



ANNUAL FINANCIAL REPORT

Rhea County, Tennessee

For the Year Ended June 30, 2023

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
RHEA 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

STEVE REEDER, CPA, CGFM, CFE
Audit Manager

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

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Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ Expenditures exceeded appropriations.
- ◆ Subsidiary accounting records were not closed and available for audit by August 31, 2023.
- ◆ The office had purchasing deficiencies.

OFFICE OF HIGHWAY SUPERVISOR

- ◆ Highway department road equipment was loaned to a privately-owned company.

OFFICE OF SHERIFF

- ◆ Operations of the sheriff's office are currently being investigated.



INTRODUCTORY SECTION

Rhea County Officials

June 30, 2023

Officials

Jim Vincent, County Executive
Glen Varner, Highway Supervisor
Jesse Messimer, Director of Schools
Neva Webb, Trustee
Debbie Byrd, Assessor of Property
Linda Shaver, County Clerk
Jamie Holloway, Circuit and General Sessions Courts Clerk
Bonnie Doss, Clerk and Master
Teresa Hulan, Register of Deeds
Mike Neal, Sheriff
Jodi Pendergrass, Interim Finance Director

Board of County Commissioners

Jim Reed, Chairman
Tommy Ballard
Mark Cashman
Philip Dunn
Emmaly Fisher

Sandy Francisco
Leo Stephens
Billy Thedford
Nick Welch

Board of Education

Larry Pendergrass, Chairman
Dennis Akin
Wayne Cox
Janie Graham
Perry Massengill

Harold McCawley
Benny McCoy
John Mincy
Dr. Henry Reid

Financial Management Committee

Nick Welch, Chairman
Jim Vincent, County Executive
Glen Varner, Highway Supervisor
Jesse Messimer, Director of Schools

Phillip Dunn
Sandy Francisco
Leo Stephens

Audit Committee

Jim Reed, Chairman
Gary Bemm
Daryle Cochran
Brandon Germany
Perry Massengill

Kelly Mickel
Charles Riggs
Tom Solomon
Leo Stephens

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rhea 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.

In our opinion, based on our audit and the report of 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, and the aggregate remaining fund information of Rhea County, Tennessee, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General, 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 Rhea County School Department (a discretely presented component unit), which represent .85 percent, .88 percent, and 3.34 percent, respectively, of the assets, net position, and revenues of the discretely presented school department component unit. We also did not audit the financial statements of the Rhea County Medical Center, a discretely presented component unit. We were unable to determine Rhea County Medical Center's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Rhea County Emergency Communications District, a component unit requiring discrete presentation, was not included in the county's financial statements. 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 Rhea County School Department's Internal School Fund and the Rhea County Medical Center are based solely on the report of the other auditors.

Basis for 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 Rhea 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.

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 Rhea 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 Rhea 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 Rhea 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 schedule of changes in the county's net pension liability (asset) and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability (asset), and schedules of county and school changes in 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 Rhea 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 Rhea 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 Rhea 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 February 21, 2024, on our consideration of Rhea 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 Rhea 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 Rhea County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 21, 2024

JEM/gc

BASIC FINANCIAL STATEMENTS

Exhibit A

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

		Component Units	
	Primary	Rhea	Rhea
	Government	County	Medical
	Governmental	School	Center
	Activities	Department	
<u>ASSETS</u>			
Cash	\$ 59,600	\$ 746,827	\$ 9,710,820
Equity in Pooled Cash and Investments	18,458,627	8,526,071	0
Inventories	0	143,557	803,562
Investments	0	0	15,087,152
Accounts Receivable	302,994	3,626	5,257,603
Allowance for Uncollectible	0	0	(2,274,200)
Due from Other Governments	1,172,522	3,109,615	0
Property Taxes Receivable	11,885,866	5,491,948	0
Allowance for Uncollectible Property Taxes	(925,393)	(428,515)	0
Prepaid Items	0	0	127,194
Other Current Assets	0	0	246,986
Restricted Assets:			
Amounts Accumulated for Pension Benefits	0	413,828	0
Net Pension Asset - Agent Plan	1,095,691	899,345	293,374
Net Pension Asset - Teacher Retirement Plan		89,243	0
Net Pension Asset - Teacher Legacy Pension Plan		5,251,004	0
Assets Not Depreciated:			
Land	999,745	939,515	2,417,795
Construction in Progress	56,786	638,274	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	26,089,532	59,418,810	19,923,364
Infrastructure	6,503,881	0	0
Other Capital Assets	3,040,063	2,675,570	0
Total Assets	<u>\$ 68,739,914</u>	<u>\$ 87,918,718</u>	<u>\$ 51,593,650</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Changes in Experience	\$ 1,056,270	\$ 1,735,640	\$ 282,819
Pension Changes in Assumptions	1,260,205	4,428,423	337,423
Pension Changes in Investment Earnings	44,102	154,119	11,808
Pension Changes in Proportion	0	3,928	0
Pension Contributions After Measurement Date	377,723	1,647,190	87,514
OPEB Changes in Experience	11,794	207,500	0
OPEB Changes in Assumptions	35,592	841,346	0
OPEB Changes in Proportion	0	69,743	0
OPEB Contributions After Measurement Date	11,305	79,865	0
Total Deferred Outflows of Resources	<u>\$ 2,796,991</u>	<u>\$ 9,167,754</u>	<u>\$ 719,564</u>

(Continued)

Exhibit A

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

		Component Units	
	Primary Government Governmental Activities	Rhea County School Department	Rhea Medical Center
<u>LIABILITIES</u>			
Accounts Payable	\$ 135,105	\$ 41,960	\$ 997,995
Accrued Payroll	0	0	657,724
Payroll Deductions Payable	81,237	643,777	0
Accrued Interest Payable	279,661	0	0
Due to Other Governments	3,779,543	506	0
Due to Litigants, Heirs, and Others	36,529	0	0
Other Current Liabilities	0	0	10,843,210
Noncurrent Liabilities:			
Due Within One Year - Debt	3,516,592	0	1,520,024
Due Within One Year - Other	175,477	12,395	0
Due in More Than One Year - Debt	41,510,878	0	14,298,286
Due in More Than One Year - Other	491,063	4,043,314	0
Total Liabilities	<u>\$ 50,006,085</u>	<u>\$ 4,741,952</u>	<u>\$ 28,317,239</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 10,460,295	\$ 4,850,595	\$ 0
Pension Changes in Experience	88,007	1,013,717	23,564
Pension Changes in Proportion	0	240,455	0
OPEB Changes in Experience	155,313	318,266	0
OPEB Changes in Assumptions	172,575	509,083	0
OPEB Changes in Proportion	0	195,370	0
Total Deferred Inflows of Resources	<u>\$ 10,876,190</u>	<u>\$ 7,127,486</u>	<u>\$ 23,564</u>
<u>NET ASSETS</u>			
Net Investment in Capital Assets	\$ 18,821,064	\$ 63,672,169	\$ 6,522,849
Restricted for:			
General Government	531,829	0	0
Finance	53,468	0	0
Administration of Justice	5,000,252	0	0
Public Safety	1,283,489	0	0
Public Health and Welfare	2,200,394	0	0
Highways/Public Works	1,841,306	0	0
Debt Service	3,705,537	0	0
Education	0	5,129,956	0
Pensions	1,095,691	6,653,420	293,374
Unrestricted	<u>(23,878,400)</u>	<u>9,761,489</u>	<u>17,156,188</u>
Total Net Position	<u>\$ 10,654,630</u>	<u>\$ 85,217,034</u>	<u>\$ 23,972,411</u>

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

Exhibit B

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

					Net (Expense) Revenue and Changes in Net		
					Position		
					Component Units		
					Rhea County School Department		Rhea Medical Center
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities		
Primary Government:							
Governmental Activities:							
General Government	\$ 5,236,081	\$ 650,383	\$ 2,103,278	\$ (165,673)	\$ (2,648,093)	\$ 0	\$ 0
Finance	1,680,918	1,012,825	0	0	(668,093)	0	0
Administration of Justice	1,557,508	741,816	4,500	0	(811,192)	0	0
Public Safety	9,245,883	3,280,894	1,089,215	0	(4,875,774)	0	0
Public Health and Welfare	1,478,509	726,857	461,934	0	(289,718)	0	0
Social, Cultural, and Recreational Services	937,110	6,959	0	0	(930,151)	0	0
Agriculture and Natural Resources	167,412	0	0	0	(167,412)	0	0
Highways/Public Works	2,387,638	0	2,343,503	1,743,900	1,699,765	0	0
Education	0	0		919,950	919,950	0	0
Interest on Long-term Debt	1,176,000	0		0	(1,176,000)	0	0
Total Primary Government	\$ 23,867,059	\$ 6,419,734	\$ 6,002,430	\$ 2,498,177	\$ (8,946,718)	\$ 0	\$ 0
Component Units:							
Rhea County School Department	\$ 49,540,348	\$ 239,033	\$ 11,489,212	\$ 2,076,832	\$ 0	\$ (35,735,271)	\$ 0
Rhea Medical Center	29,247,004	27,996,900	0		0	0	(1,250,104)
Total Component Units	\$ 78,787,352	\$ 28,235,933	\$ 11,489,212	\$ 2,076,832	\$ 0	\$ (35,735,271)	\$ (1,250,104)

(Continued)

Exhibit B

Rhea County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Component Units	
						Rhea County School Department	Rhea Medical Center
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 10,671,562	\$ 5,134,271	\$ 0
Property Taxes Levied for Debt Service					1,388,449	0	0
Local Option Sales Taxes					1,340,828	6,398,978	0
Hotel/Motel Tax					372,521	0	0
Litigation Tax - General					94,824	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					60,639	0	0
Business Tax					436,895	0	0
Mineral Severance Tax					63,272	0	0
Wholesale Beer Tax					138,582	0	0
Mixed Drink Tax					0	18,965	0
Other Local Taxes					727	0	0
Grants and Contributions Not Restricted to Specific Programs					1,465,005	27,089,410	1,227,424
Unrestricted Investment Earnings					166,205	0	716,710
Miscellaneous					20,735	26,067	0
Sale of Equipment					0	99,602	572,837
Total General Revenues					<u>\$ 16,220,244</u>	<u>\$ 38,767,293</u>	<u>\$ 2,516,971</u>
Insurance Recovery					<u>\$ 0</u>	<u>\$ 2,284</u>	<u>\$ 0</u>
Change in Net Position					\$ 7,273,526	\$ 3,034,306	\$ 1,266,867
Net Position, July 1, 2022					<u>3,381,104</u>	<u>82,182,728</u>	<u>22,705,544</u>
Net Position, June 30, 2023					<u><u>\$ 10,654,630</u></u>	<u><u>\$ 85,217,034</u></u>	<u><u>\$ 23,972,411</u></u>

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Other General Government Fund	Highway / Public Works	General Debt Service	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 59,500	\$ 59,600
Equity in Pooled Cash and Investments	8,476,044	2,618,791	1,447,171	3,702,046	2,214,575	18,458,627
Accounts Receivable	172,025	0	0	0	130,969	302,994
Due from Other Governments	501,359	0	419,961	227,751	23,451	1,172,522
Due from Other Funds	5,251	0	18,650	0	22,756	46,657
Property Taxes Receivable	9,787,026	0	215,500	1,883,340	0	11,885,866
Allowance for Uncollectible Property Taxes	(760,758)	0	(16,790)	(147,845)	0	(925,393)
Total Assets	<u>\$ 18,181,047</u>	<u>\$ 2,618,791</u>	<u>\$ 2,084,492</u>	<u>\$ 5,665,292</u>	<u>\$ 2,451,251</u>	<u>\$ 31,000,873</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 114,814	\$ 0	\$ 11,142	\$ 0	\$ 9,149	\$ 135,105
Payroll Deductions Payable	71,914	0	7,655	0	1,667	81,236
Due to Other Funds	41,406	0	0	0	5,251	46,657
Due to Other Governments	0	3,779,543	0	0	0	3,779,543
Due to Litigants, Heirs, and Others	0	0	0	0	36,529	36,529
Total Liabilities	<u>\$ 228,134</u>	<u>\$ 3,779,543</u>	<u>\$ 18,797</u>	<u>\$ 0</u>	<u>\$ 52,596</u>	<u>\$ 4,079,070</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 8,590,333	\$ 0	\$ 189,869	\$ 1,680,093	\$ 0	\$ 10,460,295
Deferred Delinquent Property Taxes	409,997	0	8,316	52,105	0	470,418
Other Deferred/Unavailable Revenue	359,383	0	194,207	115,910	10,466	679,966
Total Deferred Inflows of Resources	<u>\$ 9,359,713</u>	<u>\$ 0</u>	<u>\$ 392,392</u>	<u>\$ 1,848,108</u>	<u>\$ 10,466</u>	<u>\$ 11,610,679</u>

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Other General Government Fund	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 65,559	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65,559
Restricted for Finance	53,468	0	0	0	0	53,468
Restricted for Administration of Justice	5,000,252	0	0	0	0	5,000,252
Restricted for Public Safety	1,185,089	0	0	0	98,400	1,283,489
Restricted for Public Health and Welfare	72,691	0	0	0	2,127,703	2,200,394
Restricted for Highways/Public Works	0	0	1,673,303	0	0	1,673,303
Restricted for Debt Service	0	0	0	3,817,184	0	3,817,184
Restricted for Other Purposes	466,270	0	0	0	0	466,270
Assigned:						
Assigned for General Government	1,725	0	0	0	0	1,725
Assigned for Finance	0	0	0	0	55,003	55,003
Assigned for Administration of Justice	348,953	0	0	0	0	348,953
Assigned for Public Safety	1,213,387	0	0	0	107,083	1,320,470
Unassigned	185,806	(1,160,752)	0	0	0	(974,946)
Total Fund Balances	<u>\$ 8,593,200</u>	<u>\$ (1,160,752)</u>	<u>\$ 1,673,303</u>	<u>\$ 3,817,184</u>	<u>\$ 2,388,189</u>	<u>\$ 15,311,124</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,181,047</u>	<u>\$ 2,618,791</u>	<u>\$ 2,084,492</u>	<u>\$ 5,665,292</u>	<u>\$ 2,451,251</u>	<u>\$ 31,000,873</u>

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

Exhibit C-2

Rhea 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)		\$ 15,311,124
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 999,745	
Add: construction in progress	56,786	
Add: buildings and improvements net of accumulated depreciation	26,089,532	
Add: infrastructure net of accumulated depreciation	6,503,881	
Add: other capital assets net of accumulated depreciation	<u>3,040,063</u>	36,690,007
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (24,923,247)	
Less: notes payable	(2,070,280)	
Less: other loans payable	(18,033,943)	
Less: compensated absences payable	(448,011)	
Less: OPEB liability	(218,530)	
Less: accrued interest on bonds and notes	<u>(279,661)</u>	(45,973,672)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 2,738,300	
Less: deferred inflows of resources related to pensions	(88,007)	
Add: deferred outflows of resources related to OPEB	58,691	
Less: deferred inflows of resources related to OPEB	<u>(327,888)</u>	2,381,096
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,095,691
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,150,384</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 10,654,630</u></u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Other General Government Fund	Highway / Public Works	General Debt Service	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 11,139,927	\$ 0	\$ 277,971	\$ 2,841,454	\$ 575,835	\$ 14,835,187
Licenses and Permits	283,669	0	0	0	0	283,669
Fines, Forfeitures, and Penalties	199,041	0	0	0	34,513	233,554
Charges for Current Services	307,043	0	0	0	890,946	1,197,989
Other Local Revenues	585,616	0	763,578	157,890	108,692	1,615,776
Fees Received From County Officials	1,399,208	0	0	0	0	1,399,208
State of Tennessee	4,723,825	0	2,350,886	0	29,684	7,104,395
Federal Government	449,471	2,662,757	0	0	0	3,112,228
Other Governments and Citizens Groups	898,555	0	0	1,284,950	4,944	2,188,449
Total Revenues	\$ 19,986,355	\$ 2,662,757	\$ 3,392,435	\$ 4,284,294	\$ 1,644,614	\$ 31,970,455
<u>Expenditures</u>						
Current:						
General Government	\$ 3,158,041	\$ 0	\$ 0	\$ 0	\$ 109,293	\$ 3,267,334
Finance	1,477,626	0	0	0	201,845	1,679,471
Administration of Justice	1,483,832	0	0	0	0	1,483,832
Public Safety	8,896,574	0	0	0	81,269	8,977,843
Public Health and Welfare	648,218	0	0	0	1,012,485	1,660,703
Social, Cultural, and Recreational Services	147,890	0	0	0	0	147,890
Agriculture and Natural Resources	167,383	0	0	0	0	167,383
Other Operations	1,089,429	2,185,752	0	0	20,502	3,295,683
Highways	0	0	4,353,329	0	0	4,353,329
Debt Service:						
Principal on Debt	0	0	0	3,813,274	0	3,813,274
Interest on Debt	0	0	0	1,300,906	0	1,300,906
Other Debt Service	0	0	0	45,427	0	45,427
Total Expenditures	\$ 17,068,993	\$ 2,185,752	\$ 4,353,329	\$ 5,159,607	\$ 1,425,394	\$ 30,193,075

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		
	General	Other General Government Fund	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,917,362	\$ 477,005	\$ (960,894)	\$ (875,313)	\$ 219,220	\$ 1,777,380	
Other Financing Sources (Uses)							
Transfers In	\$ 0	\$ 0	\$ 1,232,770	\$ 0	\$ 11,157	\$ 1,243,927	
Transfers Out	(250,027)	(993,900)	0	0	0	(1,243,927)	
Total Other Financing Sources (Uses)	\$ (250,027)	\$ (993,900)	\$ 1,232,770	\$ 0	\$ 11,157	\$ 0	
Net Change in Fund Balances	\$ 2,667,335	\$ (516,895)	\$ 271,876	\$ (875,313)	\$ 230,377	\$ 1,777,380	
Fund Balance, July 1, 2022	5,925,865	(643,857)	1,401,427	4,692,497	2,157,812	13,533,744	
Fund Balance, June 30, 2023	\$ 8,593,200	\$ (1,160,752)	\$ 1,673,303	\$ 3,817,184	\$ 2,388,189	\$ 15,311,124	

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

Exhibit C-4

Rhea 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)		\$	1,777,380
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	3,747,187	
Less: current-year depreciation expense		<u>(1,548,548)</u>	2,198,639
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of capital assets disposed			(12,301)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2023	\$	1,150,384	
Less: deferred delinquent property taxes and other deferred June 30, 2022		<u>(1,615,254)</u>	(464,870)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Add: principal payments on bonds	\$	2,484,253	
Add: principal payments on notes		276,166	
Add: principal payments on other loans		1,052,855	
Less: contributions from the school department for bonds and notes		<u>(365,000)</u>	3,448,274
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	124,907	
Change in compensated absences payable		41,804	
Change in net pension liability/asset		(4,844,786)	
Change in deferred outflows related to pensions		747,849	
Change in deferred inflows related to pensions		4,245,281	
Change in net OPEB liability		97,017	
Change in deferred outflows related to OPEB		(11,904)	
Change in deferred inflows related to OPEB		<u>(73,764)</u>	326,404
Change in net position of governmental activities (Exhibit B)			<u>\$ 7,273,526</u>

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

Exhibit C-5

Rhea 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 11,139,927	\$ 0	\$ 11,139,927	\$ 10,776,633	\$ 10,776,633	\$ 363,294
Licenses and Permits	283,669	0	283,669	260,000	260,000	23,669
Fines, Forfeitures, and Penalties	199,041	0	199,041	207,600	212,975	(13,934)
Charges for Current Services	307,043	0	307,043	275,400	283,111	23,932
Other Local Revenues	585,616	0	585,616	318,700	328,456	257,160
Fees Received From County Officials	1,399,208	0	1,399,208	1,564,000	1,389,000	10,208
State of Tennessee	4,723,825	0	4,723,825	1,979,400	2,415,806	2,308,019
Federal Government	449,471	0	449,471	35,000	130,732	318,739
Other Governments and Citizens Groups	898,555	0	898,555	333,000	333,000	565,555
Total Revenues	\$ 19,986,355	\$ 0	\$ 19,986,355	\$ 15,749,733	\$ 16,129,713	\$ 3,856,642
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 104,927	\$ 0	\$ 104,927	\$ 111,669	\$ 119,569	\$ 14,642
Board of Equalization	2,260	0	2,260	2,260	2,262	2
Other Boards and Committees	4,989	0	4,989	8,347	8,347	3,358
County Mayor/Executive	196,999	(92)	196,907	190,031	191,770	(5,137)
County Attorney	65,944	0	65,944	40,000	65,944	0
Election Commission	247,942	0	247,942	280,156	281,771	33,829
Register of Deeds	264,162	0	264,162	261,980	271,660	7,498
Planning	18,247	0	18,247	20,962	20,962	2,715
Building	100,178	0	100,178	89,963	91,578	(8,600)
County Buildings	198,546	0	198,546	0	212,061	13,515
Other Facilities	1,894,450	(69)	1,894,381	1,324,522	1,982,519	88,138
Other General Administration	1,814	0	1,814	0	1,814	0
Preservation of Records	57,583	0	57,583	52,656	57,929	346

(Continued)

Exhibit C-5

Rhea 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance</u>						
Accounting and Budgeting	\$ 642,964	\$ (453)	\$ 642,511	\$ 648,478	\$ 689,213	\$ 46,702
Property Assessor's Office	381,768	(50)	381,718	391,439	396,283	14,565
County Trustee's Office	71,548	0	71,548	256,116	74,755	3,207
County Clerk's Office	381,346	0	381,346	395,557	405,171	23,825
<u>Administration of Justice</u>						
Circuit Court	358,180	0	358,180	367,472	371,643	13,463
Circuit Court Judge	44	0	44	0	0	(44)
General Sessions Court	250,005	0	250,005	248,460	258,116	8,111
General Sessions Judge	487,654	0	487,654	476,767	503,867	16,213
Drug Court	2,798	0	2,798	0	5,375	2,577
Chancery Court	323,682	0	323,682	326,395	330,320	6,638
Courtroom Security	61,469	(106)	61,363	70,743	72,027	10,664
<u>Public Safety</u>						
Sheriff's Department	3,159,598	(4,968)	3,154,630	2,961,036	3,208,082	53,452
Administration of the Sexual Offender Registry	41,256	0	41,256	2,000	42,021	765
Jail	3,203,176	(17,584)	3,185,592	3,305,831	3,523,000	337,408
Juvenile Services	446,289	(1,077)	445,212	447,266	455,674	10,462
Fire Prevention and Control	458,280	(2,604)	455,676	434,940	517,620	61,944
Civil Defense	135	0	135	0	135	0
Rescue Squad	26,353	0	26,353	37,000	37,000	10,647
Other Emergency Management	181,506	0	181,506	137,031	186,832	5,326
County Coroner/Medical Examiner	87,271	0	87,271	45,000	87,271	0
Public Safety Grants Program	213,381	0	213,381	0	254,449	41,068
Other Public Safety	1,079,329	0	1,079,329	1,115,710	1,128,089	48,760
Local Health Center	248,571	0	248,571	277,861	326,146	77,575
Rabies and Animal Control	170,598	(497)	170,101	177,478	179,228	9,127
Other Local Health Services	71,553	0	71,553	78,246	83,529	11,976

(Continued)

Exhibit C-5

Rhea 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare</u>						
Other Waste Disposal	\$ 44,319	\$ 0	\$ 44,319	\$ 40,000	\$ 44,380	\$ 61
Other Public Health and Welfare	113,177	0	113,177	0	204,842	91,665
<u>Social, Cultural, and Recreational Services</u>						
Adult Activities	35,330	0	35,330	35,000	36,454	1,124
Parks and Fair Boards	19,871	0	19,871	79,929	32,990	13,119
Other Social, Cultural, and Recreational	92,689	0	92,689	0	95,924	3,235
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	127,836	(3,100)	124,736	162,506	129,516	4,780
Soil Conservation	39,547	0	39,547	39,619	40,426	879
<u>Other Operations</u>						
Other Economic and Community Development	624,720	0	624,720	150,000	511,500	(113,220)
Veterans' Services	114,000	(22)	113,978	109,335	116,517	2,539
Other Charges	251,702	0	251,702	224,000	381,130	129,428
Contributions to Other Agencies	50,500	0	50,500	55,500	55,500	5,000
Employee Benefits	48,507	0	48,507	55,000	55,000	6,493
Total Expenditures	\$ 17,068,993	\$ (30,622)	\$ 17,038,371	\$ 15,534,261	\$ 18,148,211	\$ 1,109,840
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,917,362	\$ 30,622	\$ 2,947,984	\$ 215,472	\$ (2,018,498)	\$ 4,966,482
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (250,027)	0	\$ (250,027)	0	\$ (250,027)	0
Total Other Financing Sources	\$ (250,027)	0	\$ (250,027)	0	\$ (250,027)	0
Net Change in Fund Balance	\$ 2,667,335	\$ 30,622	\$ 2,697,957	\$ 215,472	\$ (2,268,525)	\$ 4,966,482
Fund Balance, July 1, 2022	5,925,865	(30,622)	5,895,243	6,042,096	6,042,096	(146,853)
Fund Balance, June 30, 2023	\$ 8,593,200	\$ 0	\$ 8,593,200	\$ 6,257,568	\$ 3,773,571	\$ 4,819,629

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

Exhibit C-6

Rhea 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>				
Federal Government	\$ 2,662,757	\$ 0	\$ 3,179,652	\$ (516,895)
Total Revenues	\$ 2,662,757	\$ 0	\$ 3,179,652	\$ (516,895)
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 2,185,752	\$ 0	\$ 2,185,752	\$ 0
Total Expenditures	\$ 2,185,752	\$ 0	\$ 2,185,752	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 477,005	\$ 0	\$ 993,900	\$ (516,895)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (993,900)	\$ 0	\$ (993,900)	\$ 0
Total Other Financing Sources	\$ (993,900)	\$ 0	\$ (993,900)	\$ 0
Net Change in Fund Balance	\$ (516,895)	\$ 0	\$ 0	\$ (516,895)
Fund Balance, July 1, 2022	(643,857)	0	0	(643,857)
Fund Balance, June 30, 2023	\$ (1,160,752)	\$ 0	\$ 0	\$ (1,160,752)

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

Exhibit C-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 277,971	\$ 0	\$ 277,971	\$ 291,948	\$ 291,948	\$ (13,977)
Other Local Revenues	763,578	0	763,578	8,000	8,000	755,578
State of Tennessee	2,350,886	0	2,350,886	2,760,333	2,760,333	(409,447)
Total Revenues	<u>\$ 3,392,435</u>	<u>\$ 0</u>	<u>\$ 3,392,435</u>	<u>\$ 3,060,281</u>	<u>\$ 3,060,281</u>	<u>\$ 332,154</u>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 247,587	\$ (159)	\$ 247,428	\$ 279,700	\$ 282,203	\$ 34,775
Highway and Bridge Maintenance	1,985,944	(19,391)	1,966,553	1,983,639	2,418,392	451,839
Operation and Maintenance of Equipment	350,364	(9,501)	340,863	435,923	452,538	111,675
Other Charges	97,641	0	97,641	109,000	109,000	11,359
Employee Benefits	41,118	0	41,118	57,748	57,748	16,630
Capital Outlay	1,630,675	(12,336)	1,618,339	608,540	1,387,440	(230,899)
Total Expenditures	<u>\$ 4,353,329</u>	<u>\$ (41,387)</u>	<u>\$ 4,311,942</u>	<u>\$ 3,474,550</u>	<u>\$ 4,707,321</u>	<u>\$ 395,379</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (960,894)</u>	<u>\$ 41,387</u>	<u>\$ (919,507)</u>	<u>\$ (414,269)</u>	<u>\$ (1,647,040)</u>	<u>\$ 727,533</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 1,232,770	\$ 0	\$ 1,232,770	\$ 0	\$ 1,232,770	\$ 0
Total Other Financing Sources	<u>\$ 1,232,770</u>	<u>\$ 0</u>	<u>\$ 1,232,770</u>	<u>\$ 0</u>	<u>\$ 1,232,770</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 271,876	\$ 41,387	\$ 313,263	\$ (414,269)	\$ (414,270)	\$ 727,533
Fund Balance, July 1, 2022	<u>1,401,427</u>	<u>(41,387)</u>	<u>1,360,040</u>	<u>1,383,455</u>	<u>1,383,455</u>	<u>(23,415)</u>
Fund Balance, June 30, 2023	<u>\$ 1,673,303</u>	<u>\$ 0</u>	<u>\$ 1,673,303</u>	<u>\$ 969,186</u>	<u>\$ 969,185</u>	<u>\$ 704,118</u>

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

Exhibit D-1

Rhea County, Tennessee
Statement of Fiduciary Net Position
June 30, 2023

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,609,036
Equity in Pooled Cash and Investments	146,727
Accounts Receivable	2,702
Due from Other Governments	1,198,363
Property Taxes Receivable	556,858
Allowance for Uncollectible Property Taxes	<u>(43,348)</u>
Total Assets	<u>\$ 3,470,338</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	<u>\$ 1,302,534</u>
Total Liabilities	<u>\$ 1,302,534</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Current Property Taxes	<u>\$ 510,540</u>
Total Deferred Inflows of Resources	<u>\$ 510,540</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 1,657,264</u>
Total Net Position	<u><u>\$ 1,657,264</u></u>

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

Exhibit D-2

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

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Sales Tax Collections for Other Governments	\$ 5,602,949
Property Tax Collections for Other Governments	550,407
ADA - Educational Funds Collected for Cities	1,140,723
Fines/Fees and Other Collections	8,363,012
District Attorney General Collections	12,016
Total Additions	<u>\$ 15,669,107</u>
<u>DEDUCTIONS</u>	
Payment of Sales Tax Collections to Other Governments	\$ 5,602,949
Payments to City School Systems	1,693,318
Payments to State	4,113,224
Payments to Cities, Individuals, and Others	4,409,433
Payment of District Attorney General Expenses	16,267
Total Deductions	<u>\$ 15,835,191</u>
Net Increase (Decrease) in Fiduciary in Net Position	\$ (166,084)
Net Position, July 1, 2022	<u>1,823,348</u>
Net Position, June 30, 2023	<u><u>\$ 1,657,264</u></u>

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

RHEA COUNTY, TENNESSEE

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Rhea County School Department operates the public school system in the county, and the voters of Rhea 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 Rhea Medical Center provides medical care to the citizens of Rhea County, and the county commission appoints its governing body. The Rhea Medical Center is funded primarily through patient service charges. Before the issuance of debt instruments, the entity must obtain the county commission's approval.

