

ANNUAL FINANCIAL REPORT

CLAY COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
CLAY COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2019

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

CLAY COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in two findings and recommendations, which we have reviewed with Clay 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:

OFFICES OF COUNTY MAYOR AND ROAD SUPERINTENDENT

- ◆ The offices had not established formal purchase order systems.

OFFICE OF COUNTY CLERK

- ◆ The office did not review its software audit logs.

INTRODUCTORY SECTION

Clay County Officials

June 30, 2019

Officials

Dale Reagan, County Mayor
Jason Browning, Road Superintendent
Matt Eldridge, Director of Schools
Charlie Key, Trustee
Billy Smith, Assessor of Property
Donna Watson, County Clerk
Susan Birdwell, Circuit and General Sessions Courts Clerk
Rene Davis, Clerk and Master
Brenda Browning, Register of Deeds
Brandon Boone, Sheriff

Board of County Commissioners

Dale Reagan, County Mayor, Chairman	
Elizabeth Jenkins Boles	Jeff Gentry
Anthony Boles	Michael Miller
Timmy Boles	Jerry Rhoton
Bryan Coons	Timmie Scott
Dorothy Forney	Parrish Wright

Board of Education

Benji Bailey, Chairman	Chris McLerran
Jason Coons	Nathan Sherrell
James Hatcher	Todd Upton
Veda Hix	Vonda Weir
Todd Lynn	David West

Audit Committee

Doug Young, Chairman
Richard Roberts
Parrish Wright

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a prior-period adjustment increasing the beginning discretely presented Clay County School Department's net position by \$495,726 on the Government-wide Statement of Activities. This adjustment was necessary to exclude the other postemployment benefits liability from prior years for the Medicare Supplement Plan because it was determined that the School Department does not have an employer liability for this plan. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

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

Supplementary and Other Information

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

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

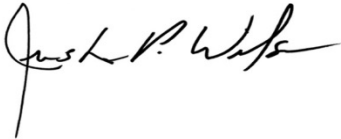
The introductory section and management's corrective action plans have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2019, on our consideration of Clay 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 Clay 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 Clay County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 10, 2019

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	<u>Primary Governmental Activities</u>	<u>Component Unit Clay County School Department</u>
<u>ASSETS</u>		
Cash	\$ 21,027	\$ 16,435
Equity in Pooled Cash and Investments	5,047,627	3,842,235
Accounts Receivable	8,572	0
Due from Other Governments	441,916	603,202
Due from Component Unit	4,400,000	0
Property Taxes Receivable	2,663,272	1,506,498
Allowance for Uncollectible Property Taxes	(83,595)	(47,286)
Net Pension Asset - Agent Plan	193,475	101,906
Net Pension Asset - Teacher Retirement Plan	0	36,397
Net Pension Asset - Teacher Legacy Plan	0	396,710
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	18,286
Capital Assets:		
Assets Not Depreciated:		
Land	103,800	298,098
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,383,066	5,461,071
Infrastructure	9,676,048	254,794
Other Capital Assets	1,055,983	902,974
Total Assets	<u>\$ 25,911,191</u>	<u>\$ 13,391,320</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 5,086	\$ 84,930
Pension Changes in Assumptions	106,719	292,227
Pension Contributions After Measurement Date	176,628	498,610
Pension Other Deferrals	0	43,726
OPEB Changes in Assumptions	0	5,585
Total Deferred Outflows of Resources	<u>\$ 288,433</u>	<u>\$ 925,078</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 938
Accrued Interest Payable	11,848	0
Due to Primary Government	0	4,400,000
Noncurrent Liabilities:		
Due Within One Year - Debt	425,000	0
Due Within One Year - Other	72,688	1,135
Due in More Than One Year - Debt	4,090,000	0
Due in More Than One Year - Other	24,230	1,325,230
Total Liabilities	<u>\$ 4,623,766</u>	<u>\$ 5,727,303</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Clay County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,466,215	\$ 1,395,031
Pension Changes in Experience	245,293	665,842
Pension Changes in Investment Earnings	27,679	102,975
Pension Other Deferrals	0	45,605
OPEB Changes in Experience	0	75,909
Total Deferred Inflow of Resources	<u>\$ 2,739,187</u>	<u>\$ 2,285,362</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 13,103,897	\$ 6,916,937
Restricted for:		
General Government	148,921	0
Finance	15,076	0
Administration of Justice	36,026	0
Public Safety	140,660	0
Highways	1,510,923	0
Education	0	271,535
Debt Service	96,185	0
Capital Outlay	115,000	0
Pensions	193,475	553,299
Unrestricted	<u>3,476,508</u>	<u>(1,438,038)</u>
Total Net Position	<u>\$ 18,836,671</u>	<u>\$ 6,303,733</u>

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Clay County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 870,828	\$ 67,865	\$ 28,285	\$ 0	\$ (774,678)	\$ 0
Finance	396,407	254,499	1,027	0	(140,881)	0
Administration of Justice	425,216	222,433	11,786	0	(190,997)	0
Public Safety	1,531,005	92,150	71,346	0	(1,367,509)	0
Public Health and Welfare	1,121,585	137,354	428,496	0	(555,735)	0
Social, Cultural, and Recreational Services	343,631	12,122	54,087	0	(277,422)	0
Agriculture and Natural Resources	158,871	0	18,002	0	(140,869)	0
Highways	1,842,835	0	1,813,903	257,398	228,466	0
Interest on Long-term Debt	144,909	0	0	0	(144,909)	0
Total Governmental Activities	<u>\$ 6,835,287</u>	<u>\$ 786,423</u>	<u>\$ 2,426,932</u>	<u>\$ 257,398</u>	<u>\$ (3,364,534)</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 6,835,287</u>	<u>\$ 786,423</u>	<u>\$ 2,426,932</u>	<u>\$ 257,398</u>	<u>\$ (3,364,534)</u>	<u>\$ 0</u>
Component Unit:						
Clay County School Department	\$ 10,308,909	\$ 119,888	\$ 1,370,347	\$ 0	\$ 0	\$ (8,818,674)
Total Component Unit	<u>\$ 10,308,909</u>	<u>\$ 119,888</u>	<u>\$ 1,370,347</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (8,818,674)</u>

(Continued)

Exhibit B

Clay County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Clay County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,354,704	\$ 1,413,308
Property Taxes Levied for Debt Service					152,734	0
Local Option Sales Taxes					317,411	656,299
Wheel Tax					192,915	0
Wholesale Beer Tax					113,918	0
Hotel/Motel Tax					39,667	0
Litigation Taxes					67,674	0
Business Tax					38,579	0
Other Local Taxes					44,460	0
Grants and Contributions Not Restricted to Specific Programs					632,259	7,819,071
Unrestricted Investment Earnings					62,218	2,327
Miscellaneous					37,547	104,250
Total General Revenues					<u>\$ 4,054,086</u>	<u>\$ 9,995,255</u>
Change in Net Position					\$ 689,552	\$ 1,176,581
Net Position, July 1, 2018					18,147,119	4,631,426
Prior-period Adjustment (see Note I.D.9)					<u>0</u>	<u>495,726</u>
Net Position, June 30, 2019					<u>\$ 18,836,671</u>	<u>\$ 6,303,733</u>

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	21,027	\$ 21,027
Equity in Pooled Cash and Investments	1,253,734	1,033,069	1,227,490	1,308,242	225,092	5,047,627
Accounts Receivable	0	8,545	0	0	27	8,572
Due from Other Governments	138,006	20,477	283,433	0	0	441,916
Due from Other Funds	1,027	0	0	0	0	1,027
Property Taxes Receivable	2,031,082	470,780	0	161,410	0	2,663,272
Allowance for Uncollectible Property Taxes	(63,752)	(14,777)	0	(5,066)	0	(83,595)
Total Assets	\$ 3,360,097	\$ 1,518,094	\$ 1,510,923	\$ 1,464,586	\$ 246,146	\$ 8,099,846
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	1,027	\$ 1,027
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	1,027	\$ 1,027
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 1,880,800	\$ 435,947	\$ 0	\$ 149,468	\$ 0	\$ 2,466,215
Deferred Delinquent Property Taxes	83,851	19,436	0	6,664	0	109,951
Other Deferred/Unavailable Revenue	31,027	0	122,627	0	0	153,654
Total Deferred Inflows of Resources	\$ 1,995,678	\$ 455,383	\$ 122,627	\$ 156,132	\$ 0	\$ 2,729,820
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 50,011	\$ 0	\$ 0	\$ 0	98,910	\$ 148,921

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Finance	\$ 15,076	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,076
Restricted for Administration of Justice	36,026	0	0	0	0	36,026
Restricted for Public Safety	14,478	0	0	0	126,182	140,660
Restricted for Highways/Public Works	0	0	1,388,296	0	0	1,388,296
Restricted for Capital Outlay	115,000	0	0	0	0	115,000
Restricted for Debt Service	0	0	0	89,521	0	89,521
Committed:						
Committed for Finance	0	0	0	0	20,027	20,027
Committed for Public Health and Welfare	0	1,062,711	0	0	0	1,062,711
Committed for Social, Cultural, and Recreational Services	100,617	0	0	0	0	100,617
Committed for Debt Service	0	0	0	1,218,933	0	1,218,933
Unassigned	1,033,211	0	0	0	0	1,033,211
Total Fund Balances	<u>\$ 1,364,419</u>	<u>\$ 1,062,711</u>	<u>\$ 1,388,296</u>	<u>\$ 1,308,454</u>	<u>\$ 245,119</u>	<u>\$ 5,368,999</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,360,097</u>	<u>\$ 1,518,094</u>	<u>\$ 1,510,923</u>	<u>\$ 1,464,586</u>	<u>\$ 246,146</u>	<u>\$ 8,099,846</u>

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	5,368,999
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	103,800	
Add: buildings and improvements net of accumulated depreciation		2,383,066	
Add: infrastructure net of accumulated depreciation		9,676,048	
Add: other capital assets net of accumulated depreciation		<u>1,055,983</u>	13,218,897
(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	\$	(4,400,000)	
Less: notes payable		(115,000)	
Add: debt to be contributed by the School Department		4,400,000	
Less: accrued interest on bonds and notes		(11,848)	
Less: compensated absences payable		<u>(96,918)</u>	(223,766)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	288,433	
Less: deferred inflows of resources related to pensions		<u>(272,972)</u>	15,461
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension liability - agent plan			193,475
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>263,605</u>
Net position of governmental activities (Exhibit A)		\$	<u>18,836,671</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 2,762,740	\$ 440,897	\$ 379	\$ 163,980	\$ 16,762	\$ 3,384,758
Licenses and Permits	26,193	0	0	0	0	26,193
Fines, Forfeitures, and Penalties	80,760	0	0	0	13,474	94,234
Charges for Current Services	34,407	111,983	149	0	99,858	246,397
Other Local Revenues	38,609	25,371	1,379	51,202	0	116,561
Fees Received From County Officials	320,104	0	0	0	0	320,104
State of Tennessee	540,687	20,477	2,077,701	0	0	2,638,865
Federal Government	273,932	0	0	0	0	273,932
Other Governments and Citizens Groups	192,039	0	0	446,363	0	638,402
Total Revenues	\$ 4,269,471	\$ 598,728	\$ 2,079,608	\$ 661,545	\$ 130,094	\$ 7,739,446
<u>Expenditures</u>						
Current:						
General Government	\$ 521,381	\$ 0	\$ 0	\$ 0	\$ 41,664	\$ 563,045
Finance	259,114	0	0	0	99,600	358,714
Administration of Justice	368,020	0	0	0	0	368,020
Public Safety	1,489,339	0	0	0	32,377	1,521,716
Public Health and Welfare	632,320	467,954	0	0	0	1,100,274
Social, Cultural, and Recreational Services	200,014	0	0	0	0	200,014
Agriculture and Natural Resources	143,348	0	0	0	0	143,348
Other Operations	696,607	9,865	0	0	315	706,787
Highways	41,968	0	1,598,546	0	0	1,640,514
Debt Service:						
Principal on Debt	0	0	0	316,726	0	316,726
Interest on Debt	0	0	0	183,131	0	183,131
Other Debt Service	0	0	0	3,645	0	3,645
Total Expenditures	\$ 4,352,111	\$ 477,819	\$ 1,598,546	\$ 503,502	\$ 173,956	\$ 7,105,934

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ (82,640)	\$ 120,909	\$ 481,062	\$ 158,043	\$ (43,862)	\$ 633,512
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 115,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 115,000
Insurance Recovery	0	9,175	0	0	0	9,175
Total Other Financing Sources (Uses)	\$ 115,000	\$ 9,175	\$ 0	\$ 0	\$ 0	\$ 124,175
Net Change in Fund Balances	\$ 32,360	\$ 130,084	\$ 481,062	\$ 158,043	\$ (43,862)	\$ 757,687
Fund Balance, July 1, 2018	1,332,059	932,627	907,234	1,150,411	288,981	4,611,312
Fund Balance, June 30, 2019	\$ 1,364,419	\$ 1,062,711	\$ 1,388,296	\$ 1,308,454	\$ 245,119	\$ 5,368,999

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 757,687
(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	\$ 141,373	
Less: current-year depreciation expense	<u>(360,099)</u>	(218,726)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 263,605	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(227,387)</u>	36,218
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on bonds	\$ 260,000	
Add: principal payments on other loans	56,726	
Less: note proceeds	(115,000)	
Less: change in debt to be contributed by the School Department	<u>(260,000)</u>	(58,274)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 38,222	
Change in compensated absences payable	(21,925)	
Change in pension liability/asset	228,922	
Change in deferred outflows related to pensions	(21,981)	
Change in deferred inflows related to pensions	<u>(50,591)</u>	172,647
Change in net position of governmental activities (Exhibit B)		<u>\$ 689,552</u>

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

Exhibit C-5

Clay County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 2,762,740	\$ 2,668,183	\$ 2,668,183	\$ 94,557
Licenses and Permits	26,193	10,200	10,200	15,993
Fines, Forfeitures, and Penalties	80,760	71,800	71,800	8,960
Charges for Current Services	34,407	32,150	32,470	1,937
Other Local Revenues	38,609	27,000	28,465	10,144
Fees Received From County Officials	320,104	290,000	290,000	30,104
State of Tennessee	540,687	601,892	592,021	(51,334)
Federal Government	273,932	251,968	273,464	468
Other Governments and Citizens Groups	192,039	161,441	168,075	23,964
Total Revenues	\$ 4,269,471	\$ 4,114,634	\$ 4,134,678	\$ 134,793
Expenditures				
General Government				
County Commission	\$ 25,850	\$ 33,550	\$ 33,550	\$ 7,700
Board of Equalization	1,150	1,300	1,300	150
Beer Board	115	300	300	185
County Mayor/Executive	143,806	148,509	148,509	4,703
County Attorney	10,000	10,000	10,000	0
Election Commission	129,991	173,251	173,251	43,260
Register of Deeds	92,509	95,385	95,385	2,876
County Buildings	117,960	154,700	158,617	40,657
Preservation of Records	0	811	811	811
Finance				
Property Assessor's Office	109,412	110,838	110,838	1,426
County Trustee's Office	20,262	22,550	22,550	2,288
County Clerk's Office	129,440	132,650	132,650	3,210
Administration of Justice				
Circuit Court	167,148	179,221	179,221	12,073
General Sessions Court	77,353	77,353	77,353	0
Chancery Court	95,363	99,619	99,619	4,256
Juvenile Court	15,508	20,375	20,375	4,867
Judicial Commissioners	12,648	12,715	12,715	67
Public Safety				
Sheriff's Department	883,752	952,344	965,244	81,492
Drug Enforcement	44,645	50,000	67,810	23,165
Jail	367,719	425,836	427,249	59,530
Correctional Incentive Program Improvements	2,680	2,680	2,680	0
Juvenile Services	68,084	90,196	90,196	22,112
Fire Prevention and Control	34,277	40,348	40,348	6,071
Rescue Squad	2,500	2,500	2,500	0
Other Emergency Management	48,190	68,300	73,300	25,110
County Coroner/Medical Examiner	15,005	32,250	32,250	17,245
Other Public Safety	22,487	56,950	44,050	21,563
Public Health and Welfare				
Local Health Center	43,876	48,200	48,200	4,324
Ambulance/Emergency Medical Services	360,000	360,000	384,569	24,569
Alcohol and Drug Programs	220,104	223,895	223,895	3,791
Other Local Health Services	2,980	65,500	65,500	62,520

