

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



**DIVISION OF LOCAL GOVERNMENT AUDIT**



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

***COMPTROLLER OF THE TREASURY***  
***JUSTIN P. WILSON***

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

***STEVE REEDER, CPA, CGFM, CFE***  
***Audit Manager***

***ANITA SCARLETT, CPA***  
***Senior Auditor***

***GARY RAMSEY, CPA***  
***SARAH ALLEN***  
***BARBARA SHULTS***  
***State Auditors***

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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## 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.

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#### **OFFICE OF COUNTY MAYOR**

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

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#### **OFFICE OF ROAD SUPERINTENDENT**

- ◆ Expenditures exceeded appropriations.

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#### **OFFICE OF COUNTY CLERK**

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

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## INTRODUCTORY SECTION

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## Clay County Officials

June 30, 2020

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### **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



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## FINANCIAL SECTION

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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.

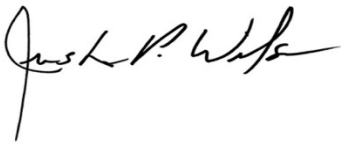
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Clay County School Department (a discretely presented component unit), schedule of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

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 2, 2020

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Government Governmental Activities	Component Unit Clay County School 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.)

	Primary Government Governmental Activities	Component Unit Clay County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
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><u>\$ 19,663,861</u></u>	<u><u>\$ 7,448,397</u></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	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit Clay County School Department
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.)

					Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	Expenses	Program Revenues			Primary	Component
		Charges	Operating	Capital	Government	Unit
		for	Grants	Grants	Total	Clay
		Services	and	and	Governmental	County
			Contributions	Contributions	Activities	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					<u>\$ 4,203,946</u>	<u>\$ 10,085,912</u>
Change in Net Position					\$ 827,190	\$ 1,144,664
Net Position, July 1, 2019					<u>18,836,671</u>	<u>6,303,733</u>
Net Position, June 30, 2020					<u>\$ 19,663,861</u>	<u>\$ 7,448,397</u>

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

Exhibit C-1

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

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

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

Exhibit C-2

Clay County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 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	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
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
<u>Expenditures</u>						
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		
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental 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		(354,621)	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		(263,605)	(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		(310,000)	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		(9,625)	110,581
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	
<u>Revenues</u>				
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
<u>Expenditures</u>				
<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
Excess (Deficiency) of Revenues Over Expenditures	\$ 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)
Net Change in Fund Balance	\$ 172,264	\$ (905,209)	\$ (944,104)	\$ 1,116,368
Fund Balance, July 1, 2019	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	
<u>Revenues</u>				
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	<u>\$ 597,237</u>	<u>\$ 582,688</u>	<u>\$ 582,688</u>	<u>\$ 14,549</u>
<u>Expenditures</u>				
<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	<u>\$ 567,825</u>	<u>\$ 565,478</u>	<u>\$ 578,758</u>	<u>\$ 10,933</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 29,412</u>	<u>\$ 17,210</u>	<u>\$ 3,930</u>	<u>\$ 25,482</u>
Net Change in Fund Balance	\$ 29,412	\$ 17,210	\$ 3,930	\$ 25,482
Fund Balance, July 1, 2019	<u>1,062,711</u>	<u>1,061,306</u>	<u>1,061,306</u>	<u>1,405</u>
Fund Balance, June 30, 2020	<u>\$ 1,092,123</u>	<u>\$ 1,078,516</u>	<u>\$ 1,065,236</u>	<u>\$ 26,887</u>

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

## Exhibit C-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
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
<u>Expenditures</u>				
<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	\$ 209,497	\$ (222,603)	\$ (222,603)	\$ 432,100
Fund Balance, July 1, 2019	1,388,296	1,388,298	1,388,298	(2)
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><u>\$ 132,016</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 66,444
Due to Litigants, Heirs, and Others	<u>65,572</u>
Total Liabilities	<u><u>\$ 132,016</u></u>

