	(675,720)	1,375,000	583,408	1,958,408	44.84%
2025	1,480,000	369,207	1,849,207	700,000	87,450	787,450		(800,000)	(81,450)	(881,450)	1,380,000	456,657	1,836,657	54.22%
2026	1,511,000	266,555	1,777,555	745,000	52,450	797,450		(821,000)	(54,100)	(875,100)	1,435,000	319,005	1,754,005	63.97%
2027	1,203,000	155,465	1,358,465	460,000	15,200	475,200		(493,000)	(26,150)	(519,150)	1,170,000	170,665	1,340,665	71.93%
2028	880,000	114,980	994,980	150,000	6,000	156,000		(150,000)	(7,700)	(157,700)	880,000	120,980	1,000,980	77.91%
2029	903,000	88,500	991,500	150,000	3,000	153,000	100.00%	(158,000)	(3,950)	(161,950)	895,000	91,500	986,500	83.99%
2030	765,000	61,230	826,230	-	-	-		-	-	-	765,000	61,230	826,230	89.19%
2031	785,000	41,340	826,340	-	-	-		-	-	-	785,000	41,340	826,340	94.53%
2032	805,000	20,930	825,930	-	-	-		-	-	-	805,000	20,930	825,930	100.00%
	$ 15,173,000	$ 4,418,898	$ 19,591,898	$ 4,160,000	$ 717,437	$ 4,877,437		$ (4,622,000)	$ (652,185)	$ (5,274,185)	$ 14,711,000	$ 5,136,334	$ 19,847,334	

NOTES:

(1) The above figures may not include all short-term notes or leases outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

(2) The County budgets to account for interest rate and/or basis risk.

(3) Average Coupon 4.05%.

FINANCIAL OPERATIONS

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 fund balances and retained earnings for the last five fiscal years ending June 30:

	For the Fiscal Year Ended June 30,				
Fund Type	**2015**	**2016**	**2017**	**2018**	**2019**
Governmental Funds:					
General	$1,968,489	$2,044,593	$1,967,570	$1,684,393	$1,460,176
Solid Waste	239,486	269,136	249,498	237,114	169,466
Highway/Public Works	2,867,487	3,126,373	3,717,141	3,342,671	3,676,366
General Debt Service	2,380,244	2,216,046	2,322,203	2,549,257	2,653,279
Other Governmental	72,545	178,915	235,220	163,966	154,395
Total	**$7,528,251**	**$7,835,063**	**$7,945,632**	**$7,977,401**	**$8,113,682**

Source: Comprehensive Annual Financial Report and Auditor's Report, Morgan County, Tennessee