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Appropriation to State	\$ 5,360	\$ 11,300	\$ 11,300	\$ 5,940
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	53,172	58,445	59,386	6,214
Libraries	99,087	97,771	99,087	0
Parks and Fair Boards	36,921	37,600	37,600	679
Other Social, Cultural, and Recreational	10,834	15,000	15,000	4,166
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	85,566	91,917	91,917	6,351
Forest Service	1,000	1,000	1,000	0
Soil Conservation	56,782	53,275	57,519	737
<u>Other Operations</u>				
Tourism	35,071	69,489	70,994	35,923
Industrial Development	67,721	81,976	87,557	19,836
Other Economic and Community Development	0	4,000	94,500	94,500
Veterans' Services	17,089	18,800	18,800	1,711
Other Charges	218,209	216,837	220,238	2,029
Employee Benefits	358,517	398,000	398,647	40,130
<u>Highways</u>				
Litter and Trash Collection	41,968	39,279	42,019	51
Total Expenditures	\$ 4,352,111	\$ 4,886,815	\$ 5,050,399	\$ 698,288
Excess (Deficiency) of Revenues Over Expenditures				
	\$ (82,640)	\$ (772,181)	\$ (915,721)	\$ 833,081
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 115,000	\$ 0	\$ 115,000	\$ 0
Insurance Recovery	0	0	26,040	(26,040)
Total Other Financing Sources	\$ 115,000	\$ 0	\$ 141,040	\$ (26,040)
Net Change in Fund Balance				
	\$ 32,360	\$ (772,181)	\$ (774,681)	\$ 807,041
Fund Balance, July 1, 2018	1,332,059	1,292,069	1,292,069	39,990
Fund Balance, June 30, 2019	\$ 1,364,419	\$ 519,888	\$ 517,388	\$ 847,031

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 440,897	\$ 424,256	\$ 424,256	\$ 16,641
Charges for Current Services	111,983	70,000	70,000	41,983
Other Local Revenues	25,371	30,000	30,000	(4,629)
State of Tennessee	20,477	0	28,050	(7,573)
Total Revenues	<u>\$ 598,728</u>	<u>\$ 524,256</u>	<u>\$ 552,306</u>	<u>\$ 46,422</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 467,954	\$ 510,256	\$ 600,456	\$ 132,502
<u>Other Operations</u>				
Other Charges	9,865	10,000	11,000	1,135
Total Expenditures	<u>\$ 477,819</u>	<u>\$ 520,256</u>	<u>\$ 611,456</u>	<u>\$ 133,637</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 120,909</u>	<u>\$ 4,000</u>	<u>\$ (59,150)</u>	<u>\$ 180,059</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 9,175	\$ 0	\$ 62,150	\$ (52,975)
Total Other Financing Sources	<u>\$ 9,175</u>	<u>\$ 0</u>	<u>\$ 62,150</u>	<u>\$ (52,975)</u>
Net Change in Fund Balance	\$ 130,084	\$ 4,000	\$ 3,000	\$ 127,084
Fund Balance, July 1, 2018	<u>932,627</u>	<u>931,256</u>	<u>931,256</u>	<u>1,371</u>
Fund Balance, June 30, 2019	<u>\$ 1,062,711</u>	<u>\$ 935,256</u>	<u>\$ 934,256</u>	<u>\$ 128,455</u>

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

Exhibit C-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 379	\$ 4,223	\$ 4,223	\$ (3,844)
Charges for Current Services	149	0	0	149
Other Local Revenues	1,379	0	0	1,379
State of Tennessee	2,077,701	1,813,726	1,866,679	211,022
Total Revenues	<u>\$ 2,079,608</u>	<u>\$ 1,817,949</u>	<u>\$ 1,870,902</u>	<u>\$ 208,706</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 159,662	\$ 165,190	\$ 165,190	\$ 5,528
Highway and Bridge Maintenance	967,602	1,179,360	1,232,313	264,711
Operation and Maintenance of Equipment	203,201	244,200	244,200	40,999
Other Charges	118,483	134,930	134,930	16,447
Employee Benefits	135,098	157,000	157,000	21,902
Capital Outlay	14,500	265,000	265,000	250,500
Total Expenditures	<u>\$ 1,598,546</u>	<u>\$ 2,145,680</u>	<u>\$ 2,198,633</u>	<u>\$ 600,087</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 481,062</u>	<u>\$ (327,731)</u>	<u>\$ (327,731)</u>	<u>\$ 808,793</u>
Net Change in Fund Balance	\$ 481,062	\$ (327,731)	\$ (327,731)	\$ 808,793
Fund Balance, July 1, 2018	<u>907,234</u>	<u>625,292</u>	<u>625,292</u>	<u>281,942</u>
Fund Balance, June 30, 2019	<u>\$ 1,388,296</u>	<u>\$ 297,561</u>	<u>\$ 297,561</u>	<u>\$ 1,090,735</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 158,797
Due from Other Governments	<u>60,728</u>
Total Assets	<u>\$ 219,525</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 60,728
Due to Litigants, Heirs, and Others	<u>158,797</u>
Total Liabilities	<u>\$ 219,525</u>

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

CLAY COUNTY, TENNESSEE

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clay 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 Clay County:

A. Reporting Entity

Clay County is a public municipal corporation governed by an elected ten-member board. As required by GAAP, these financial statements present Clay County (the primary government) and its component units. The financial statements of the Clay County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this 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 Clay County School Department operates the public school system in the county, and the voters of Clay 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 Clay County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Clay County, and the Clay 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 Clay County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Clay County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of

contents. Complete financial statements of the Clay County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Clay County Emergency
Communications District
400 West Lake Avenue
Celina, TN 38551

B. Government-wide and Fund Financial Statements

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

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

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

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

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

Fund financial statements of Clay 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. Clay County has no proprietary funds to report.

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable

(reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Clay County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This special revenue fund accounts for transactions relating to the disposal of Clay County’s solid waste. Local taxes and general service charges are the foundational revenues of this fund.

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

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

Additionally, Clay County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Clay County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Clay County School Department reports the following major governmental fund:

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

Additionally, the Clay County School Department reports the following fund type:

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

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

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

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer’s Investment Pool; 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 Clay 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. Clay 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. 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. 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.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.68 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 outflow 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. 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 Clay 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 Clay County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Clay County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the School Department.

4. **Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than five 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	25 - 40
Other Capital Assets	5 - 30
Infrastructure:	
Roads	20 - 75
Bridges	75

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

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

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

6. Compensated Absences

Primary Government

It is the county's policy to permit employees to accumulate up to 12 days of vacation and unlimited sick leave beyond year-end. There is no liability for accumulated unpaid sick leave since Clay County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Discretely Presented Clay County School Department

The general policy of the School Department does not allow for the accumulation of vacation days beyond year-end. All professional personnel (teachers) of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded. Accrued leave included on the government-wide statements is for accumulated compensatory time for central office personnel.

7. Long-term Debt and Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and are amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the

reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. Net Position and Fund Balance

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

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

As of June 30, 2019, Clay County had \$4,400,000 in outstanding debt for capital purposes for the discretely presented Clay County School Department. This debt is a liability of Clay County, but the capital assets acquired are reported in the financial statements of the School Department.

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

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

These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget/Finance 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.

9. Prior-period Adjustment

Other postemployment benefits (OPEB) for the discretely presented Clay County School Department were restated \$495,726 (net OPEB liability of \$482,154 less deferred outflows of \$23,212 plus deferred inflows of \$36,784) from the prior year because the Medicare Supplement Plan liability will now be reported only at the state level.

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

Discretely Presented Clay County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Discretely Presented Clay 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 Clay 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 Clay 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 Clay County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed

appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2019, the discretely presented Clay County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Amount</u>
Major Fund:	
General Purpose School	\$ 97,106
Nonmajor Fund:	
Central Cafeteria	36,316

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral

securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2019.

TCRS Stabilization Trust

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

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

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

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

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

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

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

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

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

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

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

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

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

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

<u>Investment</u>	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 5,669
Developed Market International Equity	N/A	N/A	2,560
Emerging Market International Equity	N/A	N/A	731
U.S. Fixed Income	N/A	N/A	3,657
Real Estate	N/A	N/A	1,829
Short-term Securities	N/A	N/A	183
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>3,657</u>
Total			<u>\$ 18,286</u>

<u>Investment by Fair Value Level</u>	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 5,669	\$ 5,669	0	\$ 0	0
Developed Market International Equity	2,560	2,560	0	0	0
Emerging Market International Equity	731	731	0	0	0
U.S. Fixed Income	3,657	0	3,657	0	0
Real Estate	1,829	0	0	1,829	0
Short-term Securities	183	0	183	0	0
Private Equity and Strategic Lending	3,657	0	0	0	3,657
Total	<u>\$ 18,286</u>	<u>\$ 8,960</u>	<u>\$ 3,840</u>	<u>\$ 1,829</u>	<u>\$ 3,657</u>

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

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

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

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

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

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

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Balance 6-30-19
Capital Assets Not Depreciated:			
Land	\$ 103,800	\$ 0	\$ 103,800
Construction in Progress	0	0	0
Total Capital Assets Not Depreciated	<u>\$ 103,800</u>	<u>\$ 0</u>	<u>\$ 103,800</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 3,341,819	\$ 10,523	\$ 3,352,342
Roads and Bridges	12,709,460	0	12,709,460
Other Capital Assets	3,474,778	130,850	3,605,628
Total Capital Assets Depreciated	<u>\$ 19,526,057</u>	<u>\$ 141,373</u>	<u>\$ 19,667,430</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 917,608	\$ 51,668	\$ 969,276
Roads and Bridges	2,924,444	108,968	3,033,412
Other Capital Assets	2,350,182	199,463	2,549,645
Total Accumulated Depreciation	<u>\$ 6,192,234</u>	<u>\$ 360,099</u>	<u>\$ 6,552,333</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,333,823</u>	<u>\$ (218,726)</u>	<u>\$ 13,115,097</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,437,623</u>	<u>\$ (218,726)</u>	<u>\$ 13,218,897</u>

There were no decreases in capital assets to report during the year ended June 30, 2019.

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

Governmental Activities:

General Government	\$ 21,215
Public Safety	60,823
Public Health and Welfare	71,478
Social, Cultural, and Recreational Services	8,909
Agriculture and Natural Resources	1,673
Highways/Public Works	<u>196,001</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 360,099</u>
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Discretely Presented Clay County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 298,098	\$ 0	\$ 0	\$ 298,098
Total Capital Assets Not Depreciated	<u>\$ 298,098</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 298,098</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,161,546	\$ 0	\$ 0	\$ 11,161,546
Roads and Bridges	648,860	0	0	648,860
Other Capital Assets	2,277,978	64,494	(9,946)	2,332,526
Total Capital Assets Depreciated	<u>\$ 14,088,384</u>	<u>\$ 64,494</u>	<u>\$ (9,946)</u>	<u>\$ 14,142,932</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,467,813	\$ 232,662	\$ 0	\$ 5,700,475
Roads and Bridges	373,313	20,753	0	394,066
Other Capital Assets	1,309,530	125,993	(5,971)	1,429,552
Total Accumulated Depreciation	<u>\$ 7,150,656</u>	<u>\$ 379,408</u>	<u>\$ (5,971)</u>	<u>\$ 7,524,093</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,937,728</u>	<u>\$ (314,914)</u>	<u>\$ (3,975)</u>	<u>\$ 6,618,839</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,235,826</u>	<u>\$ (314,914)</u>	<u>\$ (3,975)</u>	<u>\$ 6,916,937</u>

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

Governmental Activities:

Instruction	\$ 250,139
Support Services	119,390
Operation of Noninstructional Services	<u>9,879</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 379,408</u>

C. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,027

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.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
Primary Government	School Department	\$ 4,400,000

The Due to Primary Government is the balance of other loans issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire these other loans. These long-term obligations are reflected in the governmental activities on the Statement of Net Position.

Interfund Transfers

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

Discretely Presented Clay County School Department

Transfers Out	Transfers In		Purpose
	General Purpose School Fund	Nonmajor Govern-mental Funds	
Nonmajor governmental funds	\$ 21,227	\$ 0	Indirect costs
General Purpose School Fund	0	40,000	Cash flows

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

D. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Clay County issued general obligation bonds to refund other loans. 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 13 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements – Clay 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 outstanding were issued for a term of one year. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	3 %	6-01-31	\$ 4,660,000	\$ 4,400,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	2.95	4-18-20	115,000	115,000

The annual requirements to amortize the county's bonds and capital outlay notes outstanding as of June 30, 2019, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 310,000	\$ 132,000	\$ 442,000
2021	320,000	122,700	442,700
2022	330,000	113,100	443,100
2023	340,000	103,200	443,200
2024	350,000	93,000	443,000
2025-2029	1,905,000	301,500	2,206,500
2030-2031	845,000	38,250	883,250
Total	<u>\$ 4,400,000</u>	<u>\$ 903,750</u>	<u>\$ 5,303,750</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 115,000	\$ 3,393	\$ 118,393
Total	<u>\$ 115,000</u>	<u>\$ 3,393</u>	<u>\$ 118,393</u>

There is \$1,308,454 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$560, based on the 2010 federal census. Total debt per capita, including the bonds and notes, totaled \$574, based on the 2010 federal census.

The School Department is currently contributing funds to service the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Outstanding 6-30-19
Bonds:	
Contributions from General Purpose School Fund:	
General Obligation School Bonds, Series 2018	\$ 4,400,000

Changes in Long-term Debt

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

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2018	\$ 4,660,000	\$ 0	\$ 56,726
Additions	0	115,000	0
Reductions	(260,000)	0	(56,726)
Balance, June 30, 2019	\$ 4,400,000	\$ 115,000	\$ 0
Balance Due Within One Year	\$ 310,000	\$ 115,000	\$ 0

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 4,515,000
Less: Balance Due Within One Year - Debt	(425,000)
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	\$ 4,090,000

E. Long-term Obligations

Changes in Long-term Obligations

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

Governmental Activities:

	Compensated Absences	Net Pension Liability - Agent Plan *
Balance, July 1, 2018	\$ 74,993	\$ 35,447
Additions	144,220	20,597
Reductions	(122,295)	(249,519)
	<hr/>	<hr/>
Balance, June 30, 2019	\$ 96,918	\$ (193,475)
	<hr/>	<hr/>
Balance Due Within One Year	\$ 72,688	\$ 0
	<hr/>	<hr/>

* - The agent plan reflected a net pension asset at June 30, 2019

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 96,918
Less: Balance Due Within One Year - Other	<u>(72,688)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 24,230</u>

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

Discretely Presented Clay County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	Compensated Absences	Other Post- employment Benefits *	Net Pension Liability - Agent Plan **
Balance, July 1, 2018	\$ 2,769	\$ 1,435,057	\$ 17,872
Additions	7,140	93,382	11,372
Reductions	(8,774)	(203,209)	(131,150)
Balance, June 30, 2019	\$ 1,135	\$ 1,325,230	\$ (101,906)
Balance Due Within One Year	\$ 1,135	\$ 0	\$ 0

* - Restated Beginning Balance – See Note I.D.9.

