



ANNUAL FINANCIAL REPORT

Houston County, Tennessee

For the Year Ended June 30, 2023

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
HOUSTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2023

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

LEE ANN WEST, CPA, CGFM
Audit Manager

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

HOUSTON COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Houston County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Position	A	16-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	24
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	26
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	27-29
Solid Waste/Sanitation Fund	C-6	30
Other General Government Fund	C-7	31
Highway/Public Works Fund	C-8	32
Fiduciary Funds:		
Statement of Net Position	D-1	33
Statement of Changes in Net Position	D-2	34
Index and Notes to the Financial Statements		35-84
REQUIRED SUPPLEMENTARY INFORMATION:		85
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Houston County School Department	E-1	86
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Houston County School Department	E-2	87

	Exhibit	Page(s)
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Retirement Plan of TCRS – Discretely Presented Houston County School Department	E-3	88
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Houston County School Department	E-4	89
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan - Discretely Presented Houston County School Department	E-5	90
Notes to the Required Supplementary Information		91
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		92
Nonmajor Governmental Funds:		93
Combining Balance Sheet	F-1	94-95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	96
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Special Purpose Fund	F-3	97
Drug Control Fund	F-4	98
Other Special Revenue Fund	F-5	99
Major Governmental Fund:		100
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	101
Fiduciary Funds:		102
Combining Statement of Net Position – Custodial Funds	H-1	103
Combining Statement of Changes in Net Position – Custodial Funds	H-2	104
Component Unit:		
Discretely Presented Houston County School Department:		105
Statement of Activities	I-1	106
Balance Sheet – Governmental Funds	I-2	107-108
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	109
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	110
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	111
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Purpose School Fund	I-6	112
School Federal Projects Fund	I-7	113
Central Cafeteria Fund	I-8	114

	Exhibit	Page(s)
Miscellaneous Schedules:		115
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	J-1	116
Schedule of Long-term Debt Requirements by Year	J-2	117
Schedule of Transfers	J-3	118
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Houston County School Department	J-4	119
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	120-131
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Houston County School Department	J-6	132-135
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	136-151
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Houston County School Department	J-8	152-161
<u>SINGLE AUDIT SECTION</u>		162
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>		163-165
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 Uniform Guidance		166-169
Schedule of Expenditures of Federal Awards and State Grants		170-171
Summary Schedule of Prior-year Findings		172
Schedule of Findings and Questioned Costs		173-176
Management's Corrective Action Plan		177-178
Best Practice		179

Summary of Audit Findings

Annual Financial Report
Houston County, Tennessee
For the Year Ended June 30, 2023

Scope

We have audited the basic financial statements of Houston County as of and for the year ended June 30, 2023.

Results

Our report on the business-type activities and the Houston County Community Hospital Fund, a major enterprise fund, is adverse because the financial statements of the hospital were not available from other auditors at the date of this report. Our report on the governmental activities, the aggregate discretely presented component units, each major fund (except the Houston County Community Hospital Fund), and the aggregate remaining fund information is unmodified.

Our audit resulted in one finding and recommendation, which we have reviewed with Houston County management. The detailed finding is included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

OFFICE OF COUNTY MAYOR

- ◆ The office had accounting deficiencies.



INTRODUCTORY SECTION

Houston County Officials

June 30, 2023

Officials

Joey Brake, County Mayor
Teresa Wolfe, Road Superintendent
Kris McAskill, Director of Schools
Jimmy Lowery, Trustee
Joy Hooper, Assessor of Property
Robert Brown, County Clerk
Donna Vincent, Circuit, General Sessions, and Juvenile Courts Clerk
Patsy Brooks, Clerk and Master
Linda Lamberth, Register of Deeds
Kevin Sugg, Sheriff

Board of County Commissioners

Joey Brake, County Mayor, Chairman	
William Agy	Garett Mathis
Glen Baggett	Robert Earl Parchman
Carter Cary	Vickie Reedy
Johnathan Floyd	Fred Richardson
Randall French	Stephanie Smith
Steve Hall	Howard Spurgeon
Darrell Kingsmill	Jean Tolley

Board of Education

Jeff Mathis, Chairman	Travis Mitchell
Amanda Fansler	Miller Moore
Sandy Harvey	Wayne Skelton
Charlie Ligon	

Audit Committee

Glen Baggett, Chairman	Garett Mathis
Johnathan Floyd	Fred Richardson
Steve Hall	Stephanie Smith

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Adverse
Aggregate Discretely Presented Component Units	Unmodified
General Fund	Unmodified
Solid Waste/Sanitation Fund	Unmodified
Other General Government Fund	Unmodified
Highway/Public Works Fund	Unmodified
General Debt Service Fund	Unmodified
Houston County Community Hospital Fund	Adverse
Aggregate Remaining Fund Information	Unmodified

Adverse Opinions on the Business-type Activities and Major Enterprise Fund

In our opinion, because of the significance of the matter described in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the business-type activities of Houston County, Tennessee, as of June 30, 2023, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Governmental Activities, Aggregate Discretely Presented Component Units, Each Major Fund (Except for the Houston County Community Hospital), and Aggregate Remaining Fund Information

In our opinion, based our audit and the report of the other auditors, the accompanying 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 (except for the Houston County Community Hospital, a major enterprise fund), and the aggregate remaining fund information of Houston County, Tennessee, as of June 30, 2023, and the respective changes in financial position and, where applicable cash flows thereof, and the respective budgetary comparison for the General, Solid Waste/Sanitation, Other General Government, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Internal School Fund of the Houston County School Department (a discretely presented component unit), which represent 2.2 percent, 2.2 percent, and 4.7 percent, respectively, of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for the Houston County School Department's Internal School Fund, is based solely on the report of the other auditors.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Houston County, Tennessee, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Adverse Opinions on the Business-type Activities and Major Enterprise Fund

The financial statements of the Houston County Community Hospital, a major enterprise fund and the entire business-type activities, had not been made available by other auditors as of the date of this report. Accordingly, the financial statements referred to above do not include amounts for the business-type activities and the Houston County Community Hospital, a major enterprise fund, which should be included to conform with accounting principles generally accepted in the

United States of America. The effects on the financial statements of the business-type activities and the Houston County Community Hospital, a major enterprise fund, are not reasonably determinable.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Houston County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Houston County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Houston County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 schedules of school contributions, schedules of school's proportionate share of the net pension liability (asset), and schedule of school changes in the total other postemployment benefits liability and related ratios, as listed under Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Houston 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 Houston County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are 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 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 Houston County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2024, on our consideration of Houston 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 the Houston 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 Houston County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

January 5, 2024

JEM/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Houston County, Tennessee
Statement of Net Position
June 30, 2023

	Primary Governmental Activities	Component Unit Houston County School Department
<u>ASSETS</u>		
Cash	\$ 642	\$ 334,326
Equity in Pooled Cash and Investments	3,983,562	4,752,625
Accounts Receivable	3,751	0
Due from Other Governments	1,096,590	444,281
Property Taxes Receivable	4,325,484	370,190
Allowance for Uncollectible Property Taxes	(92,690)	(12,093)
Accrued Interest Receivable	0	37,180
Net Pension Asset - Teacher Retirement Plan	0	30,873
Net Pension Asset - Teacher Legacy Pension Plan	0	1,690,476
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	130,854
Capital Assets:		
Assets Not Depreciated:		
Land	759,110	483,220
Construction in Progress	186,264	1,059,785
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	4,009,432	4,655,842
Infrastructure	1,737,605	0
Other Capital Assets	2,174,874	971,201
Total Assets	<u>\$ 18,184,624</u>	<u>\$ 14,948,760</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 282,255	\$ 0
Pension Changes in Experience	0	279,765
Pension Changes in Investment Earnings	0	38,637
Pension Changes in Assumptions	0	1,095,168
Pension Changes in Proportion	0	46,410
Pension Contributions After Measurement Date	0	441,171
OPEB Changes in Experience	0	208,730
OPEB Changes in Assumptions	0	200,128
OPEB Changes in Proportion	0	16,961
OPEB Contributions After Measurement Date	0	27,233
Total Deferred Outflows of Resources	<u>\$ 282,255</u>	<u>\$ 2,354,203</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 54,232	\$ 13,008
Payroll Deductions Payable	22,672	121,659
Accrued Interest Payable	8,037	0
Due to State of Tennessee	88	0
Noncurrent Liabilities:		
Due Within One Year - Debt	967,266	0
Due Within One Year - Other	36,492	0
Due in More Than One Year - Debt	9,459,620	0
Due in More Than One Year - Other	0	975,503
Total Liabilities	<u>\$ 10,548,407</u>	<u>\$ 1,110,170</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Houston County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 4,089,425	\$ 331,635
Pension Changes in Experience	0	304,396
Pension Changes in Proportion	0	22,658
OPEB Changes in Experience	0	146,717
OPEB Changes in Assumptions	0	135,753
OPEB Changes in Proportion	0	51,271
Total Deferred Inflows of Resources	<u>\$ 4,089,425</u>	<u>\$ 992,430</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 8,012,285	\$ 7,170,048
Restricted for:		
General Government	40,789	0
Administration of Justice	38,853	0
Public Safety	249,963	0
Public Health and Welfare	84,507	0
Highway/Public Works	687,929	0
Capital Outlay	45,465	0
Debt Service	279,591	0
Education	0	339,361
Operation of Non-instructional Services	0	660,664
Hybrid Retirement Stabilization Funds	0	130,854
Pensions	0	1,721,349
Unrestricted	<u>(5,610,335)</u>	<u>5,178,087</u>
Total Net Position	<u>\$ 3,829,047</u>	<u>\$ 15,200,363</u>

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

Exhibit B

Houston County, Tennessee
Statement of Activities
For the Year Ended June 30, 2023

						Net (Expense) Revenue and Changes in Net Position	
						Primary Government	Component Unit
		Program Revenues					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			Houston County School Department
Functions/Programs	Expenses				Total Governmental Activities		
Primary Government:							
Governmental Activities:							
General Government	\$ 1,871,889	\$ 72,677	\$ 1,736,026	\$ 0	\$ (63,186)	\$ 0	
Finance	455,584	286,458	0	0	(169,126)	0	
Administration of Justice	491,965	169,900	9,000	0	(313,065)	0	
Public Safety	2,414,255	166,361	580,018	0	(1,667,876)	0	
Public Health and Welfare	1,201,522	32,301	170,619	23,195	(975,407)	0	
Social, Cultural, and Recreational Services	195,729	21,254	0	0	(174,475)	0	
Agriculture and Natural Resources	80,881	0	0	96,536	15,655	0	
Highway/Public Works	2,485,804	0	2,091,989	0	(393,815)	0	
Education	0	0	525,010	0	525,010	0	
Interest on Long-term Debt	390,290	0	0	0	(390,290)	0	
Total Primary Government	<u>\$ 9,587,919</u>	<u>\$ 748,951</u>	<u>\$ 5,112,662</u>	<u>\$ 119,731</u>	<u>\$ (3,606,575)</u>	<u>\$ 0</u>	
Component Unit:							
Houston County School Department	<u>\$ 15,631,894</u>	<u>\$ 261,527</u>	<u>\$ 4,089,985</u>	<u>\$ 1,059,785</u>	<u>\$ 0</u>	<u>\$ (10,220,597)</u>	
Total Component Unit	<u>\$ 15,631,894</u>	<u>\$ 261,527</u>	<u>\$ 4,089,985</u>	<u>\$ 1,059,785</u>	<u>\$ 0</u>	<u>\$ (10,220,597)</u>	

(Continued)

Exhibit B

Houston County, Tennessee
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
						Houston County School Department
		Program Revenues				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Functions/Programs	Expenses					
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,707,074	\$ 697,525
Property Taxes Levied for Debt Service					89,659	0
Local Option Sales Taxes					281,108	1,058,668
Hotel/Motel Tax					29,914	0
Wheel Tax					538,739	0
Litigation Tax					17,780	0
Business Tax					24,196	26,323
Wholesale Beer Tax					31,548	0
Other Local Taxes					4,384	0
Grants and Contributions Not Restricted to Specific Programs					455,277	9,424,236
Unrestricted Investment Income					294	74,759
Miscellaneous					331,414	64,132
Total General Revenues					\$ 5,511,387	\$ 11,345,643
Change in Net Position					\$ 1,904,812	\$ 1,125,046
Net Position, July 1, 2022					1,924,235	14,075,317
Net Position, June 30, 2023					\$ 3,829,047	\$ 15,200,363

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

Exhibit C-1

Houston County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2023

	Major Funds				
	General	Solid Waste / Sanitation	Other General Government	Highway / Public Works	General Debt Service
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	2,207,117	238,936	3,781	863,104	418,793
Accounts Receivable	2,846	881	0	0	0
Due from Other Governments	774,037	222	0	322,331	0
Due from Other Funds	2,329	0	0	0	0
Property Taxes Receivable	3,575,507	518,774	0	25,851	205,352
Allowance for Uncollectible Property Taxes	(76,210)	(12,658)	0	(462)	(3,360)
Total Assets	\$ 6,485,626	\$ 746,155	\$ 3,781	\$ 1,210,824	\$ 620,785
<u>LIABILITIES</u>					
Accounts Payable	\$ 51,245	\$ 1,371	\$ 0	\$ 1,616	\$ 0
Payroll Deductions Payable	22,512	160	0	0	0
Due to Other Funds	0	0	0	0	40,000
Due to State of Tennessee	0	88	0	0	0
Total Liabilities	\$ 73,757	\$ 1,619	\$ 0	\$ 1,616	\$ 40,000
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,382,184	\$ 483,666	\$ 0	\$ 24,842	\$ 198,733
Deferred Delinquent Property Taxes	102,486	21,148	0	482	2,261
Other Deferred/Unavailable Revenue	43,113	198	0	156,228	0
Total Deferred Inflows of Resources	\$ 3,527,783	\$ 505,012	\$ 0	\$ 181,552	\$ 200,994

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Solid Waste / Sanitation	Other General Government	Highway / Public Works	General Debt Service
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 8,845	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Administration of Justice	38,853	0	0	0	0
Restricted for Public Safety	18,296	0	0	0	0
Restricted for Public Health and Welfare	51,292	0	0	0	0
Restricted for Other Operations	28,163	0	3,781	0	0
Restricted for Highways/Public Works	0	0	0	570,823	0
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for General Government	33,788	0	0	0	0
Committed for Public Health and Welfare	0	239,524	0	0	0
Committed for Highways/Public Works	0	0	0	456,833	0
Committed for Debt Service	0	0	0	0	379,791
Assigned:					
Assigned for General Government	11,838	0	0	0	0
Unassigned	2,693,011	0	0	0	0
Total Fund Balances	<u>\$ 2,884,086</u>	<u>\$ 239,524</u>	<u>\$ 3,781</u>	<u>\$ 1,027,656</u>	<u>\$ 379,791</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,485,626</u>	<u>\$ 746,155</u>	<u>\$ 3,781</u>	<u>\$ 1,210,824</u>	<u>\$ 620,785</u>

(Continued)

Exhibit C-1

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 642	\$ 642	
Equity in Pooled Cash and Investments	251,831	3,983,562	
Accounts Receivable	24	3,751	
Due from Other Governments	0	1,096,590	
Due from Other Funds	40,000	42,329	
Property Taxes Receivable	0	4,325,484	
Allowance for Uncollectible Property Taxes	0	(92,690)	
Total Assets	<u>\$ 292,497</u>	<u>\$ 9,359,668</u>	
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 54,232	
Payroll Deductions Payable	0	22,672	
Due to Other Funds	2,329	42,329	
Due to State of Tennessee	0	88	
Total Liabilities	<u>\$ 2,329</u>	<u>\$ 119,321</u>	
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 4,089,425	
Deferred Delinquent Property Taxes	0	126,377	
Other Deferred/Unavailable Revenue	0	199,539	
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 4,415,341</u>	

(Continued)

Exhibit C-1

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

FUND BALANCES

Restricted:

Restricted for General Government

Restricted for Administration of Justice

Restricted for Public Safety

Restricted for Public Health and Welfare

Restricted for Other Operations

Restricted for Highways/Public Works

Restricted for Capital Projects

Committed:

Committed for General Government

Committed for Public Health and Welfare

Committed for Highways/Public Works

Committed for Debt Service

Assigned:

Assigned for General Government

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
\$ 0	\$ 8,845	
0	38,853	
231,667	249,963	
11,869	63,161	
0	31,944	
0	570,823	
45,465	45,465	
0	33,788	
1,167	240,691	
0	456,833	
0	379,791	
0	11,838	
0	2,693,011	
\$ 290,168	\$ 4,825,006	
\$ 292,497	\$ 9,359,668	

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

Exhibit C-2

Houston County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2023

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)		\$	4,825,006
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	759,110	
Add: construction in progress		186,264	
Add: buildings and improvements net of accumulated depreciation		4,009,432	
Add: infrastructure net of accumulated depreciation		1,737,605	
Add: other capital assets net of accumulated depreciation		<u>2,174,874</u>	8,867,285
(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	\$	(917,500)	
Less: other loans payable		(2,960,860)	
Less: bonds payable		(6,548,526)	
Add: deferred amount on refunding		282,255	
Less: accrued interest payable		(8,037)	
Less: compensated absences payable		<u>(36,492)</u>	(10,189,160)
(3) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>325,916</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>3,829,047</u></u>

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

Exhibit C-3

Houston County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds					Nonmajor Funds	Total	
	General	Solid Waste / Sanitation	Other General Government	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Governmental Funds	
<u>Revenues</u>								
Local Taxes	\$ 3,532,004	\$ 579,170	\$ 0	\$ 14,359	\$ 637,972	\$ 196	\$	4,763,701
Fines, Forfeitures, and Penalties	27,439	0	0	0	0	2,565		30,004
Charges for Current Services	87,230	950	0	0	0	0		88,180
Other Local Revenues	181,387	17,441	294	30,183	0	47,997		277,302
Fees Received From County Officials	462,887	0	0	0	0	0		462,887
State of Tennessee	1,215,419	41,657	0	1,902,315	138,065	0		3,297,456
Federal Government	53,289	0	1,592,948	300,140	0	0		1,946,377
Other Governments and Citizens Groups	132,875	0	0	0	561,359	0		694,234
Total Revenues	\$ 5,692,530	\$ 639,218	\$ 1,593,242	\$ 2,246,997	\$ 1,337,396	\$ 50,758	\$	11,560,141
<u>Expenditures</u>								
Current:								
General Government	\$ 1,161,531	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	1,161,531
Finance	443,662	0	0	0	0	0		443,662
Administration of Justice	453,001	0	0	0	0	0		453,001
Public Safety	2,357,187	0	0	0	0	12,167		2,369,354
Public Health and Welfare	298,644	757,766	0	0	0	23,715		1,080,125
Social, Cultural, and Recreational Services	180,069	0	0	0	0	0		180,069
Agriculture and Natural Resources	225,001	0	0	0	0	0		225,001
Other Operations	876,402	22,523	0	0	0	2,458		901,383
Highways	0	0	0	2,776,017	0	0		2,776,017
Debt Service:								
Principal on Debt	0	0	0	89,008	914,403	0		1,003,411
Interest on Debt	0	0	0	10,012	364,801	0		374,813
Other Debt Service	0	0	0	0	12,304	0		12,304
Total Expenditures	\$ 5,995,497	\$ 780,289	\$ 0	\$ 2,875,037	\$ 1,291,508	\$ 38,340	\$	10,980,671
Excess (Deficiency) of Revenues Over Expenditures	\$ (302,967)	\$ (141,071)	\$ 1,593,242	\$ (628,040)	\$ 45,888	\$ 12,418	\$	579,470
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 6,995	\$ 8,500	\$ 0	\$ 35,989	\$ 0	\$ 0	\$	51,484
Transfers In	1,342,948	250,000	0	0	0	0		1,592,948
Transfers Out	0	0	(1,592,948)	0	0	0		(1,592,948)
Total Other Financing Sources (Uses)	\$ 1,349,943	\$ 258,500	\$ (1,592,948)	\$ 35,989	\$ 0	\$ 0	\$	51,484
Net Change in Fund Balances	\$ 1,046,976	\$ 117,429	\$ 294	\$ (592,051)	\$ 45,888	\$ 12,418	\$	630,954
Fund Balance, July 1, 2022	1,837,110	122,095	3,487	1,619,707	333,903	277,750		4,194,052
Fund Balance, June 30, 2023	\$ 2,884,086	\$ 239,524	\$ 3,781	\$ 1,027,656	\$ 379,791	\$ 290,168	\$	4,825,006

