



ANNUAL FINANCIAL REPORT

Clay County, Tennessee

For the Year Ended June 30, 2025

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

**ANNUAL FINANCIAL REPORT
CLAY COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2025**

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

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Summary of Audit Findings

Annual Financial Report
Clay County, Tennessee
For the Year Ended June 30, 2025

Scope

We have audited the basic financial statements of Clay County as of and for the year ended June 30, 2025.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR AND ROAD SUPERINTENDENT

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

OFFICE OF ROAD SUPERINTENDENT

- ◆ The office did not maintain adequate controls over consumable assets.



INTRODUCTORY SECTION

CLAY COUNTY OFFICIALS

June 30, 2025

Officials

Dale Reagan, County Mayor
Jason Browning, Road Superintendent
Diana Monroe, Director of Schools
Angie Thompson, Trustee
Angie Eads, Assessor of Property
Donna Watson, County Clerk
Keshia Smith, Circuit and General Sessions Courts Clerk
Rene Davis, Clerk and Master
Brenda Browning, Register of Deeds
Brandon Boone, Sheriff

Board of County Commissioners

Dale Reagan, County Mayor, Chairman	
Elizabeth Boles	Jerry Rhoton
Bryan Coons	Jennifer Ritter
Dorothy Forney	Austin Smith
Jeff Gentry	Parrish Wright
Mark Poindexter	Winton Young

Board of Education

Benji Bailey, Chairman	Nick Melton
Mark Ashlock	Nathan Sherrell
Roy Henson	Todd Upton
Todd Lynn	Vonda Weir
James Mays	David West

Audit Committee

Doug Young, Chairman
Tammy Melton
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, 2025, 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, 2025, 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 1.63 percent, 2.01 percent, and 3.88 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 the amounts included for the discretely presented 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 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.

Changes in Accounting Principle

As described in Note V.B., Clay County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*. GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model and amends certain previously required disclosures. GASB 102 provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes restatements to the beginning Governmental Activities net position totaling (\$27,328) for the primary government and (\$89,963) for the discretely presented Clay County School Department. These restatements were necessary because of the transitional requirements of GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 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

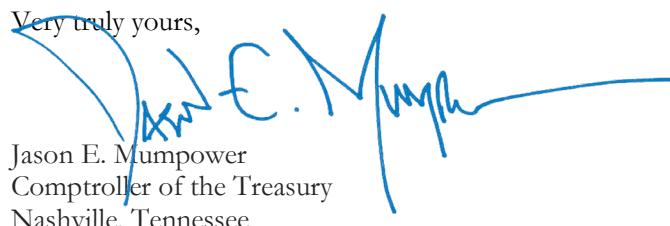
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, 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 3, 2025, on our consideration of the 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,



Handwritten signature of Jason E. Mumpower in blue ink, appearing to read "J. E. Mumpower".

Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

October 3, 2025

BASIC FINANCIAL STATEMENTS SECTION

CLAY COUNTY, TENNESSEE
Statement of Net Position
June 30, 2025

	Primary Government	Component Unit
	Governmental Activities	Clay County School Department
ASSETS		
Cash	\$ 30,017	\$ 430,664
Equity in Pooled Cash and Investments	9,758,030	8,877,899
Accounts Receivable	376,112	5,590
Allowance for Uncollectibles	(113,435)	0
Due from Other Governments	902,813	1,193,132
Due from Component Unit	2,390,000	0
Property Taxes Receivable	3,284,274	1,859,769
Allowance for Uncollectible Property Taxes	(80,540)	(45,607)
Net Pension Asset - Agent Plan	323,398	151,978
Net Pension Asset - Teacher Retirement Plan	0	60,204
Net Pension Asset - Teacher Legacy Pension Plan	0	2,115,068
Restricted Assets - Amounts Accumulated for Pension Benefits	0	199,540
Capital Assets:		
Assets Not Depreciated:		
Land	103,800	298,098
Construction in Progress	530,719	542,609
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,389,134	7,750,735
Infrastructure	10,416,957	163,676
Other Capital Assets	2,841,727	1,787,853
Total Assets	<u>\$ 33,153,006</u>	<u>\$ 25,391,208</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Changes in Experience	\$ 303,033	\$ 711,412
Pension Changes in Assumptions	159,847	99,043
Pension Changes in Proportion	0	34,259
Pension Contributions After Measurement Date	280,824	464,810
OPEB Changes in Experience	0	101,141
OPEB Changes in Assumptions	0	11,547
Total Deferred Outflows of Resources	<u>\$ 743,704</u>	<u>\$ 1,422,212</u>

(Continued)

CLAY COUNTY, TENNESSEE
Statement of Net Position (Cont.)