** - The agent plan reflected a net pension asset at June 30, 2019

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 1,326,365
Less: Balance Due Within One Year - Other	<u>1,135</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,325,230</u>

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

F. On-Behalf Payments

Discretely Presented Clay County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Clay County School Department. These payments are made by the state to the Medicare Supplement Plan. The plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2019, were \$23,212. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county's risk of loss relating to general liability, property, casualty, and workers' compensation is covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund (LWCF), which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to these pools for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF and LWCF reinsure through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Clay County provides commercial health insurance for its employees.

Discretely Presented Clay County School Department

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, and casualty insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The School Department provides commercial health insurance for its employees.

B. Accounting Changes

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

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

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

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

C. Contingent Liabilities

According to the county and the School Department attorneys there are no current or potential claims against the county not covered by insurance.

D. Joint Venture

The Thirteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Thirteenth Judicial District, Clay, Cumberland, DeKalb, Overton, Pickett, Putnam, and White counties, and participating municipalities within the district. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Clay County did not make appropriations to the DTF for the year ended June 30, 2019. Clay County does not have an equity interest in the DTF. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Thirteenth Judicial District Drug Task Force
1519A East Spring Street
Cookeville, TN 38506

E. Jointly Governed Organization

The Joint Industrial Development Board of Celina and Clay County is a corporate entity formed in 1997 to promote local industry development for the benefit of the residents of Celina and Clay County. Clay County is responsible for appointing four of the organization's board members, and the Town of Celina is responsible for appointing three members. Clay County's accountability for this organization does not extend beyond making the appointments.

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Clay County and non-certified employees of the discretely presented Clay County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 65.50 percent, the non-certified employees of the discretely presented School Department comprise 34.50 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	83
Inactive Employees Entitled to But Not Yet Receiving Benefits	146
Active Employees	156
Total	385

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. Clay County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contribution for Clay County was \$249,537 based on a rate of 7.19 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Clay 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)

Clay County’s net pension liability (asset) was measured as of June 30, 2018, 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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 9,014,063	\$ 8,960,744	\$ 53,319
Changes for the Year:			
Service Cost	\$ 301,295	\$ 0	\$ 301,295
Interest	660,048	0	660,048
Differences Between Expected and Actual Experience	(151,464)	0	(151,464)
Changes in Assumptions	0	0	0
Contributions-Employer	0	253,290	(253,290)
Contributions-Employees		176,140	(176,140)
Net Investment Income		743,487	(743,487)
Benefit Payments, Including Refunds of Employee Contributions	(422,492)	(422,492)	0
Administrative Expense	0	(14,338)	14,338
Other Changes	0	0	0
Net Changes	\$ 387,387	\$ 736,087	\$ (348,700)
Balance, June 30, 2018	\$ 9,401,450	\$ 9,696,831	\$ (295,381)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	65.50%	\$ 6,157,950	\$ 6,351,424	\$ (193,475)
School Department	34.50%	3,243,500	3,345,407	(101,906)
Total		\$ 9,401,450	\$ 9,696,831	\$ (295,381)

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

Clay County	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 910,224	\$ (295,381)	\$ (1,293,705)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, Clay County recognized pension expense of \$31,446.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Clay 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	\$ 7,765	\$ 374,492
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	42,257
Changes in Assumptions	162,930	
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	249,537	N/A
Total	\$ 420,232	\$ 416,749

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 288,433	\$ 272,972
School Department	131,799	143,777
Total	<u>\$ 420,232</u>	<u>\$ 416,749</u>

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

Year Ending June 30	Amount
2020	\$ (2,019)
2021	(60,829)
2022	(140,444)
2023	(42,772)
2024	0
Thereafter	0

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

Discretely Presented Clay County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Clay County and non-certified employees of the discretely presented Clay County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 65.50 percent and the non-certified employees of the discretely presented School Department comprise 34.50 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$18,037, which is 1.94 percent of covered payroll. In addition, employer contributions of \$17,363, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the School Department reported a liability (asset) of (\$36,397) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (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, 2018, the School Department's proportion was .080257 percent. The proportion as of June 30, 2017, was .084797 percent.

Pension Expense. For the year ended June 30, 2019, the School Department recognized pension expense of \$12,584.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the School Department reported deferred

outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,062	\$ 1,450
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,056
Changes in Assumptions	1,717	0
Changes in Proportion of Net Pension Liability (Asset)	1,837	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	18,037	N/A
Total	<u>\$ 23,653</u>	<u>\$ 3,506</u>

The School Department's employer contributions of \$18,037, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ (112)
2021	(177)
2022	(470)
2023	67
2024	341
Thereafter	2,462

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 5,627	\$ (36,397)	\$ (67,362)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Clay County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$407,664, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the School Department reported a liability (asset) of (\$396,710) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the School Department's proportion was .112736 percent. The proportion measured at June 30, 2017, was .110469 percent.

Pension Expense. For the year ended June 30, 2019, the School Department recognized (negative) pension expense of (\$119,644).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 80,189	\$ 535,193
Changes in Assumptions	234,299	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	86,341
Changes in Proportion of Net Pension Liability (Asset)	41,889	45,605
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	407,664	N/A
Total	<u>\$ 764,041</u>	<u>\$ 667,139</u>

The School Department's employer contributions of \$407,664 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 75,696
2021	(132,774)
2022	(218,555)
2023	(35,130)
2024	0
Thereafter	0

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability \$ 3,058,090 \$ (396,710) \$ (3,255,076)

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

2. Deferred Compensation

The discretely presented Clay County School Department offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of plan participants. The Section 403(b) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 403(b) and 457 establish participation, contribution, and withdrawal provisions for the plans.

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion, which is placed into the state’s 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher’s salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$45,525 and teachers contributed \$18,210 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

The discretely presented Clay County School Department provides OPEB benefits to its employees through a commercial insurance plan.

Commercial Postemployment Benefits Plan

Plan Description. The School Department participates in a commercial postemployment benefits plan administered by Cigna for its retirees and their covered dependents. Employees are eligible for OPEB benefits if they retire at any age with at least 30 years of service or if they are over the age 60 and have

at least five years of service. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the Board of Education. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75.

Benefits Provided. The plan provides healthcare, dental, vision, and life insurance benefits to retirees and their dependents.

The benefit terms provide for the School Department to pay a percentage of the certified retirees healthcare costs depending on years of service with the School Department. The School Department pays 55 percent of the healthcare cost for employees with over 30 years of service, 45 percent for employees with 20-29 years of service, and 25 percent for employees with less than 20 years of service. Non-certified employees are required to pay 100 percent of the healthcare premium. Both certified and non-certified employees are eligible to participate in the healthcare plan until they reach age 65. Surviving spouses of eligible retirees may be able to continue coverage until they reach Medicare eligibility.

The benefit terms provide for eligible retirees to receive vision and dental benefits for life by paying 100 percent of the premium cost.

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	14
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	94
Total	108

Total OPEB Liability

The county’s total OPEB liability of \$1,325,230 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

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

Inflation	3%
Discount Rate	3.50%
Healthcare Cost Trend Rates	5.50%
Retirees share of Benefit-related Cost	45% to 100% depending on years of service and employee classification

The discount rate was based on the Bond Buyer GO-20 bond index.

Mortality rates were based on RHP-14 Total Table with Projection MP-2018.

The actuarial assumptions used in the June 30, 2019, valuation were based on plan data and costs presented by the School Department with concurrence by the actuary and certain actuarial assumptions from the 2017 Tennessee Consolidated Retirement Plan valuation report.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2018	\$ 1,435,057
Changes for the Year:	
Service Cost	\$ 33,555
Interest	53,426
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	6,401
Changes in Assumption and Other Inputs	(86,991)
Benefit Payments	(116,218)
Net Changes	<u>\$ (109,827)</u>
Balance June 30, 2019	<u>\$ 1,325,230</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the School Department recognized OPEB expense of \$86,981. At June 30, 2019, the School Department reported deferred outflows of resources of \$5,585 and deferred inflows of resources of \$75,909 related to OPEB.

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 School Department calculated using the discount rate of 3.50 percent, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 1,439,086	\$ 1,325,230	\$ 1,220,162

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the School Department calculated using the healthcare cost trend rate of 5.50 percent, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate:

	1% Decrease 4.50%	Current Trend Rate 5.50%	1% Increase 6.50%
Total OPEB Liability	\$ 1,190,942	\$ 1,325,230	\$ 1,483,722

H. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Chapter 565, Private Acts of 1951, as amended, and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the Highway Department. Provisions of the Uniform Road Law require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Clay 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
Total Pension Liability					
Service Cost	\$ 250,001	\$ 285,817	\$ 288,245	\$ 283,956	\$ 301,295
Interest	547,223	580,662	618,024	639,352	660,048
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	(48,484)	23,293	(215,363)	(206,343)	(151,464)
Changes in Assumptions	0	0	0	244,394	0
Benefit Payments, Including Refunds of Employee Contributions	(317,800)	(359,622)	(428,444)	(376,061)	(422,492)
Net Change in Total Pension Liability	\$ 430,940	\$ 530,150	\$ 262,462	\$ 585,298	\$ 387,387
Total Pension Liability, Beginning	7,205,213	7,636,153	8,166,303	8,428,765	9,014,063
Total Pension Liability, Ending (a)	\$ 7,636,153	\$ 8,166,303	\$ 8,428,765	\$ 9,014,063	\$ 9,401,450
Plan Fiduciary Net Position					
Contributions - Employer	\$ 247,061	\$ 249,053	\$ 243,631	\$ 248,962	\$ 253,290
Contributions - Employee	173,950	175,737	170,013	173,131	176,140
Net Investment Income	1,065,682	233,484	207,931	911,342	743,487
Benefit Payments, Including Refunds of Employee Contributions	(317,800)	(359,622)	(428,444)	(376,061)	(422,492)
Administrative Expense	0	0	0	(12,605)	(14,338)
Other	(5,772)	(8,179)	(11,688)	6	0
Net Change in Plan Fiduciary Net Position	\$ 1,163,121	\$ 290,473	\$ 181,443	\$ 944,775	\$ 736,087
Plan Fiduciary Net Position, Beginning	6,380,932	7,544,053	7,834,526	8,015,969	8,960,744
Plan Fiduciary Net Position, Ending (b)	\$ 7,544,053	\$ 7,834,526	\$ 8,015,969	\$ 8,960,744	\$ 9,696,831
Net Pension Liability (Asset), Ending (a - b)	\$ 92,100	\$ 331,777	\$ 412,796	\$ 53,319	\$ (295,381)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.79%	95.94%	95.10%	99.41%	103.14%
Covered Payroll	\$ 3,421,710	\$ 3,463,875	\$ 3,388,256	\$ 3,462,610	\$ 3,522,792
Net Pension Liability (Asset) as a Percentage of Covered Payroll	2.69%	9.58%	12.18%	1.54%	8.38%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented School Department.

Exhibit E-2

Clay 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
Actuarially Determined Contribution	\$ 247,061	\$ 249,053	\$ 243,631	\$ 248,962	\$ 253,290	\$ 249,537
Less Contributions in Relation to the Actuarially Determined Contribution	(247,061)	(249,053)	(243,631)	(248,962)	(253,290)	(249,537)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 3,421,710	\$ 3,462,875	\$ 3,388,526	\$ 3,462,610	\$ 3,522,792	\$ 3,470,614
Contributions as a Percentage of Covered Payroll	7.22%	7.19%	7.19%	7.19%	7.19%	7.19%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented School Department.

Exhibit E-3

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 8,526	\$ 15,753	\$ 22,262	\$ 28,054	\$ 18,037
Less Contributions in Relation to the Contractually Required Contribution	(8,526)	(15,753)	(22,262)	(28,054)	(18,037)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 213,156	\$ 393,835	\$ 556,552	\$ 705,336	\$ 929,666
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	3.98%	1.94%

* - In FY 2019 the School Department placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension Stabilization Reserve Trust.

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

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 366,063	\$ 368,885	\$ 345,024	\$ 353,013	\$ 358,448	\$ 407,664
Less Contributions in Relation to the Contractually Required Contribution	(366,063)	(368,885)	(345,024)	(353,013)	(358,448)	(407,664)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 4,122,328	\$ 4,080,585	\$ 3,816,643	\$ 3,905,011	\$ 3,947,662	\$ 3,955,588
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%

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

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.100474%	0.089507%	0.084797%	0.080257%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,127	\$ (9,318)	\$ (22,371)	\$ (36,399)
Covered Payroll	\$ 213,156	\$ 393,835	\$ 556,552	\$ 705,336
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	1.94%	(2.37)%	(4.02)%	(5.16)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%

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

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.105028%	0.109005%	0.105730%	0.110469%	0.112736%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (17,067)	\$ 44,652	\$ 660,754	\$ (36,144)	\$ (396,710)
Covered Payroll	\$ 4,122,328	\$ 4,080,585	\$ 3,816,643	\$ 3,905,011	\$ 3,947,662
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.41)%	1.09%	17.31%	(.93)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%

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

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

Commercial Plan

	2018	2019
Total OPEB Liability		
Service Cost	\$ 32,302	\$ 33,555
Interest	55,723	53,426
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	6,401
Changes in Assumptions or Other Inputs	0	(86,991)
Benefit Payments	(113,629)	(116,218)
Net Change in Total OPEB Liability	\$ (25,604)	\$ (109,827)
Total OPEB Liability, Beginning	\$ 1,460,661	\$ 1,435,057
Total OPEB Liability, Ending	\$ 1,435,057	\$ 1,325,230
Covered Employee Payroll	\$ 3,810,347	\$ 3,631,433
Total OPEB Liability as a percentage of covered employee payroll	37.66%	36.49%

State Administered Medicare Plan

	2018	2019
Total OPEB Liability		
Service Cost	\$ 13,196	\$ 10,614
Interest	30,396	33,881
Changes in Benefit Terms	0	(579,055)
Differences Between Actual and Expected Experience	0	72,516
Changes in Assumptions or Other Inputs	(84,388)	(3,536)
Benefit Payments	(45,300)	(46,424)
Net Change in Total OPEB Liability	\$ (86,096)	\$ (512,004)
Total OPEB Liability, Beginning	\$ 1,050,404	\$ 964,308
Total OPEB Liability, Ending	\$ 964,308	\$ 452,304
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 482,154	\$ 452,304
Employers Proportionate Share of the Total OPEB Liability	\$ 482,154	\$ 0
Covered Employee Payroll	\$ 5,706,568	\$ 5,812,499
Total OPEB Liability as a percentage of covered employee payroll	8.45%	0%

Notes:

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

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.85%
2018	3.58%
2019	3.50%

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

Note 4: The liability for the Medicare Supplement Plan will be reported at the state level. The School Department will not report another postemployment liability related to this plan at June 30, 2019.

CLAY COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017, actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

Changes of assumptions: In 2017, the following assumptions were changed: (1) decreased the inflation rate from 3.0 to 2.5 percent; (2) decreased the investment rate from 7.5 to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 to 2.25 percent; (4) decreased the salary growth graded ranges from an average of 4.42 to an average of 4.0 percent; and (5) 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 specific purposes other than debt service or capital projects.

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance of the courthouse and jail.

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.

