

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



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2020

*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, 2020

Scope

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

Results

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

Our audit resulted in four 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 MAYOR

- ◆ Deficiencies were noted in the receiving process at the parks and recreation department.

OFFICE OF ROAD SUPERINTENDENT

- ◆ Expenditures exceeded appropriations.

OFFICE OF COUNTY CLERK

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

INTRODUCTORY SECTION

Clay County Officials

June 30, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2020, 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.

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), miscellaneous schedules, and 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.

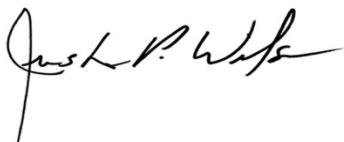
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Clay County School Department (a discretely presented component unit), schedule of 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 2, 2020, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 2, 2020

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government	Governmental Activities	Component Unit
	Clay County	School Activities	Department
<u>ASSETS</u>			
Cash	\$ 26,863	\$ 16,410	
Equity in Pooled Cash and Investments	5,565,289	4,464,408	
Accounts Receivable	9,347	0	
Due from Other Governments	759,125	652,636	
Due from Component Unit	4,090,000	0	
Property Taxes Receivable	2,767,165	1,565,265	
Allowance for Uncollectible Property Taxes	(82,893)	(46,889)	
Net Pension Asset - Agent Plan	332,512	137,271	
Net Pension Asset - Teacher Retirement Plan	0	49,592	
Net Pension Asset - Teacher Legacy Retirement Plan	0	1,155,766	
Restricted Assets:			
Amounts Accumulated for Pension Benefits	0	40,080	
Capital Assets:			
Assets Not Depreciated:			
Land	103,800	298,098	
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	2,332,126	5,228,409	
Infrastructure	9,685,640	234,041	
Other Capital Assets	1,143,320	993,714	
Total Assets	<u>\$ 26,732,294</u>	<u>\$ 14,788,801</u>	
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Changes in Experience	\$ 2,748	\$ 59,461	
Pension Changes in Assumptions	86,492	193,174	
Pension Changes in Proportion	0	27,494	
Pension Contributions After Measurement Date	178,923	512,172	
Total Deferred Outflows of Resources	<u>\$ 268,163</u>	<u>\$ 792,301</u>	
<u>LIABILITIES</u>			
Accounts Payable	\$ 267,521	\$ 173	
Accrued Interest Payable	10,225	0	
Due to Primary Government	0	4,090,000	
Noncurrent Liabilities:			
Due Within One Year - Debt	320,000	0	
Due Within One Year - Other	72,827	2,438	
Due in More Than One Year - Debt	3,770,000	0	
Due in More Than One Year - Other	24,275	1,308,487	
Total Liabilities	<u>\$ 4,464,848</u>	<u>\$ 5,401,098</u>	

(Continued)

Exhibit A

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

			Component Unit
	Primary Government	Governmental Activities	Clay County School Department
Deferred Current Property Taxes	\$ 2,589,151	\$ 1,464,570	
Pension Changes in Experience	198,041	796,379	
Pension Changes in Investment Earnings	84,556	367,229	
Pension Changes in Proportion	0	28,490	
OPEB Changes in Experience	0	53,564	
OPEB Changes in Assumptions	0	21,375	
Total Deferred Inflow of Resources	<u>\$ 2,871,748</u>	<u>\$ 2,731,607</u>	
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 13,264,886	\$ 6,754,262	
Restricted for:			
General Government	151,086	0	
Finance	21,066	0	
Administration of Justice	41,382	0	
Public Safety	149,969	0	
Highways	1,720,420	0	
Education	0	229,371	
Debt Service	175,718	0	
Pensions	332,512	1,382,709	
Unrestricted	<u>3,806,822</u>	<u>(917,945)</u>	
Total Net Position	<u>\$ 19,663,861</u>	<u>\$ 7,448,397</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, 2020

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position							
		Program Revenues			Primary Government	Component Unit			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions					
Primary Government:									
Governmental Activities:									
General Government	\$ 968,775	\$ 177,931	\$ 95,188	\$ 0	\$ (695,656)	\$ 0			
Finance	399,873	265,844	0	0	(134,029)	0			
Administration of Justice	436,472	193,576	10,199	0	(232,697)	0			
Public Safety	1,609,051	145,080	67,398	0	(1,396,573)	0			
Public Health and Welfare	1,375,685	102,477	420,715	211,603	(640,890)	0			
Social, Cultural, and Recreational Services	350,052	21,414	115,118	0	(213,520)	0			
Agriculture and Natural Resources	166,553	0	18,000	0	(148,553)	0			
Highways	2,073,195	0	1,875,936	415,856	218,597	0			
Interest on Long-term Debt	133,435	0	0	0	(133,435)	0			
Total Governmental Activities	\$ 7,513,091	\$ 906,322	\$ 2,602,554	\$ 627,459	\$ (3,376,756)	\$ 0			
Total Primary Government	\$ 7,513,091	\$ 906,322	\$ 2,602,554	\$ 627,459	\$ (3,376,756)	\$ 0			
Component Unit:									
Clay County School Department	\$ 10,887,741	\$ 83,775	\$ 1,794,272	\$ 68,446	\$ 0	\$ (8,941,248)			
Total Component Unit	\$ 10,887,741	\$ 83,775	\$ 1,794,272	\$ 68,446	\$ 0	\$ (8,941,248)			

(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 Government	Component Unit
					Total Governmental Activities	Clay County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,352,548	\$ 1,416,628
Property Taxes Levied for Debt Service					151,739	0
Local Option Sales Taxes					346,112	685,426
Wheel Tax					278,983	0
Wholesale Beer Tax					113,647	0
Hotel/Motel Tax					46,063	0
Litigation Taxes					67,008	0
Business Tax					41,014	0
Other Local Taxes					4,381	0
Grants and Contributions Not Restricted to Specific Programs					644,135	7,968,656
Unrestricted Investment Earnings					66,772	2,684
Miscellaneous					91,544	12,518
Total General Revenues					\$ 4,203,946	\$ 10,085,912
Change in Net Position					\$ 827,190	\$ 1,144,664
Net Position, July 1, 2019					18,836,671	6,303,733
Net Position, June 30, 2020					\$ 19,663,861	\$ 7,448,397

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, 2020

	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	\$ 26,863	\$ 26,863	
Equity in Pooled Cash and Investments	\$ 1,454,853	\$ 1,037,594	\$ 1,454,604	\$ 1,412,038	\$ 206,200	\$ 5,565,289	
Accounts Receivable	0	9,320	0	0	27	9,347	
Due from Other Governments	156,790	44,222	533,337	0	24,776	759,125	
Due from Other Funds	1,127	0	0	49,218	0	50,345	
Property Taxes Receivable	2,110,313	489,145	0	167,707	0	2,767,165	
Allowance for Uncollectible Property Taxes	(63,216)	(14,653)	0	(5,024)	0	(82,893)	
Total Assets	\$ 3,659,867	\$ 1,565,628	\$ 1,987,941	\$ 1,623,939	\$ 257,866	\$ 9,095,241	
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 267,521	\$ 0	\$ 0	\$ 267,521	
Due to Other Funds	\$ 49,218	\$ 0	\$ 0	\$ 0	\$ 1,127	\$ 50,345	
Total Liabilities	\$ 49,218	\$ 0	\$ 267,521	\$ 0	\$ 1,127	\$ 317,866	
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Current Property Taxes	\$ 1,974,555	\$ 457,678	\$ 0	\$ 156,918	\$ 0	\$ 2,589,151	
Deferred Delinquent Property Taxes	68,284	15,827	0	5,427	0	89,538	
Other Deferred/Unavailable Revenue	31,127	0	122,627	0	0	153,754	
Total Deferred Inflows of Resources	\$ 2,073,966	\$ 473,505	\$ 122,627	\$ 162,345	\$ 0	\$ 2,832,443	
<u>FUND BALANCES</u>							
Restricted:							
Restricted for General Government	\$ 53,850	\$ 0	\$ 0	\$ 0	\$ 97,236	\$ 151,086	

(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	\$ 21,066	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,066
Restricted for Administration of Justice	41,382	0	0	0	0	0	41,382
Restricted for Public Safety	16,229	0	0	0	133,740	133,740	149,969
Restricted for Highways/Public Works	0	0	1,597,793	0	0	0	1,597,793
Restricted for Debt Service	0	0	0	170,291	0	0	170,291
Committed:							
Committed for Finance	0	0	0	0	25,763	25,763	25,763
Committed for Public Safety	38,435	0	0	0	0	0	38,435
Committed for Public Health and Welfare	0	1,092,123	0	0	0	0	1,092,123
Committed for Social, Cultural, and Recreational Services	113,232	0	0	0	0	0	113,232
Committed for Debt Service	0	0	0	1,291,303	0	0	1,291,303
Unassigned	1,252,489	0	0	0	0	0	1,252,489
Total Fund Balances	\$ 1,536,683	\$ 1,092,123	\$ 1,597,793	\$ 1,461,594	\$ 256,739	\$ 256,739	\$ 5,944,932
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,659,867	\$ 1,565,628	\$ 1,987,941	\$ 1,623,939	\$ 257,866	\$ 257,866	\$ 9,095,241

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, 2020

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$ 5,944,932
(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	2,332,126
Add: infrastructure net of accumulated depreciation	9,685,640
Add: other capital assets net of accumulated depreciation	<u>1,143,320</u>
	13,264,886
(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	\$ (4,090,000)
Add: debt to be contributed by the school department	4,090,000
Less: accrued interest on bonds	(10,225)
Less: compensated absences payable	<u>(97,102)</u>
	(107,327)
(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	\$ 268,163
Less: deferred inflows of resources related to pensions	<u>(282,597)</u>
	(14,434)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.	332,512
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	<u>243,292</u>
Net position of governmental activities (Exhibit A)	<u><u>\$ 19,663,861</u></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, 2020

	Major Funds				Nonmajor Funds		Total Governmental Funds	
					Other Govern- ment- al Funds			
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service				
Revenues								
Local Taxes	\$ 2,835,700	\$ 450,538	\$ 3,146	\$ 216,504	\$ 17,394	\$ 3,523,282		
Licenses and Permits	129,351	0	0	0	0	129,351		
Fines, Forfeitures, and Penalties	64,321	0	0	0	17,045	81,366		
Charges for Current Services	37,211	88,620	5,221	0	107,692	238,744		
Other Local Revenues	112,780	13,857	5,646	54,157	0	186,440		
Fees Received From County Officials	317,871	0	0	0	0	317,871		
State of Tennessee	704,298	44,222	2,254,601	0	24,776	3,027,897		
Federal Government	518,984	0	0	0	0	518,984		
Other Governments and Citizens Groups	202,581	0	0	446,303	0	648,884		
Total Revenues	\$ 4,923,097	\$ 597,237	\$ 2,268,614	\$ 716,964	\$ 166,907	\$ 8,672,819		
Expenditures								
Current:								
General Government	\$ 608,693	\$ 0	\$ 0	\$ 0	\$ 43,672	\$ 652,365		
Finance	259,524	0	0	0	101,956	361,480		
Administration of Justice	375,689	0	0	0	0	375,689		
Public Safety	1,576,964	0	0	0	9,320	1,586,284		
Public Health and Welfare	822,897	557,992	0	0	0	1,380,889		
Social, Cultural, and Recreational Services	181,922	0	0	0	0	181,922		
Agriculture and Natural Resources	150,679	0	0	0	0	150,679		
Other Operations	738,817	9,833	0	0	339	748,989		
Highways	35,648	0	2,059,117	0	0	2,094,765		
Debt Service:								
Principal on Debt	0	0	0	425,000	0	425,000		
Interest on Debt	0	0	0	135,058	0	135,058		
Other Debt Service	0	0	0	3,766	0	3,766		
Total Expenditures	\$ 4,750,833	\$ 567,825	\$ 2,059,117	\$ 563,824	\$ 155,287	\$ 8,096,886		

(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	\$ 172,264	\$ 29,412	\$ 209,497	\$ 153,140	\$ 11,620	\$ 575,933	
Net Change in Fund Balances	\$ 172,264	\$ 29,412	\$ 209,497	\$ 153,140	\$ 11,620	\$ 575,933	
Fund Balance, July 1, 2019	1,364,419	1,062,711	1,388,296	1,308,454	245,119	5,368,999	
Fund Balance, June 30, 2020	\$ 1,536,683	\$ 1,092,123	\$ 1,597,793	\$ 1,461,594	\$ 256,739	\$ 5,944,932	

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, 2020

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 575,933
(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	\$ 401,885	
Less: current-year depreciation expense	<u>(354,621)</u>	47,264
(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		(1,275)
(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, 2020	\$ 243,292	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(263,605)</u>	(20,313)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on bonds	\$ 310,000	
Add: principal payments on notes	115,000	
Less: contributions from the school department for bonds	<u>(310,000)</u>	115,000
(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 accrued interest payable	\$ 1,623	
Change in compensated absences payable	(184)	
Change in pension liability/asset	139,037	
Change in deferred outflows related to pensions	(20,270)	
Change in deferred inflows related to pensions	<u>(9,625)</u>	<u>110,581</u>
Change in net position of governmental activities (Exhibit B)		\$ <u>827,190</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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 2,835,700	\$ 2,674,265	\$ 2,674,265	\$ 161,435
Licenses and Permits	129,351	15,200	18,200	111,151
Fines, Forfeitures, and Penalties	64,321	72,700	72,700	(8,379)
Charges for Current Services	37,211	23,150	23,396	13,815
Other Local Revenues	112,780	2,800	55,986	56,794
Fees Received From County Officials	317,871	273,000	273,000	44,871
State of Tennessee	704,298	650,600	644,607	59,691
Federal Government	518,984	242,093	471,667	47,317
Other Governments and Citizens Groups	202,581	161,441	169,940	32,641
Total Revenues	\$ 4,923,097	\$ 4,115,249	\$ 4,403,761	\$ 519,336
Expenditures				
<u>General Government</u>				
County Commission	\$ 24,988	\$ 33,550	\$ 41,262	\$ 16,274
Board of Equalization	1,050	1,300	1,300	250
Beer Board	523	300	600	77
County Mayor/Executive	146,608	152,477	152,477	5,869
County Attorney	10,000	10,000	10,000	0
Election Commission	134,308	174,947	174,947	40,639
Register of Deeds	93,776	97,670	97,670	3,894
County Buildings	197,440	160,700	200,700	3,260
Preservation of Records	0	811	811	811
<u>Finance</u>				
Property Assessor's Office	109,623	114,678	114,678	5,055
County Trustee's Office	19,007	23,550	25,537	6,530
County Clerk's Office	130,894	135,496	135,496	4,602
<u>Administration of Justice</u>				
Circuit Court	174,629	183,143	183,143	8,514
General Sessions Court	79,210	79,210	79,210	0
Chancery Court	99,612	102,054	102,054	2,442
Juvenile Court	9,724	20,375	20,375	10,651
Judicial Commissioners	12,514	12,893	12,893	379
<u>Public Safety</u>				
Sheriff's Department	892,072	973,141	976,961	84,889
Drug Enforcement	80,291	50,000	94,493	14,202
Jail	330,911	453,355	453,355	122,444
Correctional Incentive Program Improvements	2,680	2,680	2,680	0
Juvenile Services	69,797	91,494	91,494	21,697
Fire Prevention and Control	35,384	40,384	40,384	5,000
Rescue Squad	2,500	2,500	2,500	0
Other Emergency Management	118,046	123,300	134,691	16,645
County Coroner/Medical Examiner	14,510	32,250	32,250	17,740
Other Public Safety	30,773	57,805	57,805	27,032
<u>Public Health and Welfare</u>				
Local Health Center	27,961	48,700	48,700	20,739
Ambulance/Emergency Medical Services	596,132	384,569	596,172	40
Alcohol and Drug Programs	188,084	226,093	226,093	38,009
Other Local Health Services	0	12,600	12,600	12,600