	<u>Primary Government</u>	<u>Governmental Activities</u>	<u>Component Unit</u>
	Clay County School Department		
LIABILITIES			
Accrued Interest Payable	\$ 5,975	\$ 0	
Due to Primary Government	0	2,390,000	
Due to Other Governments	204,333	0	
Noncurrent Liabilities:			
Due Within One Year - Debt	370,000	0	
Due Within One Year - Other	174,982	134,309	
Due in More Than One Year - Debt	2,020,000	0	
Due in More Than One Year - Other	65,616	1,043,106	
Total Liabilities	<u>\$ 2,840,906</u>	<u>\$ 3,567,415</u>	
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	\$ 3,111,008	\$ 1,761,655	
Pension Changes in Experience	79,598	55,902	
Pension Changes in Investment Earnings	110,001	473,778	
Pension Changes in Proportion	0	70,541	
OPEB Changes in Experience	0	99,445	
OPEB Changes in Assumptions	0	160,643	
Total Deferred Inflow of Resources	<u>\$ 3,300,607</u>	<u>\$ 2,621,964</u>	
NET POSITION			
Net Investment in Capital Assets	\$ 16,282,337	\$ 10,542,971	
Restricted for:			
General Government	823,798	0	
Finance	58,422	0	
Administration of Justice	59,200	0	
Public Safety	2,361,880	0	
Highways	1,125,590	0	
Education	42,872	748,326	
Debt Service	1,041,437	0	
Capital Outlay	12,113	0	
Pensions	323,398	2,526,790	
Unrestricted	<u>5,624,150</u>	<u>6,805,954</u>	
Total Net Position	<u><u>\$ 27,755,197</u></u>	<u><u>\$ 20,624,041</u></u>	

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

CLAY COUNTY, TENNESSEE
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Primary Government			
						Clay County School Department			
Primary Government:									
Governmental Activities:									
General Government	\$ 1,581,621	\$ 151,669	\$ 85,477	\$ 4,900	\$ (1,339,575)	\$ 0			
Finance	565,761	356,439	0	0	(209,322)	0			
Administration of Justice	474,415	139,045	11,000	0	(324,370)	0			
Public Safety	2,461,761	95,362	584,055	10,149	(1,772,195)	0			
Public Health and Welfare	2,627,231	831,586	1,124,533	280,852	(390,260)	0			
Social, Cultural, and Recreational Services	477,617	13,713	108,958	0	(354,946)	0			
Agriculture and Natural Resources	187,660	0	21,000	0	(166,660)	0			
Highways/Public Works	3,040,840	0	2,033,792	1,828,849	821,801	0			
Interest on Long-term Debt	81,600	0	0	0	(81,600)	0			
Total Governmental Activities	\$ 11,498,506	\$ 1,587,814	\$ 3,968,815	\$ 2,124,750	\$ (3,817,127)	\$ 0			
Total Primary Government	\$ 11,498,506	\$ 1,587,814	\$ 3,968,815	\$ 2,124,750	\$ (3,817,127)	\$ 0			
Component Unit:									
Clay County School Department	\$ 15,434,598	\$ 56,261	\$ 3,495,639	\$ 798,505	\$ 0	\$ (11,084,193)			
Total Component Unit	\$ 15,434,598	\$ 56,261	\$ 3,495,639	\$ 798,505	\$ 0	\$ (11,084,193)			

(Continued)

CLAY COUNTY, TENNESSEE
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Total Governmental Activities	Clay County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,906,507	\$ 1,764,294
Property Taxes Levied for Debt Service					206,277	0
Local Option Sales Taxes					590,194	1,104,729
Wheel Tax					587,600	0
Wholesale Beer Tax					70,854	0
Litigation Taxes					51,965	0
Mixed Drink Tax					138	138
Mineral Severance Tax					2,876	0
Business Tax					67,959	0
Hotel/Motel Tax					126,582	0
Other Local Taxes					570	0
Grants and Contributions Not Restricted for Specific Programs					773,965	9,946,238
Unrestricted Investment Income					115,541	13,905
Miscellaneous					49,665	9,704
Sale of Land/Equipment					0	4,486
Total General Revenues					<u>\$ 5,550,693</u>	<u>\$ 12,843,494</u>
Insurance Recovery					<u>\$ 325</u>	<u>\$ 17,059</u>
Change in Net Assets					<u>\$ 1,733,891</u>	<u>\$ 1,776,360</u>
Net Position, July 1, 2024					<u>26,048,634</u>	<u>18,937,644</u>
Restatement - See Note I.D.9.					<u>(27,328)</u>	<u>(89,963)</u>
Net Position, June 30, 2025					<u><u>\$ 27,755,197</u></u>	<u><u>\$ 20,624,041</u></u>