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

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## CLAY COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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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 policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United State of America. 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:

<u>Funds</u>	<u>Amount</u>
School Department:	
Major Fund:	
General Purpose School	\$ 134,307
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><u>\$ 40,080</u></u>

		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	
Investment by Fair Value Level	Fair Value 6-30-20			Significant Unobservable 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	<u>\$ 40,080</u>	<u>\$ 19,639</u>	<u>\$ 8,417</u>	<u>\$ 4,008</u>	<u>8,016</u>

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



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

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

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

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

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

**B. Capital Assets**

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

## **Primary Government**

### **Governmental Activities:**

	Balance			Balance
	7-1-19	Increases	Decreases	6-30-20
Capital Assets Not Depreciated:				
Land	\$ 103,800	\$ 0	\$ 0	\$ 103,800
Total Capital Assets Not Depreciated	\$ 103,800	\$ 0	\$ 0	\$ 103,800
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	\$ 19,667,430	\$ 401,885	\$ (83,264)	\$ 19,986,051
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	\$ 6,552,333	\$ 354,621	\$ (81,989)	\$ 6,824,965
Total Capital Assets Depreciated, Net	\$ 13,115,097	\$ 47,264	\$ (1,275)	\$ 13,161,086
Governmental Activities Capital Assets, Net	\$ 13,218,897	\$ 47,264	\$ (1,275)	\$ 13,264,886

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><u>\$ 354,621</u></u>
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**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	<u>\$ 298,098</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 298,098</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,161,546	\$ 0	\$ 0	\$ 11,161,546
Infrastructure	648,860	0	0	648,860
Other Capital Assets	2,332,526	227,283	(64,880)	2,494,929
Total Capital Assets Depreciated	<u>\$ 14,142,932</u>	<u>\$ 227,283</u>	<u>\$ (64,880)</u>	<u>\$ 14,305,335</u>
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	<u>\$ 7,524,093</u>	<u>\$ 386,714</u>	<u>\$ (61,636)</u>	<u>\$ 7,849,171</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,618,839</u>	<u>\$ (159,431)</u>	<u>\$ (3,244)</u>	<u>\$ 6,456,164</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 6,916,937</u></u>	<u><u>\$ (159,431)</u></u>	<u><u>\$ (3,244)</u></u>	<u><u>\$ 6,754,262</u></u>

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><u>\$ 386,714</u></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:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
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:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
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**

Transfer Out	<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	<u>\$ 4,090,000</u>	<u>\$ 771,750</u>	<u>\$ 4,861,750</u>

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

#### Changes in Long-term Debt

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

**Governmental Activities:**

	Bonds	Notes - Direct Placement
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><u>\$ 24,275</u></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:

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

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><u>\$ 1,308,487</u></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 reinsure through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Clay County provides commercial health insurance for its employees.

**Discretely Presented Clay County School Department**

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

The school department provides commercial health insurance for its employees.

**B. 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](http://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><u>389</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. 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	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	5.69	%	31	%
Developed Market				
International Equity	5.29		14	
Emerging Market				
International Equity	6.36		4	
Private Equity and				
Strategic Lending	5.79		20	
U.S. Fixed Income	2.01		20	
Real Estate	4.32		10	
Short-term Securities	0.00		1	
Total			100	%

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

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

### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 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)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	70.78%	\$ 7,019,061	\$ 7,351,573	\$ (332,512)
School Department	29.22%	2,897,668	3,034,939	(137,271)
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:

	1% Decrease	Current Discount Rate	1% Increase
Clay County	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 Investments	0	119,463
Changes in Assumptions	122,198	
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	270,889	N/A
Total	<u>\$ 396,970</u>	<u>\$ 399,261</u>

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



**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	128,807	116,664
Total	<u>\$ 396,970</u>	<u>\$ 399,261</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](http://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	22,096	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:

Year Ending June 30	Amount
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	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability	\$	15,713	\$	(49,592)	\$	(97,865)
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*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](http://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	<u>\$ 635,941</u>	<u>\$ 1,061,476</u>

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

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

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

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

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

	<u>Total OPEB Liability</u>
Balance July 1, 2019	\$ 1,325,230
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	(89,478)
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 1.21%	Current Discount Rate 2.21%	1% Increase 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 4%	Current Trend Rate 5%	1% Increase 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.



