



ANNUAL FINANCIAL REPORT

Clay County, Tennessee

For the Year Ended June 30, 2022

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
CLAY COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2022

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

STEVE REEDER, CPA, CGFM, CFE
Audit Manager

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

CLAY COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Clay County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	24-27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	28
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	29-30
Solid Waste/Sanitation Fund	C-6	31
Highway/Public Works Fund	C-7	32
Fiduciary Funds:		
Statement of Net Position	D-1	33
Statement of Changes in Net Position	D-2	34
Index and Notes to the Financial Statements		35-87
REQUIRED SUPPLEMENTARY INFORMATION:		88
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	89
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	90
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Clay County School Department	E-3	91

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Clay County School Department	E-4	92
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Retirement Plan of TCRS – Discretely Presented Clay County School Department	E-5	93
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Clay County School Department	E-6	94
Schedule of Changes in the Total OPEB Liability and Related Ratios – Discretely Presented Clay County School Department	E-7	95
Notes to the Required Supplementary Information		96
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		97
Nonmajor Governmental Funds:		98
Combining Balance Sheet	F-1	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	100
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	F-3	101
Drug Control Fund	F-4	102
Major Governmental Fund:		103
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	104
Fiduciary Funds:		105
Combining Statement of Net Position – Custodial Funds	H-1	106
Combining Statement of Changes in Net Position – Custodial Funds	H-2	107
Component Unit:		
Discretely Presented Clay County School Department:		108
Statement of Activities	I-1	109
Balance Sheet – Governmental Funds	I-2	110-111
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	112
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	113-114
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	115
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	116
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	117

	Exhibit	Page(s)
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	118-119
School Federal Projects Fund	I-9	120-121
Central Cafeteria Fund	I-10	122
Miscellaneous Schedules:		123
Schedule of Changes in Long-term Bonds	J-1	124
Schedule of Long-term Debt Requirements by Year	J-2	125
Schedule of Transfers – Primary Government and Discretely Presented Clay County School Department	J-3	126
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Clay County School Department	J-4	127
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	128-139
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Clay County School Department	J-6	140-143
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	144-156
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Clay County School Department	J-8	157-168
Schedule of Detailed Additions, Deductions, and Changes in Net Position – City Custodial Fund	J-9	169
 <u>SINGLE AUDIT SECTION</u>		 170
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		171-172
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		173-175
Schedule of Expenditures of Federal Awards and State Grants		176-178
Summary Schedule of Prior-year Findings		179
Schedule of Findings and Questioned Costs		180-184
Management's Corrective Action Plan		185-190
Best Practice		191

Summary of Audit Findings

Annual Financial Report
Clay County, Tennessee
For the Year Ended June 30, 2022

Scope

We have audited the basic financial statements of Clay County as of and for the year ended June 30, 2022.

Results

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

Our audit resulted in three 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:

OFFICE OF COUNTY MAYOR AND ROAD SUPERINTENDENT

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

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Appropriations exceeded estimated available funds in the Central Cafeteria Fund.
-

CLAY COUNTY

- ◆ Surplus property was sold to sheriff department employees in violation of state statute.



INTRODUCTORY SECTION

Clay County Officials
June 30, 2022

Officials

Dale Reagan, County Mayor
Jason Browning, Road Superintendent
Diana Monroe, Director of Schools
Charlie Key, Trustee
Angie Eads, Assessor of Property
Donna Watson, County Clerk
Jennifer Ritter, 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	
Anthony Boles	Jeff Gentry
Elizabeth Jenkins Boles	Michael Miller
Timmy Boles	Jerry Rhoton
Bryan Coons	Timmie Scott
Dorothy Forney	Parrish Wright

Board of Education

Benji Bailey, Chairman	Nick Melton
Mark Ashlock	Nathan Sherrell
James Hatcher	Todd Upton
Veda Hix	Vonda Weir
Todd Lynn	David West

Audit Committee

Doug Young, Chairman
Richard Roberts
Parrish Wright

FINANCIAL SECTION



JASON E. MUMPOWER
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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clay County, Tennessee, as of June 30, 2022, 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.

We did not audit the financial statements of the Internal School Fund of the Clay County School Department (a discretely presented component unit), which represent 1.64 percent, 2.92 percent, and 2.83 percent, respectively, of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for the Clay County School Department's Internal School Fund, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clay County, Tennessee, and to meet our other ethical responsibilities, in accordance with the

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Clay County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability (asset) and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability (asset), and schedule of school changes in the total other postemployment benefits liability and related ratios, as listed under Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clay County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Clay County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Clay County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

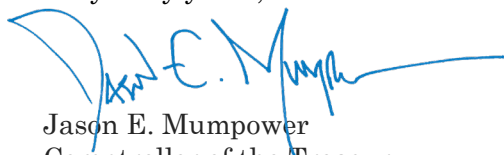
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information,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

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

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022, 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 the 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

October 12, 2022

JEM/gc

BASIC FINANCIAL STATEMENTS

Exhibit A

Clay County, Tennessee
Statement of Net Position
June 30, 2022

	<u>Primary Governmental Activities</u>	<u>Component Unit Clay County School Department</u>
<u>ASSETS</u>		
Cash	\$ 22,624	\$ 369,160
Equity in Pooled Cash and Investments	8,770,023	6,103,203
Accounts Receivable	19,033	0
Due from Other Governments	511,597	881,298
Due from Primary Government	0	36,526
Due from Component Unit	3,440,000	0
Property Taxes Receivable	3,189,264	1,794,478
Allowance for Uncollectible Property Taxes	(85,105)	(47,996)
Net Pension Asset - Agent Plan	1,011,657	531,679
Net Pension Asset - Teacher Retirement Plan	0	112,692
Net Pension Asset - Teacher Legacy Pension Plan	0	5,076,433
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	103,853
Capital Assets:		
Assets Not Depreciated:		
Land	103,800	298,098
Construction in Progress	285,299	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,564,702	4,894,031
Infrastructure	9,521,680	192,535
Other Capital Assets	1,439,931	1,112,719
Total Assets	<u>\$ 30,794,505</u>	<u>\$ 21,458,709</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 0	\$ 19,020
Pension Changes in Assumptions	642,784	1,734,802
Pension Changes in Proportion	0	3,659
Pension Contributions After Measurement Date	196,467	522,198
OPEB Changes in Experience	0	3,144
OPEB Changes in Assumptions	0	30,690
Total Deferred Outflows of Resources	<u>\$ 839,251</u>	<u>\$ 2,313,513</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 2,877
Accrued Interest Payable	8,600	0
Due to Primary Government	0	3,440,000
Due to Component Unit	36,526	0
Due to Other Governments	739,562	0
Noncurrent Liabilities:		
Due Within One Year - Debt	340,000	0
Due Within One Year - Other	115,961	9,299
Due in More Than One Year - Debt	3,100,000	0
Due in More Than One Year - Other	38,652	955,820
Total Liabilities	<u>\$ 4,379,301</u>	<u>\$ 4,407,996</u>

(Continued)

Exhibit A

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

	<u>Primary Governmental Activities</u>	<u>Component Unit Clay County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,979,948	\$ 1,676,221
Pension Changes in Experience	117,675	505,856
Pension Changes in Investment Earnings	987,866	4,632,386
Pension Changes in Proportion	0	36,931
OPEB Changes in Experience	0	167,985
OPEB Changes in Assumptions	0	254,822
Total Deferred Inflow of Resources	<u>\$ 4,085,489</u>	<u>\$ 7,274,201</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 13,915,412	\$ 6,497,383
Restricted for:		
General Government	309,700	0
Finance	38,943	0
Administration of Justice	48,989	0
Public Safety	148,877	0
Highways	1,845,679	0
Education	8,285	782,079
Debt Service	447,661	0
Capital Outlay	8,323	0
Pensions	1,011,657	5,824,657
Unrestricted	<u>5,385,440</u>	<u>(1,014,094)</u>
Total Net Position	<u>\$ 23,168,966</u>	<u>\$ 12,090,025</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, 2022

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	\$ 1,033,393	\$ 129,099	\$ 36,950	\$ 20,965	\$ (846,379)	\$ 0
Finance	691,606	325,422	0	0	(366,184)	0
Administration of Justice	393,973	151,259	9,000	0	(233,714)	0
Public Safety	1,791,133	70,092	57,389	0	(1,663,652)	0
Public Health and Welfare	1,504,476	141,657	686,003	44,000	(632,816)	0
Social, Cultural, and Recreational Services	369,055	20,518	124,489	0	(224,048)	0
Agriculture and Natural Resources	161,972	0	21,000	0	(140,972)	0
Highways	2,184,696	0	2,045,207	122,710	(16,779)	0
Interest on Long-term Debt	112,275	0	113,100	0	825	0
Total Governmental Activities	<u>\$ 8,242,579</u>	<u>\$ 838,047</u>	<u>\$ 3,093,138</u>	<u>\$ 187,675</u>	<u>\$ (4,123,719)</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 8,242,579</u>	<u>\$ 838,047</u>	<u>\$ 3,093,138</u>	<u>\$ 187,675</u>	<u>\$ (4,123,719)</u>	<u>\$ 0</u>
Component Unit:						
Clay County School Department	<u>\$ 11,152,040</u>	<u>\$ 50,979</u>	<u>\$ 3,370,954</u>	<u>\$ 185,789</u>	<u>\$ 0</u>	<u>\$ (7,544,318)</u>
Total Component Unit	<u>\$ 11,152,040</u>	<u>\$ 50,979</u>	<u>\$ 3,370,954</u>	<u>\$ 185,789</u>	<u>\$ 0</u>	<u>\$ (7,544,318)</u>

(Continued)

Exhibit B

Clay County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Clay County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,606,396	\$ 1,569,483
Property Taxes Levied for Debt Service					168,111	0
Local Option Sales Taxes					542,256	978,660
Wheel Tax					567,219	0
Wholesale Beer Tax					108,665	0
Hotel/Motel Tax					110,954	0
Litigation Taxes					49,381	0
Business Tax					48,497	0
Mineral Severance Tax					6,112	0
Mixed Drink Tax					861	0
Other Local Taxes					475	415
Grants and Contributions Not Restricted to Specific Programs					1,056,725	8,114,521
Unrestricted Investment Earnings					40,591	(3,163)
Miscellaneous					54,289	20,296
Total General Revenues					<u>\$ 5,360,532</u>	<u>\$ 10,680,212</u>
Insurance Recovery					<u>\$ 5,271</u>	<u>\$ 0</u>
Change in Net Position					\$ 1,242,084	\$ 3,135,894
Net Position, July 1, 2021					<u>21,926,882</u>	<u>8,954,131</u>
Net Position, June 30, 2022					<u><u>\$ 23,168,966</u></u>	<u><u>\$ 12,090,025</u></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, 2022

	Major Funds				
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	2,712,194	1,115,620	740,992	1,514,505	2,308,855
Accounts Receivable	0	18,181	0	0	0
Due from Other Governments	179,336	0	0	331,174	0
Due from Other Funds	1,952	0	0	0	0
Property Taxes Receivable	2,423,108	548,956	0	0	217,200
Allowance for Uncollectible Property Taxes	(64,766)	(14,821)	0	0	(5,518)
Total Assets	<u>\$ 5,251,824</u>	<u>\$ 1,667,936</u>	<u>\$ 740,992</u>	<u>\$ 1,845,679</u>	<u>\$ 2,520,537</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due to Component Units	36,526	0	0	0	0
Due to Other Governments	0	0	739,562	0	0
Total Liabilities	<u>\$ 36,526</u>	<u>\$ 0</u>	<u>\$ 739,562</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,263,615	\$ 512,178	\$ 0	\$ 0	\$ 204,155
Deferred Delinquent Property Taxes	80,069	18,559	0	0	6,363
Other Deferred/Unavailable Revenue	57,001	0	0	160,000	0
Total Deferred Inflows of Resources	<u>\$ 2,400,685</u>	<u>\$ 530,737</u>	<u>\$ 0</u>	<u>\$ 160,000</u>	<u>\$ 210,518</u>

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 67,424	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for General Government - 2021 American Rescue Plan Act	0	0	1,430	0	0
Restricted for Finance	38,943	0	0	0	0
Restricted for Administration of Justice	48,989	0	0	0	0
Restricted for Public Safety	19,102	0	0	0	0
Restricted for Highways/Public Works	0	0	0	1,685,679	0
Restricted for Capital Outlay	0	0	0	0	0
Restricted for Debt Service	0	0	0	0	441,298
Restricted for Capital Projects	8,285	0	0	0	0
Committed:					
Committed for Finance	0	0	0	0	0
Committed for Public Safety	367,678	0	0	0	468,591
Committed for Public Health and Welfare	0	1,137,199	0	0	0
Committed for Social, Cultural, and Recreational Services	144,813	0	0	0	0
Committed for Debt Service	0	0	0	0	1,400,130
Unassigned	2,119,379	0	0	0	0
Total Fund Balances	<u>\$ 2,814,613</u>	<u>\$ 1,137,199</u>	<u>\$ 1,430</u>	<u>\$ 1,685,679</u>	<u>\$ 2,310,019</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,251,824</u>	<u>\$ 1,667,936</u>	<u>\$ 740,992</u>	<u>\$ 1,845,679</u>	<u>\$ 2,520,537</u>

(Continued)

Exhibit C-1

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

	<u>Nonmajor Funds</u>		<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 22,624	\$		22,624
Equity in Pooled Cash and Investments	377,857			8,770,023
Accounts Receivable	852			19,033
Due from Other Governments	1,087			511,597
Due from Other Funds	0			1,952
Property Taxes Receivable	0			3,189,264
Allowance for Uncollectible Property Taxes	0			(85,105)
Total Assets	<u>\$ 402,420</u>	\$		<u>12,429,388</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ 1,952	\$		1,952
Due to Component Units	0			36,526
Due to Other Governments	0			739,562
Total Liabilities	<u>\$ 1,952</u>	\$		<u>778,040</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 0	\$		2,979,948
Deferred Delinquent Property Taxes	0			104,991
Other Deferred/Unavailable Revenue	0			217,001
Total Deferred Inflows of Resources	<u>\$ 0</u>	\$		<u>3,301,940</u>

(Continued)

Exhibit C-1

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

<u>FUND BALANCES</u>	<u>Nonmajor Funds</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
Restricted:			
Restricted for General Government	\$ 240,846	\$	308,270
Restricted for General Government - American Rescue Plan Act	0		1,430
Restricted for Finance	0		38,943
Restricted for Administration of Justice	0		48,989
Restricted for Public Safety	129,775		148,877
Restricted for Highways/Public Works	0		1,685,679
Restricted for Capital Outlay	8,323		8,323
Restricted for Debt Service	0		441,298
Restricted for Capital Projects	0		8,285
Committed:			
Committed for Finance	21,524		21,524
Committed for Public Safety	0		836,269
Committed for Public Health and Welfare	0		1,137,199
Committed for Social, Cultural, and Recreational Services	0		144,813
Committed for Debt Service	0		1,400,130
Unassigned	0		2,119,379
Total Fund Balances	<u>\$ 400,468</u>	<u>\$</u>	<u>8,349,408</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 402,420</u>	<u>\$</u>	<u>12,429,388</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, 2022

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)	\$	8,349,408
(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: construction in progress		285,299
Add: buildings and improvements net of accumulated depreciation		2,564,702
Add: infrastructure net of accumulated depreciation		9,521,680
Add: other capital assets net of accumulated depreciation		<u>1,439,931</u>
		13,915,412
(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	\$	(3,440,000)
Add: debt to be contributed by the school department		3,440,000
Less: accrued interest on bonds		(8,600)
Less: compensated absences payable		<u>(154,613)</u>
		(163,213)
(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	\$	839,251
Less: deferred inflows of resources related to pensions		<u>(1,105,541)</u>
		(266,290)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,011,657
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>321,992</u>
Net position of governmental activities (Exhibit A)	\$	<u><u>23,168,966</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, 2022

	Major Funds				
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service
<u>Revenues</u>					
Local Taxes	\$ 3,373,331	\$ 488,097	\$ 0	\$ 6,112	\$ 392,041
Licenses and Permits	77,819	0	0	0	0
Fines, Forfeitures, and Penalties	45,951	0	0	0	0
Charges for Current Services	60,549	82,293	0	0	0
Other Local Revenues	12,292	63,604	1,430	5,807	37,911
Fees Received From County Officials	342,356	0	0	0	0
State of Tennessee	978,241	0	0	2,078,732	0
Federal Government	618,922	44,000	0	0	0
Other Governments and Citizens Groups	262,871	0	0	0	443,500
Total Revenues	\$ 5,772,332	\$ 677,994	\$ 1,430	\$ 2,090,651	\$ 873,452
<u>Expenditures</u>					
Current:					
General Government	\$ 764,414	\$ 0	\$ 0	\$ 0	\$ 0
Finance	271,128	0	0	0	0
Administration of Justice	368,742	0	0	0	0
Public Safety	1,764,166	0	0	0	0
Public Health and Welfare	780,286	730,676	0	0	0
Social, Cultural, and Recreational Services	249,635	0	0	0	0
Agriculture and Natural Resources	152,749	0	0	0	0
Other Operations	1,036,273	10,510	0	0	0
Highways	25,669	0	0	2,215,441	0
Debt Service:					
Principal on Debt	0	0	0	0	330,000
Interest on Debt	0	0	0	0	113,100
Other Debt Service	0	0	0	0	6,260
Total Expenditures	\$ 5,413,062	\$ 741,186	\$ 0	\$ 2,215,441	\$ 449,360

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service
Excess (Deficiency) of Revenues Over Expenditures	\$ 359,270	\$ (63,192)	\$ 1,430	\$ (124,790)	\$ 424,092
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 5,271	\$ 0
Transfers In	0	14,790	0	100,000	0
Transfers Out	(114,790)	0	0	0	0
Total Other Financing Sources (Uses)	\$ (114,790)	\$ 14,790	\$ 0	\$ 105,271	\$ 0
Net Change in Fund Balances	\$ 244,480	\$ (48,402)	\$ 1,430	\$ (19,519)	\$ 424,092
Fund Balance, July 1, 2021	2,570,133	1,185,601	0	1,705,198	1,885,927
Fund Balance, June 30, 2022	\$ 2,814,613	\$ 1,137,199	\$ 1,430	\$ 1,685,679	\$ 2,310,019