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MORGAN COUNTY, TENNESSEE

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

	2015	2016	2017	2018	2019
Revenues:					
Local Taxes	$ 4,998,552	$ 4,941,564	$ 4,990,836	$ 5,324,620	$ 5,916,605
Licenses and Permits	47,434	60,864	64,159	65,298	58,383
Fines, forfeitures and penalties	100,168	106,943	112,371	108,768	115,971
Charges for current services	899,548	886,502	1,191,035	1,005,547	1,029,216
Other local revenue	126,895	179,726	124,512	131,053	116,177
Fees Recv'd from County Officials	772,617	732,961	754,612	784,378	765,871
State of Tennessee	651,669	720,468	635,115	645,218	670,096
Federal Government	2,400	9,296	23,703	26,002	98,925
Other Governments & Citizens Groups	178,132	124,865	153,245	103,988	113,867
Total Revenues	$ 7,777,415	$ 7,763,189	$ 8,049,588	$ 8,194,872	$ 8,885,111
Expenditures and Other Uses:					
General government	$ 867,171	$ 918,214	$ 1,006,203	$ 1,042,732	$ 1,251,067
Finance	809,556	824,583	817,507	860,570	947,891
Administration of justice	797,259	820,286	814,573	837,940	876,597
Public Safety	3,249,436	3,139,097	3,472,373	3,592,376	3,864,992
Public Health & Welfare	1,522,384	1,483,099	1,676,262	1,722,425	1,719,503
Social, Cultural & Recreational Services	87,172	83,277	84,808	74,678	82,943
Agricultural & Natural Resources	56,955	52,164	81,085	72,081	79,957
Other Operations	170,664	185,324	189,914	189,101	204,472
Highways	-	-	-	-	
Debt Service	75,563	111,198	155,697	116,184	80,342
Capital Projects	-	-	-	-	
Total Expenditures	$ 7,636,160	$ 7,617,242	$ 8,298,422	$ 8,508,087	$ 9,107,764
Excess (Deficiency) of Revenues Over Expenditures	$ 141,255	$ 145,947	$ (248,834)	$ (313,215)	$ (222,653)
Other Sources & Uses:					
Note Proceeds	$ -	$ -	$ -	$ -	
Insurance Recovery	5,945	6,271	20,701	7,670	22,091
Operating Transfers - In	39,130	23,886	23,886	23,886	26,641
Capitalized Lease	337,270	-	127,224	-	-
Operating Transfers - Out	-	(100,000)	-	(1,518)	(50,296)
Total Other Sources & Uses	$ 382,345	$ (69,843)	$ 171,811	$ 30,038	$ (1,564)
Net Change in Fund Balances	$ 523,600	$ 76,104	$ (77,023)	$ (283,177)	$ (224,217)
Fund Balance July 1	1,444,889	1,968,489	2,044,593	1,967,570	1,684,393
Prior Period Adjustment	-	-	-	-	-
Fund Balance June 30	**$ 1,968,489**	**$ 2,044,593**	**$ 1,967,570**	**$ 1,684,393**	**$ 1,460,176**

Source: Comprehensive Annual Financial Report for Morgan 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. For reporting purposes, all investments are stated at cost that approximates market value.

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.

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 I 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 one-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.

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Assessed Valuations. According to the Tax Aggregate Report, property in the County reflected a ratio of appraised value to true market value of 0.9763. The following table shows pertinent data for tax year 2018[1].

Class	Estimated Assessed Valuation	Assessment Rate	Estimated Appraised Value
Public Utilities	$ 35,540,989	55%	$ 81,422,655
Commercial and Industrial	26,223,880	40%	67,151,109
Personal Tangible Property	11,642,286	30%	39,512,948
Residential and Farm	219,529,000	25%	899,432,494
Total	**$292,936,155**		**$1,087,519,206**

[1] The tax year coincides with the calendar year, therefore tax year 2018 is actually fiscal year 2018-19.
Source: The 2018 Tax Aggregate Report for Tennessee and the County.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2019 (tax year 2018) is $292,936,155 compared to $291,854,463 for the fiscal year ending June 30, 2018 (tax year 2017). The estimated actual value of all taxable property for tax year 2018 is $1,087,519,206 compared to $1,057,080,022 for tax year 2017.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the County for tax years 2015 through 2019 as well as the aggregate uncollected balances for each fiscal year ending June 30.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year[2]	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	As of June 30, 2019 Amount	Pct
2015	$285,720,657	$3.10	$8,799,040	$8,101,539	92.1%	$145,397	1.7%
2016	284,941,892	3.16	9,066,528	8,239,219	90.9%	199,208	2.2%
2017	291,854,463	3.16	9,264,487	8,470,934	91.4%	283,532	3.1%
2018	292,936,155	3.27	9,587,954	8,826,606	92.1%	761,348	7.9%
2019	297,187,729*	3.27	9,748,371	IN PROCESS			

* Estimated

[2] The tax year coincides with the calendar year, therefore tax year 2019 is actually fiscal year 2019-20.