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## REQUIRED SUPPLEMENTARY INFORMATION

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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
<b>Total Pension Liability</b>						
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	7,205,213	7,636,153	8,166,303	8,428,765	9,014,063	9,401,450
Total Pension Liability, Ending (a)	\$ 7,636,153	\$ 8,166,303	\$ 8,428,765	\$ 9,014,063	\$ 9,401,450	\$ 9,916,729
<b>Plan Fiduciary Net Position</b>						
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	6,380,932	7,544,053	7,834,526	8,015,969	8,960,744	9,696,831
Plan Fiduciary Net Position, Ending (b)	\$ 7,544,053	\$ 7,834,526	\$ 8,015,969	\$ 8,960,744	\$ 9,696,831	\$ 10,386,512
Net Pension Liability (Asset), Ending (a - b)	\$ 92,100	\$ 331,777	\$ 412,796	\$ 53,319	\$ (295,381)	\$ (469,783)
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	(247,061)	(249,053)	(243,631)	(248,962)	(253,290)	(262,937)	(270,889)
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, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios  
Discretely Presented Clay County School Department  
For the Fiscal Year Ended June 30

**Commercial Plan**

	2018	2019	2020
<b>Total OPEB Liability</b>			
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.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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

ASSETS

Cash  
Equity in Pooled Cash and Investments  
Accounts Receivable  
Due from Other Governments  
  
Total Assets

LIABILITIES

Due to Other Funds  
Total Liabilities

FUND BALANCES

Restricted:  
    Restricted for General Government  
    Restricted for Public Safety  
Committed:  
    Committed for Finance  
Total Fund Balances  
  
Total Liabilities and Fund Balances

Special Revenue Funds			Total Nonmajor Governmental Funds
Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	
\$ 0	\$ 0	\$ 26,863	\$ 26,863
72,460	133,740	0	206,200
0	0	27	27
24,776	0	0	24,776
<hr/>			
\$ 97,236	\$ 133,740	\$ 26,890	\$ 257,866
<hr/>			
\$ 0	\$ 0	\$ 1,127	\$ 1,127
\$ 0	\$ 0	\$ 1,127	\$ 1,127
<hr/>			
\$ 97,236	\$ 0	\$ 0	\$ 97,236
0	133,740	0	133,740
0	0	25,763	25,763
\$ 97,236	\$ 133,740	\$ 25,763	\$ 256,739
<hr/>			
\$ 97,236	\$ 133,740	\$ 26,890	\$ 257,866
<hr/>			

## 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 Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	
<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	<u>\$ 42,170</u>	<u>\$ 17,045</u>	<u>\$ 107,692</u>	<u>\$ 166,907</u>
<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	<u>\$ 43,844</u>	<u>\$ 9,487</u>	<u>\$ 101,956</u>	<u>\$ 155,287</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,674)</u>	<u>\$ 7,558</u>	<u>\$ 5,736</u>	<u>\$ 11,620</u>
Net Change in Fund Balances	\$ (1,674)	\$ 7,558	\$ 5,736	\$ 11,620
Fund Balance, July 1, 2019	<u>98,910</u>	<u>126,182</u>	<u>20,027</u>	<u>245,119</u>
Fund Balance, June 30, 2020	<u><u>\$ 97,236</u></u>	<u><u>\$ 133,740</u></u>	<u><u>\$ 25,763</u></u>	<u><u>\$ 256,739</u></u>