Exhibit F-1

Clay County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 21,027	\$ 21,027
Equity in Pooled Cash and Investments	98,910	126,182	0	225,092
Accounts Receivable	0	0	27	27
Total Assets	\$ 98,910	\$ 126,182	\$ 21,054	\$ 246,146
<u>LIABILITIES</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 1,027	\$ 1,027
Total Liabilities	\$ 0	\$ 0	\$ 1,027	\$ 1,027
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 98,910	\$ 0	\$ 0	\$ 98,910
Restricted for Public Safety	0	126,182	0	126,182
Committed:				
Committed for Finance	0	0	20,027	20,027
Total Fund Balances	\$ 98,910	\$ 126,182	\$ 20,027	\$ 245,119
Total Liabilities and Fund Balances	\$ 98,910	\$ 126,182	\$ 21,054	\$ 246,146

Exhibit F-2

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>				
Local Taxes	\$ 16,762	\$ 0	\$ 0	\$ 16,762
Fines, Forfeitures, and Penalties	0	13,474	0	13,474
Charges for Current Services	0	0	99,858	99,858
Total Revenues	<u>\$ 16,762</u>	<u>\$ 13,474</u>	<u>\$ 99,858</u>	<u>\$ 130,094</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 41,664	\$ 0	\$ 0	\$ 41,664
Finance	0	0	99,600	99,600
Public Safety	0	32,377	0	32,377
Other Operations	173	142	0	315
Total Expenditures	<u>\$ 41,837</u>	<u>\$ 32,519</u>	<u>\$ 99,600</u>	<u>\$ 173,956</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (25,075)</u>	<u>\$ (19,045)</u>	<u>\$ 258</u>	<u>\$ (43,862)</u>
Net Change in Fund Balances	<u>\$ (25,075)</u>	<u>\$ (19,045)</u>	<u>\$ 258</u>	<u>\$ (43,862)</u>
Fund Balance, July 1, 2018	123,985	145,227	19,769	288,981
Fund Balance, June 30, 2019	<u>\$ 98,910</u>	<u>\$ 126,182</u>	<u>\$ 20,027</u>	<u>\$ 245,119</u>

Exhibit F-3

Clay County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 16,762	\$ 18,000	\$ 18,000	\$ (1,238)
Total Revenues	\$ 16,762	\$ 18,000	\$ 18,000	\$ (1,238)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 41,664	\$ 65,000	\$ 65,000	\$ 23,336
<u>Other Operations</u>				
Other Charges	173	300	500	327
Total Expenditures	\$ 41,837	\$ 65,300	\$ 65,500	\$ 23,663
Excess (Deficiency) of Revenues Over Expenditures	\$ (25,075)	\$ (47,300)	\$ (47,500)	\$ 22,425
Net Change in Fund Balance	\$ (25,075)	\$ (47,300)	\$ (47,500)	\$ 22,425
Fund Balance, July 1, 2018	123,985	123,984	123,984	1
Fund Balance, June 30, 2019	\$ 98,910	\$ 76,684	\$ 76,484	\$ 22,426

Exhibit F-4

Clay County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 13,474	\$ 10,000	\$ 10,000	\$ 3,474
Total Revenues	\$ 13,474	\$ 10,000	\$ 10,000	\$ 3,474
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 32,377	\$ 58,000	\$ 58,000	\$ 25,623
<u>Other Operations</u>				
Other Charges	142	500	500	358
Total Expenditures	\$ 32,519	\$ 58,500	\$ 58,500	\$ 25,981
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,045)	\$ (48,500)	\$ (48,500)	\$ 29,455
Net Change in Fund Balance	\$ (19,045)	\$ (48,500)	\$ (48,500)	\$ 29,455
Fund Balance, July 1, 2018	145,227	145,229	145,229	(2)
Fund Balance, June 30, 2019	\$ 126,182	\$ 96,729	\$ 96,729	\$ 29,453

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

Clay County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 163,980	\$ 153,823	\$ 153,823	\$ 10,157
Other Local Revenues	51,202	20,000	20,000	31,202
Other Governments and Citizens Groups	446,363	0	441,363	5,000
Total Revenues	<u>\$ 661,545</u>	<u>\$ 173,823</u>	<u>\$ 615,186</u>	<u>\$ 46,359</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 56,726	\$ 80,000	\$ 80,000	\$ 23,274
Education	260,000	0	260,000	0
<u>Interest on Debt</u>				
General Government	2,168	11,000	11,000	8,832
Education	180,963	0	180,963	0
<u>Other Debt Service</u>				
General Government	3,245	3,000	3,000	(245)
Education	400	0	400	0
Total Expenditures	<u>\$ 503,502</u>	<u>\$ 94,000</u>	<u>\$ 535,363</u>	<u>\$ 31,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 158,043</u>	<u>\$ 79,823</u>	<u>\$ 79,823</u>	<u>\$ 78,220</u>
Net Change in Fund Balance	\$ 158,043	\$ 79,823	\$ 79,823	\$ 78,220
Fund Balance, July 1, 2018	<u>1,150,411</u>	<u>623,994</u>	<u>623,994</u>	<u>526,417</u>
Fund Balance, June 30, 2019	<u>\$ 1,308,454</u>	<u>\$ 703,817</u>	<u>\$ 703,817</u>	<u>\$ 604,637</u>

Fiduciary Funds

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

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

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

Exhibit H-1

Clay County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	Agency Funds		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 158,797	\$ 158,797
Due from Other Governments	60,728	0	60,728
Total Assets	<u>\$ 60,728</u>	<u>\$ 158,797</u>	<u>\$ 219,525</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 60,728	\$ 0	\$ 60,728
Due to Litigants, Heirs, and Others	0	158,797	158,797
Total Liabilities	<u>\$ 60,728</u>	<u>\$ 158,797</u>	<u>\$ 219,525</u>

Exhibit H-2

Clay County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 340,591	\$ 340,591	\$ 0
Due from Other Governments	65,052	60,728	65,052	60,728
Total Assets	\$ 65,052	\$ 401,319	\$ 405,643	\$ 60,728
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 65,052	\$ 401,319	\$ 405,643	\$ 60,728
Total Liabilities	\$ 65,052	\$ 401,319	\$ 405,643	\$ 60,728
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 66,352	\$ 2,373,306	\$ 2,280,861	\$ 158,797
Accounts Receivable	118	0	118	0
Total Assets	\$ 66,470	\$ 2,373,306	\$ 2,280,979	\$ 158,797
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 66,470	\$ 2,373,306	\$ 2,280,979	\$ 158,797
Total Liabilities	\$ 66,470	\$ 2,373,306	\$ 2,280,979	\$ 158,797
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 66,352	\$ 2,373,306	\$ 2,280,861	\$ 158,797
Equity in Pooled Cash and Investments	0	340,591	340,591	0
Accounts Receivable	118	0	118	0
Due from Other Governments	65,052	60,728	65,052	60,728
Total Assets	\$ 131,522	\$ 2,774,625	\$ 2,686,622	\$ 219,525
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 65,052	\$ 401,319	\$ 405,643	\$ 60,728
Due to Litigants, Heirs, and Others	66,470	2,373,306	2,280,979	158,797
Total Liabilities	\$ 131,522	\$ 2,774,625	\$ 2,686,622	\$ 219,525

Clay County School Department

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

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

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

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

Exhibit I-1

Clay County, Tennessee
Statement of Activities
Discretely Presented Clay County School Department
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 5,152,208	\$ 10,142	\$ 659,173	\$ (4,482,893)
Support Services	3,933,661	25,145	942	(3,907,574)
Operation of Non-instructional Services	1,042,077	84,601	710,232	(247,244)
Interest on Long-term Debt	180,963	0	0	(180,963)
Total Governmental Activities	\$ 10,308,909	\$ 119,888	\$ 1,370,347	\$ (8,818,674)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,413,308
Local Option Sales Taxes				656,299
Grants and Contributions Not Restricted to Specific Programs				7,819,071
Unrestricted Investment Earnings				2,327
Miscellaneous				104,250
Total General Revenues				\$ 9,995,255
Change in Net Position				\$ 1,176,581
Prior-period Adjustment - See Note I.D.9.				495,726
Net Position, July 1, 2018				4,631,426
Net Position, June 30, 2019				\$ 6,303,733

Exhibit I-2

Clay County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Clay County School Department
June 30, 2019

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 15,000	\$ 1,435	\$ 16,435
Equity in Pooled Cash and Investments	3,531,893	310,342	3,842,235
Due from Other Governments	545,527	57,675	603,202
Property Taxes Receivable	1,506,498	0	1,506,498
Allowance for Uncollectible Property Taxes	(47,286)	0	(47,286)
Restricted Assets	18,286	0	18,286
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 5,569,918	\$ 369,452	\$ 5,939,370
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Accounts Payable	\$ 830	\$ 108	\$ 938
Total Liabilities	<hr/>	<hr/>	<hr/>
	\$ 830	\$ 108	\$ 938
	<hr/>	<hr/>	<hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,395,031	\$ 0	\$ 1,395,031
Deferred Delinquent Property Taxes	62,194	0	62,194
Other Deferred/Unavailable Revenue	64,225	0	64,225
Total Deferred Inflows of Resources	<hr/>	<hr/>	<hr/>
	\$ 1,521,450	\$ 0	\$ 1,521,450
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 2,191	\$ 269,344	\$ 271,535
Restricted for Hybrid Retirement Stabilization Funds	18,286	0	18,286
Committed:			
Committed for Education	1,421,603	100,000	1,521,603
Assigned:			
Assigned for Education	112,106	0	112,106
Unassigned	2,493,452	0	2,493,452
Total Fund Balances	<hr/>	<hr/>	<hr/>
	\$ 4,047,638	\$ 369,344	\$ 4,416,982
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,569,918	\$ 369,452	\$ 5,939,370
	<hr/>	<hr/>	<hr/>

Exhibit I-3

Clay County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Clay County School Department
June 30, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 4,416,982	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 298,098		
Add: buildings and improvements net of accumulated depreciation	5,461,071		
Add: infrastructure net of accumulated depreciation	254,794		
Add: other capital assets net of accumulated depreciation	<u>902,974</u>	6,916,937	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for other loans	\$ (4,400,000)		
Less: net OPEB liability	(1,325,230)		
Less: compensated absences payable	<u>(1,135)</u>	(5,726,365)	
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$ 919,493		
Less: deferred inflows of resources related to pensions	(814,422)		
Add: deferred outflows of resources related to OPEB	5,585		
Less: deferred inflows of resources related to OPEB	<u>(75,909)</u>	34,747	
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$ 101,906		
Add: net pension asset - teacher retirement plan	36,397		
Add: net pension asset - teacher legacy retirement plan	<u>396,710</u>	535,013	
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
		<u>126,419</u>	
Net position of governmental activities (Exhibit A)		<u>\$ 6,303,733</u>	

Exhibit I-4

Clay County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Clay County School Department
For the Year Ended June 30, 2019

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 2,058,940	\$ 0	\$ 2,058,940
Licenses and Permits	621	0	621
Charges for Current Services	45,412	86,276	131,688
Other Local Revenues	92,589	2,118	94,707
State of Tennessee	7,727,657	7,722	7,735,379
Federal Government	92,176	1,348,032	1,440,208
Other Governments and Citizens Groups	694	0	694
Total Revenues	<u>\$ 10,018,089</u>	<u>\$ 1,444,148</u>	<u>\$ 11,462,237</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 4,888,597	\$ 585,590	\$ 5,474,187
Support Services	3,547,866	214,751	3,762,617
Operation of Non-Instructional Services	436,781	595,417	1,032,198
Capital Outlay	173,035	0	173,035
Debt Service:			
Principal on Debt	260,000	0	260,000
Interest on Debt	180,963	0	180,963
Other Debt Service	400	0	400
Total Expenditures	<u>\$ 9,487,642</u>	<u>\$ 1,395,758</u>	<u>\$ 10,883,400</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 530,447</u>	<u>\$ 48,390</u>	<u>\$ 578,837</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 21,227	\$ 40,000	\$ 61,227
Transfers Out	(40,000)	(21,227)	(61,227)
Total Other Financing Sources (Uses)	<u>\$ (18,773)</u>	<u>\$ 18,773</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 511,674	\$ 67,163	\$ 578,837
Fund Balance, July 1, 2018	3,535,964	302,181	3,838,145
Fund Balance, June 30, 2019	<u>\$ 4,047,638</u>	<u>\$ 369,344</u>	<u>\$ 4,416,982</u>

Exhibit I-5

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

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	578,837
(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	\$	64,494	
Less: current-year depreciation expense		<u>(379,408)</u>	(314,914)
(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			(3,975)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$	126,419	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(103,166)</u>	23,253
(4) 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: change in contribution due to primary government			260,000
(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 compensated absences payable	\$	1,634	
Change in net pension asset - agent plan		119,779	
Change in net pension asset - teacher retirement plan		14,026	
Change in net pension asset - legacy teacher plan		360,566	
Change in deferred outflows related to pensions		(14,836)	
Change in deferred inflows related to pensions		112,708	
Change in OPEB liability (net of restatement)		96,255	
Change in deferred outflows related to OPEB		(17,627)	
Change in deferred inflows related to OPEB		<u>(39,125)</u>	633,380
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,176,581</u>

Exhibit I-6

Clay County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Clay County School Department
June 30, 2019

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,435	\$ 1,435
Equity in Pooled Cash and Investments	45,558	264,784	310,342
Due from Other Governments	54,550	3,125	57,675
Total Assets	<u>\$ 100,108</u>	<u>\$ 269,344</u>	<u>\$ 369,452</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 108	\$ 0	\$ 108
Total Liabilities	<u>\$ 108</u>	<u>\$ 0</u>	<u>\$ 108</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 269,344	\$ 269,344
Committed:			
Committed for Education	100,000	0	100,000
Total Fund Balances	<u>\$ 100,000</u>	<u>\$ 269,344</u>	<u>\$ 369,344</u>
Total Liabilities and Fund Balances	<u>\$ 100,108</u>	<u>\$ 269,344</u>	<u>\$ 369,452</u>

Exhibit I-7

Clay County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Clay County School Department
For the Year Ended June 30, 2019

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 86,276	\$ 86,276
Other Local Revenues	0	2,118	2,118
State of Tennessee	7,722	0	7,722
Federal Government	815,052	532,980	1,348,032
Total Revenues	<u>\$ 822,774</u>	<u>\$ 621,374</u>	<u>\$ 1,444,148</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 585,590	\$ 0	\$ 585,590
Support Services	214,751	0	214,751
Operation of Non-Instructional Services	1,206	594,211	595,417
Total Expenditures	<u>\$ 801,547</u>	<u>\$ 594,211</u>	<u>\$ 1,395,758</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 21,227</u>	<u>\$ 27,163</u>	<u>\$ 48,390</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 40,000	\$ 0	\$ 40,000
Transfers Out	(21,227)	0	(21,227)
Total Other Financing Sources (Uses)	<u>\$ 18,773</u>	<u>\$ 0</u>	<u>\$ 18,773</u>
Net Change in Fund Balances	\$ 40,000	\$ 27,163	\$ 67,163
Fund Balance, July 1, 2018	60,000	242,181	302,181
Fund Balance, June 30, 2019	<u>\$ 100,000</u>	<u>\$ 269,344</u>	<u>\$ 369,344</u>

