



ANNUAL FINANCIAL REPORT

Henry County, Tennessee

For the Year Ended June 30, 2020

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

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

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

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

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

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

***SHELBI TUCKER
SAVANNA USERY
ELISHA CROWELL, CISA, CFE
State Auditors***

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

HENRY COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Henry County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	25-27
Highway/Public Works Fund	C-6	28
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	29
Index and Notes to the Financial Statements		30-110
REQUIRED SUPPLEMENTARY INFORMATION:		111
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	112
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	113
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Henry County School Department	E-3	114
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Henry County School Department	E-4	115

	Exhibit	Page(s)
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Retirement Plan of TCRS – Discretely Presented Henry County School Department	E-5	116
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Henry County School Department	E-6	117
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan - Discretely Presented Henry County School Department	E-7	118
Notes to the Required Supplementary Information		119
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		120
Nonmajor Governmental Funds:		121
Combining Balance Sheet	F-1	122-123
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	124
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	F-3	125
Drug Control Fund	F-4	126
Major Governmental Fund:		127
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	128
Fiduciary Funds:		129
Combining Statement of Fiduciary Assets and Liabilities	H-1	130
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	131-132
Component Unit:		
Discretely Presented Henry County School Department:		133
Statement of Activities	I-1	134
Balance Sheet – Governmental Funds	I-2	135
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	136
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	137
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	138
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	139
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	140-141
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Purpose School Fund	I-8	142-143
School Federal Projects Fund	I-9	144
Central Cafeteria Fund	I-10	145

	Exhibit	Page(s)
Miscellaneous Schedules:		146
Schedule of Changes in Long-term Notes and Bonds	J-1	147
Schedule of Long-term Debt Requirements by Year	J-2	148
Schedule of Transfers – Primary Government and Discretely Presented Henry County School Department	J-3	149
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Henry County School Department	J-4	150
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	151-162
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Henry County School Department	J-6	163-166
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	167-184
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Henry County School Department	J-8	185-195
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	J-9	196
 <u>SINGLE AUDIT SECTION</u>		 197
 Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		 198-199
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance		200-202
Schedule of Expenditures of Federal Awards and State Grants		203-204
Summary Schedule of Prior-year Findings		205
Schedule of Findings and Questioned Costs		206-208
Management's Corrective Action Plan		209
Best Practice		210

Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in no findings.

INTRODUCTORY SECTION

Henry County Officials

June 30, 2020

Officials

Brent Greer, County Mayor
Richie Chilcutt, County Road Supervisor
Dr. Leah Watkins, Director of Schools
Randi French, Trustee
Charles VanDyke, Assessor of Property
Donna Craig, County Clerk
Mike Wilson, Circuit, General Sessions, and Juvenile Courts Clerk
Mary Burns, Clerk and Master
Pam Martin, Register of Deeds
Monte Belew, Sheriff

Board of County Commissioners

Brent Greer, County Mayor, Chairman
Jerry Berry
Wes Bradley
Dell Carter
Greg Carter
James Copeland
Randy Gean
Kenneth Humphreys
Don Jones

Kreg Kyle
Paul Neal
Monte Starks
James Travis
Marty Visser
David Webb
Drew Williams

Board of Education

Jill Coker, Chairman
Tom Beasley
Josh Frey
Rod Frey
Jim McCampbell

Highway Commission

Bobby Milam, Chairman
Cody Craig
Vic Mallard
Leroy Morris
Kyle Norwood
Michael Parker

Audit Committee

Steve Greer, Chairman
Tom Beasley
Melanie Dodd
Kenneth Humphreys
Bobby Milam

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Henry County Medical Center. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Henry County Medical Center, is based solely on the report of the other auditors. We were unable to determine Henry County Medical Center's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Henry County Emergency Communications District and the Henry County Tourism Development Authority, component units requiring discrete presentation, were not included in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain

reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension asset and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension assets, and schedule of school changes in the total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Henry 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 Henry County School Department (a discretely presented component unit), miscellaneous schedules and other information such as the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Henry 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 Henry County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021, on our consideration of Henry 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 Henry 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 Henry County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

January 19, 2021

JEM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Henry County School Department	Henry County Medical Center
<u>ASSETS</u>			
Cash	\$ 16,559	\$ 0	\$ 9,589,608
Equity in Pooled Cash and Investments	9,550,285	10,936,664	0
Inventories	0	0	2,964,100
Investments	0	0	14,850,509
Accounts Receivable	22,446	6,507	20,530,277
Allowance for Uncollectibles	0	0	(10,412,000)
Due from Other Governments	1,379,879	1,374,605	0
Due from Component Units	50,000	0	0
Property Taxes Receivable	6,014,233	5,398,650	0
Allowance for Uncollectible Property Taxes	(98,275)	(88,213)	0
Prepaid Items	0	0	991,982
Other Current Assets	0	0	1,616,038
Other Restricted Assets	0	0	4,311,919
Net Pension Asset - Agent Plan	1,247,937	627,563	5,313,079
Net Pension Asset - Teacher Retirement Plan	0	147,555	0
Net Pension Asset - Teacher Legacy Pension Plan	0	3,186,275	0
Restricted Assets:			
Amounts Accumulated for Pension Benefits	0	113,558	0
Capital Assets:			
Assets Not Depreciated:			
Land	5,592,338	610,066	953,594
Construction in Progress	444,357	5,484,978	574,354
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	2,612,222	17,561,639	29,678,430
Infrastructure	12,591,477	0	0
Other Capital Assets	1,853,384	1,673,134	7,152,766
Total Assets	<u>\$ 41,276,842</u>	<u>\$ 47,032,981</u>	<u>\$ 88,114,656</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 78,382	\$ 0	\$ 0
Deferred Charge for Asset Acquisition Excess Cost	0	0	4,660,432
Pension Changes in Experience	5,039	163,784	21,450
Pension Changes in Assumptions	159,587	514,747	679,438
Pension Changes in Proportion	0	41,210	0
Pension Contributions after Measurement Date	345,405	1,346,827	1,479,658
OPEB Changes in Experience	0	126,877	0
OPEB Changes in Assumptions	0	51,862	0
OPEB Contributions after Measurement Date	0	141,400	0
Total Deferred Outflows of Resources	<u>\$ 588,413</u>	<u>\$ 2,386,707</u>	<u>\$ 6,840,978</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 68,171	\$ 127,352	\$ 2,961,925
Accrued Interest Payable	66,806	0	0
Contracts Payable	11,853	4,562	0
Due to State of Tennessee	5,230	0	0
Estimated Third-party Payor Settlements	0	0	866,706
Deferred Revenue	0	0	13,435,097
Other Current Liabilities	0	0	7,021,387
Noncurrent Liabilities:			
Due Within One Year - Debt	2,421,617	0	3,496,504
Due Within One Year - Other	22,580	3,891	0
Due in More Than One Year - Debt	15,088,217	0	21,848,746
Due in More Than One Year- Other	428,974	2,120,915	0
Total Liabilities	<u>\$ 18,113,448</u>	<u>\$ 2,256,720</u>	<u>\$ 49,630,365</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Henry County School Department	Henry County Medical Center
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,795,574	\$ 5,202,387	\$ 0
Pension Changes in Experience	131,560	2,038,157	560,111
Pension Changes in Investment Earnings	253,891	1,044,295	1,080,945
Pension Changes in Proportion	0	48,548	0
OPEB Changes in Experience	0	303,269	0
OPEB Changes in Assumptions	0	215,906	0
OPEB Changes in Proportions	0	65,230	0
Total Deferred Inflows of Resources	<u>\$ 6,181,025</u>	<u>\$ 8,917,792</u>	<u>\$ 1,641,056</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 22,061,278	\$ 25,329,817	\$ 14,461,761
Restricted for:			
General Government	58,140	0	0
Administration of Justice	3,353	0	0
Public Safety	146,000	0	0
Public Health and Welfare	22,483	0	0
Highway/Public Works	2,606,256	0	0
Education	0	622,198	0
Operation of Non-instructional Services	0	852,844	0
Debt Service	869,770	0	0
Capital Outlay	97,772	248,063	0
Hybrid Retirement Stabilization Funds	0	113,558	0
Pensions	1,247,937	3,961,393	5,313,079
Unrestricted	<u>(9,542,207)</u>	<u>7,117,303</u>	<u>23,909,373</u>
Total Net Position	<u>\$ 17,570,782</u>	<u>\$ 38,245,176</u>	<u>\$ 43,684,213</u>

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units	
						Henry County School Department	Henry County Medical Center
Primary Government:							
Governmental Activities:							
General Government	\$ 3,483,902	\$ 770,353	\$ 599,393	\$ 110,858	\$ (2,003,298)	\$ 0	\$ 0
Finance	1,181,789	966,994	0	0	(214,795)	0	0
Administration of Justice	1,370,062	617,749	58,257	0	(694,056)	0	0
Public Safety	5,728,425	1,524,036	66,012	550,140	(3,588,237)	0	0
Public Health and Welfare	905,416	142,175	159,658	0	(603,583)	0	0
Social, Cultural, and Recreational Services	401,238	0	36,786	0	(364,452)	0	0
Agriculture and Natural Resources	197,586	0	0	0	(197,586)	0	0
Highways	5,588,841	0	2,680,941	1,064,125	(1,843,775)	0	0
Interest on Long-term Debt	483,748	0	2,574,623	0	2,090,875	0	0
Total Primary Government	\$ 19,341,007	\$ 4,021,307	\$ 6,175,670	\$ 1,725,123	\$ (7,418,907)	\$ 0	\$ 0
Component Units:							
Henry County School Department	\$ 33,773,774	\$ 494,579	\$ 5,378,408	\$ 0	\$ 0	\$ (27,900,787)	\$ 0
Henry County Medical Center	102,120,791	91,172,562	0	0	0	0	(10,948,229)
Total Component Units	\$ 135,894,565	\$ 91,667,141	\$ 5,378,408	\$ 0	\$ 0	\$ (27,900,787)	\$ (10,948,229)

(Continued)

Exhibit B

Henry County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units	
					Henry County School Department	Henry County Medical Center	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 5,617,161	\$ 5,046,136	\$	0
Property Taxes Levied for Debt Service				261,821	0		0
Local Option Sales Taxes				1,018,889	4,139,002		0
Hotel/Motel Tax				187,573	0		0
Wheel Tax				457,453	0		0
Litigation Tax				165,083	0		0
Business Tax				181,143	162,599		0
Wholesale Beer Tax				166,667	0		0
Other Local Taxes				21,300	835,752		0
Grants and Contributions Not Restricted to Specific Programs				1,061,919	18,439,551		0
Unrestricted Investment Income				483,861	41,442		306,186
Miscellaneous				271,064	19,759		6,258,288
Total General Revenues				<u>\$ 9,893,934</u>	<u>\$ 28,684,241</u>	<u>\$</u>	<u>6,564,474</u>
Change in Net Position				\$ 2,475,027	\$ 783,454	\$	(4,383,755)
Net Position, July 1, 2019				<u>15,095,755</u>	<u>37,461,722</u>		<u>48,067,968</u>
Net Position, June 30, 2020				<u>\$ 17,570,782</u>	<u>\$ 38,245,176</u>	<u>\$</u>	<u>43,684,213</u>

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

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 16,559	\$ 16,559
Equity in Pooled Cash and Investments	2,545,828	3,404,385	2,420,068	727,126	9,097,407
Accounts Receivable	14,759	0	0	7,687	22,446
Due from Other Governments	906,579	452,241	700	20,359	1,379,879
Due from Other Funds	16,559	452,878	0	0	469,437
Due from Component Units	0	0	50,000	0	50,000
Property Taxes Receivable	3,840,227	1,634,525	137,694	401,787	6,014,233
Allowance for Uncollectible Property Taxes	(61,729)	(26,708)	(3,273)	(6,565)	(98,275)
Total Assets	\$ 7,262,223	\$ 5,917,321	\$ 2,605,189	\$ 1,166,953	\$ 16,951,686
<u>LIABILITIES</u>					
Accounts Payable	\$ 68,171	\$ 0	\$ 0	\$ 0	\$ 68,171
Contracts Payable	0	11,853	0	0	11,853
Due to Other Funds	0	0	0	16,559	16,559
Due to State of Tennessee	5,230	0	0	0	5,230
Total Liabilities	\$ 73,401	\$ 11,853	\$ 0	\$ 16,559	\$ 101,813
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,704,233	\$ 1,575,101	\$ 129,060	\$ 387,180	\$ 5,795,574
Deferred Delinquent Property Taxes	60,918	26,836	4,398	6,596	98,748
Other Deferred/Unavailable Revenue	280,953	231,363	0	0	512,316
Total Deferred Inflows of Resources	\$ 4,046,104	\$ 1,833,300	\$ 133,458	\$ 393,776	\$ 6,406,638

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Administration of Justice	\$ 3,353	\$ 0	\$ 0	\$ 0	\$ 3,353
Restricted for Public Safety	27,907	0	0	118,093	146,000
Restricted for Public Health and Welfare	15,887	0	0	0	15,887
Restricted for Other Operations	337	0	0	0	337
Restricted for Highways/Public Works	0	2,348,057	0	0	2,348,057
Restricted for Capital Outlay	0	0	0	97,772	97,772
Committed:					
Committed for General Government	112,960	0	0	0	112,960
Committed for Public Health and Welfare	0	0	0	540,753	540,753
Committed for Highways/Public Works	0	1,724,111	0	0	1,724,111
Committed for Debt Service	0	0	2,471,731	0	2,471,731
Unassigned	2,982,274	0	0	0	2,982,274
Total Fund Balances	\$ 3,142,718	\$ 4,072,168	\$ 2,471,731	\$ 756,618	\$ 10,443,235
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,262,223	\$ 5,917,321	\$ 2,605,189	\$ 1,166,953	\$ 16,951,686

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

Exhibit C-2

Henry County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2020

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	10,443,235
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	5,592,338	
Add: construction in progress		444,357	
Add: buildings and improvements net of accumulated depreciation		2,612,222	
Add: infrastructure net of accumulated depreciation		12,591,477	
Add: other capital assets net of accumulated depreciation		<u>1,853,384</u>	23,093,778
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(1,032,500)	
Less: bonds payable		(15,934,614)	
Add: deferred amount on refunding		78,382	
Less: other deferred revenue - premium on debt		(331,967)	
Less: accrued interest on notes and bonds		(66,806)	
Less: accreted interest on bonds		(210,753)	
Less: compensated absences payable		<u>(451,554)</u>	(17,949,812)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	510,031	
Less: deferred inflows of resources related to pensions		<u>(385,451)</u>	124,580
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			1,247,937
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>611,064</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>17,570,782</u></u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 5,770,629	\$ 1,677,555	\$ 303,885	\$ 412,342	\$ 8,164,411
Licenses and Permits	198,122	0	0	0	198,122
Fines, Forfeitures, and Penalties	184,976	0	0	35,797	220,773
Charges for Current Services	203,165	0	0	3,335	206,500
Other Local Revenues	572,094	16,987	511,861	127,289	1,228,231
Fees Received From County Officials	1,530,023	0	0	0	1,530,023
State of Tennessee	2,939,518	3,738,112	0	57,113	6,734,743
Federal Government	431,305	500	29,328	18,260	479,393
Other Governments and Citizens Groups	238,217	0	2,574,623	0	2,812,840
Total Revenues	\$ 12,068,049	\$ 5,433,154	\$ 3,419,697	\$ 654,136	\$ 21,575,036
<u>Expenditures</u>					
Current:					
General Government	\$ 1,183,309	\$ 0	\$ 0	\$ 0	\$ 1,183,309
Finance	918,586	0	0	0	918,586
Administration of Justice	1,051,718	0	0	3,335	1,055,053
Public Safety	4,974,646	0	0	51,699	5,026,345
Public Health and Welfare	196,785	0	0	584,766	781,551
Social, Cultural, and Recreational Services	329,814	0	0	0	329,814
Agriculture and Natural Resources	187,097	0	0	0	187,097
Other Operations	3,453,142	0	10,647	11,886	3,475,675
Highways	0	5,250,282	0	0	5,250,282
Debt Service:					
Principal on Debt	0	0	1,544,065	0	1,544,065
Interest on Debt	0	0	1,320,193	0	1,320,193
Other Debt Service	0	0	240,054	0	240,054

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 201,314	\$ 201,314
Total Expenditures	\$ 12,295,097	\$ 5,250,282	\$ 3,114,959	\$ 853,000	\$ 21,513,338
<u>Excess (Deficiency) of Revenues Over Expenditures</u>					
	\$ (227,048)	\$ 182,872	\$ 304,738	\$ (198,864)	\$ 61,698
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 425,000	\$ 0	\$ 0	\$ 160,000	\$ 585,000
Refunding Debt Issued	0	0	2,045,000	0	2,045,000
Insurance Recovery	21,076	0	0	0	21,076
Transfers In	0	457,878	0	0	457,878
Transfers Out	(457,878)	0	0	0	(457,878)
Payments to Refunded Debt Escrow Agent	0	0	(2,099,677)	0	(2,099,677)
Total Other Financing Sources (Uses)	\$ (11,802)	\$ 457,878	\$ (54,677)	\$ 160,000	\$ 551,399
Net Change in Fund Balances	\$ (238,850)	\$ 640,750	\$ 250,061	\$ (38,864)	\$ 613,097
Fund Balance, July 1, 2019	3,381,568	3,431,418	2,221,670	795,482	9,830,138
Fund Balance, June 30, 2020	\$ 3,142,718	\$ 4,072,168	\$ 2,471,731	\$ 756,618	\$ 10,443,235

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 613,097
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 2,176,145	
Less: current-year depreciation expense	<u>(2,338,205)</u>	(162,060)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.</p>		
Add: assets donated and capitalized	\$ 235,140	
Less: proceeds received from disposal of capital assets	<u>(14,000)</u>	221,140
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$ 611,064	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(662,844)</u>	(51,780)
<p>(4) The issuance of long-term debt (e.g., notes, other loans, bonds) 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.</p>		
Less: note proceeds	\$ (585,000)	
Less: bond proceeds	(2,045,000)	
Add: change in deferred amount on refunding	19,901	
Add: change in premium on debt issuances	71,638	
Add: principal payments on notes	416,250	
Add: principal payments on bonds	1,127,815	
Add: refunded debt principal	<u>2,065,000</u>	1,070,604
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest on notes and bonds	\$ 7,486	
Change in accreted interest on bonds	843,735	
Change in compensated absences payable	(31,906)	
Change in net pension asset	151,187	
Change in deferred outflows related to pensions	(90,201)	
Change in deferred inflows related to pensions	<u>(96,275)</u>	784,026
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,475,027</u>

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

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,770,629	\$ 5,784,842	\$ 5,794,842	\$ (24,213)
Licenses and Permits	198,122	213,000	213,000	(14,878)
Fines, Forfeitures, and Penalties	184,976	231,600	231,600	(46,624)
Charges for Current Services	203,165	260,070	260,744	(57,579)
Other Local Revenues	572,094	654,250	711,230	(139,136)
Fees Received From County Officials	1,530,023	1,651,000	1,651,000	(120,977)
State of Tennessee	2,939,518	2,647,018	2,794,195	145,323
Federal Government	431,305	53,000	374,349	56,956
Other Governments and Citizens Groups	238,217	36,000	254,771	(16,554)
Total Revenues	\$ 12,068,049	\$ 11,530,780	\$ 12,285,731	\$ (217,682)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 57,947	\$ 66,850	\$ 66,850	\$ 8,903
Board of Equalization	0	1,000	1,000	1,000
Other Boards and Committees	3,975	5,000	5,000	1,025
County Mayor/Executive	240,519	237,239	244,718	4,199
County Attorney	23,154	22,700	23,154	0
Election Commission	174,935	186,075	192,999	18,064
Register of Deeds	162,101	168,680	168,680	6,579
Building	92,022	107,262	107,262	15,240
County Buildings	138,913	146,000	151,000	12,087
Other General Administration	271,582	208,439	273,309	1,727
Preservation of Records	18,161	24,614	24,614	6,453
<u>Finance</u>				
Accounting and Budgeting	112,640	114,367	115,443	2,803
Property Assessor's Office	216,301	222,212	222,212	5,911
Reappraisal Program	107,138	132,928	132,928	25,790
County Trustee's Office	217,231	222,212	221,870	4,639
County Clerk's Office	265,276	270,060	269,591	4,315
<u>Administration of Justice</u>				
Circuit Court	271,091	248,992	285,677	14,586
General Sessions Court	119,460	118,911	119,461	1
General Sessions Judge	174,670	176,737	176,737	2,067
Chancery Court	178,501	191,465	192,306	13,805
Juvenile Court	233,343	236,871	336,871	103,528
Probate Court	66,281	68,083	68,083	1,802
Other Administration of Justice	8,372	10,000	10,000	1,628
<u>Public Safety</u>				
Sheriff's Department	2,184,139	2,507,177	2,233,461	49,322
Special Patrols	87,230	94,000	94,000	6,770
Administration of the Sexual Offender Registry	1,914	4,000	4,000	2,086
Jail	1,559,920	1,545,286	1,594,535	34,615
Fire Prevention and Control	33,200	33,200	33,200	0
Rescue Squad	5,000	5,000	5,000	0
Other Emergency Management	1,013,466	449,305	1,090,836	77,370
County Coroner/Medical Examiner	89,777	52,200	93,400	3,623

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 144,437	\$ 160,913	\$ 172,488	\$ 28,051
Rabies and Animal Control	7,843	9,000	13,611	5,768
Maternal and Child Health Services	1,350	1,350	1,350	0
Alcohol and Drug Programs	9,700	10,500	10,500	800
Crippled Children Services	2,660	2,660	2,660	0
Other Local Health Services	21,900	23,700	28,700	6,800
General Welfare Assistance	8,895	12,000	49,147	40,252
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	131,778	142,313	142,046	10,268
Libraries	164,786	164,786	164,786	0
Parks and Fair Boards	5,250	5,250	5,250	0
Other Social, Cultural, and Recreational	28,000	28,000	28,000	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	131,496	146,960	146,960	15,464
Soil Conservation	33,793	33,795	33,795	2
Flood Control	21,808	21,808	21,808	0
<u>Other Operations</u>				
Tourism	76,550	26,550	76,550	0
Tourism - Resort District	507,538	442,450	507,538	0
Industrial Development	55,000	55,000	55,000	0
Airport	373,137	420,201	440,374	67,237
Veterans' Services	57,816	63,997	63,997	6,181
Other Charges	140,990	135,467	145,790	4,800
Contributions to Other Agencies	117,922	125,075	125,075	7,153
Employee Benefits	1,626,862	1,794,677	1,701,635	74,773
COVID-19 Grant #1	5,434	0	5,434	0
COVID-19 Grant #2	915	0	915	0
COVID-19 Grant #3	4,576	0	4,576	0
COVID-19 Grant #4	6,604	0	6,604	0
COVID-19 Grant #5	35,967	0	35,967	0
COVID-19 Grant #6	433,831	0	433,831	0
Miscellaneous	10,000	532,500	12,500	2,500
Total Expenditures	\$ 12,295,097	\$ 12,235,817	\$ 12,995,084	\$ 699,987
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (227,048)	\$ (705,037)	\$ (709,353)	\$ 482,305
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 425,000	\$ 0	\$ 425,000	\$ 0
Insurance Recovery	21,076	1,000	22,076	(1,000)
Transfers In	0	183,760	0	0
City General Fund Transfer	0	13,935	0	0
Transfers Out	(457,878)	0	(475,000)	17,122
Total Other Financing Sources	\$ (11,802)	\$ 198,695	\$ (27,924)	\$ 16,122

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Net Change in Fund Balance	\$ (238,850)	\$ (506,342)	\$ (737,277)	\$ 498,427
Fund Balance, July 1, 2019	3,381,568	3,381,568	3,381,568	0
Fund Balance, June 30, 2020	<u>\$ 3,142,718</u>	<u>\$ 2,875,226</u>	<u>\$ 2,644,291</u>	<u>\$ 498,427</u>