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

The Rhea County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Rhea County School Department are included in this report as listed in the table of contents. Complete financial statements of the Rhea Medical Center and the Rhea County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Rhea Medical Center
9400 Rhea County Highway
Dayton, TN 37321

Rhea County Emergency Communications District
8860 Back Valley Road
P.O. Box 85
Evansville, TN 37332

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

B. Government-wide and Fund Financial Statements

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

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

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

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

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in 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. Rhea 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 a private-purpose trust fund and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement.

Rhea 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.

Other General Government Fund – This fund accounts for and reports the transactions specifically related to funds received by the county from the American Rescue Plan Act (ARPA).

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

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

Additionally, Rhea County reports the following fund types:

Other Capital Projects Fund – This fund is used to account for transactions associated with jail projects.

Custodial Funds – These funds account for amounts collected in a custodial capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Rhea County, the city school system's share of educational revenues, and restricted revenues held for the benefit of the Office of District Attorney General.

The discretely presented Rhea 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.

School Transportation Fund – This special revenue fund is used to account for operations of the school transportation system. Local taxes are the foundational revenues of this fund.

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of debt and other specific revenue sources that are legally restricted to expenditures for construction and/or renovations.

Private Purpose Trust Fund – The Other Trust Fund is used to account for resources legally held in trust to fund scholarships for students of Rhea County High School. Earnings on invested resources may be used to fund the scholarship, but the principal of the fund is required to be maintained intact.

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. The current year (FY 23) report was not available from the auditor of the Internal School Fund in time for inclusion in this report. Therefore, the prior year balances (FY 22) are presented in this report. We do not believe using the prior year balances will affect the

independent auditor's opinion on the Aggregate Discretely Presented Component Units. 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 or Resources, and Net Position/Fund Balance

1. Deposits and Investments

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

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

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

the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United 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. Rhea County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

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

2. Receivables and Payables

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

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-

end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Most payables are disaggregated on the face of the financial statements.

3. Inventories

Inventories of the discretely presented Rhea County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

4. Restricted Assets

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

5. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated

useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Infrastructure:	
Roads	40 - 50
Bridges	20 - 40
Other Capital Assets	5 - 15

6. Deferred Outflows/Inflows of Resources

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

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

7. Compensated Absences

Employees of Rhea County, other than the sheriff and highway departments, must use all leave by June 30.

Highway department employees may accumulate up to 120 hours vacation leave. Any outstanding balance over 120 hours is paid to the employee on the last check issued in June each year.

Sheriff's department employees can accumulate the following amount of vacation time depending on their years of service:

<u>Length of Service</u>	<u>Hours per Month</u>
First Three Years	3.36 hours
Four to Nine Years	6.67 hours
Ten to Nineteen Years	10 hours
Twenty Years or more	13.34 hours

There is no cap on hours that can be accumulated for sheriff's department employees. Unused vacation leave will be paid upon retirement, resignation, or termination.

There is no liability for unpaid accumulated sick leave since Rhea County does not have a policy to pay any amounts when employees separate from service with the government.

It is the policy of the discretely presented Rhea County School Department to permit its 11- and 12-month employees to accumulate up to twice as many vacation days as they can earn in a year. Unused vacation leave will be paid upon retirement, resignation, or termination. Any accumulated unused vacation leave in excess of the limit is forfeited. The policy of the school department does not allow its ten-month employees to accumulate vacation days beyond June 30. The policy also allows school department employees to be paid \$65 a day for unused sick leave upon retirement if certain criteria are met. There is no limit on the number of sick days an employee can accrue.

All vacation pay is accrued when incurred in the government-wide statements for the county and the discretely presented school department. A liability for vacation pay is reported in governmental

funds only if amounts have matured, for example, as a result of employee resignations and retirements.

8. Long-term Debt and Long-term Obligations

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

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

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

9. 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, Rhea County had \$27,158,527 in outstanding debt for capital purposes for the discretely presented Rhea County School Department. This debt is a liability of Rhea County; however, the capital assets acquired are reported in the financial statements of the school department. Therefore, Rhea 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 Financial Management 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

Primary Government

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

Discretely Presented Rhea County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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

Discretely Presented Rhea 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 Rhea 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 Rhea County School Department

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

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

Primary Government

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

Discretely Presented Rhea 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 Other 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 Executive, County Attorney, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficit

The Other General Government Fund had a fund deficit of \$1,160,752 due to the grant expenditure reporting prescribed by the U.S. Treasury for the State and Local Fiscal Recovery Funds Grant (FAL No. 21.027). The grant expenditures can only be reported in April of each year, and fund revenues are not recognized until the expenditures are reported. Rhea County made expenditures of grant funds in the current period, but they have yet to report these expenditures which resulted in the deficit.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
County Mayor/Executive	\$ 5,137
Building	8,600
Circuit Court Judge	44
Other Economic and Community Development	113,220
Solid Waste/Sanitation:	
Other Charges	4,209
Highway/Public Works:	
Capital Outlay	230,899

D. Investigation

The Comptroller's Division of Investigations is currently reviewing operations of the Rhea County Sheriff's Department. Findings, if any, resulting from this review will be included in subsequent reports.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Rhea County and the Rhea 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, depositing, 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 Rhea 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 Rhea 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 Rhea 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	\$ 128,286
Developed Market International Equity	N/A	N/A	57,936
Emerging Market International Equity	N/A	N/A	16,553
U.S. Fixed Income	N/A	N/A	82,766
Real Estate	N/A	N/A	41,383
Short-term Securities	N/A	N/A	4,138
NAV - Private Equity and Strategic Lending	N/A	N/A	82,766
Total			<u>\$ 413,828</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	\$ 999,745	\$ 0	\$ 0	\$ 999,745
Construction in Progress	88,677	56,786	(88,677)	56,786
Total Capital Assets Not Depreciated	\$ 1,088,422	\$ 56,786	\$ (88,677)	\$ 1,056,531
Capital Assets Depreciated:				
Buildings and Improvements	\$ 27,872,759	\$ 921,093	\$ 0	\$ 28,793,852
Infrastructure	15,344,868	2,265,625	0	17,610,493
Other Capital Assets	7,875,319	592,360	(151,244)	8,316,435
Total Capital Assets Depreciated	\$ 51,092,946	\$ 3,779,078	\$ (151,244)	\$ 54,720,780
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,010,010	\$ 694,310	\$ 0	\$ 2,704,320
Infrastructure	10,931,035	175,577	0	11,106,612
Others Capital Assets	4,736,654	678,661	(138,943)	5,276,372
Total Accumulated Depreciation	\$ 17,677,699	\$ 1,548,548	\$ (138,943)	\$ 19,087,304
Total Capital Assets Depreciated, Net	\$ 33,415,247	\$ 2,230,530	\$ (12,301)	\$ 35,633,476
Governmental Activities Capital Assets, Net	\$ 34,503,669	\$ 2,287,316	\$ (100,978)	\$ 36,690,007

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

Governmental Activities:

General Government	\$ 224,126
Finance	5,734
Administration of Justice	74,813
Public Safety	816,035
Public Health and Welfare	82,367
Highways/Public Works	<u>345,473</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,548,548</u></u>

Net Investment in Capital Assets

Capital Assets	\$ 36,690,007
Add:	
Outstanding debt for school purposes	27,158,527
Less:	
Outstanding principal of capital debt and other capital borrowings	(45,027,470)
Net Investment in Capital Assets	<u><u>\$ 18,821,064</u></u>

Discretely Presented Rhea County School Department

Governmental Activities:

	Balance 7-1-22	Increases	Decreases	Balance 6-30-23
Capital Assets Not Depreciated:				
Land	\$ 939,515	\$ 0	\$ 0	\$ 939,515
Construction in Progress	1,835,283	520,334	(1,717,343)	638,274
Total Capital Assets Not Depreciated	<u>\$ 2,774,798</u>	<u>\$ 520,334</u>	<u>\$ (1,717,343)</u>	<u>\$ 1,577,789</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 75,069,083	\$ 3,454,377	\$ 0	\$ 78,523,460
Other Capital Assets	7,430,811	546,590	0	7,977,401
Total Capital Assets Depreciated	<u>\$ 82,499,894</u>	<u>\$ 4,000,967</u>	<u>\$ 0</u>	<u>\$ 86,500,861</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 17,927,676	\$ 1,176,974	\$ 0	\$ 19,104,650
Others Capital Assets	4,946,108	355,723	0	5,301,831
Total Accumulated Depreciation	<u>\$ 22,873,784</u>	<u>\$ 1,532,697</u>	<u>\$ 0</u>	<u>\$ 24,406,481</u>
Total Capital Assets Depreciated, Net	<u>\$ 59,626,110</u>	<u>\$ 2,468,270</u>	<u>\$ 0</u>	<u>\$ 62,094,380</u>
Governmental Activities Capital Assets, Net	<u>\$ 62,400,908</u>	<u>\$ 2,988,604</u>	<u>\$ (1,717,343)</u>	<u>\$ 63,672,169</u>

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

Governmental Activities:

Instruction	\$ 900,107
Support Services	601,731
Operation of Non-instructional Services	<u>30,859</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,532,697</u></u>

C. Construction Commitments

At June 30, 2023, the school department had uncompleted contracts of approximately \$358,063 for tennis courts, \$177,527 for special education building, and \$980,811 for cafeteria additions at two schools. Funding has been received or awarded for these future expenditures.

D. 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
Primary Government:		
General	Nonmajor Governmental	\$ 5,251
Highway/Public Works	General	18,650
Nonmajor governmental	General	22,756

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
	Highway/ Public Works Fund	Nonmajor governmental fund	
Other General			
Government Fund	\$ 993,900	\$ 0	Road improvements
General Fund	220,220	0	"
"	18,650	0	Bonus pay
"	0	11,157	"
Total	\$ 1,232,770	\$ 11,157	

Discretely Presented Rhea County School Department

Transfer Out	<u>Transfer In</u> Nonmajor governmental fund	Purpose
General Purpose School Fund	\$ 759,000	Capital projects
Total	<u>\$ 759,000</u>	

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Rhea County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 12 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 - Rhea County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 10 years for notes and up to 20 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 Fund.

General obligation bonds, 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	2.22%	4-1-34	\$ 27,042,500	\$ 24,923,247
Direct Borrowing and Direct Placement:				
Notes	1.5 to 2.94	3-1-31	2,695,000	2,070,280
Other Loans	variable	5-25-26	1,000,000	205,000
Other Loans - Fixed rate	3.3483	4-1-37	21,618,798	17,828,943

In previous years, Rhea County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$1 million to Rhea County for a sewer project. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2023, the variable interest rate was 3.11 percent and other fees totaled approximately .74 percent (letter of credit), .10 percent (remarketing) on the outstanding loan principal, and a trustee fee of \$85 per month.

On May 31, 2019, Rhea County entered into a loan agreement with the Sevier County Public Building Authority. Under this loan agreement, the authority has agreed to loan up to \$25 million to Rhea County for a jail construction project. The loan is repayable at an interest rate of 3.3483 percent. During the period examined, Rhea County decided not to draw down \$2,795,000 from the authorized loan amount. At June 30, 2023, there were remaining loan funds of \$586,202 available for drawdown.

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	\$ 2,142,776	\$ 553,296	\$ 2,696,072
2025	2,166,561	505,726	2,672,287
2026	2,190,610	457,629	2,648,239
2027	2,214,926	408,997	2,623,923
2028	2,239,511	359,826	2,599,337
2029-2033	11,576,000	1,042,243	12,618,243
2034	2,392,863	53,122	2,445,985
Total	<u>\$ 24,923,247</u>	<u>\$ 3,380,839</u>	<u>\$ 28,304,086</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2024	\$ 280,335	\$ 32,645	\$ 312,980
2025	244,060	27,744	271,804
2026	247,843	23,961	271,804
2027	251,684	20,120	271,804
2028	255,585	16,219	271,804
2029-2031	790,773	24,640	815,413
Total	<u>\$ 2,070,280</u>	<u>\$ 145,329</u>	<u>\$ 2,215,609</u>

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2024	\$ 1,093,481	\$ 706,239	\$ 2,749	\$ 1,802,469
2025	1,129,388	670,280	2,192	1,801,860
2026	1,167,414	633,139	1,619	1,802,172
2027	1,132,596	594,749	0	1,727,345
2028	1,169,971	557,374	0	1,727,345
2029-2033	6,455,115	2,181,612	0	8,636,727
2034-2037	5,885,978	935,263	0	6,821,241
Total	<u>\$ 18,033,943</u>	<u>\$ 6,278,656</u>	<u>\$ 6,560</u>	<u>\$ 24,319,159</u>

There is \$3,817,184 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$758, based on the 2020 federal census. Total debt per capita, including bonds, notes, other loans, and unamortized debt premiums, totaled \$1,370, based on the 2020 federal census.

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2022	\$ 27,407,500	\$ 2,346,446	\$ 19,086,798
Reductions	(2,484,253)	(276,166)	(1,052,855)
Balance, June 30, 2023	<u>\$ 24,923,247</u>	<u>\$ 2,070,280</u>	<u>\$ 18,033,943</u>
Balance Due Within One Year	<u>\$ 2,142,776</u>	<u>\$ 280,335</u>	<u>\$ 1,093,481</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2023	\$ 45,027,470
Less: Balance Due Within One Year - Debt	<u>(3,516,592)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 41,510,878</u>

F. Long-term Obligations

Changes in Long-term Obligations

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

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2022	\$ 489,815	\$ 315,547
Additions	363,229	50,230
Reductions	<u>(405,034)</u>	<u>(147,247)</u>
Balance, June 30, 2023	<u>\$ 448,010</u>	<u>\$ 218,530</u>
Balance Due Within One Year	<u>\$ 175,477</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2023	\$ 666,540
Less: Balance Due Within One Year - Other	<u>(175,477)</u>

Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 491,063</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Rhea County School Department

Changes in Long-term Obligations

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

Governmental Activities:	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2022	\$ 308,676	\$ 3,989,583
Additions	84,795	346,716
Reductions	<u>(73,884)</u>	<u>(600,177)</u>
Balance, June 30, 2023	<u>\$ 319,587</u>	<u>\$ 3,736,122</u>
Balance Due Within One Year	<u>\$ 12,395</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2023	\$ 4,055,709
Less: Balance Due Within One Year - Other	<u>(12,395)</u>

Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 4,043,314</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

G. On-Behalf Payments

Discretely Presented Rhea County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Rhea County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both plans are administered by the State of Tennessee and reported in the state's Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2023, were \$53,026. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

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

Primary Government

Rhea 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.

Discretely Presented Rhea County School Department

The discretely presented Rhea County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *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.

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.

Counties are often involved in threatened or pending lawsuits due to the nature of the services that they provide; however, at June 30, 2023, county

officials and attorneys representing the county and the school department did not identify any significant threatened or pending lawsuits against Rhea County.

D. Financial Guarantees

Rhea County is contingently liable for a loan agreement, a note payable, and four long-term leases issued by the Rhea Medical Center. In the event that the medical center defaults on its debt, the county would be required to make the payments.

The Public Building Authority of the County of Montgomery, Tennessee issued Adjustable Rate Pooled Financing Revenue Bonds, Series 2004 on July 1, 2004, and loaned \$24,100,000 of the proceeds to the Medical Center under a loan agreement with terms substantially identical to terms of the bonds. The bonds mature on May 25, 2033. Principal payments will be made annually as they become due. Interest payments are due monthly and calculated daily as set forth in the loan agreement (3.29% at June 30, 2023). The loan is considered as a direct borrowing/placement. The outstanding principal balance of this loan agreement at June 30, 2023, was \$12,209,000.

The medical center has a note payable with a bank issued February 2021 for \$3,100,000 used to build a physician building. The note payable will have 168 monthly principal and interest payments of \$20,498, using an interest rate of 1.5%. All unpaid principal and interest are due on the maturity date February 2036. The note is considered as a direct borrowing/placement. The outstanding principal balance of this note at June 30, 2023, was \$2,832,271.

The medical center has four long-term lease obligations at June 30, 2023. They are summarized as follows:

	Lease Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance 6-30-23
MRI EquipmentLease	2-18-18	60 Monthly	\$ 15,587	5.04%	\$ 795,282	\$ 89,483
Digital X-Ray Lease	4-12-21	60 Monthly	2,370	0.00%	142,187	75,833
Equipment Lease	7-1-21	36 Monthly	2,202	1.40%	85,576	34,060
CT Equipment	5-1-23	60 Monthly	11,368	6.14%	586,032	577,663
Total long-term lease obligations					\$	<u>777,039</u>

Further details of the outstanding debt of the Rhea Medical Center can be found in Note VI.J. below.

E. Changes in Administration

On September 30, 2022, John Fine retired from the Office of Clerk and Master and was succeeded by Bonnie Doss. Kelley Morgan left the Office of Finance

Director on December 20, 2022, Jodi Pendergrass was appointed as interim finance director until the position could be filled.

F. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Rhea County closed the old landfill in September 1998. Rhea County has contracted with Santek Environmental, Inc., of Rhea County, a private company, to operate the county's current landfill. The old landfill has been closed and is in the postclosure maintenance and monitoring stage. The new landfill is currently in operation, and the county expects it to close in the year 2027. Santek will pay postclosure care costs of the old landfill and closure and postclosure care costs of the new landfill as long as the contract with Rhea County is in effect. In the event the contract with Santek is not renewed, the county must assume liability for closure and postclosure care costs of the landfills. The estimated closure and postclosure costs of the landfills totaling \$13,613,311 at June 30, 2023, were not included in the county's long-term debt due to the uncertainty of what amount, if any, will be paid by the county. This amount is based on estimates of what it would cost to perform all closure and postclosure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Ventures

The Rhea Economic and Tourism Council is a joint venture between Rhea County and the cities of Dayton, Spring City, and Graysville. The purpose of this council is to foster tourism and economic and community development between and among governmental entities, industry, and private citizens. Funding for the council is provided by membership fees and by three-fifths of the county's hotel/motel tax collections. The council is composed of at least 29 members, including county and city officials, representatives from industry, the medical center, development boards, and the Emergency Communications District director. The operations of the council are directed by its executive committee, which is composed of various county and city officials.

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District; Bledsoe, Franklin, Grundy, Marion, Rhea, and Sequatchie 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 comprised of the district attorney general, sheriffs, and police chiefs of the participating law

enforcement agencies within the judicial district. Rhea County did not contribute to the DTF for the year ended June 30, 2023.

Rhea County does not have any equity interest in any of the above-noted joint ventures. Financial information for the Rhea Economic and Tourism Council and the DTF can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Rhea Economic and Tourism Council
107 Main Street
Dayton, TN 37321

District Attorney General
Twelfth Judicial District Drug Task Force
375 Church Street, Suite 300
Dayton, TN 37321

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Rhea County, non-certified employees of the discretely presented Rhea County School Department, and employees of the discretely presented Rhea Medical Center are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 47.88 percent, the non-certified employees of the discretely presented school department comprise 39.3 percent, and employees of the discretely presented Rhea Medical Center comprise 12.82 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided. TCA, Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by

statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for 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. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	349
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	564
Active Employees	503
Total	<u><u>1,416</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary to the plan. Rhea County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the employer contribution for Rhea County was \$775,157 based on a rate of 4.17 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Rhea County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the

year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Rhea County's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 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 were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022, actuarial valuation was 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.

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.

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 historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 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 Rhea County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2021	\$ 66,156,889	\$ 78,726,666	\$ (12,569,777)
Changes for the Year:			
Service Cost	\$ 1,601,840	\$ 0	\$ 1,601,840
Interest	4,460,768	0	4,460,768
Differences Between Expected and Actual Experience	2,655,056	0	2,655,056
Contributions-Employer	0	528,892	(528,892)
Contributions-Employees	0	931,343	(931,343)
Net Investment Income	0	(2,974,760)	2,974,760
Benefit Payments, Including Refunds of Employee Contributions	(3,346,545)	(3,346,545)	0
Administrative Expense	0	(49,178)	49,178
Net Changes	\$ 5,371,119	\$ (4,910,248)	\$ 10,281,367
Balance, June 30, 2022	\$ 71,528,008	\$ 73,816,418	\$ (2,288,410)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	47.88%	\$ 34,247,610	\$ 35,343,301	\$ (1,095,691)
Medical Center	12.82%	9,169,891	9,463,265	(293,374)
School Department	39.3%	28,110,507	29,009,852	(899,345)
Total		\$ 71,528,008	\$ 73,816,418	\$ (2,288,410)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Rhea County calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rhea County	5.75%	6.75%	7.75%

Net Pension Liability (Asset) \$ 6,982,814 \$ (2,288,410) \$ (9,987,340)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, Rhea County recognized pension expense (negative pension expense) of \$568,244.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, Rhea County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,206,079	\$ 183,807
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	92,109	0
Changes in Assumptions	2,632,007	0
Contributions Subsequent to the Measurement Date of June 30, 2022 (1)	775,157	N/A
Total	<u>\$ 5,705,352</u>	<u>\$ 183,807</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2022,” will be recognized as a reduction (increase) to net pension liability (asset) in the subsequent fiscal period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 2,738,300	\$ 88,007
Medical Center	719,565	23,564
School Department	2,247,487	72,236
Total	\$ 5,705,352	\$ 183,807

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

Year Ending June 30	Amount
2024	\$ 902,599
2025	974,474
2026	693,600
2027	2,175,708
2028	0
Thereafter	0

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

Payable to the Pension Plan

At June 30, 2023, the Rhea County School Department reported a payable of \$82,924 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

Discretely Presented Rhea County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Rhea County, non-certified employees of the discretely presented Rhea County School Department, and employees of the discretely presented Rhea Medical Center are provided a defined

benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 47.88 percent, the non-certified employees of the discretely presented school department comprise 39.3 percent, and the discretely presented Rhea Medical Center comprise 12.82 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Rhea 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 \$177,016 which is 2.87 percent of covered payroll. In addition, employer contributions of \$66,618 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 and the Stabilization Reserve Trust Fund, 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 (\$89,243) 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 .294603 percent. The proportion as of June 30, 2021, was .287355 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the school department recognized pension expense (negative pension expense) of \$123,189.

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	\$ 4,880	\$ 54,221
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	28,130	0
Changes in Assumptions	104,543	0
Changes in Proportion of Net Pension Liability (Asset)	784	28,335
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	177,016	N/A
Total	\$ 315,353	\$ 82,556

The school department's employer contributions of \$177,016, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the 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	\$ (885)
2025	(599)
2026	(5,221)
2027	43,774
2028	2,235
Thereafter	16,478

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

Actuarial Assumptions. The total pension liability as of 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 historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 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	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%) or one percentage point higher (7.75%) 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) \$ 468,473 \$ (89,243) \$ (496,546)

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

Payable to the Pension Plan

At June 30, 2023, the Rhea County School Department reported a payable of \$56,770 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Rhea 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 Rhea County School Department for the year ended June 30, 2023, to the Teacher Legacy Pension Plan were \$1,160,254, which is 8.71 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 (\$5,251,004) 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 .428162 percent. The proportion measured at June 30, 2021, was .411772 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the school department recognized pension expense (negative pension expense) of (\$34,484).

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	\$ 863,771	\$ 887,260
Changes in Assumptions	3,289,501	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	89,790	0
Changes in Proportion of Net Pension Liability (Asset)	3,144	212,120
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	1,160,254	N/A
Total	\$ 5,406,460	\$ 1,099,380

The school department's employer contributions of \$1,160,254 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the 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	\$ 451,952
2025	907,409
2026	(984,011)
2027	2,771,476
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 as of 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 historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 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%) or one percentage point higher (7.75%) 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) \$ 10,400,430 \$ (5,251,004) \$ (18,287,609)

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

Payable to the Pension Plan

At June 30, 2023, the Rhea County School Department reported a payable of \$266,537 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

2. Deferred Compensation

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute at least 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 \$306,682 and teachers contributed \$277,374 to this deferred compensation plan.