Exhibit I-8

Clay County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Clay County School Department
General Purpose School Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,058,940	\$ 0	\$ 0	\$ 2,058,940	\$ 2,003,351	\$ 2,003,351	\$ 55,589
Licenses and Permits	621	0	0	621	650	650	(29)
Charges for Current Services	45,412	0	0	45,412	45,090	45,090	322
Other Local Revenues	92,589	0	0	92,589	15,650	70,251	22,338
State of Tennessee	7,727,657	0	0	7,727,657	7,492,749	7,675,531	52,126
Federal Government	92,176	0	0	92,176	80,000	80,000	12,176
Other Governments and Citizens Groups	694	0	0	694	0	0	694
Total Revenues	\$ 10,018,089	\$ 0	\$ 0	\$ 10,018,089	\$ 9,637,490	\$ 9,874,873	\$ 143,216
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,948,064	\$ 0	\$ 0	\$ 3,948,064	\$ 4,377,209	\$ 4,403,425	\$ 455,361
Alternative Instruction Program	36,933	0	0	36,933	38,661	38,911	1,978
Special Education Program	534,787	0	0	534,787	608,038	587,788	53,001
Career and Technical Education Program	368,813	0	0	368,813	318,933	393,933	25,120
<u>Support Services</u>							
Attendance	53,004	0	0	53,004	52,124	55,324	2,320
Health Services	199,575	0	0	199,575	217,771	217,771	18,196
Other Student Support	252,415	0	0	252,415	221,655	261,924	9,509
Regular Instruction Program	265,647	0	0	265,647	295,068	298,068	32,421
Special Education Program	125,769	0	0	125,769	132,995	152,995	27,226
Career and Technical Education Program	29,668	0	0	29,668	30,613	30,613	945
Technology	106,336	0	0	106,336	111,935	110,935	4,599
Other Programs	23,212	0	0	23,212	0	23,212	0
Board of Education	157,379	0	0	157,379	178,407	178,407	21,028
Director of Schools	128,127	0	0	128,127	135,996	135,996	7,869
Office of the Principal	507,042	0	0	507,042	528,137	528,137	21,095
Fiscal Services	161,349	0	0	161,349	185,332	186,332	24,983
Operation of Plant	754,517	0	0	754,517	848,318	848,318	93,801

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 256,048	\$ 0	\$ 0	\$ 256,048	\$ 261,145	\$ 302,745	\$ 46,697
Transportation	527,778	(64,494)	97,106	560,390	637,101	637,101	76,711
<u>Operation of Non-Instructional Services</u>							
Food Service	90,013	0	0	90,013	92,821	92,821	2,808
Community Services	33,469	0	0	33,469	36,778	36,778	3,309
Early Childhood Education	313,299	0	0	313,299	309,449	313,299	0
<u>Capital Outlay</u>							
Regular Capital Outlay	173,035	0	0	173,035	300,000	320,000	146,965
<u>Principal on Debt</u>							
Education	260,000	0	0	260,000	260,000	260,000	0
<u>Interest on Debt</u>							
Education	180,963	0	0	180,963	181,000	181,000	37
<u>Other Debt Service</u>							
Education	400	0	0	400	500	500	100
Total Expenditures	\$ 9,487,642	\$ (64,494)	\$ 97,106	\$ 9,520,254	\$ 10,359,986	\$ 10,596,333	\$ 1,076,079
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 530,447	\$ 64,494	\$ (97,106)	\$ 497,835	\$ (722,496)	\$ (721,460)	\$ 1,219,295
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ (1,000)
Transfers In	21,227	0	0	21,227	20,850	20,850	377
Transfers Out	(40,000)	0	0	(40,000)	(60,000)	(61,036)	21,036
Total Other Financing Sources	\$ (18,773)	\$ 0	\$ 0	\$ (18,773)	\$ (38,150)	\$ (39,186)	\$ 20,413
Net Change in Fund Balance	\$ 511,674	\$ 64,494	\$ (97,106)	\$ 479,062	\$ (760,646)	\$ (760,646)	\$ 1,239,708
Fund Balance, July 1, 2018	3,535,964	(64,494)	0	3,471,470	2,275,443	2,275,443	1,196,027
Fund Balance, June 30, 2019	\$ 4,047,638	\$ 0	\$ (97,106)	\$ 3,950,532	\$ 1,514,797	\$ 1,514,797	\$ 2,435,735

Exhibit I-9

Clay County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Clay County School Department
School Federal Projects Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 7,722	\$ 0	\$ 7,722	\$ 0
Federal Government	815,052	1,017,846	1,010,900	(195,848)
Total Revenues	\$ 822,774	\$ 1,017,846	\$ 1,018,622	\$ (195,848)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 426,503	\$ 550,694	\$ 550,773	\$ 124,270
Special Education Program	142,954	176,649	163,665	20,711
Career and Technical Education Program	16,133	22,787	21,403	5,270
<u>Support Services</u>				
Other Student Support	10,295	11,145	12,450	2,155
Regular Instruction Program	101,826	119,381	119,381	17,555
Special Education Program	95,289	104,883	118,643	23,354
Board of Education	0	49	49	49
Transportation	7,341	7,402	7,402	61
<u>Operation of Non-Instructional Services</u>				
Food Service	1,206	1,206	1,206	0
Total Expenditures	\$ 801,547	\$ 994,196	\$ 994,972	\$ 193,425
Excess (Deficiency) of Revenues Over Expenditures	\$ 21,227	\$ 23,650	\$ 23,650	\$ (2,423)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 40,000	\$ 0	\$ 0	\$ 40,000
Transfers Out	(21,227)	(23,650)	(23,650)	2,423
Total Other Financing Sources	\$ 18,773	\$ (23,650)	\$ (23,650)	\$ 42,423
Net Change in Fund Balance	\$ 40,000	\$ 0	\$ 0	\$ 40,000
Fund Balance, July 1, 2018	60,000	0	0	60,000
Fund Balance, June 30, 2019	\$ 100,000	\$ 0	\$ 0	\$ 100,000

Exhibit I-10

Clay County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Clay County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 86,276	\$ 0	\$ 86,276	\$ 127,000	\$ 127,000	\$ (40,724)
Other Local Revenues	2,118	0	2,118	1,500	1,500	618
Federal Government	532,980	0	532,980	661,300	661,300	(128,320)
Total Revenues	\$ 621,374	\$ 0	\$ 621,374	\$ 789,800	\$ 789,800	\$ (168,426)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 594,211	\$ 36,316	\$ 630,527	\$ 842,395	\$ 842,395	\$ 211,868
Total Expenditures	\$ 594,211	\$ 36,316	\$ 630,527	\$ 842,395	\$ 842,395	\$ 211,868
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,163	\$ (36,316)	\$ (9,153)	\$ (52,595)	\$ (52,595)	\$ 43,442
Net Change in Fund Balance	\$ 27,163	\$ (36,316)	\$ (9,153)	\$ (52,595)	\$ (52,595)	\$ 43,442
Fund Balance, July 1, 2018	242,181	0	242,181	175,346	175,346	66,835
Fund Balance, June 30, 2019	\$ 269,344	\$ (36,316)	\$ 233,028	\$ 122,751	\$ 122,751	\$ 110,277

MISCELLANEOUS SCHEDULES

Exhibit J-1

Clay County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Other Loans
For the Year Ended June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
<u>BONDS PAYABLE</u>								
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
General Obligation School Bonds, Series 2018	\$ 4,660,000	3 %	2-15-18	6-1-31	<u>\$ 4,660,000</u>	<u>\$ 0</u>	<u>\$ 260,000</u>	<u>\$ 4,400,000</u>
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Ambulance Match and Roof Replacement	115,000	2.95	4-18-19	4-18-20	<u>\$ 0</u>	<u>\$ 115,000</u>	<u>\$ 0</u>	<u>\$ 115,000</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Senior Center Courtroom Renovation	615,000	3.75	12-14-10	3-6-19	<u>\$ 56,726</u>	<u>\$ 0</u>	<u>\$ 56,726</u>	<u>\$ 0</u>

Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 310,000	\$ 132,000	\$ 442,000
2021	320,000	122,700	442,700
2022	330,000	113,100	443,100
2023	340,000	103,200	443,200
2024	350,000	93,000	443,000
2025	360,000	82,500	442,500
2026	370,000	71,700	441,700
2027	380,000	60,600	440,600
2028	390,000	49,200	439,200
2029	405,000	37,500	442,500
2030	415,000	25,350	440,350
2031	430,000	12,900	442,900
Total	<u>\$ 4,400,000</u>	<u>\$ 903,750</u>	<u>\$ 5,303,750</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2020	\$ 115,000	\$ 3,393	\$ 118,393
Total	<u>\$ 115,000</u>	<u>\$ 3,393</u>	<u>\$ 118,393</u>

Exhibit J-3

Clay County, Tennessee
Schedule of Transfers
Discretely Presented Clay County School Department
For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 21,227
General Purpose School	School Federal Projects	Cash flow	<u>40,000</u>
Total Transfers Discretely Presented Clay County School Department			<u><u>\$ 61,227</u></u>

Exhibit J-4

Clay County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Clay County School Department
For the Year Ended June 30, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 76,886	\$ (1)	
Road Superintendent	Section 8-24-102, <i>TCA</i>	73,226	(1)	
Director of Schools	State Board of Education and County Board of Education	81,243 (2)	(1)	
Trustee	Section 8-24-102, <i>TCA</i>	66,569	(1)	
Assessor of Property	Section 8-24-102, <i>TCA</i>	66,569	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	66,569	(1)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	66,569	(1)	
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	66,569 (3)	75,000	RLI Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	66,569	(1)	
Sheriff	Section 8-24-102, <i>TCA</i>	73,226 (4)	(1)	
Employee Blanket Bonds				
	Public Employee Dishonesty - County Departments		400,000	Local Government Insurance Pool
	Public Employee Dishonesty - School Department		400,000	Tennessee Risk Management Trust

- (1) Official was covered by the \$400,000 employee blanket bond.
- (2) Does not include a chief executive officer training supplement of \$900.
- (3) Does not include special commissioner fees of \$3,063.
- (4) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

Clay County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2019

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,752,340	\$ 0	\$ 406,155	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	58,484	0	13,520	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	59,042	0	13,685	0	0	0
Interest and Penalty	13,626	0	3,158	0	0	0
Pickup Taxes	1,926	0	446	0	0	0
Payments in-Lieu-of Taxes - Other	75,638	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	317,411	0	0	0	0	0
Hotel/Motel Tax	39,667	0	0	0	0	0
Wheel Tax	192,915	0	0	0	0	0
Litigation Tax - General	46,263	0	0	0	0	0
Litigation Tax - Special Purpose	3,274	710	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	16,052	0	0	0	0
Business Tax	38,579	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	379
<u>Statutory Local Taxes</u>						
Bank Excise Tax	16,968	0	3,933	0	0	0
Wholesale Beer Tax	102,526	0	0	0	0	0
Beer Privilege Tax	1,140	0	0	0	0	0
Interstate Telecommunications Tax	42,941	0	0	0	0	0
Total Local Taxes	\$ 2,762,740	\$ 16,762	\$ 440,897	\$ 0	\$ 0	\$ 379
<u>Licenses and Permits</u>						
<u>Permits</u>						
Beer Permits	\$ 1,188	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Building Permits	\$ 25,005	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 26,193	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 4,544	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	4,303	0	0	0	0	0
Drug Control Fines	0	0	0	3,458	0	0
Drug Court Fees	1,505	0	0	0	0	0
Veterans Treatment Court Fees	927	0	0	0	0	0
Jail Fees	1,285	0	0	0	0	0
DUI Treatment Fines	238	0	0	0	0	0
Data Entry Fee - Circuit Court	599	0	0	0	0	0
Courtroom Security Fee	1,243	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	5,208	0	0	0	0	0
Fines for Littering	48	0	0	0	0	0
Officers Costs	13,842	0	0	0	0	0
Game and Fish Fines	451	0	0	0	0	0
Drug Control Fines	0	0	0	10,016	0	0
Drug Court Fees	4,540	0	0	0	0	0
Veterans Treatment Court Fees	2,356	0	0	0	0	0
Jail Fees	19,795	0	0	0	0	0
DUI Treatment Fines	1,857	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,686	0	0	0	0	0
Courtroom Security Fee	12,769	0	0	0	0	0

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 1,132	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	432	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 80,760	\$ 0	\$ 0	\$ 13,474	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 110,490	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	0	1,493	0	0	0
Other General Service Charges	2,309	0	0	0	0	149
<u>Fees</u>						
Recreation Fees	4,410	0	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0	0
Telephone Commissions	7,517	0	0	0	0	0
Vending Machine Collections	1,669	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	99,858	0
Data Processing Fee - Register	3,036	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,800	0	0	0	0	0
Data Processing Fee - County Clerk	5,968	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	215	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	7,383	0	0	0	0	0
Total Charges for Current Services	\$ 34,407	\$ 0	\$ 111,983	\$ 0	\$ 99,858	\$ 149

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 11,016	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Recycled Materials	0	0	25,371	0	0	0
Miscellaneous Refunds	27,522	0	0	0	0	779
Expenditure Credits	71	0	0	0	0	0
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	0	0	0	0	0	600
Total Other Local Revenues	\$ 38,609	\$ 0	\$ 25,371	\$ 0	\$ 0	\$ 1,379
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Trustee	\$ 46,969	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	101,604	0	0	0	0	0
Circuit Court Clerk	32,612	0	0	0	0	0
General Sessions Court Clerk	64,773	0	0	0	0	0
Clerk and Master	30,814	0	0	0	0	0
Register	35,963	0	0	0	0	0
Sheriff	7,369	0	0	0	0	0
Total Fees Received From County Officials	\$ 320,104	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	6,509	0	0	0	0	0

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	\$ 5,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	3,923	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	257,398
Litter Program	44,209	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	6,466	0	0	0	0	0
Beer Tax	17,959	0	0	0	0	0
Vehicle Certificate of Title Fees	899	0	0	0	0	0
Alcoholic Beverage Tax	27,887	0	0	0	0	0
State Revenue Sharing - T.V.A.	287,798	0	0	0	0	7,000
Contracted Prisoner Boarding	56,940	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,807,631
Petroleum Special Tax	0	0	0	0	0	5,672
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	36,230	0	20,477	0	0	0
Other State Revenues	22,303	0	0	0	0	0
Total State of Tennessee	\$ 540,687	\$ 0	\$ 20,477	\$ 0	\$ 0	\$ 2,077,701
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	113,010	0	0	0	0	0

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	\$ 17,184	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Direct Federal Revenue	138,738	0	0	0	0	0
Total Federal Government	<u>\$ 273,932</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 79,398	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other	112,641	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 192,039</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 4,269,471</u>	<u>\$ 16,762</u>	<u>\$ 598,728</u>	<u>\$ 13,474</u>	<u>\$ 99,858</u>	<u>\$ 2,079,608</u>

Exhibit J-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General	
	Debt	
	Service	Total
<hr/>		
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 139,222	\$ 2,297,717
Trustee's Collections - Prior Year	4,717	76,721
Circuit Clerk/Clerk and Master Collections - Prior Years	4,691	77,418
Interest and Penalty	1,082	17,866
Pickup Taxes	153	2,525
Payments in-Lieu-of Taxes - Other	0	75,638
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	317,411
Hotel/Motel Tax	0	39,667
Wheel Tax	0	192,915
Litigation Tax - General	0	46,263
Litigation Tax - Special Purpose	1,375	5,359
Litigation Tax - Jail, Workhouse, or Courthouse	0	16,052
Business Tax	0	38,579
Mineral Severance Tax	0	379
<u>Statutory Local Taxes</u>		
Bank Excise Tax	1,348	22,249
Wholesale Beer Tax	11,392	113,918
Beer Privilege Tax	0	1,140
Interstate Telecommunications Tax	0	42,941
Total Local Taxes	<u>\$ 163,980</u>	<u>\$ 3,384,758</u>
<u>Licenses and Permits</u>		
<u>Permits</u>		
Beer Permits	\$ 0	\$ 1,188