(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	\$ 10,720	\$ 11,300	\$ 11,300	\$ 580		
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	49,035	58,853	60,179	11,144		
Libraries	99,699	98,419	99,698	(1)		
Parks and Fair Boards	32,035	37,600	37,600	5,565		
Other Social, Cultural, and Recreational	1,153	15,000	15,000	13,847		
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	94,798	90,586	97,481	2,683		
Forest Service	1,000	1,000	1,000	0		
Soil Conservation	54,881	55,641	55,641	760		
<u>Other Operations</u>						
Tourism	42,188	69,160	64,160	21,972		
Industrial Development	85,076	97,905	113,533	28,457		
Other Economic and Community Development	0	4,000	4,000	4,000		
Veterans' Services	17,089	18,800	18,800	1,711		
Other Charges	218,160	218,996	218,996	836		
Employee Benefits	372,443	398,700	398,700	26,257		
COVID-19 Grant #6	3,861	0	3,861	0		
<u>Highways</u>						
Litter and Trash Collection	35,648	42,473	42,473	6,825		
Total Expenditures	\$ 4,750,833	\$ 5,020,458	\$ 5,365,753	\$ 614,920		
<u>Excess (Deficiency) of Revenues Over Expenditures</u>						
	\$ 172,264	\$ (905,209)	\$ (961,992)	\$ 1,134,256		
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 17,888	\$ (17,888)		
Total Other Financing Sources	\$ 0	\$ 0	\$ 17,888	\$ (17,888)		
<u>Net Change in Fund Balance</u>						
Fund Balance, July 1, 2019	\$ 172,264	\$ (905,209)	\$ (944,104)	\$ 1,116,368		
	1,364,419	1,359,125	1,359,125	5,294		
Fund Balance, June 30, 2020	\$ 1,536,683	\$ 453,916	\$ 415,021	\$ 1,121,662		

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 450,538	\$ 433,366	\$ 433,366	\$ 17,172
Charges for Current Services	88,620	80,000	80,000	8,620
Other Local Revenues	13,857	25,100	25,100	(11,243)
State of Tennessee	44,222	44,222	44,222	0
Total Revenues	\$ 597,237	\$ 582,688	\$ 582,688	\$ 14,549
Expenditures				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 557,992	\$ 554,478	\$ 567,758	\$ 9,766
<u>Other Operations</u>				
Other Charges	9,833	11,000	11,000	1,167
Total Expenditures	\$ 567,825	\$ 565,478	\$ 578,758	\$ 10,933
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,412	\$ 17,210	\$ 3,930	\$ 25,482
Net Change in Fund Balance	\$ 29,412	\$ 17,210	\$ 3,930	\$ 25,482
Fund Balance, July 1, 2019	1,062,711	1,061,306	1,061,306	1,405
Fund Balance, June 30, 2020	\$ 1,092,123	\$ 1,078,516	\$ 1,065,236	\$ 26,887

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 3,146	\$ 4,223	\$ 4,223	\$ (1,077)
Charges for Current Services	5,221	0	0	5,221
Other Local Revenues	5,646	0	0	5,646
State of Tennessee	2,254,601	1,904,780	2,046,308	208,293
Total Revenues	\$ 2,268,614	\$ 1,909,003	\$ 2,050,531	\$ 218,083
Expenditures				
<u>Highways</u>				
Administration	\$ 165,715	\$ 168,247	\$ 168,247	\$ 2,532
Highway and Bridge Maintenance	1,383,722	1,171,560	1,313,088	(70,634)
Operation and Maintenance of Equipment	155,398	244,200	244,200	88,802
Other Charges	117,294	120,599	120,599	3,305
Employee Benefits	129,237	162,000	162,000	32,763
Capital Outlay	107,751	265,000	265,000	157,249
Total Expenditures	\$ 2,059,117	\$ 2,131,606	\$ 2,273,134	\$ 214,017
Excess (Deficiency) of Revenues Over Expenditures	\$ 209,497	\$ (222,603)	\$ (222,603)	\$ 432,100
Net Change in Fund Balance Fund Balance, July 1, 2019	\$ 209,497	\$ (222,603)	\$ (222,603)	\$ 432,100
Fund Balance, June 30, 2020	\$ 1,597,793	\$ 1,165,695	\$ 1,165,695	\$ 432,098

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, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 65,572
Due from Other Governments	<u>66,444</u>
 Total Assets	 <u>\$ 132,016</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 66,444
Due to Litigants, Heirs, and Others	<u>65,572</u>
 Total Liabilities	 <u>\$ 132,016</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, 2020

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 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, 2020.

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

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

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

Fund financial statements of 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; the State Treasurer's Intermediate Term Investment Fund; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by

the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United State of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These polices were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board polices is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United State of America. Clay County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

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

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.61 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, assumptions, proportionate share of contributions, and employer contributions made to the pension plan after the measurement date.

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

6. Compensated Absences

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 withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

8. Net Position and Fund Balance

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

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

The government-wide Statement of Net Position reports \$2,592,153 of restricted net position, of which \$87,653 is restricted by enabling legislation.

As of June 30, 2020, Clay County had \$4,090,000 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.

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

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (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, 2020, the discretely presented Clay County School Department reported the following significant encumbrances:

Funds	Amount
School Department:	
Major Fund:	
General Purpose School	\$ 134,807
Nonmajor Fund:	
School Federal Projects	11,795

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the Highway and Bridge Maintenance major appropriations category (the legal level of control) of the Highway/Public Works Fund by \$70,634. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

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, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

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

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

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

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

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

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

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

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

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

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

On June 30, 2020, the Clay County School Department had the following investments held by the trust on its behalf.

Investment		Weighted Average Maturity (days)	Maturities	Fair Value	
Investments at Fair Value:					
U.S. Equity		N/A	N/A	\$ 12,425	
Developed Market International Equity		N/A	N/A	5,611	
Emerging Market International Equity		N/A	N/A	1,603	
U.S. Fixed Income		N/A	N/A	8,016	
Real Estate		N/A	N/A	4,008	
Short-term Securities		N/A	N/A	401	
NAV - Private Equity and Strategic Lending		N/A	N/A	<u>8,016</u>	
Total				<u>\$ 40,080</u>	
Fair Value Measurements Using					
Quoted Prices in					
Active Markets for					
Significant Other					
Identical Observable					
Significant Unobservable					
Investment by Fair Value Level	Fair Value 6-30-20	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)	NAV
U.S. Equity	\$ 12,425	\$ 12,425	\$ 0	\$ 0	0
Developed Market International Equity	5,611	5,611	0	0	0
Emerging Market International Equity	1,603	1,603	0	0	0
U.S. Fixed Income	8,016	0	8,016	0	0
Real Estate	4,008	0	0	4,008	0
Short-term Securities	401	0	401	0	0
Private Equity and Strategic Lending	8,016	0	0	0	8,016
Total	\$ 40,080	\$ 19,639	\$ 8,417	\$ 4,008	\$ 8,016

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, 2020, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 103,800	\$ 0	\$ 0	\$ 103,800
Total Capital Assets Not Depreciated	<u>\$ 103,800</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 103,800</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,352,342	\$ 0	\$ 0	\$ 3,352,342
Infrastructure	12,709,460	119,610	0	12,829,070
Other Capital Assets	3,605,628	282,275	(83,264)	3,804,639
Total Capital Assets Depreciated	<u>\$ 19,667,430</u>	<u>\$ 401,885</u>	<u>\$ (83,264)</u>	<u>\$ 19,986,051</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 969,276	\$ 50,940	\$ 0	\$ 1,020,216
Infrastructure	3,033,412	110,018	0	3,143,430
Other Capital Assets	2,549,645	193,663	(81,989)	2,661,319
Total Accumulated Depreciation	<u>\$ 6,552,333</u>	<u>\$ 354,621</u>	<u>\$ (81,989)</u>	<u>\$ 6,824,965</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,115,097</u>	<u>\$ 47,264</u>	<u>\$ (1,275)</u>	<u>\$ 13,161,086</u>
Governmental Activities				
Capital Assets, Net	<u><u>\$ 13,218,897</u></u>	<u><u>\$ 47,264</u></u>	<u><u>\$ (1,275)</u></u>	<u><u>\$ 13,264,886</u></u>

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

Governmental Activities:

General Government	\$ 20,322
Public Safety	61,910
Public Health and Welfare	63,478
Social, Cultural, and Recreational Services	8,909
Agriculture and Natural Resources	1,673
Highways/Public Works	<u>198,329</u>
 Total Depreciation Expense -	
Governmental Activities	<u>\$ 354,621</u>

Discretely Presented Clay County School Department

Governmental Activities:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 298,098	\$ 0	\$ 0	\$ 298,098
Total Capital Assets Not Depreciated	\$ 298,098	\$ 0	\$ 0	\$ 298,098
 Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,161,546	\$ 0	\$ 0	\$ 11,161,546
Infrastructure	648,860	0	0	648,860
Other Capital Assets	2,332,526	227,283	(64,880)	2,494,929
Total Capital Assets Depreciated	\$ 14,142,932	\$ 227,283	\$ (64,880)	\$ 14,305,335
 Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,700,475	\$ 232,662	\$ 0	\$ 5,933,137
Infrastructure	394,066	20,753	0	414,819
Other Capital Assets	1,429,552	133,299	(61,636)	1,501,215
 Total Accumulated Depreciation	\$ 7,524,093	\$ 386,714	\$ (61,636)	\$ 7,849,171
 Total Capital Assets Depreciated, Net	\$ 6,618,839	\$ (159,431)	\$ (3,244)	\$ 6,456,164
 Governmental Activities Capital Assets, Net	\$ 6,916,937	\$ (159,431)	\$ (3,244)	\$ 6,754,262

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

Governmental Activities:

Instruction	\$ 250,139
Support Services	125,289
Operation of Noninstructional Services	<u>11,286</u>
 Total Depreciation Expense -	
Governmental Activities	<u>\$ 386,714</u>

C. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government: General	Nonmajor governmental	\$ 1,127
Discretely Presented School Department: Nonmajor governmental	General Purpose School	134

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:

Receivable Fund	Payable Fund	Amount
Primary Government	Component Unit: School Department	\$ 4,090,000

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, 2020, consisted of the following amounts:

Discretely Presented Clay County School Department

<u>Transfer Out</u>	<u>Transfer In</u>	
	General Purpose School Fund	Purpose
Nonmajor governmental funds	\$ 29,346	Indirect costs

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

D. Long-term Debt

Primary Government

General Obligation Bonds

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, 2020, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-20
General Obligation Bonds	3 %	6-01-31	\$ 4,660,000	\$ 4,090,000

The annual requirements to amortize the county's bonds outstanding as of June 30, 2020, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2026-2030	1,960,000	244,350	2,204,350
2031	430,000	12,900	442,900
Total	\$ 4,090,000	\$ 771,750	\$ 4,861,750

There is \$1,461,594 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$520, 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 Debt	Outstanding 6-30-20
<u>Bonds Payable:</u>	
Contributions from General Purpose School Fund: General Obligation School Bonds, Series 2018	\$ 4,090,000

Changes in Long-term Debt

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

Governmental Activities:

	Bonds	Notes - Direct Placement
Balance, July 1, 2019	\$ 4,400,000	\$ 115,000
Additions	0	0
Reductions	(310,000)	(115,000)
Balance, June 30, 2020	<u>\$ 4,090,000</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 320,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 4,090,000
Less: Balance Due Within One Year - Debt	<u>(320,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 3,770,000</u>

E. Long-term Obligations**Changes in Long-term Obligations**

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

Governmental Activities:

	Compensated Absences
Balance, July 1, 2019	\$ 96,918
Additions	140,303
Reductions	<u>(140,119)</u>
Balance, June 30, 2020	<u>\$ 97,102</u>
Balance Due Within One Year	<u>\$ 72,827</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2020	\$ 97,102
Less: Balance Due Within One Year - Other	<u>(72,827)</u>
Noncurrent Liabilities - Due in	
More Than One Year - Other - Exhibit A	<u>\$ 24,275</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, 2020, was as follows:

Governmental Activities:

	Other Post- employment Benefits	Compensated Absences
Balance, July 1, 2019	\$ 1,325,230	\$ 1,135
Additions	139,634	5,071
Reductions	(156,377)	(3,768)
Balance, June 30, 2020	<u>\$ 1,308,487</u>	<u>\$ 2,438</u>
Balance Due Within One Year	0	\$ 2,438

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2020	\$ 1,310,925
Less: Balance Due Within One Year - Other	<u>(2,438)</u>
Noncurrent Liabilities - Due in	
More Than One Year - Other - Exhibit A	<u>\$ 1,308,487</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, 2020, were \$22,956. 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 (LGWCF), 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 LGWCF reinsurance 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. 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.

C. 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, 2020. 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

D. 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.

E. 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 70.78 percent, the non-certified employees of the discretely presented school department comprise 29.22 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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	82
Inactive Employees Entitled to But Not Yet Receiving Benefits	149
Active Employees	<u>158</u>
 Total	 <u>389</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. 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, 2020, the employer contribution for Clay County was \$270,889 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, 2019, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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

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

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

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

Asset Class	Long-term Expected Real Rate of Return	Percentage Allocations	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		 <u>100</u>	 <u>%</u>

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, 2018	\$ 9,401,450	\$ 9,696,831	\$ (295,381)
Changes for the Year:			
Service Cost	\$ 309,901	\$ 0	\$ 309,901
Interest	687,238	0	687,238
Differences Between Expected and Actual Experience	(17,454)	0	(17,454)
Contributions-Employer	0	262,937	(262,937)
Contributions-Employees		183,842	(183,842)
Net Investment Income		720,862	(720,862)
Benefit Payments, Including Refunds of Employee Contributions	(464,406)	(464,406)	0
Administrative Expense	0	(13,554)	13,554
Other Changes	0	0	0
Net Changes	\$ 515,279	\$ 689,681	\$ (174,402)
Balance, June 30, 2019	\$ 9,916,729	\$ 10,386,512	\$ (469,783)

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

		Plan	Net
	Total	Fiduciary	Pension
	Pension	Net	Liability
	Liability	Position	(Asset)
Primary Government	70.78%	\$ 7,019,061	\$ 7,351,573
School Department	29.22%	2,897,668	3,034,939
Total		\$ 9,916,729	\$ 10,386,512
			\$ (469,783)

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	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability	\$ 799,499	\$ (469,783)	\$ (1,518,920)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2020, Clay County recognized pension expense of \$115,661.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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	\$ 3,883	\$ 279,798
Net Difference Between Projected and Actual Earnings on Pension Plan	0	119,463
Investments	122,198	
Changes in Assumptions		
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	270,889	N/A
 Total	 \$ 396,970	 \$ 399,261

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 268,163	\$ 282,597
School Department	<u>128,807</u>	<u>116,664</u>
Total	<u><u>\$ 396,970</u></u>	<u><u>\$ 399,261</u></u>

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

Year Ending June 30	Amount
2021	\$ (68,114)
2022	(147,729)
2023	(50,057)
2024	(7,285)
2025	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 70.78 percent and the non-certified employees of the discretely presented school department comprise 29.22 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, 2020, to the Teacher Retirement Plan were \$22,096, which is 2.03 percent of covered payroll. In addition, employer contributions of \$20,555, which is 1.97 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2020, the school department reported a liability (asset) of (\$49,592) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .087854 percent. The proportion as of June 30, 2018, was .080257 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2020, the school department recognized pension expense of \$15,451.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department reported deferred

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,056	\$ 8,657
Net Difference Between Projected and Actual Earnings on Pension Plan		
Investments	0	2,097
Changes in Assumptions	1,723	0
Changes in Proportion of Net Pension Liability (Asset)	1,679	3,204
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	<u>22,096</u>	N/A
 Total	 <u>\$ 27,554</u>	 <u>\$ 13,958</u>

The school department's employer contributions of \$22,096, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	<u>Amount</u>
<u>June 30</u>	
2021	\$ (1,164)
2022	(1,485)
2023	(896)
2024	(597)
2025	(511)
Thereafter	(3,847)

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

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

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

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

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

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

Asset Class	Long-term Expected Real Rate of Return	Percentage Allocations	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		 <u>100</u>	 <u>%</u>

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	\$ 15,713	\$ (49,592)	\$ (97,865)

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, 2020, to the Teacher Legacy Pension Plan were \$398,110, which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2020, the school department reported a liability (asset) of (\$1,155,766) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .112409 percent. The proportion measured at June 30, 2018, was .112736 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2020, the school department recognized (negative) pension expense of (\$148,087).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 56,271	\$ 705,965
Changes in Assumptions	155,745	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	330,225
Changes in Proportion of Net Pension Liability (Asset)	25,815	25,286
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	398,110	N/A
Total	\$ 635,941	\$ 1,061,476

The school department's employer contributions of \$398,110 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (241,977)
2022	(327,489)
2023	(144,601)
2024	(109,577)
2025	0
Thereafter	0

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

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

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

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

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

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

Asset Class	Long-term Expected Real Rate of Return	Percentage Allocations	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		 <u>100</u>	 <u>%</u>

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 \$ 2,363,207 \$ (1,155,766) \$ (3,955,011)

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 \$53,512 and teachers contributed \$28,083 to this deferred compensation pension plan.