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Total Governmental Funds
	Other	Govern- mental Funds	
<u>Revenues</u>			
Local Taxes	\$ 15,218	\$	4,274,799
Licenses and Permits	0	\$	77,819
Fines, Forfeitures, and Penalties	2,870		48,821
Charges for Current Services	114,770		257,612
Other Local Revenues	33,200		154,244
Fees Received From County Officials	0		342,356
State of Tennessee	130,000		3,186,973
Federal Government	5,945		668,867
Other Governments and Citizens Groups	20,965		727,336
Total Revenues	<u>\$ 322,968</u>	<u>\$</u>	<u>9,738,827</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 49,560	\$	813,974
Finance	115,962		387,090
Administration of Justice	0		368,742
Public Safety	33,651		1,797,817
Public Health and Welfare	0		1,510,962
Social, Cultural, and Recreational Services	0		249,635
Agriculture and Natural Resources	0		152,749
Other Operations	791		1,047,574
Highways	0		2,241,110
Debt Service:			
Principal on Debt	0		330,000
Interest on Debt	0		113,100
Other Debt Service	0		6,260
Total Expenditures	<u>\$ 199,964</u>	<u>\$</u>	<u>9,019,013</u>

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Other Govern- mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$	123,004	\$	719,814
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$	0	\$	5,271
Transfers In		0		114,790
Transfers Out		0		(114,790)
Total Other Financing Sources (Uses)	\$	0	\$	5,271
Net Change in Fund Balances	\$	123,004	\$	725,085
Fund Balance, July 1, 2021		277,464		7,624,323
Fund Balance, June 30, 2022	\$	400,468	\$	8,349,408

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, 2022

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)		\$ 725,085
(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	\$ 560,818	
Less: current-year depreciation expense	<u>(375,640)</u>	185,178
(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		(9,882)
(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, 2022	\$ 321,992	
Less: deferred delinquent property taxes and other deferred June 30, 2021	<u>(251,427)</u>	70,565
(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	\$ 330,000	
Less: contributions from the school department for bonds	<u>(330,000)</u>	0
(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	\$ 825	
Change in compensated absences payable	(33,518)	
Change in pension liability/asset	745,060	
Change in deferred outflows related to pensions	546,527	
Change in deferred inflows related to pensions	<u>(987,756)</u>	271,138
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,242,084</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, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,373,331	\$ 3,040,280	\$ 3,040,280	\$ 333,051
Licenses and Permits	77,819	65,500	65,500	12,319
Fines, Forfeitures, and Penalties	45,951	52,300	52,300	(6,349)
Charges for Current Services	60,549	25,050	29,050	31,499
Other Local Revenues	12,292	13,000	13,000	(708)
Fees Received From County Officials	342,356	270,000	270,000	72,356
State of Tennessee	978,241	1,799,499	1,797,125	(818,884)
Federal Government	618,922	448,331	747,955	(129,033)
Other Governments and Citizens Groups	262,871	175,612	221,977	40,894
Total Revenues	\$ 5,772,332	\$ 5,889,572	\$ 6,237,187	\$ (464,855)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 45,608	\$ 60,350	\$ 60,350	\$ 14,742
Board of Equalization	1,050	1,300	1,300	250
Beer Board	128	300	300	172
County Mayor/Executive	164,503	164,201	166,901	2,398
County Attorney	10,000	10,000	10,000	0
Election Commission	128,110	174,586	175,086	46,976
Register of Deeds	103,452	105,152	107,154	3,702
County Buildings	310,773	177,400	323,642	12,869
Preservation of Records	790	811	811	21
<u>Finance</u>				
Property Assessor's Office	110,907	126,803	128,116	17,209
County Trustee's Office	19,790	27,150	28,150	8,360
County Clerk's Office	140,431	141,007	143,407	2,976
<u>Administration of Justice</u>				
Circuit Court	157,917	191,525	193,525	35,608
General Sessions Court	81,604	81,604	81,604	0
Chancery Court	105,962	108,041	109,291	3,329
Juvenile Court	9,710	20,375	20,375	10,665
Judicial Commissioners	13,549	13,455	13,955	406
<u>Public Safety</u>				
Sheriff's Department	725,485	754,369	792,709	67,224
Drug Enforcement	49,000	50,000	50,000	1,000
Jail	684,872	861,191	850,380	165,508
Correctional Incentive Program Improvements	5,340	2,680	5,340	0
Juvenile Services	118,335	98,818	118,839	504
Fire Prevention and Control	35,360	40,384	40,384	5,024
Rescue Squad	2,500	2,500	2,500	0
Other Emergency Management	67,359	87,183	89,856	22,497
County Coroner/Medical Examiner	32,213	32,250	42,750	10,537
Other Public Safety	43,702	60,433	60,433	16,731
<u>Public Health and Welfare</u>				
Local Health Center	40,114	48,700	48,700	8,586
Ambulance/Emergency Medical Services	401,765	390,000	442,683	40,918
Alcohol and Drug Programs	212,973	232,480	304,776	91,803
Appropriation to State	10,720	10,720	10,720	0

(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>				
Other Public Health and Welfare	\$ 114,714	\$ 179,851	\$ 179,851	\$ 65,137
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	59,962	65,418	71,535	11,573
Libraries	125,906	104,296	131,804	5,898
Parks and Fair Boards	42,491	39,600	43,600	1,109
Other Social, Cultural, and Recreational	21,276	15,000	33,000	11,724
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	91,724	92,301	93,301	1,577
Forest Service	1,000	1,000	1,000	0
Soil Conservation	60,025	58,122	60,747	722
<u>Other Operations</u>				
Tourism	77,720	69,550	90,931	13,211
Industrial Development	31,504	98,728	98,728	67,224
Other Economic and Community Development	257,250	4,000	261,250	4,000
Veterans' Services	25,233	18,800	29,765	4,532
Other Charges	233,774	234,494	234,494	720
Employee Benefits	410,230	427,200	427,200	16,970
COVID-19 Grant #9	562	1,339	1,979	1,417
<u>Highways</u>				
Litter and Trash Collection	25,669	28,925	29,925	4,256
Total Expenditures	\$ 5,413,062	\$ 5,514,392	\$ 6,213,147	\$ 800,085
Excess (Deficiency) of Revenues Over Expenditures				
	\$ 359,270	\$ 375,180	\$ 24,040	\$ 335,230
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 1,000	\$ 1,000	\$ (1,000)
Transfers Out	(114,790)	0	(114,790)	0
Total Other Financing Sources	\$ (114,790)	\$ 1,000	\$ (113,790)	\$ (1,000)
Net Change in Fund Balance				
	\$ 244,480	\$ 376,180	\$ (89,750)	\$ 334,230
Fund Balance, July 1, 2021	2,570,133	2,581,108	2,581,108	(10,975)
Fund Balance, June 30, 2022				
	\$ 2,814,613	\$ 2,957,288	\$ 2,491,358	\$ 323,255

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, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 488,097	\$ 475,009	\$ 475,009	\$ 13,088
Charges for Current Services	82,293	80,000	80,000	2,293
Other Local Revenues	63,604	18,100	22,338	41,266
Federal Government	44,000	0	44,000	0
Total Revenues	<u>\$ 677,994</u>	<u>\$ 573,109</u>	<u>\$ 621,347</u>	<u>\$ 56,647</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 730,676	\$ 601,224	\$ 746,152	\$ 15,476
<u>Other Operations</u>				
Other Charges	10,510	11,000	11,000	490
Total Expenditures	<u>\$ 741,186</u>	<u>\$ 612,224</u>	<u>\$ 757,152</u>	<u>\$ 15,966</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (63,192)</u>	<u>\$ (39,115)</u>	<u>\$ (135,805)</u>	<u>\$ 72,613</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 14,790	\$ 0	\$ 14,790	\$ 0
Total Other Financing Sources	<u>\$ 14,790</u>	<u>\$ 0</u>	<u>\$ 14,790</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (48,402)	\$ (39,115)	\$ (121,015)	\$ 72,613
Fund Balance, July 1, 2021	<u>1,185,601</u>	<u>1,185,599</u>	<u>1,185,599</u>	<u>2</u>
Fund Balance, June 30, 2022	<u>\$ 1,137,199</u>	<u>\$ 1,146,484</u>	<u>\$ 1,064,584</u>	<u>\$ 72,615</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, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,112	\$ 4,000	\$ 4,000	\$ 2,112
Other Local Revenues	5,807	0	5,271	536
State of Tennessee	2,078,732	1,918,789	2,041,499	37,233
Total Revenues	<u>\$ 2,090,651</u>	<u>\$ 1,922,789</u>	<u>\$ 2,050,770</u>	<u>\$ 39,881</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 174,534	\$ 177,553	\$ 179,553	\$ 5,019
Highway and Bridge Maintenance	1,320,573	1,062,060	1,410,385	89,812
Operation and Maintenance of Equipment	312,729	252,700	376,556	63,827
Other Charges	117,221	119,378	119,378	2,157
Employee Benefits	151,987	162,000	165,200	13,213
Capital Outlay	138,397	200,000	200,000	61,603
Total Expenditures	<u>\$ 2,215,441</u>	<u>\$ 1,973,691</u>	<u>\$ 2,451,072</u>	<u>\$ 235,631</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (124,790)</u>	<u>\$ (50,902)</u>	<u>\$ (400,302)</u>	<u>\$ 275,512</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 5,271	\$ 0	\$ 0	\$ 5,271
Transfers In	100,000	0	100,000	0
Total Other Financing Sources	<u>\$ 105,271</u>	<u>\$ 0</u>	<u>\$ 100,000</u>	<u>\$ 5,271</u>
Net Change in Fund Balance	<u>\$ (19,519)</u>	<u>\$ (50,902)</u>	<u>\$ (300,302)</u>	<u>\$ 280,783</u>
Fund Balance, July 1, 2021	<u>1,705,198</u>	<u>1,535,100</u>	<u>1,535,100</u>	<u>170,098</u>
Fund Balance, June 30, 2022	<u>\$ 1,685,679</u>	<u>\$ 1,484,198</u>	<u>\$ 1,234,798</u>	<u>\$ 450,881</u>

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

Exhibit D-1

Clay County, Tennessee
Statement of Net Position
Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 857,104
Due from Other Governments	<u>84,624</u>
Total Assets	<u>\$ 941,728</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	<u>\$ 84,624</u>
Total Liabilities	<u>\$ 84,624</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 857,104</u>
Total Net Position	<u><u>\$ 857,104</u></u>

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

Clay County, Tennessee
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

Custodial
Funds

ADDITIONS

Sales Tax Collections for Other Governments	\$	439,681
Fines/Fees and Other Collections		3,563,089
Total Additions	\$	<u>4,002,770</u>

DEDUCTIONS

Payment of Sales Tax Collections to Other Governments	\$	439,681
Payments to State		1,345,229
Payments to County/City		1,173,287
Payments to Individuals and Others		278,647
Total Deductions	\$	<u>3,236,844</u>

Net Increase (Decrease) in Fiduciary in Net Position	\$	765,926
Net Position, July 1, 2021		<u>91,178</u>
Net Position, June 30, 2022	\$	<u><u>857,104</u></u>

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

CLAY COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	36
B. Government-wide and Fund Financial Statements	37
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	38
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	40
2. Receivables and Payables	41
3. Restricted Assets	42
4. Capital Assets	42
5. Deferred Outflows/Inflows of Resources	43
6. Compensated Absences	44
7. Long-term Debt and Long-term Obligations	44
8. Net Position and Fund Balance	45
E. Pension Plans	47
F. Other Postemployment Benefits (OPEB) Plans	47
II. Reconciliation of Government-wide and Fund Financial Statements	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	48
B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities	48
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	48
B. Appropriations Exceeded Estimated Available Funds	49
IV. Detailed Notes on All Funds	
A. Deposits and Investments	49
B. Capital Assets	53
C. Construction Commitments	56
D. Interfund Receivables, Payables, and Transfers	56
E. Long-term Debt	58
F. Long-term Obligations	59
G. On-Behalf Payments	61
V. Other Information	
A. Risk Management	61
B. Accounting Changes	62
C. Contingent Liabilities	64
D. Changes in Administration	64
E. Joint Venture	64
F. Jointly Governed Organization	65
G. Retirement Commitments	
1. Tennessee Consolidated Retirement System (TCRS)	65
2. Deferred Compensation	82
H. Other Postemployment Benefits (OPEB)	82
I. Purchasing Laws	86
J. Subsequent Event	87

CLAY COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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, including lease obligations, are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

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

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.

Other Special Revenue Fund – This fund accounts for transactions related to the American Rescue Plan Act funding.

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:

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

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

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

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

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. The current year (FY22) report was not available from the auditor of the Internal School Fund in time for inclusion in this report. Therefore, the prior year balances (FY21) are presented in this report. We do not believe using the prior year balances will affect the independent auditor’s opinion on the Aggregate Discretely Presented Component Units. A more detailed reporting of the fund activities at each individual school may be found at <https://www.comptroller.tn.gov/office-functions/la/reports/find-other-audits.html>.

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

D. Assets, Liabilities, Deferred Outflows/Inflows 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 States of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United States of America. 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. Other than amounts in the pension stabilization trust discussed in Note IV.A., 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 uncollectible. The allowance for uncollectible property taxes is equal to 1.51 percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

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

3. 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), and intangible right-to-use assets (e.g., lease assets) are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Infrastructure:	
Roads	20 - 75
Bridges	75
Other Capital Assets	5 - 30

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will

not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are 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.

As of June 30, 2022, Clay County had \$3,440,000 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 Pension 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 Pension Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Pension Plan of TCRS. Investments are reported at fair value.

Discretely Presented 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, the Other Special Revenue Fund, and the school department's Internal School Fund (special revenue funds), which are 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, 2022, the discretely presented Clay County School Department reported the following encumbrances:

<u>Funds</u>	<u>Amount</u>
School Department:	
Major Funds:	
General Purpose School	\$ 37,546
School Federal Projects	445,000
Nonmajor Fund:	
Central Cafeteria	14,884

B. Appropriations Exceeded Estimated Available Funds

The budget and subsequent amendment approved by the county commission for the Central Cafeteria Fund resulted in appropriations exceeding estimated available funds by \$33,685.

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 three methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 90 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose 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.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank receives funds from customers of the secondary depositories equal to or greater than the amount initially invested by the county. The balance of county funds with each secondary depository must not exceed FDIC insurance limits so that all funds are fully insured. Under this program, the trustee must provide the depository bank with a listing of all banks and savings and loan associations holding county funds under the same federal employer identification number (FEIN). To prevent deposits from exceeding FDIC coverage, the depository bank is prohibited from using any of those listed banks or savings and loan associations as secondary depositories. The use of this program must be approved by the county investment committee or finance committee as appropriate for the specific county. Further, the investment committee or finance committee must establish policies and procedures for the investments, including the establishment of controls to ensure that full FDIC insurance coverage is obtained. Service providers used by depositories must be approved by the state treasurer upon concurrence by the commissioner of financial institutions and finance and administration.

There are currently only two eligible programs that have been approved by the state treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

Investments

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

The county had no pooled and nonpooled investments as of June 30, 2022.

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. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2022, the Clay County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund of the school department.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 32,194
Developed Market International Equity	N/A	N/A	14,539
Emerging Market International Equity	N/A	N/A	4,154
U.S. Fixed Income	N/A	N/A	20,771
Real Estate	N/A	N/A	10,385
Short-term Securities	N/A	N/A	1,039
NAV - Private Equity and Strategic Lending	N/A	N/A	20,771
Total			\$ 103,853

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag20045.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-21	Increases	Decreases	Balance 6-30-22
Capital Assets Not Depreciated:				
Land	\$ 103,800	\$ 0	\$ 0	\$ 103,800
Construction in Progress	144,678	140,621	0	285,299
Total Capital Assets Not Depreciated	<u>\$ 248,478</u>	<u>\$ 140,621</u>	<u>\$ 0</u>	<u>\$ 389,099</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,618,306	\$ 74,000	\$ 0	\$ 3,692,306
Infrastructure	12,886,540	0	0	12,886,540
Other Capital Assets	4,090,482	346,197	(96,290)	4,340,389
Total Capital Assets Depreciated	<u>\$ 20,595,328</u>	<u>\$ 420,197</u>	<u>\$ (96,290)</u>	<u>\$ 20,919,235</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,071,393	\$ 56,211	\$ 0	\$ 1,127,604
Infrastructure	3,254,121	110,739	0	3,364,860
Other Capital Assets	2,778,176	208,690	(86,408)	2,900,458
Total Accumulated Depreciation	<u>\$ 7,103,690</u>	<u>\$ 375,640</u>	<u>\$ (86,408)</u>	<u>\$ 7,392,922</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,491,638</u>	<u>\$ 44,557</u>	<u>\$ (9,882)</u>	<u>\$ 13,526,313</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,740,116</u>	<u>\$ 185,178</u>	<u>\$ (9,882)</u>	<u>\$ 13,915,412</u>

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

Governmental Activities:

General Government	\$ 20,607
Public Safety	83,011
Public Health and Welfare	81,129
Social, Cultural, and Recreational Services	8,908
Agriculture and Natural Resources	1,674
Highways/Public Works	<u>180,311</u>

Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 375,640</u>
--	-------------------

Net Investment in Capital Assets

Capital Assets	\$ 13,915,412
Add:	
Debt for school purposes	3,440,000
Less:	
Outstanding principal of capital debt and other capital	<u>(3,440,000)</u>
Net Investment in Capital Assets	<u>\$ 13,915,412</u>

Discretely Presented Clay County School Department

Governmental Activities:

	Balance 7-1-21	Increases	Balance 6-30-22
Capital Assets Not Depreciated:			
Land	\$ 298,098	\$ 0	\$ 298,098
Total Capital Assets Not Depreciated	<u>\$ 298,098</u>	<u>\$ 0</u>	<u>\$ 298,098</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 11,137,275	\$ 138,176	\$ 11,275,451
Infrastructure	648,860	0	648,860
Other Capital Assets	2,328,561	179,230	2,507,791
Total Capital Assets Depreciated	<u>\$ 14,114,696</u>	<u>\$ 317,406</u>	<u>\$ 14,432,102</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 6,142,742	\$ 238,678	\$ 6,381,420
Infrastructure	435,572	20,753	456,325
Other Capital Assets	1,255,912	139,160	1,395,072
Total Accumulated Depreciation	<u>\$ 7,834,226</u>	<u>\$ 398,591</u>	<u>\$ 8,232,817</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,280,470</u>	<u>\$ (81,185)</u>	<u>\$ 6,199,285</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,578,568</u>	<u>\$ (81,185)</u>	<u>\$ 6,497,383</u>

There were no decreases in capital assets to report during the year ended June 30, 2022.