## Exhibit F-3

Clay County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 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	\$ (1,674)	\$ (50,300)	\$ (75,076)	\$ 73,402
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><u>\$ 97,236</u></u>	<u><u>\$ 48,609</u></u>	<u><u>\$ 23,833</u></u>	<u><u>\$ 73,403</u></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	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 17,045	\$ 8,000	\$ 8,000	\$ 9,045
Total Revenues	\$ 17,045	\$ 8,000	\$ 8,000	\$ 9,045
<u>Expenditures</u>				
<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	\$ 9,487	\$ 78,500	\$ 78,500	\$ 69,013
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,558	\$ (70,500)	\$ (70,500)	\$ 78,058
Net Change in Fund Balance	\$ 7,558	\$ (70,500)	\$ (70,500)	\$ 78,058
Fund Balance, July 1, 2019	126,182	126,182	126,182	0
Fund Balance, June 30, 2020	\$ 133,740	\$ 55,682	\$ 55,682	\$ 78,058

# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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## 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	
<u>Revenues</u>				
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	<u>\$ 716,964</u>	<u>\$ 176,883</u>	<u>\$ 619,283</u>	<u>\$ 97,681</u>
<u>Expenditures</u>				
<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	<u>\$ 563,824</u>	<u>\$ 124,070</u>	<u>\$ 566,470</u>	<u>\$ 2,646</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 153,140</u>	<u>\$ 52,813</u>	<u>\$ 52,813</u>	<u>\$ 100,327</u>
Net Change in Fund Balance	\$ 153,140	\$ 52,813	\$ 52,813	\$ 100,327
Fund Balance, July 1, 2019	<u>1,308,454</u>	<u>837,914</u>	<u>837,914</u>	<u>470,540</u>
Fund Balance, June 30, 2020	<u><u>\$ 1,461,594</u></u>	<u><u>\$ 890,727</u></u>	<u><u>\$ 890,727</u></u>	<u><u>\$ 570,867</u></u>

# Fiduciary Funds

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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.

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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 Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 65,572	\$ 65,572
Due from Other Governments	66,444	0	66,444
Total Assets	<u>\$ 66,444</u>	<u>\$ 65,572</u>	<u>\$ 132,016</u>
<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	<u>\$ 66,444</u>	<u>\$ 65,572</u>	<u>\$ 132,016</u>

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

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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.

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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	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
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

	Major Fund	Nonmajor Funds	Total
	General Purpose School	Other Govern- mental Funds	Governmental Funds
<u>ASSETS</u>			
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	<u>\$ 6,362,850</u>	<u>\$ 329,194</u>	<u>\$ 6,692,044</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 173	\$ 0	\$ 173
Due to Other Funds	134	0	134
Total Liabilities	<u>\$ 307</u>	<u>\$ 0</u>	<u>\$ 307</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
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	<u>\$ 1,580,715</u>	<u>\$ 0</u>	<u>\$ 1,580,715</u>
<u>FUND BALANCES</u>			
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	<u>\$ 4,781,828</u>	<u>\$ 329,194</u>	<u>\$ 5,111,022</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,362,850</u>	<u>\$ 329,194</u>	<u>\$ 6,692,044</u>

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	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<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><u>1,144,664</u></u>

## Exhibit I-6

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

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		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

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>Revenues</u>			
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	<u>\$ 932,464</u>	<u>\$ 628,555</u>	<u>\$ 1,561,019</u>
<u>Expenditures</u>			
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	<u>\$ 891,323</u>	<u>\$ 680,500</u>	<u>\$ 1,571,823</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 41,141</u>	<u>\$ (51,945)</u>	<u>\$ (10,804)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (29,346)	\$ 0	\$ (29,346)
Total Other Financing Sources (Uses)	<u>\$ (29,346)</u>	<u>\$ 0</u>	<u>\$ (29,346)</u>
Net Change in Fund Balances	\$ 11,795	\$ (51,945)	\$ (40,150)
Fund Balance, July 1, 2019	<u>100,000</u>	<u>269,344</u>	<u>369,344</u>
Fund Balance, June 30, 2020	<u><u>\$ 111,795</u></u>	<u><u>\$ 217,399</u></u>	<u><u>\$ 329,194</u></u>