I. Other Postemployment Benefits (OPEB)

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

OPEB Provided through State Administered Public Entity Risk Pools

Retirees of Rhea County are provided healthcare under a separate Local Government Plan (LGP) until they reach Medicare eligibility. The retirees of Rhea County may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. Likewise,

the school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. Certified and noncertified employees of the school department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare. The Rhea Medical Center ceased participation in this plan on December 31, 2017.

The county and the school department’s total OPEB liability for each plan 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 of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
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.

Local Government OPEB Plan (Primary Government)

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

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	2
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees Eligible for Benefits	194
Total	<u>196</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2023, the county paid \$11,305 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2021	<u>\$ 315,547</u>
Changes for the Year:	
Service Cost	\$ 42,609
Interest	7,621
Difference between Expected and Actuarial Experience	(31,261)
Changes in Assumption and Other Inputs	(105,232)
Benefit Payments	<u>(10,754)</u>
Net Changes	<u>\$ (97,017)</u>
Balance June 30, 2022	<u>\$ 218,530</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the county recognized OPEB expense of \$44. At June 30, 2023, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 11,794	\$ 155,313
Changes of Assumptions/Inputs	35,592	172,575
Net Difference Between Projected and Benefits Paid After the Measurement Date of June 30, 2022	11,305	N/A
Total	<u>\$ 58,691</u>	<u>\$ 327,888</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	County
2024	\$ (50,274)
2025	(50,274)
2026	(50,274)
2027	(53,298)
2028	(45,835)
Thereafter	(30,547)

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

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

<u>Discount Rate</u>	Current		
	1%	Discount	1%
	Decrease	Rate	Increase
	2.54%	3.54%	4.54%

Total OPEB Liability	\$ 234,959	\$ 218,530	\$ 203,289
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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Healthcare Cost Trend Rate</u>	Current		
	1%	Rate	1%
	Decrease		Increase
	7.37 to 3.5%	8.37 to 4.5%	9.37 to 5.5%

Total OPEB Liability	\$ 195,002	\$ 218,530	\$ 246,517
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Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Rhea 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 Rhea 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 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 retiree’s 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:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	11
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	0
Active Employees Eligible For Benefits	331
Total	<u>342</u>

A state insurance committee, created in accordance with *TCA* 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$79,865 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		
	Rhea County	State of	Total OPEB
	School Department	TN	
	63.17%	36.83%	Liability
Balance July 1, 2021	\$ 3,989,583	\$ 2,120,204	\$ 6,109,787
Changes for the Year:			
Service Cost	\$ 258,413	\$ 150,667	\$ 409,080
Interest	88,303	51,485	139,788
Change in Proportion	(130,077)	130,077	0
Difference between			
Expected and Actuarial			
Experience	(23,258)	(13,561)	(36,819)
Changes in Assumption			
and Other Inputs	(386,866)	(225,563)	(612,429)
Benefit Payments	(59,976)	(34,969)	(94,945)
Net Changes	\$ (253,461)	\$ 58,136	\$ (195,325)
Balance June 30, 2022	\$ 3,736,122	\$ 2,178,340	\$ 5,914,462

The Rhea 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 Rhea County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's 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 \$236,453 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Rhea County School Department's proportionate share of the collective OPEB liability was 63.17 percent and the State of Tennessee's share was 36.83 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 \$596,639, 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	\$ 207,500	\$ 318,266
Changes of Assumptions/Inputs		
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	841,346	509,083
Benefits Paid After the Measurement Date of June 30, 2022	69,743	195,370
	79,865	N/A
Total	\$ 1,198,454	\$ 1,022,719

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	\$ 13,470
2025	13,470
2026	13,470
2027	13,470
2028	21,896
Thereafter	20,094

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	\$ 4,015,010	\$ 3,736,122	\$ 3,469,590
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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	\$ 3,330,861	\$ 3,736,122	\$ 4,207,015
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J. Office of Central Accounting, Budgeting, and Purchasing

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

K. Purchasing Law

Purchasing procedures for all offices are governed by provisions of the County Financial Management System of 1981, Sections 5-21-101 through 5-21-129, *Tennessee Code Annotated*. Pursuant to provisions of these statutes, the Financial Management Committee, together with the finance director, established purchasing procedures for Rhea County. These procedures require that purchases exceeding \$25,000 be based on competitive bids.

L. Subsequent Event

On June 30, 2023, the Rhea County Commission voted to appoint Ralph Beck to the Office of Finance Director. Mr. Beck officially took office on July 1, 2023.

VI. OTHER NOTES – DISCRETELY PRESENTED RHEA MEDICAL CENTER

A. Summary of Significant Accounting Policies

1. Organization

Rhea Medical Center (the medical center) is a public corporation. It was created February 7, 1957, by an act of the State of Tennessee Assembly to operate, control, and manage the general short-term hospital and various health clinics. The Rhea County, Tennessee, Board of County Commissioners appoints the Board of Trustee members of the medical center, and the medical center may not issue debt without the county's approval. For these reasons, the medical center is considered to be a component unit of Rhea County and is included as a discretely presented component unit in the basic financial statements of Rhea County, Tennessee.

2. Enterprise Fund Accounting

The medical center uses the enterprise fund method of accounting whereby revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

3. Use of Estimates

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

4. Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Revenue from the Medicare and Medicaid programs accounted for approximately 21 and 16 percent, respectively, for the year ended June 30, 2023, of the medical center's net patient service revenue. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at

least a reasonable possibility that recorded estimates will change by a material amount in the near term.

5. Charity Care

The medical center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the medical center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

6. Operating Revenues and Expenses

The medical center's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the medical center's principal activity. Nonexchange revenues, including interest, grants, and contributions are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

7. Income Taxes

The medical center, as a component unit of Rhea County, Tennessee, is exempt from federal and state income taxes.

8. Inventories

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

9. Accounts Receivable

Accounts receivable are stated at the amount the medical center expects to collect. The medical center maintains allowances for doubtful accounts for estimated losses resulting from the inability of its patients to make required payments. Management considers the following factors when determining the collectability of patient accounts: payor credit-worthiness, past transaction history with the payor, current economic industry trends, and changes in payor payment terms. If the financial condition of the medical center's payors or patients were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the medical center provides for estimated uncollectible amounts through a charge to earnings and a credit to an allowance. Balances that remain outstanding after the medical center has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

10. Cash and Cash Equivalents

The medical center considers currency on hand and demand deposits with financial institutions to be cash. The medical center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude amounts held by trustees under bond indenture agreements and amounts restricted by donors.

11. Debt Service Reserve

The debt service reserve includes money required to be set aside by a note payable with a bank for the life of the related note payable.

12. Noncurrent Investments

Investments consist of money market funds, certificates of deposits and United States government and agency securities. These investments are reported at fair market value in accordance with GASB. The medical center generally holds its investments until maturity. The portion of investments related to financial instruments with remaining maturities of less than one year is classified as current assets. Investment income (loss) is reported as nonoperating revenue. Any changes in fair market value in the current year are recognized in the statement of revenue, expenses and changes in net position as a component of investment income.

Investment in Rhea Medical Center Pain Management, LLC, is recorded using the equity method.

13. Capital Assets

Assets with a useful life of greater than one year and a cost of greater than \$5,000 are recorded as capital assets and are stated at cost. Depreciation is calculated over the estimated useful lives using the straight-line method. Expenditures for maintenance, repairs, renewals and betterments that do not significantly extend the useful lives of the assets are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the books, and any resulting gain or loss is reflected in income for the period.

A summary of estimated useful lives follows:

<u>Assets</u>	<u>Years</u>
Land Improvements	10 - 15
Buildings and Improvements	10 - 50
Major Movable Equipment	5 - 25
Right-to-use lease assets - equipment	3

14. Leasing Activates

The medical center is a lessee for noncancelable leases. At the commencement of a lease, the medical center initially measures the lease liability at the present value of payments expected to be paid during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the useful life of the asset or the lease term. Key estimates and judgments related to leases include how the medical center determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments: The medical center uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the medical center generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the medical center is reasonably certain to exercise. The medical center monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with capital assets on the statement of net position.

15. Risk Management

The medical center is exposed to various risks or loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

16. Net Position

Net position of the medical center are classified into three components:

- a. *Net investment in capital assets* - consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.
- b. *Restricted expendable net position* - are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the medical center.
- c. *Unrestricted net position* - is the remaining net position that does not meet the definition of net investment in capital assets or restricted.

There were no restricted assets at June 30, 2023.

Capital Assets, net of accumulated depreciation	\$ 22,341,159
Less:	
Current Portion of Long-term Debt Related to the Acquisition of Capital Assets	(1,520,024)
Long-term Debt, Excluding Current Portion Relating to the Acquisition of Capital Assets	<u>(14,298,286)</u>
Net Investment in Capital Assets	<u><u>\$ 6,522,849</u></u>

The medical center first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

17. 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) until then.

In addition to liabilities, the financial statements 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 future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The medical center has deferred outflows and inflows of resources related to the recording of changes in its net pension asset at June 30, 2023.

18. Pensions

The medical center adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Under this statement, GASB has established standards for measuring and recognizing assets, liabilities, deferred outflows of resources, and deferred inflows of resources. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the medical center's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the medical center's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

19. Change in Accounting Principle

On July 1, 2022, the medical center implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard provides guidance on the accounting and financial reporting for SBITAs for government end-users. GASB 96 established requirements for SBITA accounting based on the principle that SBITAs are a contract that conveys control of the right to use another party's information technology, alone or in a combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. A government is required to recognize a right-to-use subscription asset and a corresponding subscription liability. At June 30, 2023, the medical center had no agreements that qualified as a SBITA under GASB 96, so the implementation of the statement had no effect on the medical center's beginning net position or on current operations.

20. Reclassifications

Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year's format.

B. Deposits and Investments

Deposits. State statutes authorize the medical center to invest in obligations of the U.S. Treasury, bank certificates of deposit, state approved repurchase agreements and pooled investment funds, and state or local bonds rated A or higher by a nationally recognized rating service. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the medical center's agent in the medical center's name, or by the Federal Reserve Banks acting as third party agents.

Included in the following statements of net position captions and carrying amounts:

	<u>2023</u>
Cash	\$ 6,603,500
Current investments	8,410,604
Noncurrent cash - debt service reserve	3,107,320
Noncurrent investments	<u>6,277,400</u>
	<u>\$ 24,398,824</u>

Custodial credit risk - deposits. Custodial risk is the risk that in the event of a bank failure, the medical center's deposits may not be returned to it. The medical center's bank balance of deposits was \$10,005,414 at June 30, 2023. The bank balances held in cash accounts are all FDIC insured or collateralized as part of the Tennessee Bank Collateral Pool.

Custodial risk – Investments. The medical center's investment securities may be exposed to custodial credit risk at certain times when the securities are uninsured, are not registered in the name of the medical center, and are held by either the counterparty or the counterparty's trust department or agent but not in the medical center's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the medical center will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The medical center's investments are held by the counterparty, or by its trust department or agent, in the medical center's name.

Interest rate risk. For an investment, this is the risk that a change in interest rates will affect the fair market value of investments held. The medical center does not have an investment policy or a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates, except to comply with state statutes.

The medical center's investments as of June 30, 2023, are as follows:

	Balance 6-30-23
Carrying Amount:	
Money Market Funds	\$ 10,000
Certificates of Deposit	11,634,826
U.S Treasury Notes	<u>3,043,178</u>
Total	<u><u>\$ 14,688,004</u></u>

Investment income is comprised of the following for the year ended June 30, 2023:

Interest Income	\$ 198,840
Realized gain	18,463
Unrealized gain (loss)	<u>22,003</u>
Total	<u><u>\$ 239,306</u></u>

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value for certain assets and liabilities using a consistent definition and accepted valuation techniques. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets and for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the medical center has the ability to access.

Level 2 - Inputs to the valuation methodology other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly or indirectly.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The medical center has the following recurring fair value measurements as of June 30, 2023.

	(Level 1)	(Level 2)	(Level 3)	Total Fair Value
<u>June 30, 2023</u>				
Money market funds	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Certificates of deposits	0	11,634,826	0	11,634,826
U.S. Treasury Notes	3,043,178	0	0	3,043,178
Total	<u>\$ 3,053,178</u>	<u>\$ 11,634,826</u>	<u>\$ 0</u>	<u>\$ 14,688,004</u>

All investments have been valued using a market approach which uses prices and other relevant information generated by market transactions involving identical or comparable assets.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

C. Net Patient Service Revenue

The medical center has agreements with third-party payors that provide for payments to the medical center at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the medical center's established rates for services and amounts reimbursed by third-party payors. The hospital obtained critical access status effective February 1, 2005. A summary of the basis of reimbursement with major third-party payors is as follows:

Medicare – Inpatient acute care services, outpatient services, inpatient nonacute services, and medical education costs related to Medicare beneficiaries are paid based upon a cost reimbursement methodology. The medical center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the medical center and reviewed by the Medicare fiscal intermediary.

TennCare – Inpatient acute care services and outpatient service costs related to TennCare program beneficiaries are paid based upon a cost reimbursement methodology. The medical center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the medical center and review by the TennCare fiscal intermediary.

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

The following table summarizes net patient service revenue:

Gross Revenues from Patients	\$ 68,516,227
Less: Allowances for Contractual Adjustments	(38,974,365)
Less: Provisions for Bad Debts	<u>(2,236,240)</u>
Net Patient Service Revenue	<u><u>\$ 27,305,622</u></u>

D. Inventories

Inventories at June 30, 2023, consisted of the following:

	<u>Balance 6-30-23</u>
Pharmacy	\$ 159,888
General Supplies	289,112
Dietary	21,819
Laboratory	134,458
X-ray	27,067
Surgery	<u>171,218</u>
Total	<u><u>\$ 803,562</u></u>

E. Capital Assets

A summary of changes in capital assets follows:

	Balance 7-1-22	Additions	Decreases	Balance 6-30-23
Land	\$ 2,417,795	\$ 0	\$ 0	\$ 2,417,795
Land Improvements	106,249	11,800	0	118,049
Buildings and Improvements	28,214,569	19,480	(359,975)	27,874,074
Major Movable Equipment	12,037,988	700,842	(423,230)	12,315,600
Right-to-use Asset - Equipment	85,576	0	0	85,576
Total at Historical Cost	\$ 42,862,177	\$ 732,122	\$ (783,205)	\$ 42,811,094
Less Accumulated Depreciation For:				
Land Improvements	\$ 60,717	\$ 8,988	\$ 0	\$ 69,705
Buildings and Improvements	10,038,113	768,365	(340,495)	10,465,983
Major Movable Equipment	9,550,117	745,123	(423,230)	9,872,010
Right-to-use Asset - Equipment	31,119	31,118	0	62,237
Total Accumulated Depreciation	\$ 19,680,066	\$ 1,553,594	\$ (763,725)	\$ 20,469,935
Property and Equipment, Net	\$ 23,182,111	\$ (821,472)	\$ (19,480)	\$ 22,341,159

F. Other Assets

The medical center pays various fees and expenses to and on behalf of physicians who are recruited to practice at the medical center. These expenses are recorded as assets and are amortized over the terms of the physician's contracts. At June 30, 2023, the assets totaled \$179,100 net of accumulated amortization.

Other assets also include deposits and a tuition reimbursement totaling \$67,886 at June 30, 2023.

G. Investment in Rhea Medical Center Pain Management, LLC

Rhea Medical Center Pain Management, LLC, is a Tennessee limited liability company organized on March 31, 2017. The medical center holds 51% ownership interest in the company. As such, the medical center records its investment using the equity method and records its share of earnings or loss on the statements of revenues, expenses, and changes in net position as equity in earnings or loss. Separate audited financial statements are not issued for Rhea Medical Center Pain Management, LLC.

Investment at beginning of year	\$ 307,544
Distribution	(385,800)
Equity in earnings (loss)	477,404
Investment at end of year	<u>\$ 399,148</u>

Summarized financial information from the financial statements of Rhea Medical Center Pain Management, LLC, at June 30, 2023, follows.

<u>Balance Sheet</u>	<u>2023</u>
Assets	
Cash	\$ 361,629
Patient accounts receivable, net	363,783
Patient accounts receivable due from hospital	150,544
Total Assets	<u>\$ 875,956</u>
Liabilities	
Payables to medical center	\$ 84,863
Payable to other member	13,623
Total Liabilities	<u>\$ 98,486</u>
Members' Equity	<u>\$ 777,470</u>
Total Liabilities and Member's Deficit	<u>\$ 875,956</u>
<u>Statement of Operations</u>	
Net patient service revenue	<u>\$ 2,444,316</u>
Expenses	
Salaries and benefits	\$ 629,929
Medical supplies and drugs	347,046
Management service fee	171,102
Other supplies	20,837
Other expenses	339,316
Total Expenses	<u>\$ 1,508,230</u>
Operating Income	<u>\$ 936,086</u>

H. Federal Stimulus Support

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides stimulus in the form of financial aid to cover extensive emergency funding to hospitals and other providers to prevent, prepare for, and respond to COVID-19. Through June 30, 2023, the medical center has received \$7,309,179 under the CARES Act in the form of grants as reimbursement through the Public Health and Social Services Emergency Fund for healthcare related expenses or lost revenues attributable to COVID-19. These funds are recorded as

nonoperating revenue, as earned. These funds are not required to be repaid if the terms and conditions applicable for each payment are accepted and funds are used in compliance with said terms and conditions. For the year ended June 30, 2023, \$1,302,924 was recognized as noncapital grant revenue.

I. Medicare Accelerated Payments

In April 2020, the medical center applied for and received \$2,275,471 as an advance on its Medicare payments through the Medicare Accelerated and Advance Payment Program expanded to increase cash flow to providers of services impacted by the COVID-19 pandemic. These payments are advances that will be recouped by withholding future Medicare fee-for-service payments for claims until such time as the full accelerated payment has been recouped, and as such, are recorded as a liability on the statement of net position. For the medical center, Medicare will begin withholding an amount equal to 25% of all Medicare payments otherwise owed to the provider for the first 11 months in April 2021. At the end of the 11 months, the recoupment rate will increase to 50% for six months. At the end of the six months (29 months from the initial issuance) any remaining balance will be due within 30 days. As of June 30, 2023, the medical center had no Medicare advance payments due.

J. Long-term Debt

Long-term debt as of June 30, 2023, consists of the following:

	Balance 6-30-23
Loan Agreement	\$ 15,041,271
Capital Lease	777,039
Total Long-term Debt	\$ 15,818,310
Less: Current Maturities of Long-term Debt	(1,520,024)
Long-term Debt, Net of Current Maturities	<u>\$ 14,298,286</u>

The Public Building Authority of the County of Montgomery, Tennessee, issued its "Adjustable Rate Pooled Financing Revenue Bonds, Series 2004" on July 1, 2004, and loaned \$24,100,000 of the proceeds to the medical center under a loan agreement with terms substantially identical to terms of the bonds. The bonds mature on various dates from May 25, 2010, through May 25, 2033. Principal payments will be made annually as they become due. Interest payments are due monthly. Variable interest is calculated daily as set forth in the loan agreement (3.29% at June 30, 2023). The note payable is a contingent liability of the county. The loan is a direct obligation and pledges the full faith and credit of the medical center. In the event of default, loan repayments and other amount due and payable. The loan is considered as a direct borrowing/placement.

The medical center has a note payable with a bank issued February 2021 for \$3,100,000 used to build the physician building. The note payable will have 168 monthly principal and interest payments of \$20,498, using an interest rate of 1.50%. All unpaid principal and interest are due on the maturity date February 2036. The loan has a debt service reserve/collateral requirement for the medical center to keep \$3,100,000 in deposit accounts with the bank, including interest through the term of the loan. The note payable is a contingent liability of the county. The loan is a direct obligation and pledges the full faith and credit of the medical center. In the event of default, loan repayments and other amounts due can be declared immediately due and payable. The loan is considered as a direct borrowing/placement.

Long-term lease obligations are summarized as follows:

	Lease Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance 6-30-23
MRI Equipment Lease	2-18-18	60 monthly	\$ 15,587	5.04%	\$ 795,282	\$ 89,483
Digital X-Ray Lease	4-12-21	60 monthly	2,370	0.00%	142,187	75,833
Equipment Lease	7-1-21	36 monthly	2,202	1.40%	85,576	34,060
CT Equipment	5-1-23	60 monthly	11,368	6.14%	586,032	577,663
Total Long-term Lease Obligations					<u>\$ 777,039</u>	

MRI equipment purchase lease - The imputed interest rate on the lease is 5.1%. It is secured by the MRI equipment underlying the obligation, with a cost of \$795,282 and accumulated depreciation of \$715,754 at June 30, 2023. The lease requires 60 monthly payments of \$15,587 through January 2024. The medical center will retain ownership of the equipment at the end of the lease term. In an event of default (as defined), the lease is subject to acceleration clauses, interest charges, the assembly of the equipment at the medical center's expense, and/or the repossession of any or all of the equipment. The lease is considered a direct borrowing/placement.

Digital x-ray machines and related equipment purchase lease - Annual interest of 6% is only for payments that are in arrears. It is secured by the equipment underlying the obligation, with a cost of \$142,187 and accumulated depreciation of \$61,614 at June 30, 2023. The lease requires 60 monthly payments of \$2,370 through March 2026. The medical center will retain ownership of the equipment at the end of the lease term. In an event of default (as defined), the lease is subject to acceleration clauses, interest charges, the assembly of the equipment at the medical center's expense, and/or the repossession of the equipment. The lease is considered a direct borrowing/placement.

Equipment lease – The medical center is an equipment lease for lab – chemistry analyzer equipment. The lease requires monthly payments of \$2,202 through July 2024. The medical center will not acquire the equipment at the end of the lease term. The weighted average borrowing rate for the long-term

equipment lease is 1.4% which was used to discount the monthly lease payments to recognize the intangible right-to-use asset – equipment and the lease liabilities at June 30, 2023.

CT equipment purchase lease - The imputed interest rate on the lease is 6.1%. It is secured by the CT equipment underlying the obligation, with a cost of \$586,032 and accumulated amortization of \$6,977 at June 30, 2023. The lease requires 20 quarterly payments of \$34,104 through May 2028. The medical center will retain ownership of the equipment at the end of the lease term. In an event of default (as defined), the lease is subject to acceleration clauses, interest charges, the assembly of the equipment at the medical center's expense, and/or the repossession of any or all of the equipment. The lease is considered a direct borrowing/placement.

Scheduled payments on long-term debt are as follows:

Year Ending June 30	Principal	Interest*
2024	\$ 1,520,024	\$ 459,467
2025	1,439,284	413,374
2026	1,473,946	366,705
2027	1,500,632	318,413
2028	1,536,343	268,512
2029-2033	7,705,505	623,907
2034-2037	642,576	13,538
Total	<u>\$ 15,818,310</u>	<u>\$ 2,463,916</u>

* Future interest payments are based on the loan amounts outstanding and interest rates in effect at June 30, 2023, and do not necessarily represent the payments that will be required.

Activity for long-term debt for 2023 follows:

	Balance 7-1-22	Increases	Decreases	Balance 6-30-23	Amounts Due Within One Year
Bonds Payable	\$ 13,237,000	\$ 0	\$ (1,028,000)	\$ 12,209,000	\$ 1,060,000
Notes Payable	3,033,512	0	(201,241)	2,832,271	204,210
Long-term Lease	425,041	586,032	(234,034)	777,039	255,814
Total Long-term Debt	<u>\$ 16,695,553</u>	<u>\$ 586,032</u>	<u>\$ (1,463,275)</u>	<u>\$ 15,818,310</u>	<u>\$ 1,520,024</u>

K. Accrued Leave

Medical center employees are paid for vacation and absence due to sickness by a prescribed formula based on length of service. The costs of these compensated absences are accrued as earned. The accumulated vacation and sick leave benefits accrued totaled \$442,185 for 2023 and are included with accrued payroll in current liabilities.

L. Charity Care

The medical center estimates that the cost of providing care under the charity care policy was approximately \$716,000 during the year ended June 30, 2023. This is the cost of supplies and services provided to patients for which payment was foregone under the charity care policy, based on current cost to charge ratio for the medical center.

M. Pension Plans

Plan description – Employees of the medical center are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The employees of the medical center comprise 12.82 percent of the plan based on contribution data. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

Member and beneficiary annuitants are entitled to an automatic cost of living 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. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees covered by benefit terms - The plan is closed to new entrants. At the measurement date of June 30, 2022, there were 39 employees active in the plan.

Contributions – Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. The medical center makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the Actuarial Determined Contribution (ADC) for the medical center was \$87,514 based on a rate of 4.1 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Rhea County’s state shared taxes if required employer contributions are not remitted. The employer’s ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net pension liability (asset) – The medical center’s net pension asset was measured as of June 30, 2022, and the total pension asset used to calculate net pension asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total pension liability as of 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 were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022, actuarial valuations 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 investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	4.88	%	31	%
Developed Market				
International Equity	5.37		14	
Emerging Market				
International Equity	6.09		4	
Private Equity and				
Strategic Lending	6.57		20	
U.S. Fixed Income	1.20		20	
Real Estate	4.38		10	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three 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 the medical center 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.

The following table represents the medical center's proportionate share of the net pension liability (asset):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Medical Center	\$ 9,169,891	\$ 9,463,265	\$ (293,374)

The medical center's proportion of the net pension liability (asset) was based on the medical center's contribution data relative to the contributions of all plan participants of the Rhea County pension plan. At the measurement date of June 30, 2022, the medical center's proportion was 12.82 percent. The proportion measured as of June 30, 2021, was 13.32 percent.

The following table represents the changes in the medical center's net pension liability (asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2021	\$ 8,812,098	\$ 10,486,392	\$ (1,674,294)
Changes for the Year:			
Change in Proportionate Share	\$ (330,784)	\$ (393,633)	\$ 62,849
Service Cost	205,356	0	205,356
Interest	571,870	0	571,870
Differences Between Expected and Actual Experience	340,378	0	340,378
Contributions-Employer	0	67,804	(67,804)
Contributions-Employees	0	119,398	(119,398)
Net Investment Income	0	(381,364)	381,364
Benefit Payments, Including Refunds of Employee Contributions	(429,027)	(429,027)	0
Administrative Expense	0	(6,305)	6,305
Net Changes	\$ 357,793	\$ (1,023,127)	\$ 1,380,920
Balance, June 30, 2022	\$ 9,169,891	\$ 9,463,265	\$ (293,374)

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the medical center calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it was calculated

using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Medical Center	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	\$ 895,197	\$ (293,374)	\$ (1,280,377)

Pension Expense (Negative Pension Expense) – For the year ended June 30, 2023, the medical center recognized pension expense (negative pension expense) of \$108,515.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2023, the medical center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 282,819	\$ 23,564
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	11,808	0
Changes in Assumptions	337,423	0
Contributions Subsequent to the Measurement Date of June 30, 2022 (1)	87,514	0
Total	\$ 719,564	\$ 23,564

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2022,” will be recognized as a reduction (increase) to net pension liability (asset) in the subsequent fiscal period.