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

CLAY COUNTY, TENNESSEE**Balance Sheet**

Governmental Funds

June 30, 2025

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds		
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,017	\$ 30,017	
Equity in Pooled Cash and Investments	\$ 3,178,433	\$ 873,542	\$ 798,605	\$ 3,846,926	\$ 1,060,524	\$ 9,758,030	
Accounts Receivable	\$ 361,219	\$ 13,926	\$ 0	\$ 0	\$ 967	\$ 376,112	
Allowance for Uncollectibles	\$ (111,180)	\$ (2,255)	\$ 0	\$ 0	\$ 0	\$ (113,435)	
Due from Other Governments	\$ 417,573	\$ 146,635	\$ 338,605	\$ 0	\$ 0	\$ 902,813	
Due from Other Funds	\$ 2,334	\$ 25,000	\$ 0	\$ 0	\$ 2,400	\$ 29,734	
Property Taxes Receivable	\$ 2,492,882	\$ 573,759	\$ 0	\$ 217,633	\$ 0	\$ 3,284,274	
Allowance for Uncollectible Property Taxes	\$ (61,133)	\$ (14,070)	\$ 0	\$ (5,337)	\$ 0	\$ (80,540)	
Total Assets	\$ 6,280,128	\$ 1,616,537	\$ 1,137,210	\$ 4,059,222	\$ 1,093,908	\$ 14,187,005	
LIABILITIES							
Due to Other Funds	\$ 27,400	\$ 0	\$ 0	\$ 0	\$ 2,334	\$ 29,734	
Due to Other Governments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 204,333	\$ 204,333	
Total Liabilities	\$ 27,400	\$ 0	\$ 0	\$ 0	\$ 206,667	\$ 234,067	
DEFERRED INFLOWS OF RESOURCES							
Deferred Current Property Taxes	\$ 2,361,368	\$ 543,489	\$ 0	\$ 206,151	\$ 0	\$ 3,111,008	
Deferred Delinquent Property Taxes	\$ 66,060	\$ 15,204	\$ 0	\$ 5,767	\$ 0	\$ 87,031	
Other Deferred/Unavailable Revenue	\$ 235,909	\$ 1,309	\$ 162,463	\$ 0	\$ 0	\$ 399,681	
Total Deferred Inflows of Resources	\$ 2,663,337	\$ 560,002	\$ 162,463	\$ 211,918	\$ 0	\$ 3,597,720	

(Continued)

CLAY COUNTY, TENNESSEE**Balance Sheet**

Governmental Funds (Cont.)

FUND BALANCES	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds		
Restricted:							
Restricted for General Government	\$ 72,852	\$ 0	\$ 0	\$ 0	\$ 198,731	\$ 271,583	
Restricted for General Government - American Rescue Plan Act	0	0	0	0	552,215	552,215	
Restricted for Finance	58,422	0	0	0	0	58,422	
Restricted for Administration of Justice	59,200	0	0	0	0	59,200	
Restricted for Public Safety	1,155,310	0	0	1,111,038	95,532	2,361,880	
Restricted for Highways/Public Works	0	0	974,747	0	0	974,747	
Restricted for Capital Outlay	0	0	0	0	12,113	12,113	
Restricted for Debt Service	0	0	0	1,041,645	0	1,041,645	
Restricted for Capital Projects	42,872	0	0	0	0	42,872	
Committed:							
Committed for Finance	0	0	0	0	28,650	28,650	
Committed for Public Health and Welfare	0	1,056,535	0	0	0	1,056,535	
Committed for Social, Cultural, and Recreational Services	147,746	0	0	0	0	147,746	
Committed for Debt Service	0	0	0	1,694,621	0	1,694,621	
Unassigned	2,052,989	0	0	0	0	2,052,989	
Total Fund Balances	\$ 3,589,391	\$ 1,056,535	\$ 974,747	\$ 3,847,304	\$ 887,241	\$ 10,355,218	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,280,128	\$ 1,616,537	\$ 1,137,210	\$ 4,059,222	\$ 1,093,908	\$ 14,187,005	

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

CLAY COUNTY, TENNESSEE**Reconciliation of the Balance Sheet of Governmental****Funds to the Statement of Net Position****June 30, 2025**