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

Houston 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, 2023

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)		\$	630,954
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,216,485	
Less: current-year depreciation expense		(685,172)	531,313
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: proceeds received on disposal of capital assets	\$	(42,367)	
Less: book value of capital assets disposed		(225,168)	(267,535)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2023	\$	325,916	
Less: deferred delinquent property taxes and other deferred June 30, 2022		(350,959)	(25,043)
(4) The issuance of long-term debt (e.g., notes, bonds, other loans) 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.			
Less: change in deferred amount on refunding debt	\$	(17,078)	
Add: principal payments on notes		203,173	
Add: principal payments on other loans		664,300	
Add: principal payments on bonds		135,938	986,333
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in accrued interest payable	\$	1,601	
Change in compensated absences payable		1,652	
Change in landfill closure/postclosure care costs		45,537	48,790
Change in net position of governmental activities (Exhibit B)		\$	<u>1,904,812</u>

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

Exhibit C-5

Houston County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,532,004	\$ 0	\$ 0	\$ 3,532,004	\$ 3,449,691	\$ 3,449,691	\$ 82,313
Fines, Forfeitures, and Penalties	27,439	0	0	27,439	36,600	36,600	(9,161)
Charges for Current Services	87,230	0	0	87,230	567,050	567,050	(479,820)
Other Local Revenues	181,387	0	0	181,387	70,175	90,668	90,719
Fees Received From County Officials	462,887	0	0	462,887	361,000	441,000	21,887
State of Tennessee	1,215,419	0	0	1,215,419	644,800	862,625	352,794
Federal Government	53,289	0	0	53,289	24,203	24,203	29,086
Other Governments and Citizens Groups	132,875	0	0	132,875	367,903	367,928	(235,053)
Total Revenues	\$ 5,692,530	\$ 0	\$ 0	\$ 5,692,530	\$ 5,521,422	\$ 5,839,765	\$ (147,235)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 83,307	\$ 0	\$ 0	\$ 83,307	\$ 194,479	\$ 191,479	\$ 108,172
Board of Equalization	1,299	0	0	1,299	1,309	1,309	10
County Mayor/Executive	250,799	(5,231)	0	245,568	254,884	261,761	16,193
Election Commission	185,742	0	0	185,742	196,874	196,874	11,132
Register of Deeds	115,868	0	0	115,868	122,239	122,239	6,371
County Buildings	152,998	(59,190)	0	93,808	86,848	201,443	107,635
Other General Administration	329,620	0	0	329,620	334,777	358,307	28,687
Preservation of Records	41,898	0	0	41,898	43,626	46,751	4,853
<u>Finance</u>							
Property Assessor's Office	131,335	0	0	131,335	154,695	135,695	4,360
Reappraisal Program	19,796	(15,350)	0	4,446	5,002	20,352	15,906
County Trustee's Office	134,735	0	0	134,735	137,325	137,325	2,590
County Clerk's Office	148,898	0	0	148,898	171,581	171,581	22,683
Data Processing	1,080	0	0	1,080	700	1,283	203
Other Finance	7,818	0	0	7,818	5,000	7,820	2
<u>Administration of Justice</u>							
Circuit Court	171,929	0	0	171,929	185,345	185,345	13,416
General Sessions Judge	69,826	0	0	69,826	70,000	70,000	174

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Chancery Court	\$ 138,900	\$ 0	\$ 0	\$ 138,900	\$ 142,822	\$ 142,822	\$ 3,922
Juvenile Court	56,844	0	0	56,844	66,601	66,601	9,757
Judicial Commissioners	15,502	0	0	15,502	15,502	15,502	0
<u>Public Safety</u>							
Sheriff's Department	700,219	0	0	700,219	832,704	837,263	137,044
Special Patrols	4,511	0	0	4,511	8,772	8,772	4,261
Administration of the Sexual Offender Registry	0	0	0	0	1,200	1,200	1,200
Jail	985,497	0	0	985,497	791,469	1,087,045	101,548
Fire Prevention and Control	190,941	0	1,887	192,828	141,479	311,282	118,454
Civil Defense	124,530	0	0	124,530	142,605	142,605	18,075
Other Emergency Management	325,806	0	0	325,806	352,181	352,768	26,962
County Coroner/Medical Examiner	21,136	0	0	21,136	32,000	34,000	12,864
Other Public Safety	4,547	0	0	4,547	131,250	131,250	126,703
<u>Public Health and Welfare</u>							
Local Health Center	39,829	0	0	39,829	160,626	159,867	120,038
Ambulance/Emergency Medical Services	177,880	0	0	177,880	1,033,940	792,914	615,034
Sanitation Education/Information	40,415	0	0	40,415	44,200	44,200	3,785
Waste Pickup	19,020	0	0	19,020	32,104	32,104	13,084
Other Public Health and Welfare	21,500	0	0	21,500	0	31,000	9,500
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	29,228	0	9,951	39,179	30,500	65,500	26,321
Libraries	135,441	0	0	135,441	138,112	137,529	2,088
Other Social, Cultural, and Recreational	15,400	0	0	15,400	15,400	15,400	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	214,977	0	0	214,977	64,865	215,518	541
Soil Conservation	10,024	0	0	10,024	10,127	10,127	103
<u>Other Operations</u>							
Tourism	20,303	0	0	20,303	14,700	24,200	3,897
Airport	54,962	0	0	54,962	62,230	62,230	7,268

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Veterans' Services	\$ 30,588	\$ 0	\$ 0	\$ 30,588	\$ 26,504	\$ 31,854	\$ 1,266
Contributions to Other Agencies	0	0	0	0	480,000	0	0
Employee Benefits	280,445	0	0	280,445	343,125	362,808	82,363
Payments to Cities	490,104	0	0	490,104	12,500	492,500	2,396
Total Expenditures	<u>\$ 5,995,497</u>	<u>\$ (79,771)</u>	<u>\$ 11,838</u>	<u>\$ 5,927,564</u>	<u>\$ 7,092,202</u>	<u>\$ 7,718,425</u>	<u>\$ 1,790,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (302,967)</u>	<u>\$ 79,771</u>	<u>\$ (11,838)</u>	<u>\$ (235,034)</u>	<u>\$ (1,570,780)</u>	<u>\$ (1,878,660)</u>	<u>\$ 1,643,626</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 6,995	\$ 0	\$ 0	\$ 6,995	\$ 5,000	\$ 5,000	\$ 1,995
Transfers In	1,342,948	0	0	1,342,948	1,342,948	1,342,948	0
Total Other Financing Sources	<u>\$ 1,349,943</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,349,943</u>	<u>\$ 1,347,948</u>	<u>\$ 1,347,948</u>	<u>\$ 1,995</u>
Net Change in Fund Balance	\$ 1,046,976	\$ 79,771	\$ (11,838)	\$ 1,114,909	\$ (222,832)	\$ (530,712)	\$ 1,645,621
Fund Balance, July 1, 2022	<u>1,837,110</u>	<u>(79,771)</u>	<u>0</u>	<u>1,757,339</u>	<u>1,529,137</u>	<u>1,837,110</u>	<u>(79,771)</u>
Fund Balance, June 30, 2023	<u><u>\$ 2,884,086</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (11,838)</u></u>	<u><u>\$ 2,872,248</u></u>	<u><u>\$ 1,306,305</u></u>	<u><u>\$ 1,306,398</u></u>	<u><u>\$ 1,565,850</u></u>

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

Exhibit C-6

Houston County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 579,170	\$ 597,621	\$ 597,621	\$ (18,451)
Charges for Current Services	950	0	0	950
Other Local Revenues	17,441	13,900	14,802	2,639
State of Tennessee	41,657	28,000	28,000	13,657
Total Revenues	<u>\$ 639,218</u>	<u>\$ 639,521</u>	<u>\$ 640,423</u>	<u>\$ (1,205)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 757,766	\$ 845,205	\$ 862,000	\$ 104,234
<u>Other Operations</u>				
Other Charges	12,104	7,000	7,000	(5,104)
Employee Benefits	10,419	36,847	37,749	27,330
Total Expenditures	<u>\$ 780,289</u>	<u>\$ 889,052</u>	<u>\$ 906,749</u>	<u>\$ 126,460</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (141,071)</u>	<u>\$ (249,531)</u>	<u>\$ (266,326)</u>	<u>\$ 125,255</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 8,500	0	8,500	0
Transfers In	250,000	250,000	250,000	0
Total Other Financing Sources	<u>\$ 258,500</u>	<u>\$ 250,000</u>	<u>\$ 258,500</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 117,429	\$ 469	\$ (7,826)	\$ 125,255
Fund Balance, July 1, 2022	<u>122,095</u>	<u>112,385</u>	<u>122,095</u>	<u>0</u>
Fund Balance, June 30, 2023	<u><u>\$ 239,524</u></u>	<u><u>\$ 112,854</u></u>	<u><u>\$ 114,269</u></u>	<u><u>\$ 125,255</u></u>

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

Exhibit C-7

Houston County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other General Government Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 294	\$ 0	\$ 0	\$ 294
Federal Government	1,592,948	1,592,948	1,592,948	0
Total Revenues	<u>\$ 1,593,242</u>	<u>\$ 1,592,948</u>	<u>\$ 1,592,948</u>	<u>\$ 294</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
American Rescue Plan Act Grant #1	\$ 0	\$ 1,592,948	\$ 0	\$ 0
Total Expenditures	<u>\$ 0</u>	<u>\$ 1,592,948</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,593,242</u>	<u>\$ 0</u>	<u>\$ 1,592,948</u>	<u>\$ 294</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (1,592,948)	\$ 0	\$ (1,592,948)	\$ 0
Total Other Financing Sources	<u>\$ (1,592,948)</u>	<u>\$ 0</u>	<u>\$ (1,592,948)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 294	\$ 0	\$ 0	\$ 294
Fund Balance, July 1, 2022	<u>3,487</u>	<u>799,258</u>	<u>799,258</u>	<u>(795,771)</u>
Fund Balance, June 30, 2023	<u><u>\$ 3,781</u></u>	<u><u>\$ 799,258</u></u>	<u><u>\$ 799,258</u></u>	<u><u>\$ (795,477)</u></u>

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

Exhibit C-8

Houston County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 14,359	\$ 15,003	\$ 15,003	\$ (644)
Other Local Revenues	30,183	0	0	30,183
State of Tennessee	1,902,315	1,821,426	1,821,426	80,889
Federal Government	300,140	1,014,441	1,295,977	(995,837)
Total Revenues	<u>\$ 2,246,997</u>	<u>\$ 2,850,870</u>	<u>\$ 3,132,406</u>	<u>\$ (885,409)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 184,076	\$ 184,781	\$ 188,481	\$ 4,405
Highway and Bridge Maintenance	1,387,586	1,487,340	1,616,176	228,590
Operation and Maintenance of Equipment	354,010	257,595	488,195	134,185
Other Charges	70,182	71,050	74,000	3,818
Employee Benefits	224,677	249,559	274,359	49,682
Capital Outlay	555,486	491,000	757,637	202,151
<u>Principal on Debt</u>				
Highways and Streets	89,008	88,201	89,009	1
<u>Interest on Debt</u>				
Highways and Streets	10,012	10,990	10,182	170
Total Expenditures	<u>\$ 2,875,037</u>	<u>\$ 2,840,516</u>	<u>\$ 3,498,039</u>	<u>\$ 623,002</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (628,040)</u>	<u>\$ 10,354</u>	<u>\$ (365,633)</u>	<u>\$ (262,407)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 35,989	0	0	\$ 35,989
Total Other Financing Sources	<u>\$ 35,989</u>	<u>0</u>	<u>0</u>	<u>\$ 35,989</u>
Net Change in Fund Balance	\$ (592,051)	\$ 10,354	\$ (365,633)	\$ (226,418)
Fund Balance, July 1, 2022	<u>1,619,707</u>	<u>518,983</u>	<u>1,619,707</u>	<u>0</u>
Fund Balance, June 30, 2023	<u>\$ 1,027,656</u>	<u>\$ 529,337</u>	<u>\$ 1,254,074</u>	<u>\$ (226,418)</u>

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

Houston County, Tennessee
Statement of Net Position
Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 328,939
Due from Other Governments	<u>140,817</u>
Total Assets	<u>\$ 469,756</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	<u>\$ 140,817</u>
Total Liabilities	<u>\$ 140,817</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 328,939</u>
Total Net Position	<u><u>\$ 328,939</u></u>

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

Houston County, Tennessee
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Sales Tax Collections for Other Governments	\$ 779,669
Fines/Fees and Other Collections	<u>2,170,541</u>
Total Additions	<u>\$ 2,950,210</u>
<u>DEDUCTIONS</u>	
Payment of Sales Tax Collections to Other Governments	\$ 779,669
Payments to State	965,416
Payments to Cities, Individuals, and Others	<u>1,138,551</u>
Total Deductions	<u>\$ 2,883,636</u>
Net Increase (Decrease) in Fiduciary in Net Position	\$ 66,574
Net Position, July 1, 2022	<u>262,365</u>
Net Position, June 30, 2023	<u><u>\$ 328,939</u></u>

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

HOUSTON COUNTY, TENNESSEE

Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	36
B. Government-wide and Fund Financial Statements	37
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	38
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	40
2. Receivables and Payables	42
3. Restricted Assets	43
4. Capital Assets	43
5. Deferred Outflows/Inflows of Resources	44
6. Compensated Absences	45
7. Long-term Debt and Long-term Obligations	45
8. Net Position and Fund Balance	46
E. Pension Plans	47
F. Other Postemployment Benefit (OPEB) Plan	48
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	48
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	48
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	49
B. Expenditures Exceeded Appropriations	49
IV. Detailed Notes on All Funds	
A. Deposits and Investments	50
B. Capital Assets	53
C. Interfund Receivables, Payables, and Transfers	56
D. Long-term Debt	56
E. Long-term Obligations	60
F. Pledges of Future Revenues	61
G. On-Behalf Payments	62
H. Revenue Anticipation Note Activity	62
V. Other Information	
A. Risk Management	62
B. Accounting Changes	64
C. Contingent Liabilities	64
D. Changes in Administration	65
E. Joint Ventures	65
F. Jointly Governed Organizations	66
G. Retirement Commitments	
1. Tennessee Consolidated Retirement System (TCRS)	66
2. Deferred Compensation	77
H. Other Postemployment Benefits (OPEB)	77
I. Purchasing Laws	83

HOUSTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Houston County's financial statements are presented in accordance with generally accepted accounting principles (GAAP), except for the business-type activities and Houston County Community Hospital major fund, which have been omitted because the financial statements of the Houston County Community Hospital, a major enterprise fund and the entire business-type activities, had not been made available by other auditors as of the date of this report. 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 Houston County:

A. Reporting Entity

Houston County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Houston County (the primary government) and its component units. The financial statements of the Houston County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Houston County School Department operates the public school system in the county, and the voters of Houston 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 Houston County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Houston County, and the Houston 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 Houston County Emergency

Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Houston 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 Houston County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Houston County Emergency Communications District
P.O. Box 333
Erin, TN 37061

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Houston 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.

Houston County issues all debt for the discretely presented Houston County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2023.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise), 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 proprietary fund and fiduciary funds financial statements. 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 Houston 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/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Houston County only reports one proprietary fund, a major enterprise fund.

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

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

Fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds.

Houston County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This special revenue fund accounts for all solid waste activities, including those activities specifically related to the landfill.

Other General Government Fund – This special revenue fund accounts for proceeds received from the American Rescue Plan.

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.

Houston County reports the following major proprietary fund:

Houston County Community Hospital Fund – This fund provides health care and emergency medical services to the citizens of Houston County and is governed by the county commission. The Houston County Community Hospital is reported as an enterprise fund. The financial statements of the Houston County Community Hospital were not available from other auditors in time for inclusion in this report, as previously mentioned.

Additionally, Houston County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Custodial Funds – These funds account for amounts collected in a custodial capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Houston County.

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

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

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

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools.

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. A more detailed reporting of the fund activities at each individual school may be found at <https://www.comptroller.tn.gov/office-functions/la/reports/find-other-audits.html>.

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 (excluding the Houston County Community Hospital, enterprise fund) and the discretely presented Houston 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 discretely presented school department's General Purpose School Fund. Houston County (excluding the Houston County Community Hospital, enterprise fund) and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

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

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

latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United States of America. Houston 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 1.17 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 Houston 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 Houston County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Houston 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 \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

Assets	Years	
	Primary Government	Houston County School Department
Buildings and Improvements	25 - 40 or life of note	10 - 40
Other Capital Assets	5 - 12	5 - 20
Infrastructure:		
Roads	8 - 20	
Bridges	30	

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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 a deferred charge on refunding, pension and OPEB changes in experience, pension changes in investment earnings, pension and OPEB changes in assumptions, pension and OPEB changes in proportionate share, and employer contributions made to the pension and OPEB plans after the measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 and OPEB changes in proportionate share, OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

The policy of Houston County, except for the highway department and excluding the Houston County Community Hospital, does not permit its 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 highway department to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the department does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide statements for the department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

The general policy of the discretely presented Houston County School Department permits the unlimited accumulation of unused sick leave for professional personnel (teachers). Nonprofessional personnel are allowed to accumulate a limited amount of sick leave. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. No provisions exist for accruing vacation leave.

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

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

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

As of June 30, 2023, Houston County had \$3,023,360 in outstanding debt for capital purposes for the discretely presented Houston County School Department. This debt is a liability of Houston County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Houston 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. In the other governmental funds, funds expended that exceed the amounts that are restricted, committed, and assigned are reported as negative unassigned fund balance.

E. Pension Plans

Discretely Presented Houston 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 Houston 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 Houston 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 Houston 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 Houston County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2023, the General Fund had outstanding encumbrances of \$11,838.

B. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations in the Central Cafeteria Fund by \$17,132. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Houston County and the Houston 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 three 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 90 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 fair 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.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank receives funds from customers of the secondary depositories equal to or greater than the amount initially invested by the county. The balance of county funds with each secondary depository must not exceed FDIC insurance limits so that all funds are fully insured. Under this program, the trustee must provide the depository bank with a listing of all banks and savings and loan associations holding county funds under the same federal employer identification number

(FEIN). To prevent deposits from exceeding FDIC coverage, the depository bank is prohibited from using any of those listed banks or savings and loan associations as secondary depositories. The use of this program must be approved by the county investment committee or finance committee as appropriate for the specific county. Further, the investment committee or finance committee must establish policies and procedures for the investments, including the establishment of controls to ensure that full FDIC insurance coverage is obtained. Service providers used by depositories must be approved by the state treasurer upon concurrence by the commissioner of financial institutions and finance and administration. There are currently only two eligible programs that have been approved by the state treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

Investments

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

The county had no pooled and nonpooled investments as of June 30, 2023.