F. 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, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	12
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Beneficiaries	2
Active Employees and Beneficiaries	<u>93</u>
Total	<u><u>107</u></u>

Total OPEB Liability

The school department's total OPEB liability of \$1,308,487 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2020, 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	2.21%
Healthcare Cost Trend Rates	5%
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-2019.

The actuarial assumptions used in the June 30, 2020, valuation were based on plan data and costs presented by the school department with concurrence by the actuary.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance July 1, 2019	<u>\$ 1,325,230</u>
Changes for the Year:	
Service Cost	\$ 43,463
Interest	46,338
Difference between Expected and Actual Experience	(66,899)
Changes in Assumption and Other Inputs	49,833
Benefit Payments	<u>(89,478)</u>
Net Changes	<u>\$ (16,743)</u>
Balance June 30, 2020	<u><u>\$ 1,308,487</u></u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$89,801. At June 30, 2020, the school department reported deferred inflows of resources of \$74,939 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 2.21 percent, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	1.21%	2.21%	3.21%

Total OPEB Liability \$ 1,423,276 \$ 1,308,487 \$ 1,200,708

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 5.0 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%) or one percentage point higher (6%) than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
	4%	5%	6%

Total OPEB Liability \$ 1,160,091 \$ 1,308,487 \$ 1,484,363

G. 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.

H. Subsequent Event

On February 3, 2020, the Clay County Commission approved general obligation bonds of \$7,506,000 and bond anticipation notes in the same amount for the construction of a jail. These bonds and bond anticipation notes have not been issued as of the date of this report.

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	2019
Total Pension Liability						
Service Cost	\$ 250,001	\$ 285,817	\$ 288,245	\$ 283,956	\$ 301,295	\$ 309,901
Interest	547,223	580,662	618,024	639,352	660,048	687,238
Changes in Benefit Terms	0	0	0	0	0	0
Differences Between Actual and Expected Experience	(48,484)	23,293	(215,363)	(206,343)	(151,464)	(17,454)
Changes in Assumptions	0	0	0	244,394	0	0
Benefit Payments, Including Refunds of Employee Contributions	(317,800)	(359,622)	(428,444)	(376,061)	(422,492)	(464,406)
Net Change in Total Pension Liability	\$ 430,940	\$ 530,150	\$ 262,462	\$ 585,298	\$ 387,387	\$ 515,279
Total Pension Liability, Beginning	<u>7,205,213</u>	<u>7,636,153</u>	<u>8,166,303</u>	<u>8,428,765</u>	<u>9,014,063</u>	<u>9,401,450</u>
Total Pension Liability, Ending (a)	<u>\$ 7,636,153</u>	<u>\$ 8,166,303</u>	<u>\$ 8,428,765</u>	<u>\$ 9,014,063</u>	<u>\$ 9,401,450</u>	<u>\$ 9,916,729</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 247,061	\$ 249,053	\$ 243,631	\$ 248,962	\$ 253,290	\$ 262,937
Contributions - Employee	173,950	175,737	170,013	173,131	176,140	183,842
Net Investment Income	1,065,682	233,484	207,931	911,342	743,487	720,862
Benefit Payments, Including Refunds of Employee Contributions	(317,800)	(359,622)	(428,444)	(376,061)	(422,492)	(464,406)
Administrative Expense	0	0	0	(12,605)	(14,338)	(13,554)
Other	(5,772)	(8,179)	(11,688)	6	0	0
Net Change in Plan Fiduciary Net Position	\$ 1,163,121	\$ 290,473	\$ 181,443	\$ 944,775	\$ 736,087	\$ 689,681
Plan Fiduciary Net Position, Beginning	<u>6,380,932</u>	<u>7,544,053</u>	<u>7,834,526</u>	<u>8,015,969</u>	<u>8,960,744</u>	<u>9,696,831</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 7,544,053</u>	<u>\$ 7,834,526</u>	<u>\$ 8,015,969</u>	<u>\$ 8,960,744</u>	<u>\$ 9,696,831</u>	<u>\$ 10,386,512</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ 92,100</u>	<u>\$ 331,777</u>	<u>\$ 412,796</u>	<u>\$ 53,319</u>	<u>\$ (295,381)</u>	<u>\$ (469,783)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.79%	95.94%	95.10%	99.41%	103.14%	104.74%
Covered Payroll	\$ 3,421,710	\$ 3,463,875	\$ 3,388,256	\$ 3,462,610	\$ 3,522,792	\$ 3,656,977
Net Pension Liability (Asset) as a Percentage of Covered Payroll	2.69%	9.58%	12.18%	1.54%	8.38%	(12.85)%

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	2020
Actuarially Determined Contribution	\$ 247,061	\$ 249,053	\$ 243,631	\$ 248,962	\$ 253,290	\$ 262,937	\$ 270,889
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(247,061)</u>	<u>(249,053)</u>	<u>(243,631)</u>	<u>(248,962)</u>	<u>(253,290)</u>	<u>(262,937)</u>	<u>(270,889)</u>
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 3,421,710	\$ 3,462,875	\$ 3,388,526	\$ 3,462,610	\$ 3,522,792	\$ 3,656,977	\$ 3,769,018
Contributions as a Percentage of Covered Payroll	7.22%	7.19%	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	2020
Contractually Required Contribution	\$ 8,526	\$ 15,753	\$ 22,262	\$ 28,054	\$ 18,036	\$ 22,096
Less Contributions in Relation to the Contractually Required Contribution	(8,526)	(15,753)	(22,262)	(28,054)	(18,036)	(22,096)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 213,156	\$ 393,835	\$ 556,552	\$ 705,336	\$ 929,666	\$ 1,089,063
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	3.98%	1.94%	2.03%

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	2020
Contractually Required Contribution	\$ 366,063	\$ 368,885	\$ 345,024	\$ 353,013	\$ 358,448	\$ 394,262	\$ 398,110
Less Contributions in Relation to the Contractually Required Contribution	(366,063)	(368,885)	(345,024)	(353,013)	(358,448)	(394,262)	(398,110)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 4,122,328	\$ 4,080,585	\$ 3,816,643	\$ 3,905,011	\$ 3,947,662	\$ 3,769,224	\$ 3,745,165
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%

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

Exhibit E-5

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	2019
School Department's Proportion of the Net Pension Liability (Asset)	0.100474%	0.089507%	0.084797%	0.080257%	0.087854%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,127	\$ (9,318)	\$ (22,371)	\$ (36,399)	\$ (49,592)
Covered Payroll	\$ 213,156	\$ 393,835	\$ 556,552	\$ 705,336	\$ 929,666
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)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%

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

Exhibit E-6

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	2019
School Department's Proportion of the Net Pension Liability (Asset)	0.105028%	0.109005%	0.105730%	0.110469%	0.112736%	0.112409%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (17,067)	\$ 44,652	\$ 660,754	\$ (36,144)	\$ (396,710)	\$ (1,155,766)
Covered Payroll	\$ 4,122,328	\$ 4,080,585	\$ 3,816,643	\$ 3,905,011	\$ 3,947,662	\$ 3,769,224
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)%	(30.66)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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

Clay County, TennesseeSchedule of Changes in the Total OPEB Liability and Related RatiosDiscretely Presented Clay County School DepartmentFor the Fiscal Year Ended June 30Commercial Plan

	2018	2019	2020
Total OPEB Liability			
Service Cost	\$ 32,302	\$ 33,555	\$ 43,463
Interest	55,723	53,426	46,338
Changes in Benefit Terms	0	0	0
Differences Between Actual and Expected Experience	0	6,401	(66,899)
Changes in Assumptions or Other Inputs	0	(86,991)	49,833
Benefit Payments	(113,629)	(116,218)	(89,478)
Net Change in Total OPEB Liability	\$ (25,604)	\$ (109,827)	\$ (16,743)
Total OPEB Liability, Beginning	\$ 1,460,661	\$ 1,435,057	\$ 1,325,230
 Total OPEB Liability, Ending	 \$ 1,435,057	 \$ 1,325,230	 \$ 1,308,487
 Covered Employee Payroll	 \$ 3,810,347	 \$ 3,631,433	 \$ 3,791,790
Total OPEB Liability as a percentage of covered employee payroll	37.66%	36.49%	34.51%

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%
2020	2.21%

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

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	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 4.25 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, 2020

	Special Revenue Funds			Total
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 26,863	\$ 26,863
Equity in Pooled Cash and Investments	\$ 72,460	\$ 133,740	\$ 0	\$ 206,200
Accounts Receivable	0	0	27	27
Due from Other Governments	\$ 24,776	\$ 0	\$ 0	\$ 24,776
Total Assets	\$ 97,236	\$ 133,740	\$ 26,890	\$ 257,866
<u>LIABILITIES</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 1,127	\$ 1,127
Total Liabilities	\$ 0	\$ 0	\$ 1,127	\$ 1,127
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 97,236	\$ 0	\$ 0	\$ 97,236
Restricted for Public Safety	0	\$ 133,740	\$ 0	\$ 133,740
Committed:				
Committed for Finance	0	0	\$ 25,763	\$ 25,763
Total Fund Balances	\$ 97,236	\$ 133,740	\$ 25,763	\$ 256,739
Total Liabilities and Fund Balances	\$ 97,236	\$ 133,740	\$ 26,890	\$ 257,866

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, 2020

	Special Revenue Funds			Total
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	Nonmajor Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 17,394	\$ 0	\$ 0	\$ 17,394
Fines, Forfeitures, and Penalties	0	17,045	0	17,045
Charges for Current Services	0	0	107,692	107,692
State of Tennessee	24,776	0	0	24,776
Total Revenues	\$ 42,170	\$ 17,045	\$ 107,692	\$ 166,907
<u>Expenditures</u>				
Current:				
General Government	\$ 43,672	\$ 0	\$ 0	\$ 43,672
Finance	0	0	101,956	101,956
Public Safety	0	9,320	0	9,320
Other Operations	172	167	0	339
Total Expenditures	\$ 43,844	\$ 9,487	\$ 101,956	\$ 155,287
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,674)	\$ 7,558	\$ 5,736	\$ 11,620
Net Change in Fund Balances	\$ (1,674)	\$ 7,558	\$ 5,736	\$ 11,620
Fund Balance, July 1, 2019	98,910	126,182	20,027	245,119
Fund Balance, June 30, 2020	\$ 97,236	\$ 133,740	\$ 25,763	\$ 256,739

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 17,394	\$ 15,000	\$ 15,000	\$ 2,394
State of Tennessee	24,776	0	0	24,776
Total Revenues	<u>\$ 42,170</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 27,170</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 43,672	\$ 65,000	\$ 89,776	\$ 46,104
<u>Other Operations</u>				
Other Charges	172	300	300	128
Total Expenditures	<u>\$ 43,844</u>	<u>\$ 65,300</u>	<u>\$ 90,076</u>	<u>\$ 46,232</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,674)</u>	<u>\$ (50,300)</u>	<u>\$ (75,076)</u>	<u>\$ 73,402</u>
Net Change in Fund Balance Fund Balance, July 1, 2019	<u>\$ 98,910</u>	<u>\$ 98,909</u>	<u>\$ 98,909</u>	<u>1</u>
Fund Balance, June 30, 2020	<u>\$ 97,236</u>	<u>\$ 48,609</u>	<u>\$ 23,833</u>	<u>\$ 73,403</u>

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Fines, Forfeitures, and Penalties	\$ 17,045	\$ 8,000	\$ 8,000	\$ 9,045
Total Revenues	<u>\$ 17,045</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 9,045</u>
Expenditures				
<u>Public Safety</u>				
Drug Enforcement	\$ 9,320	\$ 78,000	\$ 78,000	\$ 68,680
<u>Other Operations</u>				
Other Charges	167	500	500	333
Total Expenditures	<u>\$ 9,487</u>	<u>\$ 78,500</u>	<u>\$ 78,500</u>	<u>\$ 69,013</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 7,558</u>	<u>\$ (70,500)</u>	<u>\$ (70,500)</u>	<u>\$ 78,058</u>
Net Change in Fund Balance Fund Balance, July 1, 2019	<u>\$ 7,558</u>	<u>\$ (70,500)</u>	<u>\$ (70,500)</u>	<u>\$ 78,058</u>
	<u>126,182</u>	<u>126,182</u>	<u>126,182</u>	<u>0</u>
Fund Balance, June 30, 2020	<u>\$ 133,740</u>	<u>\$ 55,682</u>	<u>\$ 55,682</u>	<u>\$ 78,058</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 216,504	\$ 156,883	\$ 156,883	\$ 59,621
Other Local Revenues	54,157	20,000	20,000	34,157
Other Governments and Citizens Groups	446,303	0	442,400	3,903
Total Revenues	\$ 716,964	\$ 176,883	\$ 619,283	\$ 97,681
Expenditures				
<u>Principal on Debt</u>				
General Government	\$ 115,000	\$ 115,070	\$ 115,070	\$ 70
Education	310,000	0	310,000	0
<u>Interest on Debt</u>				
General Government	3,058	5,000	5,000	1,942
Education	132,000	0	132,000	0
<u>Other Debt Service</u>				
General Government	3,366	4,000	4,000	634
Education	400	0	400	0
Total Expenditures	\$ 563,824	\$ 124,070	\$ 566,470	\$ 2,646
Excess (Deficiency) of Revenues Over Expenditures	\$ 153,140	\$ 52,813	\$ 52,813	\$ 100,327
Net Change in Fund Balance Fund Balance, July 1, 2019	\$ 153,140	\$ 52,813	\$ 52,813	\$ 100,327
	1,308,454	837,914	837,914	470,540
Fund Balance, June 30, 2020	\$ 1,461,594	\$ 890,727	\$ 890,727	\$ 570,867