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)		\$ 10,355,218
(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	530,719	
Add: buildings and improvements net of accumulated depreciation	2,389,134	
Add: infrastructure net of accumulated depreciation	10,416,957	
Add: other capital assets net of accumulated depreciation	<u>2,841,727</u>	<u>16,282,337</u>
(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	\$ (2,390,000)	
Add: debt to be contributed by the school department	2,390,000	
Less: compensated absences payable	(240,598)	
Less: accrued interest on bonds	<u>(5,975)</u>	<u>(246,573)</u>
(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	\$ 743,704	
Less: deferred inflows of resources related to pensions	<u>(189,599)</u>	<u>554,105</u>
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		323,398
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>486,712</u>
Net position of governmental activities (Exhibit A)		<u>\$ 27,755,197</u>

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

CLAY COUNTY, TENNESSEE

**Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds**
For the Year Ended June 30, 2025

	Major Funds				
	<i>Formerly Major</i>				
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service
Revenues					
Local Taxes	\$ 3,833,832	\$ 551,369	\$ 0	\$ 2,876	\$ 436,002
Licenses and Permits	73,812	0	0	0	0
Fines, Forfeitures, and Penalties	40,076	0	0	0	0
Charges for Current Services	705,687	117,321	0	23,445	0
Other Local Revenues	63,061	31,627	0	25,391	115,064
Fees Received From County Officials	383,258	0	0	0	0
State of Tennessee	1,060,463	146,635	0	3,824,960	0
Federal Government	1,194,531	0	0	0	0
Other Governments and Citizens Groups	266,680	0	0	0	442,950
Total Revenues	\$ 7,621,400	\$ 846,952	\$ 0	\$ 3,876,672	\$ 994,016
Expenditures					
Current:					
General Government	\$ 747,934	\$ 0	\$ 0	\$ 0	\$ 0
Finance	319,366	0	0	0	0
Administration of Justice	413,021	0	0	0	0
Public Safety	2,225,235	0	0	0	0
Public Health and Welfare	1,695,776	851,222	0	0	0
Social, Cultural, and Recreational Services	266,585	0	0	0	0
Agriculture and Natural Resources	174,605	0	0	0	0

(Continued)

CLAY COUNTY, TENNESSEE**Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds (Cont.)**

	Major Funds				
	<i>Formerly</i> <i>Major</i>	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service
General					
Expenditures (Cont.)					
Current (Cont.)					
Other Operations	\$ 1,297,278	\$ 12,067	\$ 0	\$ 0	\$ 0
Highways	31,886	0	0	4,134,370	0
Debt Service:					
Principal on Debt	0	0	0	0	360,000
Interest on Debt	0	0	0	0	82,500
Other Debt Service	0	0	0	0	7,465
Total Expenditures	\$ 7,171,686	\$ 863,289	\$ 0	\$ 4,134,370	\$ 449,965
Excess (Deficiency) of Revenues Over Expenditures	\$ 449,714	\$ (16,337)	\$ 0	\$ (257,698)	\$ 544,051
Other Financing Sources (Uses)					
Insurance Recovery	\$ 325	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 325	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 450,039	\$ (16,337)	\$ 0	\$ (257,698)	\$ 544,051
Change to or Within the Reporting Entity	0	0	(900,432)	0	0
Fund Balance, July 1, 2024	3,139,352	1,072,872	900,432	1,232,445	3,303,253
Fund Balance, June 30, 2025	\$ 3,589,391	\$ 1,056,535	\$ 0	\$ 974,747	\$ 3,847,304

(Continued)

CLAY COUNTY, TENNESSEE**Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds (Cont.)**

	Nonmajor Funds	Other Govern- mental Funds	Total Govern- mental Funds
Revenues			
Local Taxes	\$ 15,985	\$ 4,840,064	
Licenses and Permits	0	73,812	
Fines, Forfeitures, and Penalties	11,030	51,106	
Charges for Current Services	115,449	961,902	
Other Local Revenues	0	235,143	
Fees Received From County Officials	0	383,258	
State of Tennessee	4,460	5,036,518	
Federal Government	0	1,194,531	
Other Governments and Citizens Groups	4,900	714,530	
Total Revenues	\$ 151,824	\$ 13,490,864	
Expenditures			
Current:			
General Government	\$ 396,455	\$ 1,144,389	
Finance	111,097	430,463	
Administration of Justice	0	413,021	
Public Safety	8,095	2,233,330	
Public Health and Welfare	0	2,546,998	
Social, Cultural, and Recreational Services	0	266,585	
Agriculture and Natural Resources	0	174,605	

(Continued)

CLAY COUNTY, TENNESSEE**Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds (Cont.)**