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

Governmental Activities:

Instruction	\$ 257,186
Support Services	130,088
Operation of Noninstructional Services	<u>11,317</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 398,591</u>

C. Construction Commitments

At June 30, 2022, the county had construction in progress of approximately \$285,299 for survey and design expenditures for a new jail. The construction contracts have not been bid for this project as of June 30, 2022. The county plans to fund these future expenditures through the issuance of general obligation bonds.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,952
Discretely Presented School Department:		
General Purpose School	School Federal Projects	125,557

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.

The receivable in the General Purpose School Fund totaling \$125,557 was in transit from the School Federal Projects Fund at June 30, 2022.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government	Component Unit:	
Governmental Activities	School Department	
	Governmental Activities	\$ 3,440,000
Component Unit:	Primary Government	
School Department	General	
General Purpose School		36,526

The Due to Primary Government \$3,440,000 is the balance of bonds issued by the county for the school department. The school department has agreed to contribute the funds annually to retire these bonds. 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, 2022, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		Purpose
	Solid Waste/ Sanitation Fund	Highway/ Public Works Fund	
General Fund	\$ 14,790	\$ 100,000	State direct appropriations funds
Total	\$ 14,790	\$ 100,000	

Discretely Presented Clay County School Department

Transfer Out	Transfer In	Purpose
	General Purpose School Fund	
School Federal Projects	\$ 125,557	Indirect costs
Total Transfers	\$ 125,557	

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.

E. 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, 2022, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2022, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-22
General Obligation Bonds	3 %	6-1-31	\$ 4,660,000	\$ 3,440,000

The annual requirements to amortize the county's bonds outstanding as of June 30, 2022, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2028-2031	1,640,000	124,950	1,764,950
Total	<u>\$ 3,440,000</u>	<u>\$ 535,950</u>	<u>\$ 3,975,950</u>

There is \$2,310,019 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$454, based on the 2020 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.

<u>Description of Debt</u>	<u>Outstanding 6-30-22</u>
<u>Bonds Payable:</u>	
<u>Contributions from General Purpose School Fund:</u>	
General Obligation School Bonds, Series 2018	\$ 3,440,000

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2022, was as follows:

Governmental Activities:

	<u>Bonds</u>
Balance, July 1, 2021	\$ 3,770,000
Reductions	<u>(330,000)</u>
Balance, June 30, 2022	<u>\$ 3,440,000</u>
Balance Due Within One Year	<u>\$ 340,000</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2022	\$ 3,440,000
Less: Balance Due Within One Year - Debt	<u>(340,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 3,100,000</u>

F. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2022, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2021	\$ 121,095
Additions	290,351
Reductions	<u>(256,833)</u>
Balance, June 30, 2022	<u>\$ 154,613</u>
Balance Due Within One Year	<u>\$ 115,961</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2022	\$ 154,613
Less: Balance Due Within One Year - Other	<u>(115,961)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 38,652</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, 2022, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Other Post- employment Benefits</u>
Balance, July 1, 2021	\$ 3,558	\$ 1,082,869
Additions	10,917	73,264
Reductions	<u>(5,176)</u>	<u>(200,313)</u>
Balance, June 30, 2022	<u>\$ 9,299</u>	<u>\$ 955,820</u>
Balance Due Within One Year	<u>\$ 9,299</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2022	\$ 965,119
Less: Balance Due Within One Year - Other	<u>(9,299)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 955,820</u>

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

G. 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 Annual Comprehensive Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2022, were \$21,826. 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, and casualty losses. During 2022, the county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$250,000 for property and \$450,000 for liability for each insured event.

Clay County participates in the Local Government Workers' Compensation Fund (LWCF), a public entity risk pool established under provisions of Section 29-20-401, *Tennessee Code Annotated*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the

LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$500,000.

Clay County provides commercial health insurance for its employees.

Discretely Presented Clay County School Department

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

The school department provides commercial health insurance for its employees.

B. Accounting Changes

GASB Statement No. 87, *Leases*, became effective for fiscal year ending June 30, 2022. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation. GASB Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability, (2) an intangible asset representing the lessee's right to use the leased asset, (3) report the amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (4) interest expense on the lease liability and (5) note disclosures about the lease. A lessor must recognize (1) a lease receivable (measured at the present value of lease payments expected to be received during the lease term), (2) deferred inflow of resources, (3) interest revenue on the lease receivable and (4) note disclosures of leasing arrangements and the total inflows of resources recognized from leases. This statement provides exceptions for leases of assets held as investments, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements) and leases with related parties.

GASB Statement No. 92, *Omnibus 2020*, became effective during the fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provision about the following:

- The effective date of GASB Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of GASB Statement No. 84 to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

GASB Statement 93, *Replacement of Interbank Offered Rates*, became effective during the year. This statement was necessary due to the eventual ceasing of the London Interbank Offered Rate (LIBOR) and the replacement with another interbank offered rate (IBOR). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (except for paragraphs 4 and 5 which became effective in the prior fiscal year) became effective during the year. This Statement (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). This statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans.

GASB Statement No 98, *The Comprehensive Annual Financial Report*, became effective during the year. This statement replaces the terms comprehensive annual financial report and comprehensive annual financial reports in NCGA and GASB pronouncements with annual comprehensive financial report and

annual comprehensive financial reports, respectively. The associated acronyms in NCGA and GASB pronouncements are replaced with ACFR and ACFRs.

C. Contingent Liabilities

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

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

D. Changes in Administration

Susan Birdwell was removed from the Office of Circuit and General Sessions Courts Clerk by order of the courts on December 16, 2021. Jennifer Ritter was appointed clerk pro tempore by the courts under Section 18-1-302, *Tennessee Code Annotated*.

Director of Schools Matt Eldridge retired December 31, 2021, and was succeeded by Diana Monroe on January 1, 2022.

Assessor of Property Billy Smith passed away on January 2, 2022. On January 31, 2022, the county commission appointed Angie Eads to fulfill his term.

E. 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, 2022. 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
1289 S. Walnut Ave.
Cookeville, TN 38501

F. 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.

G. 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 Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 65.55 percent, the non-certified employees of the discretely presented school department comprise 34.45 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided. TCA, Title 8, Chapters 34-37 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 nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving	
Benefit Payments	88
Inactive Employees Entitled to But Not Yet Receiving	
Benefit Payments	157
Active Employees Eligible for Benefits	<u>157</u>
 Total	 <u><u>402</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, 2022, the employer contribution for Clay County was \$285,094 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, 2021, 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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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)

	Liability (a)	Net Position (b)	(Asset) (a)-(b)
Balance, July 1, 2020	\$ 10,526,325	\$ 10,929,954	\$ (403,629)
Changes for the Year:			
Service Cost	\$ 337,170	\$ 0	\$ 337,170
Interest	771,509	0	771,509
Differences Between Expected and Actual Experience	(132,389)	0	(132,389)
Changes in Assumptions	1,174,834		1,174,834
Contributions-Employer	0	284,131	(284,131)
Contributions-Employees		197,588	(197,588)
Net Investment Income		2,822,702	(2,822,702)
Benefit Payments, Including Refunds of Employee Contributions	(443,992)	(443,992)	0
Administrative Expense	0	(13,590)	13,590
Net Changes	\$ 1,707,132	\$ 2,846,839	\$ (1,139,707)
Balance, June 30, 2021	\$ 12,233,457	\$ 13,776,793	\$ (1,543,336)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	65.55% \$ 8,019,031	\$ 9,030,688	\$ (1,011,657)
School Department	34.45% 4,214,426	4,746,105	(531,679)
Total	\$ 12,233,457	\$ 13,776,793	\$ (1,543,336)

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 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

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

Net Pension Liability (Asset) \$ 138,509 \$ (1,543,336) \$ (2,931,302)

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, 2022, Clay County recognized pension expense of (\$166,754).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, 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
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ 0	\$ 179,520
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,507,041
Changes in Assumptions	980,601	0
Contributions Subsequent to the Measurement Date of June 30, 2021 (1)	285,094	N/A
	<u> </u>	<u> </u>
Total	<u>\$ 1,265,695</u>	<u>\$ 1,686,561</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the subsequent fiscal period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 839,251	\$ 1,105,541
School Department	426,444	581,020
Total	<u>\$ 1,265,695</u>	<u>\$ 1,686,561</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
2023	\$ (200,466)
2024	(157,694)
2025	(150,409)
2026	(197,392)
2027	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 Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 65.55 percent and the non-certified employees of the discretely presented school department comprise 34.45 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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2022, to the Teacher Retirement Plan were \$31,288, which is 2.01 percent of covered payroll. In addition, employer contributions of \$27,800, which is 1.99 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, 2022, the school department reported a liability (asset) of (\$112,692) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, 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, 2021, the school department's proportion was .104035 percent. The proportion as of June 30, 2020, was .086262 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, the school department recognized pension expense of \$12,921.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,960	\$ 20,620
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	64,869
Changes in Assumptions	40,647	0
Changes in Proportion of Net Pension Liability (Asset)	2,008	11,002
LEA's Contributions Subsequent to the Measurement Date of June 30, 2021	31,288	N/A
Total	<u>\$ 75,903</u>	<u>\$ 96,491</u>

The school department's employer contributions of \$31,288, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) of net pension asset in the year ending June 30, 2023. 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
2023	\$ (15,012)
2024	(14,657)
2025	(14,556)
2026	(16,188)
2027	1,114
Thereafter	7,422

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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Net Pension Liability (Asset) \$ 38,740 \$ (112,692) \$ (224,379)

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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Clay County School Department for the year ended June 30, 2022, to the Teacher Legacy Pension Plan were \$402,283 which is 10.29 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, 2022, the school department reported a liability (asset) of (\$5,076,433) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, 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, 2021, the school department's proportion was .117694 percent. The proportion measured at June 30, 2020, was .112526 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, the school department recognized pension expense (negative pension expense) of (\$805,083).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, 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	\$ 17,060	\$ 423,391
Changes in Assumptions	1,356,338	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,048,342
Changes in Proportion of Net Pension Liability (Asset)	1,651	25,929
LEA's Contributions Subsequent to the Measurement Date of June 30, 2021	402,283	N/A
Total	<u>\$ 1,777,332</u>	<u>\$ 4,497,662</u>

The school department's employer contributions of \$402,283 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) of net pension liability in the year ending June 30, 2023. 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
2023	\$ (743,106)
2024	(706,363)
2025	(580,614)
2026	(1,092,531)
2027	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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Net Pension Liability (Asset) \$ (903,434) \$ (5,076,433) \$ (8,549,200)

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 \$101,205 and teachers contributed \$55,009 to this deferred compensation pension plan.

H. 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 Blue Cross Blue Shield 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 45 percent of the healthcare cost for employees with over 30 years of service, 35 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, 2022, the following employees were covered by the benefit terms:

Inactive Employees/Beneficiaries Currently Receiving Benefit Payments	5
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	0
Active Employees Eligible for Benefits	98
Total	103

Total OPEB Liability

The school department’s total OPEB liability of \$955,820 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

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

Inflation	2.5%
Discount Rate	3.54%
Healthcare Cost Trend Rates	4.5%
Retirees share of Benefit-related Cost	55% 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-2021.

The actuarial assumptions used in the June 30, 2022, 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, 2021	\$ 1,082,869
Changes for the Year:	
Service Cost	\$ 49,178
Interest	24,086
Difference between Expected and Actual Experience	(47,923)
Changes in Assumption and Other Inputs	(118,466)
Benefit Payments	(33,924)
Net Changes	<u>\$ (127,049)</u>
Balance June 30, 2022	<u>\$ 955,820</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department recognized OPEB expense of \$8,268. At June 30, 2022, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 3,144	\$ 167,985
Changes of Assumptions and Other Inputs	30,690	254,822
Net Difference Between Projected and Benefits paid after the measurement date of June 30, 2022	<u>0</u>	<u>0</u>
Total	<u>\$ 33,834</u>	<u>\$ 422,807</u>

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

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

Year Ending June 30	School Department
2023	\$ (64,996)
2024	(64,996)
2025	(64,996)
2026	(63,447)
2027	(54,315)
Thereafter	(76,223)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the school department calculated using the discount rate of 3.54 percent, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

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

Total OPEB Liability \$ 1,041,019 \$ 955,820 \$ 876,512

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 4.5 percent, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower (3.5%) or one percentage point higher (5.5%) than the current rate:

<u>Healthcare Cost Trend Rate</u>	1% Decrease 3.5%	Current Trend Rate 4.5%	1% Increase 5.5%
-----------------------------------	------------------------	----------------------------------	------------------------

Total OPEB Liability \$ 850,622 \$ 955,820 \$ 1,079,430

I. 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 \$25,000 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.

J. Subsequent Event

Jennifer Ritter left the office of Circuit and General Sessions Courts Clerk on August 31, 2022, and was succeeded by Keshia Smith.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service Cost	\$ 250,001	\$ 285,817	\$ 288,245	\$ 283,956	\$ 301,295	\$ 309,901	\$ 316,257	\$ 337,170
Interest	547,223	580,662	618,024	639,352	660,048	687,238	726,314	771,509
Differences Between Actual and Expected Experience	(48,484)	23,293	(215,363)	(206,343)	(151,464)	(17,454)	(3,246)	(132,389)
Changes in Assumptions	0	0	0	244,394	0	0	0	1,174,834
Benefit Payments, Including Refunds of Employee Contributions	(317,800)	(359,622)	(428,444)	(376,061)	(422,492)	(464,406)	(429,729)	(443,992)
Net Change in Total Pension Liability	\$ 430,940	\$ 530,150	\$ 262,462	\$ 585,298	\$ 387,387	\$ 515,279	\$ 609,596	\$ 1,707,132
Total Pension Liability, Beginning	7,205,213	7,636,153	8,166,303	8,428,765	9,014,063	9,401,450	9,916,729	10,526,325
Total Pension Liability, Ending (a)	\$ 7,636,153	\$ 8,166,303	\$ 8,428,765	\$ 9,014,063	\$ 9,401,450	\$ 9,916,729	\$ 10,526,325	\$ 12,233,457
Plan Fiduciary Net Position								
Contributions - Employer	\$ 247,061	\$ 249,053	\$ 243,631	\$ 248,962	\$ 253,290	\$ 262,937	\$ 277,398	\$ 284,131
Contributions - Employee	173,950	175,737	170,013	173,131	176,140	183,842	192,907	197,588
Net Investment Income	1,065,682	233,484	207,931	911,342	743,487	720,862	515,864	2,822,702
Benefit Payments, Including Refunds of Employee Contributions	(317,800)	(359,622)	(428,444)	(376,061)	(422,492)	(464,406)	(429,729)	(443,992)
Administrative Expense	0	0	0	(12,605)	(14,338)	(13,554)	(12,998)	(13,590)
Other	(5,772)	(8,179)	(11,688)	6	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 1,163,121	\$ 290,473	\$ 181,443	\$ 944,775	\$ 736,087	\$ 689,681	\$ 543,442	\$ 2,846,839
Plan Fiduciary Net Position, Beginning	6,380,932	7,544,053	7,834,526	8,015,969	8,960,744	9,696,831	10,386,512	10,929,954
Plan Fiduciary Net Position, Ending (b)	\$ 7,544,053	\$ 7,834,526	\$ 8,015,969	\$ 8,960,744	\$ 9,696,831	\$ 10,386,512	\$ 10,929,954	\$ 13,776,793
Net Pension Liability (Asset), Ending (a - b)	\$ 92,100	\$ 331,777	\$ 412,796	\$ 53,319	\$ (295,381)	\$ (469,783)	\$ (403,629)	\$ (1,543,336)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.79%	95.94%	95.10%	99.41%	103.14%	104.74%	103.83%	112.62%
Covered Payroll	\$ 3,421,710	\$ 3,463,875	\$ 3,388,256	\$ 3,462,610	\$ 3,522,792	\$ 3,656,977	\$ 3,858,106	\$ 3,951,754
Net Pension Liability (Asset) as a Percentage of Covered Payroll	2.69%	9.58%	12.18%	1.54%	8.38%	(12.85)%	(10.46)%	(39.05)%

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

Note 2: The agent plan is a single plan that is participated in by the primary government 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	2021	2022
Actuarially Determined Contribution	\$ 247,061	\$ 249,053	\$ 243,631	\$ 248,962	\$ 253,290	\$ 262,937	\$ 256,564	\$ 262,396	\$ 285,094
Less: Contributions in Relation to the Actuarially Determined Contribution	(247,061)	(249,053)	(243,631)	(248,962)	(253,290)	(262,937)	(277,398)	(284,131)	(285,094)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (20,834)	\$ (21,735)	\$ 0
Covered Payroll	\$ 3,421,710	\$ 3,462,875	\$ 3,388,526	\$ 3,462,610	\$ 3,522,792	\$ 3,656,977	\$ 3,858,106	\$ 3,951,754	\$ 3,967,647
Contributions as a Percentage of	7.22%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%

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

Note 2: The agent plan is a single plan that is participated in by the primary government 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
Retirement Plan of TCRS
Discretely Presented Clay County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 8,526	\$ 15,753	\$ 22,262	\$ 28,054	\$ 18,036	\$ 22,098	\$ 30,329	\$ 31,288
Less: Contributions in Relation to the Contractually Required Contribution	(8,526)	(15,753)	(22,262)	(28,054)	(18,036)	(22,098)	(30,329)	(31,288)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 213,156	\$ 393,835	\$ 556,552	\$ 705,336	\$ 929,666	\$ 1,088,565	\$ 1,501,420	\$ 1,556,568
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	3.98%	1.94%	2.03%	2.02%	2.01%

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

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

2019: Pension - 1.94%, SRT - 2.02%
 2020: Pension - 2.03%, SRT - 1.97%
 2021: Pension - 2.02%, SRT - 1.98%
 2022: Pension - 2.01%, SRT - 1.99%