TCRS Stabilization Trust

Legal Provisions. The Houston 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 Houston County School Department may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2023, the Houston County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund of the school department.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 40,565
Developed Market International Equity	N/A	N/A	18,320
Emerging Market International Equity	N/A	N/A	5,234
U.S. Fixed Income	N/A	N/A	26,171
Real Estate	N/A	N/A	13,085
Short-term Securities	N/A	N/A	1,308
NAV - Private Equity and Strategic Lending	N/A	N/A	26,171
Total			<u>\$ 130,854</u>

For further information concerning the legal provisions, investment policies, investment types, and credit risks of 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/ag20045.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2023, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-22	Increases	Decreases	Balance 6-30-23
Capital Assets Not Depreciated:				
Land	\$ 758,820	\$ 290	\$ 0	\$ 759,110
Construction in Progress	39,610	186,264	(39,610)	186,264
Total Capital Assets Not Depreciated	<u>\$ 798,430</u>	<u>\$ 186,554</u>	<u>\$ (39,610)</u>	<u>\$ 945,374</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,552,377	\$ 67,265	\$ 0	\$ 6,619,642
Infrastructure	2,706,277	360,281	0	3,066,558
Other Capital Assets	6,951,200	641,995	(943,225)	6,649,970
Total Capital Assets Depreciated	<u>\$ 16,209,854</u>	<u>\$ 1,069,541</u>	<u>\$ (943,225)</u>	<u>\$ 16,336,170</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,437,520	\$ 172,690	\$ 0	\$ 2,610,210
Infrastructure	1,203,890	125,063	0	1,328,953
Other Capital Assets	4,763,367	387,419	(675,690)	4,475,096
Total Accumulated Depreciation	<u>\$ 8,404,777</u>	<u>\$ 685,172</u>	<u>\$ (675,690)</u>	<u>\$ 8,414,259</u>
Total Capital Assets Depreciated, Net	<u>\$ 7,805,077</u>	<u>\$ 384,369</u>	<u>\$ (267,535)</u>	<u>\$ 7,921,911</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,603,507</u>	<u>\$ 570,923</u>	<u>\$ (307,145)</u>	<u>\$ 8,867,285</u>

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

Governmental Activities:

General Government	\$ 89,701
Finance	5,363
Administration of Justice	12,911
Public Safety	224,339
Public Health and Welfare	91,599
Social, Cultural, and Recreational Services	8,727
Agriculture and Natural Resources	1,339
Highway/Public Works	<u>251,193</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 685,172</u>

Net Investment in Capital Assets

Capital Assets	\$ 8,867,285
Less:	
Outstanding principal of capital debt and other capital borrowings	<u>(855,000)</u>
Net Investment in Capital Assets	<u>\$ 8,012,285</u>

Discretely Presented Houston County School Department

Governmental Activities:

	Balance 7-1-22	Increases	Decreases	Balance 6-30-23
Capital Assets Not Depreciated:				
Land	\$ 483,220	\$ 0	\$ 0	\$ 483,220
Construction in Progress	0	1,059,785	0	1,059,785
Total Capital Assets Not Depreciated	<u>\$ 483,220</u>	<u>\$ 1,059,785</u>	<u>\$ 0</u>	<u>\$ 1,543,005</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,731,917	\$ 69,437	\$ 0	\$ 14,801,354
Other Capital Assets	3,631,937	142,854	(185,386)	3,589,405
Total Capital Assets Depreciated	<u>\$ 18,363,854</u>	<u>\$ 212,291</u>	<u>\$ (185,386)</u>	<u>\$ 18,390,759</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,809,924	\$ 335,588	\$ 0	\$ 10,145,512
Other Capital Assets	2,664,677	138,913	(185,386)	2,618,204
Total Accumulated Depreciation	<u>\$ 12,474,601</u>	<u>\$ 474,501</u>	<u>\$ (185,386)</u>	<u>\$ 12,763,716</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,889,253</u>	<u>\$ (262,210)</u>	<u>\$ 0</u>	<u>\$ 5,627,043</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,372,473</u>	<u>\$ 797,575</u>	<u>\$ 0</u>	<u>\$ 7,170,048</u>

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

Governmental Activities:

Instruction	\$ 153,315
Support Services	299,066
Operation of Non-instructional Services	<u>22,120</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 474,501</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 2,329
Nonmajor Governmental	General Debt Service	40,000

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2023, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		Purpose
	General Fund	Solid Waste/ Sanitation Fund	
Other General Government Fund	\$ 1,342,948	\$ 250,000	ARPA funds
Total	<u>\$ 1,342,948</u>	<u>\$ 250,000</u>	

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.

D. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Houston County (excluding the Houston County Community Hospital, enterprise fund) 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 37 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, 2023, will be retired from the General Debt Service fund.

Direct Borrowing and Direct Placements - Houston County issues other loans to provide funds for the acquisition and construction of major capital facilities and other capital outlay purchases, such as equipment, for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 12 years for notes and up to 27 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2023, will be retired from the General Debt Service and Highway/Public Works funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2023, for governmental activities are as follows:

Type	Interest Rate		Final Maturity		Original Amount of Issue	Balance 6-30-23
General Obligation Bonds -						
Refunding	3.125	%	9-14-52	\$	7,500,000	\$ 6,548,526
Direct Borrowing and Direct Placement:						
Capital Outlay Notes	1.97 to 4.95		5-6-29		1,251,000	917,500
Other Loans	variable		5-25-27		10,000,000	2,769,000
Other Loans - Fixed rate	0.75		4-26-24		646,620	191,860

During the 1999-2000 year, Houston County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$10,000,000 to Houston County for school construction. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent weekly. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with the loan. At June 30, 2023, the variable interest rate was 3.13 percent on the loan. Other fees totaled 1.2 percent (letter of credit fee), .08 percent (remarketing fee), and .15 percent (trustee fee) of the outstanding loan principal.

During the 2017-18 year, Houston County entered into an agreement with the Tennessee Energy Efficient Schools Council to receive funding from the Energy Efficient Schools Initiative program. Under this agreement, the program made \$646,620 available for loan to Houston County to fund a project to increase

energy efficiency in the Houston County School Department. The loan has an interest rate of .75 percent.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2023, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 140,650	\$ 202,250	\$ 342,900
2025	145,050	197,850	342,900
2026	149,700	193,200	342,900
2027	154,500	188,400	342,900
2028	159,300	183,600	342,900
2029-2033	875,600	838,900	1,714,500
2034-2038	1,023,500	691,000	1,714,500
2039-2043	1,195,950	518,550	1,714,500
2044-2048	1,398,400	316,100	1,714,500
2049-2053	1,305,876	84,700	1,390,576
Total	\$ 6,548,526	\$ 3,414,550	\$ 9,963,076

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2024	\$ 133,500	\$ 27,819	\$ 161,319
2025	135,500	23,755	159,255
2026	136,500	19,637	156,137
2027	299,500	15,519	315,019
2028	111,500	6,288	117,788
2029	101,000	2,973	103,973
Total	\$ 917,500	\$ 95,991	\$ 1,013,491

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2024	\$ 693,116	\$ 87,798	\$ 37,651	\$ 818,565
2025	695,744	68,709	29,767	794,220
2026	644,000	49,204	21,492	714,696
2027	928,000	29,046	12,798	969,844
Total	\$ 2,960,860	\$ 234,757	\$ 101,708	\$ 3,297,325

There is \$379,791 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$791, based on the 2020 federal census. Total debt per capita, including bonds, notes, and other loans totaled \$1,259, based on the 2020 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.

<u>Description of Debt</u>	<u>Outstanding 6-30-23</u>
<u>Notes Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Board of Education Capital Outlay Notes, Series 2016	\$ 62,500
<u>Loans Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Construction	2,769,000
Energy Efficient School Initiative	191,860

Changes in Long-term Debt

Long-term debt activity for the primary government for the year ended June 30, 2023, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes - Direct Placement</u>	<u>Other Loans - Direct Placement</u>
Balance, July 1, 2022	\$ 6,684,464	\$ 1,120,673	\$ 3,625,160
Reductions	(135,938)	(203,173)	(664,300)
Balance, June 30, 2023	<u>\$ 6,548,526</u>	<u>\$ 917,500</u>	<u>\$ 2,960,860</u>
Balance Due Within One Year	<u>\$ 140,650</u>	<u>\$ 133,500</u>	<u>\$ 693,116</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2023	\$ 10,426,886
Less: Balance Due Within One Year - Debt	<u>(967,266)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 9,459,620</u>

E. Long-term Obligations

Primary Government

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2023, was as follows:

Governmental Activities:

	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2022	\$ 38,144	\$ 45,537
Additions	46,366	0
Reductions	(48,018)	(45,537)
Balance, June 30, 2023	<u>\$ 36,492</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 36,492</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2023	\$ 36,492
Less: Balance Due Within One Year - Other	<u>(36,492)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 0</u>

Compensated absences will be paid from the employing fund, the Highway/Public Works Fund.

Discretely Presented Houston County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Houston County School Department for the year ended June 30, 2023, was as follows:

Governmental Activities:	Other Postemployment Benefits
	<hr/>
Balance, July 1, 2022	\$ 1,028,918
Additions	125,067
Reductions	<hr/> (178,482)
	<hr/>
Balance, June 30, 2023	<u>\$ 975,503</u>
	<hr/>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2023	\$ 975,503
Less: Balance Due Within One Year - Other	<hr/> 0
	<hr/>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 975,503</u>

Other postemployment benefits liability will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. Pledges of Future Revenues

Component Unit Revenues Pledged for Primary Government Debt

The Houston County School Department has pledged to pay \$400,000 annually from its future revenues to the primary government's General Debt Service Fund to be applied toward the retirement of certain school debt. The related debt was issued by the primary government for the construction of a high school and is payable through 2027. Total principal, interest, and other fees remaining on the debt are approximately \$3,104,018 with annual requirements ranging from approximately \$708,321 in the next fiscal year to \$969,844 in the final year. For the current year, principal, interest, and other fees paid by the county and the appropriation by the school department were \$687,289 and \$400,000, respectively.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Houston 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 Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2023, were \$21,222. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Revenue Anticipation Note Activity

In a prior fiscal year, Houston County issued \$200,000 in the form of revenue anticipation notes in advance of property tax and other revenue collections and deposited the proceeds in the General Debt Service Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax and other revenue collections. Houston County failed to repay interfund revenue anticipation notes in the amount of \$200,000 by year end and received approvals from the Comptroller's Division of Local Government Finance for extensions with a final maturity in fiscal year 2025. Revenue anticipation note activity for the year ended June 30, 2023, was as follows:

	Balance			Interfund
	7-1-22	Issued	Paid	Borrowing- Extended Portion
Revenue Anticipation Notes	\$ 40,000	\$ 0	\$ 0	\$ 40,000

V. OTHER INFORMATION

A. Risk Management

Primary Government

Employee Health Insurance

Houston County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to

participate. The LGGIF is included in the Annual Comprehensive Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Workers' Compensation Insurance

Houston County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under provisions of Section 29-20-401, Tennessee Code Annotated, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$500,000.

Liability, Property, and Casualty

The county is exposed to various risks related to general liability, property, and casualty losses. Houston County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$250,000 for property and \$450,000 for liability for each insured event.

Discretely Presented Houston County School Department

Employee Health Insurance

The Houston County School Department participates in the Local Education Group Insurance Fund (LEGIF), which is a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Annual Comprehensive 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.

Workers' Compensation, Liability, Property, and Casualty

The school department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The school department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance

coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

GASB Statement No. 91, *Conduit Debt Obligations*, became effective for fiscal year ending June 30, 2023. This statement clarifies what is considered conduit debt and the requirements of when to disclose liabilities and commitments concerning conduit debt.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, became effective for fiscal year ending June 30, 2023. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, became effective for fiscal year ending June 30, 2023. This standard establishes a definition for SBITAs and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. This statement also establishes criteria for the recognition of implementation costs and requires a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

GASB Statement No. 99, *Omnibus 2022*, became effective during the fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including Financial Guarantees; Derivative Instruments; Leases, PPPs, and SBITAs; LIBOR rate replacement; and other technical updates and corrections.

C. Contingent Liabilities

The county has received various federal and state grants and other assistance for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. County management is not aware of any potential disallowances and believes that reimbursements, if any, would not be material.

The county and the school department are involved in several pending lawsuits. Management estimates that the potential claims not covered by

insurance resulting from such litigation would not materially affect the financial statements.

D. Changes in Administration

On August 31, 2022, James Bridges left the Office of County Mayor and was succeeded by Joey Brake effective September 1, 2022.

Sherrill Moore, Register of Deeds, passed away on July 3, 2022, and was succeeded by Linda Lamberth effective July 18, 2022.

E. Joint Ventures

The Twenty-third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-third Judicial District; Cheatham, Dickson, Houston, Humphreys, and Stewart 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. Houston County made no contributions to the DTF for the year ended June 30, 2023.

The discretely presented school department participates in the Volunteer State Cooperative (VOLCO), which represents a cost-sharing arrangement. The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Fayetteville City, Hickman County, Houston County, Humphreys County, Manchester City, Marshall County, Maury County, Robertson County, and Stewart County. The cooperative was authorized through Title 49 of *Tennessee Code Annotated*. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Fayetteville City Schools) and a service provider to provide these services. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts; and an Executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee.

Houston County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Twenty-third Judicial District Drug Task Force and the Volunteer State Cooperative can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General
Twenty-third Judicial District Drug Task Force
P.O. Box 580
Charlotte, TN 37036

Volunteer State Cooperative
1800 Wilson Parkway
Fayetteville, TN 37334

F. Jointly Governed Organizations

The Houston-Stewart County Industrial Park Board operates an industrial park that is jointly owned by Stewart and Houston counties. The board comprises seven members. The Stewart and Houston County Commissions appoint the board members alternately (four one year and three the next year); however, the counties do not have any ongoing financial interest or responsibility for the entity. Also, the board operates in conjunction with the Houston-Stewart County Development Commission, which consists of seven board members appointed by Stewart and Houston counties. The commission was incorporated to receive and administer grant and loan funds for construction of buildings in the industrial park. The commission was declared inactive by its Board of Directors on October 25, 1990, and so remains until such time as a need develops.

The Industrial Development Board of Houston-Stewart Counties has been delegated the authority to develop, operate and maintain an industrial site located near the Stewart-Houston County line near Cumberland City, Tennessee. The board operates in conjunction with the Houston-Stewart Industrial Park Board and is comprised of eight members. The Stewart and Houston County Commissions appoint the board members; however, the counties do not have any ongoing financial interest or responsibility for the entity.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

Houston County elected not to provide a retirement plan for its employees.

Discretely Presented Houston County School Department

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Houston 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 nonservice-related disability eligibility. The service-related and nonservice-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 automatic cost of living adjustments (COLAs) 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 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 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, 2023, to the Teacher Retirement Plan were \$70,801, which is 2.87 percent of covered payroll. In addition, employer contributions of \$20,103, which is 1.13 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, 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2023, the school department reported a liability (asset) of (\$30,873) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, 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, 2022, the school department's proportion was .101915 percent. The proportion as of June 30, 2021, was .085841 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the school department recognized pension expense of \$42,186.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, 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	\$ 1,688	\$ 18,757
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	9,731	0
Changes in Assumptions	36,166	0
Changes in Proportion of Net Pension Liability (Asset)	5,759	20,367
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	70,801	N/A
Total	<u>\$ 124,145</u>	<u>\$ 39,124</u>

The school department's employer contributions of \$70,801, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) of net pension liability (asset) in the year ending June 30, 2024. 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
2024	\$ (736)
2025	(637)
2026	(2,236)
2027	14,714
2028	344
Thereafter	2,770

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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, 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 2.25 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	4.88	%	31	%
International Equity Emerging Market	5.37		14	
International Equity Private Equity and Strategic Lending	6.09		4	
U.S. Fixed Income	6.57		20	
Real Estate	1.20		20	
Short-term Securities	4.38		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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 6.75 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 (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

School Department's		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	5.75%	6.75%	7.75%

Net Pension Liability (Asset) \$ 162,063 \$ (30,873) \$ (171,775)

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 Houston 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 nonservice-related disability eligibility. The service-related and nonservice-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 automatic cost of living adjustments (COLAs) 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.

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 Houston County School Department for the year ended June 30, 2023, to the Teacher Legacy Pension Plan were \$370,370, which is 8.69 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2023, the school department reported a liability (asset) of (\$1,690,476) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, 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, 2022, the school department's proportion was .137840 percent. The proportion measured at June 30, 2021, was .141019 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the school department recognized (negative pension expense) of \$27,543.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, 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	\$ 278,077	\$ 285,639
Changes in Assumptions	1,059,002	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	28,906	0
Changes in Proportion of Net Pension Liability (Asset)	40,651	2,291
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	370,370	N/A
Total	<u>\$ 1,777,006</u>	<u>\$ 287,930</u>

The school department's employer contributions of \$370,370 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) in net pension liability (asset) in the year ending June 30, 2024. 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
2024	\$ 180,039
2025	327,694
2026	(281,259)
2027	892,232
2028	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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, 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 2.25 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	4.88	%	31	%
International Equity Emerging Market	5.37		14	
International Equity Private Equity and Strategic Lending	6.09		4	
U.S. Fixed Income	6.57		20	
Real Estate	1.20		20	
Short-term Securities	4.38		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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 6.75 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 (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ 3,348,250 \$ (1,690,476) \$ (5,887,399)

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**

Effective December 1, 2017, Houston County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401(k). All costs of administering and funding these programs are the responsibility of plan participants. The Section 401(k) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 401(k) and 457 establish participation, contribution, and withdrawal provisions for the plans.

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 \$95,516 and teachers contributed \$20,251 to this deferred compensation pension plan.

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

The discretely presented Houston County School Department provides OPEB benefits to its retirees under the state administered public entity risk pools. 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 meet the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through State Administered Public Entity Risk Pools

Retirees of the Houston County School Department are provided healthcare under a Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of the Houston County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The school department's total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2021, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.54%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 8.37% for pre-65 retirees in the 2022 calendar year, and decreasing annually over a 7-year period to an ultimate trend rate of 4.5%
Retirees Share of Benefit	
Related Cost	Discussed under each plan

The discount rate was 3.54 percent, based on an average rating of AA/Aa as shown on the Bond Buyers 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, 2022, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2021, 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, 2016 - June 30, 2020. 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 PUB-2010 Headcount-weighted employee mortality table for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement rates are headcount-weighted below median healthy annuitant and adjusted with a 6 percent load for males and a 14 percent load for females, projected generationally with MP-2020 from 2010. 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, projected generationally from 2018 with MP-2020.

Changes in Assumptions. The discount rate changed from 2.16 percent as of the beginning of the measurement period to 3.54 percent as of the measurement date of June 30, 2022. 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 2022 plan year was revised from 7.36 percent to 8.37 percent.