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>		
	General	Debt	Total
	Service		
<hr/>			
<u>Licenses and Permits (Cont.)</u>			
<u>Permits (Cont.)</u>			
Building Permits	\$ 0	\$	25,005
Total Licenses and Permits	<u>\$ 0</u>	<u>\$</u>	<u>26,193</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$	4,544
Officers Costs	0		4,303
Drug Control Fines	0		3,458
Drug Court Fees	0		1,505
Veterans Treatment Court Fees	0		927
Jail Fees	0		1,285
DUI Treatment Fines	0		238
Data Entry Fee - Circuit Court	0		599
Courtroom Security Fee	0		1,243
<u>General Sessions Court</u>			
Fines	0		5,208
Fines for Littering	0		48
Officers Costs	0		13,842
Game and Fish Fines	0		451
Drug Control Fines	0		10,016
Drug Court Fees	0		4,540
Veterans Treatment Court Fees	0		2,356
Jail Fees	0		19,795
DUI Treatment Fines	0		1,857
Data Entry Fee - General Sessions Court	0		3,686
Courtroom Security Fee	0		12,769

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court</u>		
Fines	\$ 0	\$ 1,132
<u>Chancery Court</u>		
Data Entry Fee - Chancery Court	0	432
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 94,234</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	\$ 0	\$ 110,490
Surcharge - Waste Tire Disposal	0	1,493
Other General Service Charges	0	2,458
<u>Fees</u>		
Recreation Fees	0	4,410
Greenbelt Late Application Fee	0	100
Telephone Commissions	0	7,517
Vending Machine Collections	0	1,669
Constitutional Officers' Fees and Commissions	0	99,858
Data Processing Fee - Register	0	3,036
Sexual Offender Registration Fee - Sheriff	0	1,800
Data Processing Fee - County Clerk	0	5,968
Vehicle Insurance Coverage and Reinstatement Fees	0	215
<u>Education Charges</u>		
Other Charges for Services	0	7,383
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 246,397</u>

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 51,202	\$ 62,218
Sale of Recycled Materials	0	25,371
Miscellaneous Refunds	0	28,301
Expenditure Credits	0	71
<u>Nonrecurring Items</u>		
Damages Recovered from Individuals	0	600
Total Other Local Revenues	<u>\$ 51,202</u>	<u>\$ 116,561</u>
<u>Fees Received From County Officials</u>		
<u>Excess Fees</u>		
Trustee	\$ 0	\$ 46,969
<u>Fees In-Lieu-of Salary</u>		
County Clerk	0	101,604
Circuit Court Clerk	0	32,612
General Sessions Court Clerk	0	64,773
Clerk and Master	0	30,814
Register	0	35,963
Sheriff	0	7,369
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 320,104</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Aging Programs	0	6,509

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>		
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	\$ 0	\$ 5,400
<u>Health and Welfare Grants</u>		
Other Health and Welfare Grants	0	3,923
<u>Public Works Grants</u>		
State Aid Program	0	257,398
Litter Program	0	44,209
<u>Other State Revenues</u>		
Income Tax	0	6,466
Beer Tax	0	17,959
Vehicle Certificate of Title Fees	0	899
Alcoholic Beverage Tax	0	27,887
State Revenue Sharing - T.V.A.	0	294,798
Contracted Prisoner Boarding	0	56,940
Gasoline and Motor Fuel Tax	0	1,807,631
Petroleum Special Tax	0	5,672
Registrar's Salary Supplement	0	15,164
Other State Grants	0	56,707
Other State Revenues	0	22,303
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 2,638,865</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Civil Defense Reimbursement	\$ 0	\$ 5,000
Other Federal through State	0	113,010

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Federal Government (Cont.)</u>		
<u>Direct Federal Revenue</u>		
Police Service (Lake Area)	\$ 0	\$ 17,184
Other Direct Federal Revenue	0	<u>138,738</u>
Total Federal Government	<u>\$ 0</u>	<u>\$ 273,932</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 446,363	\$ 525,761
Other	0	112,641
Total Other Governments and Citizens Groups	<u>\$ 446,363</u>	<u>\$ 638,402</u>
Total	<u>\$ 661,545</u>	<u>\$ 7,739,446</u>

Exhibit J-6

Clay County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Clay County School Department
For the Year Ended June 30, 2019

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,299,774	\$ 0	\$ 0	\$ 1,299,774
Trustee's Collections - Prior Year	43,345	0	0	43,345
Circuit Clerk/Clerk and Master Collections - Prior Years	39,341	0	0	39,341
Interest and Penalty	10,107	0	0	10,107
Pickup Taxes	1,429	0	0	1,429
<u>County Local Option Taxes</u>				
Local Option Sales Tax	652,358	0	0	652,358
<u>Statutory Local Taxes</u>				
Bank Excise Tax	12,586	0	0	12,586
Total Local Taxes	\$ 2,058,940	\$ 0	\$ 0	\$ 2,058,940
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 551	\$ 0	\$ 0	\$ 551
<u>Permits</u>				
Other Permits	70	0	0	70
Total Licenses and Permits	\$ 621	\$ 0	\$ 0	\$ 621
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 38,557	\$ 38,557
Lunch Payments - Adults	0	0	17,910	17,910
Income from Breakfast	0	0	18,020	18,020
A la Carte Sales	0	0	10,114	10,114

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Contract for Student Support Services with Other LEA's	\$ 23,400	\$ 0	\$ 0	\$ 23,400
Receipts from Individual Schools	22,012	0	0	22,012
Community Service Fees - Adults	0	0	1,675	1,675
Total Charges for Current Services	\$ 45,412	\$ 0	\$ 86,276	\$ 131,688
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 923	\$ 0	\$ 1,404	\$ 2,327
Sale of Materials and Supplies	19	0	0	19
E-Rate Funding	10,142	0	0	10,142
Miscellaneous Refunds	80,303	0	714	81,017
<u>Nonrecurring Items</u>				
Sale of Equipment	1,006	0	0	1,006
Damages Recovered from Individuals	80	0	0	80
<u>Other Local Revenues</u>				
Other Local Revenues	116	0	0	116
Total Other Local Revenues	\$ 92,589	\$ 0	\$ 2,118	\$ 94,707
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 23,212	\$ 0	\$ 0	\$ 23,212
<u>State Education Funds</u>				
Basic Education Program	6,818,149	0	0	6,818,149
Early Childhood Education	313,299	0	0	313,299

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
School Food Service	\$ 5,578	\$ 0	\$ 0	\$ 5,578
Other State Education Funds	300,547	7,722	0	308,269
Career Ladder Program	28,202	0	0	28,202
<u>Other State Revenues</u>				
Flood Control	160,079	0	0	160,079
Other State Grants	78,000	0	0	78,000
Other State Revenues	591	0	0	591
Total State of Tennessee	\$ 7,727,657	\$ 7,722	\$ 0	\$ 7,735,379
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 333,396	\$ 333,396
USDA - Commodities	0	0	38,339	38,339
Breakfast	0	0	149,745	149,745
USDA - Other	0	0	11,500	11,500
Vocational Education - Basic Grants to States	0	26,105	0	26,105
Title I Grants to Local Education Agencies	0	421,537	0	421,537
Special Education - Grants to States	0	240,662	0	240,662
Special Education Preschool Grants	0	10,364	0	10,364
Rural Education	0	13,979	0	13,979
Eisenhower Professional Development State Grants	0	62,717	0	62,717
Other Federal through State	0	39,688	0	39,688
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	92,176	0	0	92,176
Total Federal Government	\$ 92,176	\$ 815,052	\$ 532,980	\$ 1,440,208

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Other Governments and Citizens Groups</u>				
<u>Citizens Groups</u>				
Donations	\$ 694	\$ 0	\$ 0	\$ 694
Total Other Governments and Citizens Groups	\$ 694	\$ 0	\$ 0	\$ 694
Total	\$ 10,018,089	\$ 822,774	\$ 621,374	\$ 11,462,237

Exhibit J-7

Clay County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2019

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	20,951	
Audit Services		2,987	
Dues and Memberships		1,050	
Other Contracted Services		23	
Other Charges		839	
Total County Commission			\$ 25,850

Board of Equalization

Board and Committee Members Fees	\$	1,150	
Total Board of Equalization			1,150

Beer Board

Legal Notices, Recording, and Court Costs	\$	115	
Total Beer Board			115

County Mayor/Executive

County Official/Administrative Officer	\$	76,886	
Accountants/Bookkeepers		27,536	
Clerical Personnel		20,437	
Communication		3,719	
Data Processing Services		7,352	
Dues and Memberships		1,989	
Maintenance Agreements		718	
Postal Charges		1,459	
Printing, Stationery, and Forms		788	
Travel		533	
Office Supplies		1,389	
Office Equipment		1,000	
Total County Mayor/Executive			143,806

County Attorney

County Official/Administrative Officer	\$	10,000	
Total County Attorney			10,000

Election Commission

County Official/Administrative Officer	\$	53,256	
Other Salaries and Wages		18,826	
Election Commission		8,382	
Election Workers		19,483	
In-service Training		291	
Communication		2,697	
Dues and Memberships		350	
Maintenance and Repair Services - Buildings		2,910	
Maintenance and Repair Services - Equipment		12,174	
Postal Charges		514	
Printing, Stationery, and Forms		320	
Travel		4,546	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Office Supplies	\$ 3,681	
Office Equipment	2,561	
Total Election Commission		\$ 129,991

Register of Deeds

County Official/Administrative Officer	\$ 66,569	
Deputy(ies)	18,866	
Communication	1,639	
Data Processing Services	2,096	
Dues and Memberships	561	
Postal Charges	94	
Printing, Stationery, and Forms	699	
Travel	273	
Duplicating Supplies	896	
Office Supplies	516	
Office Equipment	300	
Total Register of Deeds		92,509

County Buildings

Custodial Personnel	\$ 58,597	
Communication	662	
Evaluation and Testing	352	
Maintenance and Repair Services - Buildings	10,923	
Maintenance and Repair Services - Vehicles	4,581	
Remittance of Revenue Collected	12,784	
Custodial Supplies	4,051	
Electricity	11,701	
Gasoline	6,614	
Natural Gas	4,307	
Uniforms	675	
Water and Sewer	2,713	
Total County Buildings		117,960

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 66,569	
Deputy(ies)	22,464	
Part-time Personnel	4,576	
In-service Training	120	
Communication	2,219	
Contracts with Private Agencies	5,952	
Data Processing Services	2,867	
Dues and Memberships	1,000	
Postal Charges	754	
Travel	1,801	
Office Supplies	844	
Office Equipment	246	
Total Property Assessor's Office		109,412

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

Data Processing Services	\$	4,002	
Dues and Memberships		471	
Legal Notices, Recording, and Court Costs		92	
Maintenance and Repair Services - Equipment		10,351	
Postal Charges		1,194	
Printing, Stationery, and Forms		75	
Office Supplies		3,719	
Office Equipment		358	
Total County Trustee's Office			\$ 20,262

County Clerk's Office

County Official/Administrative Officer	\$	66,569	
Deputy(ies)		45,244	
Other Per Diem and Fees		2,500	
Communication		2,897	
Data Processing Services		2,000	
Dues and Memberships		571	
Maintenance and Repair Services - Equipment		948	
Postal Charges		1,744	
Rentals		3,600	
Office Supplies		3,367	
Total County Clerk's Office			129,440

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	66,569	
Deputy(ies)		65,392	
Other Salaries and Wages		3,500	
Jury and Witness Expense		1,673	
In-service Training		340	
Communication		2,247	
Dues and Memberships		631	
Maintenance Agreements		13,600	
Postal Charges		1,474	
Printing, Stationery, and Forms		461	
Travel		123	
Remittance of Revenue Collected		8,879	
Office Supplies		2,219	
Office Equipment		40	
Total Circuit Court			167,148

General Sessions Court

Judge(s)	\$	77,353	
Total General Sessions Court			77,353

Chancery Court

County Official/Administrative Officer	\$	66,569	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Deputy(ies)	\$	18,501	
Communication		1,278	
Data Processing Services		5,049	
Dues and Memberships		631	
Maintenance Agreements		397	
Postal Charges		1,607	
Office Supplies		1,331	
Total Chancery Court			\$ 95,363

Juvenile Court

Supervisor/Director	\$	9,000	
Social Security		688	
Unemployment Compensation		56	
Other Contracted Services		5,764	
Total Juvenile Court			15,508

Judicial Commissioners

County Official/Administrative Officer	\$	11,865	
Other Salaries and Wages		600	
Office Supplies		83	
Premiums on Corporate Surety Bonds		100	
Total Judicial Commissioners			12,648

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	73,226	
Assistant(s)		37,297	
Deputy(ies)		317,598	
Accountants/Bookkeepers		25,058	
Salary Supplements		5,400	
Dispatchers/Radio Operators		194,189	
Cafeteria Personnel		35,633	
Other Salaries and Wages		23,903	
In-service Training		12,640	
Other Per Diem and Fees		1,000	
Communication		11,378	
Contracts with Government Agencies		400	
Contracts with Other Public Agencies		7,047	
Dues and Memberships		1,825	
Evaluation and Testing		2,014	
Licenses		140	
Maintenance and Repair Services - Equipment		5,572	
Maintenance and Repair Services - Vehicles		28,362	
Pest Control		250	
Postal Charges		822	
Printing, Stationery, and Forms		1,005	
Travel		11,080	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Gasoline	\$	55,522	
Law Enforcement Supplies		2,800	
Office Supplies		3,106	
Tires and Tubes		4,572	
Uniforms		9,471	
Other Supplies and Materials		22	
Premiums on Corporate Surety Bonds		12	
Other Charges		1,002	
Other Equipment		11,406	
Total Sheriff's Department			\$ 883,752

Drug Enforcement

Motor Vehicles	\$	44,645	
Total Drug Enforcement			44,645

Jail

Guards	\$	25,803	
Communication		3,634	
Contracts with Government Agencies		161,901	
Maintenance and Repair Services - Buildings		9,203	
Other Contracted Services		7,674	
Custodial Supplies		4,019	
Drugs and Medical Supplies		84,350	
Electricity		19,731	
Food Preparation Supplies		469	
Food Supplies		32,142	
Gasoline		312	
Water and Sewer		1,866	
Other Supplies and Materials		2,044	
Other Charges		14,571	
Total Jail			367,719

Correctional Incentive Program Improvements

Other Equipment	\$	2,680	
Total Correctional Incentive Program Improvements			2,680

Juvenile Services

School Resource Officer	\$	64,100	
In-service Training		3,984	
Total Juvenile Services			68,084

Fire Prevention and Control

Disability Insurance	\$	14,277	
Contributions		20,000	
Total Fire Prevention and Control			34,277

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 2,500	
Total Rescue Squad		\$ 2,500

Other Emergency Management

Supervisor/Director	\$ 6,800	
Secretary(ies)	4,800	
Other Salaries and Wages	15,000	
Communication	1,734	
Maintenance Agreements	850	
Maintenance and Repair Services - Equipment	2,718	
Travel	18	
Office Supplies	638	
Road Signs	1,123	
Other Charges	1,360	
Other Equipment	13,149	
Total Other Emergency Management		48,190

County Coroner/Medical Examiner

Other Salaries and Wages	\$ 1,350	
Other Per Diem and Fees	13,655	
Total County Coroner/Medical Examiner		15,005

Other Public Safety

Guards	\$ 22,487	
Total Other Public Safety		22,487

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$ 6,600	
Communication	2,950	
Maintenance and Repair Services - Buildings	16,056	
Custodial Supplies	450	
Drugs and Medical Supplies	971	
Office Supplies	1,249	
Utilities	15,600	
Total Local Health Center		43,876

Ambulance/Emergency Medical Services

Other Contracted Services	\$ 360,000	
Total Ambulance/Emergency Medical Services		360,000

Alcohol and Drug Programs

Other Salaries and Wages	\$ 111,000	
Other Charges	109,104	
Total Alcohol and Drug Programs		220,104

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services

Other Salaries and Wages	\$ 2,642	
Unemployment Compensation	21	
Travel	317	
Total Other Local Health Services		\$ 2,980