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	2021	2022
Contractually Required Contribution	\$ 366,063	\$ 368,885	\$ 345,024	\$ 353,013	\$ 358,448	\$ 394,262	\$ 398,111	\$ 396,722	\$ 402,283
Less: Contributions in Relation to the Contractually Required Contribution	(366,063)	(368,885)	(345,024)	(353,013)	(358,448)	(394,262)	(398,111)	(396,722)	(402,283)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 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	\$ 3,745,166	\$ 3,862,919	\$ 3,908,747
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.29%

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 Retirement Plan of TCRS
Discretely Presented Clay County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019	2020	2021
School Department's Proportion of the Net Pension Liability (Asset)	0.100474%	0.089507%	0.084797%	0.080257%	0.087854%	0.086262%	0.104035%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,127	\$ (9,318)	\$ (22,371)	\$ (36,399)	\$ (49,592)	\$ (49,052)	\$ (112,692)
Covered Payroll	\$ 213,156	\$ 393,835	\$ 556,552	\$ 705,336	\$ 929,666	\$ 1,088,565	\$ 1,501,420
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)%	(4.51)%	(7.51)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%

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	2020	2021
School Department's Proportion of the Net Pension Liability (Asset)	0.105028%	0.109005%	0.105730%	0.110469%	0.112736%	0.112409%	0.112526%	0.117694%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (17,067)	\$ 44,652	\$ 660,754	\$ (36,144)	\$ (396,710)	\$ (1,155,766)	\$ (858,096)	\$ (5,076,433)
Covered Payroll	\$ 4,122,328	\$ 4,080,585	\$ 3,816,643	\$ 3,905,011	\$ 3,947,662	\$ 3,769,224	\$ 3,745,166	\$ 3,862,919
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)%	(22.91)%	(131.41)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%

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	2021	2022
Total OPEB Liability					
Service Cost	\$ 32,302	\$ 33,555	\$ 43,463	\$ 54,140	\$ 49,178
Interest	55,723	53,426	46,338	29,533	24,086
Differences Between Actual and Expected Experience	0	6,401	(66,899)	(112,631)	(47,923)
Changes in Assumptions or Other Inputs	0	(86,991)	49,833	(144,082)	(118,466)
Benefit Payments	(113,629)	(116,218)	(89,478)	(52,578)	(33,924)
Net Change in Total OPEB Liability	\$ (25,604)	\$ (109,827)	\$ (16,743)	\$ (225,618)	\$ (127,049)
Total OPEB Liability, Beginning	1,460,661	1,435,057	1,325,230	1,308,487	1,082,869
 Total OPEB Liability, Ending	 <u>\$ 1,435,057</u>	 <u>\$ 1,325,230</u>	 <u>\$ 1,308,487</u>	 <u>\$ 1,082,869</u>	 <u>\$ 955,820</u>
 Covered Employee Payroll	 \$ 3,810,347	 \$ 3,631,433	 \$ 3,791,790	 \$ 3,924,076	 \$ 3,935,147
Total OPEB Liability as a percentage of covered employee payroll	37.66%	36.49%	34.51%	27.60%	24.29%

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

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2018	3.58%
2019	3.50%
2020	2.21%
2021	2.16%
2022	3.54%

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

- For the 2019 plan year - rate was 5.5%
- For the 2020 plan year - from 5.5% to 5.0%
- For the 2021 plan year - from 5.0 to 4.5%
- For the 2022 plan year - rate was 4.5%

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, 2022

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020, 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: decreased the inflation rate from 3 percent to 2.5 percent; decreased the investment rate from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased the salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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, 2022

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 22,624	\$ 22,624
Equity in Pooled Cash and Investments	248,082	129,775	0	377,857
Accounts Receivable	0	0	852	852
Due from Other Governments	1,087	0	0	1,087
Total Assets	<u>\$ 249,169</u>	<u>\$ 129,775</u>	<u>\$ 23,476</u>	<u>\$ 402,420</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 1,952	\$ 1,952
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,952</u>	<u>\$ 1,952</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 240,846	\$ 0	\$ 0	\$ 240,846
Restricted for Public Safety	0	129,775	0	129,775
Restricted for Capital Outlay	8,323	0	0	8,323
Committed:				
Committed for Finance	0	0	21,524	21,524
Total Fund Balances	<u>\$ 249,169</u>	<u>\$ 129,775</u>	<u>\$ 21,524</u>	<u>\$ 400,468</u>
Total Liabilities and Fund Balances	<u>\$ 249,169</u>	<u>\$ 129,775</u>	<u>\$ 23,476</u>	<u>\$ 402,420</u>

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, 2022

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>				
Local Taxes	\$ 15,218	\$ 0	\$ 0	\$ 15,218
Fines, Forfeitures, and Penalties	0	2,870	0	2,870
Charges for Current Services	0	0	114,770	114,770
Other Local Revenues	0	33,200	0	33,200
State of Tennessee	130,000	0	0	130,000
Federal Government	5,945	0	0	5,945
Other Governments and Citizens Groups	20,965	0	0	20,965
Total Revenues	<u>\$ 172,128</u>	<u>\$ 36,070</u>	<u>\$ 114,770</u>	<u>\$ 322,968</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 49,560	\$ 0	\$ 0	\$ 49,560
Finance	0	0	115,962	115,962
Public Safety	0	33,651	0	33,651
Other Operations	421	370	0	791
Total Expenditures	<u>\$ 49,981</u>	<u>\$ 34,021</u>	<u>\$ 115,962</u>	<u>\$ 199,964</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 122,147</u>	<u>\$ 2,049</u>	<u>\$ (1,192)</u>	<u>\$ 123,004</u>
Net Change in Fund Balances	<u>\$ 122,147</u>	<u>\$ 2,049</u>	<u>\$ (1,192)</u>	<u>\$ 123,004</u>
Fund Balance, July 1, 2021	<u>127,022</u>	<u>127,726</u>	<u>22,716</u>	<u>277,464</u>
Fund Balance, June 30, 2022	<u>\$ 249,169</u>	<u>\$ 129,775</u>	<u>\$ 21,524</u>	<u>\$ 400,468</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, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 15,218	\$ 15,000	\$ 15,000	\$ 218
State of Tennessee	130,000	285,321	285,321	(155,321)
Federal Government	5,945	0	0	5,945
Other Governments and Citizens Groups	20,965	1,000	27,710	(6,745)
Total Revenues	<u>\$ 172,128</u>	<u>\$ 301,321</u>	<u>\$ 328,031</u>	<u>\$ (155,903)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 49,560	\$ 174,600	\$ 201,310	\$ 151,750
<u>Other Operations</u>				
Other Charges	421	300	700	279
Total Expenditures	<u>\$ 49,981</u>	<u>\$ 174,900</u>	<u>\$ 202,010</u>	<u>\$ 152,029</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 122,147</u>	<u>\$ 126,421</u>	<u>\$ 126,021</u>	<u>\$ (3,874)</u>
Net Change in Fund Balance	\$ 122,147	\$ 126,421	\$ 126,021	\$ (3,874)
Fund Balance, July 1, 2021	<u>127,022</u>	<u>268,819</u>	<u>268,819</u>	<u>(141,797)</u>
Fund Balance, June 30, 2022	<u>\$ 249,169</u>	<u>\$ 395,240</u>	<u>\$ 394,840</u>	<u>\$ (145,671)</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, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 2,870	\$ 4,000	\$ 4,000	\$ (1,130)
Other Local Revenues	33,200	0	0	33,200
Total Revenues	<u>\$ 36,070</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 32,070</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 33,651	\$ 78,000	\$ 78,000	\$ 44,349
<u>Other Operations</u>				
Other Charges	370	500	500	130
Total Expenditures	<u>\$ 34,021</u>	<u>\$ 78,500</u>	<u>\$ 78,500</u>	<u>\$ 44,479</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,049</u>	<u>\$ (74,500)</u>	<u>\$ (74,500)</u>	<u>\$ 76,549</u>
Net Change in Fund Balance	\$ 2,049	\$ (74,500)	\$ (74,500)	\$ 76,549
Fund Balance, July 1, 2021	<u>127,726</u>	<u>127,727</u>	<u>127,727</u>	<u>(1)</u>
Fund Balance, June 30, 2022	<u><u>\$ 129,775</u></u>	<u><u>\$ 53,227</u></u>	<u><u>\$ 53,227</u></u>	<u><u>\$ 76,548</u></u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

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, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 392,041	\$ 360,632	\$ 360,632	\$ 31,409
Other Local Revenues	37,911	30,000	30,000	7,911
Other Governments and Citizens Groups	443,500	0	443,500	0
Total Revenues	<u>\$ 873,452</u>	<u>\$ 390,632</u>	<u>\$ 834,132</u>	<u>\$ 39,320</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 330,000	\$ 0	\$ 330,000	\$ 0
<u>Interest on Debt</u>				
Education	113,100	0	113,100	0
<u>Other Debt Service</u>				
General Government	5,860	6,000	6,300	440
Education	400	0	400	0
Total Expenditures	<u>\$ 449,360</u>	<u>\$ 6,000</u>	<u>\$ 449,800</u>	<u>\$ 440</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 424,092</u>	<u>\$ 384,632</u>	<u>\$ 384,332</u>	<u>\$ 39,760</u>
Net Change in Fund Balance	\$ 424,092	\$ 384,632	\$ 384,332	\$ 39,760
Fund Balance, July 1, 2021	<u>1,885,927</u>	<u>1,885,926</u>	<u>1,885,926</u>	<u>1</u>
Fund Balance, June 30, 2022	<u>\$ 2,310,019</u>	<u>\$ 2,270,558</u>	<u>\$ 2,270,258</u>	<u>\$ 39,761</u>

Custodial Funds

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

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

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

Exhibit H-1

Clay County, Tennessee
Combining Statement of Net Position
Custodial Funds
June 30, 2022

	<u>Custodial Funds</u>		
	<u>Cities -</u>	<u>Constitu -</u>	
	<u>Sales</u>	<u>tional</u>	
	<u>Tax</u>	<u>Officers -</u>	<u>Total</u>
		<u>Custodial</u>	
<u>ASSETS</u>			
Cash	\$ 0	\$ 857,104	\$ 857,104
Due from Other Governments	84,624	0	84,624
Total Assets	<u>\$ 84,624</u>	<u>\$ 857,104</u>	<u>\$ 941,728</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 84,624	\$ 0	\$ 84,624
Total Liabilities	<u>\$ 84,624</u>	<u>\$ 0</u>	<u>\$ 84,624</u>
<u>NET POSITION</u>			
Restricted for Individuals, Organizations, and Other Governments	\$ 0	\$ 857,104	\$ 857,104
Total Net Position	<u>\$ 0</u>	<u>\$ 857,104</u>	<u>\$ 857,104</u>

Exhibit H-2

Clay County, Tennessee
Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended June 30, 2022

	<u>Custodial Funds</u>		
	<u>Cities -</u>	<u>Constitu -</u>	
	<u>Sales</u>	<u>tional</u>	
	<u>Tax</u>	<u>Officers -</u>	
		<u>Custodial</u>	<u>Total</u>
<u>Additions</u>			
Sales Tax Collections for Other Governments	\$ 439,681	\$ 0	\$ 439,681
Fines/Fees and Other Collections	0	3,563,089	3,563,089
Total Additions	<u>\$ 439,681</u>	<u>\$ 3,563,089</u>	<u>\$ 4,002,770</u>
<u>Deductions</u>			
Payment of Sales Tax Collections for Other Governments	\$ 439,681	\$ 0	\$ 439,681
Payments to State	0	1,345,229	1,345,229
Payments to County/City	0	1,173,287	1,173,287
Payments to Individuals and Others	0	278,647	278,647
Total Deductions	<u>\$ 439,681</u>	<u>\$ 2,797,163</u>	<u>\$ 3,236,844</u>
Change in Net Position	\$ 0	\$ 765,926	\$ 765,926
Net Position July 1, 2021	<u>0</u>	<u>91,178</u>	<u>91,178</u>
Net Position June 30, 2022	<u>\$ 0</u>	<u>\$ 857,104</u>	<u>\$ 857,104</u>

Clay County School Department

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

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

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

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

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

Exhibit I-1

Clay County, Tennessee
Statement of Activities
Discretely Presented Clay County School Department
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 5,385,534	\$ 12,962	\$ 1,370,798	\$ 0	\$ (4,001,774)
Support Services	4,492,513	1,381	738,308	185,789	(3,567,035)
Operation of Non-instructional Services	1,160,893	36,636	1,261,848	0	137,591
Interest on Long-term Debt	113,100	0	0	0	(113,100)
Total Governmental Activities	\$ 11,152,040	\$ 50,979	\$ 3,370,954	\$ 185,789	\$ (7,544,318)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,569,483
Local Option Sales Taxes					978,660
Other Local Taxes					415
Grants and Contributions Not Restricted to Specific Programs					8,114,521
Unrestricted Investment Earnings					(3,163)
Miscellaneous					20,296
Total General Revenues					\$ 10,680,212
Change in Net Position					\$ 3,135,894
Net Position, July 1, 2021					8,954,131
Net Position, June 30, 2022					\$ 12,090,025

Exhibit I-2

Clay County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Clay County School Department
June 30, 2022

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 15,000	\$ 0	\$ 354,160	\$ 369,160
Equity in Pooled Cash and Investments	5,400,638	158,582	418,426	5,977,646
Investments	0	0	43,750	43,750
Due from Other Governments	530,667	341,418	9,213	881,298
Due from Other Funds	125,557	0	0	125,557
Due from Primary Government	36,526	0	0	36,526
Property Taxes Receivable	1,794,478	0	0	1,794,478
Allowance for Uncollectible Property Taxes	(47,996)	0	0	(47,996)
Restricted Assets	103,853	0	0	103,853
Total Assets	<u>\$ 7,958,723</u>	<u>\$ 500,000</u>	<u>\$ 781,799</u>	<u>\$ 9,240,522</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,877	\$ 0	\$ 0	\$ 2,877
Total Liabilities	<u>\$ 2,877</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,877</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 1,676,221	\$ 0	\$ 0	\$ 1,676,221
Deferred Delinquent Property Taxes	59,389	0	0	59,389
Other Deferred/Unavailable Revenue	80,939	0	0	80,939
Total Deferred Inflows of Resources	<u>\$ 1,816,549</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,816,549</u>

(Continued)

Exhibit I-2

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

FUND BALANCES

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	
Restricted:				
Restricted for Education	\$ 280	\$ 0	\$ 781,799	\$ 782,079
Restricted for Hybrid Retirement Stabilization Funds	103,853	0	0	103,853
Committed:				
Committed for Education	1,421,603	500,000	0	1,921,603
Assigned:				
Assigned for Education	52,546	0	0	52,546
Unassigned	4,561,015	0	0	4,561,015
Total Fund Balances	<u>\$ 6,139,297</u>	<u>\$ 500,000</u>	<u>\$ 781,799</u>	<u>\$ 7,421,096</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,958,723</u>	<u>\$ 500,000</u>	<u>\$ 781,799</u>	<u>\$ 9,240,522</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, 2022

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)		\$ 7,421,096	
(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	4,894,031		
Add: infrastructure net of accumulated depreciation	192,535		
Add: other capital assets net of accumulated depreciation	<u>1,112,719</u>	6,497,383	
(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	\$ (3,440,000)		
Less: net OPEB liability	(955,820)		
Less: compensated absences payable	<u>(9,299)</u>	(4,405,119)	
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$ 2,279,679		
Less: deferred inflows of resources related to pensions	(5,175,173)		
Add: deferred outflows of resources related to OPEB	33,834		
Less: deferred inflows of resources related to OPEB	<u>(422,807)</u>	(3,284,467)	
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$ 531,679		
Add: net pension asset - teacher retirement plan	112,692		
Add: net pension asset - teacher legacy pension plan	<u>5,076,433</u>	5,720,804	
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>140,328</u>
Net position of governmental activities (Exhibit A)			<u><u>\$ 12,090,025</u></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, 2022

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 2,533,345	\$ 0	\$ 0	\$ 2,533,345
Licenses and Permits	434	0	0	434
Charges for Current Services	12,927	0	38,017	50,944
Other Local Revenues	15,655	0	1,686	17,341
State of Tennessee	8,468,423	0	0	8,468,423
Federal Government	199,804	2,165,221	838,339	3,203,364
Other Governments and Citizens Groups	10,939	0	0	10,939
Total Revenues	\$ 11,241,527	\$ 2,165,221	\$ 878,042	\$ 14,284,790
<u>Expenditures</u>				
Current:				
Instruction	\$ 5,144,255	\$ 1,237,853	\$ 0	\$ 6,382,108
Support Services	3,962,433	563,070	0	4,525,503
Operation of Non-Instructional Services	451,066	52,952	691,620	1,195,638
Capital Outlay	84,270	185,789	0	270,059
Debt Service:				
Principal on Debt	330,000	0	0	330,000
Interest on Debt	113,100	0	0	113,100
Other Debt Service	400	0	0	400
Total Expenditures	\$ 10,085,524	\$ 2,039,664	\$ 691,620	\$ 12,816,808
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,156,003	\$ 125,557	\$ 186,422	\$ 1,467,982

(Continued)

Exhibit I-4

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 125,557	\$ 0	\$ 0	\$ 125,557
Transfers Out	0	(125,557)	0	(125,557)
Total Other Financing Sources (Uses)	\$ 125,557	\$ (125,557)	\$ 0	\$ 0
Net Change in Fund Balances	\$ 1,281,560	\$ 0	\$ 186,422	\$ 1,467,982
Fund Balance, July 1, 2021	4,857,737	500,000	595,377	5,953,114
Fund Balance, June 30, 2022	\$ 6,139,297	\$ 500,000	\$ 781,799	\$ 7,421,096

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, 2022

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)		\$ 1,467,982
(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	\$ 317,406	
Less: current-year depreciation expense	<u>(398,591)</u>	(81,185)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2022	\$ 140,328	
Less: deferred delinquent property taxes and other deferred June 30, 2021	<u>(115,358)</u>	24,970
(3) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the school department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: change in contribution due to primary government		330,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (5,741)	
Change in net pension asset - agent plan	394,647	
Change in net pension asset - teacher retirement plan	63,640	
Change in net pension asset - teacher legacy pension plan	4,218,337	
Change in deferred outflows related to pensions	1,379,206	
Change in deferred inflows related to pensions	(4,681,618)	
Change in OPEB liability	127,049	
Change in deferred outflows related to OPEB	(7,196)	
Change in deferred inflows related to OPEB	<u>(94,197)</u>	<u>1,394,127</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,135,894</u>