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,677,555	\$ 2,082,357	\$ 1,622,357	\$ 55,198
Other Local Revenues	16,987	63,000	15,648	1,339
State of Tennessee	3,738,112	4,243,067	4,809,567	(1,071,455)
Federal Government	500	25,000	25,000	(24,500)
Total Revenues	<u>\$ 5,433,154</u>	<u>\$ 6,413,424</u>	<u>\$ 6,472,572</u>	<u>\$ (1,039,418)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 250,595	\$ 254,278	\$ 255,360	\$ 4,765
Highway and Bridge Maintenance	2,255,669	2,773,772	2,773,772	518,103
Operation and Maintenance of Equipment	515,153	653,540	653,540	138,387
Litter and Trash Collection	57,600	52,100	57,600	0
Other Charges	248,609	266,274	266,274	17,665
Employee Benefits	493,875	547,560	547,560	53,685
Capital Outlay	1,428,781	2,050,500	2,611,500	1,182,719
Total Expenditures	<u>\$ 5,250,282</u>	<u>\$ 6,598,024</u>	<u>\$ 7,165,606</u>	<u>\$ 1,915,324</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 182,872</u>	<u>\$ (184,600)</u>	<u>\$ (693,034)</u>	<u>\$ 875,906</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 457,878	\$ 5,000	\$ 465,000	\$ (7,122)
Total Other Financing Sources	<u>\$ 457,878</u>	<u>\$ 5,000</u>	<u>\$ 465,000</u>	<u>\$ (7,122)</u>
Net Change in Fund Balance	\$ 640,750	\$ (179,600)	\$ (228,034)	\$ 868,784
Fund Balance, July 1, 2019	<u>3,431,418</u>	<u>3,431,418</u>	<u>3,431,418</u>	<u>0</u>
Fund Balance, June 30, 2020	<u>\$ 4,072,168</u>	<u>\$ 3,251,818</u>	<u>\$ 3,203,384</u>	<u>\$ 868,784</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 757,870
Equity in Pooled Cash and Investments	1,098,573
Accounts Receivable	19,708
Due from Other Governments	1,396,342
Property Taxes Receivable	3,730,467
Allowance for Uncollectible Property Taxes	<u>(30,632)</u>
Total Assets	<u>\$ 6,972,328</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 5,366,705
Due to Litigants, Heirs, and Others	773,233
Due to Joint Ventures	<u>832,390</u>
Total Liabilities	<u>\$ 6,972,328</u>

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

HENRY COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	31
B. Government-wide and Fund Financial Statements	32
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	33
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	35
2. Receivables and Payables	37
3. Restricted Assets	37
4. Capital Assets	38
5. Deferred Outflows/Inflows of Resources	39
6. Compensated Absences	39
7. Long-term Debt and Long-term Obligations	40
8. Net Position and Fund Balance	40
E. Pension Plans	42
F. Other Postemployment Benefits (OPEB) Plan	43
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	43
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	43
III. Stewardship, Compliance, and Accountability	
Budgetary Information	44
IV. Detailed Notes on All Funds	
A. Deposits and Investments	44
B. Capital Assets	50
C. Construction Commitments	52
D. Interfund Receivables, Payables, and Transfers	52
E. Long-term Debt	54
F. Long-term Obligations	56
G. On-Behalf Payments	58
V. Other Information	
A. Risk Management	58
B. Contingent Liabilities	59
C. Change in Administration	59
D. Joint Ventures	59
E. Retirement Commitments	
1. Tennessee Consolidated Retirement System (TCRS)	61
2. Deferred Compensation	78
F. Other Postemployment Benefits (OPEB)	78
G. Purchasing Laws	83
H. Subsequent Events	84
VI. Other Notes - Discretely Presented Henry County Medical Center	84

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Henry 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 Henry County:

A. Reporting Entity

Henry County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Henry County (the primary government) and its component units. The financial statements of the Henry County Emergency Communications District and the Henry County Tourism Development Authority, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their 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 Henry County School Department operates the county's public school system, and the voters of Henry 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 Henry County Medical Center provides healthcare to the citizens of Henry County, and the Henry County Commission appoints its governing body. Before the issuance of any debt instruments, the hospital must obtain the approval of the county commission.

The Henry County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Henry County, and the Henry 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 Henry County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Henry County Tourism Development Authority provides programs designed to promote and advertise Henry County, and the Henry County Commission appoints its governing body. Before the issuance of any debt instruments, the authority must obtain the county commission's approval. The financial statements of the Henry County Tourism Development Authority were not material to the component units' opinion unit and therefore have been omitted from this report.

The Henry 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 Henry County Medical Center, the Henry County Emergency Communications District, and the Henry County Tourism Development Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Henry County Medical Center
P.O. Box 1030
Paris, TN 38242

Henry County Emergency Communications District
P.O. Box 1452
Paris, TN 38242

Henry County Tourism Development Authority
P.O. Box 7
Paris, TN 38242

B. Government-wide and Fund Financial Statements

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

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

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

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

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

Fund financial statements of Henry 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 outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Henry County has no proprietary funds to report.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are

aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Henry County considers grants and similar revenues to be available if they are collected within 120 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Henry County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s highway department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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, Henry County reports the following fund types:

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

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 Henry County, assets held in a custodial capacity for a watershed district, the city school system’s share of educational revenues, and other restricted revenues held for the benefit of the Judicial District Drug Task Force. 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 Henry County School Department reports the following major governmental fund:

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

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

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

Capital Projects Fund – The Education Capital Projects Fund accounts for transactions involving building construction and renovations at the school department.

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

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

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Henry County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund and the school department's Education Capital Projects Fund. Henry County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United State of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded

that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United State of America. Henry County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

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

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 0.85 percent of total taxes levied.

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

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

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

3. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Henry 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 Henry County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Henry County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5 - 10
Infrastructure:	
Roads	20 - 50
Bridges	20 - 50

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

It is the policy of Henry County (with the exception of the highway department) to permit employees to accumulate varying amounts of earned but unused vacation leave, which will be paid upon separation from county service. All vacation leave is accrued when incurred in the government-wide statements for the primary government. A liability for vacation leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The policy of the Henry County Highway Department does not permit employees to accumulate sick or vacation days beyond the fiscal year and therefore is not required to be accrued or recorded.

It is the policy of the discretely presented Henry County School Department to permit full-time, non-teaching employees to accumulate

vacation days exceeding a normal year's accumulation. All vacation leave is accrued when incurred in the government-wide statements for the school department. A liability for vacation leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. Professional employees are allowed unlimited accumulation of unused sick leave days. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

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

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

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

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

8. **Net Position and Fund Balance**

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages,

notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$5,051,711 of restricted net position for the primary government, of which \$57,803 is restricted by enabling legislation.

At June 30, 2020, Henry County had \$15,934,614 in outstanding debt for capital purposes for the discretely presented Henry County School Department. The debt is a liability of Henry County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Henry County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

These classifications may consist of the following:

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

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

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

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

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

E. Pension Plans

Primary Government

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Henry County School Department

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

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

Primary Government

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

Discretely Presented Henry County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental

funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Other Boards and Committees, County Mayor/Executive, 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 the GAAP basis is presented on the face of each budgetary schedule.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Henry County and the Henry County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate

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

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

Investments

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

repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

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

TCRS Stabilization Trust

Legal Provisions. The Henry 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 Henry County School Department may not impose any restrictions on investments placed by the trust on their behalf.

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

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

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

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

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

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

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a

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

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

At June 30, 2020, the Henry 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	\$ 35,203
Developed Market International Equity	N/A	N/A	15,898
Emerging Market International Equity	N/A	N/A	4,542
U.S. Fixed Income	N/A	N/A	22,712
Real Estate	N/A	N/A	11,356
Short-term Securities	N/A	N/A	1,135
NAV - Private Equity and Strategic Lending	N/A	N/A	22,712
Total			\$ 113,558

Investment by Fair Value Level	Fair Value 6-30-20	Fair Value Measurements Using			NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 35,203	\$ 35,203	\$ 0	\$ 0	0
Developed Market					
International Equity	15,898	15,898	0	0	0
Emerging Market					
International Equity	4,542	4,542	0	0	0
U.S. Fixed Income	22,712	0	22,712	0	0
Real Estate	11,356	0	0	11,356	0
Short-term Securities	1,135	0	1,135	0	0
Private Equity and Strategic Lending	22,712	0	0	0	22,712
Total	\$ 113,558	\$ 55,643	\$ 23,847	\$ 11,356	\$ 22,712

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 Henry 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 Henry 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. Henry 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 Henry

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

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 5,556,920	\$ 35,418	\$ 0	\$ 5,592,338
Construction in Progress	64,226	444,357	(64,226)	444,357
Total Capital Assets Not Depreciated	<u>\$ 5,621,146</u>	<u>\$ 479,775</u>	<u>\$ (64,226)</u>	<u>\$ 6,036,695</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,847,669	\$ 0	\$ 0	\$ 9,847,669
Infrastructure	47,252,094	1,272,418	0	48,524,512
Other Capital Assets	6,496,089	723,318	(86,961)	7,132,446
Total Capital Assets Depreciated	<u>\$ 63,595,852</u>	<u>\$ 1,995,736</u>	<u>\$ (86,961)</u>	<u>\$ 65,504,627</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,909,098	\$ 326,349	\$ 0	\$ 7,235,447
Infrastructure	34,490,324	1,442,711	0	35,933,035
Other Capital Assets	4,782,878	569,145	(72,961)	5,279,062
Total Accumulated Depreciation	<u>\$ 46,182,300</u>	<u>\$ 2,338,205</u>	<u>\$ (72,961)</u>	<u>\$ 48,447,544</u>
Total Capital Assets Depreciated, Net	<u>\$ 17,413,552</u>	<u>\$ (342,469)</u>	<u>\$ (14,000)</u>	<u>\$ 17,057,083</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,034,698</u>	<u>\$ 137,306</u>	<u>\$ (78,226)</u>	<u>\$ 23,093,778</u>

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

Governmental Activities:

General Government	\$ 278,564
Finance	3,245
Administration of Justice	2,889
Public Safety	410,883
Public Health and Welfare	69,632
Social, Cultural, and Recreational Services	2,355
Highways/Public Works	<u>1,570,637</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 2,338,205</u></u>

Discretely Presented Henry County School Department

Governmental Activities:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 610,066	\$ 0	\$ 0	\$ 610,066
Construction in Progress	<u>4,054,250</u>	<u>2,280,635</u>	<u>(849,907)</u>	<u>5,484,978</u>
Total Capital Assets Not Depreciated	<u>\$ 4,664,316</u>	<u>\$ 2,280,635</u>	<u>\$ (849,907)</u>	<u>\$ 6,095,044</u>
 Capital Assets Depreciated:				
Buildings and Improvements	\$ 55,300,144	\$ 1,222,525	\$ 0	\$ 56,522,669
Other Capital Assets	<u>7,171,271</u>	<u>481,905</u>	<u>0</u>	<u>7,653,176</u>
Total Capital Assets Depreciated	<u>\$ 62,471,415</u>	<u>\$ 1,704,430</u>	<u>\$ 0</u>	<u>\$ 64,175,845</u>
 Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 37,028,917	\$ 1,932,113	\$ 0	\$ 38,961,030
Other Capital Assets	<u>5,401,510</u>	<u>578,532</u>	<u>0</u>	<u>5,980,042</u>
Total Accumulated Depreciation	<u>\$ 42,430,427</u>	<u>\$ 2,510,645</u>	<u>\$ 0</u>	<u>\$ 44,941,072</u>
 Total Capital Assets Depreciated, Net	<u>\$ 20,040,988</u>	<u>\$ (806,215)</u>	<u>\$ 0</u>	<u>\$ 19,234,773</u>
 Governmental Activities Capital Assets, Net	<u><u>\$ 24,705,304</u></u>	<u><u>\$ 1,474,420</u></u>	<u><u>\$ (849,907)</u></u>	<u><u>\$ 25,329,817</u></u>

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

Governmental Activities:

Instruction	\$ 1,861,864
Support Services	605,833
Operation of Non-instructional Services	<u>42,948</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 2,510,645</u>

C. Construction Commitments

At June 30, 2020, the school department had uncompleted construction contracts of approximately \$286,556 in the Education Capital Projects Fund for school construction. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 16,559
Highway/Public Works	General	452,878
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	1,336

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

The receivable in the Highway/Public Works Fund totaling \$452,878 was in transit from the General Fund at June 30, 2020. The receivable in the General Purpose School Fund totaling \$1,336 was in transit from the School Federal Projects Fund at June 30, 2020.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	Henry County Tourism	\$ 50,000
General Debt Service	Development Authority	

The receivable in the General Debt Service Fund totaling \$50,000 was in transit from the Henry County Tourism Development Authority at June 30, 2020.

Interfund Transfers:

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

Primary Government

Transfers Out	<u>Transfers In</u> Highway/ Public Works Fund	Purpose
General Fund	\$ 452,878	Net wheel tax revenue
"	<u>5,000</u>	Litter program
Total	<u>\$ 457,878</u>	

Discretely Presented Henry County School Department

Transfers Out	<u>Transfers In</u> General Purpose School Fund	Purpose
Nonmajor governmental fund	\$ 52,286	Indirect costs

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

E. Long-term Debt

Primary Government

General Obligation Bonds and Notes

General Obligation Bonds - Henry County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Henry County issues capital outlay notes to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes were issued for original terms of up to ten years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-20
General Obligation Bonds	2 to 2.25%	5-1-29	\$ 8,850,000	\$ 7,710,000
General Obligation Bonds - Refunding	1.74 to 4	5-1-26	8,190,000	8,100,000
Capital Accretion Bonds	4.6 to 5.2	5-1-21	3,693,361	124,614
Capital Outlay Notes	1 to 2.55	8-7-24	2,500,000	1,032,500

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 1,864,614	\$ 594,458	\$ 2,459,072
2022	2,140,000	326,802	2,466,802
2023	2,180,000	284,197	2,464,197
2024	2,240,000	225,842	2,465,842
2025	2,310,000	150,437	2,460,437
2026-2029	5,200,000	232,020	5,432,020
Total	<u>\$ 15,934,614</u>	<u>\$ 1,813,756</u>	<u>\$ 17,748,370</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 346,250	\$ 22,699	\$ 368,949
2022	346,250	15,451	361,701
2023	170,000	8,202	178,202
2024	85,000	4,335	89,335
2025	85,000	2,167	87,167
Total	<u>\$ 1,032,500</u>	<u>\$ 52,854</u>	<u>\$ 1,085,354</u>

There is \$2,471,731 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$493, based on the 2010 federal census. Total debt per capita, including bonds, notes, accreted interest, and unamortized debt premiums totaled \$542, based on the 2010 federal census.

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

Description of Debt	Outstanding 6-30-20
<u>Bonds Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School, Series 2001B (CAB)	\$ 124,614
Rural School Refunding Bonds, Series 2013	6,055,000
General Obligation High School Bonds, Series 2017	7,710,000
General Obligation Refunding Bonds, Series 2020	2,045,000
Total	<u>\$ 15,934,614</u>

Changes in Long-term Debt

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

Governmental Activities:

	Bonds	Notes - Direct Placement	Accreted Interest
Balance, July 1, 2019	\$ 17,082,429	\$ 863,750	\$ 1,054,488
Additions	2,045,000	585,000	78,450
Reductions	(3,192,815)	(416,250)	(922,185)
Balance, June 30, 2020	<u>\$ 15,934,614</u>	<u>\$ 1,032,500</u>	<u>\$ 210,753</u>
Balance Due Within One Year	<u>\$ 1,864,614</u>	<u>\$ 346,250</u>	<u>\$ 210,753</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 17,177,867
Less: Balance Due Within One Year - Debt	(2,421,617)
Add: Unamortized Premium on Debt	<u>331,967</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 15,088,217</u>

Current Refunding

On February 12, 2020, Henry County refunded a general obligation bond issue with a separate general obligation bond issue. The county issued \$2,045,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Because of the refunding, total debt service payments over the next six years will be reduced by \$191,683, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$274,781 was obtained.

F. Long-term Obligations

Changes in Long-term Obligations

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

	<u>Compensated Absences</u>
Balance, July 1, 2019	\$ 419,648
Additions	473,643
Reductions	<u>(441,737)</u>
Balance, June 30, 2020	<u>\$ 451,554</u>
Balance Due Within One Year	<u>\$ 22,580</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 451,554
Less: Balance Due Within One Year - Other	<u>(22,580)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 428,974</u>

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

Discretely Presented Henry County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2019	\$ 74,776	\$ 2,127,222
Additions	67,931	320,318
Reductions	<u>(64,891)</u>	<u>(400,550)</u>
Balance, June 30, 2020	<u>\$ 77,816</u>	<u>\$ 2,046,990</u>
Balance Due Within One Year	<u>\$ 3,891</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2020	\$ 2,124,806
Less: Balance Due Within One Year - Other	<u>(3,891)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 2,120,915</u>

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

G. On-Behalf Payments – Discretely Presented Henry County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Henry County School Department. These payments are made by the state to the Local Education Group Insurance Plan. The plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2020, were \$76,246. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Henry County and the discretely presented Henry County School Department are exposed to various risks related to general liability, property, casualty, workers' compensation, health, and accident losses. The county and the school department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the school department 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.

Henry County (except for school department employees) purchases commercial insurance for the risk associated with employee health coverage. Pre-65 age retirees are offered COBRA at their own expense for a maximum of 18 months. Currently, Henry County has no retirees that have chosen to remain on the insurance. Management advised that historically participation among retirees is very low and any liability resulting from this option would not be material

to the financial statements. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The discretely presented Henry 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.

B. Contingent Liabilities

The Henry County Medical Center has entered into loan agreements with the Montgomery County Public Building Authority and the City of Clarksville Public Building Authority. Under these loan agreements, the authorities loaned \$37,700,000 to the medical center. The medical center has also issued capital outlay notes of \$6,000,000. The medical center has used the loan and note proceeds for construction, acquisition, and/or enlargement of its buildings, structures, and facilities. As of June 30, 2020, the medical center had \$20,702,882 outstanding on the loans, and \$1,635,138 outstanding on the capital outlay notes. Henry County would become liable for the repayment of the loans and notes in the event of default by the medical center.

There are several pending lawsuits in which the county is involved. Management estimates that any potential claims against the county not covered by insurance resulting from such litigation should not materially affect the county's financial statements.

C. Change in Administration

On June 30, 2019, Brian Norton left the Office of Director of Schools and was succeeded by Leah Watkins.

D. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District; Benton, Carroll, Decatur, Hardin, and Henry counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Henry County made no contributions to the DTF

for the year ended June 30, 2020, 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:

District Attorney General
P.O. Box 686
Huntingdon, TN 38344

The W.G. Rhea Paris – Henry County Library is a regional library owned by Henry County and the City of Paris and operated by the W.G. Rhea Paris – Henry County Library Board. The board includes seven members, four appointed by the Henry County Commission and three appointed by the City of Paris. Henry County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed and is responsible for funding 50 percent of any deficits from operations. Henry County contributed \$164,786 to the operations of the board during the year ended June 30, 2020. Complete financial statements for the W.G. Rhea Paris – Henry County Library can be obtained from the County Clerk’s Office or the library board’s administrative office at the following address:

Administrative Office:

W.G. Rhea Paris – Henry County Library
400 W. Washington Street
Paris, TN 38242

The Carroll - Henry County Railroad Authority was jointly created in November 1988 by Carroll and Henry counties. The authority was established as a conduit for payment of funds between the Tennessee Department of Transportation and the Kentucky – West Tennessee Railroad Company to rehabilitate the railroad between the Kentucky state line and Bruceton, Tennessee, including a line to Spinks, Tennessee. The authority comprises four members. One member from each county is appointed by the county commission, and each county mayor serves as a member and rotates every two years as chairman. Complete financial statements for the Carroll - Henry County Railroad Authority can be obtained from the Henry County Mayor’s Office.

The Paris-Henry County Industrial Development Committee is a joint venture formed by an interlocal agreement between the City of Paris, Henry County, and the Paris-Henry County Chamber of Commerce. The purpose of the Industrial Development Committee is to provide for the planning, direction, and oversight of economic development for the City of Paris and Henry County. The committee is comprised of the director of economic development, the chief executive of the county or other designee, the mayor of Paris or other designee, one city commissioner, two county commissioners, the city manager of the City

of Paris, and the current president of the chamber of commerce. Henry County contributed \$55,000 to the Industrial Development Committee for the year ended June 30, 2020, and does not have an equity interest in this joint venture. Complete financial statements for the Industrial Development Committee can be obtained from its administrative office at the following address:

Administrative Office:

Paris-Henry County Industrial
Development Committee
2508 E. Wood Street
Paris, TN 38242

E. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information about the Pension Plan

Plan Description. Employees of Henry County, non-certified employees of the discretely presented Henry County School Department, and employees of the discretely presented Henry County Medical Center are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 17.36 percent, the non-certified employees of the discretely presented school department comprised 8.73 percent, and employees of the discretely presented Henry County Medical Center comprise 73.91 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the

member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	497
Inactive Employees Entitled to But Not Yet Receiving Benefits	947
Active Employees	950
 Total	 <u><u>2,394</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Henry County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, the employer contribution for Henry County was \$1,985,839 based on a rate of five percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Henry 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)

Henry County's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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

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

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

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2018	\$ 112,490,855	\$ 118,761,577	\$ (6,270,722)
Changes for the Year:			
Service Cost	\$ 3,468,084	\$ 0	\$ 3,468,084
Interest	8,211,664	0	8,211,664
Differences Between Expected and Actual Experience	(90,400)	0	(90,400)
Changes in Assumptions	0	0	0
Contributions-Employer	0	1,890,621	(1,890,621)
Contributions-Employees	0	1,915,557	(1,915,557)
Net Investment Income	0	8,781,030	(8,781,030)
Benefit Payments, Including Refunds of Employee Contributions	(5,389,212)	(5,389,212)	0
Administrative Expense	0	(80,003)	80,003
Other Changes	0	0	0
Net Changes	\$ 6,200,136	\$ 7,117,993	\$ (917,857)
Balance, June 30, 2019	\$ 118,690,991	\$ 125,879,570	\$ (7,188,579)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	17.36%	\$ 20,604,756	\$ 21,852,693	\$ (1,247,937)
School Department	8.73%	10,361,724	10,989,287	(627,563)
Medical Center	73.91%	87,724,511	93,037,590	(5,313,079)
Total		\$ 118,690,991	\$ 125,879,570	\$ (7,188,579)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Henry County calculated using the discount rate of 7.25 percent, as

well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Henry County	6.25%	7.25%	8.25%
Net Pension Liability (Asset)	\$ 8,255,572	\$ (7,188,579)	\$ (19,948,117)

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

Pension Expense. For the year ended June 30, 2020, Henry County recognized pension expense of \$2,146,119.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, Henry 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	\$ 29,023	\$ 757,829
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,462,513
Changes in Assumptions	919,278	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	1,985,839	N/A
Total	\$ 2,934,140	\$ 2,220,342

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 510,031	\$ 385,451
School Department	243,563	193,835
Medical Center	<u>2,180,546</u>	<u>1,641,056</u>
Total	<u>\$ 2,934,140</u>	<u>\$ 2,220,342</u>

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

Year Ending June 30	Amount
2021	\$ (115,327)
2022	(810,379)
2023	(300,113)
2024	(46,222)
2025	0
Thereafter	0

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

Discretely Presented Henry County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Henry County, non-certified employees of the discretely presented Henry County School Department, and employees of the discretely presented Henry County Medical Center are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees, non-certified employees of the discretely presented Henry County School Department, and

employees of the discretely presented Henry County Medical Center comprised 17.36 percent, 8.73 percent, and 73.91 percent, respectively, of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted

if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2020, to the Teacher Retirement Plan were \$60,355, which is 2.03 percent of covered payroll. In addition, employer contributions of \$54,923, which is 1.85 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2020, the school department reported a liability (asset) of (\$147,555) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .261397 percent. The proportion as of June 30, 2018, was .300117 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$48,000.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 6,118	\$ 25,759
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,238
Changes in Assumptions	5,127	0
Changes in Proportion of Net Pension Liability (Asset)	24,079	3,736
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	60,355	N/A
Total	<u>\$ 95,679</u>	<u>\$ 35,733</u>

The school department's employer contributions of \$60,355, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (1,435)
2022	(2,390)
2023	(640)
2024	252
2025	507
Thereafter	3,297

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

Actuarial Assumptions. The total pension liability (asset) in the June 30, 2019, actuarial valuation was determined using the following

actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

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

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

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

Net Pension Liability (Asset) \$ 46,751 \$ (147,555) \$ (291,184)

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

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

death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Henry County School Department for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$1,125,696, which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2020, the school department reported a liability (asset) of (\$3,186,275) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .309895 percent. The proportion measured at June 30, 2018, was .306724 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$413,120.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 155,132	\$ 1,946,240
Changes in Assumptions	429,367	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	910,380
Changes in Proportion of Net Pension Liability (Asset)	17,131	44,812
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	<u>1,125,696</u>	<u>N/A</u>
Total	<u>\$ 1,727,326</u>	<u>\$ 2,901,432</u>

The school department's employer contributions of \$1,125,696 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (662,229)
2022	(931,012)
2023	(403,825)
2024	(302,736)
2025	0
Thereafter	0

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

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

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

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

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

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

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

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

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

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

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

Net Pension Liability (Asset) \$ 6,515,012 \$ (3,186,275) \$ (10,903,380)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state’s 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher’s salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$146,781 and teachers contributed \$44,958 to this deferred compensation pension plan.