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, 2020

	Agency Funds			
	Cities -	Sales	Officers -	Constitu - tional Agency
	Tax			Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 65,572	\$ 65,572	
Due from Other Governments	66,444	0	66,444	
Total Assets	\$ 66,444	\$ 65,572	\$ 132,016	
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 66,444	\$ 0	\$ 66,444	
Due to Litigants, Heirs, and Others	0	65,572	65,572	
Total Liabilities	\$ 66,444	\$ 65,572	\$ 132,016	

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 338,360	\$ 338,360	\$ 0
Due from Other Governments	60,728	66,444	60,728	66,444
Total Assets	\$ 60,728	\$ 404,804	\$ 399,088	\$ 66,444
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 60,728	\$ 404,804	\$ 399,088	\$ 66,444
Total Liabilities	\$ 60,728	\$ 404,804	\$ 399,088	\$ 66,444
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 158,797	\$ 2,105,162	\$ 2,198,387	\$ 65,572
Total Assets	\$ 158,797	\$ 2,105,162	\$ 2,198,387	\$ 65,572
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 158,797	\$ 2,105,162	\$ 2,198,387	\$ 65,572
Total Liabilities	\$ 158,797	\$ 2,105,162	\$ 2,198,387	\$ 65,572
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 158,797	\$ 2,105,162	\$ 2,198,387	\$ 65,572
Equity in Pooled Cash and Investments	0	338,360	338,360	0
Due from Other Governments	60,728	66,444	60,728	66,444
Total Assets	\$ 219,525	\$ 2,509,966	\$ 2,597,475	\$ 132,016
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 60,728	\$ 404,804	\$ 399,088	\$ 66,444
Due to Litigants, Heirs, and Others	158,797	2,105,162	2,198,387	65,572
Total Liabilities	\$ 219,525	\$ 2,509,966	\$ 2,597,475	\$ 132,016

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, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants	Capital Grants	Total Governmental Activities	
		Contributions	Contributions		
Functions/Programs	Expenses				
Governmental Activities:					
Instruction	\$ 5,594,208	\$ 13,742	\$ 713,212	0	\$ (4,867,254)
Support Services	4,028,797	1,301	174,311	68,446	(3,784,739)
Operation of Non-instructional Services	1,132,736	68,732	906,749	0	(157,255)
Interest on Long-term Debt	132,000	0	0	0	(132,000)
Total Governmental Activities	\$ 10,887,741	\$ 83,775	\$ 1,794,272	\$ 68,446	\$ (8,941,248)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,416,628
Local Option Sales Taxes					685,426
Grants and Contributions Not Restricted to Specific Programs					7,968,656
Unrestricted Investment Earnings					2,684
Miscellaneous					12,518
Total General Revenues					\$ 10,085,912
Change in Net Position					\$ 1,144,664
Net Position, July 1, 2019					6,303,733
Net Position, June 30, 2020					\$ 7,448,397

Exhibit I-2

Clay County, Tennessee

Balance Sheet - Governmental Funds

Discretely Presented Clay County School Department

June 30, 2020

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 15,000	\$ 1,410	\$ 16,410
Equity in Pooled Cash and Investments	4,215,814	248,594	4,464,408
Due from Other Governments	573,580	79,056	652,636
Due from Other Funds	0	134	134
Property Taxes Receivable	1,565,265	0	1,565,265
Allowance for Uncollectible Property Taxes	(46,889)	0	(46,889)
Restricted Assets	40,080	0	40,080
Total Assets	\$ 6,362,850	\$ 329,194	\$ 6,692,044
LIABILITIES			
Accounts Payable	\$ 173	\$ 0	\$ 173
Due to Other Funds	134	0	134
Total Liabilities	\$ 307	\$ 0	\$ 307
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	\$ 1,464,570	\$ 0	\$ 1,464,570
Deferred Delinquent Property Taxes	50,648	0	50,648
Other Deferred/Unavailable Revenue	65,497	0	65,497
Total Deferred Inflows of Resources	\$ 1,580,715	\$ 0	\$ 1,580,715
FUND BALANCES			
Restricted:			
Restricted for Education	\$ 177	\$ 229,194	\$ 229,371
Restricted for Hybrid Retirement Stabilization Funds	40,080	0	40,080
Committed:			
Committed for Education	1,421,603	100,000	1,521,603
Assigned:			
Assigned for Education	149,307	0	149,307
Unassigned	3,170,661	0	3,170,661
Total Fund Balances	\$ 4,781,828	\$ 329,194	\$ 5,111,022
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,362,850	\$ 329,194	\$ 6,692,044

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, 2020

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 5,111,022
(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	5,228,409	
Add: infrastructure net of accumulated depreciation	234,041	
Add: other capital assets net of accumulated depreciation	<u>993,714</u>	6,754,262
(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	\$ (4,090,000)	
Less: net OPEB liability	(1,308,487)	
Less: compensated absences payable	<u>(2,438)</u>	(5,400,925)
(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	\$ 792,301	
Less: deferred inflows of resources related to pensions	(1,192,098)	
Less: deferred inflows of resources related to OPEB	<u>(74,939)</u>	(474,736)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 137,271	
Add: net pension asset - teacher retirement plan	49,592	
Add: net pension asset - teacher legacy retirement plan	<u>1,155,766</u>	1,342,629
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>116,145</u>
Net position of governmental activities (Exhibit A)		<u>\$ 7,448,397</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, 2020

	Major Fund	Nonmajor Funds			Total Governmental Funds	
		Other	Gov-	General Purpose School		
		Gov-	men-			
<u>Revenues</u>						
Local Taxes	\$ 2,125,960	\$ 0	\$ 2,125,960			
Licenses and Permits	612	0	612			
Charges for Current Services	13,877	70,033	83,910			
Other Local Revenues	24,445	1,470	25,915			
State of Tennessee	8,107,478	0	8,107,478			
Federal Government	210,520	1,484,516	1,695,036			
Other Governments and Citizens Groups	0	5,000	5,000			
Total Revenues	\$ 10,482,892	\$ 1,561,019	\$ 12,043,911			
<u>Expenditures</u>						
Current:						
Instruction	\$ 4,982,875	\$ 616,585	\$ 5,599,460			
Support Services	3,822,242	237,327	4,059,569			
Operation of Non-Instructional Services	439,855	717,911	1,157,766			
Capital Outlay	90,676	0	90,676			
Debt Service:						
Principal on Debt	310,000	0	310,000			
Interest on Debt	132,000	0	132,000			
Other Debt Service	400	0	400			
Total Expenditures	\$ 9,778,048	\$ 1,571,823	\$ 11,349,871			
Excess (Deficiency) of Revenues Over Expenditures	\$ 704,844	\$ (10,804)	\$ 694,040			
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 29,346	\$ 0	\$ 29,346			
Transfers Out	0	(29,346)	(29,346)			
Total Other Financing Sources (Uses)	\$ 29,346	\$ (29,346)	\$ 0			
Net Change in Fund Balances	\$ 734,190	\$ (40,150)	\$ 694,040			
Fund Balance, July 1, 2019	4,047,638	369,344	4,416,982			
Fund Balance, June 30, 2020	\$ 4,781,828	\$ 329,194	\$ 5,111,022			

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, 2020

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

Net change in fund balances - total governmental funds (Exhibit I-4)	\$ 694,040
(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	\$ 227,283
Less: current-year depreciation expense	<u>(386,714)</u> (159,431)
(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	(3,244)
(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, 2020	\$ 116,145
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(126,419)</u> (10,274)
(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	310,000
(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	\$ (1,303)
Change in net pension asset - agent plan	35,365
Change in net pension asset - teacher retirement plan	13,195
Change in net pension asset - legacy teacher plan	759,056
Change in deferred outflows related to pensions	(127,192)
Change in deferred inflows related to pensions	(377,676)
Change in OPEB liability	16,743
Change in deferred outflows related to OPEB	(5,585)
Change in deferred inflows related to OPEB	<u>970</u> <u>313,573</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 1,144,664</u>

Exhibit I-6

Clay County, Tennessee

Combining Balance Sheet - Nonmajor Governmental Funds

Discretely Presented Clay County School Department

June 30, 2020

	Special Revenue Funds		Total
	School		Nonmajor
	Federal	Central	Governmental
	Projects	Cafeteria	Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,410	\$ 1,410
Equity in Pooled Cash and Investments	49,334	199,260	248,594
Due from Other Governments	62,327	16,729	79,056
Due from Other Funds	134	0	134
Total Assets	\$ 111,795	\$ 217,399	\$ 329,194
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 11,795	\$ 217,399	\$ 229,194
Committed:			
Committed for Education	100,000	0	100,000
Total Fund Balances	\$ 111,795	\$ 217,399	\$ 329,194

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, 2020

	Special Revenue Funds			Total
	School	Central	Cafeteria	Nonmajor Governmental Funds
	Federal Projects			
Revenues				
Charges for Current Services	\$ 0	\$ 70,033	\$ 70,033	
Other Local Revenues	0	1,470	1,470	
Federal Government	932,464	552,052	1,484,516	
Other Governments and Citizens Groups	0	5,000	5,000	
Total Revenues	\$ 932,464	\$ 628,555	\$ 1,561,019	
Expenditures				
Current:				
Instruction	\$ 616,585	\$ 0	\$ 616,585	
Support Services	237,327	0	237,327	
Operation of Non-Instructional Services	37,411	680,500	717,911	
Total Expenditures	\$ 891,323	\$ 680,500	\$ 1,571,823	
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,141	\$ (51,945)	\$ (10,804)	
Other Financing Sources (Uses)				
Transfers Out	\$ (29,346)	\$ 0	\$ (29,346)	
Total Other Financing Sources (Uses)	\$ (29,346)	\$ 0	\$ (29,346)	
Net Change in Fund Balances	\$ 11,795	\$ (51,945)	\$ (40,150)	
Fund Balance, July 1, 2019	100,000	269,344	369,344	
Fund Balance, June 30, 2020	\$ 111,795	\$ 217,399	\$ 329,194	

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,125,960	\$ 0	\$ 0	\$ 2,125,960	\$ 2,041,239	\$ 2,041,239	\$ 84,721
Licenses and Permits	612	0	0	612	650	650	(38)
Charges for Current Services	13,877	0	0	13,877	41,090	41,090	(27,213)
Other Local Revenues	24,445	0	0	24,445	18,650	18,650	5,795
State of Tennessee	8,107,478	0	0	8,107,478	8,231,630	8,335,561	(228,083)
Federal Government	210,520	0	0	210,520	80,000	80,000	130,520
Total Revenues	\$ 10,482,892	\$ 0	\$ 0	\$ 10,482,892	\$ 10,413,259	\$ 10,517,190	\$ (34,298)
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,160,650	\$ 0	\$ 0	\$ 4,160,650	\$ 4,642,682	\$ 4,666,182	\$ 505,532
Alternative Instruction Program	36,713	0	0	36,713	40,436	40,436	3,723
Special Education Program	508,329	0	0	508,329	592,242	594,742	86,413
Career and Technical Education Program	277,183	0	0	277,183	343,808	343,808	66,625
<u>Support Services</u>							
Attendance	56,623	0	0	56,623	57,140	60,440	3,817
Health Services	218,575	0	0	218,575	229,176	231,976	13,401
Other Student Support	229,481	0	3,700	233,181	231,112	271,798	38,617
Regular Instruction Program	365,145	0	0	365,145	375,966	388,266	23,121
Special Education Program	155,570	0	0	155,570	161,280	162,880	7,310
Career and Technical Education Program	29,960	0	0	29,960	31,744	31,744	1,784
Technology	112,279	0	0	112,279	114,806	118,856	6,577
Other Programs	22,956	0	0	22,956	0	22,956	0
Board of Education	149,368	0	0	149,368	185,407	185,407	36,039
Director of Schools	131,445	0	0	131,445	139,247	139,247	7,802
Office of the Principal	526,122	0	0	526,122	555,404	567,904	41,782
Fiscal Services	184,130	0	0	184,130	197,229	206,829	22,699
Operation of Plant	743,880	0	0	743,880	867,763	876,763	132,883
Maintenance of Plant	265,991	0	0	265,991	287,776	297,401	31,410

(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 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
<u>Support Services (Cont.)</u>							
Transportation	\$ 630,717	\$ (97,106)	\$ 99,767	\$ 633,378	\$ 882,282	\$ 887,282	\$ 253,904
<u>Operation of Non-Instructional Services</u>							
Food Service	96,368	0	0	96,368	96,024	100,524	4,156
Community Services	32,531	0	0	32,531	35,837	35,837	3,306
Early Childhood Education	310,956	0	0	310,956	310,955	310,955	(1)
<u>Capital Outlay</u>							
Regular Capital Outlay	90,676	0	30,840	121,516	368,555	346,755	225,239
<u>Principal on Debt</u>							
Education	310,000	0	0	310,000	310,000	310,000	0
<u>Interest on Debt</u>							
Education	132,000	0	0	132,000	132,000	132,000	0
<u>Other Debt Service</u>							
Education	400	0	0	400	500	500	100
Total Expenditures	\$ 9,778,048	\$ (97,106)	\$ 134,307	\$ 9,815,249	\$ 11,189,371	\$ 11,331,488	\$ 1,516,239
 Excess (Deficiency) of Revenues Over Expenditures							
	\$ 704,844	\$ 97,106	\$ (134,307)	\$ 667,643	\$ (776,112)	\$ (814,298)	\$ 1,481,941
 <u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ (1,000)	
Transfers In	29,346	0	0	29,346	22,150	22,150	7,196
Transfers Out	0	0	0	0	(60,000)	(21,814)	21,814
Total Other Financing Sources	\$ 29,346	\$ 0	\$ 0	\$ 29,346	\$ (36,850)	\$ 1,336	\$ 28,010
 Net Change in Fund Balance							
Fund Balance, July 1, 2019	\$ 734,190	\$ 97,106	\$ (134,307)	\$ 696,989	\$ (812,962)	\$ (812,962)	\$ 1,509,951
	4,047,638	(97,106)	0	3,950,532	2,771,307	2,771,307	1,179,225
Fund Balance, June 30, 2020	\$ 4,781,828	\$ 0	\$ (134,307)	\$ 4,647,521	\$ 1,958,345	\$ 1,958,345	\$ 2,689,176

Exhibit I-9

Clay County, Tennessee

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Actual (Budgetary Basis) and Budget

Discretely Presented Clay County School Department

School Federal Projects Fund

For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Federal Government	\$ 932,464	\$ 0	\$ 932,464	\$ 1,142,797	\$ 1,149,842	\$ (217,378)
Total Revenues	\$ 932,464	\$ 0	\$ 932,464	\$ 1,142,797	\$ 1,149,842	\$ (217,378)
Expenditures						
<u>Instruction</u>						
Regular Instruction Program	\$ 429,025	\$ 0	\$ 429,025	\$ 528,744	\$ 501,329	\$ 72,304
Special Education Program	160,707	11,795	172,502	188,751	187,402	14,900
Career and Technical Education Program	26,853	0	26,853	23,769	29,032	2,179
<u>Support Services</u>						
Other Student Support	5,609	0	5,609	12,038	6,775	1,166
Regular Instruction Program	132,276	0	132,276	141,061	176,501	44,225
Special Education Program	93,865	0	93,865	139,737	141,086	47,221
Transportation	5,577	0	5,577	5,824	5,824	247
<u>Operation of Non-Instructional Services</u>						
Community Services	37,411	0	37,411	70,173	70,173	32,762
Total Expenditures	\$ 891,323	\$ 11,795	\$ 903,118	\$ 1,110,097	\$ 1,118,122	\$ 215,004
Excess (Deficiency) of Revenues Over Expenditures						
	\$ 41,141	\$ (11,795)	\$ 29,346	\$ 32,700	\$ 31,720	\$ (2,374)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (29,346)	\$ 0	\$ (29,346)	\$ (32,700)	\$ (31,720)	\$ 2,374
Total Other Financing Sources	\$ (29,346)	\$ 0	\$ (29,346)	\$ (32,700)	\$ (31,720)	\$ 2,374
Net Change in Fund Balance						
Fund Balance, July 1, 2019	\$ 11,795	\$ (11,795)	\$ 0	\$ 0	\$ 0	\$ 0
	100,000	0	100,000	0	0	100,000
Fund Balance, June 30, 2020	\$ 111,795	\$ (11,795)	\$ 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