Ten Largest Taxpayers. For the fiscal year ending June 30, 2019 (tax year 2018), the ten largest taxpayers in the County are as follows:

	Taxpayer	**Business Type**	**Assessment**	**Taxes Paid**
1.	Norfolk Southern	Railroad	$13,280,290	$ 434,266
2.	East Tennessee Natural Gas	Utility	8,107,709	265,122
3.	Plateau Electric Cooperative	Utility	7,602,797	248,612
4.	AT&T Mobility LLC	Communications	2,805,785	91,749
5.	Cobb-Vantress Inc	Research & Development	2,707,960	88,550
6.	Highland Telephone Coop	Utility	2,491,724	81,479
7.	Lyme Timber Company	Environmental	1,550,550	50,703
8.	Heraeus Precious Metal	Industrial	1,283,267	41,963
9.	Charles Blalock & Sons	Construction	1,195,191	39,083
10.	Morgan Co. Real Estate Inv.	Real Estate	1,027,560	33,601
	TOTAL		**$42,052,833**	**$1,375,128**

Source: The County.

PENSION PLAN

Employees of Morgan 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, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Morgan 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 on the funding status, trend information and actuarial status of the County's retirement programs, please refer to the General Purpose Financial Statements of the County located in herein.

UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement 45 establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits ("OPEB") in the financial reports of state and local government employers. The Morgan County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plans for teachers.

For additional information, please see the Note H in the Notes to the Financial Statements of the County's Comprehensive Annual Financial Report.

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APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

MORGAN COUNTY, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2019

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of Morgan County for the fiscal year ended June 30, 2019 which is available upon request from the County.

ANNUAL FINANCIAL REPORT

MORGAN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019

TENNESSEE COMPTROLLER OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT

MORGAN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

AMY SOSVILLE, CPA
ROBERT ANDERSON, CPA, CGFM
Senior Auditors

ANGELA COLLINS, CPA, CGFM, CFE
CODY EIDSON
HEATHER COOK
DOUG SANDIDGE, CISA, CFE
State Auditors

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

MORGAN COUNTY, TENNESSEE
TABLE OF CONTENTS

Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF TRUSTEE

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

OFFICE OF FINANCE DIRECTOR

- Expenditures exceeded appropriations

INTRODUCTORY SECTION

Morgan County Officials
June 30, 2019

Officials

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

Board of County Commissioners

Brian Langley, County Executive, Chairman
David Hennessee
Terry Jackson
Vernon Justes
Michael McGrath
Bill Shannon
Eli Anderson
Earl Headrick
Robert Byrd
Susie Kreis
Melissa Bryant
Steve Walls
Randy Roberts
Jerry Zorsch
Freddie Seavers
Vera Scarbrough
Fred Snow
Janet Adkisson
Michael Raiford

Board of Education

Wade Summers, Chairman
Ben Jackson
Tony Dagley
Glen Moore
Michael Ledbetter
Billy Ward

Financial Management Committee

Brian Langley, County Executive, Chairman
Ronnie Wilson, Director of Schools
Joe H. Miller, Road Superintendent
Fred Snow
David Hennessee
Robert Byrd
Randy Roberts

(Continued)

Morgan County Officials (Cont.)

Audit Committee

Bryan Taylor, Chairman
Jerry Hardin, Vice Chairman
Tiffany Terry
Benny Stewart
Randi Anderson
Steve Walls

FINANCIAL SECTION

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morgan County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Morgan County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

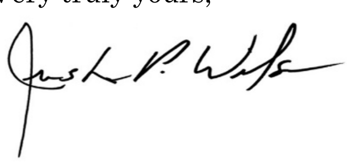
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Morgan County School Department (a discretely presented component unit), schedule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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2020, on our consideration of Morgan County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Morgan County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morgan County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 14, 2020

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

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

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

(Continued)

Exhibit A

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

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

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

Exhibit B

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

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

(Continued)

Exhibit B

Morgan County, Tennessee
Statement of Activities (Cont.)