F. Other Postemployment Benefits (OPEB)

The discretely presented Henry County School Department provides OPEB benefits to its retirees under the 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.

OPEB Provided through State Administered Public Entity Risk Pool

The school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified employees of the 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, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, actuarial valuation 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	2.2%
Salary Increases	Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.51%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.03 for pre-65 retirees in the 2019 calendar year, and gradually decreasing over a 10-year period to an ultimate trend rate of 4.5%.
Retirees Share of Benefit Related Cost	Discussed below

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

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the

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

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

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

Benefits Provided. The Henry 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 Section 8-27-301, *TCA*, 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 Henry County School Department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	20
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	288
Total	<u><u>308</u></u>

A state insurance committee, created in accordance with Section 8-27-301, TCA, 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 \$141,400 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Henry County</u>	<u>State of</u>	<u>Total OPEB</u>
	<u>School Department</u>	<u>TN</u>	
	65.440%	34.559%	
Balance July 1, 2018	\$ 2,127,222	\$ 1,019,500	\$ 3,146,722
Changes for the Year:			
Service Cost	\$ 103,034	\$ 54,414	\$ 157,448
Interest	75,246	39,738	114,984
Difference between Expected and Actuarial Experience	142,034	75,011	217,045
Changes in Proportion	(67,979)	67,979	0
Changes in Assumption and Other Inputs	(163,791)	(86,501)	(250,292)
Benefit Payments	(168,776)	(89,133)	(257,909)
Net Changes	<u>\$ (80,232)</u>	<u>\$ 61,508</u>	<u>\$ (18,724)</u>
Balance June 30, 2019	<u>\$ 2,046,990</u>	<u>\$ 1,081,008</u>	<u>\$ 3,127,998</u>

The Henry 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 Henry 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 \$79,659 in revenue for subsidies provided by

nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Henry County School Department's proportionate share of the collective OPEB liability was 65.44 percent and the State of Tennessee's share was 34.56 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$207,957, including the state's share of the expense. At June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 126,877	\$ 303,269
Changes of Assumptions/Inputs	51,862	215,906
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	65,230
Benefits Paid After the Measurement Date of June 30, 2019	<u>141,400</u>	<u>0</u>
Total	<u>\$ 320,139</u>	<u>\$ 584,405</u>

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

Year Ending June 30	School Department
2021	\$ (49,984)
2022	(49,984)
2023	(49,984)
2024	(49,984)
2025	(49,984)
Thereafter	(155,746)

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

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

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

Proportionate Share of the Collective Total OPEB Liability	\$ 2,200,587	\$ 2,046,990	\$ 1,901,991
--	--------------	--------------	--------------

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

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

Proportionate Share of the Collective Total OPEB Liability	\$ 1,829,700	\$ 2,046,990	\$ 2,304,681
--	--------------	--------------	--------------

G. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by Chapter 10, Private Acts of 1995, and provisions of the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code Annotated (TCA)*, which provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of County Road Supervisor

Purchasing procedures for the highway department are governed by Chapter 326, Private Acts of 1972, as amended, and the Uniform Road Law, Section 54-7-113, *TCA*. The Uniform Road Law provides for purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

H. Subsequent Events

On August 17, 2020, Monte Belew left the Office of Sheriff and was succeeded by Josh Frey on December 1, 2020. Damon Lowe served as interim sheriff from August 18, 2020, through November 30, 2020.

On November 30, 2020, Brent Greer left the Office of Mayor and was succeeded by John Penn Ridgeway on December 1, 2020.

VI. OTHER NOTES – DISCRETELY PRESENTED HENRY COUNTY MEDICAL CENTER

A. Nature of Operations

Organization

The Henry County Medical Center is a political subdivision of Henry County, Tennessee. The medical center provides comprehensive healthcare services through the operation of an acute care hospital, nursing home (healthcare center), home health agency (HHA), emergency medical services agency (EMS), and physician clinics. The medical center is governed by a Board of Trustees under the authority of the Henry County Commission and the Henry County Hospital District. The Henry County Commission appoints the Board of Trustees of the medical center, which may not issue debt without the county's approval. Under accounting principles generally accepted in the United States of America, the medical center constitutes a component unit of the county for financial reporting purposes.

B. Summary of Significant Accounting Policies

1. Basis of Presentation

The medical center utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis, which is an economic resources measurement focus approach to accounting. In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. GASB Statements No. 62 and No. 63 were effective for periods beginning after December 15, 2011. GASB Statement No. 62 makes the GASB *Accounting Standards Codification* the sole source of authoritative accounting technical literature for governmental entities in the United States of America.

2. Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market (net realizable value).

3. Assets Limited as to Use

Assets limited as to use include investments designated by the Board of Trustees for future capital improvements and debt repayment, over which the board retains control and may, at its discretion, use for other purposes. Investments are reported at fair value.

4. Cash, Cash Equivalents, and Investments

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as cash on hand or in banks and investments with original maturities at date of purchase of less than three months, excluding assets limited as to use.

The medical center makes authorized investments pursuant to the provisions granted under the Private Act Hospital Authority and applicable state laws. The medical center's investment policy requires that investments be made only in U.S. government securities, U.S. Treasury and agency securities, mortgage-backed securities, collateralized mortgage obligations, certificates of deposits, repurchase agreements and mutual funds and exchange traded funds. Investments consist of certificates of deposit and cash and cash equivalents with original maturities of greater than three months as well as mutual funds and exchange traded funds. Those investments with original maturities greater than three months but less than one year are

classified as short-term investments, while the remaining amount is classified as long-term. Amounts included in the balance sheet caption "Assets limited as to use" consist of certificates of deposit, cash and cash equivalents, mutual funds, and exchange traded funds. These investments are reported at fair market value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investment income is reported as nonoperating income. Any changes in fair market value in the current year are recognized in the Statement of Revenue, Expenses, and Changes in Net Position as a component of investment income.

Custodial credit risk is the risk that, in the event of a bank failure, the medical center's deposits may not be returned to it. State statutes require the medical center's deposits to be secured and collateralized by the financial institutions. All of the medical center's cash and cash equivalents and certificates of deposit are insured or collateralized by securities held by the financial institutions' trust department in the medical center's name or through participation in the Tennessee Bank Collateral Pool. At June 30, 2020, the total carrying value of the medical center's cash, cash equivalents and investments was \$23,037,377, and the bank balance was \$23,337,299. The entire financial institution balance as of June 30, 2020, was covered by federal depository insurance, by collateral held by the trustee in the medical center's name or through participation in the Tennessee Bank Collateral Pool.

The medical center has a 50 percent interest in a joint venture that provides cancer care services in the Henry County area and a 50 percent interest in a joint venture that provides hyperbaric medicine services also in the Henry County area. The hyperbaric medicine joint venture was formed during fiscal year 2019 with an initial investment of \$70,000. These investments are included in long-term investments on the accompanying Statement of Net Position and are accounted for under the equity method. The investments in joint ventures included in long-term investments is \$405,482 at June 30, 2020. Complete financial statements for the cancer care center and hyperbaric medicine center can be obtained from the medical center's accounting department located at 301 Tyson Avenue, P.O. Box 1030, Paris, TN 38242.

5. Fair Value Measurements

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets

(Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). As of June 30, 2020, the medical center had approximately \$6,050,000 in a money market fund and mutual and exchange traded funds, which would be classified as Level 1, and certificates of deposit, which would be classified as Level 2 under the hierarchy above. The medical center also had a net pension asset of \$5,313,079 as of June 30, 2020, which would be classified as Level 2 under the hierarchy above. The medical center does not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2020.

6. Property and Equipment

Property and equipment acquisitions are recorded at cost. The medical center capitalizes purchases that cost a minimum of \$500 and have a useful life greater than three years. Assets are depreciated on a straight-line basis over their estimated useful lives as follows: land improvements 5-20 years, buildings and improvements 5-40 years, capital equipment 10-20 years, and major movable equipment 5-20 years.

7. Intangible Assets and Excess Consideration Provided for Acquisition

Intangible assets consist of a certificate of need acquired through an acquisition completed by the medical center during the year ended June 30, 2012. The certificate of need has an indefinite life and is therefore not amortized.

The medical center evaluates intangible assets for impairment on an annual basis or more frequently if impairment indicators arise. In the event intangible assets are considered to be impaired, a charge to earnings would be recorded during the period in which management makes such impairment assessment.

8. Patient Service Revenue

The medical center has agreements with third-party payors that provide for payments to the medical center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per-diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenue is

net of contractual adjustments and policy discounts of approximately \$235.5 million for the year ended June 30, 2020. For the year ended June 30, 2020, approximately 50 percent of net patient service revenue was from Medicare and approximately 13 percent was from Medicaid/TennCare.

The medical center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the medical center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. These costs are estimated based on the ratio of total costs to gross charges and totaled approximately \$805,000 for the year ended June 30, 2020.

9. Operating Activities

The medical center defines operating activities as reported on the Statement of Revenue, Expenses, and Changes in Net Position as those that generally result from exchange transactions, such as payments for providing services and payments for goods and services received. Non-exchange transactions, including investment income, interest expense, and grants received for purposes other than capital asset acquisition are considered nonoperating revenue and expenses.

10. Costs of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

11. Pension Plan

Medical center employees are covered under the Tennessee Consolidated Retirement System (TCRS), a defined benefit plan. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement Plan in the TCRS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For 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. Investments are reported at fair value. See Note VI.H. for further information related to the pension plan.

12. Compensated Absences

The medical center provides its full-time employees with paid days off for holiday, vacation, sick, and bereavement absences. The paid days off begin accruing after a three-month probationary period and are based on the table below. Such days may be taken only after the employee has earned them. All earned days must be taken annually, except that an employee may carry forward up to the normal number of hours worked in a four-week period. Such liabilities have been accrued in the accompanying Statement of Net Position.

<u>Years of Service</u>	<u>Days Earned Per Year</u>
0 - 5	20
5 -10	25
10 or more	30

13. Risk Management

The medical center is exposed to various risks of loss from medical malpractice; torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance is purchased for claims arising from such matters. The medical center is self-insured for employee health and workers' compensation claims and judgments.

14. Net Position

The medical center's net position is classified in three components. The net investment in capital assets consist of capital assets net of accumulated depreciation and reduced by the remaining balances of any outstanding borrowings used to finance the purchase or construction of those assets. Loans received under the Paycheck Protection Program were not used to finance the purchase or construction of assets and are, therefore, not included as a component of the net investment in capital assets. The restricted net position is the noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the medical center, including amounts related to county contributions and bond indebtedness restricted for specific purposes. The unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted. The medical center first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. As of June 30, 2020, the medical center had restricted net position of \$5,313,079, relating to the net pension asset.

15. Income Taxes

The medical center is a not-for-profit corporation as described in Chapter 176 of the Private Acts and is exempt from federal income taxes pursuant to Section 115 of the Internal Revenue Code.

16. Performance Indicator

Excess of revenue over expenses (expenses over revenue) reflected in the accompanying Statement of Revenue, Expenses, and Changes in Net Position is a performance indicator.

17. Long-lived Assets

Management evaluates the recoverability of its investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

18. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

19. COVID-19 Pandemic

In January 2020, the Secretary of the U.S. Department of Health and Human Services (HHS) declared a national public health emergency due to a novel strain of coronavirus (COVID-19). In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The COVID-19 pandemic has caused unprecedented disruption and risk to individuals, governments, businesses, and financial markets and remains a rapidly evolving situation. While it is not possible to predict the future impacts of the pandemic on the medical center's financial condition and results of operations, significant disruptions to key business drivers, such as lower patient volumes and workforce did occur during fiscal year 2020 and continue to occur during fiscal year 2021. In response to the economic impact of COVID-19, the medical center has received assistance from the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the Centers for Medicare and Medicaid Services' (CMS) Accelerated and

Advance Payment Program and other grants and funding mechanisms available to eligible healthcare providers.

During the year ended June 30, 2020, the medical center participated in certain relief programs offered through the CARES Act, including general and targeted distributions from the Public Health and Social Services Emergency Fund (PHSSE Fund). Amounts received from the PHSSE Fund are recognized upon the provision of care for individuals with possible or actual cases of COVID-19 after January 31, 2020, certification that payment will be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare related expenses or lost revenues that are attributable to coronavirus, and receipt of the funds. For the year ended June 30, 2020, the medical center recorded approximately \$5,500,000 in funding from the PHSSE Fund, which is included in other nonoperating income in the accompanying Statement of Revenue, Expenses and Changes in Net Position. As of June 30, 2020, the medical center has approximately \$1,860,000 in funding remaining from the PHSSE Fund allocations received during fiscal year 2020, which is expected to be recognized in fiscal year 2021 and is included in deferred revenue in the accompanying Statement of Net Position.

The medical center qualified for and received approximately \$1,450,000 in loans pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration under the CARES Act. The principal amount of the PPP loans is subject to forgiveness under the PPP upon the company's request to the extent that the PPP loan proceeds are used to pay covered payroll costs, interest on mortgages, rent and utilities (collectively, covered expenses). The PPP loan proceeds are included in long-term debt in the accompanying Statements of Net Position as of June 30, 2020. See Note VI.G. for further discussion.

Amounts received from the CMS Accelerated and Advance Payment Program are interest free for up to twelve months and the program, as amended in October 2020, requires that CMS recoup the accelerated payments beginning one year after receipt by the provider by withholding future Medicare fee-for-service payments for claims until such time as the full accelerated payment has been recouped. The medical center received approximately \$11,486,000 from the CMS Accelerated and Advance Payment Program, which is included in deferred revenue in the accompanying Statement of Net Position as of June 30, 2020. Recoupment by the medical center is expected to begin during fiscal year 2021.

The medical center received various other state grants, including the State of Tennessee Small and Rural Hospital Readiness Grant (Readiness Grant). Amounts received from the Readiness Grant are to be used to support local efforts to keep rural hospitals functioning and

to cover working capital needs in the midst of the economic downturn due to the COVID-19 State of Emergency. For the year ended June 30, 2020, the medical center recorded approximately \$500,000 in funding from the Readiness Grant, which is included in other nonoperating income in the accompanying Statement of Revenue, Expenses and Changes in Net Position. Approximately \$90,000 in funding from other state grants is included in deferred revenue in the accompanying Statement of Net Position.

The medical center also received supplemental charity care and disproportionate share payments from TennCare of approximately \$662,000 as part of a response to the pandemic and to help address cash flow challenges. The supplemental charity care and disproportionate share payments are included within patient service revenue in the accompanying Statement of Revenue, Expenses and Changes in Net Position for the year ended June 30, 2020.

The medical center also applied for and received approval for a Tax Anticipation Note in the principal amount of \$8,000,000, which will be used as needed to continue to respond to the COVID-19 pandemic. No amounts were withdrawn from the Tax Anticipation Note as of June 30, 2020. See Note VI.G.

20. Events Occurring After Reporting Date

The medical center has evaluated events and transactions that occurred between June 30, 2020, and the date of the report, for possible recognition or disclosure in the financial statements.

C. Third-party Reimbursement Programs

The medical center receives revenue under various third-party reimbursement programs, which include Medicare, TennCare, and other third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the medical center's billings at its established rates and the amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent tentative or final settlements. The adjustments resulting from tentative or final settlements to estimated reimbursement amounts resulted in a decrease to revenue of approximately \$140,000 for the year ended June 30, 2020.

1. Medicare

The medical center is paid for substantially all services rendered to inpatient Medicare program beneficiaries under prospectively determined rates-per-discharge. Those rates vary according to a classification system that is based on clinical, diagnostic, and other factors. The medical center is paid for outpatient, emergency medical

services, and psychiatric services under a Medicare program known as the Ambulatory Payment Classification (APC) system. Under the APC system, outpatient services are classified into APC categories based on standard procedure codes (CPT-4 Codes) for the service provided and payment for the APC categories are determined using prospectively determined federal payment rates adjusted for geographical area wage differences. The medical center receives cash payments at an interim rate with final settlement determined after the medical center's submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The medical center's classification of patients under the Medicare Prospective Payment System and the appropriateness of the patients' admissions are subject to validation reviews by the Medicare peer review organization.

2. Medicaid

The Medicaid program reimburses the medical center for the cost of services rendered to Medicaid beneficiaries at a prospective rate, which is based on the lower of the reimbursable cost of services rendered or a reimbursement cap set by Medicaid. The reimbursement cap is expressed as a per diem.

3. TennCare

The State of Tennessee TennCare program is a managed care program, which provides healthcare coverage to those previously eligible for Medicaid as well as the uninsured population. The medical center contracts with various managed care organizations, which offer both Health Maintenance Organization and Preferred Provider Organization healthcare products. Reimbursement to the medical center is received through per diems, Diagnosis – Related Group payments, and discounted fees for services.

4. Commercial Payors

The medical center has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the medical center under these agreements includes prospectively determined rates per discharge and discounts from established rates.

5. Credit Concentration

The medical center grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies. At June 30, 2020, the medical center had net receivables from the federal government (Medicare) of approximately

\$3.7 million and from Medicaid/TennCare of approximately \$1 million.

D. Inventories

A summary of inventories as of June 30, 2020, was as follows:

Medical Stores	\$ 123,410
Dietary	47,161
Departmental	<u>2,793,529</u>
Total	<u>\$ 2,964,100</u>

E. Investments and Assets Limited To Use

The medical center's investments and assets limited as to use are reported at estimated fair value based on quoted market prices or cost. The medical center invests in money market funds, certificates of deposits, mutual funds, and exchange traded funds that are in accordance with the medical center's investment policy. A 50 percent interest in a joint venture with a balance of \$405,482 at June 30, 2020, is not included in the schedule below. A summary of investments and assets limited as to use as of June 30, 2020, is as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Cash and cash equivalents	\$ 12,705,648	\$ 12,705,648	\$ 0
Money market funds	489,580	489,580	0
Certificates of deposits	252,541	252,541	0
Mutual and exchange traded funds	4,967,005	5,309,177	342,172
	<u>\$ 18,414,774</u>	<u>\$ 18,756,946</u>	<u>\$ 342,172</u>

Interest rate risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The medical center's investment policy selected a blended investment approach in order to diversify the entire asset pool while reducing the risk of wide swings in market value from year-to-year, or from incurring large compounded losses.

The following schedule summarizes the investment income in the Statement of Revenue, Expenses, and Changes in Net Position for 2020:

Interest income and realized gain on investments	\$ 155,447
Unrealized loss on investments	<u>150,739</u>
Total	<u>\$ 306,186</u>

F. Property and Equipment

The major classifications and changes in property and equipment as of and for the year ended June 30, 2020, are as follows:

	Balance 7-1-19	Additions/ Transfers	Placed in Service/ Retirements	Balance 6-30-20
Land	\$ 851,433	\$ 102,161	\$ 0	\$ 953,594
Land Improvements	1,961,729	3,900	0	1,965,629
Building and Improvements	68,623,283	492,259	(9,604)	69,105,938
Machinery and Equipment	44,389,765	2,833,896	(1,882,369)	45,341,292
Total	<u>\$ 115,826,210</u>	<u>\$ 3,432,216</u>	<u>\$ (1,891,973)</u>	<u>\$ 117,366,453</u>
Less Allowance for Depreciation and Amortization:				
Land Improvements	\$ (1,467,481)	\$ (55,566)	\$ 0	\$ (1,523,047)
Building and Improvements	(37,852,307)	(2,027,387)	9,604	(39,870,090)
Machinery and Equipment	(37,138,128)	(2,417,294)	1,366,896	(38,188,526)
Total	<u>\$ (76,457,916)</u>	<u>\$ (4,500,247)</u>	<u>\$ 1,376,500</u>	<u>\$ (79,581,663)</u>
Subtotal	\$ 39,368,294	\$ (1,068,031)	\$ (515,473)	\$ 37,784,790
Construction in Progress	843,567	1,329,284	(1,598,497)	574,354
Total Capital Assets, Net	<u>\$ 40,211,861</u>	<u>\$ 261,253</u>	<u>\$ (2,113,970)</u>	<u>\$ 38,359,144</u>

The medical center is in the process of constructing various expansions and additions to the existing facilities. As of June 30, 2020, the total cost of these projects is expected to be approximately \$500,000.

G. Long-term Debt

A schedule of changes in the medical center's long-term debt as of and for the year ended June 30, 2020, is as follows:

	Balance 7-1-19	Additions	Reductions	Balance 6-30-20	Amounts Due Within One Year
Public Building Authority of the County of Montgomery, Tennessee - Series 2002	\$ 7,728,000	\$ 0	\$ (809,000)	\$ 6,919,000	\$ 850,000
General Obligation Hospital Revenue and Tax Capital Outlay Note - Series 2011	2,177,180	0	(542,042)	1,635,138	560,037
Public Building Authority of the City of Clarksville, TN - Series 2012	4,018,000	0	(465,000)	3,553,000	475,000
TN- Series 2015	4,307,000	0	(179,000)	4,128,000	181,000
Public Building Authority of the City of Clarksville, TN - Series 2018	3,771,424	2,605,458	(274,000)	6,102,882	281,000
CARES Act PPP Loan - Healthcare Center	0	1,127,700	0	1,127,700	438,550
CARES Act PPP Loan - EMS	0	320,167	0	320,167	125,496
Equipment Debt	1,634,124	218,351	(377,610)	1,474,865	551,872
Other Debt	109,692	0	(25,194)	84,498	33,549
Total	\$ 23,745,420	\$ 4,271,676	\$ (2,671,846)	\$ 25,345,250	\$ 3,496,504

During June 2002, the medical center entered into a loan agreement with the Public Building Authority of the County of Montgomery, Tennessee, whereby the authority agreed to loan the medical center up to \$16,500,000 for the construction, acquisition, and enlargement of its buildings, structures, and facilities. As of June 30, 2020, the medical center had outstanding borrowings of \$6,919,000 under this agreement. The loan agreement bears interest at an adjustable rate (.27 percent as of June 30, 2020), and is due in annual installments varying between \$850,000 and \$1,139,000 through May 25, 2027. The adjustable interest rate is adjusted daily as determined by the remarketing agent.

During April 2011, the medical center entered into a General Obligation Hospital Revenue and Tax Capital Outlay Note totaling \$6,000,000 secured by the general obligation of Henry County for the construction and enlargement of its buildings, structures, and facilities. As of June 30, 2020, the medical center had outstanding borrowings of \$1,635,138 under this obligation. The note bears interest at a fixed rate of 3.27 percent per annum, and is due in monthly installments of \$50,431 through April 1, 2023.