Financial Statement

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
				Budgeted Amounts Original	Budgeted Amounts Final			
Revenues								
Charges for Current Services	\$ 70,033	\$ 0	\$ 70,033	\$ 119,000	\$ 119,000	\$ (48,967)		
Other Local Revenues	1,470	0	1,470	1,700	1,700	(230)		
Federal Government	552,052	0	552,052	674,000	674,000	(121,948)		
Other Governments and Citizens Groups	5,000	0	5,000	0	0	5,000		
Total Revenues	\$ 628,555	\$ 0	\$ 628,555	\$ 794,700	\$ 794,700	\$ (166,145)		
Expenditures								
<i>Operation of Non-Instructional Services</i>								
Food Service	\$ 680,500	\$ (36,316)	\$ 644,184	\$ 892,650	\$ 939,993	\$ 295,809		
Total Expenditures	\$ 680,500	\$ (36,316)	\$ 644,184	\$ 892,650	\$ 939,993	\$ 295,809		
Excess (Deficiency) of Revenues Over Expenditures	\$ (51,945)	\$ 36,316	\$ (15,629)	\$ (97,950)	\$ (145,293)	\$ 129,664		
Net Change in Fund Balance Fund Balance, July 1, 2019	\$ (51,945)	\$ 36,316	\$ (15,629)	\$ (97,950)	\$ (145,293)	\$ 129,664		
Fund Balance, June 30, 2020	\$ 269,344	\$ (36,316)	\$ 233,028	\$ 234,727	\$ 234,727	\$ (1,699)		
	\$ 217,399	\$ 0	\$ 217,399	\$ 136,777	\$ 89,434	\$ 127,965		

MISCELLANEOUS SCHEDULES

Exhibit J-1

Clay County, Tennessee

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Paid and/or Matured During Period	Outstanding 6-30-20
<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	\$ 4,400,000	\$ 310,000	\$ 4,090,000
<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	\$ 115,000	\$ 115,000	0

Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 4,090,000	\$ 771,750	\$ 4,861,750

Exhibit J-3

Clay County, Tennessee

Schedule of Transfers

Discretely Presented Clay County School Department

For the Year Ended June 30, 2020

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ <u>29,346</u>
Total Transfers Discretely Presented Clay County School Department			\$ <u>29,346</u>

Exhibit J-4

Clay County, TennesseeSchedule of Salaries and Official Bonds of Principal OfficialsPrimary Government and Discretely Presented Clay County School DepartmentFor the Year Ended June 30, 2020

Official	Authorization for Salary		Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 79,083		\$ (1)	
Road Superintendent	Section 8-24-102, TCA	75,318		(1)	
Director of Schools	State Board of Education and County Board of Education	83,165	(2)	(1)	
Trustee	Section 8-24-102, TCA	68,471		(1)	
Assessor of Property	Section 8-24-102, TCA	68,471		50,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	68,471		(1)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	68,471		(1)	
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	68,471	(3)	75,000	RLI Insurance Company
Register of Deeds	Section 8-24-102, TCA	68,471		(1)	
Sheriff	Section 8-24-102, TCA	75,318	(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 \$1,000.

(3) Does not include special commissioner fees of \$165.

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

Exhibit J-5

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

	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	\$ 1,807,147	\$ 0	\$ 418,858	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year		74,889	0	17,358	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years		29,778	0	6,902	0	0
Interest and Penalty		13,632	0	3,160	0	0
Payments in-Lieu-of Taxes - T.V.A.		77,276	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax		346,112	0	0	0	0
Hotel/Motel Tax		46,063	0	0	0	0
Wheel Tax		229,765	0	0	0	0
Litigation Tax - General		44,640	0	0	0	0
Litigation Tax - Special Purpose		3,489	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse		0	17,394	0	0	0
Business Tax		41,014	0	0	0	0
Mineral Severance Tax		0	0	0	0	3,146
<u>Statutory Local Taxes</u>						
Bank Excise Tax		18,378	0	4,260	0	0
Wholesale Beer Tax		102,282	0	0	0	0
Beer Privilege Tax		1,235	0	0	0	0
Total Local Taxes	\$ 2,835,700	\$ 17,394	\$ 450,538	\$ 0	\$ 0	\$ 3,146
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 99,416	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits		950	0	0	0	0

(Continued)

Exhibit J-5

Clay County, Tennessee

Schedule of Detailed Revenues -

All Governmental Fund Types (Cont.)

	Special Revenue Funds						Highway / Public Works
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees		
<u>Licenses and Permits (Cont.)</u>							
<u>Permits (Cont.)</u>							
Building Permits	\$ 28,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 129,351	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 3,823	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,864	0	0	0	0	0	0
Drug Control Fines	0	0	0	2,165	0	0	0
Drug Court Fees	1,348	0	0	0	0	0	0
Veterans Treatment Court Fees	1,925	0	0	0	0	0	0
Jail Fees	687	0	0	0	0	0	0
DUI Treatment Fines	676	0	0	0	0	0	0
Data Entry Fee - Circuit Court	652	0	0	0	0	0	0
Courtroom Security Fee	983	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	6,904	0	0	0	0	0	0
Officers Costs	12,744	0	0	0	0	0	0
Game and Fish Fines	1,106	0	0	0	0	0	0
Drug Control Fines	0	0	0	5,707	0	0	0
Drug Court Fees	3,781	0	0	0	0	0	0
Veterans Treatment Court Fees	2,422	0	0	0	0	0	0
Jail Fees	2,544	0	0	0	0	0	0
DUI Treatment Fines	2,428	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,410	0	0	0	0	0	0
Courtroom Security Fee	13,328	0	0	0	0	0	0

(Continued)

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	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 718	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Chancery Court</u>						
Officers Costs	620	0	0	0	0	0
Data Entry Fee - Chancery Court	358	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	9,173	0	0
Total Fines, Forfeitures, and Penalties	\$ 64,321	\$ 0	\$ 0	\$ 17,045	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 87,416	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	0	1,204	0	0	0
Other General Service Charges	2,069	0	0	0	0	5,221
<u>Fees</u>						
Recreation Fees	3,240	0	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0	0
Telephone Commissions	9,822	0	0	0	0	0
Vending Machine Collections	2,037	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	107,692	0
Data Processing Fee - Register	3,120	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,400	0	0	0	0	0
Data Processing Fee - County Clerk	8,066	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	225	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	6,132	0	0	0	0	0
Total Charges for Current Services	\$ 37,211	\$ 0	\$ 88,620	\$ 0	\$ 107,692	\$ 5,221

(Continued)

Exhibit J-5

Clay County, Tennessee

Schedule of Detailed Revenues -

All Governmental Fund Types (Cont.)

	Special Revenue Funds						Highway / Public Works
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees		
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 12,615	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Sale of Recycled Materials	0	0	13,857	0	0	0	0
Miscellaneous Refunds	53,010	0	0	0	0	0	5,646
Expenditure Credits	77	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	35,036	0	0	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	12,042	0	0	0	0	0	0
Total Other Local Revenues	\$ 112,780	\$ 0	\$ 13,857	\$ 0	\$ 0	\$ 0	5,646
<u>Fees Received From County Officials</u>							
<u>Excess Fees</u>							
Trustee	\$ 39,107	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fees In-Lieu-of Salary</u>							
County Clerk	110,654	0	0	0	0	0	0
Circuit Court Clerk	28,769	0	0	0	0	0	0
General Sessions Court Clerk	59,148	0	0	0	0	0	0
Clerk and Master	33,366	0	0	0	0	0	0
Register	38,170	0	0	0	0	0	0
Sheriff	8,657	0	0	0	0	0	0
Total Fees Received From County Officials	\$ 317,871	\$ 0	\$ 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	0
Aging Programs	6,117	0	0	0	0	0	0

(Continued)

Exhibit J-5

Clay County, Tennessee

Schedule of Detailed Revenues -

All Governmental Fund Types (Cont.)

	Special Revenue Funds						Highway / Public Works	
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees			
<u>State of Tennessee (Cont.)</u>								
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	\$ 9,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	0	0	415,856	
Litter Program	44,191	0	0	0	0	0	0	
<u>Other State Revenues</u>								
Income Tax	8,941	0	0	0	0	0	0	
Beer Tax	18,175	0	0	0	0	0	0	
Vehicle Certificate of Title Fees	5	0	0	0	0	0	0	
Alcoholic Beverage Tax	29,561	0	0	0	0	0	0	
State Revenue Sharing - T.V.A.	299,230	0	0	0	0	0	7,000	
State Revenue Sharing - Telecommunications	43,546	0	0	0	0	0	0	
Contracted Prisoner Boarding	90,207	0	0	0	0	0	0	
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,826,546	
Petroleum Special Tax	0	0	0	0	0	0	5,199	
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	
Other State Grants	114,643	24,776	44,222	0	0	0	0	
Other State Revenues	15,918	0	0	0	0	0	0	
Total State of Tennessee	\$ 704,298	\$ 24,776	\$ 44,222	\$ 0	\$ 0	\$ 0	2,254,601	
<u>Federal Government</u>								
<u>Federal Through State</u>								
Civil Defense Reimbursement	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	
Other Federal through State	333,729	0	0	0	0	0	0	
<u>Direct Federal Revenue</u>								
Police Service (Lake Area)	22,784	0	0	0	0	0	0	

(Continued)

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 (Cont.)</u>						
COVID-19 Grant #6	\$ 3,861	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Direct Federal Revenue	<u>\$ 153,610</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Federal Government	<u>\$ 518,984</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	\$ 88,265	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>						
Donations	3,250	0	0	0	0	0
<u>Other</u>						
Other	111,066	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 202,581</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 4,923,097</u>	<u>\$ 42,170</u>	<u>\$ 597,237</u>	<u>\$ 17,045</u>	<u>\$ 107,692</u>	<u>\$ 2,268,614</u>

(Continued)

Exhibit J-5

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

			Debt Service	
			Fund	
			General	
			Debt	
			Service	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax		\$ 143,577	\$ 2,369,582	
Trustee's Collections - Prior Year		5,950	98,197	
Circuit Clerk/Clerk and Master Collections - Prior Years		2,366	39,046	
Interest and Penalty		1,083	17,875	
Payments in-Lieu-of Taxes - T.V.A.		0	77,276	
<u>County Local Option Taxes</u>				
Local Option Sales Tax		0	346,112	
Hotel/Motel Tax		0	46,063	
Wheel Tax		49,218	278,983	
Litigation Tax - General		0	44,640	
Litigation Tax - Special Purpose		1,485	4,974	
Litigation Tax - Jail, Workhouse, or Courthouse		0	17,394	
Business Tax		0	41,014	
Mineral Severance Tax		0	3,146	
<u>Statutory Local Taxes</u>				
Bank Excise Tax		1,460	24,098	
Wholesale Beer Tax		11,365	113,647	
Beer Privilege Tax		0	1,235	
Total Local Taxes		\$ 216,504	\$ 3,523,282	
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise		\$ 0	\$ 99,416	
<u>Permits</u>				
Beer Permits		0	950	

(Continued)

Exhibit J-5

Clay County, Tennessee

Schedule of Detailed Revenues -

All Governmental Fund Types (Cont.)

	Debt Service Fund	General Debt Service	Total
<u>Licenses and Permits (Cont.)</u>			
<u>Permits (Cont.)</u>			
Building Permits	\$ 0	\$ 28,985	
Total Licenses and Permits	\$ 0	\$ 129,351	
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 3,823	
Officers Costs	0	3,864	
Drug Control Fines	0	2,165	
Drug Court Fees	0	1,348	
Veterans Treatment Court Fees	0	1,925	
Jail Fees	0	687	
DUI Treatment Fines	0	676	
Data Entry Fee - Circuit Court	0	652	
Courtroom Security Fee	0	983	
<u>General Sessions Court</u>			
Fines	0	6,904	
Officers Costs	0	12,744	
Game and Fish Fines	0	1,106	
Drug Control Fines	0	5,707	
Drug Court Fees	0	3,781	
Veterans Treatment Court Fees	0	2,422	
Jail Fees	0	2,544	
DUI Treatment Fines	0	2,428	
Data Entry Fee - General Sessions Court	0	3,410	
Courtroom Security Fee	0	13,328	

(Continued)

Exhibit J-5

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

		Debt Service		
		Fund		
		General		
		Debt		
		Service		Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Juvenile Court</u>				
Fines		\$	0	\$ 718
<u>Chancery Court</u>				
Officers Costs		0		620
Data Entry Fee - Chancery Court		0		358
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property		0		9,173
Total Fines, Forfeitures, and Penalties		\$	0	\$ 81,366
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Tipping Fees		\$	0	\$ 87,416
Surcharge - Waste Tire Disposal		0		1,204
Other General Service Charges		0		7,290
<u>Fees</u>				
Recreation Fees		0		3,240
Greenbelt Late Application Fee		0		100
Telephone Commissions		0		9,822
Vending Machine Collections		0		2,037
Constitutional Officers' Fees and Commissions		0		107,692
Data Processing Fee - Register		0		3,120
Sexual Offender Registration Fee - Sheriff		0		2,400
Data Processing Fee - County Clerk		0		8,066
Vehicle Insurance Coverage and Reinstatement Fees		0		225
<u>Education Charges</u>				
Other Charges for Services		0		6,132
Total Charges for Current Services		\$	0	\$ 238,744

(Continued)

Exhibit J-5

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

			Debt Service	
			Fund	
			General	
			Debt	
			Service	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income		\$ 54,157	\$ 66,772	
Sale of Recycled Materials		0	13,857	
Miscellaneous Refunds		0	58,656	
Expenditure Credits		0	77	
<u>Nonrecurring Items</u>				
Sale of Equipment		0	35,036	
<u>Other Local Revenues</u>				
Other Local Revenues		0	12,042	
Total Other Local Revenues		\$ 54,157	\$ 186,440	
<u>Fees Received From County Officials</u>				
<u>Excess Fees</u>				
Trustee		\$ 0	\$ 39,107	
<u>Fees In-Lieu-of Salary</u>				
County Clerk		0	110,654	
Circuit Court Clerk		0	28,769	
General Sessions Court Clerk		0	59,148	
Clerk and Master		0	33,366	
Register		0	38,170	
Sheriff		0	8,657	
Total Fees Received From County Officials		\$ 0	\$ 317,871	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program		\$ 0	\$ 9,000	
Aging Programs		0	6,117	

(Continued)

Exhibit J-5

Clay County, Tennessee

Schedule of Detailed Revenues -

All Governmental Fund Types (Cont.)