Exhibit I-6

Clay County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Clay County School Department
June 30, 2022

	<u>Special Revenue Funds</u>		
	Central Cafeteria	Internal School	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 1,410	\$ 352,750	\$ 354,160
Equity in Pooled Cash and Investments	418,426	0	418,426
Due from Other Governments	9,213	0	9,213
Total Assets	<u>\$ 429,049</u>	<u>\$ 352,750</u>	<u>\$ 781,799</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	<u>\$ 429,049</u>	<u>\$ 352,750</u>	<u>\$ 781,799</u>
Total Fund Balances	<u>\$ 429,049</u>	<u>\$ 352,750</u>	<u>\$ 781,799</u>

Exhibit I-7

Clay County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Clay County School Department
For the Year Ended June 30, 2022

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Central Cafeteria	Internal School	
<u>Revenues</u>			
Charges for Current Services	\$ 38,017	\$ 0	\$ 38,017
Other Local Revenues	1,686	0	1,686
Federal Government	838,339	0	838,339
Total Revenues	\$ 878,042	\$ 0	\$ 878,042
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 691,620	\$ 0	\$ 691,620
Total Expenditures	\$ 691,620	\$ 0	\$ 691,620
Excess (Deficiency) of Revenues Over Expenditures	\$ 186,422	\$ 0	\$ 186,422
Net Change in Fund Balances	\$ 186,422	\$ 0	\$ 186,422
Fund Balance, July 1, 2021	242,627	352,750	595,377
Fund Balance, June 30, 2022	\$ 429,049	\$ 352,750	\$ 781,799

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, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,533,345	\$ 0	\$ 0	\$ 2,533,345	\$ 2,164,895	\$ 2,164,895	\$ 368,450
Licenses and Permits	434	0	0	434	650	650	(216)
Charges for Current Services	12,927	0	0	12,927	18,090	18,090	(5,163)
Other Local Revenues	15,655	0	0	15,655	24,180	24,180	(8,525)
State of Tennessee	8,468,423	0	0	8,468,423	8,153,110	8,495,822	(27,399)
Federal Government	199,804	0	0	199,804	80,000	171,301	28,503
Other Governments and Citizens Groups	10,939	0	0	10,939	0	0	10,939
Total Revenues	\$ 11,241,527	\$ 0	\$ 0	\$ 11,241,527	\$ 10,440,925	\$ 10,874,938	\$ 366,589
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,147,190	\$ 0	\$ 0	\$ 4,147,190	\$ 4,813,733	\$ 4,921,706	\$ 774,516
Alternative Instruction Program	75,806	0	0	75,806	78,620	78,620	2,814
Special Education Program	495,262	0	0	495,262	570,458	571,458	76,196
Career and Technical Education Program	425,997	0	22,975	448,972	352,485	581,400	132,428
<u>Support Services</u>							
Attendance	55,539	0	0	55,539	60,798	60,798	5,259
Health Services	223,979	0	0	223,979	243,318	250,300	26,321
Other Student Support	246,768	(2,500)	0	244,268	236,860	285,686	41,418
Regular Instruction Program	399,743	0	0	399,743	437,503	450,888	51,145
Special Education Program	169,304	0	0	169,304	172,123	172,123	2,819
Career and Technical Education Program	44,738	0	0	44,738	50,883	50,883	6,145
Technology	102,676	0	0	102,676	169,127	169,127	66,451
Other Programs	21,826	0	0	21,826	0	21,826	0
Board of Education	153,833	0	0	153,833	197,286	197,286	43,453
Director of Schools	148,568	0	0	148,568	142,551	154,976	6,408
Office of the Principal	535,890	0	0	535,890	563,886	568,536	32,646
Fiscal Services	173,496	0	0	173,496	217,422	217,422	43,926
Operation of Plant	850,104	0	0	850,104	973,768	976,134	126,030

(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 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 264,662	\$ 0	\$ 0	\$ 264,662	\$ 300,736	\$ 303,436	\$ 38,774
Transportation	571,307	(83,668)	0	487,639	669,082	691,094	203,455
<u>Operation of Non-Instructional Services</u>							
Food Service	101,331	0	0	101,331	99,410	109,189	7,858
Community Services	32,632	0	0	32,632	35,581	35,581	2,949
Early Childhood Education	317,103	0	0	317,103	317,105	317,105	2
<u>Capital Outlay</u>							
Regular Capital Outlay	84,270	0	14,571	98,841	350,000	350,000	251,159
<u>Principal on Debt</u>							
Education	330,000	0	0	330,000	330,000	330,000	0
<u>Interest on Debt</u>							
Education	113,100	0	0	113,100	113,100	113,100	0
<u>Other Debt Service</u>							
Education	400	0	0	400	500	500	100
Total Expenditures	\$ 10,085,524	\$ (86,168)	\$ 37,546	\$ 10,036,902	\$ 11,496,335	\$ 11,979,174	\$ 1,942,272
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 1,156,003	\$ 86,168	\$ (37,546)	\$ 1,204,625	\$ (1,055,410)	\$ (1,104,236)	\$ 2,308,861
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ (1,000)
Transfers In	125,557	0	0	125,557	40,000	40,000	85,557
Transfers Out	0	0	0	0	(80,000)	(31,174)	31,174
Total Other Financing Sources	\$ 125,557	\$ 0	\$ 0	\$ 125,557	\$ (39,000)	\$ 9,826	\$ 115,731
Net Change in Fund Balance							
Fund Balance, July 1, 2021	\$ 1,281,560	\$ 86,168	\$ (37,546)	\$ 1,330,182	\$ (1,094,410)	\$ (1,094,410)	\$ 2,424,592
	4,857,737	(86,168)	0	4,771,569	3,012,707	3,012,707	1,758,862
Fund Balance, June 30, 2022							
	\$ 6,139,297	\$ 0	\$ (37,546)	\$ 6,101,751	\$ 1,918,297	\$ 1,918,297	\$ 4,183,454

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, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,165,221	\$ 0	\$ 0	\$ 2,165,221	\$ 6,332,386	\$ 6,320,748	\$ (4,155,527)
Total Revenues	\$ 2,165,221	\$ 0	\$ 0	\$ 2,165,221	\$ 6,332,386	\$ 6,320,748	\$ (4,155,527)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 961,101	\$ 0	\$ 0	\$ 961,101	\$ 1,536,963	\$ 1,518,763	\$ 557,662
Special Education Program	214,604	0	0	214,604	291,294	309,155	94,551
Career and Technical Education Program	62,148	0	0	62,148	71,272	72,187	10,039
<u>Support Services</u>							
Other Student Support	10,304	0	0	10,304	13,342	12,427	2,123
Regular Instruction Program	408,112	0	0	408,112	662,271	661,492	253,380
Special Education Program	106,852	0	0	106,852	136,199	128,614	21,762
Career and Technical Education Program	15	0	0	15	200	200	185
Fiscal Services	0	0	0	0	67,233	67,233	67,233
Operation of Plant	25,733	0	0	25,733	36,000	25,733	0
Transportation	12,054	0	0	12,054	50,992	25,592	13,538
<u>Operation of Non-Instructional Services</u>							
Community Services	52,952	0	0	52,952	116,791	112,180	59,228
<u>Capital Outlay</u>							
Regular Capital Outlay	185,789	(138,176)	445,000	492,613	3,103,411	3,212,857	2,720,244
Total Expenditures	\$ 2,039,664	\$ (138,176)	\$ 445,000	\$ 2,346,488	\$ 6,085,968	\$ 6,146,433	\$ 3,799,945
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 125,557	\$ 138,176	\$ (445,000)	\$ (181,267)	\$ 246,418	\$ 174,315	\$ (355,582)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (125,557)	\$ 0	\$ 0	\$ (125,557)	\$ (246,418)	\$ (174,315)	\$ 48,758
Total Other Financing Sources	\$ (125,557)	\$ 0	\$ 0	\$ (125,557)	\$ (246,418)	\$ (174,315)	\$ 48,758

(Continued)

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 (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 0	\$ 138,176	\$ (445,000)	\$ (306,824)	\$ 0	\$ 0	\$ (306,824)
Fund Balance, July 1, 2021	500,000	(138,176)	0	361,824	0	0	361,824
Fund Balance, June 30, 2022	\$ 500,000	\$ 0	\$ (445,000)	\$ 55,000	\$ 0	\$ 0	\$ 55,000

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, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 38,017	\$ 0	\$ 0	\$ 38,017	\$ 26,000	\$ 26,000	\$ 12,017
Other Local Revenues	1,686	0	0	1,686	1,800	1,800	(114)
Federal Government	838,339	0	0	838,339	683,000	683,000	155,339
Total Revenues	<u>\$ 878,042</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 878,042</u>	<u>\$ 710,800</u>	<u>\$ 710,800</u>	<u>\$ 167,242</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 691,620	\$ (6,695)	\$ 14,884	\$ 699,809	\$ 781,105	\$ 877,605	\$ 177,796
Total Expenditures	<u>\$ 691,620</u>	<u>\$ (6,695)</u>	<u>\$ 14,884</u>	<u>\$ 699,809</u>	<u>\$ 781,105</u>	<u>\$ 877,605</u>	<u>\$ 177,796</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 186,422</u>	<u>\$ 6,695</u>	<u>\$ (14,884)</u>	<u>\$ 178,233</u>	<u>\$ (70,305)</u>	<u>\$ (166,805)</u>	<u>\$ 345,038</u>
Net Change in Fund Balance	\$ 186,422	\$ 6,695	\$ (14,884)	\$ 178,233	\$ (70,305)	\$ (166,805)	\$ 345,038
Fund Balance, July 1, 2021	<u>242,627</u>	<u>(6,695)</u>	<u>0</u>	<u>235,932</u>	<u>133,120</u>	<u>133,120</u>	<u>102,812</u>
Fund Balance, June 30, 2022	<u>\$ 429,049</u>	<u>\$ 0</u>	<u>\$ (14,884)</u>	<u>\$ 414,165</u>	<u>\$ 62,815</u>	<u>\$ (33,685)</u>	<u>\$ 447,850</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Clay County, Tennessee
Schedule of Changes in Long-term Bonds
For the Year Ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-21	Paid and/or Matured During Period	Outstanding 6-30-22
<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>\$ 3,770,000</u>	<u>\$ 330,000</u>	<u>\$ 3,440,000</u>

Exhibit J-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 3,440,000	\$ 535,950	\$ 3,975,950

Exhibit J-3

Clay County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Clay County School Department
For the Year Ended June 30, 2022

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	State direct appropriations funds	\$ 100,000
"	Solid Waste/Sanitation	"	<u>14,790</u>
Total Transfers Primary Government			<u>\$ 114,790</u>
<u>DISCRETELY PRESENTED CLAY COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 125,557</u>
Total Transfers Discretely Presented Clay County School Department			<u>\$ 125,557</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, 2022

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 84,063	\$ (1)	
Road Superintendent	Section 8-24-102, <i>TCA</i>	80,060	(1)	
Director of Schools:				
Matt Eldridge (7-1-21 to 12-31-22)	State Board of Education and County Board of Education	43,970 (2)	(1)	
Diana Monroe (1-1-22 to 6-30-22)	State Board of Education and County Board of Education	48,631 (3)	(1)	
Trustee	Section 8-24-102, <i>TCA</i>	72,782	(1)	
Assessor of Property:				
Billy Smith (7-1-21 to 1-2-22)	Section 8-24-102, <i>TCA</i>	37,790	50,000	RLI Insurance Company
Vacant (1-3-22 to 1-30-22)				
Angie Eads (1-31-22 to 6-30-22)	Section 8-24-102, <i>TCA</i>	29,393	(1)	
County Clerk	Section 8-24-102, <i>TCA</i>	72,782	(1)	
Circuit and General Sessions Courts Clerk:				
Susan Birdwell (7-1-21 to 12-16-21)	Section 8-24-102, <i>TCA</i>	34,711	(1)	
Jennifer Ritter (12-17-21 to 6-30-22)	Section 8-24-102, <i>TCA</i>	38,071	(1)	
Clerk and Master	Section 8-24-102, <i>TCA</i>	72,782 (4)	(1)	
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,782	(1)	
Sheriff	Section 8-24-102, <i>TCA</i>	80,060 (5)	(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 \$500.
- (3) Does not include a chief executive officer training supplement of \$600.
- (4) Does not include special commissioner fees of \$3,276.
- (5) 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, 2022

	Special Revenue Funds					Constitu- tional Officers - Fees
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Other Special Revenue	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,967,837	\$ 0	\$ 456,103	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	75,092	0	17,405	0	0	0
Trustee's Collections - Bankruptcy	1,686	0	391	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	34,376	0	7,968	0	0	0
Interest and Penalty	13,184	0	3,056	0	0	0
Payments in-Lieu-of Taxes - Other	80,284	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	541,077	0	0	0	0	0
Hotel/Motel Tax	110,954	0	0	0	0	0
Wheel Tax	355,079	0	0	0	0	0
Litigation Tax - General	29,545	0	0	0	0	0
Litigation Tax - Special Purpose	2,893	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	15,218	0	0	0	0
Business Tax	48,497	0	0	0	0	0
Mixed Drink Tax	861	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	13,693	0	3,174	0	0	0
Wholesale Beer Tax	97,798	0	0	0	0	0
Beer Privilege Tax	475	0	0	0	0	0
Total Local Taxes	\$ 3,373,331	\$ 15,218	\$ 488,097	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 30,197	\$ 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	Other Special Revenue	Constitu - tional Officers - Fees
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 950	\$ 0	\$ 0	\$ 0	\$ 0	0
Building Permits	46,672	0	0	0	0	0
Total Licenses and Permits	\$ 77,819	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 1,784	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,482	0	0	0	0	0
Drug Control Fines	0	0	0	1,149	0	0
Drug Court Fees	513	0	0	0	0	0
Veterans Treatment Court Fees	340	0	0	0	0	0
Jail Fees	264	0	0	0	0	0
DUI Treatment Fines	48	0	0	0	0	0
Data Entry Fee - Circuit Court	226	0	0	0	0	0
Courtroom Security Fee	890	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	285	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	5,072	0	0	0	0	0
Officers Costs	8,857	0	0	0	0	0
Game and Fish Fines	1,635	0	0	0	0	0
Drug Control Fines	0	0	0	1,571	0	0
Drug Court Fees	2,125	0	0	0	0	0
Veterans Treatment Court Fees	1,369	0	0	0	0	0
Jail Fees	3,714	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Other Special Revenue	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
DUI Treatment Fines	\$ 1,909	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - General Sessions Court	3,074	0	0	0	0	0
Courtroom Security Fee	11,395	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	565	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	404	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	150	0	0
Total Fines, Forfeitures, and Penalties	\$ 45,951	\$ 0	\$ 0	\$ 2,870	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 80,589	\$ 0	\$ 0	0
Surcharge - Waste Tire Disposal	0	0	1,704	0	0	0
Other General Service Charges	1,615	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	10,312	0	0	0	0	0
Copy Fees	762	0	0	0	0	0
Telephone Commissions	7,783	0	0	0	0	0
Vending Machine Collections	1,423	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	114,770
Data Processing Fee - Register	3,638	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,550	0	0	0	0	0
Data Processing Fee - County Clerk	8,170	0	0	0	0	0
Vehicle Registration Reinstatement Fees	14,090	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	Other Special Revenue	Constitu - tional Officers - Fees
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges</u>						
Other Charges for Services	\$ 10,206	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 60,549	\$ 0	\$ 82,293	\$ 0	\$ 0	\$ 114,770
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1,250	\$ 0	\$ 0	\$ 0	\$ 1,430	\$ 0
Sale of Recycled Materials	0	0	59,364	0	0	0
Miscellaneous Refunds	6,018	0	4,240	0	0	0
Expenditure Credits	18	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	4,208	0	0	33,200	0	0
Contributions and Gifts	798	0	0	0	0	0
Total Other Local Revenues	\$ 12,292	\$ 0	\$ 63,604	\$ 33,200	\$ 1,430	\$ 0
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Trustee	\$ 53,157	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	135,235	0	0	0	0	0
Circuit Court Clerk	12,936	0	0	0	0	0
General Sessions Court Clerk	50,178	0	0	0	0	0
Clerk and Master	38,634	0	0	0	0	0
Register	45,280	0	0	0	0	0
Sheriff	6,936	0	0	0	0	0
Total Fees Received From County Officials	\$ 342,356	\$ 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	Other Special Revenue	Constitu - tional Officers - Fees
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Aging Programs	5,400	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	44,200	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	3,055	0	0	0	0	0
Beer Tax	19,194	0	0	0	0	0
Vehicle Certificate of Title Fees	57	0	0	0	0	0
Alcoholic Beverage Tax	33,527	0	0	0	0	0
State Revenue Sharing - T.V.A.	267,076	0	0	0	0	0
State Revenue Sharing - Telecommunications	50,330	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	6,016	0	0	0	0	0
Contracted Prisoner Boarding	29,796	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	23,964	0	0	0	0	0
Other State Grants	470,820	130,000	0	0	0	0
Other State Revenues	15,806	0	0	0	0	0
Total State of Tennessee	\$ 978,241	\$ 130,000	\$ 0	\$ 0	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 216,250	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	210,741	5,945	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	Other Special Revenue	Constitu - tional Officers - Fees
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	\$ 21,454	\$ 0	\$ 0	\$ 0	\$ 0	0
COVID-19 Grant #9	1,040	0	0	0	0	0
Other Direct Federal Revenue	169,437	0	44,000	0	0	0
Total Federal Government	<u>\$ 618,922</u>	<u>\$ 5,945</u>	<u>\$ 44,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 118,695	\$ 20,965	\$ 0	\$ 0	\$ 0	0
<u>Citizens Groups</u>						
Donations	21,963	0	0	0	0	0
<u>Other</u>						
Other	122,213	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 262,871</u>	<u>\$ 20,965</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Total	<u>\$ 5,772,332</u>	<u>\$ 172,128</u>	<u>\$ 677,994</u>	<u>\$ 36,070</u>	<u>\$ 1,430</u>	<u>\$ 114,770</u>