During January 2012, the medical center entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee, whereby the authority agreed to loan the medical center up to \$7,000,000 to provide funding to finance certain public works projects, including the acquisition of the Kentucky Lake Surgery Center, LLC. As of June 30, 2020, the medical center had outstanding borrowings of \$3,553,000 under this obligation. The note bears interest at an adjustable rate (.82 percent as of June 30, 2020), and is due in annual installments varying between \$475,000 and \$543,000 through June 1, 2027. The adjustable interest rate is adjusted weekly as determined by the remarketing agent.

During June 2015, the medical center entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee, whereby the authority agreed to loan the medical center up to \$5,000,000 for the acquisition of the existing building and the construction, equipping, extension, and improvement of the medical center's facilities, including the construction and equipping, extension and improvement of the medical center's facilities, including the construction and equipping of a new operating room. As of June 30, 2020, the medical center had outstanding borrowings of \$4,128,000 under this obligation. The note bears interest at an adjustable rate (.97 percent as of June 30, 2020), and is due in annual installments varying between \$181,000 and \$234,000 through May 25, 2040. The adjustable interest rate is adjusted weekly as determined by the remarketing agent.

During February 2018, the medical center entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee, whereby the authority agreed to loan the medical center up to \$9,200,000 for the purpose of financing all or a portion of the costs of the acquisition, construction, renovation, equipping, extension, and improvement of the medical center's facilities. As of June 30, 2020, the medical center had outstanding borrowings of \$6,102,882 under this obligation. The medical center has the ability to continue to draw funds under this loan agreement through February 2021. The note bears interest at a fixed rate of 2.57 percent per annum, and is due in annual installments varying between \$281,000 and \$491,000 through February 1, 2043.

During June 2020, the medical center entered into a Tax Anticipation Note, Series 2020 in the amount of \$8,000,000 secured by the general obligation of Henry County for the purpose of assisting the medical center in response to the COVID-19 pandemic. The medical center had no outstanding borrowings under this obligation as of June 30, 2020. The note bears interest at a variable rate to be set by the lender, which should not be less than 3 percent per annum or greater than 4 percent per annum, and has a maturity date of June 30, 2023.

The agreements for the building authority loans and capital outlay note provide for certain events of default to include failure to pay obligations, failure to observe and perform covenants, making false representations or defaulting under other loan agreements. In the event of default, all amounts due under

the building authority loans may become immediately due and payable. The full faith and credit of Henry County, Tennessee, is irrevocably pledged to pay principal, redemption premiums, if any, and interest on all loans and the capital outlay note. The note is secured by a pledge of the net revenues to be derived from the operation of the medical center. The building authority loan and note agreements also contain provisions allowing ad valorem taxes to be levied and collected by Henry County, Tennessee, on all taxable property within Henry County should funds from the medical center be insufficient to pay amounts due under the loans.

Pursuant to the agreements for the building authority loans, if the principal of all bonds issued under such loans are accelerated, and the bonds are paid by the remarketing agent, the repayment schedule applicable to such loans shall be recalculated over a term of 60 months from the date of such acceleration. The interest rate on the loan amounts after such acceleration shall adjust to the prime rate as defined in the agreements.

During 2017, the medical center entered into three agreements with a financing entity for a total amount of \$1,695,083 related to the purchase of medical equipment. During 2018, the medical center entered into two additional agreements with a financing entity for a total amount of \$89,055 related to the purchase of medical equipment. As of June 30, 2020, the medical center had outstanding borrowings of \$591,587 under these agreements. The agreements bear interest at fixed rates of 1.18 percent per annum and are due in monthly installments varying between \$868 and \$16,639 through February of 2023. The agreements are secured by the medical equipment.

During 2019, the medical center entered into one additional agreement with a financing entity whereby the financing entity agreed to loan the medical center up to \$1,000,000 related to the purchase of medical equipment. As of June 30, 2020, the medical center had outstanding borrowings of \$883,278 under this agreement. The agreement bears interest at a variable rate (5.01 percent as of June 30, 2020), and is due in 60 monthly installments of \$15,842 through 2024.

The agreements with financing entities related to the purchase of medical equipment are secured by the underlying medical equipment. The agreements provide for certain events of default which generally include failure to pay obligations when due, failure to maintain insurance as required, failure to perform or comply with covenants, completion of a change in ownership event, bankruptcy, or default under other debt agreements. In the event of default, the financing entities may require the return of medical equipment, apply or off-set obligations with security deposits, and/or require the medical center to repay all obligations under the agreement together with interest.

On May 1, 2020, the healthcare center qualified for and received a loan pursuant to the PPP from a qualified lender, (PPP Lender), for an aggregate principal amount of \$1,127,700. The loan bears interest at a fixed rate of 1 percent per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business

Administration. The healthcare center intends to apply for forgiveness of the loan with respect to covered expenses. To the extent that all or part of the loan is not forgiven, the healthcare center will be required to pay interest on the loan, and commencing on December 1, 2020, monthly principal and interest payments will be required through the maturity date of May 1, 2022. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default. Outstanding borrowings under this agreement as of June 30, 2020 totaled \$1,127,700.

On May 13, 2020, the EMS qualified for and received a loan pursuant to the PPP from a qualified PPP Lender for an aggregate principal amount of \$320,167. The loan bears interest at a fixed rate of 1 percent per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The EMS intends to apply for forgiveness of the loan with respect to covered expenses. To the extent that all or part of the loan is not forgiven, the EMS will be required to pay interest on the loan, and commencing on December 13, 2020, monthly principal and interest payments in the amount of \$17,928 will be required through the maturity date of May 13, 2022. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default. Outstanding borrowings under this agreement as of June 30, 2020 totaled \$320,167.

A summary of future maturities and interest of long-term debt, as of June 30, 2020, is as follows:

Year	Principal	Estimated Interest	Total Payments
2021	\$ 3,496,504	\$ 311,000	\$ 3,807,504
2022	3,741,821	264,000	4,005,821
2023	2,613,101	221,000	2,834,101
2024	2,173,000	194,000	2,367,000
2025	2,203,942	174,000	2,377,942
2026-2030	5,968,000	635,000	6,603,000
2031-2035	2,971,000	339,000	3,310,000
2036-2040	2,177,882	62,000	2,239,882
Total	\$ 25,345,250	\$ 2,200,000	\$ 27,545,250

Further detail of future maturities and interest of long-term debt by issue is as follows:

Year Ending June 30:	Public Building Authority Bonds		
	Principal	Interest	Total
2021	\$ 1,787,000	\$ 237,000	\$ 2,024,000
2022	1,849,000	222,000	2,071,000
2023	1,914,000	206,000	2,120,000
2024	1,983,000	190,000	2,173,000
2025	2,053,000	173,000	2,226,000
2026	2,127,000	156,000	2,283,000
2027	2,204,000	138,000	2,342,000
2028	534,000	124,000	658,000
2029	546,000	114,000	660,000
2030	557,000	103,000	660,000
2031	569,000	91,000	660,000
2032	581,000	80,000	661,000
2033	594,000	68,000	662,000
2034	607,000	56,000	663,000
2035	620,000	44,000	664,000
2036	632,000	31,000	663,000
2037	645,000	19,000	664,000
2038	435,882	8,000	443,882
2039	231,000	3,000	234,000
2040	234,000	1,000	235,000
Total	\$ 20,702,882	\$ 2,064,000	\$ 22,766,882

Year Ending June 30:	Capital Outlay Note		
	Principal	Interest	Total
2021	\$ 560,037	\$ 44,000	\$ 604,037
2022	579,000	26,000	605,000
2023	496,101	8,000	504,101
Total	\$ 1,635,138	\$ 78,000	\$ 1,713,138

Year Ending June 30:	Other Long-term Debt		
	Principal	Interest	Total
2021	\$ 585,421	\$ 18,000	\$ 603,421
2022	430,000	12,000	442,000
2023	203,000	7,000	210,000
2024	190,000	4,000	194,000
2025	150,942	1,000	151,942
Total	\$ 1,559,363	\$ 42,000	\$ 1,601,363

Year Ending June 30:	PPP Loans		
	Principal	Interest	Total
2021	\$ 564,046	\$ 12,000	\$ 576,046
2022	883,821	4,000	887,821
Total	\$ 1,447,867	\$ 16,000	\$ 1,463,867

H. Pension Plan

General Information About the Pension Plan

Plan Description. Employees of the medical center, a component unit of Henry County, Tennessee, are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administrative of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at: <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

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. The component units of Henry County make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, employer contributions for the medical center to the Public Employee Retirement Plan were \$1,479,658, which is 4.03 percent of covered payroll. By law, employer contributions for the Public Employee Retirement Plan are required to be paid. The TCRS may intercept Henry County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Asset

At June 30, 2020, the medical center reported an asset of \$5,313,079 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability (asset) used to calculate net pension asset was determined by an actuarial valuation as of that date. As of June 30, 2019, the medical center's proportion of the net pension asset was based on the medical center's contributions to the pension plan relative to the contributions of all component units of Henry County as of June 30, 2019. At the June 30, 2019, measurement date, the medical center's proportion was 73.91 percent.

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

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

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all component units of Henry 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.

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

Medical Center's Proportionate Share	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 6,101,693	\$ (5,313,079)	\$ (14,743,653)

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

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

Pension Expense. For the year ended June 30, 2020, the medical center recognized pension expense of \$1,599,905.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 21,450	\$ 560,111
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,080,945
Changes in Assumptions	679,438	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	<u>1,479,658</u>	<u>0</u>
Total	<u>\$ 2,180,546</u>	<u>\$ 1,641,056</u>

(1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2019," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ending June 30	Amount
2021	\$ (85,239)
2022	(598,951)
2023	(221,814)
2024	(34,164)
2025	0
Thereafter	0

Payable to the Pension Plan. The medical center reported a payable of \$307,984 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

I. Deferred Compensation Plans

Effective January 1, 2002, the medical center established a deferred compensation plan under Section 457 of the Internal Revenue Code. Employees become eligible to participate in the plan on their first day of employment. The medical center does not make any contributions to the plan nor does it bear any of the administrative costs. The plan is administered by Valic.

During 2010, the medical center implemented a physician on-call pay plan whereas the medical center would make contributions to the plan on behalf of the physicians. Effective July 1, 2011, the deferred element of the physician on-call plan was terminated, and participants are paid quarterly. The medical center still holds the life insurance policies and the underlying assets, which are invested in mutual funds and totaled approximately \$1.357 million at June 30, 2020. These assets are included in other assets in the accompanying Statement of Net Position. The plan is administered by the Pangburn Group.

J. Defined Contribution Plan

During February 2009, the medical center established the Henry County Medical Center Exclusive Benefit Plan (the "403(b) Plan"), a 403(b) plan which covers employees classified as physicians or full-time certified registered nurse anesthetists. The 403(b) Plan is administered by Valic. The medical center will match up to \$12,000 per calendar year of each employee's contribution. Employee benefits expense, as presented on the accompanying Statement of Revenue, Expenses and Changes in Net Position, includes approximately \$300,000 relating to the medical center's expense for the 403(b) Plan for 2020. Employees classified as full-time certified registered nurse anesthetists are subject to a three-year cliff vesting schedule with respect to the medical center's matching contributions. All other employees are immediately 100 percent vested in the medical center's matching contributions. Forfeitures created when participants terminate employment prior to becoming fully vested in the medical center's matching contributions may be used to reduce

the medical center's future match contributions, pay for plan expenses, or reallocated as additional contributions.

K. Commitments and Contingencies

1. Lease Commitments

The medical center leases various equipment under operating lease agreements. Rent expense was \$1,419,625 in 2020.

A summary of future minimum payments under these equipment leases as of June 30, 2020, is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 986,000
2022	607,000
2023	213,000
2024	148,000
	<u>31,000</u>
Total	<u>\$ 1,985,000</u>

2. Insurance

The medical center maintains commercial insurance on a claims-made basis for medical malpractice liabilities. Insurance coverages are \$300,000 individually and \$900,000 in the aggregate annually, which is consistent with current litigation settlement limitations established by the State of Tennessee for governmental entities. Management intends to maintain such coverages in the future. The medical center is involved in litigation arising in the ordinary course of business; however, management is of the opinion that insurance coverages are adequate to cover any potential losses on asserted claims. Management is unaware of any incidents that would ultimately result in a loss in excess of the medical center's insurance coverages.

The medical center is self-insured for a portion of employee medical and other healthcare benefits and workers' compensation claims. The risk of loss retained by the medical center was limited to \$240,000 per occurrence for employee health coverage. The risk of loss retained by the medical center is limited to \$500,000 per occurrence for workers' compensation. The medical center has purchased excess insurance to provide coverage for claims in excess of the self-insured retention. Contributions by the medical center for employee health are based on actuarial estimates, while contributions for workers' compensation are based on actual claims experience. Claims expense and liabilities are reported when it is probable that a loss has occurred and the amount of

that loss can be reasonably estimated. These losses include a provision for estimated claims incurred but not reported. Reserves included within accrued expenses related to employee medical and other healthcare benefits amounted to \$978,703 in 2020. Reserves included within accrued expenses related to workers' compensation claims amounted to \$275,000 in 2020.

3. Healthcare Industry

The delivery of personal and health care services entails an inherent risk of liability. Participants in the health care services industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant exposure and defense costs. The medical center and its subsidiaries are insured with respect to medical malpractice risk on a claims-made basis. The medical center also maintains insurance for general liability, director and officer liability, and property. Certain policies are subject to deductibles. In addition to the insurance coverage provided, the medical center indemnifies certain officers and directors for actions taken on behalf of the medical center and its subsidiaries. Management is not aware of any claims against it or its subsidiaries, which would have a material financial impact.

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

Management continues to implement policies, procedures, and compliance overview of organizational structure to enforce and monitor compliance with the Health Insurance Portability and Accountability Act of 1996 and other government statutes and regulations. The medical center's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions, which are unknown or unasserted at this time.

The Centers for Medicare and Medicaid Services (CMS) have implemented a Recovery Audit Contractors (RAC) program. The purpose of the program is to reduce improper Medicare and Medicaid

payments though the detection and recovery of overpayments. CMS has engaged subcontractors to perform these audits and they are being compensated on a contingency basis, which is based on the amount of overpayments that are recovered. While management believes that all Medicare and Medicaid billings are proper and adequate support is maintained, certain aspects of Medicare and Medicaid billing, coding, and support are subject to interpretation and may be viewed differently by the RAC auditors. As the amount of any recovery is unknown, management has not recorded any reserves related to the RAC audit at this time.

4. **Health Care Reform**

The health care industry in the United States is subject to fundamental changes due to ongoing health care reform efforts and related political, economic, and regulatory influences. Notably, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act") resulted in expanded health care coverage to millions of previously uninsured people beginning in 2014 and has resulted in significant changes to the U.S. health care system. To help fund this expansion, the Affordable Care Act outlines certain reductions in Medicare reimbursements for various health care providers as well as certain other changes to Medicare payment methodologies. This comprehensive health care legislation has resulted and will continue to result in extensive rulemaking by regulatory authorities, and also may be altered, amended, repealed, or replaced.

It is difficult to predict the full impact of the Affordable Care Act due to the complexity of the law and implementing regulations, as well the medical center's inability to foresee how CMS and other participants in the health care industry will respond to the choices available to them under the law. The medical center also cannot accurately predict whether any new or pending legislative proposals will be adopted or, if adopted, what effect, if any, these proposals would have on the medical center's business. Similarly, while the medical center can anticipate that some of the rulemaking that will be promulgated by regulatory authorities will affect the medical center's business and the manner in which the medical center is reimbursed by the federal health care programs, the medical center cannot accurately predict today the impact of those regulations on the medical center's business. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act or any amended or replacement legislation may increase costs, decrease revenues, expose the medical center to expanded liability or require the medical center to revise the ways in which it conducts business.

L. Functional Expenses

The following is a summary of management's functional classification of operating expenses:

Healthcare Services	\$ 74,432,612
General and Administrative	<u>27,228,946</u>
Total	<u>\$ 101,661,558</u>

M. Subsequent Events

During May 2020, the medical center entered into an emergency medical services agreement with a third party related to the operation of the EMS. Effective July 1, 2020, the third party assumed all rights for the delivery of emergency medical services previously provided by EMS in the Henry County, Tennessee service area. In exchange for the assignment of the EMS' rights to provide the emergency medical services, the third party is to compensate the medical center on a monthly basis in an amount equal to approximately \$15,000 per month plus reimbursement for certain salaries and benefits, subject to adjustment as provided in the agreement. The initial term of the agreement is 3 years.

In July 2020, the medical center received an additional \$5,000,000 from the PHSSE Fund related to allocations to safety-net hospitals. In August 2020, the Healthcare Center received approximately \$325,000 from the PHSSE Fund related to targeted allocations in the nursing home infection control distribution. Amounts received related to these distributions will be recognized in fiscal year 2021 upon the provision of care for individuals with possible or actual cases of COVID-19, certification that payment will be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare related expenses or lost revenues that are attributable to coronavirus, and receipt of the funds.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Henry County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 2,858,015	\$ 2,735,788	\$ 2,932,504	\$ 3,655,460	\$ 3,728,833	\$ 3,468,084
Interest	6,259,550	6,550,762	7,021,449	7,426,112	7,754,432	8,211,664
Differences Between Actual and Expected Experience	(1,422,820)	661,325	(1,253,037)	(1,098,550)	58,047	(90,400)
Changes in Assumptions	0	0	0	2,298,195	0	0
Benefit Payments, Including Refunds of Employee Contributions	(3,433,718)	(3,945,664)	(3,791,860)	(4,264,858)	(4,558,616)	(5,389,212)
Net Change in Total Pension Liability	\$ 4,261,027	\$ 6,002,211	\$ 4,909,056	\$ 8,016,359	\$ 6,982,696	\$ 6,200,136
Total Pension Liability, Beginning	82,319,506	86,580,533	92,582,744	97,491,800	105,508,159	112,490,855
Total Pension Liability, Ending (a)	\$ 86,580,533	\$ 92,582,744	\$ 97,491,800	\$ 105,508,159	\$ 112,490,855	\$ 118,690,991
Plan Fiduciary Net Position						
Contributions - Employer	\$ 2,410,801	\$ 2,134,430	\$ 2,277,366	\$ 1,776,175	\$ 1,853,451	\$ 1,890,621
Contributions - Employee	1,585,932	1,644,936	1,764,066	1,780,358	1,885,082	1,915,557
Net Investment Income	13,408,310	2,909,038	2,586,869	11,309,530	9,137,097	8,781,030
Benefit Payments, Including Refunds of Employee Contributions	(3,433,718)	(3,945,664)	(3,791,860)	(4,264,858)	(4,558,616)	(5,389,212)
Administrative Expense	(35,043)	(42,315)	(67,983)	(76,116)	(86,369)	(80,003)
Other	0	0	383,761	(399,241)	0	0
Net Change in Plan Fiduciary Net Position	\$ 13,936,282	\$ 2,700,425	\$ 3,152,219	\$ 10,125,848	\$ 8,230,645	\$ 7,117,993
Plan Fiduciary Net Position, Beginning	80,616,158	94,552,440	97,252,865	100,405,084	110,530,932	118,761,577
Plan Fiduciary Net Position, Ending (b)	\$ 94,552,440	\$ 97,252,865	\$ 100,405,084	\$ 110,530,932	\$ 118,761,577	\$ 125,879,570
Net Pension Liability (Asset), Ending (a - b)	\$ (7,971,907)	\$ (4,670,121)	\$ (2,913,284)	\$ (5,022,773)	\$ (6,270,722)	\$ (7,188,579)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.21%	105.04%	102.99%	104.76%	105.57%	106.06%
Covered Payroll	\$ 31,390,528	\$ 32,321,287	\$ 34,552,634	\$ 35,525,263	\$ 37,068,951	\$ 37,811,386
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(25.40)%	(14.45)%	(8.43)%	(14.14)%	(16.92)%	(19.01)%

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

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

Exhibit E-2

Henry County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 2,410,801	\$ 2,134,430	\$ 2,277,366	\$ 1,538,244	\$ 1,590,258	\$ 1,622,153	\$ 1,858,745
Less Contributions in Relation to the Actuarially Determined Contribution	(2,410,801)	(2,134,430)	(2,277,366)	(1,776,175)	(1,853,451)	(1,890,621)	(1,985,839)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (237,931)	\$ (263,193)	\$ (268,468)	\$ (127,094)
Covered Payroll	\$ 31,390,528	\$ 32,321,287	\$ 34,552,634	\$ 35,525,263	\$ 37,068,951	\$ 37,811,386	\$ 39,716,780
Contributions as a Percentage of Covered Payroll	6.60%	6.60%	6.59%	5.00%	5.00%	5.00%	5.00%

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

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

Exhibit E-3

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

	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 21,224	\$ 54,244	\$ 87,959	\$ 42,769	\$ 53,663	\$ 60,355
Less Contributions in Relation to the Contractually Required Contribution	(21,224)	(54,244)	(87,959)	(104,906)	(53,663)	(60,355)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (62,137)	\$ 0	\$ 0
Covered Payroll	\$ 530,587	\$ 1,356,099	\$ 2,198,988	\$ 2,622,661	\$ 2,766,137	\$ 2,973,170
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%

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

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 1,121,863	\$ 1,084,571	\$ 1,014,657	\$ 981,433	\$ 975,234	\$ 1,086,921	\$ 1,125,696
Less Contributions in Relation to the Contractually Required Contribution	(1,121,863)	(1,084,571)	(1,014,657)	(981,433)	(975,234)	(1,086,921)	(1,125,696)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 12,633,590	\$ 11,997,463	\$ 11,224,085	\$ 10,856,577	\$ 10,740,457	\$ 10,391,217	\$ 10,589,809
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%

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

Exhibit E-5

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

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability (Asset)	0.250102%	0.308201%	0.335037%	0.300117%	0.261397%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (10,274)	\$ (32,085)	\$ (88,393)	\$ (136,111)	\$ (147,555)
Covered Payroll	\$ 530,587	\$ 1,356,099	\$ 2,198,988	\$ 2,622,661	\$ 2,766,137
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37)%	(4.02)%	(5.19)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

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

Exhibit E-6

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

	2014	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability (Asset)	0.321876%	0.320488%	0.310934%	0.307121%	0.306724%	0.309895%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (52,303)	\$ 131,283	\$ 1,943,164	\$ (100,486)	\$ (1,079,334)	\$ (3,186,275)
Covered Payroll	\$ 12,633,590	\$ 11,997,463	\$ 11,224,085	\$ 10,856,577	\$ 10,740,457	\$ 10,391,217
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094254%	17.31%	(0.93)%	(10.05)%	(30.66)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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

Exhibit E-7

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

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 177,720	\$ 164,705	\$ 157,448
Interest	108,797	127,057	114,984
Changes in Benefit Terms	0	68,900	0
Differences Between Actual and Expected Experience	0	(573,762)	217,045
Changes in Assumptions or Other Inputs	(151,923)	98,118	(250,292)
Benefit Payments	(271,757)	(285,232)	(257,909)
Net Change in Total OPEB Liability	\$ (137,163)	\$ (400,214)	\$ (18,724)
Total OPEB Liability, Beginning	3,684,099	3,546,936	3,146,722
Total OPEB Liability, Ending	\$ 3,546,936	\$ 3,146,722	\$ 3,127,998
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,130,185	\$ 1,019,500	\$ 1,081,008
Employer Proportionate Share of the Total OPEB Liability	2,416,751	2,127,222	2,046,990
Covered Employee Payroll	\$ 13,839,020	\$ 13,692,123	\$ 13,805,342
Net OPEB Liability as a Percentage of Covered Employee Payroll	17.46%	15.54%	14.83%

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

Note 2: Changes in assumptions.

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

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

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

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

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

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Henry County’s garbage collection operations.