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

Plan Description. Employees of the Houston 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 Houston County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The Houston 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, 2022, the following employees were covered by the benefit terms:

	School Department
Inactive Employees or Beneficiaries Currently Receiving Benefits	4
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees Eligible for Benefits	95
Total	99

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 \$27,233 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Houston County School Department 61.329%	State of TN 38.671%	Total OPEB Liability
Balance July 1, 2021	\$ 1,028,918	\$ 582,663	\$ 1,611,581
Changes for the Year:			
Service Cost	\$ 54,692	\$ 34,487	\$ 89,179
Interest	22,140	13,961	36,101
Difference between Expected and Actuarial Experience	48,234	30,414	78,648
Change in Proportion	(40,557)	40,557	0
Changes in Assumption and Other Inputs	(101,654)	(64,099)	(165,753)
Benefit Payments	(36,270)	(22,870)	(59,140)
Net Changes	\$ (53,415)	\$ 32,450	\$ (20,965)
Balance June 30, 2022	\$ 975,503	\$ 615,113	\$ 1,590,616

The Houston 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 Houston 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 \$69,102 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Houston County School Department's proportionate share of the collective OPEB liability was 61.329 percent and the State of Tennessee's share was 38.671 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the school department recognized OPEB expense of \$166,320, including the state's share of the expense. At June 30, 2023, 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	\$ 208,730	\$ 146,717
Changes of Assumptions/Inputs	200,128	135,753
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors as Benefits Came Due	16,961	51,271
Benefits Paid After the Measurement Date of June 30, 2022	27,233	0
Total	<u>\$ 453,052</u>	<u>\$ 333,741</u>

The amount shown above for “Benefits Paid After the Measurement Date” will be recognized as a reduction to OPEB liability in the following measurement period.

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

Year Ending June 30	School Department
2024	\$ 20,386
2025	20,386
2026	20,386
2027	20,386
2028	20,652
Thereafter	(10,118)

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

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

<u>Discount Rate</u>	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,048,225	\$ 975,503	\$ 906,330
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 7.37 to 3.5%	Current Rate 8.37 to 4.5%	1% Increase 9.37 to 5.5%
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Proportionate Share of the Collective Total OPEB Liability	\$ 873,327	\$ 975,503	\$ 1,094,641
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I. Purchasing Laws

Office of County Mayor

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, govern purchasing procedures for the general county government. These statutes provide for purchases exceeding \$25,000 to be made after public advertisement and solicitation of competitive bids.

Office of Road Superintendent

Chapter 366, Private Acts of 1945, as amended, and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the highway department. These statutes provide for a highway commission, which includes the county mayor (who serves as chairman), the road superintendent, and three members of the county commission. The highway commission is required to authorize all purchases exceeding \$500 and to solicit competitive bids on all purchases exceeding \$25,000.

Office of Director of Schools

Purchasing procedures for the discretely presented Houston County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$25,000.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-1

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 5,607	\$ 9,000	\$ 17,557	\$ 10,381	\$ 20,434	\$ 24,313	\$ 25,025	\$ 34,982	\$ 70,801
Less: Contributions in Relation to the Contractually Required Contribution	(5,607)	(9,000)	(17,557)	(25,463)	(20,434)	(24,313)	(25,025)	(34,982)	(70,801)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (15,082)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 140,180	\$ 225,001	\$ 438,929	\$ 636,570	\$ 1,053,317	\$ 1,197,662	\$ 1,238,888	\$ 1,686,846	\$ 2,466,934
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.07%	2.87%

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

Note 2: Beginning in FY 2019, the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust (SRT).

2019: Pension - 1.94%, SRT - 2.02%

2020: Pension - 2.03%, SRT - 1.97%

2021: Pension - 2.02%, SRT - 1.98%

2022: Pension - 2.01%, SRT - 1.99%

2023: Pension - 2.87%, SRT - 1.13%

Exhibit E-2

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 476,460	\$ 457,150	\$ 455,698	\$ 446,627	\$ 454,426	\$ 488,478	\$ 497,543	\$ 475,344	\$ 467,231	\$ 370,370
Less: Contributions in Relation to the Contractually Required Contribution	(476,460)	(457,150)	(455,698)	(446,627)	(454,426)	(488,478)	(497,543)	(475,344)	(467,231)	(370,370)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 5,365,543	\$ 5,056,968	\$ 5,040,908	\$ 4,940,567	\$ 5,004,684	\$ 4,669,972	\$ 4,680,566	\$ 4,628,479	\$ 4,454,073	\$ 4,260,874
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.49%	8.69%

Exhibit E-3

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

	2015	2016	2017	2018	2019	2020	2021	2022
School Department's Proportion of the Net Pension Liability (Asset)	0.067467%	0.051137%	0.066876%	0.072844%	0.099539%	0.094909%	0.085841%	0.101915%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (2,714)	\$ (5,323)	\$ (17,642)	\$ (33,037)	\$ (56,188)	\$ (53,969)	\$ (92,984)	\$ (30,873)
Covered Payroll	\$ 140,180	\$ 225,001	\$ 438,929	\$ 636,570	\$ 1,053,317	\$ 1,197,662	\$ 1,238,888	\$ 1,686,846
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)%	(4.51)%	(7.51)%	(1.83)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%

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

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
School Department's Proportion of the Net Pension Liability (Asset)	0.136702%	0.135087%	0.139645%	0.139763%	0.142923%	0.139271%	0.140631%	0.141019%	0.137840%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (22,213)	\$ 55,336	\$ 872,705	\$ (45,728)	\$ (502,933)	\$ (1,431,959)	\$ (1,072,414)	\$ (6,082,476)	\$ (1,690,476)
Covered Payroll	\$ 5,365,543	\$ 5,056,968	\$ 5,040,908	\$ 4,940,567	\$ 5,004,684	\$ 4,669,972	\$ 4,680,566	\$ 4,628,479	\$ 4,454,073
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094255%	17.31%	(0.93)%	(10.05)%	(30.66)%	(22.91)%	(131.41)%	(37.95)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%

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

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

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 65,209	\$ 60,659	\$ 53,725	\$ 58,421	\$ 79,286	\$ 89,179
Interest	33,614	39,526	36,012	42,674	34,404	36,101
Differences Between Actual and Expected Experience	0	(147,739)	315,238	141,946	(206,867)	78,648
Changes in Assumptions or Other Inputs	(47,472)	34,317	(95,508)	159,374	267,154	(165,753)
Benefit Payments	(85,123)	(90,290)	(101,182)	(85,055)	(79,274)	(59,140)
Net Change in Total OPEB Liability	\$ (33,772)	\$ (103,527)	\$ 208,285	\$ 317,360	\$ 94,703	\$ (20,965)
Total OPEB Liability, Beginning	1,128,532	1,094,760	991,233	1,199,518	1,516,878	1,611,581
Total OPEB Liability, Ending	<u>\$ 1,094,760</u>	<u>\$ 991,233</u>	<u>\$ 1,199,518</u>	<u>\$ 1,516,878</u>	<u>\$ 1,611,581</u>	<u>\$ 1,590,616</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 393,846	\$ 351,133	\$ 447,583	\$ 530,310	\$ 582,663	\$ 615,113
Employer Proportionate Share of the Total OPEB Liability	700,914	640,100	751,935	986,568	1,028,918	975,503
Covered Employee Payroll	\$ 5,004,984	\$ 4,669,672	\$ 4,680,566	\$ 4,628,479	\$ 4,454,073	\$ 4,260,874
Net OPEB Liability as a Percentage of Covered Employee Payroll	14.00%	13.71%	16.07%	21.32%	23.10%	22.89%

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%
2020	2.21%
2021	2.16%
2022	3.54%

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

For the 2019 plan year - from 5.4% to 6.75%
For the 2020 plan year - from 6.75% to 6.03%
For the 2021 plan year - from 6.03% to 9.02%
For the 2022 plan year - from 9.02% to 7.36%
For the 2023 plan year - from 7.36% to 8.37%

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

HOUSTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2023 were calculated based on the July 1, 2021, 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	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation; averaging 4%
Investment Rate of Return	6.75%, 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 Adjustment	2.125%

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality 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.

Special Purpose Fund – The Special Purpose Fund is used to account for transactions of the county's local hospital. Local revenues are the primary financing sources of this fund.

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for transactions of the county's sale of its local hospital. Local revenues and sale proceeds are the primary financing sources of this fund.

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 accounts for general capital expenditures of the county.

Exhibit F-1

Houston County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	Special Purpose	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 642	\$ 642
Equity in Pooled Cash and Investments	1,167	231,667	11,869	0	244,703
Accounts Receivable	0	0	0	24	24
Due from Other Funds	0	0	0	0	0
Total Assets	<u>\$ 1,167</u>	<u>\$ 231,667</u>	<u>\$ 11,869</u>	<u>\$ 666</u>	<u>\$ 245,369</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 666	\$ 666
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 666</u>	<u>\$ 666</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 231,667	\$ 0	\$ 0	\$ 231,667
Restricted for Public Health and Welfare	0	0	11,869	0	11,869
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	1,167	0	0	0	1,167
Total Fund Balances	<u>\$ 1,167</u>	<u>\$ 231,667</u>	<u>\$ 11,869</u>	<u>\$ 0</u>	<u>\$ 244,703</u>
Total Liabilities and Fund Balances	<u>\$ 1,167</u>	<u>\$ 231,667</u>	<u>\$ 11,869</u>	<u>\$ 666</u>	<u>\$ 245,369</u>

(Continued)

Exhibit F-1

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

	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>		
Cash	\$ 0	\$ 642
Equity in Pooled Cash and Investments	7,128	251,831
Accounts Receivable	0	24
Due from Other Funds	40,000	40,000
Total Assets	<u>\$ 47,128</u>	<u>\$ 292,497</u>
<u>LIABILITIES</u>		
Due to Other Funds	\$ 1,663	\$ 2,329
Total Liabilities	<u>\$ 1,663</u>	<u>\$ 2,329</u>
<u>FUND BALANCES</u>		
Restricted:		
Restricted for Public Safety	\$ 0	\$ 231,667
Restricted for Public Health and Welfare	0	11,869
Restricted for Capital Projects	45,465	45,465
Committed:		
Committed for Public Health and Welfare	0	1,167
Total Fund Balances	<u>\$ 45,465</u>	<u>\$ 290,168</u>
Total Liabilities and Fund Balances	<u>\$ 47,128</u>	<u>\$ 292,497</u>

Exhibit F-2

Houston County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Special Purpose	Drug Control	Other Special Revenue	Total	General Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 196	\$ 0	\$ 0	\$ 196	\$ 0	\$ 196
Fines, Forfeitures, and Penalties	0	2,565	0	2,565	0	2,565
Other Local Revenues	0	27,758	20,239	47,997	0	47,997
Total Revenues	<u>\$ 196</u>	<u>\$ 30,323</u>	<u>\$ 20,239</u>	<u>\$ 50,758</u>	<u>\$ 0</u>	<u>\$ 50,758</u>
<u>Expenditures</u>						
Current:						
Public Safety	\$ 0	\$ 12,167	\$ 0	\$ 12,167	\$ 0	\$ 12,167
Public Health and Welfare	15,345	0	8,370	23,715	0	23,715
Other Operations	0	0	0	0	2,458	2,458
Total Expenditures	<u>\$ 15,345</u>	<u>\$ 12,167</u>	<u>\$ 8,370</u>	<u>\$ 35,882</u>	<u>\$ 2,458</u>	<u>\$ 38,340</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (15,149)</u>	<u>\$ 18,156</u>	<u>\$ 11,869</u>	<u>\$ 14,876</u>	<u>\$ (2,458)</u>	<u>\$ 12,418</u>
Net Change in Fund Balances	\$ (15,149)	\$ 18,156	\$ 11,869	\$ 14,876	\$ (2,458)	\$ 12,418
Fund Balance, July 1, 2022	<u>16,316</u>	<u>213,511</u>	<u>0</u>	<u>229,827</u>	<u>47,923</u>	<u>277,750</u>
Fund Balance, June 30, 2023	<u>\$ 1,167</u>	<u>\$ 231,667</u>	<u>\$ 11,869</u>	<u>\$ 244,703</u>	<u>\$ 45,465</u>	<u>\$ 290,168</u>

Exhibit F-3

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 196	\$ 325	\$ 325	\$ (129)
Total Revenues	\$ 196	\$ 325	\$ 325	\$ (129)
<u>Expenditures</u>				
Public Health and Welfare				
Other Local Health Services	\$ 15,345	\$ 16,575	\$ 16,575	\$ 1,230
Total Expenditures	\$ 15,345	\$ 16,575	\$ 16,575	\$ 1,230
Excess (Deficiency) of Revenues Over Expenditures	\$ (15,149)	\$ (16,250)	\$ (16,250)	\$ 1,101
Net Change in Fund Balance	\$ (15,149)	\$ (16,250)	\$ (16,250)	\$ 1,101
Fund Balance, July 1, 2022	16,316	16,301	16,316	0
Fund Balance, June 30, 2023	\$ 1,167	\$ 51	\$ 66	\$ 1,101

Exhibit F-4

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 2,565	\$ 6,000	\$ 6,000	\$ (3,435)
Other Local Revenues	27,758	50,000	50,000	(22,242)
Total Revenues	<u>\$ 30,323</u>	<u>\$ 56,000</u>	<u>\$ 56,000</u>	<u>\$ (25,677)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 12,167	\$ 208,652	\$ 208,652	\$ 196,485
Total Expenditures	<u>\$ 12,167</u>	<u>\$ 208,652</u>	<u>\$ 208,652</u>	<u>\$ 196,485</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 18,156</u>	<u>\$ (152,652)</u>	<u>\$ (152,652)</u>	<u>\$ 170,808</u>
Net Change in Fund Balance	\$ 18,156	\$ (152,652)	\$ (152,652)	\$ 170,808
Fund Balance, July 1, 2022	<u>213,511</u>	<u>209,281</u>	<u>213,511</u>	<u>0</u>
Fund Balance, June 30, 2023	<u><u>\$ 231,667</u></u>	<u><u>\$ 56,629</u></u>	<u><u>\$ 60,859</u></u>	<u><u>\$ 170,808</u></u>

Exhibit F-5

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 20,239	\$ 0	\$ 20,239	\$ 0
Total Revenues	\$ 20,239	\$ 0	\$ 20,239	\$ 0
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Local Health Services	\$ 8,370	\$ 0	\$ 20,239	\$ 11,869
Total Expenditures	\$ 8,370	\$ 0	\$ 20,239	\$ 11,869
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,869	\$ 0	\$ 0	\$ 11,869
Net Change in Fund Balance	\$ 11,869	\$ 0	\$ 0	\$ 11,869
Fund Balance, July 1, 2022	0	0	0	0
Fund Balance, June 30, 2023	\$ 11,869	\$ 0	\$ 0	\$ 11,869

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

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 637,972	\$ 624,580	\$ 624,580	\$ 13,392
Charges for Current Services	0	400,000	400,000	(400,000)
State of Tennessee	138,065	129,875	129,875	8,190
Other Governments and Citizens Groups	561,359	166,838	166,838	394,521
Total Revenues	\$ 1,337,396	\$ 1,321,293	\$ 1,321,293	\$ 16,103
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 237,603	\$ 228,167	\$ 237,603	\$ 0
Education	676,800	691,300	703,800	27,000
<u>Interest on Debt</u>				
General Government	229,301	217,098	229,244	(57)
Education	135,500	144,300	146,566	11,066
<u>Other Debt Service</u>				
General Government	12,304	15,000	15,000	2,696
Total Expenditures	\$ 1,291,508	\$ 1,295,865	\$ 1,332,213	\$ 40,705
Excess (Deficiency) of Revenues Over Expenditures	\$ 45,888	\$ 25,428	\$ (10,920)	\$ 56,808
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 14,767	\$ 14,767	\$ (14,767)
Transfers Out	0	(40,000)	(40,000)	40,000
Total Other Financing Sources	\$ 0	\$ (25,233)	\$ (25,233)	\$ 25,233
Net Change in Fund Balance	\$ 45,888	\$ 195	\$ (36,153)	\$ 82,041
Fund Balance, July 1, 2022	333,903	254,899	333,903	0
Fund Balance, June 30, 2023	\$ 379,791	\$ 255,094	\$ 297,750	\$ 82,041

Custodial Funds

Custodial Funds are used to account for assets held by the county in a custodial capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Custodial Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial fund reporting focuses on net position and changes in net position. Custodial funds are distinguished from trust funds by the absence of a trust agreement or equivalent arrangement.

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

Constitutional Officers - Custodial Fund – The Constitutional Officers - Custodial Fund is used to account for amounts collected in a custodial 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, litigants, heirs, and others.

Exhibit H-1

Houston County, Tennessee
Combining Statement of Net Position
Custodial Funds
June 30, 2023

	Custodial Funds			
	Cities -	Constitu -		
	Sales	tional		
	Tax	Officers -		
		Custodial	Total	
<u>ASSETS</u>				
Cash	\$	0	\$	328,939
Due from Other Governments		140,817		0
Total Assets	\$	140,817	\$	328,939
			\$	469,756
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$	140,817	\$	0
Total Liabilities	\$	140,817	\$	0
<u>NET POSITION</u>				
Restricted for Individuals, Organizations, and Other Governments	\$	0	\$	328,939
Total Net Position	\$	0	\$	328,939

Houston County, Tennessee
Combining Statement of Changes in Custodial Net Position
Custodial Funds
For the Year Ended June 30, 2023

	Custodial Funds		
	Cities - Sales Tax	Constitu - tional Officers - Custodial	Total
<u>Additions</u>			
Sales Tax Collections for Other Governments	\$ 779,669	\$ 0	\$ 779,669
Fines/Fees and Other Collections	0	2,170,541	2,170,541
Total Additions	\$ 779,669	\$ 2,170,541	\$ 2,950,210
<u>Deductions</u>			
Payment of Sales Tax Collections for Other Governments	\$ 779,669	\$ 0	\$ 779,669
Payments to State	0	965,416	965,416
Payments to Cities, Individuals, and Others	0	1,138,551	1,138,551
Total Deductions	\$ 779,669	\$ 2,103,967	\$ 2,883,636
Change in Net Position	\$ 0	\$ 66,574	\$ 66,574
Net Position July 1, 2022	0	262,365	262,365
Net Position June 30, 2023	\$ 0	\$ 328,939	\$ 328,939

Houston County School Department

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

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

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

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

Internal School Fund – The Internal School Fund is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

Exhibit I-1

Houston County, Tennessee
Statement of Activities
Discretely Presented Houston County School Department
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 8,487,892	\$ 9,894	\$ 1,636,110	\$ 1,059,785	\$ (5,782,103)
Support Services	5,079,793	19,549	638,898	0	(4,421,346)
Operation of Non-instructional Services	2,064,209	232,084	1,814,977	0	(17,148)
Total Governmental Activities	<u>\$ 15,631,894</u>	<u>\$ 261,527</u>	<u>\$ 4,089,985</u>	<u>\$ 1,059,785</u>	<u>\$ (10,220,597)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 697,525
Local Option Sales Taxes					1,058,668
Business Tax					26,323
Grants and Contributions Not Restricted to Specific Programs					9,424,236
Unrestricted Investment Income					74,759
Miscellaneous					64,132
Total General Revenues					<u>\$ 11,345,643</u>
Change in Net Position					\$ 1,125,046
Net Position, July 1, 2022					<u>14,075,317</u>
Net Position, June 30, 2023					<u>\$ 15,200,363</u>

Exhibit I-2

Houston County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Houston County School Department
June 30, 2023