	Nonmajor Funds	Other Govern- mental Funds	Total Govern- mental Funds
Expenditures (Cont.)			
Current (Cont.)			
Other Operations	\$ 281	\$ 1,309,626	
Highways	0	4,166,256	
Debt Service:			
Principal on Debt	0	360,000	
Interest on Debt	0	82,500	
Other Debt Service	0	7,465	
Total Expenditures	\$ 515,928	\$ 13,135,238	
Excess (Deficiency) of Revenues Over Expenditures	\$ (364,104)	\$ 355,626	
Other Financing Sources (Uses)			
Insurance Recovery	\$ 0	\$ 325	
Total Other Financing Sources (Uses)	\$ 0	\$ 325	
Net Change in Fund Balances	\$ (364,104)	\$ 355,951	
Change to or Within the Reporting Entity	900,432	0	
Fund Balance, July 1, 2024	350,913	9,999,267	
Fund Balance, June 30, 2025	\$ 887,241	\$ 10,355,218	

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

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, 2025**

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)	\$ 355,951
(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: assets purchased	\$ 2,029,545
Less: current-year depreciation expense	<u>(541,102)</u> 1,488,443
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.	
Add: assets donated and capitalized	\$ 139,412
Less: book value of capital assets disposed	<u>(102,981)</u> 36,431
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.	
Add: deferred delinquent property taxes and other deferred June 30, 2025	\$ 486,712
Less: deferred delinquent property taxes and other deferred June 30, 2024	<u>(489,331)</u> (2,619)
(4) The issuance of long-term debt (e.g., notes, other loans, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Add: principal payments on bonds	\$ 360,000
Less: contributions from the school department for bonds	<u>(360,000)</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	\$ 900
Change in compensated absences payable	(154,810)
Change in net pension liability/asset	269,800
Change in deferred outflows related to pensions	(198,789)
Change in deferred inflows related to pensions	<u>(61,416)</u> (144,315)
Change in net position of governmental activities (Exhibit B)	<u>\$ 1,733,891</u>

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

CLAY COUNTY, TENNESSEE

**Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget**
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Actual	Original	Final	
Revenues				
Local Taxes	\$ 3,833,832	\$ 3,630,988	\$ 3,616,587	\$ 217,245
Licenses and Permits	73,812	72,700	72,700	1,112
Fines, Forfeitures, and Penalties	40,076	39,140	39,140	936
Charges for Current Services	705,687	782,050	756,162	(50,475)
Other Local Revenues	63,061	4,000	35,755	27,306
Fees Received From County Officials	383,258	360,000	360,000	23,258
State of Tennessee	1,060,463	3,673,467	3,262,247	(2,201,784)
Federal Government	1,194,531	517,524	1,470,484	(275,953)
Other Governments and Citizens Groups	266,680	322,027	386,171	(119,491)
Total Revenues	\$ 7,621,400	\$ 9,401,896	\$ 9,999,246	\$ (2,377,846)
Expenditures				
General Government				
County Commission	\$ 63,158	\$ 62,500	\$ 76,901	\$ 13,743
Board of Equalization	650	1,300	1,300	650
Beer Board	0	300	300	300
County Mayor/Executive	182,490	187,723	187,723	5,233
County Attorney	10,000	10,000	10,000	0
Election Commission	189,653	190,741	190,741	1,088
Register of Deeds	123,166	128,052	128,052	4,886
County Buildings	178,817	2,064,051	2,064,051	1,885,234
Finance				
Property Assessor's Office	127,213	136,601	136,601	9,388
County Trustee's Office	25,980	31,650	31,650	5,670
County Clerk's Office	166,173	165,273	165,273	(900)
Administration of Justice				
Circuit Court	168,416	205,752	205,752	37,336
General Sessions Court	93,391	93,391	93,391	0
Chancery Court	121,934	123,996	123,996	2,062
Juvenile Court	15,681	26,375	26,375	10,694
Judicial Commissioners	13,599	14,349	14,349	750
Public Safety				
Sheriff's Department	920,682	906,360	962,409	41,727
Drug Enforcement	101,473	80,000	101,550	77
Jail	698,195	955,526	955,526	257,331
Correctional Incentive Program Improvements	0	5,340	5,340	5,340
Juvenile Services	289,276	300,000	301,000	11,724
Fire Prevention and Control	35,008	40,384	40,384	5,376
Rescue Squad	2,500	2,500	2,500	0

(Continued)