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

Year Ending June 30	Amount
2024	\$ 115,713
2025	124,927
2026	88,920
2027	278,926
2028	0
Thereafter	0

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

Payable to the Pension Plan - At June 30, 2023, the medical center reported a payable of \$4,200 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

457(b) retirement plan - Effective July 1, 2012, the medical center established a deferred compensation 457(b) retirement plan for the benefit of its employees. Any employee who has been continuously employed by the medical center for three months before their entry date is eligible to participate. Employees elect to contribute a portion of their salary, and the medical center makes contributions to the employees at its discretion.

Contributions to the 457(b) plan by the medical center totaled \$104,246 in 2023.

N. Commitments and Contingencies

1. Professional Liability and Workers' Compensation Insurance

The medical center is insured for professional liability under a claims-made policy with an independent insurance carrier. The policy covers all claims reported to the carrier during the coverage period. The primary level of coverage is \$1,000,000 for each occurrence and \$3,000,000 in the aggregate. The medical center also has excess liability insurance under a claims made policy covering up to \$5,000,000 for each occurrence and in the aggregate. Coverage for workers' compensation insurance is provided on a claims-made basis. The primary level of coverage is \$500,000 per claim, \$500,000 per employee, and \$500,000 in the aggregate. Premiums are determined by a variety of factors related to the medical center.

2. Management Agreement

A management agreement between the medical center and Ovation Healthcare (Ovation) was renewed in March 2021, with effective dates through February 28, 2028. The annual fee is \$340,000 for the contract

year beginning March 1, 2021. Management services in addition to the fixed fee services are provided by Ovation as needed at varying rates. The medical center also entered into an agreement with Ovation effective April 1, 2023 through March 30, 2026 for managed care support services at a monthly fee of \$4,000 per month. Total management fees paid to Ovation were \$348,000.

The management services provided pursuant to the fixed fee include budget assistance, accounting supervision, human resources consultations, and access to Ovation sponsored volume purchasing program. Certain 'administrative fees' may be paid to Ovation by outside vendors that sell goods and services to the medical center. The administrative fee payable to Ovation by these outside vendors is equal to 3 percent or less of the purchase price of the goods or services purchased from the vendor by the medical center. The contract provides that these fees shall be disclosed to the medical center annually in writing.

Ovation also provides certain 'key personnel' to the medical center who are Ovation employees. The medical center reimburses Ovation for these costs and expenses (including, but not limited to salaries, taxes, fringe benefits, and business expenses) of providing these key personnel as invoiced by Ovation. These reimbursements are in addition to the fixed annual management fee described above. The amount paid to Ovation for administrative compensation and other services was \$455,139 for 2023.

3. Litigation

The medical center is subject to claims and suits, which arise in the ordinary course of business. In the opinion of management, the ultimate resolution of such pending legal proceedings has been adequately provided for in its financial statements, and will not have a material effect on the medical center's results of operations or financial position.

O. Concentrations of Credit Risk

The medical center is located in Rhea County, Tennessee. The medical center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2023, follows:

	<u>2023</u>
Medicare	12%
Medicaid/TennCare	4
Blue Cross	6
Commercial	28
Private Pay	<u>50</u>
Total	<u><u>100%</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-1

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service Cost	\$ 1,287,326	\$ 1,242,785	\$ 1,228,055	\$ 1,218,267	\$ 1,209,124	\$ 1,259,074	\$ 1,287,881	\$ 1,300,684	\$ 1,601,840
Interest	3,275,842	3,434,436	3,551,376	3,650,751	3,792,298	3,920,531	4,136,457	4,283,427	4,460,768
Differences Between Actual and Expected Experience	(357,048)	(953,415)	(1,177,044)	47,392	(760,350)	410,174	(524,798)	(87,683)	2,655,056
Changes in Assumptions	0	0	0	1,168,623	0	0	0	4,386,679	0
Benefit Payments, Including Refunds of Employee Contributions	(1,959,159)	(2,134,849)	(2,164,905)	(2,370,296)	(2,519,727)	(2,524,848)	(2,755,747)	(3,014,583)	(3,346,545)
Net Change in Total Pension Liability	\$ 2,246,961	\$ 1,588,957	\$ 1,437,482	\$ 3,714,737	\$ 1,721,345	\$ 3,064,931	\$ 2,143,793	\$ 6,868,524	\$ 5,371,119
Total Pension Liability, Beginning	43,370,159	45,617,120	47,206,077	48,643,559	52,358,296	54,079,641	57,144,572	59,288,365	66,156,889
Total Pension Liability, Ending (a)	\$ 45,617,120	\$ 47,206,077	\$ 48,643,559	\$ 52,358,296	\$ 54,079,641	\$ 57,144,572	\$ 59,288,365	\$ 66,156,889	\$ 71,528,008
Plan Fiduciary Net Position									
Contributions - Employer	\$ 1,231,490	\$ 1,330,448	\$ 1,316,570	\$ 1,281,937	\$ 1,008,767	\$ 1,058,914	\$ 972,484	\$ 860,874	\$ 528,892
Contributions - Employee	698,137	741,992	700,280	679,714	696,668	731,301	743,795	807,890	931,343
Net Investment Income	6,703,016	1,448,764	1,282,579	5,589,055	4,503,616	4,314,427	3,041,956	16,286,806	(2,974,760)
Benefit Payments, Including Refunds of Employee Contributions	(1,959,159)	(2,134,849)	(2,164,905)	(2,370,296)	(2,519,727)	(2,524,848)	(2,755,747)	(3,014,583)	(3,346,545)
Administrative Expense	(18,748)	(24,240)	(35,218)	(38,555)	(43,817)	(41,382)	(42,390)	(43,992)	(49,178)
Other	0	0	4,899	(178)	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 6,654,736	\$ 1,362,115	\$ 1,104,205	\$ 5,141,677	\$ 3,645,507	\$ 3,538,412	\$ 1,960,098	\$ 14,896,995	\$ (4,910,248)
Plan Fiduciary Net Position, Beginning	40,422,921	47,077,657	48,439,772	49,543,977	54,685,654	58,331,161	61,869,573	63,829,671	78,726,666
Plan Fiduciary Net Position, Ending (b)	\$ 47,077,657	\$ 48,439,772	\$ 49,543,977	\$ 54,685,654	\$ 58,331,161	\$ 61,869,573	\$ 63,829,671	\$ 78,726,666	\$ 73,816,418
Net Pension Liability (Asset), Ending (a - b)	\$ (1,460,537)	\$ (1,233,695)	\$ (900,418)	\$ (2,327,358)	\$ (4,251,520)	\$ (4,725,001)	\$ (4,541,306)	\$ (12,569,777)	\$ (2,288,410)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.20%	102.61%	101.85%	104.45%	107.86%	108.27%	107.66%	119.00%	103.20%
Covered Payroll	\$ 13,962,694	\$ 14,078,588	\$ 13,930,749	\$ 13,594,248	\$ 13,933,261	\$ 14,625,883	\$ 14,875,869	\$ 15,971,701	\$ 17,671,241
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(10.46%)	(8.76%)	(6.46%)	(17.12%)	(30.51%)	(32.31%)	(30.53%)	(78.70%)	(12.95%)

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

Note 2: The agent plan is a single plan that is participated in by the primary government, discretely presented
Rhea Medical Center, and non-certified employees of the discretely presented school department.

Exhibit E-2

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 1,231,490	\$ 1,330,448	\$ 1,316,570	\$ 1,281,937	\$ 1,008,767	\$ 1,058,914	\$ 972,484	\$ 860,874	\$ 167,482	\$ 775,157
Less: Contributions in Relation to the Actuarially Determined Contribution	(1,231,490)	(1,330,448)	(1,316,570)	(1,281,937)	(1,008,767)	(1,058,914)	(972,484)	(860,874)	(528,892)	(775,157)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (361,410)	\$ 0
Covered Payroll	\$ 13,962,694	\$ 14,078,588	\$ 13,930,749	\$ 13,594,248	\$ 13,933,261	\$ 14,625,883	\$ 14,875,869	\$ 15,971,701	\$ 17,671,241	\$ 18,607,385
Contributions as a Percentage of Covered Payroll	8.82%	9.45%	9.45%	9.43%	7.24%	7.24%	6.54%	5.39%	2.99%	4.17%

Note: The agent plan is a single plan that is participated in by the primary government, discretely presented Rhea Medical Center, and non-certified employees of the discretely presented school department.

Exhibit E-3

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 8,194	\$ 37,966	\$ 53,613	\$ 87,642	\$ 51,916	\$ 67,549	\$ 83,773	\$ 101,122	\$ 177,016
Less: Contributions in Relation to the Contractually Required Contribution	(8,194)	(37,966)	(53,613)	(87,642)	(51,916)	(67,549)	(83,773)	(101,122)	(177,016)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 204,857	\$ 949,132	\$ 1,437,559	\$ 2,191,053	\$ 2,676,080	\$ 3,327,486	\$ 4,147,193	\$ 5,030,938	\$ 6,175,589
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	3.73%	4.00%	1.94%	2.03%	2.02%	2.01%	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-4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 1,384,566	\$ 1,364,710	\$ 1,336,279	\$ 1,328,445	\$ 1,293,517	\$ 1,454,709	\$ 1,452,295	\$ 1,387,996	\$ 1,451,327	\$ 1,160,254
Less: Contributions in Relation to the Contractually Required Contribution	(1,384,566)	(1,364,710)	(1,336,279)	(1,328,445)	(1,293,517)	(1,454,709)	(1,452,295)	(1,387,996)	(1,451,327)	(1,160,254)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 15,591,954	\$ 15,096,354	\$ 14,781,845	\$ 14,597,937	\$ 14,245,777	\$ 13,907,347	\$ 13,662,223	\$ 13,515,050	\$ 14,078,923	\$ 13,320,389
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.10%	9.08%	10.46%	10.63%	10.27%	10.31%	8.71%

Exhibit E-5

Rhea County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Retirement Plan of TCRS
Discretely Presented Rhea 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)	0.096563%	0.215712%	0.204211%	0.250727%	0.252891%	0.263689%	0.287355%	0.294603%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,967)	\$ (22,456)	\$ (53,878)	\$ (113,712)	\$ (142,753)	\$ (149,944)	\$ (311,266)	\$ (89,243)
Covered Payroll	\$ 204,857	\$ 949,132	\$ 1,437,559	\$ 2,191,053	\$ 2,676,080	\$ 3,327,486	\$ 4,147,193	\$ 5,030,938
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37%)	(3.75%)	(5.19%)	(5.33%)	(4.51%)	(7.51%)	(1.77%)
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-6

Rhea County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Rhea 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)	0.397248%	0.403268%	0.409492%	0.415711%	0.406828%	0.414756%	0.410492%	0.411772%	0.428162%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (66,154)	\$ 165,192	\$ 2,559,100	\$ (136,016)	\$ (1,431,592)	\$ (4,264,433)	\$ (3,130,303)	\$ (17,760,711)	\$ (5,251,004)
Covered Payroll	\$ 15,591,954	\$ 15,096,354	\$ 14,781,845	\$ 14,597,937	\$ 14,245,777	\$ 13,907,347	\$ 13,662,223	\$ 13,515,050	\$ 14,078,923
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41%)	1.09%	17.31%	(0.93%)	(10.05%)	(30.66%)	(22.91%)	(131.41%)	(37.30%)
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.

Exhibit E-7

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

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 31,169	\$ 30,013	\$ 36,565	\$ 36,728	\$ 45,741	\$ 42,609
Interest	12,344	15,569	12,392	14,782	10,071	7,621
Differences Between Actual and Expected Experience	0	(156,296)	26,222	(42,633)	(40,700)	(31,261)
Changes in Assumptions or Other Inputs	(18,635)	21,363	17,877	29,853	(103,843)	(105,232)
Benefit Payments	(7,531)	(10,696)	(13,881)	(14,924)	(11,335)	(10,754)
Net Change in Total OPEB Liability	\$ 17,347	\$ (100,047)	\$ 79,175	\$ 23,806	\$ (100,066)	\$ (97,017)
Total OPEB Liability, Beginning	395,332	412,679	312,632	391,807	415,613	315,547
Total OPEB Liability, Ending	\$ 412,679	\$ 312,632	\$ 391,807	\$ 415,613	\$ 315,547	\$ 218,530
Covered Employee Payroll	\$ 13,594,248	\$ 13,933,261	\$ 12,560,725	\$ 13,861,956	\$ 15,686,468	\$ 16,470,596
Net OPEB Liability as a Percentage of Covered Employee Payroll	3.04%	2.24%	3.12%	3.00%	2.01%	1.33%

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.

Exhibit E-8

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

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 274,107	\$ 255,136	\$ 227,929	\$ 234,708	\$ 298,876	\$ 409,080
Interest	118,888	146,323	131,842	143,720	108,212	139,788
Differences Between Actual and Expected Experience	0	(814,999)	559,019	(55,199)	7,810	(36,819)
Changes in Assumptions or Other Inputs	(196,302)	129,292	(317,576)	542,934	1,152,125	(612,429)
Benefit Payments	(126,692)	(151,392)	(163,463)	(147,200)	(109,057)	(94,945)
Net Change in Total OPEB Liability	\$ 70,001	\$ (435,640)	\$ 437,751	\$ 718,963	\$ 1,457,966	\$ (195,325)
Total OPEB Liability, Beginning	3,860,746	3,930,747	3,495,107	3,932,858	4,651,821	6,109,787
Total OPEB Liability, Ending	<u>\$ 3,930,747</u>	<u>\$ 3,495,107</u>	<u>\$ 3,932,858</u>	<u>\$ 4,651,821</u>	<u>\$ 6,109,787</u>	<u>\$ 5,914,462</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,345,919	\$ 1,167,761	\$ 1,367,422	\$ 1,529,085	\$ 2,120,204	\$ 2,178,340
Employer Proportionate Share of the Total OPEB Liability	2,584,828	2,327,346	2,565,436	3,122,736	3,989,583	3,736,122
Covered Employee Payroll	\$ 16,035,496	\$ 16,436,830	\$ 19,339,231	\$ 19,787,591	\$ 21,517,833	\$ 21,632,767
Total OPEB Liability as a Percentage of Covered Employee Payroll	24.51%	21.26%	20.34%	23.51%	28.39%	27.34%

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.

RHEA 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 fiscal year 2023 were calculated based on the June 30, 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.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions of the Roane County Solid Waste Program other than landfill operations.

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

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

Capital Projects Fund

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

Other Capital Projects Fund – This fund is used to account for transactions associated with renovations to the county's jail building.

Exhibit F-1

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Other Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 59,500	\$ 59,500	\$ 0	\$ 59,500
Equity in Pooled Cash and Investments	1,972,258	143,917	0	2,116,175	98,400	2,214,575
Accounts Receivable	130,215	0	754	130,969	0	130,969
Due from Other Governments	23,451	0	0	23,451	0	23,451
Due from Other Funds	22,756	0	0	22,756	0	22,756
Total Assets	\$ 2,148,680	\$ 143,917	\$ 60,254	\$ 2,352,851	\$ 98,400	\$ 2,451,251
<u>LIABILITIES</u>						
Accounts Payable	\$ 8,844	\$ 305	\$ 0	\$ 9,149	\$ 0	\$ 9,149
Payroll Deductions Payable	1,667	0	0	1,667	0	1,667
Due to Other Funds	0	0	5,251	5,251	0	5,251
Due to Litigants, Heirs, and Others	0	36,529	0	36,529	0	36,529
Total Liabilities	\$ 10,511	\$ 36,834	\$ 5,251	\$ 52,596	\$ 0	\$ 52,596
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Other Deferred/Unavailable Revenue	\$ 10,466	\$ 0	\$ 0	\$ 10,466	\$ 0	\$ 10,466
Total Deferred Inflows of Resources	\$ 10,466	\$ 0	\$ 0	\$ 10,466	\$ 0	\$ 10,466
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 0	\$ 0	\$ 0	\$ 98,400	\$ 98,400

(Continued)

Exhibit F-1

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

FUND BALANCES (Cont.)	Special Revenue Funds				Capital	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Other Capital Projects	
Restricted (Cont.):						
Restricted for Public Health and Welfare	\$ 2,127,703	\$ 0	\$ 0	\$ 2,127,703	\$ 0	\$ 2,127,703
Assigned:						
Assigned for Finance	0	0	55,003	55,003	0	55,003
Assigned for Public Safety	0	107,083	0	107,083	0	107,083
Total Fund Balances	<u>\$ 2,127,703</u>	<u>\$ 107,083</u>	<u>\$ 55,003</u>	<u>\$ 2,289,789</u>	<u>\$ 98,400</u>	<u>\$ 2,388,189</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,148,680</u>	<u>\$ 143,917</u>	<u>\$ 60,254</u>	<u>\$ 2,352,851</u>	<u>\$ 98,400</u>	<u>\$ 2,451,251</u>

Exhibit F-2

Rhea 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
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Other Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 575,835	\$ 0	\$ 0	\$ 575,835	\$ 0	\$ 575,835
Fines, Forfeitures, and Penalties	0	34,513	0	34,513	0	34,513
Charges for Current Services	689,307	0	201,639	890,946	0	890,946
Other Local Revenues	107,514	1,178	0	108,692	0	108,692
State of Tennessee	29,684	0	0	29,684	0	29,684
Other Governments and Citizens Groups	4,944	0	0	4,944	0	4,944
Total Revenues	\$ 1,407,284	\$ 35,691	\$ 201,639	\$ 1,644,614	\$ 0	\$ 1,644,614
<u>Expenditures</u>						
Current:						
General Government	\$ 109,293	\$ 0	\$ 0	\$ 109,293	\$ 0	\$ 109,293
Finance	0	0	201,845	201,845	0	201,845
Public Safety	0	81,269	0	81,269	0	81,269
Public Health and Welfare	1,012,485	0	0	1,012,485	0	1,012,485
Other Operations	20,502	0	0	20,502	0	20,502
Total Expenditures	\$ 1,142,280	\$ 81,269	\$ 201,845	\$ 1,425,394	\$ 0	\$ 1,425,394
Excess (Deficiency) of Revenues Over Expenditures	\$ 265,004	\$ (45,578)	\$ (206)	\$ 219,220	\$ 0	\$ 219,220
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 11,157	\$ 0	\$ 0	\$ 11,157	\$ 0	\$ 11,157
Total Other Financing Sources (Uses)	\$ 11,157	\$ 0	\$ 0	\$ 11,157	\$ 0	\$ 11,157
Net Change in Fund Balances	\$ 276,161	\$ (45,578)	\$ (206)	\$ 230,377	\$ 0	\$ 230,377
Fund Balance, July 1, 2022	1,851,542	152,661	55,209	2,059,412	98,400	2,157,812
Fund Balance, June 30, 2023	\$ 2,127,703	\$ 107,083	\$ 55,003	\$ 2,289,789	\$ 98,400	\$ 2,388,189

Exhibit F-3

Rhea County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 575,835	\$ 0	\$ 575,835	\$ 460,000	\$ 460,000	\$ 115,835
Charges for Current Services	689,307	0	689,307	388,000	388,000	301,307
Other Local Revenues	107,514	0	107,514	50,000	50,000	57,514
State of Tennessee	29,684	0	29,684	44,200	71,621	(41,937)
Other Governments and Citizens Groups	4,944	0	4,944	0	11,318	(6,374)
Total Revenues	\$ 1,407,284	\$ 0	\$ 1,407,284	\$ 942,200	\$ 980,939	\$ 426,345
<u>Expenditures</u>						
<u>General Government</u>						
Other Facilities	\$ 109,293	\$ (96)	\$ 109,197	\$ 116,267	\$ 124,544	\$ 15,347
<u>Public Health and Welfare</u>						
Waste Pickup	1,012,485	(12,835)	999,650	669,022	1,069,503	69,853
<u>Other Operations</u>						
Other Charges	13,209	0	13,209	9,000	9,000	(4,209)
Employee Benefits	7,293	0	7,293	7,445	7,445	152
Total Expenditures	\$ 1,142,280	\$ (12,931)	\$ 1,129,349	\$ 801,734	\$ 1,210,492	\$ 81,143
Excess (Deficiency) of Revenues Over Expenditures	\$ 265,004	\$ 12,931	\$ 277,935	\$ 140,466	\$ (229,553)	\$ 507,488
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 11,157	\$ 0	\$ 11,157	\$ 0	\$ 11,157	\$ 0
Total Other Financing Sources	\$ 11,157	\$ 0	\$ 11,157	\$ 0	\$ 11,157	\$ 0
Net Change in Fund Balance	\$ 276,161	\$ 12,931	\$ 289,092	\$ 140,466	\$ (218,396)	\$ 507,488
Fund Balance, July 1, 2022	1,851,542	(12,931)	1,838,611	1,647,682	1,647,682	190,929
Fund Balance, June 30, 2023	\$ 2,127,703	\$ 0	\$ 2,127,703	\$ 1,788,148	\$ 1,429,286	\$ 698,417

Exhibit F-4

Rhea 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	\$ 34,513	\$ 62,500	\$ 62,500	\$ (27,987)
Other Local Revenues	1,178	1,000	1,000	178
Total Revenues	<u>\$ 35,691</u>	<u>\$ 63,500</u>	<u>\$ 63,500</u>	<u>\$ (27,809)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 81,269	\$ 44,400	\$ 84,307	\$ 3,038
Total Expenditures	<u>\$ 81,269</u>	<u>\$ 44,400</u>	<u>\$ 84,307</u>	<u>\$ 3,038</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (45,578)</u>	<u>\$ 19,100</u>	<u>\$ (20,807)</u>	<u>\$ (24,771)</u>
Net Change in Fund Balance	\$ (45,578)	\$ 19,100	\$ (20,807)	\$ (24,771)
Fund Balance, July 1, 2022	<u>152,661</u>	<u>150,229</u>	<u>150,229</u>	<u>2,432</u>
Fund Balance, June 30, 2023	<u><u>\$ 107,083</u></u>	<u><u>\$ 169,329</u></u>	<u><u>\$ 129,422</u></u>	<u><u>\$ (22,339)</u></u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Rhea 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	\$ 2,841,454	\$ 2,618,434	\$ 2,618,434	\$ 223,020
Other Local Revenues	157,890	160,000	160,000	(2,110)
Other Governments and Citizens Groups	1,284,950	3,017,725	3,017,725	(1,732,775)
Total Revenues	<u>\$ 4,284,294</u>	<u>\$ 5,796,159</u>	<u>\$ 5,796,159</u>	<u>\$ (1,511,865)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,029,355	\$ 1,057,658	\$ 1,034,158	\$ 4,803
Education	2,783,919	2,589,175	2,783,920	1
<u>Interest on Debt</u>				
General Government	684,117	743,407	736,548	52,431
Education	616,789	762,399	616,934	145
<u>Other Debt Service</u>				
General Government	45,427	99,000	80,080	34,653
Total Expenditures	<u>\$ 5,159,607</u>	<u>\$ 5,251,639</u>	<u>\$ 5,251,640</u>	<u>\$ 92,033</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (875,313)</u>	<u>\$ 544,520</u>	<u>\$ 544,519</u>	<u>\$ (1,419,832)</u>
Net Change in Fund Balance	\$ (875,313)	\$ 544,520	\$ 544,519	\$ (1,419,832)
Fund Balance, July 1, 2022	4,692,497	4,690,949	4,690,949	1,548
Fund Balance, June 30, 2023	<u>\$ 3,817,184</u>	<u>\$ 5,235,469</u>	<u>\$ 5,235,468</u>	<u>\$ (1,418,284)</u>

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.

City School ADA - Dayton Fund – The City School ADA - Dayton Fund is used to account for the city school system's share of education revenues collected by the county, which must be apportioned between the school systems on an average daily attendance basis. These collections are remitted to the city school system 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 and general sessions courts clerk, clerk and master, register of deeds, and sheriff. Such collections include amounts due the state, cities, litigants, heirs, and others.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of District Attorney General.

Exhibit H-1

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

	Custodial Funds				
	Cities - Sales Tax	City School ADA - Dayton	Constitu - tional Officers - Custodial	District Attorney General	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 1,609,036	\$ 0	\$ 1,609,036
Equity in Pooled Cash and Investments	0	101,778	0	44,949	146,727
Accounts Receivable	0	0	2,702	0	2,702
Due from Other Governments	997,102	200,684	0	577	1,198,363
Property Taxes Receivable	0	556,858	0	0	556,858
Allowance for Uncollectible Property Taxes	0	(43,348)	0	0	(43,348)
Total Assets	<u>\$ 997,102</u>	<u>\$ 815,972</u>	<u>\$ 1,611,738</u>	<u>\$ 45,526</u>	<u>\$ 3,470,338</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 997,102	\$ 305,432	\$ 0	\$ 0	\$ 1,302,534
Total Liabilities	<u>\$ 997,102</u>	<u>\$ 305,432</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,302,534</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 510,540	\$ 0	\$ 0	\$ 510,540
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 510,540</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 510,540</u>
<u>NET POSITION</u>					
Restricted for Individuals, Organizations, and Other Governments	\$ 0	\$ 0	\$ 1,611,738	\$ 45,526	\$ 1,657,264
Total Net Position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,611,738</u>	<u>\$ 45,526</u>	<u>\$ 1,657,264</u>

Exhibit H-2

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

	Custodial Funds				
	Cities - Sales Tax	City School ADA - Dayton	Constitu - tional Officers - Custodial	District Attorney General	Total
<u>Additions</u>					
Sales Tax Collections for Other Governments	\$ 5,602,949	\$ 0	\$ 0	\$ 0	\$ 5,602,949
Property Tax Collections for Other Governments	0	550,407	0	0	550,407
ADA - Educational Funds Collected for Cities	0	1,140,723	0	0	1,140,723
Fines/Fees and Other Collections	0	2,188	8,360,824	0	8,363,012
District Attorney General Collections	0	0	0	12,016	12,016
Total Additions	\$ 5,602,949	\$ 1,693,318	\$ 8,360,824	\$ 12,016	\$ 15,669,107
<u>Deductions</u>					
Payment of Sales Tax Collections for Other Governments	\$ 5,602,949	\$ 0	\$ 0	\$ 0	\$ 5,602,949
Payments to City School Systems	0	1,693,318	0	0	1,693,318
Payments to State	0	0	4,113,224	0	4,113,224
Payments to Cities, Individuals, and Others	0	0	4,409,433	0	4,409,433
Payment of District Attorney General Expenses	0	0	0	16,267	16,267
Total Deductions	\$ 5,602,949	\$ 1,693,318	\$ 8,522,657	\$ 16,267	\$ 15,835,191
Change in Net Position	\$ 0	\$ 0	\$ (161,833)	\$ (4,251)	\$ (166,084)
Net Position July 1, 2022	0		1,773,571	49,777	1,823,348
Net Position June 30, 2023	\$ 0	\$ 0	\$ 1,611,738	\$ 45,526	\$ 1,657,264

Rhea County School Department

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

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

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

School Transportation Fund – The School Transportation Fund is used to account for the operations of the school transportation system.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building projects for the county school system.