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 156,343	\$ 2,580,283
Trustee's Collections - Prior Year	0	5,966	98,463
Trustee's Collections - Bankruptcy	0	134	2,211
Circuit Clerk/Clerk and Master Collections - Prior Years	0	2,731	45,075
Interest and Penalty	0	1,047	17,287
Payments in-Lieu-of Taxes - Other	0	0	80,284
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	541,077
Hotel/Motel Tax	0	0	110,954
Wheel Tax	0	212,140	567,219
Litigation Tax - General	0	0	29,545
Litigation Tax - Special Purpose	0	1,212	4,105
Litigation Tax - Jail, Workhouse, or Courthouse	0	513	15,731
Business Tax	0	0	48,497
Mixed Drink Tax	0	0	861
Mineral Severance Tax	6,112	0	6,112
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	1,088	17,955
Wholesale Beer Tax	0	10,867	108,665
Beer Privilege Tax	0	0	475
Total Local Taxes	\$ 6,112	\$ 392,041	\$ 4,274,799
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$ 0	\$ 0	\$ 30,197

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Beer Permits	\$ 0	\$ 0	\$ 950
Building Permits	0	0	46,672
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,819</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	\$ 1,784
Officers Costs	0	0	1,482
Drug Control Fines	0	0	1,149
Drug Court Fees	0	0	513
Veterans Treatment Court Fees	0	0	340
Jail Fees	0	0	264
DUI Treatment Fines	0	0	48
Data Entry Fee - Circuit Court	0	0	226
Courtroom Security Fee	0	0	890
<u>Criminal Court</u>			
DUI Treatment Fines	0	0	285
<u>General Sessions Court</u>			
Fines	0	0	5,072
Officers Costs	0	0	8,857
Game and Fish Fines	0	0	1,635
Drug Control Fines	0	0	1,571
Drug Court Fees	0	0	2,125
Veterans Treatment Court Fees	0	0	1,369
Jail Fees	0	0	3,714

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>General Sessions Court (Cont.)</u>			
DUI Treatment Fines	\$ 0	\$ 0	\$ 1,909
Data Entry Fee - General Sessions Court	0	0	3,074
Courtroom Security Fee	0	0	11,395
<u>Juvenile Court</u>			
Fines	0	0	565
<u>Chancery Court</u>			
Data Entry Fee - Chancery Court	0	0	404
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	150
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48,821</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Tipping Fees	\$ 0	\$ 0	\$ 80,589
Surcharge - Waste Tire Disposal	0	0	1,704
Other General Service Charges	0	0	1,615
<u>Fees</u>			
Recreation Fees	0	0	10,312
Copy Fees	0	0	762
Telephone Commissions	0	0	7,783
Vending Machine Collections	0	0	1,423
Constitutional Officers' Fees and Commissions	0	0	114,770
Data Processing Fee - Register	0	0	3,638
Sexual Offender Registration Fee - Sheriff	0	0	2,550
Data Processing Fee - County Clerk	0	0	8,170
Vehicle Registration Reinstatement Fees	0	0	14,090

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>Charges for Current Services (Cont.)</u>			
<u>Education Charges</u>			
Other Charges for Services	\$ 0	\$ 0	\$ 10,206
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 257,612</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 37,911	\$ 40,591
Sale of Recycled Materials	0	0	59,364
Miscellaneous Refunds	5,807	0	16,065
Expenditure Credits	0	0	18
<u>Nonrecurring Items</u>			
Sale of Equipment	0	0	37,408
Contributions and Gifts	0	0	798
Total Other Local Revenues	<u>\$ 5,807</u>	<u>\$ 37,911</u>	<u>\$ 154,244</u>
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
Trustee	\$ 0	\$ 0	\$ 53,157
<u>Fees In-Lieu-of Salary</u>			
County Clerk	0	0	135,235
Circuit Court Clerk	0	0	12,936
General Sessions Court Clerk	0	0	50,178
Clerk and Master	0	0	38,634
Register	0	0	45,280
Sheriff	0	0	6,936
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 342,356</u>

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 9,000
Aging Programs	0	0	5,400
<u>Public Works Grants</u>			
State Aid Program	122,710	0	122,710
Litter Program	0	0	44,200
<u>Other State Revenues</u>			
Income Tax	0	0	3,055
Beer Tax	0	0	19,194
Vehicle Certificate of Title Fees	0	0	57
Alcoholic Beverage Tax	0	0	33,527
State Revenue Sharing - T.V.A.	7,000	0	274,076
State Revenue Sharing - Telecommunications	0	0	50,330
State Shared Sports Gaming Privilege Tax	0	0	6,016
Contracted Prisoner Boarding	0	0	29,796
Gasoline and Motor Fuel Tax	1,943,891	0	1,943,891
Petroleum Special Tax	5,131	0	5,131
Registrar's Salary Supplement	0	0	23,964
Other State Grants	0	0	600,820
Other State Revenues	0	0	15,806
Total State of Tennessee	<u>\$ 2,078,732</u>	<u>\$ 0</u>	<u>\$ 3,186,973</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$ 0	\$ 0	\$ 216,250
Other Federal through State	0	0	216,686

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Total
	Highway / Public Works	General Debt Service	
<u>Federal Government (Cont.)</u>			
<u>Direct Federal Revenue</u>			
Police Service (Lake Area)	\$ 0	\$ 0	\$ 21,454
COVID-19 Grant #9	0	0	1,040
Other Direct Federal Revenue	0	0	213,437
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 668,867</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$ 443,500	\$ 583,160
<u>Citizens Groups</u>			
Donations	0	0	21,963
<u>Other</u>			
Other	0	0	122,213
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 443,500</u>	<u>\$ 727,336</u>
Total	<u>\$ 2,090,651</u>	<u>\$ 873,452</u>	<u>\$ 9,738,827</u>

Exhibit J-6

Clay County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Clay County School Department
For the Year Ended June 30, 2022

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,459,617	\$ 0	\$ 0	\$ 1,459,617
Trustee's Collections - Prior Year	55,698	0	0	55,698
Trustee's Collections - Bankruptcy	1,250	0	0	1,250
Circuit Clerk/Clerk and Master Collections - Prior Years	25,498	0	0	25,498
Interest and Penalty	9,779	0	0	9,779
<u>County Local Option Taxes</u>				
Local Option Sales Tax	971,331	0	0	971,331
Mixed Drink Tax	16	0	0	16
<u>Statutory Local Taxes</u>				
Bank Excise Tax	10,156	0	0	10,156
Total Local Taxes	<u>\$ 2,533,345</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,533,345</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 399	\$ 0	\$ 0	\$ 399
<u>Permits</u>				
Other Permits	35	0	0	35
Total Licenses and Permits	<u>\$ 434</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 434</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 5,746	\$ 5,746
Lunch Payments - Adults	0	0	19,132	19,132
Income from Breakfast	0	0	1,935	1,935

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
A la Carte Sales	\$ 0	\$ 0	\$ 9,823	\$ 9,823
Receipts from Individual Schools	12,927	0	0	12,927
Community Service Fees - Adults	0	0	1,381	1,381
Total Charges for Current Services	\$ 12,927	\$ 0	\$ 38,017	\$ 50,944
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ (4,849)	\$ 0	\$ 1,686	\$ (3,163)
Miscellaneous Refunds	19,999	0	0	19,999
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	297	0	0	297
<u>Other Local Revenues</u>				
Other Local Revenues	208	0	0	208
Total Other Local Revenues	\$ 15,655	\$ 0	\$ 1,686	\$ 17,341
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 21,826	\$ 0	\$ 0	\$ 21,826
<u>State Education Funds</u>				
Basic Education Program	7,360,000	0	0	7,360,000
Early Childhood Education	317,105	0	0	317,105
School Food Service	6,598	0	0	6,598
Other State Education Funds	368,080	0	0	368,080
Career Ladder Program	20,109	0	0	20,109

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Flood Control	\$ 148,880	\$ 0	\$ 0	\$ 148,880
Other State Grants	225,825	0	0	225,825
Total State of Tennessee	<u>\$ 8,468,423</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,468,423</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 564,493	\$ 564,493
USDA - Commodities	0	0	39,750	39,750
Breakfast	0	0	203,243	203,243
USDA - Other	0	0	30,853	30,853
Vocational Education - Basic Grants to States	0	71,672	0	71,672
Title I Grants to Local Education Agencies	0	440,605	0	440,605
Special Education - Grants to States	0	285,889	0	285,889
Special Education Preschool Grants	0	9,346	0	9,346
Rural Education	0	9,966	0	9,966
21st Century Community Learning Centers	0	55,128	0	55,128
Eisenhower Professional Development State Grants	0	82,119	0	82,119
COVID-19 Grant #1	0	88,489	0	88,489
COVID-19 Grant B	0	607,960	0	607,960
COVID-19 Grant D	0	145,800	0	145,800
American Rescue Plan Act Grant #1	0	351,728	0	351,728
American Rescue Plan Act Grant #2	0	16,519	0	16,519
Other Federal through State	45,924	0	0	45,924

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	\$ 119,339	\$ 0	\$ 0	\$ 119,339
Other Direct Federal Revenue	34,541	0	0	34,541
Total Federal Government	<u>\$ 199,804</u>	<u>\$ 2,165,221</u>	<u>\$ 838,339</u>	<u>\$ 3,203,364</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 9,939	\$ 0	\$ 0	\$ 9,939
<u>Citizens Groups</u>				
Donations	1,000	0	0	1,000
Total Other Governments and Citizens Groups	<u>\$ 10,939</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,939</u>
Total	<u>\$ 11,241,527</u>	<u>\$ 2,165,221</u>	<u>\$ 878,042</u>	<u>\$ 14,284,790</u>

Exhibit J-7

Clay County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2022

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	40,700	
Audit Services		3,108	
Dues and Memberships		1,050	
Other Charges		750	
Total County Commission			\$ 45,608

Board of Equalization

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

Beer Board

Legal Notices, Recording, and Court Costs	\$	128	
Total Beer Board			128

County Mayor/Executive

County Official/Administrative Officer	\$	84,063	
Accountants/Bookkeepers		34,834	
Clerical Personnel		23,088	
Communication		3,417	
Data Processing Services		10,010	
Dues and Memberships		2,139	
Maintenance Agreements		504	
Postal Charges		1,378	
Printing, Stationery, and Forms		1,180	
Travel		598	
Office Supplies		1,512	
Office Equipment		1,780	
Total County Mayor/Executive			164,503

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	58,226	
Other Salaries and Wages		12,694	
Election Commission		5,650	
Election Workers		8,507	
Communication		2,992	
Legal Notices, Recording, and Court Costs		1,844	
Maintenance and Repair Services - Buildings		5,021	
Maintenance and Repair Services - Equipment		23,212	
Postal Charges		1,024	
Travel		800	
Office Supplies		3,689	
Office Equipment		4,451	
Total Election Commission			128,110

(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	\$	72,782	
Deputy(ies)		22,022	
Communication		1,265	
Data Processing Services		3,234	
Dues and Memberships		712	
Maintenance Agreements		209	
Postal Charges		234	
Printing, Stationery, and Forms		1,200	
Travel		263	
Duplicating Supplies		638	
Office Supplies		747	
Office Equipment		146	
Total Register of Deeds			\$ 103,452

County Buildings

Custodial Personnel	\$	64,821	
Communication		1,622	
Maintenance and Repair Services - Buildings		165,601	
Maintenance and Repair Services - Vehicles		5,076	
Pest Control		75	
Remittance of Revenue Collected		38,212	
Custodial Supplies		5,876	
Electricity		10,680	
Gasoline		8,475	
Natural Gas		5,877	
Uniforms		750	
Water and Sewer		3,708	
Total County Buildings			310,773

Preservation of Records

Other Supplies and Materials	\$	790	
Total Preservation of Records			790

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	67,183	
Deputy(ies)		26,925	
Part-time Personnel		2,992	
Communication		2,471	
Contracts with Private Agencies		1,349	
Data Processing Services		2,385	
Dues and Memberships		1,050	
Legal Notices, Recording, and Court Costs		389	
Postal Charges		3,085	
Printing, Stationery, and Forms		310	
Travel		819	
Office Supplies		1,823	
Office Equipment		126	
Total Property Assessor's Office			110,907

(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

Deputy(ies)	\$	1,000	
Data Processing Services		4,473	
Dues and Memberships		517	
Legal Notices, Recording, and Court Costs		172	
Maintenance and Repair Services - Equipment		10,668	
Postal Charges		102	
Printing, Stationery, and Forms		469	
Office Supplies		1,922	
Office Equipment		467	
Total County Trustee's Office			\$ 19,790

County Clerk's Office

County Official/Administrative Officer	\$	72,782	
Deputy(ies)		45,229	
Other Per Diem and Fees		1,759	
Communication		2,924	
Data Processing Services		2,000	
Dues and Memberships		617	
Postal Charges		6,018	
Rentals		5,688	
Office Supplies		3,414	
Total County Clerk's Office			140,431

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	72,782	
Deputy(ies)		48,959	
Other Salaries and Wages		2,300	
Jury and Witness Expense		1,675	
Communication		2,370	
Dues and Memberships		782	
Maintenance Agreements		16,238	
Postal Charges		1,118	
Printing, Stationery, and Forms		115	
Remittance of Revenue Collected		4,514	
Office Supplies		2,213	
Office Equipment		4,851	
Total Circuit Court			157,917

General Sessions Court

Judge(s)	\$	81,604	
Total General Sessions Court			81,604

Chancery Court

County Official/Administrative Officer	\$	72,782	
Deputy(ies)		20,884	
Communication		1,301	

(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.)

Dues and Memberships	\$	802	
Maintenance Agreements		6,336	
Postal Charges		2,073	
Office Supplies		1,784	
Total Chancery Court			\$ 105,962

Juvenile Court

Supervisor/Director	\$	9,000	
Social Security		688	
Unemployment Compensation		22	
Total Juvenile Court			9,710

Judicial Commissioners

County Official/Administrative Officer	\$	12,922	
Other Salaries and Wages		300	
Office Supplies		227	
Premiums on Corporate Surety Bonds		100	
Total Judicial Commissioners			13,549

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	80,060	
Assistant(s)		43,885	
Deputy(ies)		362,952	
Accountants/Bookkeepers		34,192	
Salary Supplements		8,800	
In-service Training		5,600	
Other Per Diem and Fees		950	
Communication		13,246	
Contracts with Government Agencies		400	
Contracts with Other Public Agencies		33,051	
Dues and Memberships		1,168	
Evaluation and Testing		860	
Licenses		52	
Maintenance and Repair Services - Equipment		8,945	
Maintenance and Repair Services - Vehicles		21,506	
Pest Control		175	
Postal Charges		568	
Printing, Stationery, and Forms		481	
Travel		13,452	
Gasoline		62,468	
Office Supplies		2,225	
Tires and Tubes		3,967	
Uniforms		8,673	
Other Supplies and Materials		929	
Premiums on Corporate Surety Bonds		50	
Other Charges		236	
Other Equipment		16,594	
Total Sheriff's Department			725,485

(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	\$ 49,000	
Total Drug Enforcement		\$ 49,000

Jail

Dispatchers/Radio Operators	\$ 236,399	
Guards	7,091	
Cafeteria Personnel	8,199	
Other Salaries and Wages	17,874	
Communication	3,061	
Contracts with Government Agencies	260,768	
Maintenance and Repair Services - Buildings	7,004	
Other Contracted Services	9,348	
Custodial Supplies	1,277	
Drugs and Medical Supplies	81,492	
Electricity	18,451	
Food Preparation Supplies	1,728	
Food Supplies	18,781	
Gasoline	506	
Water and Sewer	5,877	
Other Supplies and Materials	34	
Other Charges	6,982	
Total Jail		684,872

Correctional Incentive Program Improvements

Other Equipment	\$ 5,340	
Total Correctional Incentive Program Improvements		5,340

Juvenile Services

School Resource Officer	\$ 115,139	
In-service Training	3,196	
Total Juvenile Services		118,335

Fire Prevention and Control

Disability Insurance	\$ 15,360	
Contributions	20,000	
Total Fire Prevention and Control		35,360

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 9,800	
Secretary(ies)	1,200	
Other Salaries and Wages	18,600	
Communication	2,075	
Maintenance Agreements	636	

(Continued)

Exhibit J-7

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Other Emergency Management (Cont.)</u>		
Maintenance and Repair Services - Equipment	\$ 11,847	
Office Supplies	907	
Road Signs	2,967	
Other Charges	11,981	
Other Equipment	7,346	
Total Other Emergency Management		\$ 67,359
<u>County Coroner/Medical Examiner</u>		
Other Salaries and Wages	\$ 2,750	
Other Per Diem and Fees	29,463	
Total County Coroner/Medical Examiner		32,213
<u>Other Public Safety</u>		
Guards	\$ 43,702	
Total Other Public Safety		43,702
<u>Public Health and Welfare</u>		
<u>Local Health Center</u>		
Other Salaries and Wages	\$ 6,600	
Communication	2,827	
Maintenance and Repair Services - Buildings	8,206	
Custodial Supplies	228	
Drugs and Medical Supplies	344	
Instructional Supplies and Materials	2,700	
Office Supplies	3,795	
Utilities	15,414	
Total Local Health Center		40,114
<u>Ambulance/Emergency Medical Services</u>		
Other Contracted Services	\$ 390,000	
Other Capital Outlay	11,765	
Total Ambulance/Emergency Medical Services		401,765
<u>Alcohol and Drug Programs</u>		
Other Salaries and Wages	\$ 143,962	
Travel	1,351	
Office Supplies	21,063	
Other Charges	46,597	
Total Alcohol and Drug Programs		212,973
<u>Appropriation to State</u>		
Other Contracted Services	\$ 10,720	
Total Appropriation to State		10,720
<u>Other Public Health and Welfare</u>		
Other Salaries and Wages	\$ 53,449	
Travel	6,750	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Other Contracted Services	\$	7,500	
Office Supplies		6,018	
Other Charges		40,997	
Total Other Public Health and Welfare			\$ 114,714

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	21,084	
Social Security		1,057	
Unemployment Compensation		21	
Communication		2,102	
Postal Charges		72	
Remittance of Revenue Collected		2,600	
Utilities		22,461	
Other Charges		10,565	
Total Senior Citizens Assistance			59,962

Libraries

Supervisor/Director	\$	31,102	
Part-time Personnel		9,002	
Other Salaries and Wages		21,925	
Communication		6,081	
Dues and Memberships		293	
Postal Charges		352	
Travel		386	
Other Contracted Services		500	
Custodial Supplies		1,853	
Electricity		3,773	
Instructional Supplies and Materials		17,702	
Library Books/Media		17,672	
Office Supplies		10,501	
Periodicals		447	
Water and Sewer		841	
Other Supplies and Materials		1,289	
Other Charges		338	
Office Equipment		1,849	
Total Libraries			125,906