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	
Expenditures (Cont.)				
Public Safety (Cont.)				
Other Emergency Management	\$ 73,580	\$ 101,914	\$ 101,914	\$ 28,334
County Coroner/Medical Examiner	26,246	41,400	41,400	15,154
Other Public Safety	78,275	73,500	78,275	0
Public Health and Welfare				
Local Health Center	254,069	455,500	455,500	201,431
Ambulance/Emergency Medical Services	860,345	807,350	885,264	24,919
Alcohol and Drug Programs	398,363	390,887	526,962	128,599
Appropriation to State	10,720	10,720	10,720	0
Other Public Health and Welfare	172,279	33,020	366,354	194,075
Social, Cultural, and Recreational Services				
Senior Citizens Assistance	107,098	114,602	118,393	11,295
Libraries	102,869	100,934	102,885	16
Parks and Fair Boards	47,879	51,700	51,700	3,821
Other Social, Cultural, and Recreational	8,739	15,000	15,000	6,261
Agriculture and Natural Resources				
Agricultural Extension Service	105,750	121,315	121,315	15,565
Forest Service	1,000	1,000	1,000	0
Soil Conservation	67,855	63,225	68,430	575
Other Operations				
Tourism	173,609	303,614	304,614	131,005
Industrial Development	37,189	50,536	50,536	13,347
Other Economic and Community Development	95,796	4,000	99,796	4,000
Veterans' Services	25,132	28,164	28,164	3,032
Other Charges	366,473	374,537	374,537	8,064
Employee Benefits	599,079	582,475	596,975	(2,104)
Highways				
Litter and Trash Collection	31,886	35,653	35,653	3,767
Total Expenditures	\$ 7,171,686	\$ 9,493,210	\$ 10,260,551	\$ 3,088,865
Excess (Deficiency) of Revenues Over Expenditures	\$ 449,714	\$ (91,314)	\$ (261,305)	\$ 711,019
Other Financing Sources (Uses)				
Insurance Recovery	\$ 325	\$ 5,000	\$ 5,000	\$ (4,675)
Total Other Financing Sources	\$ 325	\$ 5,000	\$ 5,000	\$ (4,675)
Net Change in Fund Balance	\$ 450,039	\$ (86,314)	\$ (256,305)	\$ 706,344
Fund Balance, July 1, 2024	3,139,352	3,996,508	3,996,508	(857,156)
Fund Balance, June 30, 2025	\$ 3,589,391	\$ 3,910,194	\$ 3,740,203	\$ (150,812)

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

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, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Actual	Original	Final	
Revenues				
Local Taxes	\$ 551,369	\$ 538,600	\$ 538,600	\$ 12,769
Charges for Current Services	117,321	87,300	87,300	30,021
Other Local Revenues	31,627	34,070	34,070	(2,443)
State of Tennessee	146,635	0	0	146,635
Total Revenues	\$ 846,952	\$ 659,970	\$ 659,970	\$ 186,982
Expenditures				
Public Health and Welfare				
Waste Pickup	\$ 851,222	\$ 767,000	\$ 934,817	\$ 83,595
Other Operations				
Other Charges	12,067	13,000	13,000	933
Total Expenditures	\$ 863,289	\$ 780,000	\$ 947,817	\$ 84,528
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,337)	\$ (120,030)	\$ (287,847)	\$ 271,510
Net Change in Fund Balance	\$ (16,337)	\$ (120,030)	\$ (287,847)	\$ 271,510
Fund Balance, July 1, 2024	1,072,872	1,059,535	1,059,535	13,337
Fund Balance, June 30, 2025	\$ 1,056,535	\$ 939,505	\$ 771,688	\$ 284,847

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

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, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Actual	Original	Final	
Revenues				
Local Taxes	\$ 2,876	\$ 4,000	\$ 3,820	\$ (944)
Charges for Current Services	23,445	0	23,445	0
Other Local Revenues	25,391	0	14,055	11,336
State of Tennessee	3,824,960	2,016,021	3,845,049	(20,089)
Total Revenues	\$ 3,876,672	\$ 2,020,021	\$ 3,886,369	\$ (9,697)
Expenditures				
Highways				
Administration	\$ 216,621	\$ 204,114	\$ 226,114	\$ 9,493
Highway and Bridge Maintenance	2,903,838	1,361,300	3,043,613	139,775
Operation and Maintenance of Equipment	294,357	322,500	346,000	51,643
Other Charges	143,502	144,781	145,294	1,792
Employee Benefits	203,072	241,800	241,800	38,728
Capital Outlay	372,980	280,000	553,026	180,046
Total Expenditures	\$ 4,134,370	\$ 2,554,495	\$ 4,555,847	\$ 421,477
Excess (Deficiency) of Revenues Over Expenditures	\$ (257,698)	\$ (534,474)	\$ (669,478)	\$ 411,780
Net Change in Fund Balance Fund Balance, July 1, 2024	\$ (257,698)	\$ (534,474)	\$ (669,478)	\$ 411,780
Fund Balance, June 30, 2025	\$ 1,232,445	\$ 1,045,262	\$ 1,045,262	\$ 187,183