Appropriation to State

Other Contracted Services	\$ 5,360	
Total Appropriation to State		5,360

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 18,080	
Social Security	887	
Unemployment Compensation	56	
Communication	1,749	
Postal Charges	64	
Travel	734	
Utilities	22,959	
Other Charges	8,643	
Total Senior Citizens Assistance		53,172

Libraries

Supervisor/Director	\$ 25,121	
Part-time Personnel	8,878	
Other Salaries and Wages	18,034	
Communication	2,034	
Dues and Memberships	154	
Postal Charges	142	
Travel	387	
Other Contracted Services	1,343	
Custodial Supplies	1,230	
Electricity	3,968	
Instructional Supplies and Materials	344	
Library Books/Media	14,351	
Office Supplies	3,933	
Periodicals	447	
Water and Sewer	625	
Other Supplies and Materials	6,925	
Other Charges	1,630	
Office Equipment	9,541	
Total Libraries		99,087

Parks and Fair Boards

Other Salaries and Wages	\$ 10,000	
Maintenance and Repair Services - Buildings	8,037	
Electricity	14,632	
Natural Gas	2,568	
Water and Sewer	1,684	
Total Parks and Fair Boards		36,921

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational

Contributions	\$ 10,834	
Total Other Social, Cultural, and Recreational		\$ 10,834

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 46,505	
Social Security	9,746	
Extension Service Medicare	328	
Communication	1,804	
Contributions	22,082	
Travel	4,665	
Other Charges	436	
Total Agricultural Extension Service		85,566

Forest Service

Contributions	\$ 1,000	
Total Forest Service		1,000

Soil Conservation

Secretary(ies)	\$ 19,094	
Other Salaries and Wages	34,244	
Communication	2,134	
Utilities	1,130	
Premiums on Corporate Surety Bonds	180	
Total Soil Conservation		56,782

Other Operations

Tourism

Clerical Personnel	\$ 6,137	
Advertising	18,828	
Communication	2,496	
Contributions	1,100	
Dues and Memberships	135	
Postal Charges	50	
Travel	551	
Office Supplies	4,122	
Other Charges	1,652	
Total Tourism		35,071

Industrial Development

Advertising	\$ 3,350	
Consultants	27,540	
Travel	1,839	
Instructional Supplies and Materials	34,699	
Office Supplies	293	
Total Industrial Development		67,721

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Other Salaries and Wages	\$	16,640	
In-service Training		449	
Total Veterans' Services			\$ 17,089

Other Charges

Liability Insurance	\$	88,712	
Trustee's Commission		54,219	
Workers' Compensation Insurance		75,178	
Other Debt Issuance Charges		100	
Total Other Charges			218,209

Employee Benefits

Social Security	\$	148,404	
Pensions		136,486	
Medical Insurance		69,679	
Unemployment Compensation		3,948	
Total Employee Benefits			358,517

Highways

Litter and Trash Collection

Supervisor/Director	\$	24,393	
Laborers		8,736	
Other Charges		8,839	
Total Litter and Trash Collection			41,968

Total General Fund \$ 4,352,111

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	4,184	
Other Capital Outlay		37,480	
Total County Buildings			\$ 41,664

Other Operations

Other Charges

Trustee's Commission	\$	173	
Total Other Charges			173

Total Courthouse and Jail Maintenance Fund 41,837

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$	44,595	
Laborers		128,976	
Clerical Personnel		14,144	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Social Security	\$	14,364	
Unemployment Compensation		888	
Communication		1,985	
Contracts with Private Agencies		153,835	
Evaluation and Testing		155	
Legal Notices, Recording, and Court Costs		288	
Maintenance and Repair Services - Buildings		495	
Maintenance and Repair Services - Equipment		2,051	
Maintenance and Repair Services - Vehicles		18,198	
Postal Charges		50	
Rentals		7,000	
Custodial Supplies		1,118	
Electricity		4,896	
Gasoline		21,320	
Natural Gas		1,400	
Office Supplies		697	
Tires and Tubes		8,638	
Uniforms		2,472	
Water and Sewer		509	
Other Charges		1,608	
Site Development		22,954	
Solid Waste Equipment		15,318	
Total Waste Pickup			\$ 467,954

Other Operations

Other Charges

Trustee's Commission	\$	9,865	
Total Other Charges			9,865

Total Solid Waste/Sanitation Fund \$ 477,819

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	1,109	
Confidential Drug Enforcement Payments		6,100	
Other Supplies and Materials		2,425	
Other Charges		4,543	
Law Enforcement Equipment		18,200	
Total Drug Enforcement			\$ 32,377

Other Operations

Other Charges

Trustee's Commission	\$	142	
Total Other Charges			142

Total Drug Control Fund 32,519

(Continued)

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

County Official/Administrative Officer	\$	66,569	
Deputy(ies)		30,922	
Constitutional Officers' Operating Expenses		2,109	
Total County Trustee's Office			\$ 99,600

Total Constitutional Officers - Fees Fund \$ 99,600

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	73,226	
Accountants/Bookkeepers		33,089	
Secretary(ies)		26,538	
Advertising		339	
Communication		2,198	
Data Processing Services		7,319	
Dues and Memberships		2,265	
Postal Charges		300	
Other Contracted Services		10,272	
Other Charges		4,116	
Total Administration			\$ 159,662

Highway and Bridge Maintenance

Equipment Operators	\$	164,984	
Truck Drivers		135,773	
Laborers		169,163	
Rentals		2,959	
Other Contracted Services		1,935	
Asphalt - Hot Mix		28,103	
Asphalt - Liquid		183,369	
Concrete		944	
Crushed Stone		252,953	
Pipe		19,586	
Road Signs		1,600	
Salt		4,645	
Other Supplies and Materials		276	
Other Charges		1,312	
Total Highway and Bridge Maintenance			967,602

Operation and Maintenance of Equipment

Mechanic(s)	\$	26,379	
Maintenance and Repair Services - Equipment		17,342	
Diesel Fuel		76,753	
Equipment and Machinery Parts		32,635	
Gasoline		15,860	
Lubricants		8,132	
Natural Gas		1,659	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Small Tools	\$	45	
Tires and Tubes		23,614	
Other Supplies and Materials		782	
Total Operation and Maintenance of Equipment			\$ 203,201

Other Charges

Electricity	\$	4,325	
Water and Sewer		1,183	
Trustee's Commission		18,143	
Vehicle and Equipment Insurance		17,402	
Workers' Compensation Insurance		77,430	
Total Other Charges			118,483

Employee Benefits

Social Security	\$	36,933	
Pensions		40,000	
Medical Insurance		43,650	
Unemployment Compensation		6,029	
Employer Medicare		8,486	
Total Employee Benefits			135,098

Capital Outlay

Highway Equipment	\$	14,500	
Total Capital Outlay			14,500

Total Highway/Public Works Fund \$ 1,598,546

General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$	56,726	
Total General Government			\$ 56,726

Education

Principal on Bonds	\$	260,000	
Total Education			260,000

Interest on Debt

General Government

Interest on Other Loans	\$	2,168	
Total General Government			2,168

Education

Interest on Bonds	\$	180,963	
Total Education			180,963

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	<u>\$ 3,245</u>		
Total General Government		\$ 3,245	
 <u>Education</u>			
Other Debt Service	<u>\$ 400</u>		
Total Education			<u>400</u>
 Total General Debt Service Fund			 <u>\$ 503,502</u>
 Total Governmental Funds - Primary Government			 <u><u>\$ 7,105,934</u></u>

Exhibit J-8

Clay County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clay County School Department
For the Year Ended June 30, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,661,979	
Career Ladder Program		12,000	
Career Ladder Extended Contracts		5,825	
Educational Assistants		84,163	
Certified Substitute Teachers		37,177	
Non-certified Substitute Teachers		24,901	
Social Security		152,883	
Pensions		214,075	
Medical Insurance		440,005	
Unemployment Compensation		2,496	
Local Retirement		49,145	
Employer Medicare		36,887	
Other Contracted Services		27,846	
Instructional Supplies and Materials		53,160	
Textbooks - Bound		78,330	
Other Charges		587	
Regular Instruction Equipment		66,605	
Total Regular Instruction Program	\$		3,948,064

Alternative Instruction Program

Teachers	\$	27,746	
Certified Substitute Teachers		271	
Non-certified Substitute Teachers		485	
Social Security		1,624	
Pensions		2,918	
Medical Insurance		3,343	
Unemployment Compensation		13	
Employer Medicare		383	
Instructional Supplies and Materials		150	
Total Alternative Instruction Program			36,933

Special Education Program

Teachers	\$	333,005	
Career Ladder Program		3,145	
Homebound Teachers		28,825	
Educational Assistants		38,508	
Speech Pathologist		4,791	
Certified Substitute Teachers		8,675	
Non-certified Substitute Teachers		3,699	
Social Security		23,774	
Pensions		35,437	
Medical Insurance		43,940	
Unemployment Compensation		381	
Local Retirement		4,679	
Employer Medicare		5,683	
Contracts with Other Public Agencies		245	
Total Special Education Program			534,787

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Teachers	\$	153,103	
Career Ladder Program		1,000	
Certified Substitute Teachers		3,126	
Non-certified Substitute Teachers		1,886	
Social Security		9,336	
Pensions		16,149	
Medical Insurance		7,659	
Unemployment Compensation		97	
Employer Medicare		2,226	
Travel		4,353	
Other Contracted Services		91,822	
Instructional Supplies and Materials		5,351	
Textbooks - Bound		403	
Other Supplies and Materials		273	
Vocational Instruction Equipment		72,029	
Total Career and Technical Education Program			\$ 368,813

Support Services

Attendance

Supervisor/Director	\$	34,548	
Career Ladder Program		500	
Social Security		1,997	
Pensions		3,666	
Medical Insurance		4,002	
Unemployment Compensation		14	
Employer Medicare		467	
Travel		3,672	
Other Contracted Services		3,896	
Other Supplies and Materials		242	
Total Attendance			53,004

Health Services

Medical Personnel	\$	90,974	
Other Salaries and Wages		63,982	
Social Security		9,042	
Pensions		14,424	
Medical Insurance		11,256	
Unemployment Compensation		106	
Employer Medicare		2,115	
Travel		2,520	
Drugs and Medical Supplies		406	
Other Supplies and Materials		3,635	
Health Equipment		1,115	
Total Health Services			199,575

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Guidance Personnel	\$	164,728	
Social Security		9,548	
Pensions		17,231	
Medical Insurance		10,585	
Unemployment Compensation		80	
Employer Medicare		2,233	
Evaluation and Testing		2,658	
Travel		3,183	
Other Contracted Services		38,964	
Other Charges		3,205	
Total Other Student Support	\$		252,415

Regular Instruction Program

Supervisor/Director	\$	53,375	
Librarians		138,950	
Other Salaries and Wages		5,690	
Social Security		11,537	
Pensions		20,117	
Medical Insurance		5,628	
Unemployment Compensation		97	
Employer Medicare		2,778	
Travel		6,617	
Library Books/Media		7,636	
Other Supplies and Materials		1,301	
In Service/Staff Development		11,921	
Total Regular Instruction Program			265,647

Special Education Program

Supervisor/Director	\$	34,583	
Clerical Personnel		16,806	
Other Salaries and Wages		15,002	
Social Security		3,733	
Pensions		5,904	
Medical Insurance		2,376	
Unemployment Compensation		49	
Employer Medicare		873	
Postal Charges		400	
Travel		291	
Other Contracted Services		45,752	
Total Special Education Program			125,769

Career and Technical Education Program

Supervisor/Director	\$	28,443	
Unemployment Compensation		23	
Employer Medicare		401	
Travel		399	
Instructional Supplies and Materials		402	
Total Career and Technical Education Program			29,668

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Technology

Career Ladder Program	\$	500	
Education Media Personnel		30,852	
Instructional Computer Personnel		34,548	
Social Security		3,804	
Pensions		5,884	
Medical Insurance		8,670	
Unemployment Compensation		41	
Employer Medicare		890	
Internet Connectivity		10,515	
Travel		3,171	
Other Equipment		7,461	
Total Technology			\$ 106,336

Other Programs

On-behalf Payments to OPEB	\$	23,212	
Total Other Programs			23,212

Board of Education

Other Salaries and Wages	\$	1,900	
Board and Committee Members Fees		11,000	
Social Security		741	
Pensions		72	
Life Insurance		3,271	
Unemployment Compensation		52	
Employer Medicare		186	
Advertising		1,974	
Audit Services		3,000	
Dues and Memberships		9,366	
Legal Services		14,309	
Trustee's Commission		57,634	
Workers' Compensation Insurance		52,356	
Refund to Applicant for Criminal Investigation		1,256	
Other Charges		262	
Total Board of Education			157,379

Director of Schools

County Official/Administrative Officer	\$	81,243	
Career Ladder Program		900	
Social Security		5,093	
Pensions		8,592	
Unemployment Compensation		28	
Employer Medicare		1,191	
Communication		26,206	
Dues and Memberships		57	
Postal Charges		3,257	
Travel		531	
Office Supplies		1,029	
Total Director of Schools			128,127

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	192,284	
Career Ladder Program		1,000	
Assistant Principals		113,879	
Secretary(ies)		58,033	
Clerical Personnel		11,764	
Social Security		21,167	
Pensions		37,148	
Medical Insurance		53,436	
Unemployment Compensation		243	
Employer Medicare		4,950	
Communication		4,522	
Travel		2,601	
Other Contracted Services		2,970	
Other Charges		3,045	
Total Office of the Principal			\$ 507,042

Fiscal Services

Accountants/Bookkeepers	\$	70,336	
Secretary(ies)		44,136	
Social Security		5,345	
Pensions		6,555	
Medical Insurance		11,856	
Unemployment Compensation		108	
Employer Medicare		1,557	
Travel		5,095	
Other Contracted Services		10,731	
Data Processing Supplies		1,369	
Office Supplies		2,273	
Other Charges		348	
Administration Equipment		1,640	
Total Fiscal Services			161,349

Operation of Plant

Custodial Personnel	\$	94,498	
Social Security		5,753	
Pensions		6,444	
Medical Insurance		4,667	
Unemployment Compensation		166	
Employer Medicare		1,316	
Maintenance and Repair Services - Equipment		12,895	
Travel		613	
Contracts for Landfill Facilities		16,494	
Other Contracted Services		159,062	
Custodial Supplies		20,202	
Electricity		324,236	
Fuel Oil		11,537	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Water and Sewer	\$	28,938	
Other Supplies and Materials		280	
Building and Contents Insurance		57,728	
Other Charges		418	
Plant Operation Equipment		9,270	
Total Operation of Plant			\$ 754,517

Maintenance of Plant

Other Salaries and Wages	\$	138,894	
Social Security		7,976	
Pensions		7,453	
Medical Insurance		14,223	
Unemployment Compensation		149	
Employer Medicare		1,929	
Maintenance and Repair Services - Buildings		5,716	
Maintenance and Repair Services - Equipment		4,309	
Rentals		1,620	
Food Supplies		68	
Other Supplies and Materials		19,961	
Other Charges		279	
Administration Equipment		51,932	
Maintenance Equipment		1,539	
Total Maintenance of Plant			256,048

Transportation

Mechanic(s)	\$	34,020	
Bus Drivers		219,077	
Longevity Pay		5,300	
Other Salaries and Wages		2,609	
Social Security		15,786	
Pensions		18,712	
Medical Insurance		5,340	
Unemployment Compensation		424	
Employer Medicare		3,714	
Communication		3,925	
Licenses		431	
Maintenance and Repair Services - Vehicles		14,021	
Medical and Dental Services		1,711	
Travel		1,394	
Other Contracted Services		600	
Diesel Fuel		68,071	
Gasoline		8,514	
Lubricants		3,456	
Tires and Tubes		8,154	
Vehicle Parts		19,202	
Other Supplies and Materials		1,299	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Vehicle and Equipment Insurance	\$	22,450	
Other Charges		2,455	
Transportation Equipment		67,113	
Total Transportation			\$ 527,778