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

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Capital Projects Fund

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

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

Exhibit F-1

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

	Special Revenue Funds				Capital	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Projects Fund General Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 16,559	\$ 16,559	\$ 0	\$ 16,559
Equity in Pooled Cash and Investments	530,421	117,193	0	647,614	79,512	727,126
Accounts Receivable	6,787	900	0	7,687	0	7,687
Due from Other Governments	2,099	0	0	2,099	18,260	20,359
Property Taxes Receivable	401,787	0	0	401,787	0	401,787
Allowance for Uncollectible Property Taxes	(6,565)	0	0	(6,565)	0	(6,565)
Total Assets	\$ 934,529	\$ 118,093	\$ 16,559	\$ 1,069,181	\$ 97,772	\$ 1,166,953
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 16,559	\$ 16,559	\$ 0	\$ 16,559
Total Liabilities	\$ 0	\$ 0	\$ 16,559	\$ 16,559	\$ 0	\$ 16,559
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 387,180	\$ 0	\$ 0	\$ 387,180	\$ 0	\$ 387,180
Deferred Delinquent Property Taxes	6,596	0	0	6,596	0	6,596
Total Deferred Inflows of Resources	\$ 393,776	\$ 0	\$ 0	\$ 393,776	\$ 0	\$ 393,776
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 118,093	\$ 0	\$ 118,093	\$ 0	\$ 118,093

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Capital	Total	Nonmajor	Governmental	Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects				
<u>FUND BALANCES (Cont.)</u>									
Restricted (Cont.):									
Restricted for Capital Outlay	\$	0	\$	0	\$	0	\$	97,772	\$ 97,772
Committed:									
Committed for Public Health and Welfare		540,753		0		0		540,753	0 540,753
Total Fund Balances	\$	540,753	\$	118,093	\$	0	\$	658,846	\$ 97,772 \$ 756,618
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	934,529	\$	118,093	\$	16,559	\$	1,069,181	\$ 97,772 \$ 1,166,953

Exhibit F-2

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

	Special Revenue Funds				Capital	Total
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Projects Fund General Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 412,342	\$ 0	\$ 0	\$ 412,342	\$ 0	\$ 412,342
Fines, Forfeitures, and Penalties	0	35,797	0	35,797	0	35,797
Charges for Current Services	0	0	3,335	3,335	0	3,335
Other Local Revenues	125,289	2,000	0	127,289	0	127,289
State of Tennessee	28,813	0	0	28,813	28,300	57,113
Federal Government	0	0	0	0	18,260	18,260
Total Revenues	\$ 566,444	\$ 37,797	\$ 3,335	\$ 607,576	\$ 46,560	\$ 654,136
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 3,335	\$ 3,335	\$ 0	\$ 3,335
Public Safety	0	51,699	0	51,699	0	51,699
Public Health and Welfare	584,766	0	0	584,766	0	584,766
Other Operations	9,495	0	0	9,495	2,391	11,886
Capital Projects	0	0	0	0	201,314	201,314
Total Expenditures	\$ 594,261	\$ 51,699	\$ 3,335	\$ 649,295	\$ 203,705	\$ 853,000
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (27,817)	\$ (13,902)	\$ 0	\$ (41,719)	\$ (157,145)	\$ (198,864)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 160,000	\$ 160,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 160,000	\$ 160,000
Net Change in Fund Balances						
Fund Balance, July 1, 2019	\$ 568,570	\$ 131,995	\$ 0	\$ 700,565	\$ 94,917	\$ 795,482
Fund Balance, June 30, 2020	\$ 540,753	\$ 118,093	\$ 0	\$ 658,846	\$ 97,772	\$ 756,618

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 412,342	\$ 404,010	\$ 404,010	\$ 8,332
Charges for Current Services	0	25,000	25,000	(25,000)
Other Local Revenues	125,289	200,100	200,100	(74,811)
State of Tennessee	28,813	0	0	28,813
Total Revenues	<u>\$ 566,444</u>	<u>\$ 629,110</u>	<u>\$ 629,110</u>	<u>\$ (62,666)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 50,403	\$ 53,481	\$ 51,631	\$ 1,228
Recycling Center	498,404	534,945	536,753	38,349
Landfill Operation and Maintenance	33,459	60,000	60,000	26,541
Other Waste Disposal	2,500	2,500	2,500	0
<u>Other Operations</u>				
Other Charges	9,453	15,000	15,000	5,547
COVID-19 Grant #4	42	0	42	0
Total Expenditures	<u>\$ 594,261</u>	<u>\$ 665,926</u>	<u>\$ 665,926</u>	<u>\$ 71,665</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (27,817)</u>	<u>\$ (36,816)</u>	<u>\$ (36,816)</u>	<u>\$ 8,999</u>
Net Change in Fund Balance	\$ (27,817)	\$ (36,816)	\$ (36,816)	\$ 8,999
Fund Balance, July 1, 2019	<u>568,570</u>	<u>568,570</u>	<u>568,570</u>	<u>0</u>
Fund Balance, June 30, 2020	<u>\$ 540,753</u>	<u>\$ 531,754</u>	<u>\$ 531,754</u>	<u>\$ 8,999</u>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 35,797	\$ 22,000	\$ 22,000	\$ 13,797
Other Local Revenues	2,000	1,000	1,000	1,000
Other Governments and Citizens Groups	0	1,500	1,500	(1,500)
Total Revenues	<u>\$ 37,797</u>	<u>\$ 24,500</u>	<u>\$ 24,500</u>	<u>\$ 13,297</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 51,699	\$ 30,450	\$ 64,150	\$ 12,451
Total Expenditures	<u>\$ 51,699</u>	<u>\$ 30,450</u>	<u>\$ 64,150</u>	<u>\$ 12,451</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (13,902)</u>	<u>\$ (5,950)</u>	<u>\$ (39,650)</u>	<u>\$ 25,748</u>
Net Change in Fund Balance	\$ (13,902)	\$ (5,950)	\$ (39,650)	\$ 25,748
Fund Balance, July 1, 2019	131,995	131,995	131,995	0
Fund Balance, June 30, 2020	<u>\$ 118,093</u>	<u>\$ 126,045</u>	<u>\$ 92,345</u>	<u>\$ 25,748</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Henry County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 303,885	\$ 301,440	\$ 302,439	\$ 1,446
Other Local Revenues	511,861	270,000	270,000	241,861
Federal Government	29,328	0	29,328	0
Other Governments and Citizens Groups	2,574,623	0	2,578,575	(3,952)
Total Revenues	<u>\$ 3,419,697</u>	<u>\$ 571,440</u>	<u>\$ 3,180,342</u>	<u>\$ 239,355</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 10,647	\$ 10,000	\$ 11,000	\$ 353
<u>Principal on Debt</u>				
General Government	416,250	416,250	416,250	0
Education	1,127,815	1,182,816	1,127,816	1
<u>Interest on Debt</u>				
General Government	19,046	20,142	20,142	1,096
Education	1,301,147	1,342,759	1,303,582	2,435
<u>Other Debt Service</u>				
General Government	197,925	4,250	201,773	3,848
Education	42,129	3,000	42,500	371
Total Expenditures	<u>\$ 3,114,959</u>	<u>\$ 2,979,217</u>	<u>\$ 3,123,063</u>	<u>\$ 8,104</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 304,738</u>	<u>\$ (2,407,777)</u>	<u>\$ 57,279</u>	<u>\$ 247,459</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 2,045,000	\$ 0	\$ 2,045,000	\$ 0
Transfers In	0	2,578,575	0	0
Payments to Refunded Debt Escrow Agent	(2,099,677)	0	(2,099,677)	0
Total Other Financing Sources	<u>\$ (54,677)</u>	<u>\$ 2,578,575</u>	<u>\$ (54,677)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 250,061	\$ 170,798	\$ 2,602	\$ 247,459
Fund Balance, July 1, 2019	<u>2,221,670</u>	<u>2,221,670</u>	<u>2,221,670</u>	<u>0</u>
Fund Balance, June 30, 2020	<u>\$ 2,471,731</u>	<u>\$ 2,392,468</u>	<u>\$ 2,224,272</u>	<u>\$ 247,459</u>

Fiduciary Funds

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

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

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

Special School District Fund – The Special School District Fund is used to account for property taxes collected for the Paris Special School District and the district's share of education revenues collected by the county that must be apportioned between the Henry County School System and the Paris Special School District on an average daily attendance basis. These collections are remitted to the Paris Special School District on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, general sessions, and juvenile courts clerk; clerk and master; register of deeds; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for transactions of the Judicial District Drug Task Force, a joint venture of the various law enforcement agencies of the Twenty-fourth Judicial District.

Exhibit H-1

Henry County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2020

	Agency Funds					Total
	Cities - Sales Tax	Watershed District	Special School District	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 753,525	\$ 4,345	\$ 757,870
Equity in Pooled Cash and Investments	0	1,606	268,922	0	828,045	1,098,573
Accounts Receivable	0	0	0	19,708	0	19,708
Due from Other Governments	976,994	0	419,348	0	0	1,396,342
Property Taxes Receivable	0	0	3,730,467	0	0	3,730,467
Allowance for Uncollectible Property Taxes	0	0	(30,632)	0	0	(30,632)
Total Assets	<u>\$ 976,994</u>	<u>\$ 1,606</u>	<u>\$ 4,388,105</u>	<u>\$ 773,233</u>	<u>\$ 832,390</u>	<u>\$ 6,972,328</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 976,994	\$ 1,606	\$ 4,388,105	\$ 0	\$ 0	\$ 5,366,705
Due to Litigants, Heirs, and Others	0	0	0	773,233	0	773,233
Due to Joint Ventures	0	0	0	0	832,390	832,390
Total Liabilities	<u>\$ 976,994</u>	<u>\$ 1,606</u>	<u>\$ 4,388,105</u>	<u>\$ 773,233</u>	<u>\$ 832,390</u>	<u>\$ 6,972,328</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 5,009,657	\$ 5,009,657	\$ 0
Due from Other Governments	882,042	976,994	882,042	976,994
Total Assets	\$ 882,042	\$ 5,986,651	\$ 5,891,699	\$ 976,994
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 882,042	\$ 5,986,651	\$ 5,891,699	\$ 976,994
Total Liabilities	\$ 882,042	\$ 5,986,651	\$ 5,891,699	\$ 976,994
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606
Total Assets	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606
Total Liabilities	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 242,640	\$ 5,739,924	\$ 5,713,642	\$ 268,922
Due from Other Governments	385,517	419,348	385,517	419,348
Property Taxes Receivable	3,739,497	3,730,467	3,739,497	3,730,467
Allowance for Uncollectible Property Taxes	(65,625)	(30,632)	(65,625)	(30,632)
Total Assets	\$ 4,302,029	\$ 9,859,107	\$ 9,773,031	\$ 4,388,105
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,302,029	\$ 9,859,107	\$ 9,773,031	\$ 4,388,105
Total Liabilities	\$ 4,302,029	\$ 9,859,107	\$ 9,773,031	\$ 4,388,105

(Continued)

Exhibit H-2

Henry County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,033,241	\$ 8,784,017	\$ 9,063,733	\$ 753,525
Accounts Receivable	15,250	19,708	15,250	19,708
Total Assets	<u>\$ 1,048,491</u>	<u>\$ 8,803,725</u>	<u>\$ 9,078,983</u>	<u>\$ 773,233</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 1,048,491</u>	<u>\$ 8,803,725</u>	<u>\$ 9,078,983</u>	<u>\$ 773,233</u>
Total Liabilities	<u>\$ 1,048,491</u>	<u>\$ 8,803,725</u>	<u>\$ 9,078,983</u>	<u>\$ 773,233</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 3,800	\$ 4,345	\$ 3,800	\$ 4,345
Equity in Pooled Cash and Investments	914,573	742,025	828,553	828,045
Total Assets	<u>\$ 918,373</u>	<u>\$ 746,370</u>	<u>\$ 832,353</u>	<u>\$ 832,390</u>
<u>Liabilities</u>				
Due to Joint Ventures	<u>\$ 918,373</u>	<u>\$ 746,370</u>	<u>\$ 832,353</u>	<u>\$ 832,390</u>
Total Liabilities	<u>\$ 918,373</u>	<u>\$ 746,370</u>	<u>\$ 832,353</u>	<u>\$ 832,390</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,037,041	\$ 8,788,362	\$ 9,067,533	\$ 757,870
Equity in Pooled Cash and Investments	1,158,819	11,493,212	11,553,458	1,098,573
Accounts Receivable	15,250	19,708	15,250	19,708
Due from Other Governments	1,267,559	1,396,342	1,267,559	1,396,342
Property Taxes Receivable	3,739,497	3,730,467	3,739,497	3,730,467
Allowance for Uncollectible Property Taxes	(65,625)	(30,632)	(65,625)	(30,632)
Total Assets	<u>\$ 7,152,541</u>	<u>\$ 25,397,459</u>	<u>\$ 25,577,672</u>	<u>\$ 6,972,328</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,185,677	\$ 15,847,364	\$ 15,666,336	\$ 5,366,705
Due to Litigants, Heirs, and Others	1,048,491	8,803,725	9,078,983	773,233
Due to Joint Ventures	918,373	746,370	832,353	832,390
Total Liabilities	<u>\$ 7,152,541</u>	<u>\$ 25,397,459</u>	<u>\$ 25,577,672</u>	<u>\$ 6,972,328</u>

Henry County School Department

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

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the school department.

Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 21,204,815	\$ 0	\$ 2,143,223	\$ (19,061,592)
Support Services	10,004,168	74,246	783,188	(9,146,734)
Operation of Non-instructional Services	2,564,791	420,333	2,451,997	307,539
Total Governmental Activities	<u>\$ 33,773,774</u>	<u>\$ 494,579</u>	<u>\$ 5,378,408</u>	<u>\$ (27,900,787)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 5,046,136
Local Option Sales Taxes				4,139,002
Business Tax				162,599
Other Local Taxes				835,752
Grants and Contributions Not Restricted to Specific Programs				18,439,551
Unrestricted Investment Income				41,442
Miscellaneous				19,759
Total General Revenues				<u>\$ 28,684,241</u>
Change in Net Position				\$ 783,454
Net Position, July 1, 2019				<u>37,461,722</u>
Net Position, June 30, 2020				<u>\$ 38,245,176</u>

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 10,020,012	\$ 915,316	\$ 10,935,328
Accounts Receivable	6,201	306	6,507
Due from Other Governments	1,041,023	333,582	1,374,605
Due from Other Funds	1,336	0	1,336
Property Taxes Receivable	5,398,650	0	5,398,650
Allowance for Uncollectible Property Taxes	(88,213)	0	(88,213)
Restricted Assets	113,558	0	113,558
Total Assets	<u>\$ 16,492,567</u>	<u>\$ 1,249,204</u>	<u>\$ 17,741,771</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 126,810	\$ 542	\$ 127,352
Contracts Payable	0	4,562	4,562
Total Liabilities	<u>\$ 126,810</u>	<u>\$ 5,104</u>	<u>\$ 131,914</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,202,387	\$ 0	\$ 5,202,387
Deferred Delinquent Property Taxes	88,630	0	88,630
Other Deferred/Unavailable Revenue	417,699	0	417,699
Total Deferred Inflows of Resources	<u>\$ 5,708,716</u>	<u>\$ 0</u>	<u>\$ 5,708,716</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 622,198	\$ 0	\$ 622,198
Restricted for Operation of Non-instructional Services	0	852,844	852,844
Restricted for Capital Projects	0	248,063	248,063
Restricted for Hybrid Retirement Stabilization Funds	113,558	0	113,558
Committed:			
Committed for Education	2,164	0	2,164
Committed for Capital Projects	757,364	0	757,364
Assigned:			
Assigned for Education	0	143,193	143,193
Unassigned	9,161,757	0	9,161,757
Total Fund Balances	<u>\$ 10,657,041</u>	<u>\$ 1,244,100</u>	<u>\$ 11,901,141</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,492,567</u>	<u>\$ 1,249,204</u>	<u>\$ 17,741,771</u>

Exhibit I-3

Henry County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Henry County School Department
June 30, 2020

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 11,901,141
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 610,066	
Add: construction in progress	5,484,978	
Add: buildings and improvements net of accumulated depreciation	17,561,639	
Add: other capital assets net of accumulated depreciation	<u>1,673,134</u>	25,329,817
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (77,816)	
Less: net OPEB liability	<u>(2,046,990)</u>	(2,124,806)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as a component of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 2,066,568	
Less: deferred inflows of resources related to pensions	(3,131,000)	
Add: deferred outflows of resources related to OPEB	320,139	
Less: deferred inflows of resources related to OPEB	<u>(584,405)</u>	(1,328,698)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 627,563	
Add: net pension asset - teacher retirement plan	147,555	
Add: net pension asset - teacher legacy pension plan	<u>3,186,275</u>	3,961,393
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>506,329</u>
Net position of governmental activities (Exhibit A)		<u>\$ 38,245,176</u>

Exhibit I-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 10,463,129	\$ 0	\$ 10,463,129
Licenses and Permits	1,335	0	1,335
Charges for Current Services	69,674	420,333	490,007
Other Local Revenues	230,082	37,864	267,946
State of Tennessee	18,984,608	16,286	19,000,894
Federal Government	20,857	4,284,165	4,305,022
Total Revenues	<u>\$ 29,769,685</u>	<u>\$ 4,758,648</u>	<u>\$ 34,528,333</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,251,811	\$ 2,031,225	\$ 17,283,036
Support Services	9,363,697	423,439	9,787,136
Operation of Non-Instructional Services	513,122	2,048,612	2,561,734
Capital Outlay	298,199	0	298,199
Debt Service:			
Other Debt Service	2,524,623	0	2,524,623
Capital Projects	0	2,758,846	2,758,846
Total Expenditures	<u>\$ 27,951,452</u>	<u>\$ 7,262,122</u>	<u>\$ 35,213,574</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,818,233</u>	<u>\$ (2,503,474)</u>	<u>\$ (685,241)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 85,265	\$ 0	\$ 85,265
Transfers In	52,286	0	52,286
Transfers Out	0	(52,286)	(52,286)
Total Other Financing Sources (Uses)	<u>\$ 137,551</u>	<u>\$ (52,286)</u>	<u>\$ 85,265</u>
Net Change in Fund Balances	<u>\$ 1,955,784</u>	<u>\$ (2,555,760)</u>	<u>\$ (599,976)</u>
Fund Balance, July 1, 2019	8,701,257	3,799,860	12,501,117
Fund Balance, June 30, 2020	<u>\$ 10,657,041</u>	<u>\$ 1,244,100</u>	<u>\$ 11,901,141</u>

Exhibit I-5

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

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(599,976)
(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	\$	3,135,158	
Less: current-year depreciation expense		<u>(2,510,645)</u>	624,513
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$	506,329	
Less: deferred delinquent property taxes and other deferred June 30, 2019		<u>(477,434)</u>	28,895
(3) 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 compensated absences payable	\$	(3,040)	
Change in net OPEB liability		80,232	
Change in deferred outflows related to OPEB		78,051	
Change in deferred inflows related to OPEB		(145,181)	
Change in net pension asset - agent plan		102,076	
Change in net pension asset - teacher retirement plan		11,444	
Change in net pension asset - teacher legacy pension plan		2,106,941	
Change in deferred outflows related to pensions		(281,822)	
Change in deferred inflows related to pensions		<u>(1,218,679)</u>	730,022
Change in net position of governmental activities (Exhibit B)			<u>\$ 783,454</u>

Exhibit I-6

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

	Special Revenue Funds			Capital	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Projects Fund Education Capital Projects	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 23,253	\$ 639,438	\$ 662,691	\$ 252,625	\$ 915,316
Accounts Receivable	0	306	306	0	306
Due from Other Governments	120,482	213,100	333,582	0	333,582
Total Assets	<u>\$ 143,735</u>	<u>\$ 852,844</u>	<u>\$ 996,579</u>	<u>\$ 252,625</u>	<u>\$ 1,249,204</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 542	\$ 0	\$ 542	\$ 0	\$ 542
Contracts Payable	0	0	0	4,562	4,562
Total Liabilities	<u>\$ 542</u>	<u>\$ 0</u>	<u>\$ 542</u>	<u>\$ 4,562</u>	<u>\$ 5,104</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Operation of Non-instructional Services	\$ 0	\$ 852,844	\$ 852,844	\$ 0	\$ 852,844
Restricted for Capital Projects	0	0	0	248,063	248,063
Assigned:					
Assigned for Education	143,193	0	143,193	0	143,193
Total Fund Balances	<u>\$ 143,193</u>	<u>\$ 852,844</u>	<u>\$ 996,037</u>	<u>\$ 248,063</u>	<u>\$ 1,244,100</u>
Total Liabilities and Fund Balances	<u>\$ 143,735</u>	<u>\$ 852,844</u>	<u>\$ 996,579</u>	<u>\$ 252,625</u>	<u>\$ 1,249,204</u>

Exhibit I-7

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

	Special Revenue Funds			Capital	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Projects Fund Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 420,333	\$ 420,333	\$ 0	\$ 420,333
Other Local Revenues	0	10,649	10,649	27,215	37,864
State of Tennessee	0	16,286	16,286	0	16,286
Federal Government	2,582,618	1,701,547	4,284,165	0	4,284,165
Total Revenues	<u>\$ 2,582,618</u>	<u>\$ 2,148,815</u>	<u>\$ 4,731,433</u>	<u>\$ 27,215</u>	<u>\$ 4,758,648</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,031,225	\$ 0	\$ 2,031,225	\$ 0	\$ 2,031,225
Support Services	423,439	0	423,439	0	423,439
Operation of Non-Instructional Services	72,265	1,976,347	2,048,612	0	2,048,612
Capital Projects	0	0	0	2,758,846	2,758,846
Total Expenditures	<u>\$ 2,526,929</u>	<u>\$ 1,976,347</u>	<u>\$ 4,503,276</u>	<u>\$ 2,758,846</u>	<u>\$ 7,262,122</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 55,689</u>	<u>\$ 172,468</u>	<u>\$ 228,157</u>	<u>\$ (2,731,631)</u>	<u>\$ (2,503,474)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (52,286)	\$ 0	\$ (52,286)	\$ 0	\$ (52,286)
Total Other Financing Sources (Uses)	<u>\$ (52,286)</u>	<u>\$ 0</u>	<u>\$ (52,286)</u>	<u>\$ 0</u>	<u>\$ (52,286)</u>

(Continued)

Exhibit I-7

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

	Special Revenue Funds			Capital	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Projects Fund Education Capital Projects	
Net Change in Fund Balances	\$ 3,403	\$ 172,468	\$ 175,871	\$ (2,731,631)	\$ (2,555,760)
Fund Balance, July 1, 2019	139,790	680,376	820,166	2,979,694	3,799,860
Fund Balance, June 30, 2020	\$ 143,193	\$ 852,844	\$ 996,037	\$ 248,063	\$ 1,244,100

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,463,129	\$ 9,498,852	\$ 9,498,852	\$ 964,277
Licenses and Permits	1,335	1,500	1,500	(165)
Charges for Current Services	69,674	88,325	88,325	(18,651)
Other Local Revenues	230,082	148,200	215,166	14,916
State of Tennessee	18,984,608	18,788,966	18,912,031	72,577
Federal Government	20,857	0	6,111	14,746
Total Revenues	\$ 29,769,685	\$ 28,525,843	\$ 28,721,985	\$ 1,047,700
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 12,358,483	\$ 12,617,395	\$ 12,677,071	\$ 318,588
Alternative Instruction Program	212,498	221,648	219,150	6,652
Special Education Program	1,528,468	1,524,058	1,563,794	35,326
Career and Technical Education Program	1,145,409	1,101,965	1,177,640	32,231
COVID-19 Expenditures	6,953	0	6,953	0
<u>Support Services</u>				
Attendance	125,694	123,492	129,624	3,930
Health Services	355,170	362,186	361,786	6,616
Other Student Support	792,768	776,644	812,324	19,556
Regular Instruction Program	867,603	931,606	905,919	38,316
Alternative Instruction Program	96,203	98,168	100,278	4,075
Special Education Program	110,818	111,165	112,132	1,314
Career and Technical Education Program	1,352	10,250	10,250	8,898
Technology	270,440	276,607	278,393	7,953
Other Programs	76,246	0	76,246	0
Board of Education	507,957	558,911	525,636	17,679
Director of Schools	246,884	275,547	273,847	26,963
Office of the Principal	1,499,278	1,541,991	1,541,391	42,113
Fiscal Services	325,736	317,812	329,159	3,423
Operation of Plant	1,479,998	1,595,380	1,585,380	105,382
Maintenance of Plant	695,411	714,073	736,330	40,919
Transportation	1,874,296	2,094,905	2,029,088	154,792
COVID-19 Expenditures	37,843	0	37,843	0
<u>Operation of Non-Instructional Services</u>				
Community Services	193,672	234,967	243,868	50,196
Early Childhood Education	319,450	325,922	320,507	1,057
<u>Capital Outlay</u>				
Regular Capital Outlay	298,199	223,576	1,180,576	882,377
<u>Principal on Debt</u>				
Education	0	1,182,815	0	0
<u>Interest on Debt</u>				
Education	0	1,347,760	0	0
<u>Other Debt Service</u>				
Education	2,524,623	0	2,530,575	5,952
Total Expenditures	\$ 27,951,452	\$ 28,568,843	\$ 29,765,760	\$ 1,814,308