Exhibit I-8

Clay County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Clay County School Department  
General Purpose School Fund  
For the Year Ended June 30, 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	
<u>Revenues</u>							
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)
<u>Expenditures</u>							
<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		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<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	\$ 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	\$ 734,190	\$ 97,106	\$ (134,307)	\$ 696,989	\$ (812,962)	\$ (812,962)	\$ 1,509,951
Fund Balance, July 1, 2019	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: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
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)
<u>Expenditures</u>						
<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	\$ 11,795	\$ (11,795)	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2019	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  
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
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	<u>\$ 628,555</u>	<u>\$ 0</u>	<u>\$ 628,555</u>	<u>\$ 794,700</u>	<u>\$ 794,700</u>	<u>\$ (166,145)</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 680,500	\$ (36,316)	\$ 644,184	\$ 892,650	\$ 939,993	\$ 295,809
Total Expenditures	<u>\$ 680,500</u>	<u>\$ (36,316)</u>	<u>\$ 644,184</u>	<u>\$ 892,650</u>	<u>\$ 939,993</u>	<u>\$ 295,809</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (51,945)</u>	<u>\$ 36,316</u>	<u>\$ (15,629)</u>	<u>\$ (97,950)</u>	<u>\$ (145,293)</u>	<u>\$ 129,664</u>
Net Change in Fund Balance	\$ (51,945)	\$ 36,316	\$ (15,629)	\$ (97,950)	\$ (145,293)	\$ 129,664
Fund Balance, July 1, 2019	<u>269,344</u>	<u>(36,316)</u>	<u>233,028</u>	<u>234,727</u>	<u>234,727</u>	<u>(1,699)</u>
Fund Balance, June 30, 2020	<u><u>\$ 217,399</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 217,399</u></u>	<u><u>\$ 136,777</u></u>	<u><u>\$ 89,434</u></u>	<u><u>\$ 127,965</u></u>



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## MISCELLANEOUS SCHEDULES

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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</u>							
<u>Purpose School Fund to the General Debt Service Fund</u>							
General Obligation School Bonds, Series 2018	\$ 4,660,000	3 %	2-15-18	6-1-31	<u>\$ 4,400,000</u>	<u>\$ 310,000</u>	<u>\$ 4,090,000</u>
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Ambulance Match and Roof Replacement	115,000	2.95	4-18-19	4-18-20	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 0</u>

Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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><u>\$ 29,346</u></u>