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

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

Exhibit C-1

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

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

(Continued)

Exhibit C-1

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

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

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

Exhibit C-2

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

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

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

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

Exhibit C-3

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

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

(Continued)

Exhibit C-3

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

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

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

Exhibit C-4

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

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

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

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

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

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

(Continued)

Exhibit C-5

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

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

(Continued)

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

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

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

Exhibit C-6

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

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

(Continued)

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

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

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

Exhibit C-7

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

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

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

Exhibit D

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

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

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

MORGAN COUNTY, TENNESSEE
Index of Notes to the Financial Statements

(Continued)

MORGAN COUNTY, TENNESSEE
Index of Notes to the Financial Statements (Cont.)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Morgan County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Morgan County:

A. Reporting Entity

Morgan County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Morgan County (the primary government) and its component units. The financial statements of the Morgan County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Morgan County School Department operates the public school system in the county, and the voters of Morgan County elect its board. The school department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The school department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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

Administrative Office:

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

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

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

C. <u>Measurement Focus, Basis of Accounting, and Financial Statement Presentation</u>

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

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

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

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

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

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

Morgan County reports the following major governmental funds:

> **General Fund** – This is the county's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> **Solid Waste/Sanitation Fund** – This special revenue fund accounts for transactions related to the county's garbage collection service. Local taxes and general service charges are the foundational revenues of this fund.
>
> **Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county's highway department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.
>
> **General Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Morgan County reports the following fund types:

> **Capital Projects Fund** – The General Capital Projects Fund is used to account for general construction projects of the county and for the receipt of debt issued by Morgan County and contributed to the school department for various capital projects.
>
> **Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Morgan County, and property taxes collected for the City of Sunbright. Agency funds are custodial in nature (assets equal liabilities) and do not involve

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

The discretely presented Morgan County School Department reports the following major governmental funds:

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

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

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

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Morgan County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund and to the discretely presented school department's General Purpose School Fund. Morgan County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These polices 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 polices is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

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

2. <u>Receivables and Payables</u>

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectibles for the ambulance service receivables reflected in the General Fund consists of various amounts estimated based on the categories of the payee (Medicare, Medicaid, insurance companies, and individuals). The allowance for uncollectible property taxes is equal to 3.30 percent of total taxes levied.

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

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

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

3. **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. **Restricted Assets**

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Morgan County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Morgan County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Morgan County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

5. **Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life of more than two years and with an initial, individual cost based on the following table. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

Assets	Years
Buildings and Improvements	3 - 40
Other Capital Assets	3 - 30
Infrastructure	15 - 40

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the Government-wide Statement of Net Position. These items are for pension changes in experience, pension and OPEB changes in assumptions, pension and OPEB contributions after the measurement date, and pension and OPEB changes in proportion.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension and OPEB changes in experience, net pension changes in investment earnings, OPEB changes in assumptions, pension changes in proportion, and receivables for various revenues, which do not meet the availability criteria for governmental funds.

7. **Compensated Absences**

Primary Government

It is the primary government's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the primary government. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Discretely Presented Morgan County School Department

It is the school department's policy to permit certain qualifying personnel to accumulate a limited amount of earned but unused vacation and sick pay benefits, which will be paid to those employees upon separation from service. A liability for vacation and sick pay is accrued when incurred in the government-wide financial statements for the school department. A liability for vacation and sick pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

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

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

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

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

9. <u>Net Position and Fund Balance</u>

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

a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2019, Morgan County had $12,074,400 in outstanding debt for capital purposes for the discretely presented Morgan County School Department and $1,377,200 in outstanding debt that benefits a joint venture industrial development board. This debt is a liability of Morgan County, but the capital assets acquired are reported in the financial statements of the other entities. As of June 30, 2019, Morgan County also had $352,800 of non-capital debt, which was issued to terminate an interest rate swap agreement. Therefore, Morgan County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission makes assignments for the general government and the Board of Education makes assignments for the school department. Assigned fund balance in the General Fund consists of amounts assigned for encumbrances ($31,147). Assigned fund balance in the school department's General Purpose School Fund consists of amounts assigned for encumbrances ($399,260) and amounts appropriated for use in the 2019-20 budget ($268,396).