(Continued)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,818,233	\$ (43,000)	\$ (1,043,775)	\$ 2,862,008
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 85,265	\$ 0	\$ 82,250	\$ 3,015
Transfers In	52,286	43,000	43,000	9,286
Transfers Out	0	0	(5,201)	5,201
Total Other Financing Sources	\$ 137,551	\$ 43,000	\$ 120,049	\$ 17,502
Net Change in Fund Balance	\$ 1,955,784	\$ 0	\$ (923,726)	\$ 2,879,510
Fund Balance, July 1, 2019	8,701,257	5,502,031	5,502,031	3,199,226
Fund Balance, June 30, 2020	\$ 10,657,041	\$ 5,502,031	\$ 4,578,305	\$ 6,078,736

Exhibit I-9

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 0	\$ 256,304	\$ 256,156	\$ (256,156)
Federal Government	2,582,618	2,736,193	2,797,006	(214,388)
Total Revenues	<u>\$ 2,582,618</u>	<u>\$ 2,992,497</u>	<u>\$ 3,053,162</u>	<u>\$ (470,544)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,055,203	\$ 1,261,483	\$ 1,266,011	\$ 210,808
Special Education Program	814,969	940,041	964,461	149,492
Career and Technical Education Program	161,053	157,000	161,053	0
<u>Support Services</u>				
Other Student Support	230,349	234,768	253,812	23,463
Regular Instruction Program	82,319	240,465	253,420	171,101
Special Education Program	70,376	106,141	106,141	35,765
Career and Technical Education Program	3,905	5,476	3,905	0
Transportation	36,490	46,059	43,541	7,051
<u>Operation of Non-Instructional Services</u>				
Community Services	72,265	143,115	143,115	70,850
Total Expenditures	<u>\$ 2,526,929</u>	<u>\$ 3,134,548</u>	<u>\$ 3,195,459</u>	<u>\$ 668,530</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 55,689</u>	<u>\$ (142,051)</u>	<u>\$ (142,297)</u>	<u>\$ 197,986</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 99,247	\$ 99,065	\$ (99,065)
Transfers Out	(52,286)	(61,541)	(61,113)	8,827
Total Other Financing Sources	<u>\$ (52,286)</u>	<u>\$ 37,706</u>	<u>\$ 37,952</u>	<u>\$ (90,238)</u>
Net Change in Fund Balance	\$ 3,403	\$ (104,345)	\$ (104,345)	\$ 107,748
Fund Balance, July 1, 2019	139,790	139,790	139,790	0
Fund Balance, June 30, 2020	<u>\$ 143,193</u>	<u>\$ 35,445</u>	<u>\$ 35,445</u>	<u>\$ 107,748</u>

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 420,333	\$ 707,803	\$ 707,803	\$ (287,470)
Other Local Revenues	10,649	1,856	1,856	8,793
State of Tennessee	16,286	16,591	16,591	(305)
Federal Government	1,701,547	1,637,168	1,637,168	64,379
Total Revenues	<u>\$ 2,148,815</u>	<u>\$ 2,363,418</u>	<u>\$ 2,363,418</u>	<u>\$ (214,603)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,976,347	\$ 2,363,417	\$ 2,363,417	\$ 387,070
Total Expenditures	<u>\$ 1,976,347</u>	<u>\$ 2,363,417</u>	<u>\$ 2,363,417</u>	<u>\$ 387,070</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 172,468</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 172,467</u>
Net Change in Fund Balance	\$ 172,468	\$ 1	\$ 1	\$ 172,467
Fund Balance, July 1, 2019	<u>680,376</u>	<u>680,376</u>	<u>680,376</u>	<u>0</u>
Fund Balance, June 30, 2020	<u>\$ 852,844</u>	<u>\$ 680,377</u>	<u>\$ 680,377</u>	<u>\$ 172,467</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Henry County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-20
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding and Improvement CON Series 2013	\$ 1,550,000	1 to 2 %	1-2-13	5-1-23	\$ 470,000	\$ 0	\$ 125,000	\$ 0	\$ 345,000
Capital Outlay Note, Series 2017B	525,000	1.89	11-27-17	11-27-21	393,750	0	131,250	0	262,500
2019 Capital Outlay Note, Series 2019b	425,000	2.55	8-7-19	8-7-24	0	425,000	0	0	425,000
2020 Capital Outlay Note, Series 2019a	160,000	2.05	10-29-19	6-30-20	0	160,000	160,000	0	0
Total Notes Payable					<u>\$ 863,750</u>	<u>\$ 585,000</u>	<u>\$ 416,250</u>	<u>\$ 0</u>	<u>\$ 1,032,500</u>
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
School, Series 2001B (CAB) (1)	3,693,361	4.6 to 5.2	3-1-01	5-1-21	\$ 677,429	\$ 0	\$ 552,815	\$ 0	\$ 124,614
School, Series 2010	2,500,000	1.6 to 4.25	1-22-10	2-12-20	2,065,000	0	0	2,065,000	0
Rural School Refunding Bonds, Series 2013	6,145,000	2 to 4	1-2-13	5-1-25	6,055,000	0	0	0	6,055,000
General Obligation High School Bonds, Series 2017	8,850,000	2 to 2.25	11-3-17	5-1-29	8,285,000	0	575,000	0	7,710,000
General Obligation School Refunding Bonds, Series 2020	2,045,000	1.74	2-12-20	5-1-26	0	2,045,000	0	0	2,045,000
Total Bonds Payable					<u>\$ 17,082,429</u>	<u>\$ 2,045,000</u>	<u>\$ 1,127,815</u>	<u>\$ 2,065,000</u>	<u>\$ 15,934,614</u>

(1) These (CAB) bonds accrete interest that is paid at bond maturity. As of June 30, 2020, interest of \$210,753 has accreted on the bonds.

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2021	\$ 346,250	\$ 22,699	\$ 368,949
2022	346,250	15,451	361,701
2023	170,000	8,202	178,202
2024	85,000	4,335	89,335
2025	85,000	2,167	87,167
Total	\$ 1,032,500	\$ 52,854	\$ 1,085,354

Year Ending June 30	Bonds		Total
	Principal	Interest	
2021	\$ 1,864,614	\$ 594,458	\$ 2,459,072
2022	2,140,000	326,802	2,466,802
2023	2,180,000	284,197	2,464,197
2024	2,240,000	225,842	2,465,842
2025	2,310,000	150,437	2,460,437
2026	1,610,000	107,383	1,717,383
2027	1,670,000	76,600	1,746,600
2028	1,705,000	43,200	1,748,200
2029	215,000	4,837	219,837
Total	\$ 15,934,614	\$ 1,813,756	\$ 17,748,370

Exhibit J-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Net wheel tax revenue	\$ 452,878
"	"	Litter program	<u>5,000</u>
Total Transfers Primary Government			<u>\$ 457,878</u>
<u>DISCRETELY PRESENTED HENRY COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 52,286</u>
Total Transfers Discretely Presented Henry County School Department			<u>\$ 52,286</u>

Exhibit J-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 99,062	\$ 400,000	Tennessee Risk Management Trust
County Road Supervisor	Section 8-24-102, <i>TCA</i>	85,768	400,000	"
Director of Schools	State Board of Education and County Board of Education	132,127 (1)	400,000	"
Trustee	Section 8-24-102, <i>TCA</i>	77,971	1,178,065 (4)	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	77,971	400,000	Tennessee Risk Management Trust
County Clerk	Section 8-24-102, <i>TCA</i>	77,971	400,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	77,971	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	77,971 (2)	400,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	77,971	400,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	94,345 (3)	400,000	"
Employee Blanket Bonds:				
Offices of County Mayor and County Road Supervisor			400,000	Tennessee Risk Management Trust
Office of Director of Schools			400,000	"

(1) Includes a chief executive officer training supplement of \$1,000 and an administration committee supplement of \$100.

(2) Does not include special commissioner fees of \$3,335.

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

(4) Also covered by \$400,000 insurance policy with Tennessee Risk Management Trust.

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,328,765	\$ 360,446	\$ 0	\$ 0	\$ 1,465,342	\$ 240,106
Trustee's Collections - Prior Year	85,605	9,273	0	0	38,806	6,381
Circuit Clerk/Clerk and Master Collections - Prior Years	34,337	3,718	0	0	15,126	2,479
Interest and Penalty	19,223	2,083	0	0	8,471	1,390
Pickup Taxes	18,488	2,002	0	0	8,145	1,335
Payments in-Lieu-of Taxes - Local Utilities	56,541	6,122	0	0	24,908	4,082
Payments in-Lieu-of Taxes - Other	102,520	11,101	0	0	45,164	7,400
<u>County Local Option Taxes</u>						
Local Option Sales Tax	999,280	0	0	0	0	0
Hotel/Motel Tax	185,454	0	0	0	0	0
Wheel Tax	457,453	0	0	0	0	0
Litigation Tax - General	135,403	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	29,680
Business Tax	112,447	12,100	0	0	49,229	7,367
Mixed Drink Tax	20,141	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	50,766	5,497	0	0	22,364	3,665
Wholesale Beer Tax	164,206	0	0	0	0	0
Total Local Taxes	\$ 5,770,629	\$ 412,342	\$ 0	\$ 0	\$ 1,677,555	\$ 303,885
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 16,886	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	181,236	0	0	0	0	0
Total Licenses and Permits	\$ 198,122	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 6,456	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	17,848	0	0	0	0	0
Drug Control Fines	4,134	0	1,425	0	0	0
DUI Treatment Fines	950	0	0	0	0	0
Data Entry Fee - Circuit Court	1,787	0	0	0	0	0
Courtroom Security Fee	660	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	21,803	0	0	0	0	0
Fines for Littering	48	0	0	0	0	0
Officers Costs	67,225	0	0	0	0	0
Game and Fish Fines	879	0	0	0	0	0
Drug Control Fines	8,716	0	13,005	0	0	0
Drug Court Fees	5,511	0	0	0	0	0
Jail Fees	1,324	0	0	0	0	0
DUI Treatment Fines	6,262	0	0	0	0	0
Data Entry Fee - General Sessions Court	10,801	0	0	0	0	0
Courtroom Security Fee	15	0	0	0	0	0
Victims Assistance Assessments	21,259	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,453	0	0	0	0	0
Officers Costs	2,270	0	0	0	0	0
Data Entry Fee - Juvenile Court	809	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,574	0	0	0	0	0
Data Entry Fee - Chancery Court	3,192	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 12,335	\$ 0	\$ 0	\$ 0
Other Fines, Forfeitures, and Penalties	0	0	9,032	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 184,976	\$ 0	\$ 35,797	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Sale of Electricity	\$ 28,046	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	38,097	0	0	0	0	0
Other General Service Charges	118	0	0	0	0	0
Service Charges	674	0	0	0	0	0
<u>Fees</u>						
Airport Fees	32,482	0	0	0	0	0
Copy Fees	192	0	0	0	0	0
Greenbelt Late Application Fee	150	0	0	0	0	0
Telephone Commissions	68,663	0	0	0	0	0
Vending Machine Collections	134	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	3,335	0	0
Data Processing Fee - Register	11,832	0	0	0	0	0
Data Processing Fee - Sheriff	4,738	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,400	0	0	0	0	0
Data Processing Fee - County Clerk	3,564	0	0	0	0	0
Subscription and Electronic Filing Fee - Chancery	8,260	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	815	0	0	0	0	0
Total Charges for Current Services	\$ 203,165	\$ 0	\$ 0	\$ 3,335	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 483,861
Lease/Rentals	51,903	0	0	0	0	28,000
Commissary Sales	56,547	0	0	0	0	0
Sale of Gasoline	285,422	0	0	0	0	0
Sale of Recycled Materials	0	125,289	0	0	0	0
Sale of Animals/Livestock	4,689	0	0	0	0	0
Miscellaneous Refunds	2,594	0	2,000	0	16,987	0
<u>Nonrecurring Items</u>						
Sale of Equipment	55,500	0	0	0	0	0
Sale of Property	27,225	0	0	0	0	0
Damages Recovered from Individuals	1,666	0	0	0	0	0
Performance Bond Forfeitures	2,050	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	84,498	0	0	0	0	0
Total Other Local Revenues	\$ 572,094	\$ 125,289	\$ 2,000	\$ 0	\$ 16,987	\$ 511,861
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 404,247	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	101,230	0	0	0	0	0
General Sessions Court Clerk	166,810	0	0	0	0	0
Clerk and Master	96,947	0	0	0	0	0
Juvenile Court Clerk	47,971	0	0	0	0	0
Register	152,206	0	0	0	0	0
Sheriff	10,654	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
Trustee	\$ 549,958	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Fees Received From County Officials	\$ 1,530,023	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	15,000	0	0	0	0	0
Aging Programs	36,786	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	27,200	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	74,747	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	1,064,125	0
Litter Program	0	0	0	0	56,006	0
<u>Other State Revenues</u>						
Resort District Sales Tax	1,111,602	0	0	0	0	0
Beer Tax	18,175	0	0	0	0	0
Vehicle Certificate of Title Fees	8,578	0	0	0	0	0
Alcoholic Beverage Tax	90,539	0	0	0	0	0
State Revenue Sharing - Telecommunications	57,403	0	0	0	0	0
Prisoner Transportation	177	0	0	0	0	0
Contracted Prisoner Boarding	1,044,030	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,593,541	0
Petroleum Special Tax	0	0	0	0	19,440	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	49,257	0	0	0	0	0
Other State Revenues	381,860	28,813	0	0	5,000	0
Total State of Tennessee	\$ 2,939,518	\$ 28,813	\$ 0	\$ 0	\$ 3,738,112	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 315,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	30,704	0	0	0	0	0
COVID-19 Grant #1	5,434	0	0	0	0	0
COVID-19 Grant #2	915	0	0	0	0	0
Other Federal through State	71,352	0	0	0	500	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	7,900	0	0	0	0	29,328
Total Federal Government	\$ 431,305	\$ 0	\$ 0	\$ 0	\$ 500	\$ 29,328
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 181,168	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,574,623
Contracted Services	29,617	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	27,432	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 238,217	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,574,623
Total	\$ 12,068,049	\$ 566,444	\$ 37,797	\$ 3,335	\$ 5,433,154	\$ 3,419,697

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 5,394,659
Trustee's Collections - Prior Year	0	140,065
Circuit Clerk/Clerk and Master Collections - Prior Years	0	55,660
Interest and Penalty	0	31,167
Pickup Taxes	0	29,970
Payments in-Lieu-of Taxes - Local Utilities	0	91,653
Payments in-Lieu-of Taxes - Other	0	166,185
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	999,280
Hotel/Motel Tax	0	185,454
Wheel Tax	0	457,453
Litigation Tax - General	0	135,403
Litigation Tax - Jail, Workhouse, or Courthouse	0	29,680
Business Tax	0	181,143
Mixed Drink Tax	0	20,141
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	82,292
Wholesale Beer Tax	0	164,206
Total Local Taxes	<u>\$ 0</u>	<u>\$ 8,164,411</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Registration	\$ 0	\$ 16,886
Cable TV Franchise	0	181,236
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 198,122</u>

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>		<u>Capital</u> <u>Projects</u>	<u>Total</u>
<hr/>				
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$	0	\$	6,456
Officers Costs		0		17,848
Drug Control Fines		0		5,559
DUI Treatment Fines		0		950
Data Entry Fee - Circuit Court		0		1,787
Courtroom Security Fee		0		660
<u>General Sessions Court</u>				
Fines		0		21,803
Fines for Littering		0		48
Officers Costs		0		67,225
Game and Fish Fines		0		879
Drug Control Fines		0		21,721
Drug Court Fees		0		5,511
Jail Fees		0		1,324
DUI Treatment Fines		0		6,262
Data Entry Fee - General Sessions Court		0		10,801
Courtroom Security Fee		0		15
Victims Assistance Assessments		0		21,259
<u>Juvenile Court</u>				
Fines		0		1,453
Officers Costs		0		2,270
Data Entry Fee - Juvenile Court		0		809
<u>Chancery Court</u>				
Officers Costs		0		1,574
Data Entry Fee - Chancery Court		0		3,192

(Continued)

Exhibit J-5

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

	Capital Projects Fund		Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	\$	0	\$	12,335
Other Fines, Forfeitures, and Penalties		0		9,032
Total Fines, Forfeitures, and Penalties	\$	0	\$	220,773
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Sale of Electricity	\$	0	\$	28,046
Work Release Charges for Board		0		38,097
Other General Service Charges		0		118
Service Charges		0		674
<u>Fees</u>				
Airport Fees		0		32,482
Copy Fees		0		192
Greenbelt Late Application Fee		0		150
Telephone Commissions		0		68,663
Vending Machine Collections		0		134
Special Commissioner Fees/Special Master Fees		0		3,335
Data Processing Fee - Register		0		11,832
Data Processing Fee - Sheriff		0		4,738
Sexual Offender Registration Fee - Sheriff		0		5,400
Data Processing Fee - County Clerk		0		3,564
Subscription and Electronic Filing Fee - Chancery		0		8,260
Vehicle Insurance Coverage and Reinstatement Fees		0		815
Total Charges for Current Services	\$	0	\$	206,500

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>		<u>Capital</u> <u>Projects</u>	<u>Total</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$	0	\$	483,861
Lease/Rentals		0		79,903
Commissary Sales		0		56,547
Sale of Gasoline		0		285,422
Sale of Recycled Materials		0		125,289
Sale of Animals/Livestock		0		4,689
Miscellaneous Refunds		0		21,581
<u>Nonrecurring Items</u>				
Sale of Equipment		0		55,500
Sale of Property		0		27,225
Damages Recovered from Individuals		0		1,666
Performance Bond Forfeitures		0		2,050
<u>Other Local Revenues</u>				
Other Local Revenues		0		84,498
Total Other Local Revenues	\$	0	\$	1,228,231
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$	0	\$	404,247
Circuit Court Clerk		0		101,230
General Sessions Court Clerk		0		166,810
Clerk and Master		0		96,947
Juvenile Court Clerk		0		47,971
Register		0		152,206
Sheriff		0		10,654

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>		<u>General Capital Projects</u>	<u>Total</u>
<hr/>				
<u>Fees Received From County Officials (Cont.)</u>				
<u>Fees In-Lieu-of Salary (Cont.)</u>				
Trustee	\$	0	\$	549,958
Total Fees Received From County Officials	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>1,530,023</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$	0	\$	9,000
Airport Maintenance Program		0		15,000
Aging Programs		0		36,786
<u>Public Safety Grants</u>				
Law Enforcement Training Programs			0	27,200
<u>Health and Welfare Grants</u>				
Health Department Programs			0	74,747
<u>Public Works Grants</u>				
Bridge Program			0	1,064,125
Litter Program			0	56,006
<u>Other State Revenues</u>				
Resort District Sales Tax			0	1,111,602
Beer Tax			0	18,175
Vehicle Certificate of Title Fees			0	8,578
Alcoholic Beverage Tax			0	90,539
State Revenue Sharing - Telecommunications			0	57,403
Prisoner Transportation			0	177
Contracted Prisoner Boarding			0	1,044,030
Gasoline and Motor Fuel Tax			0	2,593,541
Petroleum Special Tax			0	19,440

(Continued)

Exhibit J-5

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

	Capital Projects Fund		Capital Projects	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Registrar's Salary Supplement	\$	0	\$	15,164
Other State Grants		28,300		77,557
Other State Revenues		0		415,673
Total State of Tennessee	\$	28,300	\$	6,734,743
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	\$	0	\$	315,000
Homeland Security Grants		0		30,704
COVID-19 Grant #1		0		5,434
COVID-19 Grant #2		0		915
Other Federal through State		0		71,852
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue		18,260		55,488
Total Federal Government	\$	18,260	\$	479,393
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$	0	\$	2,755,791
Contracted Services		0		29,617
<u>Citizens Groups</u>				
Donations		0		27,432
Total Other Governments and Citizens Groups	\$	0	\$	2,812,840
Total	\$	46,560	\$	21,575,036

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,843,164	\$ 0	\$ 0	\$ 0	\$ 4,843,164
Trustee's Collections - Prior Year	124,723	0	0	0	124,723
Circuit Clerk/Clerk and Master Collections - Prior Years	49,968	0	0	0	49,968
Interest and Penalty	27,982	0	0	0	27,982
Pickup Taxes	26,899	0	0	0	26,899
Payments in-Lieu-of Taxes - T.V.A.	3,155	0	0	0	3,155
Payments in-Lieu-of Taxes - Local Utilities	82,264	0	0	0	82,264
Payments in-Lieu-of Taxes - Other	149,254	0	0	0	149,254
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,089,124	0	0	0	4,089,124
Wheel Tax	802,528	0	0	0	802,528
Business Tax	162,599	0	0	0	162,599
Mixed Drink Tax	27,607	0	0	0	27,607
<u>Statutory Local Taxes</u>					
Bank Excise Tax	73,862	0	0	0	73,862
Total Local Taxes	\$ 10,463,129	\$ 0	\$ 0	\$ 0	\$ 10,463,129
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,335	\$ 0	\$ 0	\$ 0	\$ 1,335
Total Licenses and Permits	\$ 1,335	\$ 0	\$ 0	\$ 0	\$ 1,335

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 262,524	\$ 0	\$ 262,524
Lunch Payments - Adults	0	0	7,988	0	7,988
Income from Breakfast	0	0	1,160	0	1,160
A la Carte Sales	0	0	148,661	0	148,661
Receipts from Individual Schools	44,233	0	0	0	44,233
Other Charges for Services	25,441	0	0	0	25,441
Total Charges for Current Services	\$ 69,674	\$ 0	\$ 420,333	\$ 0	\$ 490,007
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 3,578	\$ 0	\$ 10,649	\$ 27,215	\$ 41,442
Lease/Rentals	4,300	0	0	0	4,300
Sale of Materials and Supplies	2,000	0	0	0	2,000
Miscellaneous Refunds	17,684	0	0	0	17,684
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	75	0	0	0	75
Contributions and Gifts	202,173	0	0	0	202,173
<u>Other Local Revenues</u>					
Other Local Revenues	272	0	0	0	272
Total Other Local Revenues	\$ 230,082	\$ 0	\$ 10,649	\$ 27,215	\$ 267,946
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 76,246	\$ 0	\$ 0	\$ 0	\$ 76,246

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 16,218,364	\$ 0	\$ 0	\$ 0	\$ 16,218,364
Early Childhood Education	290,330	0	0	0	290,330
School Food Service	0	0	16,286	0	16,286
Driver Education	14,349	0	0	0	14,349
Other State Education Funds	5,622	0	0	0	5,622
Coordinated School Health	128,799	0	0	0	128,799
Family Resource Centers	29,612	0	0	0	29,612
Career Ladder Program	35,303	0	0	0	35,303
<u>Other State Revenues</u>					
Income Tax	35,471	0	0	0	35,471
State Revenue Sharing - T.V.A.	1,875,846	0	0	0	1,875,846
Other State Grants	220,222	0	0	0	220,222
Safe Schools	54,444	0	0	0	54,444
Total State of Tennessee	\$ 18,984,608	\$ 0	\$ 16,286	\$ 0	\$ 19,000,894
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,039,990	\$ 0	\$ 1,039,990
USDA - Commodities	0	0	105,844	0	105,844
Breakfast	0	0	514,237	0	514,237
USDA - Other	0	0	41,476	0	41,476
Vocational Education - Basic Grants to States	0	187,345	0	0	187,345
Title I Grants to Local Education Agencies	0	985,852	0	0	985,852
Special Education - Grants to States	0	878,033	0	0	878,033