			Debt Service	
			Fund	
			General	
			Debt	
			Service	Total
<u>State of Tennessee (Cont.)</u>				
<u>Public Safety Grants</u>				
Law Enforcement Training Programs		\$	0	\$ 9,600
<u>Public Works Grants</u>				
State Aid Program		0		415,856
Litter Program		0		44,191
<u>Other State Revenues</u>				
Income Tax		0		8,941
Beer Tax		0		18,175
Vehicle Certificate of Title Fees		0		5
Alcoholic Beverage Tax		0		29,561
State Revenue Sharing - T.V.A.		0		306,230
State Revenue Sharing - Telecommunications		0		43,546
Contracted Prisoner Boarding		0		90,207
Gasoline and Motor Fuel Tax		0		1,826,546
Petroleum Special Tax		0		5,199
Registrar's Salary Supplement		0		15,164
Other State Grants		0		183,641
Other State Revenues		0		15,918
Total State of Tennessee		\$	0	\$ 3,027,897
<u>Federal Government</u>				
<u>Federal Through State</u>				
Civil Defense Reimbursement		\$	0	\$ 5,000
Other Federal through State		0		333,729
<u>Direct Federal Revenue</u>				
Police Service (Lake Area)		0		22,784

(Continued)

Exhibit J-5

Clay County, Tennessee

Schedule of Detailed Revenues -

All Governmental Fund Types (Cont.)

	Debt Service	Fund		
	General	Debt	Service	Total
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue (Cont.)</u>				
COVID-19 Grant #6	\$	0	\$	3,861
Other Direct Federal Revenue		0		153,610
Total Federal Government	\$	0	\$	518,984
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$	446,303	\$	534,568
<u>Citizens Groups</u>				
Donations		0		3,250
Other				
Other		0		111,066
Total Other Governments and Citizens Groups	\$	446,303	\$	648,884
Total	\$	716,964	\$	8,672,819

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, 2020

	General Purpose School	Special Revenue Funds				
		School	Federal Projects	Central Cafeteria	Total	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,340,427	\$ 0	\$ 0	\$ 0	\$ 1,340,427	
Trustee's Collections - Prior Year	55,548	0	0	0	55,548	
Circuit Clerk/Clerk and Master Collections - Prior Years	22,088	0	0	0	22,088	
Interest and Penalty	10,111	0	0	0	10,111	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	684,154	0	0	0	684,154	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	13,632	0	0	0	13,632	
Total Local Taxes	\$ 2,125,960	\$ 0	\$ 0	\$ 0	\$ 2,125,960	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 542	\$ 0	\$ 0	\$ 0	\$ 542	
<u>Permits</u>						
Other Permits	70	0	0	0	70	
Total Licenses and Permits	\$ 612	\$ 0	\$ 0	\$ 0	\$ 612	
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	\$ 0	\$ 0	\$ 29,535	\$ 29,535	\$ 29,535	
Lunch Payments - Adults	0	0	16,026	16,026	16,026	
Income from Breakfast	0	0	15,124	15,124	15,124	
A la Carte Sales	0	0	8,047	8,047	8,047	
Receipts from Individual Schools	13,672	0	0	0	13,672	

(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				
		School	Federal Projects	Central Cafeteria	Total	
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
Community Service Fees - Adults	\$ 0	\$ 0	\$ 1,301	\$ 1,301		
Other Charges for Services	205	0	0	0	205	
Total Charges for Current Services	\$ 13,877	\$ 0	\$ 70,033	\$ 83,910		
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1,238	\$ 0	\$ 1,446	\$ 2,684		
Sale of Materials and Supplies	22	0	0	0	22	
E-Rate Funding	9,301	0	0	0	9,301	
Miscellaneous Refunds	12,472	0	5	5	12,477	
<u>Nonrecurring Items</u>						
Sale of Equipment	1,232	0	19	19	1,251	
<u>Other Local Revenues</u>						
Other Local Revenues	180	0	0	0	180	
Total Other Local Revenues	\$ 24,445	\$ 0	\$ 1,470	\$ 25,915		
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 22,956	\$ 0	\$ 0	\$ 0	\$ 22,956	
<u>State Education Funds</u>						
Basic Education Program	7,138,000	0	0	0	7,138,000	
Early Childhood Education	310,955	0	0	0	310,955	
School Food Service	5,711	0	0	0	5,711	
Other State Education Funds	290,041	0	0	0	290,041	
Career Ladder Program	19,276	0	0	0	19,276	

(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	Central	Cafeteria			
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues</u>								
Flood Control	\$ 170,993	\$ 0	\$ 0	\$ 0	\$ 170,993			
Other State Grants	146,446	0	0	0	146,446			
Other State Revenues	3,100	0	0	0	3,100			
Total State of Tennessee	\$ 8,107,478	\$ 0	\$ 0	\$ 0	\$ 8,107,478			
<u>Federal Government</u>								
<u>Federal Through State</u>								
USDA School Lunch Program	\$ 0	\$ 322,854	\$ 322,854	\$ 322,854	\$ 322,854			
USDA - Commodities	0	0	43,576	43,576	43,576			
Breakfast	0	0	155,782	155,782	155,782			
USDA - Other	0	0	13,111	13,111	13,111			
Vocational Education - Basic Grants to States	0	32,123	0	0	32,123			
Title I Grants to Local Education Agencies	0	498,617	0	0	498,617			
Special Education - Grants to States	0	271,533	0	0	271,533			
Special Education Preschool Grants	0	9,871	0	0	9,871			
Safe and Drug-free Schools - State Grants	0	37,411	0	0	37,411			
Rural Education	0	14,552	0	0	14,552			
Eisenhower Professional Development State Grants	0	68,357	0	0	68,357			
COVID-19 Grant #1	72,949	0	16,729	16,729	89,678			
<u>Direct Federal Revenue</u>								
Public Law 874 - Maintenance and Operation	137,571	0	0	0	137,571			
Total Federal Government	\$ 210,520	\$ 932,464	\$ 552,052	\$ 1,695,036				
<u>Other Governments and Citizens Groups</u>								
<u>Citizens Groups</u>								
Donations	\$ 0	\$ 0	\$ 5,000	\$ 5,000	\$ 5,000			
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 5,000	\$ 5,000	\$ 5,000			
Total	\$ 10,482,892	\$ 932,464	\$ 628,555	\$ 12,043,911				

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 16,871	
Audit Services	2,987	
Dues and Memberships	1,050	
Other Charges	4,080	
Total County Commission		\$ 24,988

Board of Equalization

Board and Committee Members Fees	\$ 1,050	
Total Board of Equalization		1,050

Beer Board

Legal Notices, Recording, and Court Costs	\$ 523	
Total Beer Board		523

County Mayor/Executive

County Official/Administrative Officer	\$ 79,083	
Accountants/Bookkeepers	27,950	
Clerical Personnel	20,744	
Communication	3,311	
Data Processing Services	8,436	
Dues and Memberships	3,326	
Maintenance Agreements	252	
Postal Charges	919	
Printing, Stationery, and Forms	848	
Travel	558	
Office Supplies	1,181	
Total County Mayor/Executive		146,608

County Attorney

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

Election Commission

County Official/Administrative Officer	\$ 54,777	
Other Salaries and Wages	19,938	
Election Commission	8,301	
Election Workers	8,040	
Communication	2,503	
Dues and Memberships	350	
Legal Notices, Recording, and Court Costs	132	
Maintenance and Repair Services - Buildings	756	
Maintenance and Repair Services - Equipment	22,134	
Postal Charges	1,439	
Printing, Stationery, and Forms	1,250	
Travel	759	
Office Supplies	2,959	
Office Equipment	10,970	
Total Election Commission		134,308

(Continued)

Exhibit J-7

Clay County, Tennessee

Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	68,471
Deputy(ies)		19,149
Communication		1,231
Data Processing Services		2,324
Dues and Memberships		670
Maintenance Agreements		335
Postal Charges		107
Printing, Stationery, and Forms		546
Travel		595
Office Supplies		348
Total Register of Deeds	\$	93,776

County Buildings

Custodial Personnel	\$	49,453
Communication		599
Evaluation and Testing		150
Maintenance and Repair Services - Buildings		99,993
Maintenance and Repair Services - Vehicles		3,557
Pest Control		885
Remittance of Revenue Collected		15,348
Custodial Supplies		5,173
Electricity		9,831
Gasoline		5,129
Natural Gas		3,178
Uniforms		859
Water and Sewer		3,285
Total County Buildings		197,440

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	68,471
Deputy(ies)		22,807
Part-time Personnel		4,576
Communication		2,207
Contracts with Private Agencies		1,170
Data Processing Services		5,174
Dues and Memberships		1,000
Postal Charges		974
Travel		1,431
Office Supplies		1,172
Office Equipment		641
Total Property Assessor's Office		109,623

County Trustee's Office

Data Processing Services	\$	4,129
Dues and Memberships		490
Legal Notices, Recording, and Court Costs		92

(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 (Cont.)

Maintenance and Repair Services - Equipment	\$	11,022
Postal Charges		116
Printing, Stationery, and Forms		416
Office Supplies		2,494
Office Equipment		248
Total County Trustee's Office		\$ 19,007

County Clerk's Office

County Official/Administrative Officer	\$	68,471
Deputy(ies)		41,928
Other Per Diem and Fees		3,995
Communication		2,949
Data Processing Services		2,000
Dues and Memberships		590
Maintenance and Repair Services - Equipment		756
Postal Charges		1,794
Rentals		5,600
Office Supplies		2,811
Total County Clerk's Office		130,894

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	68,471
Deputy(ies)		65,894
Other Salaries and Wages		3,000
Jury and Witness Expense		2,822
Communication		2,244
Data Processing Services		2,625
Dues and Memberships		650
Maintenance Agreements		14,076
Postal Charges		1,057
Printing, Stationery, and Forms		629
Remittance of Revenue Collected		10,604
Office Supplies		2,557
Total Circuit Court		174,629

General Sessions Court

Judge(s)	\$	79,210
Total General Sessions Court		79,210

Chancery Court

County Official/Administrative Officer	\$	68,471
Deputy(ies)		18,779
Communication		1,267
Data Processing Services		6,748
Dues and Memberships		650
Maintenance Agreements		372

(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.)

Postal Charges	\$ 2,289
Office Supplies	1,036
Total Chancery Court	\$ 99,612

Juvenile Court

Supervisor/Director	\$ 9,000
Social Security	688
Unemployment Compensation	36
Total Juvenile Court	9,724

Judicial Commissioners

County Official/Administrative Officer	\$ 11,865
Other Salaries and Wages	300
Office Supplies	249
Premiums on Corporate Surety Bonds	100
Total Judicial Commissioners	12,514

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 75,318
Assistant(s)	36,755
Deputy(ies)	342,226
Accountants/Bookkeepers	26,288
Salary Supplements	9,600
Dispatchers/Radio Operators	191,445
Cafeteria Personnel	32,267
Other Salaries and Wages	20,988
In-service Training	4,048
Other Per Diem and Fees	625
Communication	12,683
Contracts with Government Agencies	400
Contracts with Other Public Agencies	7,137
Dues and Memberships	1,153
Evaluation and Testing	1,222
Licenses	100
Maintenance and Repair Services - Equipment	7,067
Maintenance and Repair Services - Vehicles	34,879
Pest Control	125
Postal Charges	588
Printing, Stationery, and Forms	562
Travel	10,075
Gasoline	47,612
Law Enforcement Supplies	2,500
Office Supplies	4,870
Tires and Tubes	3,060
Uniforms	5,472
Other Supplies and Materials	400
Other Equipment	12,607
Total Sheriff's Department	892,072

(Continued)

Exhibit J-7

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

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

Motor Vehicles	\$ 80,291
Total Drug Enforcement	\$ 80,291

Jail

Guards	\$ 21,979
Communication	4,690
Contracts with Government Agencies	145,731
Maintenance and Repair Services - Buildings	14,096
Other Contracted Services	10,120
Custodial Supplies	2,733
Drugs and Medical Supplies	66,138
Electricity	18,222
Food Preparation Supplies	420
Food Supplies	30,258
Gasoline	82
Water and Sewer	6,346
Other Supplies and Materials	2,505
Other Charges	7,591
Total Jail	330,911

Correctional Incentive Program Improvements

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

Juvenile Services

School Resource Officer	\$ 69,797
Total Juvenile Services	69,797

Fire Prevention and Control

Disability Insurance	\$ 15,384
Contributions	20,000
Total Fire Prevention and Control	35,384

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 12,800
Secretary(ies)	2,800
Other Salaries and Wages	15,000
Communication	2,041
Maintenance and Repair Services - Equipment	19,252
Office Supplies	728
Road Signs	1,638
Other Charges	62,875
Other Equipment	912
Total Other Emergency Management	118,046

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Salaries and Wages	\$ 1,200
Other Per Diem and Fees	<u>13,310</u>
Total County Coroner/Medical Examiner	\$ 14,510

Other Public Safety

Guards	\$ 30,773
Total Other Public Safety	30,773

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$ 6,600
Communication	2,848
Maintenance and Repair Services - Buildings	2,970
Custodial Supplies	111
Drugs and Medical Supplies	515
Office Supplies	1,301
Utilities	<u>13,616</u>
Total Local Health Center	27,961

Ambulance/Emergency Medical Services

Other Contracted Services	\$ 360,000
Other Capital Outlay	<u>236,132</u>
Total Ambulance/Emergency Medical Services	596,132

Alcohol and Drug Programs

Other Salaries and Wages	\$ 124,444
Other Charges	<u>63,640</u>
Total Alcohol and Drug Programs	188,084

Appropriation to State

Other Contracted Services	\$ 10,720
Total Appropriation to State	10,720

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 17,389
Social Security	810
Unemployment Compensation	42
Communication	1,607
Postal Charges	174
Travel	486
Utilities	<u>19,833</u>
Other Charges	<u>8,694</u>
Total Senior Citizens Assistance	49,035

Libraries

Supervisor/Director	\$ 25,498
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(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.)

Libraries (Cont.)

Part-time Personnel	\$	9,630
Other Salaries and Wages		18,304
Communication		3,025
Dues and Memberships		460
Postal Charges		780
Travel		728
Custodial Supplies		2,444
Electricity		3,560
Library Books/Media		19,307
Office Supplies		4,776
Periodicals		407
Water and Sewer		673
Other Supplies and Materials		7,606
Other Charges		266
Office Equipment		2,235
Total Libraries	\$	99,699

Parks and Fair Boards

Other Salaries and Wages	\$	9,600
Maintenance and Repair Services - Buildings		4,713
Electricity		11,661
Natural Gas		4,396
Water and Sewer		1,665
Total Parks and Fair Boards		32,035

Other Social, Cultural, and Recreational

Contributions	\$	1,153
Total Other Social, Cultural, and Recreational		1,153

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	50,664
Social Security		11,498
Extension Service Medicare		383
Communication		1,841
Contributions		20,745
Travel		4,487
Other Charges		5,180
Total Agricultural Extension Service		94,798

Forest Service

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

Soil Conservation

Secretary(ies)	\$	19,382
Other Salaries and Wages		32,023

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Communication	\$ 2,146
Utilities	1,150
Premiums on Corporate Surety Bonds	180
Total Soil Conservation	\$ 54,881

Other Operations

Tourism

Clerical Personnel	\$ 11,025
Advertising	21,564
Communication	2,597
Contributions	1,192
Dues and Memberships	260
Postal Charges	12
Travel	652
Office Supplies	3,264
Other Charges	1,622
Total Tourism	42,188

Industrial Development

Advertising	\$ 4,293
Consultants	27,405
Travel	905
Instructional Supplies and Materials	52,473
Total Industrial Development	85,076

Veterans' Services

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

Other Charges

Liability Insurance	\$ 85,588
Trustee's Commission	56,475
Workers' Compensation Insurance	75,997
Other Debt Issuance Charges	100
Total Other Charges	218,160

Employee Benefits

Social Security	\$ 150,214
Pensions	139,607
Medical Insurance	80,012
Unemployment Compensation	2,610
Total Employee Benefits	372,443

COVID-19 Grant #6

Other Charges	\$ 3,861
Total COVID-19 Grant #6	3,861

(Continued)

Exhibit J-7

Clay County, Tennessee

Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Highways

Litter and Trash Collection

Supervisor/Director	\$ 24,036
Laborers	3,408
Other Charges	8,204
Total Litter and Trash Collection	<u>\$ 35,648</u>

Total General Fund

\$ 4,750,833

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$ 9,455
Other Equipment	27,917
Other Capital Outlay	6,300
Total County Buildings	\$ 43,672

Other Operations

Other Charges

Trustee's Commission	\$ 172
Total Other Charges	<u>172</u>

Total Courthouse and Jail Maintenance Fund

43,844

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$ 45,720
Laborers	133,705
Clerical Personnel	13,633
Social Security	14,732
Unemployment Compensation	654
Communication	1,883
Contracts with Private Agencies	154,959
Evaluation and Testing	455
Legal Notices, Recording, and Court Costs	529
Maintenance and Repair Services - Buildings	5,169
Maintenance and Repair Services - Equipment	2,082
Maintenance and Repair Services - Vehicles	49,489
Rentals	2,000
Custodial Supplies	1,064
Electricity	3,981
Gasoline	17,027
Natural Gas	603
Office Supplies	1,023
Tires and Tubes	5,811
Uniforms	2,824
Water and Sewer	533
Other Charges	41,294

(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.)