Exhibit J-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 79,083	\$ (1)	
Road Superintendent	Section 8-24-102, <i>TCA</i>	75,318	(1)	
Director of Schools	State Board of Education and County Board of Education	83,165 (2)	(1)	
Trustee	Section 8-24-102, <i>TCA</i>	68,471	(1)	
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,471	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	68,471	(1)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	68,471	(1)	
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	68,471 (3)	75,000	RLI Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	68,471	(1)	
Sheriff	Section 8-24-102, <i>TCA</i>	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	0
Circuit Clerk/Clerk and Master Collections - Prior Years	29,778	0	6,902	0	0	0
Interest and Penalty	13,632	0	3,160	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	77,276	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	346,112	0	0	0	0	0
Hotel/Motel Tax	46,063	0	0	0	0	0
Wheel Tax	229,765	0	0	0	0	0
Litigation Tax - General	44,640	0	0	0	0	0
Litigation Tax - Special Purpose	3,489	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	17,394	0	0	0	0
Business Tax	41,014	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	3,146
<u>Statutory Local Taxes</u>						
Bank Excise Tax	18,378	0	4,260	0	0	0
Wholesale Beer Tax	102,282	0	0	0	0	0
Beer Privilege Tax	1,235	0	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	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>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Building Permits	\$ 28,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 129,351	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 3,823	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,864	0	0	0	0	0
Drug Control Fines	0	0	0	2,165	0	0
Drug Court Fees	1,348	0	0	0	0	0
Veterans Treatment Court Fees	1,925	0	0	0	0	0
Jail Fees	687	0	0	0	0	0
DUI Treatment Fines	676	0	0	0	0	0
Data Entry Fee - Circuit Court	652	0	0	0	0	0
Courtroom Security Fee	983	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	6,904	0	0	0	0	0
Officers Costs	12,744	0	0	0	0	0
Game and Fish Fines	1,106	0	0	0	0	0
Drug Control Fines	0	0	0	5,707	0	0
Drug Court Fees	3,781	0	0	0	0	0
Veterans Treatment Court Fees	2,422	0	0	0	0	0
Jail Fees	2,544	0	0	0	0	0
DUI Treatment Fines	2,428	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,410	0	0	0	0	0
Courtroom Security Fee	13,328	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>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					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 12,615	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Recycled Materials	0	0	13,857	0	0	0
Miscellaneous Refunds	53,010	0	0	0	0	5,646
Expenditure Credits	77	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	35,036	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	12,042	0	0	0	0	0
Total Other Local Revenues	<u>\$ 112,780</u>	<u>\$ 0</u>	<u>\$ 13,857</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,646</u>
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Trustee	\$ 39,107	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	110,654	0	0	0	0	0
Circuit Court Clerk	28,769	0	0	0	0	0
General Sessions Court Clerk	59,148	0	0	0	0	0
Clerk and Master	33,366	0	0	0	0	0
Register	38,170	0	0	0	0	0
Sheriff	8,657	0	0	0	0	0
Total Fees Received From County Officials	<u>\$ 317,871</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	6,117	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>State of Tennessee (Cont.)</u>						
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	\$ 9,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	415,856
Litter Program	44,191	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	8,941	0	0	0	0	0
Beer Tax	18,175	0	0	0	0	0
Vehicle Certificate of Title Fees	5	0	0	0	0	0
Alcoholic Beverage Tax	29,561	0	0	0	0	0
State Revenue Sharing - T.V.A.	299,230	0	0	0	0	7,000
State Revenue Sharing - Telecommunications	43,546	0	0	0	0	0
Contracted Prisoner Boarding	90,207	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,826,546
Petroleum Special Tax	0	0	0	0	0	5,199
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	114,643	24,776	44,222	0	0	0
Other State Revenues	15,918	0	0	0	0	0
Total State of Tennessee	\$ 704,298	\$ 24,776	\$ 44,222	\$ 0	\$ 0	\$ 2,254,601
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	333,729	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	22,784	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	153,610	0	0	0	0	0
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
<hr/>			
<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	<u>\$ 216,504</u>	<u>\$</u>	<u>3,523,282</u>
<hr/>			
<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
<hr/>			
<u>Licenses and Permits (Cont.)</u>			
<u>Permits (Cont.)</u>			
Building Permits	\$	0	\$ 28,985
Total Licenses and Permits	\$	0	\$ 129,351
<hr/>			
<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	<u>\$ 0</u>	<u>\$ 81,366</u>
<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	<u>\$ 0</u>	<u>\$ 238,744</u>

(Continued)

Exhibit J-5

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

	Debt Service Fund General Debt Service	Total
<hr/>		
<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	<u>\$ 54,157</u>	<u>\$ 186,440</u>
<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	<u>\$ 0</u>	<u>\$ 317,871</u>
<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
<hr/>			
<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
<hr/>			
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$	446,303	\$ 534,568
<u>Citizens Groups</u>			
Donations		0	3,250
<u>Other</u>			
Other		0	111,066
Total Other Governments and Citizens Groups	\$	446,303	\$ 648,884
<hr/>			
Total	\$	716,964	\$ 8,672,819
<hr/>			