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	66,375	
Career Ladder Program		1,000	
Social Security		3,844	
Pensions		7,048	
Medical Insurance		8,005	
Unemployment Compensation		28	
Employer Medicare		899	
Communication		995	
Travel		1,819	
Total Food Service			90,013

Community Services

Supervisor/Director	\$	24,000	
Other Salaries and Wages		3,321	
Social Security		1,629	
Pensions		2,857	
Unemployment Compensation		15	
Employer Medicare		381	
Travel		126	
Other Supplies and Materials		890	
Other Charges		250	
Total Community Services			33,469

Early Childhood Education

Principals	\$	6,000	
Supervisor/Director		14,000	
Teachers		152,215	
Clerical Personnel		6,000	
Educational Assistants		50,402	
Non-certified Substitute Teachers		2,435	
Social Security		13,050	
Pensions		21,972	
Medical Insurance		29,302	
Unemployment Compensation		196	
Employer Medicare		3,052	
Travel		2,529	
Instructional Supplies and Materials		8,644	
Regular Instruction Equipment		3,502	
Total Early Childhood Education			313,299

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	3,275	
Building Improvements		54,405	
Heating and Air Conditioning Equipment		7,884	
Site Development		89,985	
Other Capital Outlay		17,486	
Total Regular Capital Outlay			\$ 173,035

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	260,000	
Total Education			260,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	180,963	
Total Education			180,963

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	400	
Total Education			400

Total General Purpose School Fund \$ 9,487,642

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	193,749	
Educational Assistants		88,894	
Certified Substitute Teachers		165	
Non-certified Substitute Teachers		851	
Social Security		15,785	
Pensions		22,824	
Medical Insurance		44,342	
Unemployment Compensation		423	
Employer Medicare		3,692	
Other Contracted Services		34,074	
Instructional Supplies and Materials		16,747	
Other Charges		499	
Regular Instruction Equipment		4,458	
Total Regular Instruction Program			\$ 426,503

Special Education Program

Teachers	\$	45,252	
Educational Assistants		50,611	
Speech Pathologist		1,754	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	5,496	
Pensions		8,258	
Medical Insurance		15,246	
Unemployment Compensation		138	
Employer Medicare		1,285	
Other Contracted Services		9,568	
Instructional Supplies and Materials		4,497	
Special Education Equipment		849	
Total Special Education Program			\$ 142,954

Career and Technical Education Program

Instructional Supplies and Materials	\$	1,843	
Other Supplies and Materials		2,903	
Vocational Instruction Equipment		11,387	
Total Career and Technical Education Program			16,133

Support Services

Other Student Support

Other Salaries and Wages	\$	938	
Social Security		58	
Pensions		85	
Unemployment Compensation		4	
Employer Medicare		14	
Travel		4,561	
Other Contracted Services		900	
Other Supplies and Materials		323	
In Service/Staff Development		3,412	
Total Other Student Support			10,295

Regular Instruction Program

Supervisor/Director	\$	34,137	
Other Salaries and Wages		40,809	
Social Security		2,180	
Pensions		4,602	
Medical Insurance		11,256	
Unemployment Compensation		56	
Employer Medicare		959	
Postal Charges		500	
Travel		549	
Other Supplies and Materials		1,458	
In Service/Staff Development		4,904	
Other Charges		416	
Total Regular Instruction Program			101,826

Special Education Program

Assessment Personnel	\$	27,471	
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(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Unemployment Compensation	\$	28	
Employer Medicare		389	
Maintenance and Repair Services - Equipment		83	
Postal Charges		400	
Travel		2,230	
Other Contracted Services		59,417	
Other Supplies and Materials		2,856	
In Service/Staff Development		1,431	
Other Equipment		984	
Total Special Education Program			\$ 95,289

Transportation

Bus Drivers	\$	6,113	
Social Security		379	
Pensions		440	
Unemployment Compensation		20	
Employer Medicare		89	
Diesel Fuel		300	
Total Transportation			7,341

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	1,050	
Social Security		65	
Pensions		76	
Employer Medicare		15	
Total Food Service			1,206

Total School Federal Projects Fund \$ 801,547

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	201,608
In-service Training		292
Social Security		11,231
Pensions		13,400
Medical Insurance		38,117
Unemployment Compensation		425
Employer Medicare		2,627
Communication		1,634
Maintenance and Repair Services - Equipment		10,543
Postal Charges		80
Transportation - Other than Students		3,315
Other Contracted Services		6,065
Food Preparation Supplies		9,297

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Supplies	\$ 236,105	
Office Supplies	2,769	
USDA - Commodities	38,339	
Other Supplies and Materials	10,608	
Workers' Compensation Insurance	6,907	
In Service/Staff Development	849	
Total Food Service	\$ 594,211	

Total Central Cafeteria Fund \$ 594,211

Total Governmental Funds - Clay County School Department \$ 10,883,400

Exhibit J-9

Clay County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2019

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 340,591
Total Cash Receipts	<u>\$ 340,591</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 337,185
Trustee's Commission	3,406
Total Cash Disbursements	<u>\$ 340,591</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2018	<u>0</u>
 Cash Balance, June 30, 2019	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy 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

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clay County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Clay County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated October 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clay County's internal control over financial reporting (internal control) to determine the 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 Clay County's internal control. Accordingly, we do not express an opinion on the effectiveness of Clay 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2019-001 and 2019-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clay 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

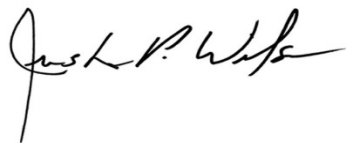
Clay County's Responses to the Findings

Clay County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Clay County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 10, 2019

JPW/yu



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy 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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Clay County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clay County's major federal programs for the year ended June 30, 2019. Clay County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

examining, on a test basis, evidence about Clay County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Clay County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

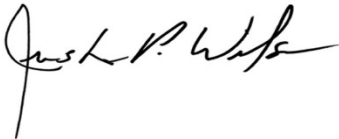
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clay County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Clay County's basic financial statements. We issued our report thereon dated October 10, 2019, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 10, 2019

JPW/yu

Clay County, Tennessee and the Clay County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2019

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Conservation Reserve Program	10.069	N/A	\$ 1,502
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	149,745
National School Lunch Program	10.555	N/A	343,047 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	38,339 (5)
Commodity Rebate	10.555	N/A	1,849 (5)
Total U.S. Department of Agriculture			<u>\$ 534,482</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	(3)	<u>\$ 5,850</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 75,638</u>
U.S. Department of Transportation:			
Passed-through State Department of Safety and Homeland Security:			
Alcohol Open Container Requirements	20.607	(3)	<u>\$ 2,500</u>
Institute of Museum and Library Services :			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(3)	<u>\$ 500</u>
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 92,176
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	419,588
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	240,662
Special Education - Preschool Grants	84.173	N/A	10,364
Career and Technical Education - Basic Grants to States	84.048	N/A	26,105
Rural Education	84.358	N/A	14,156
Supporting Effective Instruction State Grant	84.367	N/A	64,489
Student Support and Academic Enrichment Program	84.424	N/A	1,156
Total U.S. Department of Education			<u>\$ 868,696</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Direct Program:			
Drug-Free Communities Support Program Grants	93.276	(3)	\$ 137,236
Passed-through Upper Cumberland Development District:			
Special Programs for Aging, Title III Part D, Disease Prevention and Health Promotion Services	93.043	(3)	701
Aging Cluster: (4)			
Special Programs for Aging, Title III Part B, Grants for Supportive Services and Senior Citizens	93.044	(3)	6,945
Passed-through State Department of Mental Health and Substance Abuse Services:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	(3)	29,169
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(3)	67,345
Passed-through Tennessee Department of Human Services:			
CCDF Cluster: (4)			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575	(3)	38,532
Total U.S. Department of Health and Human Services			\$ 279,928
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 5,000
Total Expenditures of Federal Awards			\$ 1,772,594

State Grants		Contract Number	
Juvenile Justice - State Commission on Children and Youth	N/A	(3)	\$ 9,000
Aging Program - Upper Cumberland Development District	N/A	(3)	6,509
Rural Local Health Services - State Department of Health	N/A	GG-1959811	3,923
Litter Program - State Department of Transportation	N/A	(3)	44,209
Three Star Program - State Department of Economic and Community Development	N/A	(3)	25,000
Library TOP Grant - TN Department of State - Library and Archives.	N/A	(3)	444
Tourism Grant - State Department of Tourist Development	N/A	(3)	1,500
Arts Program Categorical Grants - Tennessee Arts Commission	N/A	(3)	8,000
Block Grants for Prevention and Treatment of Substance Abuse (Enforcing Underage Drinking) - State Department of Mental Health and Substance Abuse Services			
	N/A	(3)	1,286
Used Oil Grant - State Department of Environment and Conservation	N/A	(3)	20,477
Lottery for Education - PreK - State Department of Education	N/A	(3)	313,299
Coordinated School Health - State Department of Education	N/A	(3)	90,000
Family Resource Center - State Department of Education	N/A	(3)	29,612
Safe Schools Act - State Department of Education	N/A	(3)	44,072
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - State Department of Education			
	N/A	(3)	7,722
Supporting Postsecondary Access in Rural Counties (SPARC) - State Department of Education			
	N/A	(3)	75,000
TN Arts Commission STS - State Department of Education	N/A	(3)	3,000
Total State Grants			\$ 683,053

(Continued)

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

CFDA = Catalog of Federal Domestic Assistance
 N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Clay County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$532,980; Special Education Cluster total \$251,026; Aging Cluster \$6,945; CCDF Cluster total \$38,532.
- (5) Total for CFDA No. 10.555 is \$383,235.

CONSOLIDATED ADMINISTRATION

The following amounts were consolidated for administration purposes:

Program Title	Federal CFDA Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$33,221
Rural Education	84.358	177
Supporting Effective Instruction State Grant	84.367	1,772
Total amounts consolidated for administration purposes		<u>\$35,170</u>

Clay County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2019

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 Clay County, Tennessee, for the year ended June 30, 2019.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICES OF COUNTY MAYOR AND ROAD SUPERINTENDENT

2018	170	2018-001	The offices had not established formal purchase order systems	N/A	Not Corrected - See Explanation on Corrective Action Plan
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OFFICE OF ROAD SUPERINTENDENT

2018	171	2018-002	Competitive bids were not solicited for some purchases	N/A	Corrected
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OFFICE OF COUNTY CLERK

2018	171	2018-003	The office did not review its software audit logs	N/A	Not Corrected - See Explanation on Corrective Action Plan
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Prior-year Federal Awards Findings

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

CLAY COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Clay 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:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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.

OFFICES OF COUNTY MAYOR AND ROAD SUPERINTENDENT

FINDING 2019-001 **THE OFFICES HAD NOT ESTABLISHED FORMAL PURCHASE ORDER SYSTEMS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Formal purchase order systems had not been established in the Offices of County Mayor and Road Superintendent. Purchase orders are necessary to control who has purchasing authority for the offices and to document purchasing commitments. The absence of a formal purchase order system increases the risks of unauthorized purchases. This deficiency exists due to management's failure to correct the finding noted in the prior-year audit reports.

RECOMMENDATION

Management in the Offices of County Mayor and Road Superintendent should establish formal purchase order systems to improve internal controls over the purchasing process and to document purchasing commitments.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with this finding.

MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

I agree with this finding. At this time, Clay County is not financially equipped to establish a central system of accounting; therefore, this finding cannot be corrected.

AUDITOR'S COMMENT

A formal purchase order system can be implemented without a central system of accounting and at nominal costs to the county. Purchase orders are an important internal control over the purchasing process.

OFFICE OF COUNTY CLERK

FINDING 2019-002

THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The software application used by the office generated four audit logs that displayed changes made by users. Because these logs provide the only audit trail of these changes, they should be routinely reviewed for inappropriate activity. During the prior-year audit, we made management aware of the importance of these logs, and management began reviewing the logs. However, during the current year, management chose to discontinue their review. Without knowledge of system activity, errors and improper changes could occur and go undetected. This deficiency exists because management failed to correct the finding noted in the prior-year audit report and failed to implement its corrective action plan.

RECOMMENDATION

Management should review its software audit logs routinely. Any unusual transactions should be investigated.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

Clay County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2019

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

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

2019-001	The office had not established a formal purchase order system	174
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OFFICE OF ROAD SUPERINTENDENT

2019-001	The office had not established a formal purchase order system	175
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OFFICE OF COUNTY CLERK

2019-002	The office did not review its software audit logs	176
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P.O. Box 387
145 Cordell Hull Drive
Celina, TN 38551
Phone: 931-243-2161
Fax: 931-243-2436
Email: clayexec@twlakes.net

Clay County Government

Dale Reagan
County Mayor



Corrective Action Plan

FINDING: THE OFFICE HAD NOT ESTABLISHED A FORMAL PURCHASE ORDER SYSTEM

Response and Corrective Action Plan Prepared by:
Dale Reagan, County Mayor

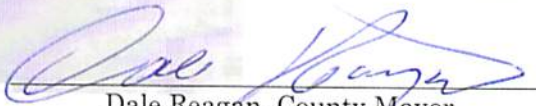
Person Responsible for Implementing the Corrective Action:
Dale Reagan, County Mayor

Anticipated Completion Date of Corrective Action:
N/A

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Clay County Government has chosen not to establish a purchase order system at this time due to lack of funding.

Planned Corrective Action:
We have no plans to change our system at this time.


Dale Reagan, County Mayor

Clay County Highway Department
1199 Walnut Avenue
Celina, TN 38551
Jason Browning, Highway Commissioner

Corrective Action Plan

FINDING: 2019-001 THE OFFICE HAD NOT ESTABLISHED A FORMAL
PURCHASE ORDER SYSTEM

Response and Corrective Action Plan Prepared by:
Jason Browning, Highway Commissioner

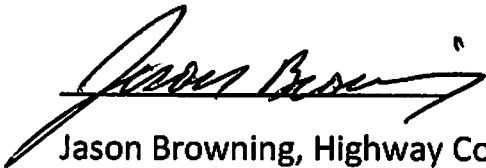
Person Responsible for Implementing the Corrective Action:
Jason Browning, Highway Commissioner

Anticipated Completion Date of Corrective Action:

Repeat Finding:
Yes

Reason Corrective Action was not Taken in the Prior Year:
Clay County is not financially equipped to establish a central system of
accounting.

Planned Corrective Action:
Can't be corrected at this time, due to finances.



Jason Browning, Highway Commissioner

Donna R. Watson
Clay County Clerk
145 Cordell Hull Drive
Celina, TN 38551
931.243.2249 office
931.243.3231 fax

Corrective Action Plan

FINDING: **THE OFFICE DID NOT REVIEW ALL SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Response and Corrective Action Plan Prepared by:

Donna R. Watson, Clay County Clerk

Person Responsible for Implementing the Corrective Action:

Donna R. Watson, Clay County Clerk

Anticipated Completion Date of Corrective Action:

9.1.19

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

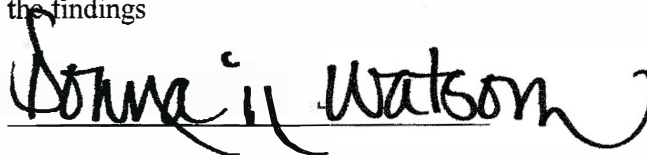
Not printing Audit Logs.

Planned Corrective Action:

Plan to begin and continue printing all Audit Logs after I close out Month End.

I concur with the findings

Signature:



BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Clay County.

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

Clay County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Clay County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.