Site Development	\$ 1,986
Solid Waste Equipment	<u>56,836</u>
Total Waste Pickup	\$ 557,992

Other Operations

Other Charges

Trustee's Commission	\$ 9,833
Total Other Charges	<u>9,833</u>

Total Solid Waste/Sanitation Fund

\$ 567,825

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$ 784
Other Supplies and Materials	2,297
Other Charges	378
Law Enforcement Equipment	<u>5,861</u>
Total Drug Enforcement	\$ 9,320

Other Operations

Other Charges

Trustee's Commission	\$ 167
Total Other Charges	<u>167</u>

Total Drug Control Fund

9,487

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

County Official/Administrative Officer	\$ 68,471
Deputy(ies)	31,377
Constitutional Officers' Operating Expenses	<u>2,108</u>
Total County Trustee's Office	\$ 101,956

Total Constitutional Officers - Fees Fund

101,956

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 75,318
Accountants/Bookkeepers	33,609
Secretary(ies)	<u>27,326</u>
Advertising	147
Communication	2,220
Data Processing Services	8,173
Dues and Memberships	<u>2,465</u>

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Postal Charges	\$ 275
Other Contracted Services	11,665
Other Charges	4,517
Total Administration	\$ 165,715

Highway and Bridge Maintenance

Equipment Operators	\$ 190,938
Truck Drivers	118,618
Laborers	153,944
Rentals	3,389
Other Contracted Services	4,000
Asphalt - Hot Mix	41,200
Asphalt - Liquid	514,830
Crushed Stone	326,120
Pipe	24,199
Road Signs	1,181
Wood Products	1,800
Other Supplies and Materials	956
Other Charges	2,547
Total Highway and Bridge Maintenance	1,383,722

Operation and Maintenance of Equipment

Mechanic(s)	\$ 21,374
Maintenance and Repair Services - Equipment	5,818
Diesel Fuel	47,845
Equipment and Machinery Parts	37,842
Gasoline	14,390
Lubricants	9,151
Natural Gas	1,427
Tires and Tubes	15,278
Other Supplies and Materials	1,656
Other Charges	617
Total Operation and Maintenance of Equipment	155,398

Other Charges

Electricity	\$ 3,415
Water and Sewer	1,022
Trustee's Commission	18,647
Vehicle and Equipment Insurance	18,064
Workers' Compensation Insurance	76,146
Total Other Charges	117,294

Employee Benefits

Social Security	\$ 37,221
Pensions	39,694
Medical Insurance	37,869
Unemployment Compensation	5,748
Employer Medicare	8,705
Total Employee Benefits	129,237

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Highway Equipment

\$ 107,751

Total Capital Outlay

\$ 107,751

Total Highway/Public Works Fund

\$ 2,059,117

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes

\$ 115,000

Total General Government

\$ 115,000

Education

Principal on Bonds

\$ 310,000

Total Education

310,000

Interest on Debt

General Government

Interest on Notes

\$ 3,058

Total General Government

3,058

Education

Interest on Bonds

\$ 132,000

Total Education

132,000

Other Debt Service

General Government

Trustee's Commission

\$ 3,366

Total General Government

3,366

Education

Other Debt Service

\$ 400

Total Education

400

Total General Debt Service Fund

563,824

Total Governmental Funds - Primary Government

\$ 8,096,886

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, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 2,757,538
Career Ladder Program	10,000
Career Ladder Extended Contracts	1,960
Educational Assistants	109,281
Certified Substitute Teachers	19,126
Non-certified Substitute Teachers	22,385
Social Security	159,668
Pensions	218,155
Medical Insurance	399,680
Unemployment Compensation	1,813
Local Retirement	41,565
Employer Medicare	38,763
Maintenance and Repair Services - Equipment	492
Other Contracted Services	21,572
Instructional Supplies and Materials	67,632
Textbooks - Bound	173,172
Other Charges	1,984
Regular Instruction Equipment	<u>115,864</u>
Total Regular Instruction Program	\$ 4,160,650

Alternative Instruction Program

Teachers	\$ 28,144
Certified Substitute Teachers	286
Non-certified Substitute Teachers	294
Social Security	1,634
Pensions	2,997
Medical Insurance	2,655
Unemployment Compensation	9
Employer Medicare	386
Instructional Supplies and Materials	<u>308</u>
Total Alternative Instruction Program	36,713

Special Education Program

Teachers	\$ 310,956
Career Ladder Program	3,000
Homebound Teachers	29,742
Educational Assistants	38,866
Certified Substitute Teachers	10,604
Non-certified Substitute Teachers	2,095
Social Security	21,746
Pensions	32,483
Medical Insurance	49,421
Unemployment Compensation	238
Local Retirement	3,945
Employer Medicare	<u>5,233</u>
Total Special Education Program	508,329

(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	\$ 158,255
Career Ladder Program	1,000
Certified Substitute Teachers	2,337
Non-certified Substitute Teachers	1,511
Social Security	9,639
Pensions	16,951
Medical Insurance	6,482
Unemployment Compensation	70
Employer Medicare	2,287
Travel	3,275
Other Contracted Services	70,984
Instructional Supplies and Materials	2,835
Vocational Instruction Equipment	1,557
Total Career and Technical Education Program	\$ 277,183

Support Services

Attendance

Supervisor/Director	\$ 36,923
Career Ladder Program	500
Social Security	2,139
Pensions	3,978
Medical Insurance	4,105
Unemployment Compensation	10
Employer Medicare	500
Travel	1,758
Other Contracted Services	5,864
Other Supplies and Materials	846
Total Attendance	56,623

Health Services

Medical Personnel	\$ 98,413
Other Salaries and Wages	68,744
Social Security	9,779
Pensions	15,645
Medical Insurance	10,879
Unemployment Compensation	80
Employer Medicare	2,287
Licenses	362
Travel	1,626
Drugs and Medical Supplies	895
Other Supplies and Materials	8,545
Other Equipment	1,320
Total Health Services	218,575

Other Student Support

Guidance Personnel	\$ 155,390
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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.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$ 9,327
Pensions	12,626
Medical Insurance	4,780
Unemployment Compensation	83
Local Retirement	2,226
Employer Medicare	2,181
Evaluation and Testing	38
Travel	1,588
Other Contracted Services	38,186
Other Charges	3,056
Total Other Student Support	\$ 229,481

Regular Instruction Program

Supervisor/Director	\$ 127,304
Librarians	143,548
Other Salaries and Wages	5,851
Social Security	15,827
Pensions	28,644
Medical Insurance	17,291
Unemployment Compensation	97
Employer Medicare	3,804
Travel	5,894
Library Books/Media	7,379
Other Supplies and Materials	1,609
In Service/Staff Development	7,897
Total Regular Instruction Program	365,145

Special Education Program

Supervisor/Director	\$ 36,738
Clerical Personnel	17,291
Other Salaries and Wages	15,442
Social Security	3,942
Pensions	6,259
Medical Insurance	2,643
Unemployment Compensation	36
Employer Medicare	922
Maintenance and Repair Services - Equipment	255
Travel	34
Other Contracted Services	72,008
Total Special Education Program	155,570

Career and Technical Education Program

Supervisor/Director	\$ 29,247
Unemployment Compensation	17
Employer Medicare	413
Travel	267
Instructional Supplies and Materials	16
Total Career and Technical Education Program	29,960

(Continued)

Clay County, TennesseeSchedule of Detailed Expenditures -All Governmental Fund TypesDiscretely Presented Clay County School Department (Cont.)General Purpose School Fund (Cont.)Support Services (Cont.)Technology

Career Ladder Program	\$ 500
Education Media Personnel	33,498
Instructional Computer Personnel	36,923
Social Security	4,108
Pensions	6,387
Medical Insurance	8,869
Unemployment Compensation	31
Employer Medicare	961
Internet Connectivity	9,031
Travel	2,533
Other Equipment	9,438
Total Technology	\$ 112,279

Other Programs

On-behalf Payments to OPEB	\$ 22,956
Total Other Programs	22,956

Board of Education

Other Salaries and Wages	\$ 2,200
Board and Committee Members Fees	11,000
In-service Training	275
Social Security	759
Pensions	93
Life Insurance	3,577
Unemployment Compensation	39
Employer Medicare	190
Advertising	4,256
Audit Services	3,000
Dues and Memberships	10,412
Legal Services	8,833
Trustee's Commission	54,755
Workers' Compensation Insurance	45,646
Refund to Applicant for Criminal Investigation	2,207
Other Charges	2,126
Total Board of Education	149,368

Director of Schools

County Official/Administrative Officer	\$ 83,165
Career Ladder Program	1,000
Social Security	5,218
Pensions	8,947
Unemployment Compensation	21
Employer Medicare	1,220
Communication	25,605
Dues and Memberships	423
Postal Charges	3,564

(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.)

Director of Schools (Cont.)

Travel	\$	169
Office Supplies		814
Administration Equipment		1,299
Total Director of Schools	\$	131,445

Office of the Principal

Principals	\$	210,364
Career Ladder Program		1,000
Assistant Principals		118,141
Secretary(ies)		61,745
Clerical Personnel		12,469
Social Security		23,289
Pensions		34,288
Medical Insurance		44,086
Unemployment Compensation		185
Local Retirement		3,442
Employer Medicare		5,447
Communication		4,529
Travel		892
Other Contracted Services		1,360
Data Processing Supplies		51
Other Charges		3,136
Data Processing Equipment		1,698
Total Office of the Principal		526,122

Fiscal Services

Accountants/Bookkeepers	\$	80,350
Secretary(ies)		52,807
Social Security		6,412
Pensions		7,651
Medical Insurance		12,127
Unemployment Compensation		81
Employer Medicare		1,828
Travel		1,417
Other Contracted Services		13,497
Data Processing Supplies		1,478
Office Supplies		2,479
Other Charges		162
Administration Equipment		3,841
Total Fiscal Services		184,130

Operation of Plant

Custodial Personnel	\$	102,629
Social Security		6,085
Pensions		6,959
Medical Insurance		8,621

(Continued)

Clay County, TennesseeSchedule of Detailed Expenditures -All Governmental Fund TypesDiscretely Presented Clay County School Department (Cont.)General Purpose School Fund (Cont.)Support Services (Cont.)Operation of Plant (Cont.)

Unemployment Compensation	\$	129
Employer Medicare		1,423
Maintenance and Repair Services - Equipment		4,844
Travel		344
Contracts for Landfill Facilities		10,728
Other Contracted Services		162,438
Custodial Supplies		31,094
Electricity		290,163
Fuel Oil		9,628
Water and Sewer		28,689
Other Supplies and Materials		544
Building and Contents Insurance		57,502
Other Charges		502
Plant Operation Equipment		21,558
Total Operation of Plant	\$	743,880

Maintenance of Plant

Other Salaries and Wages	\$	161,630
Social Security		9,806
Pensions		10,212
Medical Insurance		15,693
Unemployment Compensation		94
Local Retirement		193
Employer Medicare		2,293
Maintenance and Repair Services - Buildings		4,242
Maintenance and Repair Services - Equipment		5,282
Rentals		490
Food Supplies		188
Other Supplies and Materials		17,608
Other Charges		50
Administration Equipment		36,590
Maintenance Equipment		1,620
Total Maintenance of Plant		265,991

Transportation

Mechanic(s)	\$	36,236
Bus Drivers		225,512
Longevity Pay		5,575
Other Salaries and Wages		29
Social Security		16,231
Pensions		19,125
Medical Insurance		5,250
Unemployment Compensation		307
Employer Medicare		3,809
Communication		3,856
Contracts with Parents		68

(Continued)

Clay County, TennesseeSchedule of Detailed Expenditures -All Governmental Fund TypesDiscretely Presented Clay County School Department (Cont.)General Purpose School Fund (Cont.)Support Services (Cont.)Transportation (Cont.)

Licenses	\$	760
Maintenance and Repair Services - Vehicles		2,828
Medical and Dental Services		1,741
Travel		109
Other Contracted Services		7,300
Diesel Fuel		41,014
Gasoline		6,000
Lubricants		2,846
Tires and Tubes		9,043
Vehicle Parts		24,196
Other Supplies and Materials		697
Vehicle and Equipment Insurance		22,362
Other Charges		592
Transportation Equipment		195,231
Total Transportation	\$	630,717

Operation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	71,377
Career Ladder Program		1,000
Social Security		4,144
Pensions		7,694
Medical Insurance		8,516
Unemployment Compensation		21
Employer Medicare		969
Communication		995
Travel		1,652
Total Food Service		96,368

Community Services

Supervisor/Director	\$	24,000
Other Salaries and Wages		2,524
Social Security		1,590
Pensions		2,819
Unemployment Compensation		11
Employer Medicare		370
Travel		86
Other Supplies and Materials		881
Other Charges		250
Total Community Services		32,531

Early Childhood Education

Supervisor/Director	\$	12,000
Teachers		154,267
Clerical Personnel		2,000
Educational Assistants		51,898

(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.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Certified Substitute Teachers	\$ 40
Non-certified Substitute Teachers	2,357
Social Security	12,603
Pensions	20,828
Medical Insurance	24,931
Unemployment Compensation	163
Employer Medicare	2,948
Travel	722
Other Contracted Services	609
Instructional Supplies and Materials	11,537
Other Charges	6,000
Regular Instruction Equipment	8,053
Total Early Childhood Education	\$ 310,956

Capital Outlay

Regular Capital Outlay

Building Construction	\$ 3,805
Building Improvements	38,371
Heating and Air Conditioning Equipment	14,851
Site Development	8,850
Other Capital Outlay	24,799
Total Regular Capital Outlay	\$ 90,676

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$ 310,000
Total Education	310,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$ 132,000
Total Education	132,000

Other Debt Service

Education

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

Total General Purpose School Fund

\$ 9,778,048

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 137,131
Educational Assistants	103,718
Non-certified Substitute Teachers	143

(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.)

Regular Instruction Program (Cont.)