## 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		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,340,427	\$ 0	\$ 0	\$ 1,340,427
Trustee's Collections - Prior Year	55,548	0	0	55,548
Circuit Clerk/Clerk and Master Collections - Prior Years	22,088	0	0	22,088
Interest and Penalty	10,111	0	0	10,111
<u>County Local Option Taxes</u>				
Local Option Sales Tax	684,154	0	0	684,154
<u>Statutory Local Taxes</u>				
Bank Excise Tax	13,632	0	0	13,632
Total Local Taxes	<u>\$ 2,125,960</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,125,960</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 542	\$ 0	\$ 0	\$ 542
<u>Permits</u>				
Other Permits	70	0	0	70
Total Licenses and Permits	<u>\$ 612</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 612</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 29,535	\$ 29,535
Lunch Payments - Adults	0	0	16,026	16,026
Income from Breakfast	0	0	15,124	15,124
A la Carte Sales	0	0	8,047	8,047
Receipts from Individual Schools	13,672	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		Total
		School Federal Projects	Central Cafeteria	
<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	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	22
E-Rate Funding	9,301	0	0	9,301
Miscellaneous Refunds	12,472	0	5	12,477
<u>Nonrecurring Items</u>				
Sale of Equipment	1,232	0	19	1,251
<u>Other Local Revenues</u>				
Other Local Revenues	180	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	\$ 22,956
<u>State Education Funds</u>				
Basic Education Program	7,138,000	0	0	7,138,000
Early Childhood Education	310,955	0	0	310,955
School Food Service	5,711	0	0	5,711
Other State Education Funds	290,041	0	0	290,041
Career Ladder Program	19,276	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 Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Flood Control	\$ 170,993	\$ 0	\$ 0	\$ 170,993
Other State Grants	146,446	0	0	146,446
Other State Revenues	3,100	0	0	3,100
Total State of Tennessee	\$ 8,107,478	\$ 0	\$ 0	\$ 8,107,478
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 322,854	\$ 322,854
USDA - Commodities	0	0	43,576	43,576
Breakfast	0	0	155,782	155,782
USDA - Other	0	0	13,111	13,111
Vocational Education - Basic Grants to States	0	32,123	0	32,123
Title I Grants to Local Education Agencies	0	498,617	0	498,617
Special Education - Grants to States	0	271,533	0	271,533
Special Education Preschool Grants	0	9,871	0	9,871
Safe and Drug-free Schools - State Grants	0	37,411	0	37,411
Rural Education	0	14,552	0	14,552
Eisenhower Professional Development State Grants	0	68,357	0	68,357
COVID-19 Grant #1	72,949	0	16,729	89,678
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	137,571	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
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 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 FundGeneral GovernmentCounty 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

FinanceProperty 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 JusticeCircuit 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 SafetySheriff'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		13,310	
Total County Coroner/Medical Examiner			\$ 14,510

Other Public Safety

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

Public Health and WelfareLocal 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		13,616	
Total Local Health Center			27,961

Ambulance/Emergency Medical Services

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

Alcohol and Drug Programs

Other Salaries and Wages	\$	124,444	
Other Charges		63,640	
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 ServicesSenior Citizens Assistance

Supervisor/Director	\$	17,389	
Social Security		810	
Unemployment Compensation		42	
Communication		1,607	
Postal Charges		174	
Travel		486	
Utilities		19,833	
Other Charges		8,694	
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 ResourcesAgricultural 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 OperationsTourism

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.)HighwaysLitter and Trash Collection

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

Total General Fund \$ 4,750,833

Courthouse and Jail Maintenance FundGeneral GovernmentCounty Buildings

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

Other OperationsOther Charges

Trustee's Commission	\$	172	
Total Other Charges			172

Total Courthouse and Jail Maintenance Fund 43,844

Solid Waste/Sanitation FundPublic Health and WelfareWaste 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	56,836	
Total Waste Pickup		\$ 557,992