Parks and Fair Boards

Other Salaries and Wages	\$	9,600	
Maintenance and Repair Services - Buildings		5,844	
Remittance of Revenue Collected		4,635	
Electricity		15,085	
Natural Gas		5,222	
Water and Sewer		1,782	
Other Charges		323	
Total Parks and Fair Boards			42,491

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational

Contributions	\$ 21,276	
Total Other Social, Cultural, and Recreational		\$ 21,276

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 54,138	
Social Security	13,031	
Extension Service Medicare	393	
Communication	1,993	
Contributions	18,743	
Travel	3,276	
Data Processing Equipment	150	
Total Agricultural Extension Service		91,724

Forest Service

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

Soil Conservation

Secretary(ies)	\$ 21,868	
Other Salaries and Wages	34,516	
Communication	2,256	
Utilities	1,205	
Premiums on Corporate Surety Bonds	180	
Total Soil Conservation		60,025

Other Operations

Tourism

Clerical Personnel	\$ 11,924	
Advertising	39,975	
Communication	3,001	
Contributions	4,205	
Dues and Memberships	325	
Postal Charges	116	
Travel	967	
Office Supplies	3,769	
Other Charges	13,438	
Total Tourism		77,720

Industrial Development

Advertising	\$ 12,116	
Consultants	15,216	
Travel	169	
Instructional Supplies and Materials	3,497	
Office Supplies	506	
Total Industrial Development		31,504

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Other Charges	\$ 216,250	
Other Capital Outlay	41,000	
Total Other Economic and Community Development		\$ 257,250

Veterans' Services

Other Salaries and Wages	\$ 24,000	
In-service Training	1,233	
Total Veterans' Services		25,233

Other Charges

Liability Insurance	\$ 99,622	
Trustee's Commission	62,952	
Workers' Compensation Insurance	68,143	
Other Debt Issuance Charges	3,057	
Total Other Charges		233,774

Employee Benefits

Social Security	\$ 174,004	
Pensions	140,012	
Medical Insurance	94,905	
Unemployment Compensation	1,309	
Total Employee Benefits		410,230

COVID-19 Grant #9

Food Supplies	\$ 562	
Total COVID-19 Grant #9		562

Highways

Litter and Trash Collection

Supervisor/Director	\$ 20,329	
Other Charges	5,340	
Total Litter and Trash Collection		25,669

Total General Fund \$ 5,413,062

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance Agreements	\$ 4,605	
Maintenance and Repair Services - Buildings	30,080	
Other Capital Outlay	14,875	
Total County Buildings		\$ 49,560

Other Operations

Other Charges

Trustee's Commission	\$ 421	
Total Other Charges		421

Total Courthouse and Jail Maintenance Fund 49,981

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$	38,475	
Laborers		215,699	
Clerical Personnel		18,155	
In-service Training		150	
Social Security		20,735	
Unemployment Compensation		272	
Communication		2,245	
Contracts with Private Agencies		167,990	
Evaluation and Testing		40	
Legal Notices, Recording, and Court Costs		18	
Maintenance and Repair Services - Buildings		1,613	
Maintenance and Repair Services - Equipment		3,914	
Maintenance and Repair Services - Vehicles		36,926	
Postal Charges		26	
Rentals		2,000	
Custodial Supplies		2,426	
Electricity		4,920	
Gasoline		39,052	
Natural Gas		1,743	
Office Supplies		779	
Tires and Tubes		6,611	
Uniforms		2,638	
Water and Sewer		902	
Other Charges		4,406	
Site Development		15,101	
Solid Waste Equipment		143,840	
Total Waste Pickup			\$ 730,676

Other Operations

Other Charges

Trustee's Commission	\$	10,510	
Total Other Charges			10,510

Total Solid Waste/Sanitation Fund \$ 741,186

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	1,769	
Confidential Drug Enforcement Payments		2,000	
Other Supplies and Materials		5,174	
Other Charges		2,365	
Law Enforcement Equipment		19,374	
Motor Vehicles		2,969	
Total Drug Enforcement			\$ 33,651

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 370	
Total Other Charges		\$ 370

Total Drug Control Fund \$ 34,021

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

County Official/Administrative Officer	\$ 72,782	
Deputy(ies)	41,008	
Constitutional Officers' Operating Expenses	2,172	
Total County Trustee's Office		\$ 115,962

Total Constitutional Officers - Fees Fund 115,962

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 80,060	
Accountants/Bookkeepers	35,649	
Secretary(ies)	29,672	
Advertising	92	
Communication	2,109	
Data Processing Services	10,107	
Dues and Memberships	2,265	
Postal Charges	290	
Other Contracted Services	10,438	
Other Charges	3,852	
Total Administration		\$ 174,534

Highway and Bridge Maintenance

Equipment Operators	\$ 209,282	
Truck Drivers	141,990	
Laborers	190,989	
Rentals	3,332	
Asphalt - Hot Mix	165,104	
Asphalt - Liquid	324,719	
Crushed Stone	236,283	
Pipe	25,498	
Road Signs	1,800	
Salt	18,632	
Other Supplies and Materials	1,185	
Other Charges	1,159	
Other Construction	600	
Total Highway and Bridge Maintenance		1,320,573

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	18,582	
Maintenance and Repair Services - Equipment		31,581	
Diesel Fuel		149,193	
Equipment and Machinery Parts		41,120	
Gasoline		30,531	
Lubricants		12,645	
Natural Gas		2,463	
Small Tools		320	
Tires and Tubes		23,404	
Other Supplies and Materials		2,500	
Other Charges		390	
Total Operation and Maintenance of Equipment			\$ 312,729

Other Charges

Electricity	\$	3,251	
Water and Sewer		1,370	
Trustee's Commission		19,611	
Vehicle and Equipment Insurance		21,275	
Workers' Compensation Insurance		71,714	
Total Other Charges			117,221

Employee Benefits

Social Security	\$	42,188	
Pensions		45,683	
Medical Insurance		47,976	
Unemployment Compensation		6,273	
Employer Medicare		9,867	
Total Employee Benefits			151,987

Capital Outlay

Highway Equipment	\$	138,397	
Total Capital Outlay			138,397

Total Highway/Public Works Fund \$ 2,215,441

General Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$	330,000	
Total Education			\$ 330,000

Interest on Debt

Education

Interest on Bonds	\$	113,100	
Total Education			113,100

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 5,860	
Total General Government		\$ 5,860
<u>Education</u>		
Other Debt Service	\$ 400	
Total Education		<u>400</u>
Total General Debt Service Fund		<u>\$ 449,360</u>
Total Governmental Funds - Primary Government		<u><u>\$ 9,019,013</u></u>

Exhibit J-8

Clay County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Clay County School Department
For the Year Ended June 30, 2022

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,914,490	
Career Ladder Program		10,000	
Educational Assistants		100,038	
Certified Substitute Teachers		22,472	
Non-certified Substitute Teachers		27,925	
Social Security		172,680	
Pensions		206,322	
Medical Insurance		373,218	
Unemployment Compensation		1,868	
Local Retirement		56,400	
Employer Medicare		41,224	
Maintenance and Repair Services - Equipment		850	
Other Contracted Services		10,951	
Instructional Supplies and Materials		103,455	
Textbooks - Bound		48,169	
Other Supplies and Materials		5,569	
Other Charges		2,641	
Regular Instruction Equipment		48,918	
Total Regular Instruction Program			\$ 4,147,190

Alternative Instruction Program

Teachers	\$	59,511	
Certified Substitute Teachers		82	
Non-certified Substitute Teachers		82	
Social Security		3,618	
Pensions		6,146	
Medical Insurance		5,272	
Unemployment Compensation		21	
Employer Medicare		846	
Instructional Supplies and Materials		228	
Total Alternative Instruction Program			75,806

Special Education Program

Teachers	\$	314,841	
Career Ladder Program		2,000	
Homebound Teachers		31,046	
Educational Assistants		38,537	
Certified Substitute Teachers		656	
Non-certified Substitute Teachers		2,091	
Social Security		22,151	
Pensions		30,022	
Medical Insurance		44,159	
Unemployment Compensation		242	
Local Retirement		4,329	
Employer Medicare		5,188	
Total Special Education Program			495,262

(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	\$	173,870	
Career Ladder Program		1,000	
Certified Substitute Teachers		3,674	
Non-certified Substitute Teachers		1,365	
Social Security		10,664	
Pensions		13,782	
Medical Insurance		5,068	
Unemployment Compensation		75	
Local Retirement		2,447	
Employer Medicare		2,534	
Travel		5,050	
Other Contracted Services		86,099	
Instructional Supplies and Materials		57,145	
In Service/Staff Development		2,815	
Vocational Instruction Equipment		60,409	
Total Career and Technical Education Program	\$		425,997

Support Services

Attendance

Supervisor/Director	\$	37,319	
Career Ladder Program		262	
Social Security		2,191	
Pensions		3,871	
Medical Insurance		2,898	
Unemployment Compensation		11	
Employer Medicare		512	
Travel		2,668	
Other Contracted Services		5,739	
Other Supplies and Materials		68	
Total Attendance			55,539

Health Services

Medical Personnel	\$	107,362	
Other Salaries and Wages		69,991	
Social Security		10,367	
Pensions		16,151	
Medical Insurance		11,860	
Unemployment Compensation		80	
Employer Medicare		2,425	
Licenses		300	
Travel		1,540	
Drugs and Medical Supplies		459	
Other Supplies and Materials		3,444	
Total Health Services			223,979

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Guidance Personnel	\$	158,193	
Social Security		9,640	
Pensions		12,796	
Unemployment Compensation		60	
Local Retirement		2,110	
Employer Medicare		2,255	
Evaluation and Testing		6,114	
Travel		3,419	
Other Contracted Services		48,826	
Other Charges		3,355	
Total Other Student Support			\$ 246,768

Regular Instruction Program

Supervisor/Director	\$	121,922	
Librarians		149,985	
Other Salaries and Wages		26,109	
Social Security		17,209	
Pensions		30,695	
Medical Insurance		27,985	
Unemployment Compensation		101	
Employer Medicare		4,025	
Travel		3,901	
Library Books/Media		7,009	
Other Supplies and Materials		2,055	
In Service/Staff Development		7,534	
Administration Equipment		1,213	
Total Regular Instruction Program			399,743

Special Education Program

Supervisor/Director	\$	37,172	
Clerical Personnel		18,053	
Other Salaries and Wages		16,338	
Social Security		4,099	
Pensions		6,301	
Medical Insurance		2,840	
Unemployment Compensation		36	
Employer Medicare		959	
Contracts with Other Public Agencies		105	
Other Contracted Services		83,401	
Total Special Education Program			169,304

Career and Technical Education Program

Supervisor/Director	\$	34,109	
Social Security		1,948	
Pensions		3,513	
Medical Insurance		4,242	

(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.)

Career and Technical Education Program (Cont.)

Unemployment Compensation	\$	10	
Employer Medicare		456	
Travel		460	
Total Career and Technical Education Program			\$ 44,738

Technology

Career Ladder Program	\$	500	
Education Media Personnel		33,552	
Instructional Computer Personnel		37,319	
Social Security		4,163	
Pensions		6,308	
Medical Insurance		7,947	
Unemployment Compensation		31	
Employer Medicare		974	
Internet Connectivity		10,440	
Travel		1,442	
Total Technology			102,676

Other Programs

On-behalf Payments to OPEB	\$	21,826	
Total Other Programs			21,826

Board of Education

Other Salaries and Wages	\$	2,500	
Board and Committee Members Fees		11,400	
Social Security		788	
Pensions		101	
Life Insurance		2,644	
Unemployment Compensation		38	
Employer Medicare		200	
Advertising		6,121	
Audit Services		3,000	
Dues and Memberships		9,960	
Legal Services		5,344	
Trustee's Commission		63,911	
Workers' Compensation Insurance		41,564	
Refund to Applicant for Criminal Investigation		4,103	
Other Charges		2,159	
Total Board of Education			153,833

Director of Schools

County Official/Administrative Officer	\$	92,601	
Career Ladder Program		1,100	
Social Security		5,585	
Pensions		9,651	
Medical Insurance		5,370	

(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.)

Unemployment Compensation	\$	22	
Employer Medicare		1,306	
Communication		24,914	
Dues and Memberships		330	
Postal Charges		3,950	
Travel		2,188	
Office Supplies		1,551	
Total Director of Schools			\$ 148,568

Office of the Principal

Principals	\$	221,121	
Career Ladder Program		1,000	
Assistant Principals		119,924	
Secretary(ies)		61,191	
Clerical Personnel		13,323	
Social Security		23,740	
Pensions		34,541	
Medical Insurance		42,749	
Unemployment Compensation		207	
Local Retirement		3,566	
Employer Medicare		5,552	
Communication		4,722	
Travel		3,004	
Other Contracted Services		1,200	
Other Charges		50	
Total Office of the Principal			535,890

Fiscal Services

Accountants/Bookkeepers	\$	77,569	
Secretary(ies)		49,079	
Social Security		6,317	
Pensions		7,763	
Medical Insurance		12,786	
Unemployment Compensation		81	
Employer Medicare		1,734	
Travel		532	
Other Contracted Services		13,484	
Data Processing Supplies		1,504	
Office Supplies		1,449	
Administration Equipment		1,198	
Total Fiscal Services			173,496

Operation of Plant

Custodial Personnel	\$	61,867	
Social Security		3,424	
Pensions		3,282	

(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.)

Medical Insurance	\$	15,571	
Unemployment Compensation		98	
Employer Medicare		801	
Maintenance and Repair Services - Equipment		14,660	
Contracts for Landfill Facilities		11,948	
Other Contracted Services		244,464	
Custodial Supplies		36,567	
Electricity		317,579	
Fuel Oil		17,058	
Water and Sewer		32,884	
Other Supplies and Materials		839	
Building and Contents Insurance		74,867	
Other Charges		50	
Plant Operation Equipment		14,145	
Total Operation of Plant			\$ 850,104

Maintenance of Plant

Other Salaries and Wages	\$	150,792	
Social Security		8,372	
Pensions		9,206	
Medical Insurance		19,069	
Unemployment Compensation		123	
Local Retirement		208	
Employer Medicare		2,084	
Maintenance and Repair Services - Buildings		5,546	
Maintenance and Repair Services - Equipment		13,997	
Rentals		693	
Food Supplies		171	
Other Supplies and Materials		21,463	
Administration Equipment		31,031	
Maintenance Equipment		1,907	
Total Maintenance of Plant			264,662

Transportation

Mechanic(s)	\$	36,954	
Bus Drivers		225,706	
Longevity Pay		4,444	
Social Security		16,252	
Pensions		18,764	
Medical Insurance		5,039	
Unemployment Compensation		282	
Employer Medicare		3,801	
Communication		4,178	
Contracts with Parents		328	
Licenses		319	
Maintenance and Repair Services - Vehicles		1,508	

(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.)

Medical and Dental Services	\$	1,764	
Travel		1,766	
Other Contracted Services		1,312	
Diesel Fuel		84,937	
Gasoline		16,140	
Lubricants		5,258	
Tires and Tubes		8,716	
Vehicle Parts		16,980	
Other Supplies and Materials		1,720	
Vehicle and Equipment Insurance		21,718	
Other Charges		6,688	
Transportation Equipment		86,733	
Total Transportation			\$ 571,307

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	71,413	
Career Ladder Program		1,000	
Cafeteria Personnel		6,048	
Social Security		4,716	
Pensions		7,893	
Medical Insurance		6,164	
Unemployment Compensation		39	
Employer Medicare		1,103	
Communication		995	
Travel		704	
Food Supplies		1,256	
Total Food Service			101,331

Community Services

Supervisor/Director	\$	24,000	
Other Salaries and Wages		2,953	
Social Security		1,501	
Pensions		2,482	
Unemployment Compensation		17	
Employer Medicare		391	
Travel		76	
Other Supplies and Materials		962	
Other Charges		250	
Total Community Services			32,632

Early Childhood Education

Supervisor/Director	\$	6,000	
Teachers		163,260	
Clerical Personnel		2,000	
Educational Assistants		54,810	

(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	\$	146	
Non-certified Substitute Teachers		1,790	
Social Security		12,412	
Pensions		21,447	
Medical Insurance		38,198	
Unemployment Compensation		137	
Local Retirement		3	
Employer Medicare		2,903	
Travel		231	
Other Contracted Services		789	
Instructional Supplies and Materials		5,137	
Other Supplies and Materials		340	
Regular Instruction Equipment		7,500	
Total Early Childhood Education			\$ 317,103

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	18,731	
Heating and Air Conditioning Equipment		12,196	
Site Development		23,500	
Other Capital Outlay		29,843	
Total Regular Capital Outlay			84,270

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	330,000	
Total Education			330,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	113,100	
Total Education			113,100

Other Debt Service

Education

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

Total General Purpose School Fund \$ 10,085,524

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	303,174	
Educational Assistants		108,684	
Other Salaries and Wages		23,000	

(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	\$	23,254	
Pensions		28,170	
Medical Insurance		54,914	
Unemployment Compensation		579	
Local Retirement		5,603	
Employer Medicare		5,770	
Other Contracted Services		169,258	
Instructional Supplies and Materials		22,336	
In Service/Staff Development		382	
Regular Instruction Equipment		215,977	
Total Regular Instruction Program			\$ 961,101

Special Education Program

Teachers	\$	57,963	
Educational Assistants		69,744	
Social Security		7,042	
Pensions		9,691	
Medical Insurance		26,948	
Unemployment Compensation		177	
Local Retirement		350	
Employer Medicare		1,647	
Other Contracted Services		9,261	
Instructional Supplies and Materials		27,146	
Special Education Equipment		4,635	
Total Special Education Program			214,604

Career and Technical Education Program

Other Salaries and Wages	\$	1,000	
Certified Substitute Teachers		328	
Social Security		62	
Pensions		103	
Unemployment Compensation		3	
Employer Medicare		19	
Instructional Supplies and Materials		26,653	
Other Supplies and Materials		8,398	
Vocational Instruction Equipment		25,582	
Total Career and Technical Education Program			62,148

Support Services

Other Student Support

Bus Drivers	\$	74	
Other Salaries and Wages		938	
Social Security		63	
Pensions		102	
Unemployment Compensation		3	
Employer Medicare		15	

(Continued)

Exhibit J-8

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Other Student Support (Cont.)</u>		
Travel	\$	4,894
Other Contracted Services		625
In Service/Staff Development		2,492
Other Charges		1,098
Total Other Student Support	\$	10,304
<u>Regular Instruction Program</u>		
Supervisor/Director	\$	104,303
Other Salaries and Wages		130,647
Social Security		8,738
Pensions		14,873
Medical Insurance		29,319
Unemployment Compensation		189
Local Retirement		1,104
Employer Medicare		3,099
Postal Charges		500
Travel		1,696
Other Contracted Services		112,800
Other Supplies and Materials		346
In Service/Staff Development		498
Total Regular Instruction Program		408,112
<u>Special Education Program</u>		
Assessment Personnel	\$	34,109
Social Security		1,566
Pensions		3,513
Medical Insurance		12,536
Unemployment Compensation		21
Employer Medicare		366
Contracts with Other Public Agencies		945
Maintenance and Repair Services - Equipment		264
Postal Charges		400
Travel		763
Other Contracted Services		50,000
Other Supplies and Materials		2,369
Total Special Education Program		106,852
<u>Career and Technical Education Program</u>		
In Service/Staff Development	\$	15
Total Career and Technical Education Program		15
<u>Operation of Plant</u>		
Other Supplies and Materials	\$	25,733
Total Operation of Plant		25,733

(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.)