Social Security	\$ 12,867
Pensions	18,482
Medical Insurance	52,846
Unemployment Compensation	289
Local Retirement	1,655
Employer Medicare	3,009
Other Contracted Services	24,192
Instructional Supplies and Materials	11,407
Software	12,842
Regular Instruction Equipment	50,444
Total Regular Instruction Program	\$ 429,025

Special Education Program

Teachers	\$ 46,795
Educational Assistants	53,792
Social Security	5,700
Pensions	8,352
Medical Insurance	15,575
Unemployment Compensation	122
Employer Medicare	1,333
Other Contracted Services	9,568
Instructional Supplies and Materials	6,364
Special Education Equipment	13,106
Total Special Education Program	160,707

Career and Technical Education Program

Instructional Supplies and Materials	\$ 4,602
Other Supplies and Materials	6,060
Vocational Instruction Equipment	16,191
Total Career and Technical Education Program	26,853

Support Services

Other Student Support

Other Salaries and Wages	\$ 1,188
Social Security	74
Pensions	126
Unemployment Compensation	4
Employer Medicare	17
Travel	180
Other Contracted Services	625
In Service/Staff Development	3,057
Other Charges	338
Total Other Student Support	5,609

Regular Instruction Program

Supervisor/Director	\$ 31,879
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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.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	43,936
Social Security		2,163
Pensions		4,670
Medical Insurance		11,515
Unemployment Compensation		42
Employer Medicare		968
Postal Charges		500
Travel		653
Other Contracted Services		23,145
Other Supplies and Materials		4,346
In Service/Staff Development		8,459
Total Regular Instruction Program	\$	132,276

Special Education Program

Assessment Personnel	\$	31,539
Social Security		1,452
Pensions		3,353
Medical Insurance		11,515
Unemployment Compensation		42
Employer Medicare		340
Contracts with Other Public Agencies		630
Postal Charges		400
Travel		2,425
Other Contracted Services		35,837
Other Supplies and Materials		1,870
In Service/Staff Development		3,518
Other Equipment		944
Total Special Education Program		93,865

Transportation

Bus Drivers	\$	5,000
Social Security		310
Pensions		180
Unemployment Compensation		15
Employer Medicare		72
Total Transportation		5,577

Operation of Non-Instructional Services

Community Services

Teachers	\$	25,576
Social Security		1,586
Pensions		1,682
Unemployment Compensation		77
Local Retirement		487
Employer Medicare		371
Instructional Supplies and Materials		6,570
In Service/Staff Development		1,062
Total Community Services		37,411

Total School Federal Projects Fund

\$ 891,323

(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

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$ 222,151
In-service Training	257
Social Security	12,693
Pensions	15,875
Medical Insurance	33,166
Unemployment Compensation	332
Employer Medicare	2,969
Communication	1,596
Maintenance and Repair Services - Equipment	11,182
Postal Charges	80
Transportation - Other than Students	3,687
Other Contracted Services	9,108
Food Preparation Supplies	9,961
Food Supplies	246,237
Office Supplies	1,939
USDA - Commodities	43,576
Other Supplies and Materials	10,779
Workers' Compensation Insurance	6,430
In Service/Staff Development	1,102
Other Charges	24
Food Service Equipment	47,356
Total Food Service	\$ 680,500
Total Central Cafeteria Fund	\$ 680,500
Total Governmental Funds - Clay County School Department	\$ 11,349,871

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, 2020

	Cities - Sales Tax Fund
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 338,360
Total Cash Receipts	<u>\$ 338,360</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 334,977
Trustee's Commission	3,383
Total Cash Disbursements	<u>\$ 338,360</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	
Cash Balance, July 1, 2019	\$ 0
Cash Balance, June 30, 2020	<u>\$ 0</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, 2020, 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 2, 2020.

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: 2020-001, 2020-002(D), and 2020-004.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2020-002(A,B,C) and 2020-003.

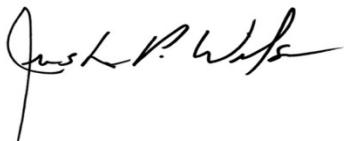
Clay County's Responses to the Findings

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 2, 2020

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, 2020. 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, 2020.

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.

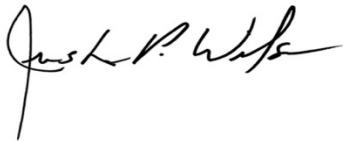
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

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, 2020, and the related notes to the financial statements, which collectively comprise Clay County's basic financial statements. We issued our report thereon dated October 2, 2020, 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 2, 2020

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, 2020

Federal/Pass-through Agency/State Grantor Program Title	CFDA Number	Passed-through Entity Identifying Number	Amount Passed-through to Subrecipients	Amount Expenditures
U.S. Department of Agriculture:				
Passed-through State Department of Education:				
Child Nutrition Cluster: (4)				
School Breakfast Program	10.553	N/A	\$ 0	\$ 110,745 (5)
COVID 19 - School Breakfast Program	10.553	N/A	0	45,037 (5)
National School Lunch Program	10.555	N/A	0	252,843 (6)
COVID 19 - National School Lunch Program	10.555	N/A	0	80,397 (6)
Passed-through State Department of Agriculture:				
Child Nutrition Cluster: (4)				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	0	43,576 (6)
Commodity Rebate	10.555	N/A	0	2,725 (6)
Total U.S. Department of Agriculture				<u>\$ 535,323</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)	0	<u>\$ 211,603</u>
U.S. Department of the Interior:				
Direct Program:				
Payments in-Lieu-of Taxes	15.226	N/A	0	<u>\$ 77,276</u>
Institute of Museum and Library Services:				
Passed-through Tennessee Secretary of State:				
Grants to States	45.310	(3)	0	<u>\$ 988</u>
U.S. Department of Education:				
Direct Program:				
Impact Aid	84.041	N/A	0	\$ 137,571
Passed-through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	N/A	0	496,624
Special Education Cluster: (4)				
Special Education - Grants to States	84.027	N/A	0	259,738
Special Education - Preschool Grants	84.173	N/A	0	9,871
Career and Technical Education - Basic Grants to States	84.048	N/A	0	32,123
Twenty-first Century Community Learning Centers	84.287	N/A	0	37,411
Rural Education	84.358	N/A	0	14,734
Supporting Effective Instruction State Grant	84.367	N/A	0	70,169
COVID 19 - Education Stabilization Fund	84.425	N/A	0	<u>89,678</u>
Total U.S. Department of Education				<u>\$ 1,147,919</u>
U.S. Department of Election Assistance Commission:				
Passed-through Tennessee Secretary of State:				
COVID 19 - 2020 Supplemental Election Security Grants	90.404	(3)	0	<u>\$ 2,285</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	Amount Passed-through to Subrecipients	Amount Expenditures
U.S. Department of Health and Human Services:				
Direct Program:				
Drug-Free Communities Support Program Grants	93.276	(3)	\$ 0	\$ 153,610
Passed-through Upper Cumberland Development District:				
Special Programs for Aging, Title III Part D, Disease Prevention and Health Promotion Services	93.043	(3)	0	700
Aging Cluster: (4)				
Special Programs for Aging, Title III Part B, Grants for Supportive Services and Senior Citizens	93.044	(3)	0	6,871
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)	0	37,286
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(3)	0	74,531
Total U.S. Department of Health and Human Services				\$ 272,998
U.S. Department of Homeland Security:				
Passed-through State Department of Military:				
COVID 19 - Disaster Relief Fund - PPE	97.036	(3)	0	\$ 2,896
Emergency Management Performance Grants	97.042	(3)	0	5,000
U.S. Department of Homeland Security:				\$ 7,896
Total Expenditures of Federal Awards				\$ 2,256,288
 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)	6,117	
Assistance for Communities with Hospital Closures - State Department of Economic and Community Development	N/A	(3)	48,317	
Access to Health through Healthy Active Build Environments Grant - State Department of Health	N/A	(3)	20,000	
Litter Program - State Department of Transportation	N/A	(3)	44,191	
Three Star Program - State Department of Economic and Community Development	N/A	(3)	12,137	
Election Grant - Tennessee Secretary of State	N/A	(3)	14	
Arts Program Categorical Grants - Tennessee Arts Commission	N/A	(3)	7,976	
Playground Equipment Grant - State Department of Children Services	N/A	(3)	25,000	
Block Grants for Prevention and Treatment of Substance Abuse (Enforcing Underage Drinking) - State Department of Mental Health and Substance Abuse Services	N/A	(3)	1,199	
Recycling Equipment - State Department of Environment and Conservation	N/A	(3)	44,222	
COVID 19 - PPE - State Department of Military	N/A	(3)	965	
Lottery for Education - PreK - State Department of Education	N/A	(3)	310,955	
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)	28,060	
School Safety - State Department of Education	N/A	(3)	3,838	
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	
VW Diesel Settlement Environmental Mitigation Trust School Bus Replacement - State Department of Environment and Conservation	N/A	(3)	68,446	
Total State Grants				\$ 828,049

(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 \$535,323; Special Education Cluster total \$269,609; Aging Cluster total \$6,871.
- (5) Total for CFDA No. 10.553 is \$155,782.
- (6) Total for CFDA No. 10.555 is \$379,541.

(7) CONSOLIDATED ADMINISTRATION

The following amounts were consolidated for administration purposes:

Program Title	Federal CFDA Number	Provided to Consolidated Administration	Amount
Title I Grants to Local Educational Agencies	84.010		\$34,412
Rural Education	84.358		181
Supporting Effective Instruction State Grant	84.367		1,812
Total amounts consolidated for administration purposes			<u><u>\$36,405</u></u>

Clay County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2020

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Clay County, Tennessee, for the year ended June 30, 2020.

Prior-year Financial Statement Findings

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

2019	170	2019-001	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 COUNTY CLERK

2019	171	2019-002	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, 2020

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 Number: 84.010	Title I Grants to Local Educational Agencies
-----------------------	--

8. Dollar threshold used to distinguish between Type A and Type B Programs. \$750,000

9. Auditee qualified as low-risk auditee? YES

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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 2020-001

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 concur with this finding. Clay County Highway Department does not have a formal purchase order system. Clay County at this time, is not equipped to establish a central system of accounting. This finding can't be corrected at this time.

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 MAYOR

FINDING 2020-002

DEFICIENCIES WERE NOTED IN THE RECEIPTING PROCESS AT THE PARKS AND RECREATION DEPARTMENT

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

As part of our audit procedures for the parks and recreation department, we tested 41 receipts issued from November 15, 2019 through March 22, 2020. Our examination revealed the following receipting deficiencies, which are the result of a lack of management oversight.

- A. Official, prenumbered receipts were not provided to the auditors for all collections at the parks and recreation department. Receipts were torn from the official receipt book and seven of the 41 receipts issued were not available for review. Section 9-2-103, *Tennessee Code Annotated (TCA)*, requires official prenumbered receipts for all collections. Section 9-2-104, *TCA*, requires “(a) the receipt shall be in duplicate and a copy thereof shall be retained by the person so receiving such money and shall be available to the state auditors upon demand.”
- B. Four of the 41 receipts tested were not deposited with the trustee within three days of collection as required by Section 5-8-207, *TCA*.
- C. Damage deposits are required to rent buildings from the parks and recreation department. According to the county’s procedures, these deposits are to be refunded if the building is clean and undamaged after the event. The damage deposits are receipted. However, the collections were not deposited with the trustee as required by Section 5-8-207, *TCA*. Furthermore, the parks and recreation department could not provide documentation that the deposits were returned to the individual renting the building. Therefore, we could not determine the disposition of these collections. Section 5-8-207, *TCA*, also requires that all county funds be disbursed by official prenumbered check.
- D. The county did not have written policies and procedures detailing the operating procedures for the parks and recreation department. Written procedures would provide guidance to the department personnel and establish guidelines for operating procedures.

RECOMMENDATION

The department should maintain a copy of all receipts issued, and all funds should be deposited within three days of collection as required by state statute. Damage deposits should be deposited with the county trustee and refunds disbursed by official prenumbered check as required by state statute. Written policies should be established for the operations of the parks and recreation department.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with this finding.

OFFICE OF ROAD SUPERINTENDENT

FINDING 2020-003

EXPENDITURES EXCEEDED APPROPRIATIONS

(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations in the Highway and Bridge Maintenance major category of the Highway/Public Works Fund by \$70,634. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

I concur with this finding. In the future, the Clay County Highway Department will do a budget amendment before year-end close out.

OFFICE OF COUNTY CLERK

FINDING 2020-004

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. Although the official was aware of the importance of these logs, one of the logs was not reviewed. 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. When the importance of this log was again brought to management's attention, they resumed the review process in April 2020.

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, 2020.

Clay County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2020

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

2020-001	The office had not established a formal purchase order system	174
2020-002	Deficiencies were noted in the receiving process at the parks and recreation department	174-175

OFFICE OF ROAD SUPERINTENDENT

2020-001	The office had not established a formal purchase order system	176
2020-003	Expenditures exceeded appropriations	176 - 177

OFFICE OF COUNTY CLERK

2020-004	The office did not review its software audit logs	178
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**CLAY COUNTY GOVERNMENT
P.O. BOX 387
CELINA, TN 38551
931-243-2161 and fax 931-243-2436
DALE REAGAN, MAYOR
Email: clayexec@twlakes.net**

Corrective Action Plan

FINDING: THE OFFICE HAD NOT ESTABLISHED FORMAL PURCHASE ORDER SYSTEM

**Response and Corrective Action Plan Prepared by:
DALE REAGAN, MAYOR**

**Person Responsible for Implementing the Corrective Action:
DALE REAGAN, MAYOR**

**Anticipated Completion Date of Corrective Action:
N/A**

**Repeat Finding:
Yes**

**Reason Corrective Action was Not Taken in the Prior Year:
DUE TO LIMITED STAFF WE ARE UNABLE AT THIS TIME TO CORRECT THIS FINDING**

**Planned Corrective Action:
WE HAVE NO PLAN AT THIS TIME FOR THIS FINDING. WE DO HOWEVER USE A NUMERIC SYSTEM FOR OUR PURCHASE ORDERS.**

FINDING: DEFICIENCIES WERE NOTED IN THE RECEIPTING PROCESS AT THE PARKS AND RECREATION DEPARTMENT

**Response and Corrective Action Plan Prepared by:
DALE REAGAN, MAYOR**

**Person Responsible for Implementing the Corrective Action:
DALE REAGAN, MAYOR AND TANNER RICH, PARK DIRECTOR**

Anticipated Completion Date of Corrective Action:
OCTOBER 1, 2020

Repeat Finding:
No

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

Planned Corrective Action:
RECEIPT BOOKS WITH THE NAME AND ADDRESS HAVE BEEN ORDERED BUT NOT RECEIVED AT THIS TIME. MR. RICH HAS BEEN INSTRUCTED ON THE PROPER PROCESS OF RECEIPTING.

Signature:

A handwritten signature in black ink, appearing to read "Dale May".

Clay County Highway Department
1199 Walnut Avenue
Celina, TN 38551
931-243-2611
Jason Browning, Highway Commissioner

Corrective Action Plan

FINDING: THE OFFICE HAD NOT ESTABLISHED 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: N/A

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.

FINDING: EXPENDITURES EXCEEDED APPROPRIATIONS

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:
6/30/2021

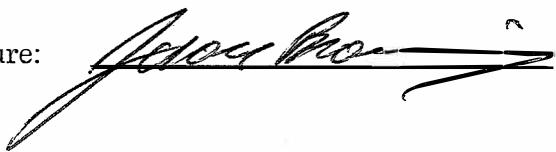
Repeat Finding:
No

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

Planned Corrective Action:

We will do a Budget Amendment before year end closeout.

Signature:

A handwritten signature in black ink, appearing to read "Jerry Moore".

***Donna R. Watson
Clay County Clerk***

**145 Cordell Hull Drive
P.O. Box 218
Celina, TN 38551
931.243.2249 office
931.243.3231 fax**

Corrective Action Plan

FINDING: **THE OFFICE DID NOT REVIEW ITS 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:
began correction in April 2020

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Office has taken corrective action since April 2020. Prior year was an oversight.

Planned Corrective Action:
Routine review of audit logs

Signature:

 Date: 8.31.20

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.