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

CLAY COUNTY, TENNESSEE
Statement of Net Position - Fiduciary Funds
June 30, 2025

	Custodial Funds
ASSETS	
Cash	\$ 1,339,266
Due from Other Governments	<u>93,826</u>
Total Assets	<u><u>\$ 1,433,092</u></u>
LIABILITIES	
Due to Other Taxing Units	<u>93,826</u>
Total Liabilities	<u><u>93,826</u></u>
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	<u>1,339,266</u>
Total Net Position	<u><u>1,339,266</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, 2025

	Custodial Funds
ADDITIONS	
Sales Tax Collections for Other Governments	\$ 519,754
Fines/Fees and Other Collections	6,019,391
Total Additions	<u><u>\$ 6,539,145</u></u>
DEDUCTIONS	
Payment of Sales Tax Collections to Other Governments	\$ 519,754
Payments to State	1,575,451
Payments to Cities, Individuals, and Others	4,063,514
Total Deductions	<u><u>\$ 6,158,719</u></u>
Net Increase (Decrease) in Fiduciary in Net Position	\$ 380,426
Net Position, July 1, 2024	<u><u>958,840</u></u>
Net Position, June 30, 2025	<u><u>\$ 1,339,266</u></u>

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

CLAY COUNTY, TENNESSEE

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CLAY COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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, 2025.

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 outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, 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. 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.

The 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.

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, 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 (FY 25) report was not available from the auditor of the Internal School Fund in time for inclusion in this report. Therefore, the prior year balances (FY 24) 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 on the [Tennessee Comptroller of the Treasury's website](#).

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.

Ambulance, property taxes, and solid waste receivables are shown with an allowance for uncollectibles. Ambulance and solid waste receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.29 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) 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:

Assets	Years
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 and OPEB changes in experience and assumptions; pension changes in proportionate share; and employer contributions made to the pension plan after the measurement date.

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

6. Compensated Absences

Primary Government

The general policy of Clay County allows employees to accumulate up to 12 days of vacation and unlimited sick leave beyond year-end. All vacation pay is accrued when incurred in the government-wide financial statements for the county. Only a portion of the unpaid accumulated sick leave is accrued. The criteria for accrual includes a “more likely than not,” to be used or paid. Since Clay County does not have a policy to pay any amounts when employees separate from service with the government, only the portion of sick leave “more likely than not” expected to be used is accrued in the government-wide financial statements. Sick leave expected to be credited to TCRS service is not accrued. A liability for vacation pay or sick leave 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 discretely presented Clay County 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. Only a portion of the unpaid accumulated sick leave is accrued. The criteria for accrual includes a “more likely than not,” to be used or paid. Since the school department does not have a policy to pay any amounts when employees separate from service with the government, only the portion of sick leave “more likely than not” expected to be used is accrued in the government-wide financial statements. Sick leave expected to be credited to TCRS service is not accrued. A liability for sick leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. In addition, accrued leave included on the government-wide statements includes accumulated compensatory time for central office personnel.

7. Long-term Debt and Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

8. Net Position and Fund Balance

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

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

The government-wide Statement of Net Position reports \$5,848,710 of restricted net position, of which \$1,988,818 is restricted by enabling legislation.

On June 30, 2025, Clay County had \$2,390,000 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. In the other governmental funds, funds expended that exceed the amounts that are restricted, committed, and assigned are reported as negative unassigned fund balance.

9. Restatements

With the implementation of GASB Statement 101, *Compensated Absences*, Clay County must recognize a restatement to the beginning net position in the Government-wide financial statements for the Primary Government and the discretely presented Clay County School Department to record an additional liability for compensated absences related to accumulated sick leave. A restatement of \$27,328 has been presented to reflect the beginning balance of the Primary Government and \$89,963 for the discretely presented Clay County School Department. The following table reflects the restatement amounts necessary to implement this standard:

	Government Wide - Governmental Activities	
	Discretely Presented	
	Primary Government	Clay County School Department
Net Position, as previously reported	\$ 26,048,634	\$ 18,937,644
Adjustments for GASB 101 Implementation:		
Compensated Absences Liability	(27,328)	(89,963)
Net Change in Beginning Net Position	\$ (27,328)	\$ (89,963)
Net Position, June 30, 2024, Restated	<u>\$ 26,021,306</u>	<u>\$ 18,847,681</u>

10. Change To or Within the Financial Reporting Entity

Changes in Major Fund Classification (Column A)

Fund classifications are evaluated annually in accordance with the criteria established in GASB Statement No. 34. During fiscal year 2025, the following funds experienced changes in major fund status:

The Other Special Revenue Fund no longer met the quantitative thresholds and is presented as a nonmajor governmental fund. Prior-year amounts have been restated to reflect the fund within the Nonmajor Governmental Funds column.