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 714	\$ 333,612	\$ 334,326
Equity in Pooled Cash and Investments	3,615,172	483,832	653,621	0	4,752,625
Due from Other Governments	402,482	30,455	11,344	0	444,281
Property Taxes Receivable	370,190	0	0	0	370,190
Allowance for Uncollectible Property Taxes	(12,093)	0	0	0	(12,093)
Accrued Interest Receivable	35,321	0	1,859	0	37,180
Restricted Assets	130,854	0	0	0	130,854
Total Assets	\$ 4,541,926	\$ 514,287	\$ 667,538	\$ 333,612	\$ 6,057,363
<u>LIABILITIES</u>					
Accounts Payable	\$ 10,903	\$ 2,105	\$ 0	\$ 0	\$ 13,008
Payroll Deductions Payable	102,603	12,182	6,874	0	121,659
Total Liabilities	\$ 113,506	\$ 14,287	\$ 6,874	\$ 0	\$ 134,667
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 331,635	\$ 0	\$ 0	\$ 0	\$ 331,635
Deferred Delinquent Property Taxes	23,326	0	0	0	23,326
Other Deferred/Unavailable Revenue	128,144	0	1,668	0	129,812
Total Deferred Inflows of Resources	\$ 483,105	\$ 0	\$ 1,668	\$ 0	\$ 484,773
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 5,749	\$ 0	\$ 0	\$ 333,612	\$ 339,361

(Continued)

Exhibit I-2

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

	Major Funds			Nonmajor Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total Governmental Funds
<u>FUND BALANCES (Cont.)</u>					
Restricted (Cont.):					
Restricted for Operation of Non-instructional Services	\$ 0	\$ 0	\$ 658,996	\$ 0	\$ 658,996
Restricted for Hybrid Retirement Stabilization Funds	130,854	0	0	0	130,854
Committed:					
Committed for Education	2,639,469	0	0	0	2,639,469
Assigned:					
Assigned for Education	0	500,000	0	0	500,000
Unassigned	1,169,243	0	0	0	1,169,243
Total Fund Balances	<u>\$ 3,945,315</u>	<u>\$ 500,000</u>	<u>\$ 658,996</u>	<u>\$ 333,612</u>	<u>\$ 5,437,923</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,541,926</u>	<u>\$ 514,287</u>	<u>\$ 667,538</u>	<u>\$ 333,612</u>	<u>\$ 6,057,363</u>

Exhibit I-3

Houston County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Houston County School Department
June 30, 2023

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)		\$	5,437,923
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	483,220	
Add: construction in progress		1,059,785	
Add: buildings and improvements net of accumulated depreciation		4,655,842	
Add: other capital assets net of accumulated depreciation		<u>971,201</u>	7,170,048
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: net OPEB liability			(975,503)
(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	\$	1,901,151	
Less: deferred inflows of resources related to pensions		(327,054)	
Add: deferred outflows of resources related to OPEB		453,052	
Less: deferred inflows of resources related to OPEB		<u>(333,741)</u>	1,693,408
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - teacher retirement plan	\$	30,873	
Add: net pension asset - teacher legacy pension plan		<u>1,690,476</u>	1,721,349
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>153,138</u>
Net position of governmental activities (Exhibit A)		\$	<u>15,200,363</u>

Exhibit I-4

Houston County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Houston County School Department
For the Year Ended June 30, 2023

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	
<u>Revenues</u>					
Local Taxes	\$ 1,803,168	\$ 0	\$ 0	\$ 0	\$ 1,803,168
Licenses and Permits	540	0	0	0	540
Charges for Current Services	29,443	0	232,084	0	261,527
Other Local Revenues	81,988	0	6,906	789,958	878,852
State of Tennessee	10,005,707	0	606	0	10,006,313
Federal Government	138,208	2,895,225	687,107	0	3,720,540
Total Revenues	\$ 12,059,054	\$ 2,895,225	\$ 926,703	\$ 789,958	\$ 16,670,940
<u>Expenditures</u>					
Current:					
Instruction	\$ 6,255,298	\$ 1,456,084	\$ 0	\$ 0	\$ 7,711,382
Support Services	5,024,531	377,489	0	0	5,402,020
Operation of Non-Instructional Services	395,816	1,867	889,508	761,152	2,048,343
Capital Outlay	113,123	1,059,785	0	0	1,172,908
Debt Service:					
Other Debt Service	525,010	0	0	0	525,010
Total Expenditures	\$ 12,313,778	\$ 2,895,225	\$ 889,508	\$ 761,152	\$ 16,859,663
Excess (Deficiency) of Revenues Over Expenditures	\$ (254,724)	\$ 0	\$ 37,195	\$ 28,806	\$ (188,723)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 165,620	\$ 0	\$ 0	\$ 0	\$ 165,620
Total Other Financing Sources (Uses)	\$ 165,620	\$ 0	\$ 0	\$ 0	\$ 165,620
Net Change in Fund Balances	\$ (89,104)	\$ 0	\$ 37,195	\$ 28,806	\$ (23,103)
Fund Balance, July 1, 2022	4,034,419	500,000	621,801	304,806	5,461,026
Fund Balance, June 30, 2023	\$ 3,945,315	\$ 500,000	\$ 658,996	\$ 333,612	\$ 5,437,923

Exhibit I-5

Houston County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Houston County School Department
For the Year Ended June 30, 2023

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)		\$	(23,103)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,272,076	
Less: current-year depreciation expense		<u>(474,501)</u>	797,575
(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, 2023	\$	153,138	
Less: deferred delinquent property taxes and other deferred June 30, 2022		<u>(115,018)</u>	38,120
(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 net pension asset - teacher retirement plan	\$	(62,111)	
Change in net pension asset - teacher legacy pension plan		(4,392,000)	
Change in deferred outflows related to pensions		(280,481)	
Change in deferred inflows related to pensions		5,117,031	
Change in net OPEB liability		53,415	
Change in deferred outflows related to OPEB		(51,756)	
Change in deferred inflows related to OPEB		<u>(71,644)</u>	312,454
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,125,046</u>

Exhibit I-6

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Houston County School Department
General Purpose School Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,803,168	\$ 1,376,930	\$ 1,376,930	\$ 426,238
Licenses and Permits	540	500	500	40
Charges for Current Services	29,443	23,000	23,000	6,443
Other Local Revenues	81,988	60,700	60,700	21,288
State of Tennessee	10,005,707	10,075,855	10,301,240	(295,533)
Federal Government	138,208	30,000	30,000	108,208
Total Revenues	\$ 12,059,054	\$ 11,566,985	\$ 11,792,370	\$ 266,684
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 5,220,295	\$ 5,740,952	\$ 5,788,105	\$ 567,810
Special Education Program	635,113	731,289	731,289	96,176
Career and Technical Education Program	399,890	482,621	591,621	191,731
<u>Support Services</u>				
Attendance	25,497	26,520	26,520	1,023
Health Services	182,762	206,809	210,666	27,904
Other Student Support	285,565	414,569	362,274	76,709
Regular Instruction Program	481,093	516,829	516,829	35,736
Alternative Instruction Program	74,022	79,574	79,574	5,552
Special Education Program	181,483	184,815	184,815	3,332
Technology	310,233	336,065	355,765	45,532
Other Programs	21,222	0	21,222	0
Board of Education	405,204	396,930	440,850	35,646
Director of Schools	247,100	256,310	256,310	9,210
Office of the Principal	754,363	766,716	786,951	32,588
Fiscal Services	155,046	160,256	162,667	7,621
Operation of Plant	867,827	885,971	888,125	20,298
Maintenance of Plant	220,867	239,885	239,885	19,018
Transportation	812,247	800,356	865,299	53,052
<u>Operation of Non-Instructional Services</u>				
Food Service	51,902	42,145	53,345	1,443
Community Services	26,487	29,611	29,611	3,124
Early Childhood Education	317,427	316,224	318,629	1,202
<u>Capital Outlay</u>				
Regular Capital Outlay	113,123	175,000	264,749	151,626
<u>Principal on Debt</u>				
Education	0	521,000	0	0
<u>Interest on Debt</u>				
Education	0	5,000	0	0
<u>Other Debt Service</u>				
Education	525,010	0	526,000	990
Total Expenditures	\$ 12,313,778	\$ 13,315,447	\$ 13,701,101	\$ 1,387,323
Excess (Deficiency) of Revenues Over Expenditures	\$ (254,724)	\$ (1,748,462)	\$ (1,908,731)	\$ 1,654,007
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 165,620	\$ 1,000	\$ 161,269	\$ 4,351
Total Other Financing Sources	\$ 165,620	\$ 1,000	\$ 161,269	\$ 4,351
Net Change in Fund Balance	\$ (89,104)	\$ (1,747,462)	\$ (1,747,462)	\$ 1,658,358
Fund Balance, July 1, 2022	4,034,419	3,218,822	4,034,419	0
Fund Balance, June 30, 2023	\$ 3,945,315	\$ 1,471,360	\$ 2,286,957	\$ 1,658,358

Exhibit I-7

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Houston County School Department
School Federal Projects Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,895,225	\$ 856,913	\$ 5,875,124	\$ (2,979,899)
Total Revenues	<u>\$ 2,895,225</u>	<u>\$ 856,913</u>	<u>\$ 5,875,124</u>	<u>\$ (2,979,899)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,033,414	\$ 452,490	\$ 1,644,238	\$ 610,824
Special Education Program	353,026	335,030	411,618	58,592
Career and Technical Education Program	69,644	14,015	1,519,718	1,450,074
<u>Support Services</u>				
Other Student Support	73,967	8,700	283,367	209,400
Regular Instruction Program	169,390	26,595	243,699	74,309
Special Education Program	40,190	10,813	70,292	30,102
Career and Technical Education Program	2,503	1,700	2,503	0
Office of the Principal	6,959	0	22,737	15,778
Fiscal Services	0	0	56,200	56,200
Operation of Plant	23,354	0	25,000	1,646
Transportation	61,126	7,570	87,121	25,995
<u>Operation of Non-Instructional Services</u>				
Food Service	1,867	0	16,465	14,598
<u>Capital Outlay</u>				
Regular Capital Outlay	1,059,785	0	1,492,166	432,381
Total Expenditures	<u>\$ 2,895,225</u>	<u>\$ 856,913</u>	<u>\$ 5,875,124</u>	<u>\$ 2,979,899</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2022	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>
Fund Balance, June 30, 2023	<u><u>\$ 500,000</u></u>	<u><u>\$ 500,000</u></u>	<u><u>\$ 500,000</u></u>	<u><u>\$ 0</u></u>

Exhibit I-8

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Houston County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 232,084	\$ 285,000	\$ 285,000	\$ (52,916)
Other Local Revenues	6,906	5,000	5,000	1,906
State of Tennessee	606	1,000	1,000	(394)
Federal Government	687,107	569,000	609,956	77,151
Total Revenues	<u>\$ 926,703</u>	<u>\$ 860,000</u>	<u>\$ 900,956</u>	<u>\$ 25,747</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 889,508	\$ 825,000	\$ 872,376	\$ (17,132)
Total Expenditures	<u>\$ 889,508</u>	<u>\$ 825,000</u>	<u>\$ 872,376</u>	<u>\$ (17,132)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 37,195</u>	<u>\$ 35,000</u>	<u>\$ 28,580</u>	<u>\$ 8,615</u>
Net Change in Fund Balance	\$ 37,195	\$ 35,000	\$ 28,580	\$ 8,615
Fund Balance, July 1, 2022	<u>621,801</u>	<u>293,573</u>	<u>621,801</u>	<u>0</u>
Fund Balance, June 30, 2023	<u><u>\$ 658,996</u></u>	<u><u>\$ 328,573</u></u>	<u><u>\$ 650,381</u></u>	<u><u>\$ 8,615</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Houston County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-22	Paid and/or Matured During Period	Outstanding 6-30-23
<u>NOTES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment	\$ 255,000	3.35	%	2-27-13	3-21-23	\$ 29,008	\$ 29,008	\$ 0
Highway Department Capital Outlay Notes, Series 2022	447,000	1.97		1-13-22	2-1-29	447,000	60,000	387,000
Total Payable through Highway/Public Works Fund						<u>\$ 476,008</u>	<u>\$ 89,008</u>	<u>\$ 387,000</u>
<u>Payable through General Debt Service Fund</u>								
Board of Education Capital Outlay Notes, Series 2016	150,000	2.98		5-26-16	5-26-28	\$ 75,000	\$ 12,500	\$ 62,500
Danville Park	250,000	3.59		4-10-17	4-10-23	41,665	41,665	0
Convenience Center Equipment	330,000	4.95		5-6-19	5-6-29	231,000	33,000	198,000
Communications Tower	324,000	3.15		9-30-20	9-30-26	297,000	27,000	270,000
Total Payable through General Debt Service Fund						<u>\$ 644,665</u>	<u>\$ 114,165</u>	<u>\$ 530,500</u>
Total Notes Payable						<u>\$ 1,120,673</u>	<u>\$ 203,173</u>	<u>\$ 917,500</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Construction	10,000,000	variable		1-31-00	5-25-27	\$ 3,325,000	\$ 556,000	\$ 2,769,000
Energy Efficient School Initiative	646,620	0.75		4-26-18	4-26-24	300,160	108,300	191,860
Total Other Loans Payable						<u>\$ 3,625,160</u>	<u>\$ 664,300</u>	<u>\$ 2,960,860</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bond, Series 2015	7,500,000	3.125		9-14-15	9-14-52	\$ 6,684,464	\$ 135,938	\$ 6,548,526
Total Bonds Payable						<u>\$ 6,684,464</u>	<u>\$ 135,938</u>	<u>\$ 6,548,526</u>

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2024	\$ 133,500	\$ 27,819	\$ 161,319
2025	135,500	23,755	159,255
2026	136,500	19,637	156,137
2027	299,500	15,519	315,019
2028	111,500	6,288	117,788
2029	101,000	2,973	103,973
Total	\$ 917,500	\$ 95,991	\$ 1,013,491

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2024	\$ 693,116	\$ 87,798	\$ 37,651	\$ 818,565
2025	695,744	68,709	29,767	794,220
2026	644,000	49,204	21,492	714,696
2027	928,000	29,046	12,798	969,844
Total	\$ 2,960,860	\$ 234,757	\$ 101,708	\$ 3,297,325

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 140,650	\$ 202,250	\$ 342,900
2025	145,050	197,850	342,900
2026	149,700	193,200	342,900
2027	154,500	188,400	342,900
2028	159,300	183,600	342,900
2029	164,400	178,500	342,900
2030	169,550	173,350	342,900
2031	174,950	167,950	342,900
2032	180,500	162,400	342,900
2033	186,200	156,700	342,900
2034	192,100	150,800	342,900
2035	198,250	144,650	342,900
2036	204,450	138,450	342,900
2037	210,950	131,950	342,900
2038	217,750	125,150	342,900
2039	224,400	118,500	342,900
2040	231,600	111,300	342,900
2041	238,900	104,000	342,900
2042	246,600	96,300	342,900
2043	254,450	88,450	342,900
2044	262,500	80,400	342,900
2045	270,800	72,100	342,900
2046	279,450	63,450	342,900
2047	288,300	54,600	342,900
2048	297,350	45,550	342,900
2049	306,900	36,000	342,900
2050	316,550	26,350	342,900
2051	326,550	16,350	342,900
2052	336,900	6,000	342,900
2053	18,976	0	18,976
Total	\$ 6,548,526	\$ 3,414,550	\$ 9,963,076

Exhibit J-3

Houston County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2023

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Other General Government	General	American Rescue Plan Act funds	\$ 1,342,948
"	Solid Waste/Sanitation	"	<u>250,000</u>
Total Transfers			<u><u>\$ 1,592,948</u></u>

Houston County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Houston County School Department
For the Year Ended June 30, 2023

Official	Authorization	Bond	Surety
County Mayor - James Bridges (7/1/22-8/31/22)	Section 8-24-102, <i>TCA</i>	\$ (1)	Local Government Property and Casualty Fund
Base salary/Total compensation	\$ 14,802		
County Mayor - Joey Brake (9/1/22 - 6/30/23)	Section 8-24-102, <i>TCA</i>	(1)	Local Government Property and Casualty Fund
Base salary/Total compensation	\$ 74,013		
Total County Mayor compensation	\$ 88,815		
Road Superintendent	Section 8-24-102, <i>TCA</i>	(1)	Local Government Property and Casualty Fund
Base salary/Total compensation	\$ 84,586		
Director of Schools	State Board of Education and County Board of Education	(1)	Tennessee Risk Management Trust
Base salary	\$ 103,536		
Chief executive officer training supplement	1,000		
Total compensation	\$ 104,536		
Trustee	Section 8-24-102, <i>TCA</i>	(1)	Local Government Property and Casualty Fund
Base salary/Total compensation	\$ 76,896		
Assessor of Property	Section 8-24-102, <i>TCA</i>	(1)	Local Government Property and Casualty Fund
Base salary/Total compensation	\$ 76,896		
County Clerk	Section 8-24-102, <i>TCA</i>	(1)	Local Government Property and Casualty Fund
Base salary/Total compensation	\$ 76,896		
Circuit, General Sessions and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	(1)	Local Government Property and Casualty Fund
Base salary/Total compensation	\$ 76,896		
Clerk and Master	Section 8-24-102, <i>TCA</i>	150,000 (1)	Auto-Owners Insurance Company and Local Government Property and Casualty Fund
Base salary/Total compensation	\$ 76,896		
Register of Deeds - Sherrill Moore (7/1/22-7/3/22)	Section 8-24-102, <i>TCA</i>	(1)	Local Government Property and Casualty Fund
Base salary/Total compensation	\$ 632		
Register of Deeds - Linda Lamberth (7/18/22-6/30/23)	Section 8-24-102, <i>TCA</i>	(1)	Local Government Property and Casualty Fund
Base salary/Total compensation	\$ 67,284		
Total Register of Deeds compensation	\$ 67,916		
Sheriff	Section 8-24-102, <i>TCA</i>	(1)	Local Government Property and Casualty Fund
Base salary	\$ 84,586		
Law enforcement training supplement	800		
Total compensation	\$ 85,386		
Employee Blanket Bonds:			
Employee Fidelity - County Departments		400,000	Local Government Property and Casualty Fund
Employee Fidelity - School Department		400,000	Tennessee Risk Management Trust

(1) Official is under the employee fidelity insurance coverage.