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Special Education Preschool Grants	\$ 14,746	\$ 61,034	\$ 0	\$ 0	\$ 75,780
English Language Acquisition Grants	0	1,521	0	0	1,521
Rural Education	0	58,311	0	0	58,311
Eisenhower Professional Development State Grants	0	69,311	0	0	69,311
COVID-19 Grant #1	6,111	0	0	0	6,111
Other Federal through State	0	341,211	0	0	341,211
Total Federal Government	\$ 20,857	\$ 2,582,618	\$ 1,701,547	\$ 0	\$ 4,305,022
Total	\$ 29,769,685	\$ 2,582,618	\$ 2,148,815	\$ 27,215	\$ 34,528,333

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	45,000	
Dues and Memberships		1,850	
Travel		11,097	
Total County Commission			\$ 57,947

Other Boards and Committees

Board and Committee Members Fees	\$	3,975	
Total Other Boards and Committees			3,975

County Mayor/Executive

County Official/Administrative Officer	\$	99,062	
Secretary(ies)		33,358	
Custodial Personnel		47,369	
Maintenance Personnel		50,991	
Dues and Memberships		1,850	
Operating Lease Payments		1,116	
Maintenance and Repair Services - Office Equipment		275	
Postal Charges		398	
Travel		3,878	
Office Supplies		1,900	
In Service/Staff Development		322	
Total County Mayor/Executive			240,519

County Attorney

Other Per Diem and Fees	\$	23,154	
Total County Attorney			23,154

Election Commission

County Official/Administrative Officer	\$	70,174	
Deputy(ies)		34,351	
Election Commission		2,035	
Election Workers		10,852	
Data Processing Services		24,270	
Dues and Memberships		350	
Operating Lease Payments		2,364	
Legal Notices, Recording, and Court Costs		4,164	
Maintenance and Repair Services - Office Equipment		2,305	
Postal Charges		1,278	
Printing, Stationery, and Forms		617	
Rentals		310	
Travel		616	
Other Contracted Services		490	
Office Supplies		6,312	
Data Processing Equipment		3,000	
Furniture and Fixtures		11,447	
Total Election Commission			174,935

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		64,686	
Part-time Personnel		90	
Dues and Memberships		747	
Postal Charges		594	
Travel		269	
Data Processing Supplies		15,033	
Duplicating Supplies		2,019	
Office Supplies		242	
Other Charges		450	
Total Register of Deeds			\$ 162,101

Building

Maintenance Personnel	\$	34,346	
Part-time Personnel		13,046	
Communication		277	
Maintenance and Repair Services - Buildings		6,470	
Other Contracted Services		1,300	
Custodial Supplies		3,225	
Utilities		33,358	
Total Building			92,022

County Buildings

Communication	\$	59,764	
Natural Gas		20,088	
Utilities		59,061	
Total County Buildings			138,913

Other General Administration

Maintenance and Repair Services - Buildings	\$	31,764	
Other Contracted Services		10,627	
Custodial Supplies		5,904	
Other Supplies and Materials		91	
Building and Contents Insurance		159,702	
Other Charges		500	
Building Improvements		62,994	
Total Other General Administration			271,582

Preservation of Records

Part-time Personnel	\$	12,124	
Custodial Supplies		750	
Other Supplies and Materials		954	
Other Charges		4,333	
Total Preservation of Records			18,161

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance

Accounting and Budgeting

Supervisor/Director	\$	53,591	
Deputy(ies)		34,093	
Bonus Payments		1,076	
Data Processing Services		15,895	
Operating Lease Payments		932	
Maintenance and Repair Services - Office Equipment		200	
Postal Charges		1,707	
Data Processing Supplies		2,587	
Office Supplies		1,146	
In Service/Staff Development		1,413	
Total Accounting and Budgeting			\$ 112,640

Property Assessor's Office

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		125,971	
Data Processing Services		3,000	
Dues and Memberships		1,850	
Operating Lease Payments		2,549	
Postal Charges		1,650	
Office Supplies		1,268	
Other Supplies and Materials		1,740	
Other Charges		302	
Total Property Assessor's Office			216,301

Reappraisal Program

Deputy(ies)	\$	62,078	
Contracts with Private Agencies		20,330	
Data Processing Services		13,335	
Maintenance and Repair Services - Vehicles		859	
Postal Charges		9,114	
Gasoline		1,294	
Other Charges		128	
Total Reappraisal Program			107,138

County Trustee's Office

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		94,720	
Part-time Personnel		1,651	
Data Processing Services		24,889	
Dues and Memberships		1,305	
Operating Lease Payments		1,398	
Legal Notices, Recording, and Court Costs		432	
Postal Charges		8,365	
Printing, Stationery, and Forms		1,326	
Travel		1,882	
Office Supplies		2,189	
In Service/Staff Development		334	
Other Charges		769	
Total County Trustee's Office			217,231

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		146,471	
Communication		1,245	
Data Processing Services		14,903	
Dues and Memberships		1,146	
Operating Lease Payments		1,128	
Maintenance and Repair Services - Office Equipment		600	
Postal Charges		8,828	
Travel		1,776	
Data Processing Supplies		4,376	
Office Supplies		2,659	
Other Charges		287	
Data Processing Equipment		1,964	
Furniture and Fixtures		1,922	
Total County Clerk's Office			\$ 265,276

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		94,478	
Part-time Personnel		9,537	
Jury and Witness Expense		4,492	
Data Processing Services		19,928	
Dues and Memberships		906	
Maintenance Agreements		2,036	
Maintenance and Repair Services - Office Equipment		5,703	
Postal Charges		6,237	
Travel		1,169	
Office Supplies		12,369	
Other Charges		515	
Building Improvements		17,531	
Data Processing Equipment		18,219	
Total Circuit Court			271,091

General Sessions Court

Deputy(ies)	\$	119,460	
Total General Sessions Court			119,460

General Sessions Judge

Judge(s)	\$	160,908	
Assistant(s)		7,629	
Dues and Memberships		1,400	
Travel		2,191	
Periodicals		2,542	
Total General Sessions Judge			174,670

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		85,130	
Data Processing Services		5,304	
Dues and Memberships		438	
Operating Lease Payments		1,889	
Maintenance and Repair Services - Office Equipment		500	
Postal Charges		1,150	
Travel		201	
Data Processing Supplies		846	
Office Supplies		4,230	
Other Charges		842	
Total Chancery Court			\$ 178,501

Juvenile Court

Deputy(ies)	\$	35,875	
Probation Officer(s)		64,596	
Youth Service Officer(s)		44,497	
Social Workers		38,617	
Part-time Personnel		21,335	
Communication		5,500	
Contracts with Other Public Agencies		11,632	
Data Processing Services		1,462	
Dues and Memberships		120	
Operating Lease Payments		1,122	
Maintenance and Repair Services - Office Equipment		365	
Maintenance and Repair Services - Vehicles		47	
Postal Charges		300	
Travel		147	
Other Contracted Services		4,577	
Gasoline		271	
Office Supplies		2,064	
Other Supplies and Materials		558	
Other Charges		258	
Total Juvenile Court			233,343

Probate Court

Deputy(ies)	\$	34,981	
Part-time Personnel		19,544	
Data Processing Services		5,304	
Dues and Memberships		413	
Operating Lease Payments		2,089	
Maintenance and Repair Services - Office Equipment		600	
Postal Charges		700	
Data Processing Supplies		1,067	
Office Supplies		1,159	
Other Charges		424	
Total Probate Court			66,281

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Legal Services	\$ 8,372	
Total Other Administration of Justice		\$ 8,372

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 94,345
Assistant(s)	54,563
Supervisor/Director	41,616
Deputy(ies)	252,316
Investigator(s)	118,803
Captain(s)	51,260
Lieutenant(s)	97,788
Sergeant(s)	143,760
Secretary to Board	4,200
Salary Supplements	27,200
Dispatchers/Radio Operators	162,346
Clerical Personnel	35,584
Attendants	33,399
Maintenance Personnel	8,938
Temporary Personnel	29,487
Part-time Personnel	41,801
School Resource Officer	434,542
Overtime Pay	37,286
Other Salaries and Wages	55,446
Communication	4,070
Data Processing Services	30,841
Dues and Memberships	2,779
Operating Lease Payments	2,294
Maintenance and Repair Services - Buildings	5,350
Maintenance and Repair Services - Equipment	6,458
Maintenance and Repair Services - Office Equipment	498
Maintenance and Repair Services - Vehicles	23,858
Medical and Dental Services	100
Postal Charges	1,435
Towing Services	1,000
Travel	5,355
Other Contracted Services	19,676
Custodial Supplies	2,805
Gasoline	71,292
Law Enforcement Supplies	11,306
Office Supplies	17,490
Tires and Tubes	11,132
Uniforms	14,937
Utilities	121,430
Other Supplies and Materials	4,581
In Service/Staff Development	11,671
Other Charges	1,841

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Law Enforcement Equipment	\$	12,086	
Motor Vehicles		<u>75,174</u>	
Total Sheriff's Department	\$		2,184,139

Special Patrols

Nightwatchmen	\$	<u>87,230</u>	
Total Special Patrols			87,230

Administration of the Sexual Offender Registry

Other Charges	\$	<u>1,914</u>	
Total Administration of the Sexual Offender Registry			1,914

Jail

Deputy(ies)	\$	39,578	
Captain(s)		51,259	
Lieutenant(s)		97,788	
Guards		753,570	
Cafeteria Personnel		34,735	
Maintenance Personnel		35,752	
Temporary Personnel		19,140	
Part-time Personnel		21,935	
Overtime Pay		20,957	
Other Salaries and Wages		32,154	
Data Processing Services		1,000	
Operating Lease Payments		4,215	
Maintenance and Repair Services - Buildings		14,161	
Maintenance and Repair Services - Equipment		3,889	
Maintenance and Repair Services - Office Equipment		275	
Maintenance and Repair Services - Vehicles		1,220	
Medical and Dental Services		121,959	
Transportation - Other than Students		18,165	
Travel		1,493	
Custodial Supplies		17,913	
Drugs and Medical Supplies		26,973	
Food Preparation Supplies		1,131	
Food Supplies		197,366	
Law Enforcement Supplies		824	
Prisoners Clothing		5,978	
Uniforms		10,270	
Other Supplies and Materials		4,217	
In Service/Staff Development		400	
Other Charges		<u>21,603</u>	
Total Jail			1,559,920

Fire Prevention and Control

Contributions	\$	<u>33,200</u>	
Total Fire Prevention and Control			33,200

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 5,000	
Total Rescue Squad		\$ 5,000

Other Emergency Management

Supervisor/Director	\$ 20,863	
Part-time Personnel	11,226	
Social Security	1,919	
Pensions	1,043	
Employer Medicare	449	
Communication	2,824	
Maintenance and Repair Services - Equipment	19	
Maintenance and Repair Services - Vehicles	1,412	
Rentals	1,200	
Travel	2,090	
Uniforms	170	
Other Supplies and Materials	2,193	
Other Charges	15,281	
Communication Equipment	917,359	
Land	35,418	
Total Other Emergency Management		1,013,466

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 34,200	
Pauper Burials	200	
Other Contracted Services	53,981	
Other Supplies and Materials	1,396	
Total County Coroner/Medical Examiner		89,777

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 36,966
Bonus Payments	2,019
Other Salaries and Wages	33,240
Social Security	4,429
Pensions	3,510
Medical Insurance	15,376
Unemployment Compensation	420
Employer Medicare	1,036
Communication	1,145
Contracts with Government Agencies	22,120
Dues and Memberships	308
Maintenance and Repair Services - Buildings	4,191
Maintenance and Repair Services - Office Equipment	211
Postal Charges	45
Travel	1,323
Other Contracted Services	14,824
Custodial Supplies	1,161

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Drugs and Medical Supplies	\$	412	
Office Supplies		1,182	
Other Charges		519	
Total Local Health Center			\$ 144,437

Rabies and Animal Control

Contracts with Other Public Agencies	\$	4,575	
Other Charges		3,268	
Total Rabies and Animal Control			7,843

Maternal and Child Health Services

Contributions	\$	1,350	
Total Maternal and Child Health Services			1,350

Alcohol and Drug Programs

Contributions	\$	4,500	
Drug Treatment		5,200	
Total Alcohol and Drug Programs			9,700

Crippled Children Services

Contracts with Government Agencies	\$	2,660	
Total Crippled Children Services			2,660

Other Local Health Services

Contributions	\$	20,700	
Other Supplies and Materials		1,200	
Total Other Local Health Services			21,900

General Welfare Assistance

Other Charges	\$	8,895	
Total General Welfare Assistance			8,895

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	32,021	
Social Workers		22,801	
Bus Drivers		12,890	
Part-time Personnel		25,605	
Other Salaries and Wages		9,274	
Social Security		6,292	
Handling Charges and Administrative Costs		810	
Pensions		2,742	
Unemployment Compensation		1,383	
Employer Medicare		1,435	
Operating Lease Payments		741	
Maintenance and Repair Services - Vehicles		903	
Postal Charges		880	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Adult Activities (Cont.)

Printing, Stationery, and Forms	\$	785	
Travel		4,871	
Other Contracted Services		3,048	
Gasoline		2,271	
Office Supplies		1,518	
Other Supplies and Materials		375	
Other Charges		1,133	
Total Adult Activities			\$ 131,778

Libraries

Contributions	\$	164,786	
Total Libraries			164,786

Parks and Fair Boards

Contributions	\$	5,250	
Total Parks and Fair Boards			5,250

Other Social, Cultural, and Recreational

Contributions	\$	27,500	
Other Supplies and Materials		500	
Total Other Social, Cultural, and Recreational			28,000

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	52,144	
Secretary(ies)		8,402	
Part-time Personnel		14,144	
Social Security		4,569	
Pensions		10,932	
Unemployment Compensation		11	
Employer Medicare		1,016	
Communication		3,438	
Dues and Memberships		320	
Operating Lease Payments		3,298	
Postal Charges		300	
Rentals		10,000	
Travel		5,033	
Other Contracted Services		825	
Custodial Supplies		4,143	
Office Supplies		652	
Utilities		10,623	
Workers' Compensation Insurance		27	
Other Charges		219	
Data Processing Equipment		1,400	
Total Agricultural Extension Service			131,496

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	29,812	
Social Security		1,848	
Pensions		1,491	
Unemployment Compensation		210	
Employer Medicare		432	
Total Soil Conservation			\$ 33,793

Flood Control

Contributions	\$	21,808	
Total Flood Control			21,808

Other Operations

Tourism

Contributions	\$	76,550	
Total Tourism			76,550

Tourism - Resort District

Contributions	\$	507,538	
Total Tourism - Resort District			507,538

Industrial Development

Contributions	\$	55,000	
Total Industrial Development			55,000

Airport

Supervisor/Director	\$	21,571	
Part-time Personnel		2,002	
Other Salaries and Wages		60,668	
Social Security		7,453	
Pensions		5,911	
Employer Medicare		1,743	
Communication		2,014	
Engineering Services		39,220	
Maintenance and Repair Services - Buildings		4,147	
Maintenance and Repair Services - Equipment		15,455	
Travel		500	
Remittance of Revenue Collected		13,128	
Other Contracted Services		300	
Diesel Fuel		1,604	
Gasoline		175,238	
Office Supplies		514	
Utilities		14,820	
Liability Insurance		1,735	
Other Charges		5,114	
Total Airport			373,137

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

County Official/Administrative Officer	\$	35,397	
Part-time Personnel		19,014	
Dues and Memberships		195	
Maintenance and Repair Services - Vehicles		300	
Transportation - Other than Students		510	
Travel		409	
Gasoline		951	
Office Supplies		1,040	
Total Veterans' Services			\$ 57,816

Other Charges

Advertising	\$	1,112	
Audit Services		12,285	
Dues and Memberships		14,804	
Pest Control		7,134	
Other Supplies and Materials		2,087	
Trustee's Commission		103,568	
Total Other Charges			140,990

Contributions to Other Agencies

Contributions	\$	19,285	
Matching Share		68,372	
Remittance of Revenue Collected		30,265	
Total Contributions to Other Agencies			117,922

Employee Benefits

Longevity Pay	\$	14,350	
Social Security		312,357	
Pensions		195,328	
Medical Insurance		876,636	
Unemployment Compensation		31,275	
Employer Medicare		79,429	
Workers' Compensation Insurance		117,487	
Total Employee Benefits			1,626,862

COVID-19 Grant #1

Other Charges	\$	5,434	
Total COVID-19 Grant #1			5,434

COVID-19 Grant #2

Other Charges	\$	915	
Total COVID-19 Grant #2			915

COVID-19 Grant #3

Legal Notices, Recording, and Court Costs	\$	63	
Maintenance and Repair Services - Office Equipment		240	
Postal Charges		1,650	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

COVID-19 Grant #3 (Cont.)

Printing, Stationery, and Forms	\$	1,935	
Office Supplies		688	
Total COVID-19 Grant #3			\$ 4,576

COVID-19 Grant #4

Maintenance and Repair Services - Buildings	\$	15	
Rentals		1,500	
Custodial Supplies		1,078	
Drugs and Medical Supplies		1,957	
Food Supplies		217	
Office Supplies		342	
Other Supplies and Materials		1,002	
Other Charges		493	
Total COVID-19 Grant #4			6,604

COVID-19 Grant #5

Supervisor/Director	\$	21,570	
Other Salaries and Wages		14,397	
Total COVID-19 Grant #5			35,967

COVID-19 Grant #6

Deputy(ies)	\$	150,439	
Investigator(s)		69,675	
Sergeant(s)		98,297	
Part-time Personnel		7,545	
School Resource Officer		14,833	
Social Security		25,726	
Pensions		16,382	
Medical Insurance		50,934	
Total COVID-19 Grant #6			433,831

Miscellaneous

Contracts with Government Agencies	\$	10,000	
Total Miscellaneous			10,000

Total General Fund \$ 12,295,097

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	37,207	
Longevity Pay		400	
Social Security		2,287	
Pensions		1,860	
Medical Insurance		7,688	
Unemployment Compensation		210	
Employer Medicare		535	

(Continued)

Exhibit J-7

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

<u>Solid Waste/Sanitation Fund (Cont.)</u>		
<u>Public Health and Welfare (Cont.)</u>		
<u>Sanitation Management (Cont.)</u>		
Dues and Memberships	\$ 175	
Travel	41	
Total Sanitation Management		\$ 50,403
 <u>Recycling Center</u>		
Foremen	\$ 34,668	
Truck Drivers	224,201	
Laborers	15,477	
Longevity Pay	2,800	
Overtime Pay	124	
Social Security	17,002	
Pensions	12,950	
Medical Insurance	74,960	
Unemployment Compensation	2,252	
Employer Medicare	3,976	
Communication	1,243	
Freight Expenses	18,360	
Maintenance and Repair Services - Buildings	2,808	
Maintenance and Repair Services - Equipment	13,462	
Maintenance and Repair Services - Vehicles	14,171	
Pest Control	112	
Custodial Supplies	331	
Food Supplies	3,748	
Gasoline	27,078	
Natural Gas	352	
Office Supplies	94	
Small Tools	638	
Tires and Tubes	6,481	
Utilities	9,360	
Wire	6,750	
Other Supplies and Materials	2,039	
Other Charges	2,967	
Total Recycling Center		498,404
 <u>Landfill Operation and Maintenance</u>		
Contracts with Government Agencies	\$ 33,459	
Total Landfill Operation and Maintenance		33,459
 <u>Other Waste Disposal</u>		
Disposal Fees	\$ 2,500	
Total Other Waste Disposal		2,500
 <u>Other Operations</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 9,453	
Total Other Charges		9,453

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations (Cont.)

COVID-19 Grant #4

Other Supplies and Materials	\$ 42	
Total COVID-19 Grant #4		\$ 42

Total Solid Waste/Sanitation Fund \$ 594,261

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$ 996	
Contracts with Government Agencies	474	
Confidential Drug Enforcement Payments	1,000	
Dues and Memberships	370	
Maintenance and Repair Services - Vehicles	1,060	
Rentals	2,750	
Towing Services	180	
Remittance of Revenue Collected	3,228	
Animal Food and Supplies	4,044	
Gasoline	7,624	
Natural Gas	120	
Utilities	327	
Trustee's Commission	347	
Other Charges	179	
Motor Vehicles	29,000	
Total Drug Enforcement		\$ 51,699

Total Drug Control Fund 51,699

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 3,335	
Total Chancery Court		\$ 3,335

Total Constitutional Officers - Fees Fund 3,335

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 85,768
Assistant(s)	40,219
Salary Supplements	1,082
Secretary(ies)	40,099
Clerical Personnel	37,082
Custodial Personnel	6,799
Part-time Personnel	5,000
Longevity Pay	18,600
Board and Committee Members Fees	8,280

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

In-service Training	\$	1,395	
Maintenance and Repair Services - Buildings		1,474	
Maintenance and Repair Services - Office Equipment		505	
Postal Charges		668	
Printing, Stationery, and Forms		570	
Travel		1,352	
Custodial Supplies		281	
Drugs and Medical Supplies		537	
Office Supplies		346	
Other Charges		538	
Total Administration			\$ 250,595

Highway and Bridge Maintenance

Equipment Operators	\$	416,198	
Truck Drivers		302,928	
Laborers		179,489	
Overtime Pay		7,034	
Rentals		1,193	
Other Contracted Services		159,002	
Asphalt - Hot Mix		410,361	
Asphalt - Liquid		312,200	
Concrete		8,235	
Crushed Stone		347,098	
Fertilizer, Lime, and Seed		297	
General Construction Materials		715	
Pipe		94,821	
Road Signs		15,223	
Small Tools		525	
Other Charges		350	
Total Highway and Bridge Maintenance			2,255,669

Operation and Maintenance of Equipment

Mechanic(s)	\$	206,012	
Overtime Pay		311	
Maintenance and Repair Services - Equipment		9,448	
Other Contracted Services		1,182	
Diesel Fuel		108,238	
Equipment and Machinery Parts		101,840	
Garage Supplies		1,400	
Gasoline		22,059	
Ice		217	
Lubricants		13,236	
Propane Gas		42	
Small Tools		730	
Tires and Tubes		34,873	
Other Supplies and Materials		14,904	
Other Charges		661	
Total Operation and Maintenance of Equipment			515,153

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection

Educational Assistants	\$	3,301	
Other Salaries and Wages		31,352	
Handling Charges and Administrative Costs		2,872	
Instructional Supplies and Materials		16,629	
Library Books/Media		1,200	
Other Charges		2,246	
Total Litter and Trash Collection			\$ 57,600

Other Charges

Communication	\$	7,177	
Data Processing Services		11,737	
Dues and Memberships		3,629	
Evaluation and Testing		540	
Legal Notices, Recording, and Court Costs		713	
Utilities		9,738	
Water and Sewer		1,194	
Trustee's Commission		63,367	
Vehicle and Equipment Insurance		35,000	
Workers' Compensation Insurance		114,280	
Other Self-insured Claims		715	
Other Charges		519	
Total Other Charges			248,609

Employee Benefits

Social Security	\$	82,854	
Pensions		63,242	
Medical Insurance		318,504	
Unemployment Compensation		9,577	
Employer Medicare		19,698	
Total Employee Benefits			493,875

Capital Outlay

Engineering Services	\$	144,192	
Bridge Construction		939,029	
Building Improvements		8,772	
Highway Equipment		285,842	
Motor Vehicles		47,650	
Office Equipment		1,655	
Plant Operation Equipment		1,641	
Total Capital Outlay			1,428,781

Total Highway/Public Works Fund \$ 5,250,282

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$	10,647	
Total Other Charges			\$ 10,647