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for money received by the school department for which the principal amount must remain intact while interest earned on the principal is to fund scholarships for students of Rhea County High School.

Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 29,352,633	\$ 28,481	\$ 6,514,422	\$ 1,221,611	\$ (21,588,119)
Support Services	13,878,312	33,221	1,791,437	111,918	(11,941,736)
Operation of Non-instructional Services	6,309,403	177,331	3,183,353	743,303	(2,205,416)
Total Governmental Activities	\$ 49,540,348	\$ 239,033	\$ 11,489,212	\$ 2,076,832	\$ (35,735,271)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,134,271
Local Option Sales Taxes					6,398,978
Mixed Drink Tax					18,965
Grants and Contributions Not Restricted to Specific Programs					27,089,410
Miscellaneous					26,067
Sale of Equipment					99,602
Total General Revenues					\$ 38,767,293
Insurance Recovery					\$ 2,284
Change in Net Position					\$ 3,034,306
Net Position, July 1, 2022					82,182,728
Net Position, June 30, 2023					\$ 85,217,034

Exhibit I-2

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

	Major Funds			Nonmajor Funds	
	General Purpose School	School Federal Projects	School Transpor - tation	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 746,827	\$ 746,827
Equity in Pooled Cash and Investments	4,481,540	268,097	1,460,723	2,315,711	8,526,071
Inventories	0	0	0	143,557	143,557
Accounts Receivable	3,609	0	0	17	3,626
Due from Other Governments	2,112,589	411,014	180	585,832	3,109,615
Property Taxes Receivable	2,958,371	0	2,533,577	0	5,491,948
Allowance for Uncollectible Property Taxes	(230,487)	0	(198,028)	0	(428,515)
Restricted Assets	413,828	0	0	0	413,828
Total Assets	<u>\$ 9,739,450</u>	<u>\$ 679,111</u>	<u>\$ 3,796,452</u>	<u>\$ 3,791,944</u>	<u>\$ 18,006,957</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 32,505	\$ 2,247	\$ 7,208	\$ 0	\$ 41,960
Payroll Deductions Payable	536,864	76,358	12,628	17,927	643,777
Due to State of Tennessee	0	506	0	0	506
Total Liabilities	<u>\$ 569,369</u>	<u>\$ 79,111</u>	<u>\$ 19,836</u>	<u>\$ 17,927</u>	<u>\$ 686,243</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,606,501	\$ 0	\$ 2,244,094	\$ 0	\$ 4,850,595
Deferred Delinquent Property Taxes	114,161	0	86,013	0	200,174
Other Deferred/Unavailable Revenue	438,919	0	0	123,295	562,214
Total Deferred Inflows of Resources	<u>\$ 3,159,581</u>	<u>\$ 0</u>	<u>\$ 2,330,107</u>	<u>\$ 123,295</u>	<u>\$ 5,612,983</u>

(Continued)

Exhibit I-2

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

	Major Funds			Nonmajor Funds Other	Total
	General Purpose School	School Federal Projects	School Transpor - tation	Govern- mental Funds	Governmental Funds
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 0	\$ 0	\$ 0	\$ 143,557	\$ 143,557
Restricted:					
Restricted for Education	32,725	0	1,446,509	3,507,165	4,986,399
Restricted for Hybrid Retirement Stabilization Funds	413,828	0	0	0	413,828
Committed:					
Committed for Education	0	600,000	0	0	600,000
Unassigned	5,563,947	0	0	0	5,563,947
Total Fund Balances	<u>\$ 6,010,500</u>	<u>\$ 600,000</u>	<u>\$ 1,446,509</u>	<u>\$ 3,650,722</u>	<u>\$ 11,707,731</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,739,450</u>	<u>\$ 679,111</u>	<u>\$ 3,796,452</u>	<u>\$ 3,791,944</u>	<u>\$ 18,006,957</u>

Exhibit I-3

Rhea County, Tennessee

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

Discretely Presented Rhea 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)		\$	11,707,731
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	939,515	
Add: construction in progress		638,274	
Add: buildings and improvements net of accumulated depreciation		59,418,810	
Add: other capital assets net of accumulated depreciation		<u>2,675,570</u>	63,672,169
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(319,587)	
Less: OPEB liability		<u>(3,736,122)</u>	(4,055,709)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	7,969,300	
Less: deferred inflows of resources related to pensions		(1,254,172)	
Add: deferred outflows of resources related to OPEB		1,198,454	
Less: deferred inflows of resources related to OPEB		<u>(1,022,719)</u>	6,890,863
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	899,345	
Add: net pension asset - teacher retirement plan		89,243	
Add: net pension asset - teacher legacy pension plan		<u>5,251,004</u>	6,239,592
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>762,388</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>85,217,034</u></u>

Exhibit I-4

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

	Major Funds			Nonmajor Funds	
	General Purpose School	School Federal Projects	School Transpor - tation	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 7,964,550	\$ 0	\$ 2,215,669	\$ 1,408,726	\$ 11,588,945
Licenses and Permits	1,758	0	0	0	1,758
Charges for Current Services	28,481	0	0	177,331	205,812
Other Local Revenues	136,692	0	34,907	1,764,070	1,935,669
State of Tennessee	28,376,317	0	0	36,022	28,412,339
Federal Government	288,941	7,367,184	0	3,072,516	10,728,641
Total Revenues	\$ 36,796,739	\$ 7,367,184	\$ 2,250,576	\$ 6,458,665	\$ 52,873,164
<u>Expenditures</u>					
Current:					
Instruction	\$ 23,476,867	\$ 3,774,218	\$ 0	\$ 0	\$ 27,251,085
Support Services	12,003,027	1,961,847	2,204,915	0	16,169,789
Operation of Non-Instructional Services	420,138	3,286	0	5,054,253	5,477,677
Capital Outlay	13,083	1,627,833	0	0	1,640,916
Debt Service:					
Other Debt Service	292,723	0	0	992,227	1,284,950
Capital Projects	0	0	0	645,217	645,217
Total Expenditures	\$ 36,205,838	\$ 7,367,184	\$ 2,204,915	\$ 6,691,697	\$ 52,469,634
Excess (Deficiency) of Revenues Over Expenditures	\$ 590,901	\$ 0	\$ 45,661	\$ (233,032)	\$ 403,530
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 2,284	\$ 0	\$ 0	\$ 0	\$ 2,284
Transfers In	0	0	0	759,000	759,000

(Continued)

Exhibit I-4

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

	Major Funds			Nonmajor Funds	
	General Purpose School	School Federal Projects	School Transpor - tation	Other Govern- mental Funds	Total Governmental Funds
<u>Other Financing Sources (Uses) (Cont.)</u>					
Transfers Out	\$ (759,000)	\$ 0	\$ 0	\$ 0	\$ (759,000)
Total Other Financing Sources (Uses)	\$ (756,716)	\$ 0	\$ 0	\$ 759,000	\$ 2,284
Net Change in Fund Balances	\$ (165,815)	\$ 0	\$ 45,661	\$ 525,968	\$ 405,814
Fund Balance, July 1, 2022	6,176,315	600,000	1,400,848	3,124,754	11,301,917
Fund Balance, June 30, 2023	\$ 6,010,500	\$ 600,000	\$ 1,446,509	\$ 3,650,722	\$ 11,707,731

Exhibit I-5

Rhea County, Tennessee

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Discretely Presented Rhea 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)		\$	405,814
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	2,803,958	
Less: current-year depreciation expense		<u>(1,532,697)</u>	1,271,261
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2023	\$	762,388	
Less: deferred delinquent property taxes and other deferred June 30, 2022		<u>(773,703)</u>	(11,315)
(3) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the school department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on debt to primary government			365,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(10,911)	
Change in net pension asset - agent plan		(4,055,661)	
Change in net pension asset - teacher retirement plan		(222,023)	
Change in net pension asset - teacher legacy pension plan		(12,509,707)	
Change in deferred outflows related to pensions		(200,867)	
Change in deferred inflows related to pensions		18,283,036	
Change in OPEB liability		253,461	
Change in deferred outflows related to OPEB		(196,230)	
Change in deferred inflows related to OPEB		<u>(337,552)</u>	<u>1,003,546</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>3,034,306</u></u>

Exhibit I-6

Rhea County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Rhea County School Department
June 30, 2023

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Central Cafeteria</u>	<u>Internal School</u>	<u>Total</u>	<u>Education Capital Projects</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 746,827	\$ 746,827	\$ 0	\$ 746,827
Equity in Pooled Cash and Investments	1,065,434	0	1,065,434	1,250,277	2,315,711
Inventories	143,557	0	143,557	0	143,557
Accounts Receivable	17	0	17	0	17
Due from Other Governments	339,855	0	339,855	245,977	585,832
Total Assets	\$ 1,548,863	\$ 746,827	\$ 2,295,690	\$ 1,496,254	\$ 3,791,944
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 17,927	\$ 0	\$ 17,927	\$ 0	\$ 17,927
Total Liabilities	\$ 17,927	\$ 0	\$ 17,927	\$ 0	\$ 17,927
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 0	\$ 123,295	\$ 123,295
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 123,295	\$ 123,295
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 143,557	\$ 0	\$ 143,557	\$ 0	\$ 143,557
Restricted:					
Restricted for Education	1,387,379	746,827	2,134,206	1,372,959	3,507,165
Total Fund Balances	\$ 1,530,936	\$ 746,827	\$ 2,277,763	\$ 1,372,959	\$ 3,650,722
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,548,863	\$ 746,827	\$ 2,295,690	\$ 1,496,254	\$ 3,791,944

Exhibit I-7

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

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Internal School	Total	Education Capital Projects	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 1,408,726	\$ 1,408,726
Charges for Current Services	177,331	0	177,331	0	177,331
Other Local Revenues	9,166	1,754,904	1,764,070	0	1,764,070
State of Tennessee	36,022	0	36,022	0	36,022
Federal Government	3,072,516	0	3,072,516	0	3,072,516
Total Revenues	\$ 3,295,035	\$ 1,754,904	\$ 5,049,939	\$ 1,408,726	\$ 6,458,665
<u>Expenditures</u>					
Current:					
Operation of Non-Instructional Services	\$ 3,357,947	\$ 1,696,306	\$ 5,054,253	\$ 0	\$ 5,054,253
Debt Service:					
Other Debt Service	0	0	0	992,227	992,227
Capital Projects	0	0	0	645,217	645,217
Total Expenditures	\$ 3,357,947	\$ 1,696,306	\$ 5,054,253	\$ 1,637,444	\$ 6,691,697
Excess (Deficiency) of Revenues Over Expenditures	\$ (62,912)	\$ 58,598	\$ (4,314)	\$ (228,718)	\$ (233,032)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 759,000	\$ 759,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 759,000	\$ 759,000
Net Change in Fund Balances	\$ (62,912)	\$ 58,598	\$ (4,314)	\$ 530,282	\$ 525,968
Fund Balance, July 1, 2022	1,593,848	688,229	2,282,077	842,677	3,124,754
Fund Balance, June 30, 2023	\$ 1,530,936	\$ 746,827	\$ 2,277,763	\$ 1,372,959	\$ 3,650,722

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 7,964,550	\$ 0	\$ 7,964,550	\$ 7,249,973	\$ 7,649,973	\$ 314,577
Licenses and Permits	1,758	0	1,758	1,900	1,900	(142)
Charges for Current Services	28,481	0	28,481	0	0	28,481
Other Local Revenues	136,692	0	136,692	78,118	87,118	49,574
State of Tennessee	28,376,317	0	28,376,317	26,672,503	30,200,475	(1,824,158)
Federal Government	288,941	0	288,941	99,455	289,672	(731)
Total Revenues	\$ 36,796,739	\$ 0	\$ 36,796,739	\$ 34,101,949	\$ 38,229,138	\$ (1,432,399)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 18,811,377	\$ (31,992)	\$ 18,779,385	\$ 18,459,124	\$ 19,543,466	\$ 764,081
Special Education Program	3,342,120	(15,182)	3,326,938	3,531,894	3,455,170	128,232
Career and Technical Education Program	1,323,370	0	1,323,370	981,913	1,669,506	346,136
<u>Support Services</u>						
Health Services	443,782	(122)	443,660	357,103	448,883	5,223
Other Student Support	1,271,944	(4,250)	1,267,694	1,133,146	1,315,089	47,395
Regular Instruction Program	482,643	0	482,643	440,504	491,036	8,393
Special Education Program	505,959	(1,698)	504,261	416,309	514,282	10,021
Technology	824,421	(4,412)	820,009	841,413	844,875	24,866
Other Programs	396,159	0	396,159	363,114	425,289	29,130
Board of Education	711,157	(2,738)	708,419	708,512	746,751	38,332
Director of Schools	981,214	(1,258)	979,956	1,040,573	1,024,356	44,400
Office of the Principal	2,079,772	(163)	2,079,609	2,085,028	2,217,215	137,606
Operation of Plant	3,212,092	0	3,212,092	3,418,609	3,468,104	256,012
Maintenance of Plant	969,291	(10,397)	958,894	900,280	1,059,523	100,629

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Transportation	\$ 124,593	\$ (96)	\$ 124,497	\$ 28,358	\$ 389,882	\$ 265,385
<u>Operation of Non-Instructional Services</u>						
Community Services	120,285	0	120,285	0	120,781	496
Early Childhood Education	299,853	0	299,853	0	330,816	30,963
<u>Capital Outlay</u>						
Regular Capital Outlay	13,083	0	13,083	0	1,226,905	1,213,822
<u>Other Debt Service</u>						
Education	292,723	0	292,723	292,723	292,723	0
Total Expenditures	<u>\$ 36,205,838</u>	<u>\$ (72,308)</u>	<u>\$ 36,133,530</u>	<u>\$ 34,998,603</u>	<u>\$ 39,584,652</u>	<u>\$ 3,451,122</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 590,901</u>	<u>\$ 72,308</u>	<u>\$ 663,209</u>	<u>\$ (896,654)</u>	<u>\$ (1,355,514)</u>	<u>\$ 2,018,723</u>
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 2,284	0	\$ 2,284	0	0	\$ 2,284
Transfers Out	(759,000)	0	(759,000)	0	(759,000)	0
Total Other Financing Sources	<u>\$ (756,716)</u>	<u>\$ 0</u>	<u>\$ (756,716)</u>	<u>\$ 0</u>	<u>\$ (759,000)</u>	<u>\$ 2,284</u>
Net Change in Fund Balance	\$ (165,815)	\$ 72,308	\$ (93,507)	\$ (896,654)	\$ (2,114,514)	\$ 2,021,007
Fund Balance, July 1, 2022	<u>6,176,315</u>	<u>(72,308)</u>	<u>6,104,007</u>	<u>6,124,719</u>	<u>6,124,719</u>	<u>(20,712)</u>
Fund Balance, June 30, 2023	<u><u>\$ 6,010,500</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 6,010,500</u></u>	<u><u>\$ 5,228,065</u></u>	<u><u>\$ 4,010,205</u></u>	<u><u>\$ 2,000,295</u></u>

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 7,367,184	\$ 0	\$ 7,367,184	\$ 2,486,923	\$ 12,205,257	\$ (4,838,073)
Total Revenues	\$ 7,367,184	\$ 0	\$ 7,367,184	\$ 2,486,923	\$ 12,205,257	\$ (4,838,073)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,397,043	\$ 0	\$ 2,397,043	\$ 972,074	\$ 3,719,927	\$ 1,322,884
Special Education Program	1,282,327	0	1,282,327	731,924	1,634,363	352,036
Career and Technical Education Program	94,848	0	94,848	0	94,848	0
<u>Support Services</u>						
Health Services	461,518	0	461,518	0	579,372	117,854
Other Student Support	134,668	0	134,668	109,932	137,547	2,879
Regular Instruction Program	896,861	0	896,861	487,820	1,604,632	707,771
Special Education Program	156,577	0	156,577	163,654	167,145	10,568
Career and Technical Education Program	2,464	0	2,464	0	2,464	0
Technology	159,846	0	159,846	0	455,255	295,409
Fiscal Services	6,695	0	6,695	0	56,200	49,505
Transportation	143,218	(111,918)	31,300	21,521	294,560	263,260
<u>Operation of Non-Instructional Services</u>						
Food Service	3,286	0	3,286	0	8,350	5,064
<u>Capital Outlay</u>						
Regular Capital Outlay	1,627,833	(1,024,582)	603,251	0	3,450,597	2,847,346
Total Expenditures	\$ 7,367,184	\$ (1,136,500)	\$ 6,230,684	\$ 2,486,925	\$ 12,205,260	\$ 5,974,576
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 1,136,500	\$ 1,136,500	\$ (2)	\$ (3)	\$ 1,136,503
Net Change in Fund Balance	\$ 0	\$ 1,136,500	\$ 1,136,500	\$ (2)	\$ (3)	\$ 1,136,503
Fund Balance, July 1, 2022	600,000	(1,136,500)	(536,500)	600,125	600,125	(1,136,625)
Fund Balance, June 30, 2023	\$ 600,000	\$ 0	\$ 600,000	\$ 600,123	\$ 600,122	\$ (122)

Exhibit I-10

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 177,331	\$ 0	\$ 177,331	\$ 199,500	\$ 199,500	\$ (22,169)
Other Local Revenues	9,166	0	9,166	7,000	7,000	2,166
State of Tennessee	36,022	0	36,022	29,000	44,000	(7,978)
Federal Government	3,072,516	0	3,072,516	3,222,036	3,347,562	(275,046)
Total Revenues	<u>\$ 3,295,035</u>	<u>\$ 0</u>	<u>\$ 3,295,035</u>	<u>\$ 3,457,536</u>	<u>\$ 3,598,062</u>	<u>\$ (303,027)</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 3,357,947	\$ (80,940)	\$ 3,277,007	\$ 3,815,535	\$ 3,981,232	\$ 704,225
Total Expenditures	<u>\$ 3,357,947</u>	<u>\$ (80,940)</u>	<u>\$ 3,277,007</u>	<u>\$ 3,815,535</u>	<u>\$ 3,981,232</u>	<u>\$ 704,225</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (62,912)</u>	<u>\$ 80,940</u>	<u>\$ 18,028</u>	<u>\$ (357,999)</u>	<u>\$ (383,170)</u>	<u>\$ 401,198</u>
Net Change in Fund Balance	\$ (62,912)	\$ 80,940	\$ 18,028	\$ (357,999)	\$ (383,170)	\$ 401,198
Fund Balance, July 1, 2022	1,593,848	(80,940)	1,512,908	1,480,569	1,480,569	32,339
Fund Balance, June 30, 2023	<u>\$ 1,530,936</u>	<u>\$ 0</u>	<u>\$ 1,530,936</u>	<u>\$ 1,122,570</u>	<u>\$ 1,097,399</u>	<u>\$ 433,537</u>

Exhibit I-11

Rhea County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Rhea County School Department
School Transportation Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,215,669	\$ 0	\$ 2,215,669	\$ 2,210,300	\$ 2,210,300	\$ 5,369
Other Local Revenues	34,907	0	34,907	30,000	30,000	4,907
Total Revenues	<u>\$ 2,250,576</u>	<u>\$ 0</u>	<u>\$ 2,250,576</u>	<u>\$ 2,240,300</u>	<u>\$ 2,240,300</u>	<u>\$ 10,276</u>
<u>Expenditures</u>						
<u>Support Services</u>						
Board of Education	\$ 43,847	\$ 0	\$ 43,847	\$ 44,108	\$ 47,108	\$ 3,261
Transportation	2,161,068	(45,847)	2,115,221	2,628,081	2,642,426	527,205
Total Expenditures	<u>\$ 2,204,915</u>	<u>\$ (45,847)</u>	<u>\$ 2,159,068</u>	<u>\$ 2,672,189</u>	<u>\$ 2,689,534</u>	<u>\$ 530,466</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 45,661</u>	<u>\$ 45,847</u>	<u>\$ 91,508</u>	<u>\$ (431,889)</u>	<u>\$ (449,234)</u>	<u>\$ 540,742</u>
Net Change in Fund Balance	\$ 45,661	\$ 45,847	\$ 91,508	\$ (431,889)	\$ (449,234)	\$ 540,742
Fund Balance, July 1, 2022	<u>1,400,848</u>	<u>(45,847)</u>	<u>1,355,001</u>	<u>1,407,370</u>	<u>1,407,370</u>	<u>(52,369)</u>
Fund Balance, June 30, 2023	<u><u>\$ 1,446,509</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,446,509</u></u>	<u><u>\$ 975,481</u></u>	<u><u>\$ 958,136</u></u>	<u><u>\$ 488,373</u></u>

Exhibit I-12

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

		Budgeted Amounts		Variance
	Actual	Original	Final	with Final Budget - Positive (Negative)
<u>Revenues</u>				
Local Taxes	\$ 1,408,726	\$ 1,100,000	\$ 1,155,000	\$ 253,726
Total Revenues	\$ 1,408,726	\$ 1,100,000	\$ 1,155,000	\$ 253,726
<u>Expenditures</u>				
Other Debt Service				
Education	\$ 992,227	\$ 992,227	\$ 992,227	\$ 0
Capital Projects				
Education Capital Projects	645,217	388,000	1,202,000	556,783
Total Expenditures	\$ 1,637,444	\$ 1,380,227	\$ 2,194,227	\$ 556,783
Excess (Deficiency) of Revenues Over Expenditures	\$ (228,718)	\$ (280,227)	\$ (1,039,227)	\$ 810,509
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 759,000	\$ 0	\$ 759,000	\$ 0
Total Other Financing Sources	\$ 759,000	\$ 0	\$ 759,000	\$ 0
Net Change in Fund Balance	\$ 530,282	\$ (280,227)	\$ (280,227)	\$ 810,509
Fund Balance, July 1, 2022	842,677	837,801	837,801	4,876
Fund Balance, June 30, 2023	\$ 1,372,959	\$ 557,574	\$ 557,574	\$ 815,385

Rhea County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Rhea County School Department
Fiduciary Fund
June 30, 2023

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Exhibit I-14

Rhea County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Rhea County School Department
Fiduciary Fund
For the Year Ended June 30, 2023

	Private Purpose Trust Fund
	Other Trust Fund
<u>ADDITIONS</u>	
Investment Income	\$ 2,413
Contributions and Gifts	102,200
Total Additions	<u>\$ 104,613</u>
<u>DEDUCTIONS</u>	
Payments to Individuals and Others	<u>\$ 23,464</u>
Total Deductions	<u>\$ 23,464</u>
Change in Net Position	\$ 81,149
Net Position, July 1, 2022	<u>372,145</u>
Net Position, June 30, 2023	<u><u>\$ 453,294</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Rhea County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Other Loans
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>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Refunding Bonds, Series 2022	\$ 27,042,500	2.22	% 4-22-22	4-1-34	\$ 27,042,500	\$ 2,119,253	\$ 24,923,247
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>							
Rural School Refunding Bonds, Series 2016B	2,270,000	1.98	6-22-16	4-1-23	\$ 365,000	\$ 365,000	\$ 0
Total Bonds Payable					\$ 27,407,500	\$ 2,484,253	\$ 24,923,247
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Capital Outlay Notes, Series 2019	195,000	2.94	3-22-19	3-1-24	\$ 79,500	\$ 39,500	\$ 40,000
General Obligation School Capital Outlay Notes, Series 2021A	2,000,000	1.55	1-4-21	1-4-31	1,813,557	189,333	1,624,224
General Obligation School Capital Outlay Notes, Series 2021B	500,000	1.5	3-17-21	3-1-31	453,389	47,333	406,056
Total Payable through General Debt Service Fund					\$ 2,346,446	\$ 276,166	\$ 2,070,280
Total Notes Payable					\$ 2,346,446	\$ 276,166	\$ 2,070,280
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
School Sewer Project	1,000,000	Variable	5-15-06	5-25-26	\$ 268,000	\$ 63,000	\$ 205,000
PBA Series 2019B - Jail Project	(1) 21,618,798	3.3483	5-31-19	4-1-37	18,818,798	989,855	17,828,943
Total Payable through General Debt Service Fund					\$ 19,086,798	\$ 1,052,855	\$ 18,033,943
Total Other Loans Payable					\$ 19,086,798	\$ 1,052,855	\$ 18,033,943

(1) Total funds available from this loan were \$25,000,000. During the current year, the county officially notified the lender of its decision not to utilize \$2,795,000 of the total available funds. Therefore, funds totaling \$586,202 remain available for drawdown at June 30, 2023.

Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 2,142,776	\$ 553,296	\$ 2,696,072
2025	2,166,561	505,726	2,672,287
2026	2,190,610	457,629	2,648,239
2027	2,214,926	408,997	2,623,923
2028	2,239,511	359,826	2,599,337
2029	2,264,370	310,109	2,574,479
2030	2,289,504	259,840	2,549,344
2031	2,314,918	209,013	2,523,931
2032	2,340,613	157,622	2,498,235
2033	2,366,595	105,659	2,472,254
2034	2,392,863	53,122	2,445,985
Total	\$ 24,923,247	\$ 3,380,839	\$ 28,304,086

Year Ending June 30	Notes		
	Principal	Interest	Total
2024	\$ 280,335	\$ 32,645	\$ 312,980
2025	244,060	27,744	271,804
2026	247,843	23,961	271,804
2027	251,684	20,120	271,804
2028	255,585	16,219	271,804
2029	259,547	12,257	271,804
2030	263,570	8,234	271,804
2031	267,656	4,149	271,805
Total	\$ 2,070,280	\$ 145,329	\$ 2,215,609

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2024	\$ 1,093,481	\$ 706,239	\$ 2,749	\$ 1,802,469
2025	1,129,388	670,280	2,192	1,801,860
2026	1,167,414	633,139	1,619	1,802,172
2027	1,132,596	594,749	0	1,727,345
2028	1,169,971	557,374	0	1,727,345
2029	1,208,581	518,765	0	1,727,346
2030	1,248,464	478,881	0	1,727,345
2031	1,289,663	437,682	0	1,727,345
2032	1,332,222	395,123	0	1,727,345
2033	1,376,185	351,161	0	1,727,346
2034	1,421,599	305,746	0	1,727,345
2035	1,468,512	258,833	0	1,727,345
2036	1,516,973	210,372	0	1,727,345
2037	1,478,894	160,312	0	1,639,206
Total	\$ 18,033,943	\$ 6,278,656	\$ 6,560	\$ 24,319,159

Exhibit J-3

Rhea County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Rhea County School Department

For the Year Ended June 30, 2023

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Other General Government	Highway/Public Works	Road improvements	\$ 993,900
General	"	"	220,220
"	"	Bonus pay	18,650
"	Solid Waste/Sanitation	"	<u>11,157</u>
Total Transfers Primary Government			<u>\$ 1,243,927</u>
<u>DISCRETELY PRESENTED RHEA COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Capital Projects	Capital projects	<u>\$ 759,000</u>

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

Official		Authorization	Bond	Surety
County Executive		Section 8-24-102, <i>TCA</i>	\$ (1)	Tennessee Risk Management Trust
Base salary	\$ 100,653			
Additional pay approved by county commission	866			
Total compensation	<u>\$ 101,519</u>			
Highway Supervisor		Section 8-24-102, <i>TCA</i>	(1)	"
Base salary	\$ 95,860			
Total compensation	<u>\$ 95,860</u>			
Director of Schools		State Board of Education and County Board of Education	(1)	"
Base salary	\$ 118,388			
Performance bonus	2,762			
CEO salary supplement	500			
Additional compensation (2)	6,057			
Total compensation	<u>\$ 127,707</u>			
Finance Director:				
Kelley Morgan (7-1-22 through 12-20-22)		County Commission	(1)	"
Base salary	\$ 45,020			
Additional pay approved by county commission	750			
Total compensation	<u>\$ 45,770</u>			
Jodi Pendergrass (12-21-22 through 6-30-23) - Interim		County Commission	(1)	"
Base salary	\$ 51,477			
Additional pay approved by county commission	750			
Total compensation	<u>\$ 52,227</u>			
Total Finance Director compensation	<u>\$ 97,997</u>			
Trustee		Section 8-24-102, <i>TCA</i>	(1)	"
Base salary	\$ 87,145			
Additional pay approved by county commission	750			
Total compensation	<u>\$ 87,895</u>			
Assessor of Property		Section 8-24-102, <i>TCA</i>	(1)	"
Base salary	\$ 87,145			
Additional pay approved by county commission	750			
Total compensation	<u>\$ 87,895</u>			

(Continued)

Rhea County, TennesseeSchedule of Salaries and Official Bonds of Principal OfficialsPrimary Government and Discretely Presented Rhea County School Department (Cont.)