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2023

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Other General Government	Other Special Revenue
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,943,420	\$ 562,858	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(28,060)	(5,379)	0	0	0	0
Trustee's Collections - Prior Year	111,579	9,943	196	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	53,863	5,068	0	0	0	0
Interest and Penalty	22,160	2,494	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	418	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	20,012	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	276,136	0	0	0	0	0
Hotel/Motel Tax	29,914	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	12,782	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	24,743	0	0	0	0	0
Mixed Drink Tax	0	834	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	36,218	0	0	0	0	0
Wholesale Beer Tax	28,819	0	0	0	0	0
Other Statutory Local Taxes	0	3,352	0	0	0	0
Total Local Taxes	\$ 3,532,004	\$ 579,170	\$ 196	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 695	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,190	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Other General Government	Other Special Revenue
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Drug Control Fines	\$ 0	\$ 0	\$ 0	998	\$ 0	0
Jail Fees	182	0	0	0	0	0
Data Entry Fee - Circuit Court	190	0	0	0	0	0
Courtroom Security Fee	4	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	5,311	0	0	0	0	0
Officers Costs	9,331	0	0	0	0	0
Game and Fish Fines	34	0	0	0	0	0
Drug Control Fines	0	0	0	1,567	0	0
Jail Fees	1,578	0	0	0	0	0
Data Entry Fee - General Sessions Court	1,700	0	0	0	0	0
Courtroom Security Fee	290	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	431	0	0	0	0	0
Officers Costs	750	0	0	0	0	0
Data Entry Fee - Juvenile Court	962	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,462	0	0	0	0	0
Data Entry Fee - Chancery Court	2,906	0	0	0	0	0
Courtroom Security Fee	423	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 27,439	\$ 0	\$ 0	2,565	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - State	\$ 22,491	\$ 0	\$ 0	0	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Other General Government	Other Special Revenue
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Solid Waste Disposal Fee	\$ 0	\$ 950	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	25,816	0	0	0	0	0
<u>Fees</u>						
Airport Fees	5,250	0	0	0	0	0
Copy Fees	146	0	0	0	0	0
Library Fees	956	0	0	0	0	0
Archives and Records Management Fee	19,098	0	0	0	0	0
Telephone Commissions	7,415	0	0	0	0	0
Data Processing Fee - Register	3,484	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,400	0	0	0	0	0
Data Processing Fee - County Clerk	174	0	0	0	0	0
Total Charges for Current Services	\$ 87,230	\$ 950	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 294	\$ 0
Lease/Rentals	26,461	0	0	0	0	0
Commissary Sales	5,755	0	0	0	0	0
Sale of Recycled Materials	0	16,539	0	0	0	0
Miscellaneous Refunds	77,822	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	4,100	0	0	27,758	0	0
Sale of Property	44,689	902	0	0	0	20,239
<u>Other Local Revenues</u>						
Other Local Revenues	22,560	0	0	0	0	0
Total Other Local Revenues	\$ 181,387	\$ 17,441	\$ 0	\$ 27,758	\$ 294	\$ 20,239

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Other General Government	Other Special Revenue
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 10,316	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Officials	2,258	0	0	0	0	0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	97,128	0	0	0	0	0
Circuit Court Clerk	8,558	0	0	0	0	0
General Sessions Court Clerk	75,722	0	0	0	0	0
Clerk and Master	43,601	0	0	0	0	0
Juvenile Court Clerk	9,757	0	0	0	0	0
Register	46,145	0	0	0	0	0
Sheriff	4,045	0	0	0	0	0
Trustee	165,357	0	0	0	0	0
Total Fees Received From County Officials	\$ 462,887	\$ 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	21,866	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	4,800	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	23,876	0	0	0	0	0
<u>Other State Revenues</u>						
Resort District Sales Tax	41,527	0	0	0	0	0
Beer Tax	8,757	10,443	0	0	0	0
Alcoholic Beverage Tax	0	31,214	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Other General Government	Other Special Revenue
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Opioid Settlement Funds - TN Abatement Council	\$ 49,597	\$ 0	\$ 0	\$ 0	\$ 0	0
State Revenue Sharing - T.V.A.	175,657	0	0	0	0	0
State Revenue Sharing - Telecommunications	25,958	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	9,341	0	0	0	0	0
Contracted Prisoner Boarding	112,046	0	0	0	0	0
Gasoline and Motor Fuel Tax	17,747	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	569,990	0	0	0	0	0
Other State Revenues	130,093	0	0	0	0	0
Total State of Tennessee	\$ 1,215,419	\$ 41,657	\$ 0	\$ 0	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Disaster Relief	0	0	0	0	0	0
Homeland Security Grants	23,564	0	0	0	0	0
Law Enforcement Grants	4,725	0	0	0	0	0
American Rescue Plan Act Grant #1	0	0	0	0	1,592,948	0
Other Federal through State	25,000	0	0	0	0	0
Total Federal Government	\$ 53,289	\$ 0	\$ 0	\$ 0	1,592,948	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 89,730	\$ 0	\$ 0	\$ 0	\$ 0	0
Contracted Services	17,825	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Other General Government	Other Special Revenue
<u>Other Governments and Citizens Groups (Cont.)</u>						
<u>Citizens Groups</u>						
Donations	\$ 2,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other</u>						
Opioid Settlement Funds - Past Remediation	23,195	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 132,875</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 5,692,530</u>	<u>\$ 639,218</u>	<u>\$ 196</u>	<u>\$ 30,323</u>	<u>\$ 1,593,242</u>	<u>\$ 20,239</u>

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	
	Highway / Public Works	General Debt Service	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 13,724	\$ 82,442	\$ 3,602,444
Discount on Property Taxes	(131)	(782)	(34,352)
Trustee's Collections - Prior Year	495	7,699	129,912
Circuit Clerk/Clerk and Master Collections - Prior Years	171	3,568	62,670
Interest and Penalty	100	1,308	26,062
Payments in-Lieu-of Taxes - T.V.A.	0	0	418
Payments in-Lieu-of Taxes - Local Utilities	0	0	20,012
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	276,136
Hotel/Motel Tax	0	0	29,914
Wheel Tax	0	538,739	538,739
Litigation Tax - General	0	0	12,782
Litigation Tax - Jail, Workhouse, or Courthouse	0	4,998	4,998
Business Tax	0	0	24,743
Mixed Drink Tax	0	0	834
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	36,218
Wholesale Beer Tax	0	0	28,819
Other Statutory Local Taxes	0	0	3,352
Total Local Taxes	\$ 14,359	\$ 637,972	\$ 4,763,701
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	\$ 695
Officers Costs	0	0	1,190

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	
	Highway / Public Works	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Circuit Court (Cont.)</u>			
Drug Control Fines	\$ 0	\$ 0	\$ 998
Jail Fees	0	0	182
Data Entry Fee - Circuit Court	0	0	190
Courtroom Security Fee	0	0	4
<u>General Sessions Court</u>			
Fines	0	0	5,311
Officers Costs	0	0	9,331
Game and Fish Fines	0	0	34
Drug Control Fines	0	0	1,567
Jail Fees	0	0	1,578
Data Entry Fee - General Sessions Court	0	0	1,700
Courtroom Security Fee	0	0	290
<u>Juvenile Court</u>			
Fines	0	0	431
Officers Costs	0	0	750
Data Entry Fee - Juvenile Court	0	0	962
<u>Chancery Court</u>			
Officers Costs	0	0	1,462
Data Entry Fee - Chancery Court	0	0	2,906
Courtroom Security Fee	0	0	423
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 30,004
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Surcharge - State	\$ 0	\$ 0	\$ 22,491

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	
	Highway / Public Works	General Debt Service	Total
<u>Charges for Current Services (Cont.)</u>			
<u>General Service Charges (Cont.)</u>			
Solid Waste Disposal Fee	\$ 0	\$ 0	\$ 950
Patient Charges	0	0	25,816
<u>Fees</u>			
Airport Fees	0	0	5,250
Copy Fees	0	0	146
Library Fees	0	0	956
Archives and Records Management Fee	0	0	19,098
Telephone Commissions	0	0	7,415
Data Processing Fee - Register	0	0	3,484
Sexual Offender Registration Fee - Sheriff	0	0	2,400
Data Processing Fee - County Clerk	0	0	174
Total Charges for Current Services	\$ 0	\$ 0	\$ 88,180
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 294
Lease/Rentals	0	0	26,461
Commissary Sales	0	0	5,755
Sale of Recycled Materials	0	0	16,539
Miscellaneous Refunds	1,983	0	79,805
<u>Nonrecurring Items</u>			
Sale of Equipment	28,200	0	60,058
Sale of Property	0	0	65,830
<u>Other Local Revenues</u>			
Other Local Revenues	0	0	22,560
Total Other Local Revenues	\$ 30,183	\$ 0	\$ 277,302

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	
	Highway / Public Works	General Debt Service	Total
<hr/>			
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
County Clerk	\$ 0	\$ 0	\$ 10,316
Other Officials	0	0	2,258
<u>Fees In-Lieu-of Salary</u>			
County Clerk	0	0	97,128
Circuit Court Clerk	0	0	8,558
General Sessions Court Clerk	0	0	75,722
Clerk and Master	0	0	43,601
Juvenile Court Clerk	0	0	9,757
Register	0	0	46,145
Sheriff	0	0	4,045
Trustee	0	0	165,357
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 462,887</u>
<hr/>			
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	0	0	21,866
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	4,800
<u>Public Works Grants</u>			
Litter Program	0	0	23,876
<u>Other State Revenues</u>			
Resort District Sales Tax	0	68,545	110,072
Beer Tax	0	0	19,200
Alcoholic Beverage Tax	0	0	31,214

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	
	Highway / Public Works	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Opioid Settlement Funds - TN Abatement Council	\$ 0	\$ 0	\$ 49,597
State Revenue Sharing - T.V.A.	0	35,000	210,657
State Revenue Sharing - Telecommunications	0	0	25,958
State Shared Sports Gaming Privilege Tax	0	0	9,341
Contracted Prisoner Boarding	0	34,520	146,566
Gasoline and Motor Fuel Tax	1,885,764	0	1,903,511
Petroleum Special Tax	5,488	0	5,488
Registrar's Salary Supplement	0	0	15,164
Other State Grants	11,063	0	581,053
Other State Revenues	0	0	130,093
Total State of Tennessee	<u>\$ 1,902,315</u>	<u>\$ 138,065</u>	<u>\$ 3,297,456</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA - Other	\$ 96,536	\$ 0	\$ 96,536
Disaster Relief	203,604	0	203,604
Homeland Security Grants	0	0	23,564
Law Enforcement Grants	0	0	4,725
American Rescue Plan Act Grant #1	0	0	1,592,948
Other Federal through State	0	0	25,000
Total Federal Government	<u>\$ 300,140</u>	<u>\$ 0</u>	<u>\$ 1,946,377</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$ 561,359	\$ 651,089
Contracted Services	0	0	17,825

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	
	Highway / Public Works	General Debt Service	Total
<hr/>			
<u>Other Governments and Citizens Groups (Cont.)</u>			
<u>Citizens Groups</u>			
Donations	\$ 0	\$ 0	\$ 2,125
<u>Other</u>			
Opioid Settlement Funds - Past Remediation	0	0	23,195
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 561,359</u>	<u>\$ 694,234</u>
 Total	 <u>\$ 2,246,997</u>	 <u>\$ 1,337,396</u>	 <u>\$ 11,560,141</u>

Exhibit J-6

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Houston County School Department
For the Year Ended June 30, 2023

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 664,900	\$ 0	\$ 0	\$ 0	\$ 664,900
Discount on Property Taxes	(6,341)	0	0	0	(6,341)
Trustee's Collections - Prior Year	24,003	0	0	0	24,003
Circuit Clerk/Clerk and Master Collections - Prior Years	8,307	0	0	0	8,307
Interest and Penalty	4,810	0	0	0	4,810
Payments in-Lieu-of Taxes - T.V.A.	628	0	0	0	628
Payments in-Lieu-of Taxes - Local Utilities	29,895	0	0	0	29,895
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,049,823	0	0	0	1,049,823
Business Tax	27,143	0	0	0	27,143
Total Local Taxes	<u>\$ 1,803,168</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,803,168</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 540	\$ 0	\$ 0	\$ 0	\$ 540
Total Licenses and Permits	<u>\$ 540</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 540</u>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 9,894	\$ 0	\$ 0	\$ 0	\$ 9,894
Lunch Payments - Children	0	0	148,284	0	148,284
Lunch Payments - Adults	0	0	23,272	0	23,272
Income from Breakfast	0	0	32,600	0	32,600
A la Carte Sales	0	0	27,928	0	27,928

(Continued)

Exhibit J-6

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Receipts from Individual Schools	\$ 19,549	\$ 0	\$ 0	\$ 0	\$ 19,549
Total Charges for Current Services	\$ 29,443	\$ 0	\$ 232,084	\$ 0	\$ 261,527
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 45,915	\$ 0	\$ 2,007	\$ 0	\$ 47,922
Miscellaneous Refunds	1,177	0	4,899	0	6,076
<u>Nonrecurring Items</u>					
Sale of Equipment	11,506	0	0	0	11,506
Damages Recovered from Individuals	90	0	0	0	90
Contributions and Gifts	23,300	0	0	0	23,300
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	789,958	789,958
Total Other Local Revenues	\$ 81,988	\$ 0	\$ 6,906	\$ 789,958	\$ 878,852
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 21,222	\$ 0	\$ 0	\$ 0	\$ 21,222
<u>State Education Funds</u>					
Basic Education Program	9,075,950	0	0	0	9,075,950
Early Childhood Education	317,427	0	0	0	317,427
School Food Service	5,452	0	606	0	6,058
Other State Education Funds	30,438	0	0	0	30,438
Coordinated School Health	86,263	0	0	0	86,263

(Continued)

Exhibit J-6

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Family Resource Centers	\$ 26,486	\$ 0	\$ 0	\$ 0	\$ 26,486
Career Ladder Program	20,663	0	0	0	20,663
Other Vocational	18,508	0	0	0	18,508
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	263,485	0	0	0	263,485
Other State Grants	112,881	0	0	0	112,881
Safe Schools	26,932	0	0	0	26,932
Total State of Tennessee	\$ 10,005,707	\$ 0	\$ 606	\$ 0	\$ 10,006,313
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 399,319	\$ 0	\$ 399,319
USDA - Commodities	0	0	81,210	0	81,210
Breakfast	0	0	163,025	0	163,025
USDA - Other	0	0	43,553	0	43,553
Vocational Education - Basic Grants to States	0	78,773	0	0	78,773
Title I Grants to Local Education Agencies	0	390,364	0	0	390,364
Special Education - Grants to States	0	350,695	0	0	350,695
Special Education Preschool Grants	0	15,220	0	0	15,220
Rural Education	0	43,560	0	0	43,560
Eisenhower Professional Development State Grants	0	32,305	0	0	32,305
Medicaid	46,460	0	0	0	46,460
COVID-19 Grant B	0	367,305	0	0	367,305
COVID-19 Grant C	0	1,441,199	0	0	1,441,199

(Continued)

Exhibit J-6

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
Federal Government (Cont.)					
<u>Federal Through State (Cont.)</u>					
COVID-19 Grant D	\$ 0	\$ 51,000	\$ 0	\$ 0	\$ 51,000
COVID-19 Grant E	0	90,796	0	0	90,796
American Rescue Plan Act Grant #2	0	29,125	0	0	29,125
American Rescue Plan Act Grant #3	0	4,883	0	0	4,883
Other Federal through State	91,748	0	0	0	91,748
Total Federal Government	<u>\$ 138,208</u>	<u>\$ 2,895,225</u>	<u>\$ 687,107</u>	<u>\$ 0</u>	<u>\$ 3,720,540</u>
Total	<u>\$ 12,059,054</u>	<u>\$ 2,895,225</u>	<u>\$ 926,703</u>	<u>\$ 789,958</u>	<u>\$ 16,670,940</u>

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2023

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	25,200	
Social Security		1,562	
Employer Medicare		365	
Audit Services		3,479	
Dues and Memberships		2,088	
Legal Services		13,195	
Legal Notices, Recording, and Court Costs		1,806	
Other Contracted Services		31,627	
Other Charges		409	
Land		3,576	
Total County Commission			\$ 83,307

Board of Equalization

Board and Committee Members Fees	\$	1,200	
Social Security		74	
Unemployment Compensation		8	
Employer Medicare		17	
Total Board of Equalization			1,299

County Mayor/Executive

County Official/Administrative Officer	\$	88,815	
Accountants/Bookkeepers		46,353	
Data Processing Personnel		24,719	
Clerical Personnel		25,383	
Other Salaries and Wages		19,627	
Social Security		12,695	
Unemployment Compensation		283	
Employer Medicare		2,969	
Data Processing Services		25,744	
Dues and Memberships		1,050	
Travel		81	
Office Supplies		2,458	
Other Charges		622	
Total County Mayor/Executive			250,799

Election Commission

County Official/Administrative Officer	\$	69,206	
Deputy(ies)		26,405	
Election Commission		2,400	
Election Workers		30,736	
In-service Training		141	
Social Security		6,821	
Unemployment Compensation		209	
Employer Medicare		1,595	
Data Processing Services		19,755	
Legal Notices, Recording, and Court Costs		5,194	
Maintenance and Repair Services - Equipment		730	

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Maintenance and Repair Services - Office Equipment	\$	77	
Pest Control		708	
Rentals		1,599	
Travel		402	
Data Processing Supplies		3,294	
Utilities		3,590	
Other Supplies and Materials		3,056	
Data Processing Equipment		634	
Voting Machines		9,190	
Total Election Commission			\$ 185,742

Register of Deeds

County Official/Administrative Officer	\$	67,916	
Deputy(ies)		29,940	
Part-time Personnel		3,785	
Social Security		6,302	
Unemployment Compensation		186	
Employer Medicare		1,474	
Dues and Memberships		670	
Printing, Stationery, and Forms		147	
Office Supplies		3,211	
Other Charges		166	
Data Processing Equipment		2,071	
Total Register of Deeds			115,868

County Buildings

Custodial Personnel	\$	25,769	
Social Security		1,585	
Unemployment Compensation		56	
Employer Medicare		371	
Maintenance Agreements		3,969	
Maintenance and Repair Services - Buildings		69,073	
Pest Control		836	
Custodial Supplies		3,920	
Electricity		15,949	
Natural Gas		1,950	
Water and Sewer		3,489	
Other Charges		45	
Furniture and Fixtures		1,459	
Other Equipment		14,952	
Other Construction		9,575	
Total County Buildings			152,998

Other General Administration

Communication	\$	39,465	
Dues and Memberships		927	
Evaluation and Testing		1,470	

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Other General Administration (Cont.)

Legal Services	\$	2,586	
Postal Charges		14,873	
Rentals		4,179	
Data Processing Supplies		4,625	
Liability Insurance		167,061	
Trustee's Commission		70,612	
Other Charges		23,822	
Total Other General Administration			\$ 329,620

Preservation of Records

Supervisor/Director	\$	26,852	
Social Security		1,665	
Unemployment Compensation		56	
Employer Medicare		389	
Dues and Memberships		380	
Travel		653	
Disposal Fees		4,106	
Office Supplies		2,810	
Other Supplies and Materials		4,987	
Total Preservation of Records			41,898

FinanceProperty Assessor's Office

County Official/Administrative Officer	\$	76,896	
Secretary(ies)		21,760	
Social Security		6,117	
Unemployment Compensation		63	
Employer Medicare		1,431	
Contracts with Private Agencies		1,200	
Data Processing Services		4,969	
Dues and Memberships		1,050	
Legal Notices, Recording, and Court Costs		552	
Maintenance and Repair Services - Vehicles		60	
Travel		262	
Gasoline		177	
Office Supplies		798	
Motor Vehicles		16,000	
Total Property Assessor's Office			131,335

Reappraisal Program

Clerical Personnel	\$	2,484	
In-service Training		135	
Social Security		154	
Unemployment Compensation		20	
Employer Medicare		36	
Data Processing Services		1,417	
Engineering Services		15,350	
Travel		200	
Total Reappraisal Program			19,796

(Continued)

Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)County Trustee's Office

County Official/Administrative Officer	\$	76,896	
Secretary(ies)		24,796	
Clerical Personnel		3,675	
Social Security		6,533	
Unemployment Compensation		116	
Employer Medicare		1,528	
Data Processing Services		12,418	
Dues and Memberships		675	
Legal Notices, Recording, and Court Costs		192	
Maintenance and Repair Services - Office Equipment		39	
Other Contracted Services		3,989	
Office Supplies		1,531	
Data Processing Equipment		2,347	
Total County Trustee's Office			\$ 134,735

County Clerk's Office

County Official/Administrative Officer	\$	76,896	
Deputy(ies)		26,459	
Secretary(ies)		25,851	
Social Security		8,011	
Unemployment Compensation		112	
Employer Medicare		1,873	
Contracts with Private Agencies		3,000	
Maintenance and Repair Services - Records		3,830	
Office Supplies		2,866	
Total County Clerk's Office			148,898

Data Processing

Office Equipment	\$	1,080	
Total Data Processing			1,080

Other Finance

Contracts with Government Agencies	\$	7,818	
Total Other Finance			7,818

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	76,896	
Deputy(ies)		24,416	
Clerical Personnel		24,653	
Other Salaries and Wages		9,610	
Jury and Witness Expense		2,988	
Social Security		8,402	
Unemployment Compensation		210	
Employer Medicare		1,965	
Data Processing Services		17,592	
Dues and Memberships		740	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court (Cont.)