Other OperationsOther Charges

Trustee's Commission	\$ 9,833	
Total Other Charges		9,833

Total Solid Waste/Sanitation Fund \$ 567,825

Drug Control FundPublic SafetyDrug Enforcement

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

Other OperationsOther Charges

Trustee's Commission	\$ 167	
Total Other Charges		167

Total Drug Control Fund 9,487

Constitutional Officers - Fees FundFinanceCounty Trustee's Office

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

Total Constitutional Officers - Fees Fund 101,956

Highway/Public Works FundHighwaysAdministration

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

(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.)

<u>Highway/Public Works Fund (Cont.)</u>			
<u>Highways (Cont.)</u>			
<u>Capital Outlay</u>			
Highway Equipment	\$ 107,751		
Total Capital Outlay		\$ 107,751	
Total Highway/Public Works Fund			\$ 2,059,117
<u>General Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Notes	\$ 115,000		
Total General Government		\$ 115,000	
<u>Education</u>			
Principal on Bonds	\$ 310,000		
Total Education		310,000	
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Notes	\$ 3,058		
Total General Government		3,058	
<u>Education</u>			
Interest on Bonds	\$ 132,000		
Total Education		132,000	
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$ 3,366		
Total General Government		3,366	
<u>Education</u>			
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		115,864	
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		308	
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		5,233	
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)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Technology

Career Ladder Program	\$	500	
Education Media Personnel		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)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Operation of Plant (Cont.)

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)

## Exhibit J-8

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

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

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 ServicesOther 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
<hr/>	
<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	\$ 0
Cash Balance, July 1, 2019	<u>0</u>
Cash Balance, June 30, 2020	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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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.

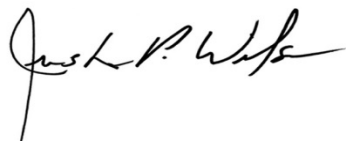
### **Clay County's Responses to the Findings**

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.

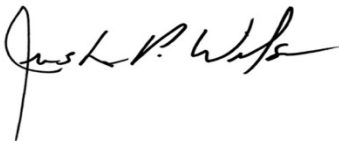
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

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	Federal CFDA Number	Passed-through Entity Identifying Number	Amount Passed-through to Subrecipients	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	89,678
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	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				<u>\$ 272,998</u>
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:				<u>\$ 7,896</u>
Total Expenditures of Federal Awards				<u>\$ 2,256,288</u>

		Contract Number		
<u>State Grants</u>				
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			\$	<u>828,049</u>

(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	Amount
		Provided to Consolidated Administration
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>\$36,405</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.

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**CLAY COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2020**

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**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.

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## 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.

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## 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 receipting 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.**

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**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 King", is written over a horizontal line.

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.

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**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

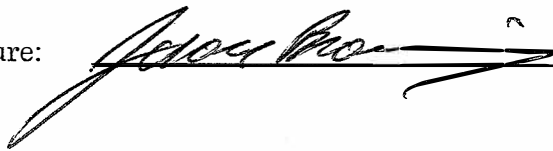


**Reason Corrective Action was Not Taken in the Prior Year:**  
N/A

**Planned Corrective Action:**

We will do a Budget Amendment before year end closeout.

Signature:

A handwritten signature in black ink, appearing to read "Jeremy Brown", written over a horizontal line.

***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

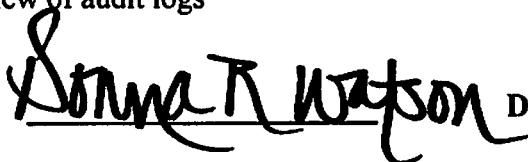
**Anticipated Completion Date of Corrective Action:**  
began correction in April 2020

**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.