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt

General Government

Principal on Notes	\$ 416,250	
Total General Government		\$ 416,250

Education

Principal on Bonds	\$ 1,127,815	
Total Education		1,127,815

Interest on Debt

General Government

Interest on Notes	\$ 19,046	
Total General Government		19,046

Education

Interest on Bonds	\$ 1,301,147	
Total Education		1,301,147

Other Debt Service

General Government

Bank Charges	\$ 2,403	
Contributions	195,522	
Total General Government		197,925

Education

Bank Charges	\$ 2,629	
Other Debt Issuance Charges	39,500	
Total Education		<u>42,129</u>

Total General Debt Service Fund		\$ 3,114,959
---------------------------------	--	--------------

General Capital Projects Fund

Other Operations

COVID-19 Grant #4

Building Improvements	\$ 2,391	
Total COVID-19 Grant #4		\$ 2,391

Capital Projects

General Administration Projects

Airport Improvement	\$ 9,602	
Building Improvements	14,881	
Data Processing Equipment	16,497	
Furniture and Fixtures	1,029	
Heating and Air Conditioning Equipment	27,800	
Law Enforcement Equipment	50,793	
Motor Vehicles	22,550	
Transportation Equipment	40,401	
Other Equipment	11,484	
Other Construction	3,614	
Other Capital Outlay	2,663	
Total General Administration Projects		<u>201,314</u>

Total General Capital Projects Fund		<u>203,705</u>
-------------------------------------	--	----------------

Total Governmental Funds - Primary Government		<u>\$ 21,513,338</u>
---	--	----------------------

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	7,894,493	
Career Ladder Program		24,995	
Homebound Teachers		10,181	
Salary Supplements		292,423	
Educational Assistants		287,349	
Bonus Payments		36,300	
Other Salaries and Wages		64,263	
Certified Substitute Teachers		10,212	
Non-certified Substitute Teachers		58,032	
Social Security		496,255	
Pensions		816,053	
Medical Insurance		1,185,263	
Employer Medicare		116,752	
Other Fringe Benefits		5,096	
Maintenance and Repair Services - Equipment		9,482	
Other Contracted Services		124,668	
Instructional Supplies and Materials		277,294	
Textbooks - Electronic		54,000	
Textbooks - Bound		312,035	
Other Supplies and Materials		21,565	
Other Charges		122,839	
Regular Instruction Equipment		138,933	
Total Regular Instruction Program			\$ 12,358,483

Alternative Instruction Program

Teachers	\$	154,605	
Educational Assistants		10,735	
Social Security		9,072	
Pensions		16,435	
Medical Insurance		18,452	
Employer Medicare		2,277	
Other Fringe Benefits		90	
Instructional Supplies and Materials		832	
Total Alternative Instruction Program			212,498

Special Education Program

Teachers	\$	902,073	
Career Ladder Program		1,000	
Educational Assistants		116,242	
Speech Pathologist		99,112	
Other Salaries and Wages		25,806	
Certified Substitute Teachers		1,394	
Non-certified Substitute Teachers		6,878	
Social Security		66,161	
Pensions		93,392	
Medical Insurance		167,973	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	15,617	
Other Contracted Services		32,820	
Total Special Education Program			\$ 1,528,468

Career and Technical Education Program

Teachers	\$	854,290	
Certified Substitute Teachers		1,156	
Non-certified Substitute Teachers		7,842	
Social Security		49,370	
Pensions		86,043	
Medical Insurance		122,558	
Employer Medicare		11,564	
Other Fringe Benefits		480	
Instructional Supplies and Materials		12,106	
Total Career and Technical Education Program			1,145,409

COVID-19 Expenditures

Instructional Supplies and Materials	\$	5,438	
Other Supplies and Materials		1,515	
Total COVID-19 Expenditures			6,953

Support Services

Attendance

Supervisor/Director	\$	29,498	
Other Salaries and Wages		31,886	
Social Security		3,348	
Pensions		4,730	
Medical Insurance		9,428	
Employer Medicare		783	
Other Fringe Benefits		240	
Postal Charges		1,489	
Travel		200	
Other Contracted Services		41,076	
Other Supplies and Materials		2,377	
In Service/Staff Development		639	
Total Attendance			125,694

Health Services

Supervisor/Director	\$	44,306	
Medical Personnel		155,777	
Other Salaries and Wages		42,973	
Social Security		13,318	
Pensions		12,153	
Medical Insurance		52,813	
Employer Medicare		3,115	
Other Fringe Benefits		225	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Travel	\$	1,497	
Other Contracted Services		1,241	
Drugs and Medical Supplies		4,640	
Other Supplies and Materials		17,980	
In Service/Staff Development		5,132	
Total Health Services			\$ 355,170

Other Student Support

Guidance Personnel	\$	434,982	
Secretary(ies)		34,216	
Other Salaries and Wages		55,726	
Social Security		28,733	
Pensions		43,015	
Medical Insurance		67,535	
Employer Medicare		7,117	
Other Fringe Benefits		1,980	
Evaluation and Testing		25,000	
Other Supplies and Materials		2,142	
Other Charges		12,556	
Other Equipment		79,766	
Total Other Student Support			792,768

Regular Instruction Program

Supervisor/Director	\$	362,455	
Career Ladder Program		2,000	
Librarians		184,880	
Secretary(ies)		29,274	
Clerical Personnel		32,915	
Educational Assistants		15,999	
Social Security		35,930	
Pensions		60,632	
Medical Insurance		74,965	
Employer Medicare		8,408	
Other Fringe Benefits		110	
Travel		8,631	
Library Books/Media		40,938	
In Service/Staff Development		9,383	
Other Charges		1,083	
Total Regular Instruction Program			867,603

Alternative Instruction Program

Supervisor/Director	\$	72,693	
Career Ladder Program		2,000	
Social Security		4,507	
Pensions		7,835	
Medical Insurance		6,151	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Employer Medicare	\$	1,055	
Other Fringe Benefits		30	
Communication		833	
Travel		1,099	
Total Alternative Instruction Program			\$ 96,203

Special Education Program

Supervisor/Director	\$	69,940	
Secretary(ies)		13,666	
Social Security		3,920	
Pensions		7,435	
Medical Insurance		14,502	
Employer Medicare		1,115	
Other Contracted Services		240	
Total Special Education Program			110,818

Career and Technical Education Program

Travel	\$	1,352	
Total Career and Technical Education Program			1,352

Technology

Supervisor/Director	\$	54,782	
Data Processing Personnel		95,546	
Social Security		8,593	
Pensions		10,052	
Medical Insurance		22,340	
Employer Medicare		2,010	
Maintenance and Repair Services - Equipment		1,869	
Internet Connectivity		24,552	
Travel		3,393	
Software		47,303	
Total Technology			270,440

Other Programs

On-behalf Payments to OPEB	\$	76,246	
Total Other Programs			76,246

Board of Education

Secretary to Board	\$	4,499	
Board and Committee Members Fees		7,350	
Social Security		675	
Pensions		225	
Medical Insurance		1,445	
Employer Medicare		158	
Audit Services		22,280	
Dues and Memberships		7,295	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Legal Services	\$	11,056	
Travel		379	
Other Contracted Services		4,270	
Liability Insurance		36,977	
Trustee's Commission		214,594	
Workers' Compensation Insurance		178,487	
In Service/Staff Development		3,999	
Refund to Applicant for Criminal Investigation		4,727	
Other Charges		9,541	
Total Board of Education	\$		507,957

Director of Schools

County Official/Administrative Officer	\$	131,027	
Career Ladder Program		1,000	
Clerical Personnel		26,701	
Social Security		8,970	
Pensions		15,370	
Medical Insurance		19,289	
Employer Medicare		2,098	
Other Fringe Benefits		200	
Communication		10,555	
Dues and Memberships		3,159	
Postal Charges		2,959	
Travel		72	
Other Contracted Services		5,387	
Office Supplies		7,166	
In Service/Staff Development		5,897	
Other Charges		2,583	
Administration Equipment		4,451	
Total Director of Schools			246,884

Office of the Principal

Principals	\$	517,605	
Career Ladder Program		6,000	
Accountants/Bookkeepers		127,284	
Assistant Principals		331,756	
Secretary(ies)		140,379	
Social Security		65,592	
Pensions		104,138	
Medical Insurance		144,130	
Employer Medicare		15,340	
Other Fringe Benefits		500	
Communication		18,927	
Dues and Memberships		9,469	
Travel		365	
Office Supplies		8,646	
Other Charges		9,147	
Total Office of the Principal			1,499,278

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Accountants/Bookkeepers	\$	105,141	
Other Salaries and Wages		110,308	
Social Security		12,395	
Pensions		10,090	
Medical Insurance		35,623	
Employer Medicare		2,899	
Consultants		1,000	
Dues and Memberships		70	
Travel		293	
Other Contracted Services		45,609	
Office Supplies		220	
In Service/Staff Development		2,088	
Total Fiscal Services			\$ 325,736

Operation of Plant

Other Contracted Services	\$	573,321	
Electricity		592,202	
Natural Gas		88,283	
Water and Sewer		63,417	
Boiler Insurance		8,452	
Building and Contents Insurance		154,323	
Total Operation of Plant			1,479,998

Maintenance of Plant

Supervisor/Director	\$	67,309	
Maintenance Personnel		219,410	
Social Security		16,481	
Pensions		13,612	
Medical Insurance		51,864	
Employer Medicare		3,854	
Other Fringe Benefits		270	
Communication		1,349	
Laundry Service		9,600	
Other Contracted Services		86,842	
Other Supplies and Materials		205,483	
In Service/Staff Development		250	
Administration Equipment		14,087	
Maintenance Equipment		5,000	
Total Maintenance of Plant			695,411

Transportation

Supervisor/Director	\$	56,900	
Mechanic(s)		118,199	
Bus Drivers		556,542	
Clerical Personnel		40,868	
Other Salaries and Wages		16,488	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

In-service Training	\$	2,988	
Social Security		44,528	
Pensions		32,564	
Medical Insurance		107,546	
Employer Medicare		10,728	
Other Fringe Benefits		1,224	
Communication		4,133	
Contracts with Parents		10,633	
Laundry Service		7,802	
Maintenance and Repair Services - Vehicles		18,183	
Medical and Dental Services		6,909	
Other Contracted Services		2,073	
Diesel Fuel		143,510	
Gasoline		10,876	
Lubricants		6,616	
Tires and Tubes		25,447	
Vehicle Parts		145,733	
Other Supplies and Materials		6,852	
Vehicle and Equipment Insurance		47,543	
In Service/Staff Development		1,480	
Other Charges		6,960	
Transportation Equipment		440,971	
Total Transportation			\$ 1,874,296

COVID-19 Expenditures

Unemployment Compensation	\$	6,111	
Postal Charges		312	
Diesel Fuel		17,023	
Other Supplies and Materials		14,397	
Total COVID-19 Expenditures			37,843

Operation of Non-Instructional Services

Community Services

Teachers	\$	64,410	
Educational Assistants		59,521	
Social Security		6,944	
Pensions		8,778	
Employer Medicare		1,688	
Communication		2,493	
Travel		1,440	
Other Contracted Services		7,944	
Instructional Supplies and Materials		2,407	
Other Supplies and Materials		2,160	
Other Charges		35,887	
Total Community Services			193,672

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$	149,839	
Educational Assistants		88,687	
Certified Substitute Teachers		340	
Non-certified Substitute Teachers		1,248	
Social Security		13,552	
Pensions		18,605	
Medical Insurance		37,748	
Employer Medicare		3,187	
Travel		200	
Food Supplies		3,810	
Instructional Supplies and Materials		621	
In Service/Staff Development		1,613	
Total Early Childhood Education			\$ 319,450

Capital Outlay

Regular Capital Outlay

Consultants	\$	81,280	
Building Improvements		114,436	
Other Capital Outlay		102,483	
Total Regular Capital Outlay			298,199

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	2,524,623	
Total Education			2,524,623

Total General Purpose School Fund \$ 27,951,452

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	497,837	
Educational Assistants		65,744	
Bonus Payments		2,300	
Other Salaries and Wages		62,967	
Certified Substitute Teachers		884	
Non-certified Substitute Teachers		1,477	
Social Security		35,463	
Pensions		59,803	
Medical Insurance		87,618	
Employer Medicare		8,307	
Instructional Supplies and Materials		142,269	
Fee Waivers		300	
Regular Instruction Equipment		90,234	
Total Regular Instruction Program			\$ 1,055,203

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	240,548	
Educational Assistants		273,039	
Speech Pathologist		56,984	
Other Salaries and Wages		588	
Certified Substitute Teachers		34	
Non-certified Substitute Teachers		6,404	
Social Security		33,663	
Pensions		39,003	
Medical Insurance		72,339	
Employer Medicare		7,883	
Maintenance and Repair Services - Equipment		1,289	
Other Contracted Services		19,665	
Instructional Supplies and Materials		20,010	
Other Supplies and Materials		16,351	
Special Education Equipment		27,169	
Total Special Education Program			\$ 814,969

Career and Technical Education Program

Instructional Supplies and Materials	\$	31,567	
Other Supplies and Materials		30,000	
Vocational Instruction Equipment		99,486	
Total Career and Technical Education Program			161,053

Support Services

Other Student Support

Secretary(ies)	\$	13,667	
Other Salaries and Wages		50,326	
Social Security		3,859	
Pensions		2,596	
Medical Insurance		6,151	
Employer Medicare		903	
Travel		12,387	
Other Contracted Services		3,300	
Other Supplies and Materials		37,013	
In Service/Staff Development		26,248	
Other Equipment		73,899	
Total Other Student Support			230,349

Regular Instruction Program

Supervisor/Director	\$	5,267	
Other Salaries and Wages		13,433	
Social Security		1,156	
Pensions		2,041	
Medical Insurance		731	
Employer Medicare		270	
Travel		152	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	426	
In Service/Staff Development		53,837	
Other Charges		5,006	
Total Regular Instruction Program			\$ 82,319

Special Education Program

Psychological Personnel	\$	21,311	
Social Security		1,028	
Pensions		1,498	
Medical Insurance		3,999	
Employer Medicare		240	
Travel		3,360	
Other Contracted Services		20,711	
Other Supplies and Materials		2,121	
In Service/Staff Development		16,108	
Total Special Education Program			70,376

Career and Technical Education Program

Travel	\$	472	
In Service/Staff Development		2,933	
Other Charges		500	
Total Career and Technical Education Program			3,905

Transportation

Bus Drivers	\$	18,587	
Social Security		1,149	
Pensions		1,060	
Employer Medicare		269	
Contracts with Parents		14,500	
Other Charges		925	
Total Transportation			36,490

Operation of Non-Instructional Services

Community Services

Teachers	\$	55,600	
Educational Assistants		2,918	
Social Security		3,209	
Pensions		4,836	
Employer Medicare		849	
Instructional Supplies and Materials		1,646	
Other Supplies and Materials		96	
In Service/Staff Development		3,111	
Total Community Services			72,265

Total School Federal Projects Fund \$ 2,526,929

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	55,118	
Accountants/Bookkeepers		29,984	
Cafeteria Personnel		544,526	
Social Security		37,923	
Pensions		1,760	
Medical Insurance		45,092	
Employer Medicare		8,869	
Communication		2,145	
Maintenance and Repair Services - Equipment		8,920	
Travel		1,788	
Other Contracted Services		49,345	
Food Supplies		931,757	
Uniforms		4,245	
USDA - Commodities		105,844	
Other Supplies and Materials		94,227	
In Service/Staff Development		1,721	
Other Charges		1,615	
Food Service Equipment		24,577	
Motor Vehicles		26,891	
Total Food Service			\$ 1,976,347

Total Central Cafeteria Fund \$ 1,976,347

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	31,103	
Other Contracted Services		2,727,743	
Total Education Capital Projects			\$ 2,758,846

Total Education Capital Projects Fund 2,758,846

Total Governmental Funds - Henry County School Department \$ 35,213,574

Exhibit J-9

Henry County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2020

	Cities - Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Current Property Tax	\$ 0	\$ 2,320,535	\$ 2,320,535
Trustee's Collections - Prior Year	0	73,356	73,356
Circuit/Clerk and Master Collections - Prior Years	0	24,016	24,016
Interest and Penalty	0	13,262	13,262
Pick-up Taxes	0	12,936	12,936
Payments in-Lieu-of Taxes - T.V.A.	0	1,517	1,517
Payments in-Lieu-of Taxes - Local Utilities	0	39,562	39,562
Payments in-Lieu-of Taxes - Other	0	71,781	71,781
Local Option Sales Tax	5,009,657	1,945,189	6,954,846
Business Tax	0	65,211	65,211
Mixed Drink Tax	0	13,680	13,680
Bank Excise Tax	0	35,522	35,522
City/School District Property Taxes:			
Current Property Tax	0	1,021,135	1,021,135
Prior Year's Property Tax	0	43,619	43,619
Interest and Penalty	0	5,950	5,950
Payments in-Lieu-of Taxes	0	16,527	16,527
Marriage Licenses	0	641	641
Income Tax	0	35,485	35,485
Total Cash Receipts	<u>\$ 5,009,657</u>	<u>\$ 5,739,924</u>	<u>\$ 10,749,581</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,959,560	\$ 5,620,511	\$ 10,580,071
Trustee's Commission	50,097	93,131	143,228
Total Cash Disbursements	<u>\$ 5,009,657</u>	<u>\$ 5,713,642</u>	<u>\$ 10,723,299</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ 26,282	\$ 26,282
Cash Balance, July 1, 2019	0	242,640	242,640
Cash Balance, June 30, 2020	<u>\$ 0</u>	<u>\$ 268,922</u>	<u>\$ 268,922</u>

SINGLE AUDIT SECTION



JASON E. MUMPOWER
Comptroller

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Henry County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated January 19, 2021. Our report includes a reference to other auditors who audited the financial statements of the Henry County Medical Center, as described in our report on Henry County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henry County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Henry County's internal control. Accordingly, we do not express an opinion on the effectiveness of Henry County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henry County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

January 19, 2021

JEM/yu



JASON E. MUMPOWER
Comptroller

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Henry County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Henry County's major federal programs for the year ended June 30, 2020. Henry County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Henry County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Henry County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Henry County's compliance.

Opinion on Each Major Federal Program

In our opinion, Henry County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Henry County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Henry County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Henry County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Henry County's basic financial statements. We issued our report thereon dated January 19, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

January 19, 2021

JEM/yu

Henry County, Tennessee, and the Henry County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7) (8)
For the Year Ended June 30, 2020

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (3)			
School Breakfast Program	10.553	N/A	\$ 337,060 (5)
COVID 19 - School Breakfast Program	10.553	N/A	177,177 (5)
National School Lunch Program	10.555	N/A	744,522 (5)
COVID 19 -National School Lunch Program	10.555	N/A	332,283 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	105,844 (5)
Rebate of Storage and Distribution Fees	10.555	N/A	4,661 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children Direct Program:	10.557	34360-17520	7,493
Community Facilities Loans and Grants Cluster: (3)			
Community Facilities Loans and Grants	10.766	N/A	29,328
Total U.S. Department of Agriculture			\$ 1,738,368
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 235,140 (6)
Total U.S. Department of Defense			\$ 235,140
U. S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	33004-94318	\$ 315,000
Total U. S. Department of Housing and Urban Development			\$ 315,000
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 18,260
Total U.S. Department of Justice			\$ 18,260
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
COVID 19 - Unemployment Insurance	17.225	N/A	\$ 6,111
Total U.S. Department of Labor			\$ 6,111
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-02-246-00-3	\$ 39,220
Highway Planning and Construction Cluster: (3)			
Highway Planning and Construction	20.205	N/A	500
Alcohol Open Container Requirements	20.607	Z20THS108	2,497
Total U.S. Department of Transportation			\$ 42,217
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 985,852
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	868,033 (5)
COVID 19 - Special Education - Grants to States	84.027	N/A	10,000 (5)
Special Education - Preschool Grants	84.173	N/A	75,780
Career and Technical Education - Basic Grants to States	84.048	N/A	187,345
Twenty-first Century Community Learning Centers	84.287	N/A	74,297
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	195,430
Rural Education	84.358	N/A	58,311
Supporting Effective Instruction State Grant	84.367	N/A	69,290
Student Support and Academic Enrichment Program	84.424	N/A	68,101
Passed-through Fayette County Board of Education:			
English Language Acquisition State Grants	84.365	N/A	1,521
Total U.S. Department of Education			\$ 2,593,960

(Continued)

Henry County, Tennessee, and the Henry County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7) (8) (Cont.)

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
2020 HAVA Election Security Grant	90.404	N/A	\$ 1,837 (5)
COVID 19 -2020 Supplemental Election Security Grants	90.404	N/A	915 (5)
Total U.S. Election Assistance Commission			<u>\$ 2,752</u>
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	(4)	\$ 150
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	(4)	1,700
Aging Cluster: (3)			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(4)	34,936
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	34360-17520	2,049
Family Planning Services	93.217	34360-17520	1,892
National State Based Tobacco Control Programs	93.305	34360-17520	10,293
Maternal and Child Health Services Block Grant to the States	93.994	34360-17520	6,071
Total U.S. Department of Health and Human Services			<u>\$ 57,091</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-08020	\$ 20,000
Homeland Security Grant Program	97.067	34101-16418	10,704
Total U.S. Department of Homeland Security			<u>\$ 30,704</u>
Total Federal Grants			<u>\$ 5,039,603</u>

State Grants		Contract Number	
Airport Maintenance Program - State Department of Transportation	N/A	40100-00420	\$ 15,000
State Supplement - State Department of Children's Services	N/A	35910-03643	9,000
Preventive Health and Human Services - State Department of Health	N/A	34360-17520	74,747
Safe Baby Grant - State Department of Mental Health and Substance Abuse Services	N/A	(4)	15,366
Court Security Grant - Administrative Office of the Courts	N/A	(4)	33,891
Litter Grant - State Department of Transportation	N/A	Z-20-LIT-040	56,006
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	32701-03720	28,300
Lottery for Education: Afterschool Programs - State Department of Education	N/A	(4)	152,140
Early Childhood Education - State Department of Education	N/A	(4)	290,330
Coordinated School Health - State Department of Education	N/A	(4)	128,799
Safe Schools - State Department of Education	N/A	(4)	54,444
Family Resource Center - State Department of Education	N/A	(4)	29,612
Truancy Prevention Program - State Department of Children's Services	N/A	35910-02819	48,082
Early Postsecondary Expansion - State Department of Education	N/A	(4)	10,000
Middle School STEM Start Up - State Department of Education	N/A	(4)	10,000
Total State Grants			<u>\$ 955,717</u>

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Henry County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster total \$1,701,547; Community Facilities Loans and Grants Cluster total \$29,328; Highway Planning and Construction Cluster total \$500; Special Education Cluster total \$953,813; Aging Cluster total \$34,936.
- (4) Information not available.
- (5) Total for CFDA No. 10.553 is \$514,237; Total for CFDA No. 10.555 is \$1,187,310; Total for CFDA No. 84.027 is \$878,033; Total for CFDA No. 90.404 is \$2,752.
- (6) During the year ended June 30, 2020, Henry County received excess military equipment from the U.S. Department of Defense valued at \$235,140.
- (7) For the year ended June 30, 2020, Henry County received donated PPE valued at \$5,434 (\$4,076 federal and \$1,358 state) from the Tennessee department of Military. These donations were unaudited.
- (8) No amounts (\$0) were passed-through to subrecipients.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Henry County, Tennessee, for the year ended June 30, 2020.

Prior-year Financial Statement Findings

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

OFFICE OF COUNTY CLERK

2019	206	2019-001	The Office did not Implement Adequate Controls to Protect its Information Resources	N/A	Corrected
------	-----	----------	---	-----	-----------

Prior-year Federal Awards Findings

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

HENRY COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Henry County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number: 14.228 Community Development Block Grants/
State's Program
 - * CFDA Number: 84.010 Title I Grants to Local Educational
Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

There were no findings and recommendations, as a result of our audit of the financial statements of Henry County, Tennessee.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2020.

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

The audit of Henry County did not report any findings and recommendations. Therefore, no management responses are required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

BEST PRACTICE

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

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

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

Henry County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.