Legal Notices, Recording, and Court Costs	\$	720	
Travel		267	
Office Supplies		3,470	
Total Circuit Court			\$ 171,929

General Sessions Judge

Judge(s)	\$	58,177	
Salary Supplements		5,080	
Social Security		3,922	
Employer Medicare		917	
Dues and Memberships		330	
Travel		1,400	
Total General Sessions Judge			69,826

Chancery Court

County Official/Administrative Officer	\$	76,896	
Deputy(ies)		25,252	
Part-time Personnel		13,580	
Social Security		7,175	
Unemployment Compensation		210	
Employer Medicare		1,678	
Data Processing Services		7,809	
Dues and Memberships		740	
Legal Notices, Recording, and Court Costs		3,358	
Travel		248	
Office Supplies		1,954	
Total Chancery Court			138,900

Juvenile Court

Judge(s)	\$	15,247	
Social Workers		35,973	
Guards		300	
Social Security		3,194	
Unemployment Compensation		60	
Employer Medicare		747	
Data Processing Services		509	
Travel		112	
Office Supplies		702	
Total Juvenile Court			56,844

Judicial Commissioners

Clerical Personnel	\$	14,400	
Social Security		893	
Employer Medicare		209	
Total Judicial Commissioners			15,502

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public SafetySheriff's Department

County Official/Administrative Officer	\$	84,586	
Deputy(ies)		361,206	
Salary Supplements		4,800	
Secretary(ies)		39,180	
In-service Training		4,740	
Social Security		30,353	
Unemployment Compensation		159	
Employer Medicare		7,099	
Maintenance and Repair Services - Office Equipment		1,555	
Maintenance and Repair Services - Vehicles		7,924	
Postal Charges		721	
Gasoline		35,126	
Law Enforcement Supplies		12,464	
Office Supplies		1,038	
Tires and Tubes		5,332	
Uniforms		2,003	
Other Supplies and Materials		1,400	
Data Processing Equipment		7,255	
Law Enforcement Equipment		3,330	
Motor Vehicles		89,948	
Total Sheriff's Department			\$ 700,219

Special Patrols

Deputy(ies)	\$	4,179	
Social Security		259	
Unemployment Compensation		12	
Employer Medicare		61	
Total Special Patrols			4,511

Jail

Deputy(ies)	\$	7,757	
Guards		389,174	
Social Security		24,605	
Unemployment Compensation		303	
Employer Medicare		5,754	
Communication		9,223	
Data Processing Services		1,275	
Dues and Memberships		975	
Maintenance and Repair Services - Buildings		8,444	
Maintenance and Repair Services - Equipment		28,403	
Maintenance and Repair Services - Office Equipment		550	
Medical and Dental Services		229,258	
Pest Control		328	
Postal Charges		567	
Travel		43	
Custodial Supplies		4,577	
Electricity		29,434	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Food Supplies	\$	52,981	
Gasoline		8,518	
Law Enforcement Supplies		628	
Natural Gas		7,396	
Office Supplies		866	
Prisoners Clothing		973	
Uniforms		1,045	
Water and Sewer		15,569	
Other Supplies and Materials		605	
Food Service Equipment		27,500	
Law Enforcement Equipment		496	
Motor Vehicles		10,000	
Other Equipment		118,250	
Total Jail			\$ 985,497

Fire Prevention and Control

Supervisor/Director	\$	24,854	
In-service Training		5,514	
Social Security		1,541	
Disability Insurance		5,516	
Unemployment Compensation		86	
Employer Medicare		360	
Dues and Memberships		1,550	
Forest Resource Services		1,000	
Electricity		5,042	
Equipment and Machinery Parts		38,665	
Gasoline		4,764	
General Construction Materials		5,378	
Natural Gas		2,938	
Office Supplies		1,563	
Uniforms		16,253	
Water and Sewer		692	
Other Charges		2,142	
Building Construction		15,632	
Data Processing Equipment		1,119	
Maintenance Equipment		1,245	
Other Equipment		55,087	
Total Fire Prevention and Control			190,941

Civil Defense

Supervisor/Director	\$	25,698	
Part-time Personnel		20,909	
Social Security		2,890	
Unemployment Compensation		84	
Employer Medicare		676	
Dues and Memberships		110	
Maintenance and Repair Services - Equipment		136	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Civil Defense (Cont.)

Maintenance and Repair Services - Vehicles	\$	633	
Tuition		740	
Office Supplies		127	
Uniforms		233	
Other Supplies and Materials		4,222	
Other Charges		20,993	
Motor Vehicles		47,079	
Total Civil Defense			\$ 124,530

Other Emergency Management

Supervisor/Director	\$	25,698	
Deputy(ies)		38,254	
Dispatchers/Radio Operators		214,379	
Social Security		17,232	
Unemployment Compensation		616	
Employer Medicare		4,030	
Communication		5,312	
Maintenance and Repair Services - Buildings		912	
Maintenance and Repair Services - Office Equipment		1,004	
Pest Control		228	
Internet Connectivity		2,240	
Disposal Fees		670	
Custodial Supplies		1,016	
Electricity		11,656	
Natural Gas		507	
Office Supplies		1,851	
Water and Sewer		201	
Total Other Emergency Management			325,806

County Coroner/Medical Examiner

Assessment Personnel	\$	21,136	
Total County Coroner/Medical Examiner			21,136

Other Public Safety

School Resource Officer	\$	4,224	
Social Security		262	
Employer Medicare		61	
Total Other Public Safety			4,547

Public Health and WelfareLocal Health Center

Custodial Personnel	\$	5,775	
Social Security		358	
Unemployment Compensation		51	
Employer Medicare		84	
Communication		9,258	
Contracts with Government Agencies		15,920	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Dues and Memberships	\$	375	
Pest Control		208	
Electricity		5,759	
Natural Gas		1,059	
Water and Sewer		706	
Other Charges		276	
Total Local Health Center			\$ 39,829

Ambulance/Emergency Medical Services

Supervisor/Director	\$	12,515	
Accountants/Bookkeepers		3,909	
Medical Personnel		47,107	
Paraprofessionals		52,745	
Social Security		7,208	
Unemployment Compensation		103	
Employer Medicare		1,686	
Bank Charges		334	
Contracts with Private Agencies		918	
Data Processing Services		4,294	
Maintenance and Repair Services - Buildings		964	
Maintenance and Repair Services - Vehicles		2,724	
Pest Control		660	
Remittance of Revenue Collected		18,737	
Disposal Fees		859	
Custodial Supplies		188	
Drugs and Medical Supplies		10,836	
Electricity		7,283	
Office Supplies		748	
Utilities		2,440	
Water and Sewer		517	
Other Charges		170	
Data Processing Equipment		638	
Office Equipment		297	
Total Ambulance/Emergency Medical Services			177,880

Sanitation Education/Information

Laborers	\$	22,424	
Clerical Personnel		1,911	
Social Security		1,509	
Unemployment Compensation		90	
Employer Medicare		353	
Maintenance and Repair Services - Vehicles		775	
Gasoline		3,414	
Other Supplies and Materials		995	
Other Charges		8,944	
Total Sanitation Education/Information			40,415

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Waste Pickup

Laborers	\$	12,901	
Clerical Personnel		1,310	
Social Security		881	
Unemployment Compensation		49	
Employer Medicare		206	
Gasoline		1,848	
Other Supplies and Materials		1,797	
Other Charges		28	
Total Waste Pickup			\$ 19,020

Other Public Health and Welfare

Contributions	\$	19,000	
Other Charges		2,500	
Total Other Public Health and Welfare			21,500

Social, Cultural, and Recreational ServicesAdult Activities

Contributions	\$	29,228	
Total Adult Activities			29,228

Libraries

Deputy(ies)	\$	24,732	
Librarians		39,910	
Clerical Personnel		34,092	
Social Security		6,196	
Unemployment Compensation		321	
Employer Medicare		1,449	
Janitorial Services		1,200	
Maintenance and Repair Services - Buildings		1,098	
Pest Control		448	
Postal Charges		76	
Travel		326	
Other Contracted Services		1,700	
Custodial Supplies		438	
Data Processing Supplies		1,213	
Electricity		5,800	
Library Books/Media		12,224	
Natural Gas		1,289	
Office Supplies		2,089	
Water and Sewer		434	
Other Charges		406	
Total Libraries			135,441

Other Social, Cultural, and Recreational

Contracts with Other Public Agencies	\$	15,400	
Total Other Social, Cultural, and Recreational			15,400

(Continued)

Exhibit J-7

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

General Fund (Cont.)Agriculture and Natural ResourcesAgricultural Extension Service

Assistant(s)	\$	23,479	
Supervisor/Director		13,084	
Secretary(ies)		8,616	
Social Security		2,703	
Pensions		889	
Employee and Dependent Insurance		1,587	
Local Retirement		8,283	
Employer Medicare		1,156	
Dues and Memberships		215	
Engineering Services		6,112	
Travel		3,449	
Office Supplies		1,376	
Other Charges		1,282	
Building Improvements		123,822	
Data Processing Equipment		924	
Heating and Air Conditioning Equipment		18,000	
Total Agricultural Extension Service			\$ 214,977

Soil Conservation

Secretary(ies)	\$	9,248	
Social Security		573	
Unemployment Compensation		69	
Employer Medicare		134	
Total Soil Conservation			10,024

Other OperationsTourism

Contracts with Other Public Agencies	\$	600	
Dues and Memberships		2,000	
Maintenance and Repair Services - Buildings		1,526	
Maintenance and Repair Services - Equipment		711	
Disposal Fees		1,283	
Electricity		2,594	
Other Charges		2,102	
Building Improvements		9,487	
Total Tourism			20,303

Airport

Part-time Personnel	\$	7,630	
Social Security		473	
Unemployment Compensation		67	
Employer Medicare		111	
Contracts with Private Agencies		950	
Maintenance Agreements		1,425	
Maintenance and Repair Services - Buildings		30	
Diesel Fuel		26,168	
Electricity		2,140	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Other Operations (Cont.)Airport (Cont.)

Water and Sewer	\$	342	
Building and Contents Insurance		2,267	
Other Charges		13,359	
Total Airport			\$ 54,962

Veterans' Services

Supervisor/Director	\$	21,472	
Social Security		1,331	
Unemployment Compensation		110	
Employer Medicare		311	
Communication		1,340	
Pest Control		210	
Travel		386	
Electricity		4,444	
Office Supplies		531	
Other Supplies and Materials		453	
Total Veterans' Services			30,588

Employee Benefits

Pensions	\$	8,649	
Medical Insurance		183,658	
Workers' Compensation Insurance		88,138	
Total Employee Benefits			280,445

Payments to Cities

Contributions	\$	480,000	
Matching Share		10,104	
Total Payments to Cities			490,104

Total General Fund \$ 5,995,497

Solid Waste/Sanitation FundPublic Health and WelfareConvenience Centers

Supervisor/Director	\$	18,589	
Equipment Operators		51,247	
Maintenance Personnel		35,288	
Part-time Personnel		18,661	
In-service Training		360	
Social Security		7,589	
Unemployment Compensation		545	
Employer Medicare		1,775	
Communication		747	
Contracts with Private Agencies		352,393	
Evaluation and Testing		12,077	
Maintenance and Repair Services - Equipment		26,862	
Maintenance and Repair Services - Vehicles		3,020	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Convenience Centers (Cont.)

Travel	\$	498	
Diesel Fuel		7,370	
Electricity		3,221	
Gasoline		1,259	
Small Tools		133	
Water and Sewer		2,400	
Other Charges		770	
Plant Operation Equipment		8,295	
Site Development		78,862	
Solid Waste Equipment		125,805	
Total Convenience Centers			\$ 757,766

Other OperationsOther Charges

Trustee's Commission	\$	12,104	
Total Other Charges			12,104

Employee Benefits

Pensions	\$	388	
Medical Insurance		10,031	
Total Employee Benefits			10,419

Total Solid Waste/Sanitation Fund \$ 780,289

Special Purpose FundPublic Health and WelfareOther Local Health Services

Trustee's Commission	\$	4	
Other Charges		15,341	
Total Other Local Health Services			\$ 15,345

Total Special Purpose Fund 15,345

Drug Control FundPublic SafetyDrug Enforcement

Confidential Drug Enforcement Payments	\$	75	
Other Supplies and Materials		785	
Other Charges		464	
Law Enforcement Equipment		10,843	
Total Drug Enforcement			\$ 12,167

Total Drug Control Fund 12,167

(Continued)

Exhibit J-7

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

Other Special Revenue FundPublic Health and WelfareOther Local Health Services

Health Equipment	\$ 8,370	
Total Other Local Health Services		\$ 8,370

Total Other Special Revenue Fund \$ 8,370

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 84,586	
Accountants/Bookkeepers	41,494	
Secretary(ies)	32,999	
Pensions	3,057	
Data Processing Services	14,150	
Dues and Memberships	2,459	
Freight Expenses	2,445	
Legal Notices, Recording, and Court Costs	108	
Maintenance Agreements	503	
Postal Charges	256	
Printing, Stationery, and Forms	233	
Travel	147	
Office Supplies	770	
Other Charges	869	
Total Administration		\$ 184,076

Highway and Bridge Maintenance

Foremen	\$ 95,680	
Equipment Operators	208,629	
Truck Drivers	116,200	
Laborers	820	
Overtime Pay	9,501	
Pensions	2,528	
Other Contracted Services	112,953	
Asphalt - Cold Mix	22,119	
Asphalt - Hot Mix	151,905	
Asphalt - Liquid	201,409	
Concrete	50	
Crushed Stone	414,650	
Ice	51	
Pipe - Metal	42,436	
Road Signs	7,238	
Structural Steel	160	
Wood Products	272	
Other Supplies and Materials	985	
Total Highway and Bridge Maintenance		1,387,586

Operation and Maintenance of Equipment

Mechanic(s)	\$ 57,640	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment (Cont.)

Overtime Pay	\$	1,169	
Pensions		1,212	
Licenses		99	
Maintenance and Repair Services - Equipment		20,206	
Maintenance and Repair Services - Vehicles		22,551	
Diesel Fuel		92,562	
Equipment and Machinery Parts		31,959	
Garage Supplies		10,708	
Gasoline		20,912	
Lubricants		5,296	
Propane Gas		257	
Small Tools		3,568	
Tires and Tubes		23,444	
Vehicle Parts		62,427	
Total Operation and Maintenance of Equipment			\$ 354,010

Other Charges

Communication	\$	8,517	
Contracts with Private Agencies		585	
Janitorial Services		660	
Pest Control		300	
Custodial Supplies		276	
Electricity		6,763	
Natural Gas		5,693	
Water and Sewer		954	
Trustee's Commission		19,205	
Vehicle and Equipment Insurance		21,713	
Liability Claims		460	
Other Charges		5,056	
Total Other Charges			70,182

Employee Benefits

Social Security	\$	36,812	
Life Insurance		5,234	
Medical Insurance		145,136	
Unemployment Compensation		3,175	
Employer Medicare		8,609	
Laundry Service		2,878	
Workers' Compensation Insurance		22,833	
Total Employee Benefits			224,677

Capital Outlay

Engineering Services	\$	61,966	
Bridge Construction		246,187	
Highway Equipment		178,823	
Motor Vehicles		68,400	
Office Equipment		110	
Total Capital Outlay			555,486

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Principal on Debt

Highways and Streets

Principal on Notes	\$ 89,008	
Total Highways and Streets		\$ 89,008

Interest on Debt

Highways and Streets

Interest on Notes	\$ 10,012	
Total Highways and Streets		10,012

Total Highway/Public Works Fund		\$ 2,875,037
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 135,938	
Principal on Notes	101,665	
Total General Government		\$ 237,603

Education

Principal on Notes	\$ 12,500	
Principal on Other Loans	664,300	
Total Education		676,800

Interest on Debt

General Government

Interest on Bonds	\$ 206,962	
Interest on Notes	22,339	
Total General Government		229,301

Education

Interest on Notes	\$ 2,266	
Interest on Other Loans	133,234	
Total Education		135,500

Other Debt Service

General Government

Trustee's Commission	\$ 12,304	
Total General Government		12,304

Total General Debt Service Fund		1,291,508
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General Capital Projects Fund

Other Operations

Industrial Development

Maintenance and Repair Services - Buildings	\$ 2,458	
Total Industrial Development		\$ 2,458

Total General Capital Projects Fund		2,458
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Total Governmental Funds - Primary Government		\$ 10,980,671
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Exhibit J-8

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Houston County School Department
For the Year Ended June 30, 2023

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 3,596,962	
Career Ladder Program	13,700	
Homebound Teachers	650	
Educational Assistants	211,367	
Other Salaries and Wages	134,799	
Non-certified Substitute Teachers	27,195	
Social Security	223,379	
Pensions	297,781	
Life Insurance	4,501	
Medical Insurance	390,067	
Employer Medicare	53,803	
Other Contracted Services	40,065	
Instructional Supplies and Materials	45,536	
Textbooks - Bound	138,624	
Other Supplies and Materials	10,534	
Other Charges	709	
Regular Instruction Equipment	30,623	
Total Regular Instruction Program		\$ 5,220,295

Special Education Program

Teachers	\$ 378,799	
Homebound Teachers	2,070	
Educational Assistants	129,914	
Non-certified Substitute Teachers	1,465	
Social Security	27,846	
Pensions	31,497	
Medical Insurance	51,515	
Employer Medicare	6,963	
Instructional Supplies and Materials	2,594	
Other Supplies and Materials	1,530	
Other Charges	500	
Special Education Equipment	420	
Total Special Education Program		635,113

Career and Technical Education Program

Teachers	\$ 277,233	
Non-certified Substitute Teachers	360	
Social Security	14,244	
Pensions	24,389	
Medical Insurance	44,057	
Employer Medicare	3,331	
Instructional Supplies and Materials	404	
Other Supplies and Materials	12,235	
In Service/Staff Development	4,995	
Vocational Instruction Equipment	18,642	
Total Career and Technical Education Program		399,890

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support ServicesAttendance

Supervisor/Director	\$	18,674	
Social Security		992	
Pensions		1,623	
Medical Insurance		2,543	
Employer Medicare		232	
In Service/Staff Development		1,433	
Total Attendance			\$ 25,497

Health Services

Supervisor/Director	\$	51,401	
Medical Personnel		79,706	
Social Security		7,893	
Pensions		967	
Medical Insurance		7,867	
Employer Medicare		1,846	
Travel		972	
Drugs and Medical Supplies		772	
Other Supplies and Materials		30,709	
Other Equipment		629	
Total Health Services			182,762

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		160,841	
Other Salaries and Wages		47,950	
Social Security		12,793	
Pensions		15,337	
Medical Insurance		6,304	
Employer Medicare		2,992	
Contracts with Government Agencies		4,548	
Evaluation and Testing		3,071	
In Service/Staff Development		5,085	
Other Charges		769	
Other Equipment		24,875	
Total Other Student Support			285,565

Regular Instruction Program

Supervisor/Director	\$	174,459	
Career Ladder Program		2,100	
Librarians		199,368	
Social Security		17,267	
Pensions		26,417	
Medical Insurance		28,601	
Employer Medicare		4,601	
Travel		458	
Library Books/Media		7,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	13,795	
In Service/Staff Development		5,044	
Other Equipment		1,983	
Total Regular Instruction Program			\$ 481,093

Alternative Instruction Program

Supervisor/Director	\$	55,865	
Social Security		2,945	
Pensions		4,855	
Medical Insurance		9,000	
Employer Medicare		689	
Other Supplies and Materials		668	
Total Alternative Instruction Program			74,022

Special Education Program

Supervisor/Director	\$	41,022	
Psychological Personnel		71,296	
Social Security		6,853	
Pensions		9,760	
Medical Insurance		3,090	
Employer Medicare		1,603	
Contracts with Private Agencies		43,124	
Travel		451	
Other Supplies and Materials		2,500	
In Service/Staff Development		1,500	
Other Charges		284	
Total Special Education Program			181,483

Technology

Supervisor/Director	\$	74,818	
Other Salaries and Wages		131,344	
Social Security		10,607	
Pensions		7,245	
Medical Insurance		33,352	
Employer Medicare		2,481	
Internet Connectivity		29,070	
Other Contracted Services		8,879	
Other Equipment		12,437	
Total Technology			310,233

Other Programs

On-behalf Payments to OPEB	\$	21,222	
Total Other Programs			21,222

Board of Education

Board and Committee Members Fees	\$	5,100	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Board of Education (Cont.)