Official		Authorization	Bond	Surety
County Clerk		Section 8-24-102, <i>TCA</i>	(1)	Tennessee Risk Management Trust
Base salary	\$ 87,145			
Additional pay approved by county commission	750			
Total compensation	<u>\$ 87,895</u>			
Circuit and General Sessions Courts Clerk		Section 8-24-102, <i>TCA</i>	(1)	"
Base salary	\$ 87,145			
Additional pay approved by county commission	750			
Total compensation	<u>\$ 87,895</u>			
Clerk and Master				
John Fine (7-1-22 through 9-30-22)		Section 8-24-102, <i>TCA</i>	(1)	"
Base salary/Total compensation	<u>\$ 21,599</u>			
Bonnie Doss (10-1-22 through 6-30-23)		Section 8-24-102, <i>TCA</i>	(1)	"
Base salary	\$ 65,546	and Chancery Judge		
Additional pay approved by county commission	750			
Special commissioner fees	645			
Total compensation	<u>\$ 66,941</u>			
Total Clerk and Master compensation	<u>\$ 88,540</u>			
Register of Deeds		Section 8-24-102, <i>TCA</i>	(1)	"
Base salary	\$ 87,145			
Additional pay approved by the commission	750			
Total compensation	<u>\$ 87,895</u>			
Sheriff		Section 8-24-102, <i>TCA</i>	(1)	"
Base salary	\$ 95,860			
Law enforcement training supplement	800			
Total compensation	<u>\$ 96,660</u>			
Employee Blanket Bonds:				
Primary Government			400,000	Tennessee Risk Management Trust
School Department			400,000	Tennessee Risk Management Trust

(1) These officials were covered by the \$400,000 blanket bond.

(2) The director receives additional compensation from the board equivalent to the contribution to the Tennessee Consolidated Retirement System.

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 9,774,714	\$ 0	\$ 0	\$ 0	\$ 0	\$ 198,261
Trustee's Collections - Prior Year	222,808	0	0	0	0	5,537
Trustee's Collections - Bankruptcy	704	0	0	0	0	18
Circuit Clerk/Clerk and Master Collections - Prior Years	337,831	0	0	0	0	8,742
Interest and Penalty	44,494	0	0	0	0	1,046
Payments in-Lieu-of Taxes - Local Utilities	195,688	0	0	0	0	331
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	372,521	0	0	0	0	0
Litigation Tax - General	94,824	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	60,639	0	0	0	0	0
Business Tax	0	437,253	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	63,272
<u>Statutory Local Taxes</u>						
Bank Excise Tax	35,704	0	0	0	0	764
Wholesale Beer Tax	0	138,582	0	0	0	0
Total Local Taxes	\$ 11,139,927	\$ 575,835	\$ 0	\$ 0	\$ 0	\$ 277,971
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 119,665	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	2,732	0	0	0	0	0
Building Permits	161,272	0	0	0	0	0
Total Licenses and Permits	\$ 283,669	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 950	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	9,202	0	0	0	0	0
Drug Control Fines	13,715	0	0	0	0	0
Drug Court Fees	390	0	0	0	0	0
District Attorney General Fees	244	0	0	0	0	0
DUI Treatment Fines	714	0	0	0	0	0
Data Entry Fee - Circuit Court	1,679	0	0	0	0	0
Courtroom Security Fee	6,449	0	0	0	0	0
<u>Criminal Court</u>						
Fines	24	0	0	0	0	0
Game and Fish Fines	34	0	0	0	0	0
DUI Treatment Fines	812	0	656	0	0	0
<u>General Sessions Court</u>						
Fines	9,691	0	0	0	0	0
Fines for Littering	48	0	0	0	0	0
Officers Costs	52,002	0	0	0	0	0
Game and Fish Fines	135	0	0	0	0	0
Drug Control Fines	8,434	0	7,242	0	0	0
Drug Court Fees	5,842	0	0	0	0	0
Jail Fees	16,669	0	0	0	0	0
DUI Treatment Fines	4,207	0	0	0	0	0
Data Entry Fee - General Sessions Court	4,768	0	0	0	0	0
Courtroom Security Fee	49,113	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	114	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court (Cont.)</u>						
Data Entry Fee - Chancery Court	\$ 4,320	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	5,037	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Data Entry Fee - Other Courts	3,948	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	500	0	26,615	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 199,041	\$ 0	\$ 34,513	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 40,810	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Host Agency	0	629,952	0	0	0	0
Surcharge - Waste Tire Disposal	0	18,545	0	0	0	0
Work Release Charges for Board	6,525	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	6,959	0	0	0	0	0
Copy Fees	1,877	0	0	0	0	0
Greenbelt Late Application Fee	950	0	0	0	0	0
Telephone Commissions	132,108	0	0	0	0	0
Additional Fees - Titling and Registration	39,916	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	201,639	0
Data Processing Fee - Register	9,772	0	0	0	0	0
Probation Fees	95,037	0	0	0	0	0
Data Processing Fee - Sheriff	4,492	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,800	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - County Clerk	\$ 567	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle Registration Reinstatement Fees	4,040	0	0	0	0	0
Total Charges for Current Services	\$ 307,043	\$ 689,307	\$ 0	\$ 0	\$ 201,639	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 13,661	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	160,188	0	0	0	0	0
Sale of Materials and Supplies	0	11,845	0	0	0	824
Commissary Sales	117,845	0	0	0	0	0
Sale of Recycled Materials	0	36,243	0	0	0	1,307
Sale of Animals/Livestock	590	0	0	0	0	0
Miscellaneous Refunds	3,942	0	0	0	0	11,447
<u>Nonrecurring Items</u>						
Contributions and Gifts	15,000	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	274,390	59,426	1,178	0	0	750,000
Total Other Local Revenues	\$ 585,616	\$ 107,514	\$ 1,178	\$ 0	\$ 0	\$ 763,578
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Trustee	\$ 403,532	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	403,023	0	0	0	0	0
Circuit Court Clerk	272,117	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
Clerk and Master	\$ 166,973	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Register	141,990	0	0	0	0	0
Sheriff	11,573	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,399,208	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Restraint Program	1,900	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	27,200	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Public Health Nurses	211,637	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	0	29,684	0	0	0	0
<u>Other State Revenues</u>						
Beer Tax	19,200	0	0	0	0	0
Vehicle Certificate of Title Fees	9,234	0	0	0	0	0
Alcoholic Beverage Tax	81,050	0	0	0	0	0
Opioid Settlement Funds - TN Abatement Council	161,003	0	0	0	0	0
State Revenue Sharing - T.V.A.	759,968	0	0	0	0	0
State Revenue Sharing - Telecommunications	43,104	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	28,731	0	0	0	0	0
Emergency Hospital - Prisoners	99,571	0	0	0	0	0
Contracted Prisoner Boarding	3,039,874	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,329,107
Petroleum Special Tax	0	0	0	0	0	21,779
Other State Grants	200,932	0	0	0	0	0
Other State Revenues	35,921	0	0	0	0	0
Total State of Tennessee	<u>\$ 4,723,825</u>	<u>\$ 29,684</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,350,886</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 53,524	\$ 0	\$ 0	\$ 0	\$ 0	0
Law Enforcement Grants	230,274	0	0	0	0	0
American Rescue Plan Act Grant #1	0	0	0	2,662,757	0	0
Other Federal through State	165,673	0	0	0	0	0
Total Federal Government	<u>\$ 449,471</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,662,757</u>	<u>\$ 0</u>	<u>0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 756,981	\$ 0	\$ 0	\$ 0	\$ 0	0
Contracted Services	37,000	0	0	0	0	0
<u>Other</u>						
Other	0	4,944	0	0	0	0
Opioid Settlement Funds - Past Remediation	104,574	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 898,555</u>	<u>\$ 4,944</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Total	<u>\$ 19,986,355</u>	<u>\$ 1,407,284</u>	<u>\$ 35,691</u>	<u>\$ 2,662,757</u>	<u>\$ 201,639</u>	<u>\$ 3,392,435</u>

(Continued)

Exhibit J-5

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

	Debt Service Fund		
	General Debt Service		Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 1,242,234	\$	11,215,209
Trustee's Collections - Prior Year	84,492		312,837
Trustee's Collections - Bankruptcy	150		872
Circuit Clerk/Clerk and Master Collections - Prior Years	152,976		499,549
Interest and Penalty	13,543		59,083
Payments in-Lieu-of Taxes - Local Utilities	2,074		198,093
<u>County Local Option Taxes</u>			
Local Option Sales Tax	1,341,448		1,341,448
Hotel/Motel Tax	0		372,521
Litigation Tax - General	0		94,824
Litigation Tax - Jail, Workhouse, or Courthouse	0		60,639
Business Tax	0		437,253
Mineral Severance Tax	0		63,272
<u>Statutory Local Taxes</u>			
Bank Excise Tax	4,537		41,005
Wholesale Beer Tax	0		138,582
Total Local Taxes	<u>\$ 2,841,454</u>	<u>\$</u>	<u>14,835,187</u>
 <u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$ 0	\$	119,665
<u>Permits</u>			
Beer Permits	0		2,732
Building Permits	0		161,272
Total Licenses and Permits	<u>\$ 0</u>	<u>\$</u>	<u>283,669</u>

(Continued)

Exhibit J-5

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

	Debt Service Fund	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 950
Officers Costs	0	9,202
Drug Control Fines	0	13,715
Drug Court Fees	0	390
District Attorney General Fees	0	244
DUI Treatment Fines	0	714
Data Entry Fee - Circuit Court	0	1,679
Courtroom Security Fee	0	6,449
<u>Criminal Court</u>		
Fines	0	24
Game and Fish Fines	0	34
DUI Treatment Fines	0	1,468
<u>General Sessions Court</u>		
Fines	0	9,691
Fines for Littering	0	48
Officers Costs	0	52,002
Game and Fish Fines	0	135
Drug Control Fines	0	15,676
Drug Court Fees	0	5,842
Jail Fees	0	16,669
DUI Treatment Fines	0	4,207
Data Entry Fee - General Sessions Court	0	4,768
Courtroom Security Fee	0	49,113
<u>Chancery Court</u>		
Officers Costs	0	114

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>		
	General Debt Service		Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Chancery Court (Cont.)</u>			
Data Entry Fee - Chancery Court	\$ 0	\$	4,320
Courtroom Security Fee	0		5,037
<u>Judicial District Drug Program</u>			
Data Entry Fee - Other Courts	0		3,948
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0		27,115
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$</u>	<u>233,554</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Commercial and Industrial Waste Collection Charge	\$ 0	\$	40,810
Surcharge - Host Agency	0		629,952
Surcharge - Waste Tire Disposal	0		18,545
Work Release Charges for Board	0		6,525
<u>Fees</u>			
Recreation Fees	0		6,959
Copy Fees	0		1,877
Greenbelt Late Application Fee	0		950
Telephone Commissions	0		132,108
Additional Fees - Titling and Registration	0		39,916
Constitutional Officers' Fees and Commissions	0		201,639
Data Processing Fee - Register	0		9,772
Probation Fees	0		95,037
Data Processing Fee - Sheriff	0		4,492
Sexual Offender Registration Fee - Sheriff	0		4,800

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Data Processing Fee - County Clerk	\$ 0	\$ 567
Vehicle Registration Reinstatement Fees	0	4,040
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,197,989</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 152,544	\$ 166,205
Lease/Rentals	0	160,188
Sale of Materials and Supplies	0	12,669
Commissary Sales	0	117,845
Sale of Recycled Materials	0	37,550
Sale of Animals/Livestock	0	590
Miscellaneous Refunds	5,346	20,735
<u>Nonrecurring Items</u>		
Contributions and Gifts	0	15,000
<u>Other Local Revenues</u>		
Other Local Revenues	0	1,084,994
Total Other Local Revenues	<u>\$ 157,890</u>	<u>\$ 1,615,776</u>
<u>Fees Received From County Officials</u>		
<u>Excess Fees</u>		
Trustee	\$ 0	\$ 403,532
<u>Fees In-Lieu-of Salary</u>		
County Clerk	0	403,023
Circuit Court Clerk	0	272,117

(Continued)

Exhibit J-5

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

	<u>Debt Service</u>		
	<u>Fund</u>		
	General	Debt	Total
	Service		
<u>Fees Received From County Officials (Cont.)</u>			
<u>Fees In-Lieu-of Salary (Cont.)</u>			
Clerk and Master	\$	0	\$ 166,973
Register		0	141,990
Sheriff		0	11,573
Total Fees Received From County Officials	\$	0	\$ 1,399,208
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$	0	\$ 4,500
Child Restraint Program		0	1,900
<u>Public Safety Grants</u>			
Law Enforcement Training Programs		0	27,200
<u>Health and Welfare Grants</u>			
Public Health Nurses		0	211,637
<u>Public Works Grants</u>			
Litter Program		0	29,684
<u>Other State Revenues</u>			
Beer Tax		0	19,200
Vehicle Certificate of Title Fees		0	9,234
Alcoholic Beverage Tax		0	81,050
Opioid Settlement Funds - TN Abatement Council		0	161,003
State Revenue Sharing - T.V.A.		0	759,968
State Revenue Sharing - Telecommunications		0	43,104
State Shared Sports Gaming Privilege Tax		0	28,731
Emergency Hospital - Prisoners		0	99,571
Contracted Prisoner Boarding		0	3,039,874

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Gasoline and Motor Fuel Tax	\$ 0	\$ 2,329,107
Petroleum Special Tax	0	21,779
Other State Grants	0	200,932
Other State Revenues	0	35,921
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 7,104,395</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Homeland Security Grants	\$ 0	\$ 53,524
Law Enforcement Grants	0	230,274
American Rescue Plan Act Grant #1	0	2,662,757
Other Federal through State	0	165,673
Total Federal Government	<u>\$ 0</u>	<u>\$ 3,112,228</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 1,284,950	\$ 2,041,931
Contracted Services	0	37,000
<u>Other</u>		
Other	0	4,944
Opioid Settlement Funds - Past Remediation	0	104,574
Total Other Governments and Citizens Groups	<u>\$ 1,284,950</u>	<u>\$ 2,188,449</u>
Total	<u>\$ 4,284,294</u>	<u>\$ 31,970,455</u>

Exhibit J-6

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Internal School
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,721,703	\$ 0	\$ 0	\$ 2,050,625	\$ 0
Trustee's Collections - Prior Year	76,025	0	0	57,657	0
Trustee's Collections - Bankruptcy	218	0	0	218	0
Circuit Clerk/Clerk and Master Collections - Prior Years	120,960	0	0	85,407	0
Interest and Penalty	14,359	0	0	10,848	0
Payments in-Lieu-of Taxes - Local Utilities	4,549	0	0	3,424	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,997,818	0	0	0	0
Mixed Drink Tax	18,965	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	9,953	0	0	7,490	0
Total Local Taxes	\$ 7,964,550	\$ 0	\$ 0	\$ 2,215,669	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,758	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 1,758	\$ 0	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 28,481	\$ 0	\$ 0	\$ 0	\$ 0
Lunch Payments - Adults	0	0	34,692	0	0
A la Carte Sales	0	0	142,639	0	0
Total Charges for Current Services	\$ 28,481	\$ 0	\$ 177,331	\$ 0	\$ 0

(Continued)

Exhibit J-6

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Internal School
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 24,558	\$ 0	\$ 1,456	\$ 53	\$ 0
Lease/Rentals	1,251	0	0	31,727	0
Sale of Recycled Materials	243	0	0	0	0
Miscellaneous Refunds	6,147	0	7,710	3,127	0
<u>Nonrecurring Items</u>					
Contributions and Gifts	21,875	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	82,618	0	0	0	1,754,904
Total Other Local Revenues	\$ 136,692	\$ 0	\$ 9,166	\$ 34,907	\$ 1,754,904
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 53,026	\$ 0	\$ 0	\$ 0	\$ 0
<u>State Education Funds</u>					
Basic Education Program	25,372,424	0	0	0	0
Early Childhood Education	300,815	0	0	0	0
School Food Service	0	0	21,022	0	0
Driver Education	14,760	0	0	0	0
Other State Education Funds	911,287	0	15,000	0	0
Career Ladder Program	61,619	0	0	0	0
Other Vocational	224,414	0	0	0	0
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	1,314,096	0	0	0	0
Safe Schools	123,876	0	0	0	0
Total State of Tennessee	\$ 28,376,317	\$ 0	\$ 36,022	\$ 0	\$ 0

(Continued)

Exhibit J-6

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

	Special Revenue Funds					
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Internal School	
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,895,525	\$ 0	\$ 0	
USDA - Commodities	0	0	208,959	0	0	
Breakfast	0	0	741,289	0	0	
USDA - Other	0	0	226,743	0	0	
Vocational Education - Basic Grants to States	0	109,700	0	0	0	
Title I Grants to Local Education Agencies	0	1,288,357	0	0	0	
Special Education - Grants to States	0	1,101,986	0	0	0	
Special Education Preschool Grants	0	24,604	0	0	0	
English Language Acquisition Grants	0	20,418	0	0	0	
Rural Education	0	32,312	0	0	0	
Education for Homeless Children and Youth	0	59,527	0	0	0	
Eisenhower Professional Development State Grants	0	212,465	0	0	0	
COVID-19 Grant B	0	987,487	0	0	0	
COVID-19 Grant D	0	15,000	0	0	0	
American Rescue Plan Act Grant #1	0	2,851,155	0	0	0	
American Rescue Plan Act Grant #2	0	36,460	0	0	0	
American Rescue Plan Act Grant #3	0	6,776	0	0	0	
American Rescue Plan Act Grant #4	0	19,297	0	0	0	
Other Federal through State	216,783	601,640	0	0	0	
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	72,158	0	0	0	0	
Total Federal Government	\$ 288,941	\$ 7,367,184	\$ 3,072,516	\$ 0	\$ 0	
Total	\$ 36,796,739	\$ 7,367,184	\$ 3,295,035	\$ 2,250,576	\$ 1,754,904	

(Continued)

Exhibit J-6

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

	<u>Capital</u> <u>Projects Fund</u>		
	Education Capital Projects	Total	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 4,772,328	
Trustee's Collections - Prior Year	0	133,682	
Trustee's Collections - Bankruptcy	0	436	
Circuit Clerk/Clerk and Master Collections - Prior Years	0	206,367	
Interest and Penalty	0	25,207	
Payments in-Lieu-of Taxes - Local Utilities	0	7,973	
<u>County Local Option Taxes</u>			
Local Option Sales Tax	1,408,726	6,406,544	
Mixed Drink Tax	0	18,965	
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	17,443	
Total Local Taxes	<u>\$ 1,408,726</u>	<u>\$ 11,588,945</u>	
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 0	\$ 1,758	
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 1,758</u>	
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Other	\$ 0	\$ 28,481	
Lunch Payments - Adults	0	34,692	
A la Carte Sales	0	142,639	
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 205,812</u>	

(Continued)

Exhibit J-6

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

	Capital Projects Fund		
	Education Capital Projects	Total	
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$	0	\$ 26,067
Lease/Rentals		0	32,978
Sale of Recycled Materials		0	243
Miscellaneous Refunds		0	16,984
<u>Nonrecurring Items</u>			
Contributions and Gifts		0	21,875
<u>Other Local Revenues</u>			
Other Local Revenues		0	1,837,522
Total Other Local Revenues	<u>\$</u>	<u>0</u>	<u>\$ 1,935,669</u>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-behalf Contributions for OPEB	\$	0	\$ 53,026
<u>State Education Funds</u>			
Basic Education Program		0	25,372,424
Early Childhood Education		0	300,815
School Food Service		0	21,022
Driver Education		0	14,760
Other State Education Funds		0	926,287
Career Ladder Program		0	61,619
Other Vocational		0	224,414
<u>Other State Revenues</u>			
State Revenue Sharing - T.V.A.		0	1,314,096
Safe Schools		0	123,876
Total State of Tennessee	<u>\$</u>	<u>0</u>	<u>\$ 28,412,339</u>

(Continued)

Exhibit J-6

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

	Capital Projects Fund		
	Education Capital Projects	Total	
Federal Government			
Federal Through State			
USDA School Lunch Program	\$ 0	\$ 1,895,525	
USDA - Commodities	0	208,959	
Breakfast	0	741,289	
USDA - Other	0	226,743	
Vocational Education - Basic Grants to States	0	109,700	
Title I Grants to Local Education Agencies	0	1,288,357	
Special Education - Grants to States	0	1,101,986	
Special Education Preschool Grants	0	24,604	
English Language Acquisition Grants	0	20,418	
Rural Education	0	32,312	
Education for Homeless Children and Youth	0	59,527	
Eisenhower Professional Development State Grants	0	212,465	
COVID-19 Grant B	0	987,487	
COVID-19 Grant D	0	15,000	
American Rescue Plan Act Grant #1	0	2,851,155	
American Rescue Plan Act Grant #2	0	36,460	
American Rescue Plan Act Grant #3	0	6,776	
American Rescue Plan Act Grant #4	0	19,297	
Other Federal through State	0	818,423	
Direct Federal Revenue			
ROTC Reimbursement	0	72,158	
Total Federal Government	\$ 0	\$ 10,728,641	
Total	\$ 1,408,726	\$ 52,873,164	

Exhibit J-7

Rhea 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	\$	65,300	
Social Security		3,987	
Employer Medicare		932	
Dues and Memberships		13,886	
Travel		17,358	
Other Contracted Services		1,256	
Other Supplies and Materials		499	
Other Charges		1,709	
Total County Commission			\$ 104,927

Board of Equalization

Board and Committee Members Fees	\$	2,100	
Social Security		130	
Employer Medicare		30	
Total Board of Equalization			2,260

Other Boards and Committees

Secretary(ies)	\$	330	
Board and Committee Members Fees		3,480	
Social Security		236	
Pensions		24	
Employer Medicare		55	
Printing, Stationery, and Forms		864	
Total Other Boards and Committees			4,989

County Mayor/Executive

County Official/Administrative Officer	\$	100,653	
Accountants/Bookkeepers		35,623	
Part-time Personnel		1,377	
Bonus Payments		750	
Social Security		7,606	
Pensions		4,391	
Life Insurance		68	
Medical Insurance		11,799	
Employer Medicare		1,779	
Communication		6,828	
Dues and Memberships		8,324	
Lease Payments		1,850	
Legal Notices, Recording, and Court Costs		192	
Pauper Burials		250	
Travel		1,083	
Other Contracted Services		9,955	
Gasoline		1,471	
Office Supplies		1,036	
Other Supplies and Materials		598	
Vehicle and Equipment Insurance		331	
Other Charges		1,035	
Total County Mayor/Executive			196,999

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)County Attorney

Legal Services	\$	65,944	
Total County Attorney			\$ 65,944

Election Commission

County Official/Administrative Officer	\$	82,993	
Assistant(s)		40,154	
Part-time Personnel		360	
Overtime Pay		2,055	
Bonus Payments		750	
Election Commission		2,997	
Election Workers		475	
Social Security		7,875	
Pensions		4,414	
Life Insurance		70	
Medical Insurance		12,792	
Employer Medicare		1,842	
Communication		2,235	
Lease Payments		2,349	
Legal Notices, Recording, and Court Costs		3,103	
Maintenance Agreements		15,813	
Maintenance and Repair Services - Equipment		1,400	
Rentals		2,972	
Travel		2,250	
Other Contracted Services		45,621	
Office Supplies		15,218	
Other Charges		204	
Total Election Commission			247,942

Register of Deeds

County Official/Administrative Officer	\$	87,145	
Assistant(s)		40,494	
Accountants/Bookkeepers		67,033	
Bonus Payments		2,250	
Social Security		11,387	
Pensions		7,555	
Life Insurance		163	
Medical Insurance		26,760	
Employer Medicare		2,663	
Data Processing Services		14,979	
Dues and Memberships		826	
Lease Payments		1,640	
Office Supplies		1,267	
Total Register of Deeds			264,162

Planning

Board and Committee Members Fees	\$	4,175
Social Security		258

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Planning (Cont.)