Transportation

Bus Drivers	\$	5,000	
Other Salaries and Wages		5,655	
Social Security		661	
Pensions		552	
Unemployment Compensation		32	
Employer Medicare		154	
Total Transportation			\$ 12,054

Operation of Non-Instructional Services

Community Services

Teachers	\$	32,743	
Educational Assistants		4,588	
Social Security		2,211	
Pensions		2,707	
Unemployment Compensation		80	
Local Retirement		55	
Employer Medicare		517	
Instructional Supplies and Materials		8,076	
In Service/Staff Development		1,975	
Total Community Services			52,952

Capital Outlay

Regular Capital Outlay

Architects	\$	30,098	
Building Improvements		4,464	
Other Capital Outlay		151,227	
Total Regular Capital Outlay			185,789

Total School Federal Projects Fund \$ 2,039,664

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	202,080	
In-service Training		148	
Social Security		11,817	
Pensions		11,374	
Medical Insurance		27,336	
Unemployment Compensation		379	
Employer Medicare		2,764	
Communication		1,635	
Maintenance and Repair Services - Equipment		21,291	
Postal Charges		87	
Transportation - Other than Students		2,608	
Contracts for Postclosure Care Costs		240	
Other Contracted Services		4,760	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Preparation Supplies	\$	9,498	
Food Supplies		282,903	
Office Supplies		3,363	
USDA - Commodities		39,750	
Other Supplies and Materials		16,765	
Workers' Compensation Insurance		5,907	
In Service/Staff Development		853	
Food Service Equipment		46,062	
Total Food Service			<u>\$ 691,620</u>

Total Central Cafeteria Fund \$ 691,620

Total Governmental Funds - Clay County School Department \$ 12,816,808

Exhibit J-9

Clay County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Custodial Fund
For the Year Ended June 30, 2022

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 439,681
Total Cash Receipts	<u>\$ 439,681</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 435,284
Trustee's Commission	4,397
Total Cash Disbursements	<u>\$ 439,681</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2021	<u>0</u>
 Cash Balance, June 30, 2022	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JASON E. MUMPOWER
Comptroller

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

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, 2022, 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 12, 2022. Our report includes a reference to other auditors who audited the financial statements of the Internal Service Fund of the Clay County School Department (a discretely presented component unit) as described in our report on Clay County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clay County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2022-001 and 2022-002.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2022-003.

Clay County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Clay County's responses to the findings identified in our audit, which 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

October 12, 2022

JEM/gc



JASON E. MUMPOWER
Comptroller

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

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

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Clay County, Tennessee, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Clay County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Clay County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Clay County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Clay County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clay County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Clay County's basic financial statements. We issued our report thereon dated October 12, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

October 12, 2022

JEM/gc

Clay County, Tennessee, and the Clay County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)(2)(3)(7)
For the Year Ended June 30, 2022

Federal/Pass-through Agency/State Grantor Program Title	Federal Assistance Listings Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants Cluster: (5)			
Community Facilities Loans and Grants	10.766	N/A	\$ 44,000
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	203,243
National School Lunch Program	10.555	N/A	576,871 (6)
COVID 19 - National School Lunch Program	10.555	N/A	13,875 (6)
COVID 19 - Pandemic/EBT Administrative Cost Grant	10.649	N/A	3,063
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities Program)	10.555	N/A	41,287 (6)
Total U.S. Department of Agriculture			<u>\$ 882,339</u>
U.S. Department of Housing and Urban Development:			
Passed through Tennessee Housing Development Agency:			
HOME Investment Partnership Program 2019	14.239	(4)	\$ 216,250
U.S. Department of the Interior:			
Direct Program:			
Payments in Lieu of Taxes	15.226	N/A	\$ 80,284
Passed-through State Department of Environment and Conservation:			
Historic Preservation Fund Grant	15.904	(4)	5,945
Total U.S. Department of the Interior			<u>\$ 86,229</u>
U.S. Department of Transportation:			
Passed-through State Department of Safety and Homeland Security:			
Highway Safety Cluster: (5)			
State and Community Highway Safety	20.600	(4)	\$ 7,363
National Endowment for Humanities (NEH):			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(4)	\$ 17,675
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 119,339
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(4)	438,672
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	(4)	302,408
Special Education - Preschool Grants	84.173	(4)	9,346
Career and Technical Education - Basic Grants to States	84.048	(4)	71,672
Twenty-first Century Community Learning Centers	84.287	(4)	55,128
Rural Education	84.358	(4)	10,141
Supporting Effective Instruction State Grant	84.367	(4)	54,434
Comprehensive Literacy Development	84.371	(4)	82,800
Student Support and Academic Enrichment Program	84.424	(4)	29,442
COVID 19 - Education Stabilization Fund Program - Elementary and and Secondary School Emergency Relief Fund (ESSER I)	84.425D	(4)	151,489 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and and Secondary School Emergency Relief Fund (ESSER II)	84.425D	(4)	607,960 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and and Secondary School Emergency Relief Fund (ESSER ARP)	84.425U	(4)	351,728 (6)
Total U.S. Department of Education			<u>\$ 2,284,559</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal Assistance Listings Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Direct Program:			
Drug-Free Communities Support Program Grants	93.276	N/A	\$ 127,259
Passed-through Power of Putnam:			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	(4)	42,178 (6)
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	(4)	16,479 (6)
State Opioid Response (SOR) II Coalition	93.788	(4)	48,286
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(4)	67,547 (6)
COVID 19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	(4)	23,791 (6)
Tennessee Disaster Response Initiative Prevention (TDRI Prevention)	93.982		22,000
Passed-through Upper Cumberland Development District:			
Aging Cluster: (5)			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	(4)	7,600 (6)
COVID 19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	(4)	1,040 (6)
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	(4)	44,292 (6)
Passed-through Save the Children:			
Temporary Assistance for Needy Families	93.558	(4)	34,541 (6)
Total U.S. Department of Health and Human Services			<u>\$ 435,013</u>
Total Expenditures of Federal Awards			<u>\$ 3,929,428</u>

Contract
Number

State Grants

Governor's Local Support Grant - State Department of Finance and Administration	(4)	\$ 570,537
State Supplement Juvenile Court Improvement Funds - State Department of Children's Services	(4)	9,000
Aging Program - Upper Cumberland Development District	(4)	5,400
Senior Trust Digital Literacy and Inclusion for Older Tennesseans - Tennessee Commission on Aging and Disability	(4)	5,000
Arts Program Categorical Grants - Commission Initiative (CI) - Tennessee Arts Commission	(4)	5,000
Arts Build Communities Grant - Tennessee Arts Commission	(4)	1,820
Litter Program - State Department of Transportation	(4)	44,200
Three Star Program - State Department of Economic and Community Development	(4)	6,641
Tourism Grant - State Department of Tourist Development	(4)	8,481
TOP Grant - Tennessee Secretary of State	(4)	2,141
Block Grants for Prevention and Treatment of Substance Abuse (Enforcing Underage Drinking) - State Department of Mental Health and Substance Abuse Services	(4)	1,200
Safe Schools Act - State Department of Education	(4)	27,690
Lottery for Education - PreK - State Department of Education	(4)	317,105
Family Resource - State Department of Education	(4)	29,612
SPARC Grant - Tennessee Higher Education Commission	(4)	223,825
National Archery In Schools Program - Tennessee Wildlife Resource Agency	(4)	2,000
Coordinated School Health - State Department of Education	(4)	90,000
Summer Learning Camp - State Department of Education	(4)	44,189
Summer Learning Camp - Transportation - State Department of Education	(4)	14,858
Bridge Camp - State Department of Education	(4)	14,592
Stream Mini Camp - State Department of Education	(4)	10,276
ConnectTenn (Internet Connectivity) - State Department of Education	(4)	1,632
Total State Grants		<u>\$ 1,435,199</u>

(Continued)

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

FAL = Federal Assistance Listings
 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 minimus cost rate permitted in the Uniform Guidance.
- (3) No amounts (\$0) were passed-through to subrecipients.
- (4) Information not available.
- (5) Community Facilities Loans and Grants Cluster total \$44,000; Child Nutrition Cluster total \$835,276; Highway Safety Cluster total \$7,363; Special Education Cluster total \$311,754; Aging Cluster total \$8,640.
- (6) FAL No. 10.555 total \$632,033; FAL No. 84.425 total \$1,111,177; FAL No. 93.243 total \$58,657; FAL No. 93.044 total \$8,640; FAL No. 93.959 total \$91,338; FAL No. 93.558 total \$78,833.
- (7) AMOUNTS TRANSFERRED

<u>Program Title</u>	<u>Amounts Transferred</u>
From Title II, Part A (FAL No. 84.367) to Title IV (FAL No. 84.424)	<u>\$ 29,442</u>

Clay County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2022

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, 2022.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
<u>OFFICES OF COUNTY MAYOR AND ROAD SUPERINTENDENT</u>					
2021	175	2021-001	The offices had not established formal purchase order systems.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF COUNTY MAYOR</u>					
2021	176	2021-002	Expenditures exceeded appropriations.	N/A	Corrected
<u>OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK</u>					
2021	176	2021-003	An investigation of circuit and general sessions courts clerk resulted in the official being suspended from office.	N/A	NA

Prior-year Federal Awards Findings

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

CLAY COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

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:
 - * Assistance Listings Number: 84.425 COVID 19 - Education Stabilization Fund
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **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 2022-001 **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 DIRECTOR OF SCHOOLS

FINDING 2022-002 **APPROPRIATIONS EXCEEDED ESTIMATED
AVAILABLE FUNDS IN THE CENTRAL CAFETERIA
FUND**

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

The budget and subsequent amendment approved by the county commission for the Central Cafeteria Fund resulted in appropriations exceeding estimated available funding by \$33,685. Sound budgetary principles dictate that appropriations should be held within estimated available funding. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Appropriations that exceed estimated available funding should not be submitted to the county commission, and the county commission should not approve such appropriations.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

I concur with this finding. When preparing the amendment, I knew I had an adequate fund balance to support the amendment. I was unaware that the budgeted fund balance needed to be updated prior to the amendment since the actual fund balance was available. In the future, we will check both sides before submitting the amendments.

CLAY COUNTY

FINDING 2022-003 **SURPLUS PROPERTY WAS SOLD TO SHERIFF
DEPARTMENT EMPLOYEES IN VIOLATION OF STATE
STATUTE**

(Noncompliance Under *Government Auditing Standards*)

The sheriff and thirteen sheriff’s department employees purchased surplus weapons from the county without a public auction or competitive bidding. On November 1, 2021, the county commission passed a resolution which allowed sheriff department employees to purchase surplus weapons at specified rates based upon the employees’ years of service. The weapons were purchased for amounts ranging from \$200 to \$300 for a total of \$3,150. Section 5-1-125, *Tennessee Code Annotated*, states “It is hereby declared unlawful for any county official or employee to purchase from the county any property declared surplus by the county except by bid at public auction or competitive sealed bid”. This deficiency resulted from management’s failure to comply with state statute.

RECOMMENDATION

County surplus property should be disposed of in accordance with state statutes.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I concur with this finding.

MANAGEMENT'S RESPONSE – SHERIFF

I concur with this finding. There are many agencies across the state, including the state of Tennessee, who purchase their duty weapons after their service life. There is a process that allows these agencies to do this that doesn't conflict with state statute. I failed to do it the correct way. I did present the sale of these firearms to employees to the County Commission for approval. A resolution was voted on and passed for the sale of the weapons which I thought was sufficient. After our annual audit, I realized that there is a state statute that prohibits the sale of surplus items to county employees. There was no intent to violate any statute. I felt that the employees deserved their old service weapons based on the years of service to our community.

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, 2022.

Clay County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2022

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
-------------------	------------------	---------------------------------------

OFFICE OF COUNTY MAYOR

2022-001	The office had not established a formal purchase order system.	186
2022-003	Surplus property was sold to sheriff department employees in violation of state statute.	186

OFFICE OF ROAD SUPERINTENDENT

2022-001	The office had not established a formal purchase order system.	188
----------	--	-----

OFFICE OF DIRECTOR OF SCHOOLS

2022-002	Appropriations exceeded estimated available funds in the Central Cafeteria Fund.	189
----------	--	-----

OFFICE OF SHERIFF

2022-003	Surplus property was sold to sheriff department employees in violation of state statute.	190
----------	--	-----

Corrective Action Plan

FINDING: THE OFFICE HAD NOT ESTABLISHED FORMAL PURCHASE ORDER SYSTEM

Response and Corrective Action Plan Prepared by:
DONNA HAMILTON, FINANCE DIRECTOR

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

Anticipated Completion Date of Corrective Action:
NONE

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
CLAY COUNTY IS NOT FINANCIALLY EQUIPPED AT THIS TIME

Planned Corrective Action:
CLAY COUNTY GOVERNMENT DOES NOT HAVE A FORMAL PURCHASING ORDER SYSTEM. ALTHOUGH BEST PRACTICE WOULD BE TO ESTABLISH A CENTRAL SYSTEM OF ACCOUNTING WITH THE HIGHWAY DEPARTMENT AND SCHOOL SYSTEM, WE DO NOT FEEL IT IS FINANCIALLY FEISABLE AT THIS TIME.

FINDING: SURPLUS PROPERTY WAS SOLD TO SHERIFF DEPARTMENT EMPLOYEES IN VIOLATION OF STATE STATUTE

Response and Corrective Action Plan Prepared by:
DONNA HAMILTON

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

Anticipated Completion Date of Corrective Action:
Date: OCTOBER 3, 2022

Repeat Finding: N/A

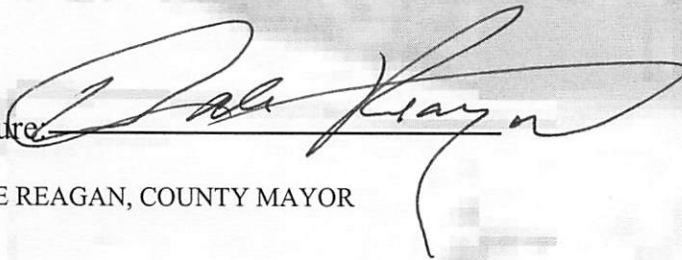
Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:

Explain your plan to correct this finding.

A RESOLUTION HAS BEEN SUMITED TO THE CLAY COUNTY COMMISSION
HEREBY RESCINDS RESOLUTION #12 PASSED ON NOVEMBER 1, 2021
AUTHORIZING SHERIFF DEPARTMENT EMPLOYEES TO PURCHASE
SURPLUS WEAPONS PRIOR TO ONLINE SALES OR AUCTIONS. IT WAS
EXPLAINED UPON REVIEW THE AFORMENTIONED PURCHASE IS IN
VIOLATION OF STATE STATUTE.

Signature

A handwritten signature in black ink, appearing to read "Dale Reagan", is written over a horizontal line. The signature is cursive and somewhat stylized.

DALE REAGAN, COUNTY MAYOR

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:

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.

Signature: 

Clay County Schools

Diana Monroe, Director

P.O. Box 469, 520 Brown Street
Celina, Tennessee 38551

Phone: 931-243-3310 Fax: 931-243-3706

Board Members:

Mark Ashlock
Todd Lynn
Nick Melton
Vonda Weir

Benji Bailey, Chairman
Nathan Sherrell, Vice Chairman

Roy Henson
James Mays
Todd Upton
David West

Corrective Action Plan

FINDING:

**APPROPRIATIONS EXCEEDED ESTIMATED
AVAILABLE FUNDS IN THE CENTRAL CAFETERIA
FUND**

Response and Corrective Action Plan Prepared by:

Ashley White, Finance Director

Person Responsible for Implementing the Corrective Action:

Laura McLerran, School Nutrition Supervisor

Anticipated Completion Date of Corrective Action:

9/28/2022

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

When preparing amendments in the future, we will be mindful of the three-year budget comparison of fund balance, rather than just the actual fund balance.

Signature:





CLAY COUNTY SHERIFF'S OFFICE

SHERIFF BRANDON BOONE

400 WEST LAKE AVE.

CELINA, TN 38551



931-243-3266 PHONE

931-243-4282 FAX

Corrective Action Plan

FINDING: SURPLUS PROPERTY WAS SOLD TO SHERIFF DEPARTMENT EMPLOYEES IN VIOLATION OF STATE STATUTE

Response and Corrective Action Plan Prepared by:

Brandon Boone, Sheriff

Person Responsible for Implementing the Corrective Action:

Brandon Boone, Sheriff

Anticipated Completion Date of Corrective Action:

9/29/2022

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

After consultation with state auditors and the Clay County Mayor, and County Attorney, the Clay County Sheriff's Office, represented by Sheriff Brandon Boone, is now fully aware of the proper procedure for the sale of surplus equipment. It was the intention of the Sheriff to honor the many years of service of his employees by permitting the sale of the weapons in question. I am now aware that a step in the procedure was missed. Any future sales of any surplus equipment shall now be completed via public auction.

Signature:

BEST PRACTICE

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

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

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

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