Social Security	\$	309	
Unemployment Compensation		6,005	
Employer Medicare		72	
Audit Services		5,500	
Dues and Memberships		5,438	
Legal Services		25,892	
Other Contracted Services		13,721	
Liability Insurance		146,946	
Trustee's Commission		43,447	
Workers' Compensation Insurance		133,920	
In Service/Staff Development		12,153	
Criminal Investigation of Applicants - TBI		446	
Other Charges		6,255	
Total Board of Education			\$ 405,204

Director of Schools

County Official/Administrative Officer	\$	103,536	
Assistant(s)		2,500	
Career Ladder Program		1,000	
Secretary(ies)		40,374	
Clerical Personnel		35,478	
Social Security		10,445	
Pensions		9,906	
Medical Insurance		20,645	
Employer Medicare		2,477	
Communication		7,794	
Dues and Memberships		1,988	
Postal Charges		2,352	
In Service/Staff Development		6,976	
Other Charges		581	
Administration Equipment		1,048	
Total Director of Schools			247,100

Office of the Principal

Principals	\$	327,759	
Assistant Principals		131,548	
Secretary(ies)		100,755	
Clerical Personnel		58,240	
Social Security		34,298	
Pensions		37,884	
Medical Insurance		31,314	
Employer Medicare		8,640	
Communication		11,174	
Other Contracted Services		1,600	
In Service/Staff Development		750	
Other Charges		5,750	
Administration Equipment		4,651	
Total Office of the Principal			754,363

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Fiscal Services

Accountants/Bookkeepers	\$	103,276	
Social Security		6,240	
Pensions		2,219	
Medical Insurance		4,803	
Employer Medicare		1,459	
Other Contracted Services		24,510	
Data Processing Supplies		570	
Office Supplies		7,709	
In Service/Staff Development		4,070	
Administration Equipment		190	
Total Fiscal Services			\$ 155,046

Operation of Plant

Guards	\$	26,526	
Custodial Personnel		216,851	
Other Salaries and Wages		29,603	
Social Security		16,411	
Pensions		1,301	
Medical Insurance		30,278	
Employer Medicare		3,838	
Maintenance and Repair Services - Equipment		6,836	
Rentals		12,000	
Travel		110	
Disposal Fees		7,939	
Other Contracted Services		16,641	
Custodial Supplies		28,388	
Electricity		323,416	
Natural Gas		52,064	
Water and Sewer		68,211	
Other Supplies and Materials		2,335	
Boiler Insurance		1,697	
Other Charges		261	
Plant Operation Equipment		23,121	
Total Operation of Plant			867,827

Maintenance of Plant

Maintenance Personnel	\$	82,682	
Social Security		5,014	
Pensions		88	
Medical Insurance		8,006	
Employer Medicare		1,173	
Maintenance and Repair Services - Buildings		19,449	
Maintenance and Repair Services - Equipment		26,694	
Other Contracted Services		65,000	
Other Supplies and Materials		12,761	
Total Maintenance of Plant			220,867

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Transportation

Supervisor/Director	\$	48,276	
Mechanic(s)		81,864	
Bus Drivers		244,397	
Other Salaries and Wages		36,190	
Social Security		24,261	
Pensions		3,103	
Medical Insurance		32,465	
Employer Medicare		5,674	
Communication		2,214	
Maintenance and Repair Services - Vehicles		34,553	
Medical and Dental Services		2,397	
Other Contracted Services		5,950	
Garage Supplies		1,244	
Gasoline		101,417	
Lubricants		4,034	
Tires and Tubes		13,573	
Vehicle Parts		28,056	
Other Supplies and Materials		2,988	
In Service/Staff Development		5,912	
Other Charges		3,086	
Transportation Equipment		130,593	
Total Transportation			\$ 812,247

Operation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	37,523	
Cafeteria Personnel		9,225	
Social Security		2,900	
Pensions		626	
Employer Medicare		678	
Food Supplies		950	
Total Food Service			51,902

Community Services

Supervisor/Director	\$	21,348	
Social Security		1,324	
Employer Medicare		310	
Travel		1,484	
Other Supplies and Materials		2,021	
Total Community Services			26,487

Early Childhood Education

Supervisor/Director	\$	37,867	
Teachers		156,582	
Educational Assistants		56,667	
Other Salaries and Wages		4,160	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education (Cont.)

Non-certified Substitute Teachers	\$	300	
Social Security		15,036	
Pensions		17,259	
Medical Insurance		18,967	
Employer Medicare		3,517	
Instructional Supplies and Materials		7,014	
Other Supplies and Materials		58	
Total Early Childhood Education			\$ 317,427

Capital OutlayRegular Capital Outlay

Engineering Services	\$	19,881	
Building Improvements		93,242	
Total Regular Capital Outlay			113,123

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	525,010	
Total Education			<u>525,010</u>

Total General Purpose School Fund

\$ 12,313,778

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	346,363	
Educational Assistants		148,576	
Other Salaries and Wages		12,065	
Non-certified Substitute Teachers		1,630	
Social Security		29,871	
Pensions		28,478	
Medical Insurance		20,548	
Employer Medicare		7,030	
Other Contracted Services		7,759	
Instructional Supplies and Materials		135,971	
Textbooks - Electronic		15,992	
Other Supplies and Materials		1,215	
Regular Instruction Equipment		277,916	
Total Regular Instruction Program			\$ 1,033,414

Special Education Program

Teachers	\$	47,362	
Educational Assistants		89,344	
Speech Pathologist		129,590	
Non-certified Substitute Teachers		4,775	
Social Security		15,316	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

Pensions	\$	14,852	
Medical Insurance		30,968	
Employer Medicare		3,582	
Instructional Supplies and Materials		12,938	
Other Supplies and Materials		4,299	
Total Special Education Program			\$ 353,026

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	97	
Instructional Supplies and Materials		13,491	
Other Supplies and Materials		2,656	
Vocational Instruction Equipment		53,400	
Total Career and Technical Education Program			69,644

Support ServicesOther Student Support

Social Workers	\$	49,592	
Social Security		2,388	
Pensions		3,903	
Medical Insurance		10,898	
Employer Medicare		559	
Travel		2,466	
In Service/Staff Development		4,161	
Total Other Student Support			73,967

Regular Instruction Program

Other Salaries and Wages	\$	48,946	
Social Security		317	
Pensions		505	
Medical Insurance		778	
Employer Medicare		683	
Other Contracted Services		111,250	
Other Supplies and Materials		852	
In Service/Staff Development		6,059	
Total Regular Instruction Program			169,390

Special Education Program

Contracts with Private Agencies	\$	27,716	
Evaluation and Testing		1,311	
Travel		609	
Other Contracted Services		8,837	
In Service/Staff Development		1,365	
Other Charges		352	
Total Special Education Program			40,190

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Career and Technical Education Program

In Service/Staff Development	\$ 2,503	
Total Career and Technical Education Program		\$ 2,503

Office of the Principal

Other Salaries and Wages	\$ 6,150	
Social Security	377	
Pensions	344	
Employer Medicare	88	
Total Office of the Principal		6,959

Operation of Plant

Custodial Supplies	\$ 23,354	
Total Operation of Plant		23,354

Transportation

Bus Drivers	\$ 6,790	
Other Salaries and Wages	49,919	
Social Security	3,489	
Pensions	112	
Employer Medicare	816	
Total Transportation		61,126

Operation of Non-Instructional ServicesFood Service

Food Supplies	\$ 1,867	
Total Food Service		1,867

Capital OutlayRegular Capital Outlay

Engineering Services	\$ 102,385	
Building Improvements	957,400	
Total Regular Capital Outlay		1,059,785

Total School Federal Projects Fund		\$ 2,895,225
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Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Cafeteria Personnel	\$ 325,019	
Social Security	18,874	
Pensions	4,380	
Medical Insurance	38,216	
Employer Medicare	4,414	
Communication	2,264	
Maintenance and Repair Services - Equipment	8,397	
Travel	2,753	

(Continued)

Exhibit J-8

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

<u>Central Cafeteria Fund (Cont.)</u>			
<u>Operation of Non-Instructional Services (Cont.)</u>			
<u>Food Service (Cont.)</u>			
Other Contracted Services	\$	10,081	
Food Supplies		322,828	
USDA - Commodities		81,210	
Other Supplies and Materials		26,138	
In Service/Staff Development		2,493	
Other Charges		13,581	
Food Service Equipment		28,860	
Total Food Service			\$ 889,508
Total Central Cafeteria Fund			\$ 889,508
<u>Internal School Fund</u>			
<u>Operation of Non-Instructional Services</u>			
<u>Community Services</u>			
Other Charges	\$	761,152	
Total Community Services			\$ 761,152
Total Internal School Fund			761,152
Total Governmental Funds - Houston County School Department			\$ 16,859,663

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

Houston County Mayor and
Board of County Commissioners
Houston 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Houston County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated January 5, 2024. Our report on the business-type activities and the Houston County Community Hospital major enterprise fund was adverse due to not including the financial statements of the Houston County Community Hospital, which had not been made available by other auditors as of the date of this report. Our report includes a reference to other auditors who audited the financial statements Internal School Fund of the Houston County School Department (a discretely presented component unit) as described in our report on Houston County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify the following deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency: 2023-001(B).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Houston 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2023-001(A).

Houston County's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on Houston County's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Houston County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results 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 Houston 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 5, 2024

JEM/tg



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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Houston County's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Houston County's major federal programs for the year ended June 30, 2023. Houston County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Houston County complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Houston County, Tennessee, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to

provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Houston County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Houston County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Houston County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Houston County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Houston County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Houston County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Houston County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Houston County's basic financial statements. We issued our report thereon dated January 5, 2024. Our report on the business-type activities and the Houston County Community Hospital (major enterprise fund) financial statements was adverse due to not including the financial statements of the Houston County Community Hospital, which had not been made available by other auditors as of the date of this report. 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 5, 2024

JEM/tg

Houston County, Tennessee, and the Houston County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7)
For the Year-Ended June 30, 2023

Federal/Pass-Through Agency/State Grantor Program Title	Federal Assistance Listing 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	\$ 163,025
National School Lunch Program	10.555	N/A	442,244 (6)
COVID 19 - Pandemic EBT Administrative Costs	10.649	N/A	628
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	81,210 (6)
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	96,536
Total U.S. Department of Agriculture			<u>\$ 783,643</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	\$ 4,725
Total U.S. Department of Transportation			<u>\$ 4,725</u>
U.S. Department of the Treasury:			
Direct Program:			
COVID 19 - Coronavirus State And Local Fiscal Recovery Funds (ARP)	21.027	N/A	\$ 1,592,948
Total U.S. Department of the Treasury			<u>\$ 1,592,948</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 390,364
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	350,695 (6)
COVID 19 - Special Education - Grants to States (ARP)	84.027X	N/A	29,125 (6)
Special Education - Preschool Grants	84.173	N/A	15,220 (6)
COVID 19 - Special Education - Preschool Grants (ARP)	84.173X	N/A	4,883 (6)
Career and Technical Education - Basic Grants to States	84.048	N/A	78,773
Rural Education	84.358	N/A	43,560
Supporting Effective Instruction State Grants	84.367	N/A	32,305
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER I)	84.425D	N/A	51,000 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER II)	84.425D	N/A	458,101 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER ARP)	84.425U	N/A	1,441,199 (6)
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	34570-54623	52,542
Total U.S. Department of Education			<u>\$ 2,947,767</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
2018 HAVA Election Security Grants	90.404	30501-02720-42	\$ 25,000
Total U.S. Election Assistance Commission			<u>\$ 25,000</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
COVID 19 - Temporary Assistance for Needy Families	93.558	N/A	\$ 39,206
Total U.S. Department of Health and Human Services			<u>\$ 39,206</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	34101-45922	\$ 203,604
Emergency Management Performance Grants	97.042	34101-09623	2,729
Homeland Security Grant Program	97.067	34101-25221	20,835
Total U.S. Department of Homeland Security			<u>\$ 227,168</u>
Total Expenditures of Federal Grants			<u>\$ 5,620,457</u>

(Continued)

Houston County, Tennessee, and the Houston County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7) (Cont.)

	Federal Assistance Listing Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Court State Supplement Funds - State Department of Childrens Services	N/A	RFS359100364	\$ 9,000
Volunteer Firefighter Equipment and Training Grant - State Department of Commerce and Insurance	N/A	33501-23251-80	28,025
Three Star Grant Program - State Department of Economic and Community Development	N/A	33007-02322	13,962
Coordinated School Health - State Department of Education	N/A	N/A	86,263
COVID 19 - Summer Learning Camp - State Department of Education	N/A	N/A	87,757
COVID 19 - Summer Camp Transportation - State Department of Education	N/A	N/A	17,548
Early Childhood Education - State Department of Education	N/A	N/A	317,427
Family Resource Centers - State Department of Education	N/A	N/A	26,486
Safe Schools Act - State Department of Education	N/A	N/A	26,932
School Resource Officer Grant - State Department of Education	N/A	N/A	7,576
Project Diabetes Initiative Services - State Department of Health	N/A	34387-88423	148,016
Disaster Grants - Public Assistance - State Department of Military	N/A	34101-45922	11,063
School Resource Officer Grant - State Department of Safety and Homeland Security	N/A	N/A	375,000
Archives Development Grant - Tennessee Secretary of State	N/A	30501-02023	4,987
Airport Maintenance Grant - State Department of Transportation	N/A	40100-40400	21,866
Litter Program - State Department of Transportation	N/A	(5)	23,876
Opioid Settlement Funds - Tennessee Abatement Council	N/A	N/A	49,597
GIVE Grant - Tennessee College of Applied Technology	N/A	N/A	18,508
Total State Grants			<u>\$ 1,273,889</u>

FAL = Federal Assistance Listing

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Houston County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster total \$686,479; Special Education Cluster total \$399,923.
- (4) Z-22-THS-134: \$3,015; Z-23-THS-127: \$1,710.
- (5) Z22LIT042: \$3,161; Z23257970: \$20,715.
- (6) Total for FAL No. 10.555 is \$523,454; Total for FAL No. 84.027 is \$379,820; Total for FAL No. 84.173 is \$20,103;
Total for FAL No. 84.425 is \$1,950,300.
- (7) No amounts (\$0) were passed-through to subrecipients.

Houston County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2023

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 Houston County, Tennessee, for the year ended June 30, 2023.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
<u>OFFICE OF ROAD SUPERINTENDENT</u>					
2022	182	2022-001	The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.	N/A	Corrected

Prior-year Federal Awards Findings

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

HOUSTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the business-type activities and the Houston County Community Hospital Fund, major enterprise fund, is adverse. Our report on the governmental activities, the aggregate discretely presented component units, each major fund (except for the Houston County Community Hospital Fund), and the aggregate remaining fund information is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * Assistance Listing Number: 21.027 COVID 19 - Coronavirus State and Local Fiscal Recovery Funds (ARP)
 - * Assistance Listing Number: 84.425 COVID-19 - Education Stabilization Fund
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2023-001

THE OFFICE HAD ACCOUNTING DEFICIENCIES

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

Our audit revealed the following accounting deficiencies which are the result of a lack of management oversight and the failure of management to take proper responsibility for the accounting records.

- A. Accounting records were not closed and available for audit by August 31, 2023, as required by Section 9-2-102, *Tennessee Code Annotated*. The accounting records and capital asset accounting records were closed and made available to auditors on November 27, 2023, and December 15, 2023, respectively. The failure to properly maintain and close accounting and subsidiary records on a current basis diminishes the usefulness of the financial records as a management tool, results in the loss of budgetary and accounting controls, and increases the risk that errors will not be discovered and corrected timely.
- B. Accounting records for the funds administered by the County Mayor's Office were not maintained on a current basis during the year examined. From our review of the audit logs and discussions with management, we noted that the accounting records for the months of August 2022 through December 2022 were not closed until January 31, 2023; and records for the months of May 2023 through June 2023 remained open until November 27, 2023, as noted in Part A. of this finding. Since accounting entries had not been posted currently, accurate monthly and annual financial reports could not be presented to the county commission to be used as management tools for financial decisions.

RECOMMENDATION

Management should close its accounting records for the fiscal year ended June 30, including applicable subsidiary records, and have those records available for audit by the following August 31. Further, management should maintain all accounting records on a current basis to ensure accurate and reliable financial records are available for making financial decisions.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with the finding. Accounting records will be closed and available for audit by August 31st. Management will also maintain accounting records on a current basis to ensure accurate and reliable records are available for making financial decisions.

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, 2023.

Houston County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2023

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

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

2023-001	The office had accounting deficiencies.	178
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Houston County Courthouse
P.O. Box 366 Erin, Tennessee 37061

JOEY BRAKE
County Mayor
Houston County, Tennessee

CountyMayor@hocotn.com
Phone: 931-289-3633
Fax: 931-289-2799

Corrective Action Plan

FINDING

THE OFFICE HAD ACCOUNTING DEFICIENCIES

Response and Corrective Action Plan Prepared by:
Joey Brake, County Mayor

Person Responsible for Implementing the Corrective Action:
Joey Brake, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2024

Repeat Finding:
No

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

Planned Corrective Action:
Accounting records will be closed and available for audit by August 31st. Management will also maintain accounting records on a current basis to ensure accurate and reliable records are available for making financial decisions.

A handwritten signature in blue ink, appearing to read "Joey Brake", is written over a horizontal line.

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 Houston County.

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

Houston 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.