Pensions	\$	4	
Employer Medicare		60	
Other Contracted Services		13,750	
Total Planning			\$ 18,247

Building

Assistant(s)	\$	17,817	
Supervisor/Director		53,500	
Part-time Personnel		7,810	
Bonus Payments		1,500	
Social Security		4,367	
Pensions		1,322	
Life Insurance		65	
Medical Insurance		6,690	
Employer Medicare		1,021	
Gasoline		2,131	
Other Supplies and Materials		3,955	
Total Building			100,178

County Buildings

Other Charges	\$	198,546	
Total County Buildings			198,546

Other Facilities

Assistant(s)	\$	41,200	
Supervisor/Director		49,572	
Accountants/Bookkeepers		34,878	
Custodial Personnel		5,567	
Maintenance Personnel		173,173	
Bonus Payments		5,650	
Social Security		18,319	
Pensions		10,559	
Life Insurance		330	
Medical Insurance		52,466	
Employer Medicare		4,284	
Communication		53,478	
Lease Payments		6,564	
Medical and Dental Services		134	
Postal Charges		34,068	
Other Contracted Services		84,576	
Custodial Supplies		76,141	
Diesel Fuel		5,003	
Electricity		367,261	
Gasoline		18,545	
Lubricants		11,178	
Natural Gas		40,985	
Office Supplies		695	

(Continued)

Exhibit J-7

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

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

Tires and Tubes	\$	24,109	
Uniforms		3,200	
Vehicle Parts		46,964	
Water and Sewer		97,888	
Other Supplies and Materials		395,704	
Building and Contents Insurance		39,442	
Liability Insurance		3,157	
Vehicle and Equipment Insurance		11,197	
Workers' Compensation Insurance		17,347	
Other Charges		123,351	
Maintenance Equipment		4,794	
Motor Vehicles		32,671	
Total Other Facilities			\$ 1,894,450

Other General Administration

Land	\$	1,814	
Total Other General Administration			1,814

Preservation of Records

Supervisor/Director	\$	39,700	
Bonus Payments		750	
Social Security		2,456	
Pensions		1,547	
Life Insurance		41	
Medical Insurance		6,690	
Employer Medicare		574	
Communication		385	
Office Supplies		975	
Other Supplies and Materials		4,465	
Total Preservation of Records			57,583

FinanceAccounting and Budgeting

Assistant(s)	\$	20,810	
Supervisor/Director		96,497	
Accountants/Bookkeepers		325,927	
Bonus Payments		7,500	
Social Security		26,993	
Pensions		16,347	
Life Insurance		377	
Medical Insurance		62,318	
Unemployment Compensation		1,925	
Employer Medicare		6,320	
Communication		374	
Data Processing Services		22,983	
Dues and Memberships		100	
Lease Payments		4,885	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

Legal Notices, Recording, and Court Costs	\$	3,933	
Travel		2,211	
Other Contracted Services		3,546	
Office Supplies		15,604	
In Service/Staff Development		620	
Other Charges		1,443	
Data Processing Equipment		22,251	
Total Accounting and Budgeting			\$ 642,964

Property Assessor's Office

County Official/Administrative Officer	\$	87,145	
Assistant(s)		44,413	
Accountants/Bookkeepers		134,645	
Bonus Payments		3,750	
Social Security		15,207	
Pensions		10,311	
Life Insurance		245	
Medical Insurance		40,140	
Employer Medicare		3,557	
Data Processing Services		4,303	
Dues and Memberships		1,925	
Lease Payments		2,127	
Travel		4,201	
Other Contracted Services		15,796	
Gasoline		2,402	
Office Supplies		3,350	
Vehicle and Equipment Insurance		664	
In Service/Staff Development		590	
Data Processing Equipment		6,016	
Office Equipment		981	
Total Property Assessor's Office			381,768

County Trustee's Office

Part-time Personnel	\$	570	
Bonus Payments		2,250	
Social Security		139	
Life Insurance		115	
Medical Insurance		20,070	
Employer Medicare		1,045	
Data Processing Services		28,918	
Dues and Memberships		716	
Lease Payments		1,323	
Legal Notices, Recording, and Court Costs		486	
Other Contracted Services		13,403	
Office Supplies		2,513	
Total County Trustee's Office			71,548

(Continued)

Exhibit J-7

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

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

County Official/Administrative Officer	\$	87,145	
Assistant(s)		43,575	
Accountants/Bookkeepers		140,264	
Bonus Payments		3,750	
Social Security		15,727	
Pensions		10,426	
Life Insurance		219	
Medical Insurance		39,552	
Employer Medicare		3,678	
Communication		1,320	
Data Processing Services		23,000	
Dues and Memberships		866	
Lease Payments		2,295	
Office Supplies		9,529	
Total County Clerk's Office			\$ 381,346

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	87,145	
Assistant(s)		43,575	
Accountants/Bookkeepers		107,750	
Part-time Personnel		6,480	
Bonus Payments		3,125	
Social Security		15,012	
Pensions		9,261	
Life Insurance		204	
Medical Insurance		33,450	
Employer Medicare		3,511	
Data Processing Services		30,062	
Dues and Memberships		716	
Lease Payments		2,675	
Other Contracted Services		3,357	
Office Supplies		4,432	
Other Charges		7,425	
Total Circuit Court			358,180

Circuit Court Judge

Other Supplies and Materials	\$	44	
Total Circuit Court Judge			44

General Sessions Court

Assistant(s)	\$	43,575	
Accountants/Bookkeepers		134,604	
Bonus Payments		2,500	
Social Security		11,089	
Pensions		6,484	
Life Insurance		204	

(Continued)

Exhibit J-7

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

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

Medical Insurance	\$	32,923	
Employer Medicare		2,593	
Lease Payments		1,577	
Other Contracted Services		129	
Office Supplies		5,432	
Data Processing Equipment		8,895	
Total General Sessions Court			\$ 250,005

General Sessions Judge

Judge(s)	\$	153,131	
Probation Officer(s)		120,947	
Youth Service Officer(s)		20,587	
Accountants/Bookkeepers		38,795	
Bonus Payments		3,875	
Other Salaries and Wages		37,791	
Social Security		22,718	
Pensions		13,762	
Life Insurance		268	
Medical Insurance		39,613	
Employer Medicare		5,313	
Communication		2,148	
Lease Payments		2,859	
Travel		3,247	
Other Contracted Services		2,990	
Office Supplies		4,224	
Other Supplies and Materials		3,300	
Other Charges		10,086	
Furniture and Fixtures		2,000	
Total General Sessions Judge			487,654

Drug Court

Drug Treatment	\$	2,798	
Total Drug Court			2,798

Chancery Court

County Official/Administrative Officer	\$	87,145	
Assistant(s)		24,441	
Accountants/Bookkeepers		122,073	
Bonus Payments		2,375	
Social Security		14,451	
Pensions		8,572	
Life Insurance		204	
Medical Insurance		32,396	
Employer Medicare		3,380	
Data Processing Services		19,929	
Dues and Memberships		901	
Lease Payments		1,828	

(Continued)

Exhibit J-7

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

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

Travel	\$	154	
Office Supplies		5,272	
Data Processing Equipment		561	
Total Chancery Court			\$ 323,682

Courtroom Security

Deputy(ies)	\$	54,265	
Bonus Payments		1,200	
Social Security		3,425	
Pensions		1,412	
Life Insurance		41	
Employer Medicare		801	
Uniforms		325	
Total Courtroom Security			61,469

Public SafetySheriff's Department

County Official/Administrative Officer	\$	95,860	
Assistant(s)		68,419	
Deputy(ies)		791,385	
Investigator(s)		217,514	
Lieutenant(s)		53,502	
Sergeant(s)		301,407	
School Resource Officer		463,281	
Educational Incentive - Other County Employees		28,000	
Overtime Pay		136	
Bonus Payments		24,950	
Social Security		123,413	
Pensions		98,947	
Life Insurance		1,431	
Medical Insurance		230,211	
Employer Medicare		28,865	
Communication		30,103	
Dues and Memberships		2,433	
Lease Payments		8,999	
Medical and Dental Services		4,064	
Rentals		550	
Towing Services		2,475	
Travel		6,041	
Other Contracted Services		39,257	
Diesel Fuel		1,567	
Gasoline		175,948	
Office Supplies		4,110	
Uniforms		38,716	
Software		479	
Other Supplies and Materials		16,273	
Liability Insurance		33,651	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Medical Claims	\$	13,677	
Vehicle and Equipment Insurance		42,472	
In Service/Staff Development		4,130	
Other Charges		38,652	
Data Processing Equipment		400	
Motor Vehicles		168,280	
Total Sheriff's Department			\$ 3,159,598

Administration of the Sexual Offender Registry

Communication	\$	335	
Other Contracted Services		900	
Other Charges		2,975	
Motor Vehicles		37,046	
Total Administration of the Sexual Offender Registry			41,256

Jail

Captain(s)	\$	55,539	
Lieutenant(s)		49,491	
Sergeant(s)		335,212	
Accountants/Bookkeepers		157,184	
Guards		867,340	
Clerical Personnel		88,469	
Part-time Personnel		2,140	
Bonus Payments		27,625	
Social Security		96,474	
Pensions		50,618	
Life Insurance		1,558	
Medical Insurance		214,021	
Unemployment Compensation		9,383	
Employer Medicare		22,562	
Communication		2,645	
Contracts with Private Agencies		352,917	
Lease Payments		8,406	
Medical and Dental Services		199,563	
Travel		4,745	
Other Contracted Services		60,765	
Drugs and Medical Supplies		85,809	
Food Preparation Supplies		1,452	
Food Supplies		373,248	
Gasoline		63	
Instructional Supplies and Materials		744	
Office Supplies		2,270	
Prisoners Clothing		19,024	
Uniforms		31,774	
Software		19,600	
Other Supplies and Materials		28,106	
Other Charges		34,429	
Total Jail			3,203,176

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Juvenile Services

Sergeant(s)	\$	38,568	
Guards		278,034	
Bonus Payments		5,500	
Social Security		19,693	
Pensions		11,460	
Life Insurance		323	
Medical Insurance		56,319	
Employer Medicare		4,606	
Communication		1,743	
Lease Payments		1,018	
Medical and Dental Services		1,116	
Other Contracted Services		5,814	
Office Supplies		999	
Prisoners Clothing		965	
Uniforms		5,288	
Other Charges		14,843	
Total Juvenile Services			\$ 446,289

Fire Prevention and Control

Bonus Payments	\$	750	
Other Salaries and Wages		47,074	
Social Security		2,957	
Pensions		1,797	
Life Insurance		24	
Medical Insurance		7,278	
Employer Medicare		692	
Communication		2,192	
Contracts with Government Agencies		2,000	
Dues and Memberships		350	
Towing Services		325	
Travel		632	
Other Contracted Services		1,295	
Diesel Fuel		13,385	
Electricity		30,109	
Gasoline		3,937	
Natural Gas		16,209	
Office Supplies		189	
Water and Sewer		6,409	
Other Supplies and Materials		169,371	
Liability Insurance		1,250	
Vehicle and Equipment Insurance		26,209	
In Service/Staff Development		1,800	
Other Charges		1,822	
Motor Vehicles		68,772	
Other Capital Outlay		51,452	
Total Fire Prevention and Control			458,280

(Continued)

Exhibit J-7

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

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

Bonus Payments	\$	125	
Social Security		8	
Employer Medicare		2	
Total Civil Defense			\$ 135

Rescue Squad

Contributions	\$	26,353	
Total Rescue Squad			26,353

Other Emergency Management

Supervisor/Director	\$	66,974	
Part-time Personnel		6,984	
Bonus Payments		1,500	
Other Salaries and Wages		35,834	
Social Security		6,845	
Pensions		3,596	
Life Insurance		99	
Medical Insurance		12,792	
Employer Medicare		1,601	
Dues and Memberships		100	
Gasoline		10,121	
Other Charges		35,060	
Total Other Emergency Management			181,506

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	87,271	
Total County Coroner/Medical Examiner			87,271

Public Safety Grants Program

Overtime Pay	\$	18,869	
Bonus Payments		1,950	
Other Salaries and Wages		89,844	
Social Security		6,607	
Pensions		4,294	
Life Insurance		71	
Medical Insurance		15,829	
Employer Medicare		1,543	
Travel		2,497	
Other Supplies and Materials		4,007	
Other Charges		67,870	
Total Public Safety Grants Program			213,381

Other Public Safety

Assistant(s)	\$	58,056	
Supervisor/Director		75,279	
Salary Supplements		15,347	
Dispatchers/Radio Operators		638,559	

(Continued)

Exhibit J-7

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

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

Bonus Payments	\$	11,500	
Social Security		48,154	
Pensions		32,027	
Life Insurance		670	
Medical Insurance		112,554	
Employer Medicare		11,262	
Communication		4,396	
Maintenance Agreements		45,000	
Maintenance and Repair Services - Equipment		10	
Other Contracted Services		567	
Custodial Supplies		789	
Electricity		9,061	
Gasoline		3,135	
Natural Gas		455	
Office Supplies		816	
Water and Sewer		716	
Building and Contents Insurance		7,917	
Liability Insurance		1,512	
Vehicle and Equipment Insurance		1,547	
Total Other Public Safety			\$ 1,079,329

Public Health and WelfareLocal Health Center

Custodial Personnel	\$	1,195	
Bonus Payments		2,481	
Other Salaries and Wages		174,117	
Social Security		10,825	
Pensions		7,065	
Life Insurance		231	
Medical Insurance		32,416	
Employer Medicare		2,532	
Audit Services		13,805	
Contributions		180	
Travel		3,724	
Total Local Health Center			248,571

Rabies and Animal Control

Part-time Personnel	\$	18,765	
Bonus Payments		1,625	
Other Salaries and Wages		75,859	
Social Security		5,871	
Pensions		3,137	
Life Insurance		78	
Medical Insurance		12,792	
Employer Medicare		1,373	
Communication		1,536	
Lease Payments		1,014	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Rabies and Animal Control (Cont.)

Other Contracted Services	\$	3,091	
Animal Food and Supplies		2,447	
Diesel Fuel		29	
Gasoline		7,230	
Uniforms		1,662	
Other Supplies and Materials		34,089	
Total Rabies and Animal Control			\$ 170,598

Other Local Health Services

Custodial Personnel	\$	2,805	
Bonus Payments		3,875	
Social Security		414	
Employer Medicare		97	
Communication		1,476	
Contributions		57,206	
Dues and Memberships		210	
Other Contracted Services		1,918	
Custodial Supplies		261	
Electricity		1,174	
Natural Gas		38	
Office Supplies		91	
Water and Sewer		85	
Other Supplies and Materials		1,478	
Other Charges		425	
Total Other Local Health Services			71,553

Other Waste Disposal

Access Fees	\$	44,319	
Total Other Waste Disposal			44,319

Other Public Health and Welfare

Bonus Payments	\$	1,200	
Other Salaries and Wages		65,662	
Social Security		4,093	
Pensions		1,459	
Life Insurance		41	
Medical Insurance		6,690	
Employer Medicare		957	
Travel		3,740	
Other Charges		29,335	
Total Other Public Health and Welfare			113,177

Social, Cultural, and Recreational ServicesAdult Activities

Bonus Payments	\$	1,350	
Other Salaries and Wages		19,954	
Social Security		1,321	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Adult Activities (Cont.)

Employer Medicare	\$	309	
Office Supplies		12,396	
Total Adult Activities			\$ 35,330

Parks and Fair Boards

Communication	\$	220	
Lease Payments		385	
Other Contracted Services		75	
Electricity		12,915	
Natural Gas		1,859	
Water and Sewer		2,155	
Other Supplies and Materials		2,262	
Total Parks and Fair Boards			19,871

Other Social, Cultural, and Recreational

Supervisor/Director	\$	51,512	
Bonus Payments		750	
Social Security		3,231	
Pensions		2,013	
Life Insurance		24	
Medical Insurance		6,690	
Employer Medicare		756	
Diesel Fuel		193	
Gasoline		8,234	
Other Supplies and Materials		16,168	
Other Charges		3,118	
Total Other Social, Cultural, and Recreational			92,689

Agriculture and Natural ResourcesAgricultural Extension Service

Communication	\$	1,122	
Contributions		121,439	
Dues and Memberships		490	
Lease Payments		1,685	
Other Supplies and Materials		3,100	
Total Agricultural Extension Service			127,836

Soil Conservation

Bonus Payments	\$	750	
Other Salaries and Wages		27,453	
Social Security		1,676	
Pensions		1,069	
Life Insurance		24	
Medical Insurance		6,690	
Employer Medicare		392	
Dues and Memberships		360	
Travel		1,133	
Total Soil Conservation			39,547

(Continued)

Exhibit J-7

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

General Fund (Cont.)Other OperationsOther Economic and Community Development

Other Charges	\$ 624,720	
Total Other Economic and Community Development		\$ 624,720

Veterans' Services

Supervisor/Director	\$ 53,721	
Accountants/Bookkeepers	39,700	
Part-time Personnel	563	
Bonus Payments	1,625	
Social Security	5,903	
Pensions	3,624	
Life Insurance	99	
Employer Medicare	1,381	
Communication	1,200	
Data Processing Services	898	
Lease Payments	1,095	
Travel	1,873	
Office Supplies	824	
Data Processing Equipment	1,494	
Total Veterans' Services		114,000

Other Charges

Liability Insurance	\$ 14,925	
Trustee's Commission	236,777	
Total Other Charges		251,702

Contributions to Other Agencies

Contributions	\$ 50,500	
Total Contributions to Other Agencies		50,500

Employee Benefits

Workers' Compensation Insurance	\$ 48,507	
Total Employee Benefits		48,507

Total General Fund \$ 17,068,993

Solid Waste/Sanitation FundGeneral GovernmentOther Facilities

Towing Services	\$ 100	
Other Contracted Services	4,998	
Electricity	12,743	
Natural Gas	756	
Tires and Tubes	26,598	
Vehicle Parts	29,631	
Water and Sewer	5,087	
Other Supplies and Materials	7,370	
Building and Contents Insurance	7,477	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)General Government (Cont.)Other Facilities (Cont.)

Liability Insurance	\$	2,367	
Vehicle and Equipment Insurance		12,166	
Total Other Facilities			\$ 109,293

Public Health and WelfareWaste Pickup

Supervisor/Director	\$	30,749	
Deputy(ies)		32,115	
Truck Drivers		135,801	
Bonus Payments		10,500	
Other Salaries and Wages		286,554	
Social Security		29,307	
Pensions		6,514	
Life Insurance		190	
Medical Insurance		26,722	
Unemployment Compensation		3,269	
Employer Medicare		7,060	
Communication		4,040	
Medical and Dental Services		120	
Rentals		900	
Disposal Fees		13,844	
Other Contracted Services		8,847	
Custodial Supplies		1,222	
Diesel Fuel		82,461	
Gasoline		6,401	
Uniforms		1,070	
Vehicle Parts		27	
Other Supplies and Materials		10,954	
Other Charges		101,154	
Motor Vehicles		212,664	
Total Waste Pickup			1,012,485

Other OperationsOther Charges

Trustee's Commission	\$	13,209	
Total Other Charges			13,209

Employee Benefits

Workers' Compensation Insurance	\$	7,293	
Total Employee Benefits			7,293

Total Solid Waste/Sanitation Fund \$ 1,142,280

Drug Control FundPublic SafetyDrug Enforcement

Communication	\$	7,360	
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(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)Public Safety (Cont.)Drug Enforcement (Cont.)

Maintenance and Repair Services - Equipment	\$	3,307	
Travel		5,092	
Other Contracted Services		14,159	
Other Supplies and Materials		8,930	
Trustee's Commission		211	
Other Charges		41,595	
Law Enforcement Equipment		615	
Total Drug Enforcement			\$ 81,269

Total Drug Control Fund \$ 81,269

Other General Government Special Revenue FundOther OperationsOther Charges

Other Contracted Services	\$	2,185,752	
Total Other Charges			\$ 2,185,752

Total Other General Government Special Revenue Fund 2,185,752

Constitutional Officers - Fees FundFinanceCounty Trustee's Office

Constitutional Officers' Operating Expenses	\$	201,845	
Total County Trustee's Office			\$ 201,845

Total Constitutional Officers - Fees Fund 201,845

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	95,035	
Assistant(s)		41,369	
Secretary(ies)		44,134	
Part-time Personnel		2,076	
Bonus Payments		2,325	
Social Security		11,408	
Pensions		5,928	
Medical Insurance		18,489	
Employer Medicare		2,668	
Communication		2,132	
Dues and Memberships		3,176	
Maintenance Agreements		389	
Postal Charges		60	
Travel		2,406	
Other Contracted Services		695	
Custodial Supplies		1,189	
Electricity		4,955	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Administration (Cont.)

Gasoline	\$	4,302	
Natural Gas		2,292	
Office Supplies		539	
Water and Sewer		526	
Office Equipment		1,494	
Total Administration			\$ 247,587

Highway and Bridge Maintenance

Equipment Operators	\$	114,931	
Equipment Operators - Light		308,363	
Truck Drivers		216,162	
Part-time Personnel		1,544	
Bonus Payments		13,500	
Social Security		40,035	
Pensions		26,229	
Medical Insurance		110,504	
Employer Medicare		9,385	
Medical and Dental Services		52	
Rentals		2,000	
Asphalt		765,859	
Crushed Stone		336,970	
Fertilizer, Lime, and Seed		2,628	
Pipe		28,309	
Road Signs		3,343	
Other Supplies and Materials		6,130	
Total Highway and Bridge Maintenance			1,985,944

Operation and Maintenance of Equipment

Foremen	\$	39,762	
Mechanic(s)		41,852	
Bonus Payments		1,500	
Social Security		5,099	
Pensions		3,452	
Medical Insurance		11,821	
Employer Medicare		1,192	
Other Fringe Benefits		120	
Diesel Fuel		127,362	
Gasoline		29,255	
Lubricants		13,352	
Small Tools		4,505	
Tires and Tubes		19,270	
Vehicle Parts		50,273	
Other Supplies and Materials		1,549	
Total Operation and Maintenance of Equipment			350,364

Other Charges

Building and Contents Insurance	\$	8,247	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Other Charges (Cont.)

Liability Insurance	\$	24,520	
Trustee's Commission		28,346	
Vehicle and Equipment Insurance		35,943	
Other Charges		585	
Total Other Charges			\$ 97,641

Employee Benefits

Life Insurance	\$	872	
Medical and Dental Services		51	
Uniforms		10,541	
Workers' Compensation Insurance		29,654	
Total Employee Benefits			41,118

Capital Outlay

Other Contracted Services	\$	1,630,675	
Total Capital Outlay			<u>1,630,675</u>

Total Highway/Public Works Fund \$ 4,353,329

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Notes	\$	39,500	
Principal on Other Loans		989,855	
Total General Government			\$ 1,029,355

Education

Principal on Bonds	\$	2,484,253	
Principal on Notes		236,666	
Principal on Other Loans		63,000	
Total Education			2,783,919

Interest on DebtGeneral Government

Interest on Notes	\$	2,242	
Interest on Other Loans		681,875	
Total General Government			684,117

Education

Interest on Bonds	\$	572,551	
Interest on Notes		35,137	
Interest on Other Loans		6,352	
Other Debt Service		2,749	
Total Education			616,789

Other Debt ServiceGeneral Government

Trustee's Commission	\$	43,427	
Other Debt Service		2,000	
Total General Government			<u>\$ 45,427</u>

Total General Debt Service Fund \$ 5,159,607

Total Governmental Funds - Primary Government \$ 30,193,075

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,254,062	
Career Ladder Program	31,942	
Homebound Teachers	24,430	
Educational Assistants	738,358	
Other Salaries and Wages	30,128	
Certified Substitute Teachers	61,974	
Non-certified Substitute Teachers	168,659	
Social Security	778,493	
Pensions	1,067,650	
Life Insurance	6,934	
Medical Insurance	2,397,441	
Unemployment Compensation	3,563	
Employer Medicare	183,957	
Other Fringe Benefits	50,903	
Travel	206	
Other Contracted Services	22,744	
Instructional Supplies and Materials	223,593	
Textbooks - Bound	492,766	
Software	56,464	
Other Supplies and Materials	4,400	
Other Charges	7,785	
Regular Instruction Equipment	4,925	
Other Equipment	200,000	
Total Regular Instruction Program		\$ 18,811,377

Special Education Program

Teachers	\$ 1,188,512
Career Ladder Program	3,438
Homebound Teachers	12,490
Educational Assistants	782,955
Speech Pathologist	192,391
Other Salaries and Wages	1,000
Certified Substitute Teachers	5,078
Non-certified Substitute Teachers	17,700
Social Security	124,154
Pensions	141,358
Life Insurance	2,502
Medical Insurance	488,579
Unemployment Compensation	2,421
Employer Medicare	30,496
Other Fringe Benefits	9,180
Contracts with Private Agencies	284,633
Evaluation and Testing	14,009
Maintenance and Repair Services - Equipment	877
Instructional Supplies and Materials	4,148
Other Supplies and Materials	19,961

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Charges	\$	7,457	
Special Education Equipment		8,781	
Total Special Education Program			\$ 3,342,120

Career and Technical Education Program

Teachers	\$	670,302	
Career Ladder Program		1,000	
Other Salaries and Wages		24,669	
Certified Substitute Teachers		8,456	
Non-certified Substitute Teachers		8,738	
Social Security		42,190	
Pensions		56,761	
Life Insurance		561	
Medical Insurance		129,086	
Employer Medicare		9,988	
Other Fringe Benefits		356	
Maintenance and Repair Services - Equipment		1,500	
Instructional Supplies and Materials		85,913	
Software		7,296	
Other Supplies and Materials		12,779	
Other Charges		2,127	
Vocational Instruction Equipment		261,648	
Total Career and Technical Education Program			1,323,370

Support Services

Health Services

Supervisor/Director	\$	54,120	
Medical Personnel		273,071	
Social Security		19,614	
Pensions		16,004	
Life Insurance		326	
Medical Insurance		44,508	
Employer Medicare		4,587	
Other Fringe Benefits		2,028	
Travel		3,086	
Other Supplies and Materials		24,850	
In Service/Staff Development		530	
Health Equipment		1,058	
Total Health Services			443,782

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		538,642	
Secretary(ies)		51,195	
Clerical Personnel		24,823	
Other Salaries and Wages		223,878	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	50,036	
Pensions		61,757	
Life Insurance		641	
Medical Insurance		143,211	
Employer Medicare		11,713	
Other Fringe Benefits		1,485	
Contracts with Government Agencies		3,300	
Evaluation and Testing		12,062	
Travel		5,262	
Other Contracted Services		5,000	
Instructional Supplies and Materials		17,577	
Other Supplies and Materials		107,381	
In Service/Staff Development		12,981	
Total Other Student Support			\$ 1,271,944

Regular Instruction Program

Supervisor/Director	\$	2,400	
Career Ladder Program		6,500	
Librarians		266,588	
Other Salaries and Wages		9,650	
Social Security		16,772	
Pensions		23,930	
Life Insurance		207	
Medical Insurance		47,105	
Employer Medicare		3,922	
Communication		1,809	
Library Books/Media		69,599	
Periodicals		2,467	
Other Supplies and Materials		2,674	
Other Charges		21,463	
Other Equipment		7,557	
Total Regular Instruction Program			482,643

Special Education Program

Supervisor/Director	\$	87,126	
Career Ladder Program		2,000	
Psychological Personnel		229,740	
Secretary(ies)		35,328	
Social Security		21,106	
Pensions		27,319	
Life Insurance		238	
Medical Insurance		53,132	
Employer Medicare		4,936	
Consultants		25,826	
Travel		7,417	
Other Supplies and Materials		2,497	
In Service/Staff Development		9,294	
Total Special Education Program			505,959

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Technology

Career Ladder Program	\$	1,000	
Other Salaries and Wages		461,945	
Social Security		28,215	
Pensions		23,047	
Life Insurance		286	
Medical Insurance		51,427	
Employer Medicare		6,599	
Other Fringe Benefits		2,028	
Communication		7,830	
Internet Connectivity		43,312	
Travel		2,604	
Other Contracted Services		87,853	
Other Supplies and Materials		51,293	
Other Charges		24,941	
Other Equipment		32,041	
Total Technology			\$ 824,421

Other Programs

Salary Supplements	\$	271,072	
Social Security		15,638	
Pensions		18,477	
Medical Insurance		34,149	
Employer Medicare		3,797	
On-behalf Payments to OPEB		53,026	
Total Other Programs			396,159