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

E. Pension Plans

Primary Government

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

Discretely Presented Morgan County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Discretely Presented Morgan County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Morgan County School Department

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

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

Primary Government

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

Discretely Presented Morgan County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2019, Morgan County and the Morgan County School Department reported encumbrances in the following budgeted funds:

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

B. <u>Cash Shortage – Prior Year</u>

<u>Office of County Clerk</u>

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

C. Expenditures Exceeded Appropriations

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

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

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

D. Sheriff's Lawsuit for Additional Funding

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

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

Deposits

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

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

Investments

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

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

TCRS Stabilization Trust

Legal Provisions. The Morgan County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated* (*TCA*), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Morgan County School Department may not impose any restrictions on investments placed by the trust on their behalf.

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

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

• Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

• Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

• Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Morgan County School Department to pay retirement benefits of the school department employees.

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

B. Capital Assets

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

Primary Government

Governmental Activities:

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

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

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

Governmental Activities:

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

Discretely Presented Morgan County School Department

Governmental Activities:

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

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

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

Governmental Activities:

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

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

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

Due to/from Other Funds

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

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

Interfund Transfers:

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

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

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

D. Long-term Debt

Primary Government

General Obligation Bonds and Other Loans

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

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

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

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

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

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

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

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

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

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

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

Changes in Long-term Debt

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

Governmental Activities:

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

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

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

E. **Long-term Obligations**

Changes in Long-term Obligations

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

Governmental Activities:

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

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

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

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.

<u>Discretely Presented Morgan County School Department</u>

<u>Changes in Long-term Obligations</u>

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

Governmental Activities:

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

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

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

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

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

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

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

G. Short-term Debt

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

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

V. OTHER INFORMATION

A. Risk Management

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

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

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

B. <u>Accounting Changes</u>

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

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

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

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

C. <u>Contingent Liabilities</u>

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

D. Changes in Administration

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

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

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

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require Morgan County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Morgan County closed its sanitary landfill in 1995. The $120,938 reported as postclosure care liability at June 30, 2019, represents amounts based on what it would cost to perform all postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

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

Administrative Office:

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

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

Administrative Office:

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

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

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

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

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

County was $718,920 based on a rate of 7.38 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Morgan County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

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

Changes in the Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

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

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

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

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

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

Year Ending June 30	Amount
2020	$ 78,010
2021	(49,373)
2022	(186,506)
2023	(89,768)
2024	0
Thereafter	0

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

Payable to the Pension Plan

At June 30, 2019, Morgan County reported a payable of $1,607 for the outstanding amount of contributions due to the pension plan at year end.

Discretely Presented Morgan County School Department

Non-certified Employees

General Information About the Pension Plan

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

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

<u>Certified Employees</u>

<u>Teacher Retirement Plan</u>

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 9,067	$ (58,647)	$ (108,536)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. <u>Deferred Compensation</u>

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

H. <u>Other Postemployment Benefits (OPEB)</u>

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

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

Post-65 certified retirees of Morgan County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The school department's total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

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

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

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

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

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

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

Employees Covered by Benefit Terms

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

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

A state insurance committee, created in accordance with *TCA* 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid $86,134 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 0	$ 660,493
Changes of Assumptions/Inputs	71,240	96,787
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	19,652	0
Benefits Paid After the Measurement Date of June 30, 2018	86,134	0
Total	$ 177,026	$ 757,280

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

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

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

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

Discount Rate	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Proportionate Share of the Collective Total OPEB Liability	$ 2,113,589	$ 1,964,789	$ 1,822,621

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.

Healthcare Cost Trend Rate	1% Decrease 5.75 to 2.85%	Curent Rates 6.75 to 3.85%	1% Increase 7.75 to 4.85%
Proportionate Share of the Collective Total OPEB Liability	$ 1,730,220	$ 1,964,789	$ 2,242,476

I. Termination Benefits – Early Retirement Bonus

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

J. Office of Central Accounting, Budgeting, and Purchasing

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

K. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Morgan County. All purchase orders are issued by the finance department. Purchases exceeding $25,000 are required to be competitively bid.

L. Subsequent Events

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

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

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

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

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

Copies of the complete financial statements of the County for the current Fiscal Year are available at https://www.comptroller.tn.gov/office-functions/la/reports/audit-reports.html.