Board of Education

Other Salaries and Wages	\$	41,178	
Board and Committee Members Fees		65,700	
Social Security		3,604	
Employer Medicare		1,534	
Audit Services		14,000	
Dues and Memberships		15,616	
Legal Services		10,875	
Travel		21,118	
Liability Insurance		276,728	
Premiums on Corporate Surety Bonds		100	
Trustee's Commission		163,166	
Workers' Compensation Insurance		90,067	
Other Charges		7,471	
Total Board of Education			711,157

Director of Schools

County Official/Administrative Officer	\$	121,150	
Assistant(s)		199,960	
Supervisor/Director		166,506	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Career Ladder Program	\$	5,500	
Secretary(ies)		70,362	
Other Salaries and Wages		175,262	
Social Security		42,615	
Pensions		52,117	
Life Insurance		392	
Medical Insurance		82,792	
Employer Medicare		10,458	
Dues and Memberships		2,160	
Postal Charges		383	
Travel		9,746	
Other Contracted Services		31,633	
Office Supplies		6,143	
Other Supplies and Materials		2,529	
Other Charges		30	
Administration Equipment		1,476	
Total Director of Schools			\$ 981,214

Office of the Principal

Principals	\$	579,626	
Career Ladder Program		2,000	
Accountants/Bookkeepers		177,845	
Assistant Principals		441,302	
Secretary(ies)		347,207	
Social Security		91,794	
Pensions		110,705	
Life Insurance		1,157	
Medical Insurance		261,855	
Employer Medicare		21,468	
Other Fringe Benefits		8,710	
Communication		34,142	
Other Contracted Services		1,961	
Total Office of the Principal			2,079,772

Operation of Plant

Custodial Personnel	\$	1,088,971	
Social Security		65,567	
Pensions		40,272	
Life Insurance		1,498	
Medical Insurance		278,188	
Unemployment Compensation		1,084	
Employer Medicare		15,502	
Other Fringe Benefits		2,028	
Lease Payments		11,820	
Maintenance and Repair Services - Equipment		3,559	
Other Contracted Services		92,248	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Custodial Supplies	\$ 73,918	
Electricity	1,173,387	
Natural Gas	123,046	
Water and Sewer	191,968	
Other Supplies and Materials	33,091	
Plant Operation Equipment	15,945	
Total Operation of Plant		\$ 3,212,092

Maintenance of Plant

Supervisor/Director	\$ 69,441	
Maintenance Personnel	324,767	
Social Security	23,682	
Pensions	15,760	
Life Insurance	367	
Medical Insurance	60,948	
Employer Medicare	5,538	
Other Fringe Benefits	2,028	
Other Contracted Services	175,435	
Other Supplies and Materials	181,187	
Administration Equipment	76,107	
Maintenance Equipment	34,031	
Total Maintenance of Plant		969,291

Transportation

Supervisor/Director	\$ 4,583	
Mechanic(s)	9,941	
Bus Drivers	45,024	
Other Salaries and Wages	6,054	
Social Security	4,019	
Pensions	1,926	
Employer Medicare	796	
Contracts with Parents	30,237	
Diesel Fuel	18,625	
Gasoline	3,388	
Total Transportation		124,593

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$ 93,280	
Social Security	5,601	
Pensions	3,964	
Life Insurance	122	
Medical Insurance	16,008	
Employer Medicare	1,310	
Total Community Services		120,285

(Continued)

Exhibit J-8

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

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

Teachers	\$	137,862	
Educational Assistants		65,025	
Other Salaries and Wages		13,184	
Non-certified Substitute Teachers		2,392	
Social Security		12,062	
Pensions		14,232	
Life Insurance		245	
Medical Insurance		52,030	
Employer Medicare		2,821	
Total Early Childhood Education			\$ 299,853

Capital OutlayRegular Capital Outlay

Building Construction	\$	13,083	
Total Regular Capital Outlay			13,083

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	292,723	
Total Education			292,723

Total General Purpose School Fund \$ 36,205,838

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	1,209,228	
Educational Assistants		1,802	
Other Salaries and Wages		53,571	
Certified Substitute Teachers		1,120	
Non-certified Substitute Teachers		5,700	
Social Security		70,197	
Pensions		103,005	
Life Insurance		826	
Medical Insurance		205,748	
Unemployment Compensation		734	
Employer Medicare		16,888	
Instructional Supplies and Materials		28,293	
Textbooks - Bound		389,139	
Software		285,650	
Other Supplies and Materials		25,142	
Total Regular Instruction Program			\$ 2,397,043

Special Education Program

Teachers	\$	204,804	
Educational Assistants		669,653	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	42,000	
Social Security		52,081	
Pensions		43,322	
Life Insurance		1,221	
Medical Insurance		212,528	
Unemployment Compensation		1,119	
Employer Medicare		12,564	
Other Fringe Benefits		6,084	
Evaluation and Testing		210	
Other Contracted Services		3,700	
Instructional Supplies and Materials		8,591	
Software		23,146	
Other Supplies and Materials		1,304	
Total Special Education Program			\$ 1,282,327

Career and Technical Education Program

Instructional Supplies and Materials	\$	24,056	
Other Supplies and Materials		9,504	
Vocational Instruction Equipment		61,288	
Total Career and Technical Education Program			94,848

Support Services

Health Services

Medical Personnel	\$	50,506	
Social Security		3,100	
Pensions		941	
Life Insurance		31	
Medical Insurance		6,051	
Unemployment Compensation		74	
Employer Medicare		725	
Travel		57	
Other Contracted Services		12,621	
Drugs and Medical Supplies		29,139	
Health Equipment		358,273	
Total Health Services			461,518

Other Student Support

Other Salaries and Wages	\$	74,846	
Social Security		4,609	
Pensions		3,524	
Life Insurance		116	
Medical Insurance		22,635	
Unemployment Compensation		73	
Employer Medicare		1,078	
Other Fringe Benefits		2,028	
Travel		3,148	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Supplies and Materials	\$	13,371	
In Service/Staff Development		9,240	
Total Other Student Support			\$ 134,668

Regular Instruction Program

Supervisor/Director	\$	181,527	
Secretary(ies)		35,328	
Educational Assistants		16,727	
Other Salaries and Wages		349,670	
Social Security		33,318	
Pensions		42,784	
Life Insurance		414	
Medical Insurance		79,303	
Unemployment Compensation		476	
Employer Medicare		8,071	
Other Fringe Benefits		2,028	
Travel		6,890	
Other Contracted Services		20,831	
Other Supplies and Materials		44,984	
In Service/Staff Development		74,510	
Total Regular Instruction Program			896,861

Special Education Program

Secretary(ies)	\$	108,242	
Social Security		6,635	
Pensions		4,600	
Life Insurance		143	
Medical Insurance		32,016	
Unemployment Compensation		105	
Employer Medicare		1,552	
Other Equipment		3,284	
Total Special Education Program			156,577

Career and Technical Education Program

In Service/Staff Development	\$	2,464	
Total Career and Technical Education Program			2,464

Technology

Other Salaries and Wages	\$	121,369	
Social Security		7,100	
Pensions		7,825	
Life Insurance		82	
Medical Insurance		21,767	
Unemployment Compensation		42	
Employer Medicare		1,661	
Total Technology			159,846

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Other Contracted Services	\$ 6,695	
Total Fiscal Services		\$ 6,695

Transportation

Bus Drivers	\$ 20,286	
Other Salaries and Wages	476	
Social Security	1,258	
Pensions	862	
Unemployment Compensation	32	
Employer Medicare	294	
Contracts with Vehicle Owners	8,092	
Transportation Equipment	111,918	
Total Transportation		143,218

Operation of Non-Instructional Services

Food Service

Food Supplies	\$ 3,286	
Total Food Service		3,286

Capital Outlay

Regular Capital Outlay

Architects	\$ 14,800	
Building Construction	181,996	
Building Improvements	1,431,037	
Total Regular Capital Outlay		1,627,833

Total School Federal Projects Fund \$ 7,367,184

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 55,470	
Clerical Personnel	42,044	
Cafeteria Personnel	1,014,220	
Other Salaries and Wages	22,500	
Social Security	67,092	
Pensions	37,540	
Life Insurance	1,426	
Medical Insurance	268,810	
Employer Medicare	15,951	
Other Fringe Benefits	4,056	
Dues and Memberships	865	
Maintenance and Repair Services - Equipment	41,393	
Travel	12,125	
Other Contracted Services	18,167	
Food Preparation Supplies	103,482	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Supplies	\$ 1,321,583	
USDA - Commodities	208,959	
Other Supplies and Materials	18,778	
Workers' Compensation Insurance	17,075	
In Service/Staff Development	788	
Other Charges	224	
Food Service Equipment	85,399	
Total Food Service		\$ 3,357,947

Total Central Cafeteria Fund \$ 3,357,947

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$ 43,847	
Total Board of Education		\$ 43,847

Transportation

Supervisor/Director	\$ 50,417
Foremen	49,502
Mechanic(s)	114,240
Bus Drivers	960,968
Secretary(ies)	35,328
Other Salaries and Wages	85,598
Social Security	83,153
Pensions	47,770
Life Insurance	238
Medical Insurance	44,694
Unemployment Compensation	43
Employer Medicare	19,590
Other Fringe Benefits	2,028
Communication	803
Medical and Dental Services	625
Towing Services	1,500
Travel	2,222
Other Contracted Services	22,685
Diesel Fuel	252,171
Electricity	3,239
Gasoline	18,344
Lubricants	4,721
Natural Gas	1,848
Tires and Tubes	34,112
Uniforms	3,918
Vehicle Parts	75,071
Water and Sewer	231
Other Supplies and Materials	5,592

(Continued)

Exhibit J-8

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

<u>School Transportation Fund (Cont.)</u>			
<u>Support Services (Cont.)</u>			
<u>Transportation (Cont.)</u>			
Vehicle and Equipment Insurance	\$	47,039	
Workers' Compensation Insurance		16,934	
Other Charges		8,147	
Communication Equipment		435	
Data Processing Equipment		379	
Transportation Equipment		167,483	
Total Transportation			\$ 2,161,068
Total School Transportation Fund			\$ 2,204,915
<u>Internal School Fund</u>			
<u>Operation of Non-Instructional Services</u>			
<u>Community Services</u>			
Other Charges	\$	1,696,306	
Total Community Services			\$ 1,696,306
Total Internal School Fund			1,696,306
<u>Education Capital Projects Fund</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Debt Service Contribution to Primary Government	\$	992,227	
Total Education			\$ 992,227
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Other Contracted Services	\$	627,560	
Other Supplies and Materials		17,657	
Total Education Capital Projects			645,217
Total Education Capital Projects Fund			1,637,444
Total Governmental Funds - Rhea County School Department			\$ 52,469,634

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

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

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rhea County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Rhea County's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 21, 2024. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Rhea County Medical Center and the Internal School Fund of the Rhea County School Department (a discretely presented component unit) as described in our report on Rhea County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rhea 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 Rhea County's internal control. Accordingly, we do not express an opinion on the effectiveness of Rhea 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: 2023-003

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rhea County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2023-001, 2023-002, 2023-004, and 2023-005.

Rhea County's Responses to Findings

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

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 Rhea 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

February 21, 2024

JEM/gc



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

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

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rhea 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 Rhea County's major federal programs for the year ended June 30, 2023. Rhea 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, Rhea 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 Rhea 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 Rhea 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 Rhea 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 Rhea 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 Rhea 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 Rhea 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 Rhea 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 Rhea 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rhea County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Rhea County's basic financial statements. We issued our report thereon dated February 21, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management

and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 21, 2024

JEM/gc

Rhea County, Tennessee, and the Rhea County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (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: (5)			
School Breakfast Program	10.553	(4)	\$ 741,289
National School Lunch Program	10.555	(4)	2,105,199 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(4)	208,959 (6)
Rebate of Storage and Distribution Fees	10.555	(4)	17,069 (6)
Total U.S. Department of Agriculture			<u>\$ 3,072,516</u>
U.S. Department of Transportation:			
Passed-through State Department of Safety and Homeland Security:			
Highway Safety Cluster: (5)			
State and Community Highway Safety	20.600	Z22THS233	\$ 18,290
National Priority Safety Programs	20.616	Z22THS235	88,824 (6)
National Priority Safety Programs	20.616	Z23THS227	19,250 (6)
Alcohol Open Container Requirements	20.607	Z22THS234	7,367 (6)
Alcohol Open Container Requirements	20.607	Z23THS226	29,892 (6)
Total U.S. Department of Transportation			<u>\$ 163,623</u>
U.S. Department of the Treasury:			
Direct Program:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds (ARP)	21.027	N/A	\$ 2,662,757
Total U.S. Department of the Treasury			<u>\$ 2,662,757</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(4)	\$ 1,213,710
Migrant Education State Grant Program	84.011	(4)	76,454
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	(4)	1,101,986 (6)
COVID 19 - Special Education - Grants to States (ARP)	84.027	(4)	36,460 (6)
Special Education - Preschool Grants	84.173	(4)	24,604 (6)
COVID 19 - Special Education - Preschool Grants (ARP)	84.173	(4)	6,776 (6)
Career and Technical Education - Basic Grants to States	84.048	(4)	109,700
Education for Homeless Children and Youth	84.196	(4)	59,527
Rural Education	84.358	(4)	32,312
English Language Acquisition State Grants	84.365	(4)	20,418
Supporting Effective Instruction State Grants	84.367	(4)	210,659
COVID 19 - Education Stabilization Fund - Elementary and Secondary			
School Emergency Relief Fund (ESSER II)	84.425D	(4)	980,792 (6)
COVID 19 - Education Stabilization Fund - Elementary and Secondary			
School Emergency Relief Fund (ESSER ARP)	84.425U	(4)	2,851,155 (6)
COVID 19 - Education Stabilization Fund - Elementary and Secondary School			
Emergency Relief Fund (Fiscal Pre-Monitoring Support) (ESSER ARP)	84.425U	(4)	6,695 (6)
COVID 19 - Education Stabilization Fund - Elementary and Secondary School			
Emergency Relief Fund (Literacy Training Teacher Stipend) (ESSER ARP)	84.425U	(4)	15,000 (6)
COVID 19 - Education Stabilization Fund - Elementary and Secondary School			
Emergency Relief Fund (Innovative School Models) (ESSER ARP)	84.425U	(4)	224,414 (6)
COVID 19 - Education Stabilization Fund - Elementary and Secondary School			
Emergency Relief Fund - Homeless Children and Youth (ESSER ARP)	84.425W	(4)	19,297 (6)
Total U.S. Department of Education			<u>\$ 6,989,959</u>

(Continued)

Rhea County, Tennessee, and the Rhea County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7)

Federal/Pass-Through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	(4)	\$ 601,640
Temporary Assistance for Needy Families	93.558	(4)	216,783
Total U.S. Department of Health and Human Services			<u>\$ 818,423</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-09620	\$ 36,569
Homeland Security Grant Program	97.067	34101-16820	16,955
Total U.S. Department of Homeland Security			<u>\$ 53,524</u>
Total Expenditures of Federal Grants			<u><u>\$ 13,760,802</u></u>

State Grants		Contract Number	
Juvenile Services Program - State Department of Children's Services	N/A	(4)	\$ 4,500
Volunteer Firefighter Equipment and Training Grant - State Department of Commerce and Insurance	N/A	(4)	12,300
Training Equipment Grant - State Department of Correction Institute	N/A	(4)	8,917
Bridge Camp - State Department of Education	N/A	(4)	27,723
Coordinated School Health - State Department of Education	N/A	(4)	89,815
Safe Schools - State Department of Education	N/A	(4)	123,876
STREAM Mini Camp - State Department of Education	N/A	(4)	7,368
Summer Learning Camps - State Department of Education	N/A	(4)	283,328
Summer Learning Transportation - State Department of Education	N/A	(4)	89,559
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(4)	300,815
Evidence Based Programming - State Department of Finance and Administration	N/A	(4)	115,987
Mental Health Transport Grant - State Department of Finance and Administration	N/A	(4)	59,263
Child Safety Grant - State Department of Health	N/A	(4)	1,900
Local Health Services - State Department of Health	N/A	(4)	211,637
Vocational Rehab School to Work Grant - State Department of Human Services	N/A	(4)	118,945
Litter Program - State Department of Transportation	N/A	Z23LIT072	29,684
Supporting Postsecondary Access in Rural Communities - Tennessee Higher Education Commission	N/A	(4)	102,000
Archives Development Grant - Tennessee Secretary of State	N/A	(4)	4,465
Total State Grants			<u><u>\$ 1,592,082</u></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) Rhea County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) No amounts (\$0) were passed through to subrecipients.
- (4) Information not available.
- (5) Child Nutrition Cluster total \$3,072,516; Highway Safety Cluster total \$126,364; Special Education Cluster total \$1,169,826.
- (6) FAL No. 10.555 total \$2,331,227; FAL No. 20.607 total \$37,259; FAL No. 20.616 total \$108,074; FAL No. 84.027 total \$1,138,446; FAL No. 84.173 total \$31,380; FAL No. 84.425 total \$4,097,353.
- (7) CONSOLIDATED ADMINISTRATION

Program Title	FAL Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 140,929
English Language Acquisition State Grants	84.365	100
Supporting Effective Instruction State Grants	84.367	28,194
		<u><u>\$ 169,223</u></u>

Rhea 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 Rhea 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
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OFFICE OF FINANCE DIRECTOR

2022	227	2022-001	Various funds required material audit adjustments for proper financial statement presentation.	N/A	Corrected
2022	228	2022-002	Bank statements were not accurately reconciled with the general ledger.	N/A	Corrected
2022	228	2022-003	General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments.	N/A	Corrected
2022	229	2022-004	The office had deficiencies in budget operations.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2022	230	2022-005	Subsidiary accounting records were not closed and available for audit by August, 31, 2022.	N/A	Not Corrected - See Explanation on Corrective Action Plan

OFFICE OF SHERIFF

2022	230	2022-006	Operations of the sheriff's office are currently being investigated.	N/A	Ongoing
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Prior-year Federal Awards Findings

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

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

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * Assistance Listing Number: 21.027 COVID 19 - Coronavirus State and Local Fiscal Recovery Funds
 - * Assistance Listing Number: 84.010 Title I Grants to Local Education Agencies
 - * Assistance Listing Numbers: 84.027 and 84.173 Special Education Cluster: Special Education Grants to States, and Special Education - Preschool Grants
 - * 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

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

OFFICE OF FINANCE DIRECTOR

FINDING 2023-001

EXPENDITURES EXCEEDED APPROPRIATIONS (Noncompliance Under *Government Auditing Standards*)

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
County Mayor/Executive	\$ 5,137
Building	8,600
Circuit Court Judge	44
Other Economic and Community Development	113,220
Solid Waste/Sanitation:	
Other Charges	4,209
Highway/Public Works:	
Capital Outlay	230,899

Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." This deficiency exists because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures. This deficiency also exists because management failed to correct the finding noted in the prior-year audit report and failed to implement their corrective action plan.

RECOMMENDATION

Expenditures should be held within appropriations approved by the county commission.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur with this finding.

FINDING 2023-002

SUBSIDIARY ACCOUNTING RECORDS WERE NOT CLOSED AND AVAILABLE FOR AUDIT BY AUGUST 31, 2023

(Noncompliance Under *Government Auditing Standards*)

Subsidiary compensated absences accounting records were not closed and available for audit by August 31, 2023, as required by Section 9-2-102, *Tennessee Code Annotated*. This statute provides that records should be available for audit no later than two months after the close of the June 30 fiscal year. The compensated absences records were made available to auditors on January 19, 2024. The failure to maintain accounting records on a current basis diminishes the usefulness of the financial records as a management tool, results in the loss of accounting controls, and increases the risk that errors will not be discovered and corrected in a timely manner. This deficiency is the result of a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and failure to implement their corrective action plan.

RECOMMENDATION

Management should close its subsidiary compensated absences accounting records and have those records available for audit by the following August 31.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur with this finding.

FINDING 2023-003

THE OFFICE HAD PURCHASING DEFICIENCIES

(Internal Control – Significant Deficiency Under
Government Auditing Standards)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 50 disbursements totaling \$106,824 from a population of 7,311 vendor checks totaling \$64,990,690. Our examination revealed the following deficiencies, which are the result of a lack of management oversight.

- A. In 15 of 31 applicable instances, purchase orders were issued after the purchase was made, and one purchase was noted to have no purchase order at all. Purchase orders are necessary to control who has purchasing authority and to document purchasing commitments. Issuing the purchase order after the purchase defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase. The failure to properly issue purchase orders increases the risks of unauthorized purchases.

- B. In 11 of 50 applicable instances, invoices were paid without documentation that goods had been received and/or services had been rendered, and in five instances, proper documentation was not on file to support the purchase. These practices weaken controls over the purchasing process. Sound business practices dictate that proper documentation should be on file to support all purchases. The absence of proper documentation increases the risks of fraud and unauthorized purchases.
- C. The county travel policy states that mileage and per diem will be reimbursed to county employees using the rates listed in the travel policy of the state of Tennessee. During our testing, we chose eight travel claims to review and we noted that in five of those instances, employee mileage and per diem was reimbursed at a rate other than the state rate.

RECOMMENDATION

All purchases should be made in compliance with applicable policies and state statutes. To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. Documentation that goods have been received and/or services have been rendered should be maintained, and travel should be reimbursed at the current state mileage rates.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur with this finding.

OFFICE OF HIGHWAY SUPERVISOR

FINDING 2023-004 **HIGHWAY DEPARTMENT ROAD EQUIPMENT WAS LOANED TO A PRIVATELY-OWNED COMPANY** (Noncompliance Under *Government Auditing Standards*)

During the year examined, the highway department loaned a dirt loader to Roger's Group for a period while the company's loader was being repaired. Roger's Group is a privately-owned construction aggregate company that was working on a state road project in Meigs and McMinn counties at the time the equipment was loaned. Section 54-7-202(a), *Tennessee Code Annotated (TCA)*, prohibits the use of county trucks or road equipment for private purposes. Although the equipment was being used on state-owned roads, the loan of the equipment directly benefitted a private company, which appears to be a private purpose that would violate the noted statute.

RECOMMENDATION

The highway supervisor should not approve the use of county equipment, tools, or materials for private purposes in accordance with state statute.

MANAGEMENT'S RESPONSE – HIGHWAY SUPERVISOR

I concur with this finding. Yes, I did loan a piece of equipment to a company. They were in a bind working on a state project in surrounding counties, and I thought it was only right to help them out since they had loaned us equipment before. This company put some new parts on the equipment before returning.

OFFICE OF SHERIFF

FINDING 2023-005

OPERATIONS OF THE SHERIFF'S OFFICE ARE CURRENTLY BEING INVESTIGATED

(Noncompliance Under *Government Auditing Standards*)

An investigation by the Comptroller's Division of Investigations is ongoing in the Rhea County Sheriff's Office. Findings, if any, resulting from the investigation will be included in a subsequent report.

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.

Rhea 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 FINANCE DIRECTOR

2023-001	Expenditures exceeded appropriations.	227
2023-002	Subsidiary accounting records were not closed and available for audit by August 31, 2023.	228
2023-003	The office had purchasing deficiencies.	229

OFFICE OF HIGHWAY SUPERVISOR

2023-004	Highway department road equipment was loaned to a privately-owned company.	230
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Rhea County Finance
375 Church Street, Ste 200
Dayton, Tn 37321



Finance Director
Tel: (423) 775-7803 x 132
Fax: (423) 570-0732

Corrective Action Plan

FINDING: EXPENDITURES EXCEEDED APPROPRIATIONS

Response and Corrective Action Plan Prepared by:

Jodi Pendergrass, Assistant Finance Director

Person Responsible for Implementing the Corrective Action:

Ralph Beck, Finance Director and Jodi Pendergrass, Assistant Finance Director

Anticipated Completion Date of Corrective Action:

Date - February 2021 and going forward

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

Change in management and turnover of employees and changes in job duties.

Planned Corrective Action:

We will begin monitoring each major category of funds daily and hold spending to the limits authorized by the County Commission.

Signature: _____

A handwritten signature in blue ink, appearing to read "R. Beck", written over a horizontal line.

Title: _____

A handwritten title in blue ink, "Finance Director", written over a horizontal line.

Rhea County Finance
375 Church Street, Ste 200
Dayton, Tn 37321



Finance Director
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Fax: (423) 570-0732

Corrective Action Plan

FINDING: SUBSIDIARY ACCOUNTING RECORDS WERE NOT CLOSED AND AVAILABLE FOR AUDIT BY AUGUST 31, 2023

Response and Corrective Action Plan Prepared by:
Jodi Pendergrass, Assistant Finance Director

Person Responsible for Implementing the Corrective Action:
Ralph Beck, Finance Director and Jodi Pendergrass, Assistant Finance Director

Anticipated Completion Date of Corrective Action:
Date: 02/21/2024 and monthly monitoring.

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Change in management and turnover of employees and changes in job duties.

Planned Corrective Action:

The employee that manages the accrued leave records has been overwhelmed during the past year and for much this fiscal year as well. This was due to employee turnover which required the training of 3 new employees. Beginning 02/21/2024, the benefits position is being broken up into 2 positions: school and county. It has been stressed to both individuals who will be managing benefits that the leave records are to be updated monthly and that a fiscal year-end report must be made available by August 31st of each year.

Signature: _____

A handwritten signature in blue ink, appearing to read 'T. Beck', written over a horizontal line.

Title: _____

A handwritten title in blue ink, reading 'Finance Director', written over a horizontal line.

Rhea County Finance
375 Church Street, Ste 200
Dayton, Tn 37321



Finance Director
Tel: (423) 775-7803 x 132
Fax: (423) 570-0732

Corrective Action Plan

FINDING: THE OFFICE HAD PURCHASING DEFICIENCIES

Response and Corrective Action Plan Prepared by:
Jodi Pendergrass, Assistant Finance Director

Person Responsible for Implementing the Corrective Action:
Ralph Beck, Finance Director and Jodi Pendergrass, Assistant Finance Director

Anticipated Completion Date of Corrective Action:
Date: *02/21/2024 with on-going monitoring.*

Repeat Finding:
No

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

Planned Corrective Action:

We will correct the purchasing deficiencies by ensuring that purchase orders are dated correctly.

We will also ensure that when a purchase order is submitted that there are sufficient funds in the line being drawn. If there are not sufficient funds available, we will not honor the request until the proper funds are moved to that line. The finance director will monitor this by using the Budget Over-Expenditure Report (PSQ290) at least weekly.

We recently implemented a policy that requires any invoice that does not have a purchase order to be rejected until a letter explaining why there was a violation of law is received. The letter of explanation will be placed with the invoice and kept in the file.

Signature: 

Title: *Finance Director*



From The Office of Glen A. Varner, Superintendent

Corrective Action Plan

FINDING: HIGHWAY DEPARTMENT ROAD EQUIPMENT WAS LOANED TO A PRIVATELY-OWNED COMPANY

Response and Corrective Action Plan Prepared by:
Glen Varner, Highway Supervisor

Person Responsible for Implementing the Corrective Action:
Glen Varner, Highway Supervisor

Anticipated Completion Date of Corrective Action:
Immediately

Repeat Finding:
No

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

Planned Corrective Action:
I will no longer loan any of the highway department equipment to any other company.

Signature: *Glen A Varner*

Title: Highway Supervisor