These presentation changes are reported retrospectively in accordance with GASB Statement No. 100 and do not affect the previously reported total governmental fund balances or changes in fund balances.

			Change To or Within the Financial Reporting Entity (A)	7-1-24 As Previously Reported	7-1-24 As Restated
Primary Government					
Governmental Funds					
Major Funds:					
Other Special Revenue	\$ 900,432	\$ (900,432)	\$ 0		
Nonmajor Funds	350,913	900,432	1,251,345		
Total Governmental Funds	\$ 1,251,345	\$ 0	\$ 1,251,345		

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) Plan

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, 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.

On June 30, 2025, the discretely presented Clay County School Department's General Purpose School Fund reported outstanding encumbrances totaling \$193,889.

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the Finance - County Clerk's Office and Other Operations – Employee Benefits major appropriations categories (the legal level of control) of the General Fund by \$900 and \$2,104, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the General Fund.

C. Investigation

On September 11, 2024, the Comptroller's Division of Investigations issued an investigative report that disclosed the Clay County Road Superintendent misappropriated highway department-purchased diesel fuel for his personal transportation business. In relation to this report, the road superintendent was indicted on one count of theft of property and three counts of official misconduct. A court date is scheduled for November 2025. Details of the investigation are available on the [Tennessee Comptroller of the Treasury's website](#).

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 fair value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank receives funds from customers of the secondary depositories equal to or greater

than the amount initially invested by the county. The balance of county funds with each secondary depository must not exceed FDIC insurance limits so that all funds are fully insured. Under this program, the trustee must provide the depository bank with a listing of all banks and savings and loan associations holding county funds under the same federal employer identification number (FEIN). To prevent deposits from exceeding FDIC coverage, the depository bank is prohibited from using any of those listed banks or savings and loan associations as secondary depositories. The use of this program must be approved by the county investment committee or finance committee as appropriate for the specific county. Further, the investment committee or finance committee must establish policies and procedures for the investments, including the establishment of controls to ensure that full FDIC insurance coverage is obtained. Service providers used by depositories must be approved by the state treasurer upon concurrence by the commissioner of financial institutions and finance and administration. There are currently only two eligible programs that have been approved by the state treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

Investments

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

The county had no pooled and nonpooled investments as of June 30, 2025.

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, 2025, 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	\$ 61,857
Developed Market International Equity	N/A	N/A	27,936
Emerging Market International Equity	N/A	N/A	7,982
U.S. Fixed Income	N/A	N/A	39,908
Real Estate	N/A	N/A	19,954
Short-term Securities	N/A	N/A	1,995
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>39,908</u>
Total			<u>\$ 199,540</u>

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained on the [Tennessee Department of Treasury website](#).

B. Capital Assets

Capital assets activity for the year ended June 30, 2025, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-24	Increases	Decreases	Balance 6-30-25
Capital Assets Not Depreciated:				
Land	\$ 103,800	\$ 0	\$ 0	\$ 103,800
Construction in Progress	285,299	245,420	0	530,719
Total Capital Assets Not Depreciated	<u>\$ 389,099</u>	<u>\$ 245,420</u>	<u>\$ 0</u>	<u>\$ 634,519</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,692,306	\$ 0	\$ 0	\$ 3,692,306
Infrastructure	13,169,148	1,032,609	(114,996)	14,086,761
Other Capital Assets	5,659,163	890,928	(130,273)	6,419,818
Total Capital Assets Depreciated	<u>\$ 22,520,617</u>	<u>\$ 1,923,537</u>	<u>\$ (245,269)</u>	<u>\$ 24,198,885</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,244,649	\$ 58,523	\$ 0	\$ 1,303,172
Infrastructure	3,595,066	114,891	(40,153)	3,669,804
Other Capital Assets	3,312,538	367,688	(102,135)	3,578,091
Total Accumulated Depreciation	<u>\$ 8,152,253</u>	<u>\$ 541,102</u>	<u>\$ (142,288)</u>	<u>\$ 8,551,067</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,368,364</u>	<u>\$ 1,382,435</u>	<u>\$ (102,981)</u>	<u>\$ 15,647,818</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,757,463</u>	<u>\$ 1,627,855</u>	<u>\$ (102,981)</u>	<u>\$ 16,282,337</u>

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

Governmental Activities:

General Government	\$ 5,247
Public Safety	110,807
Public Health and Welfare	167,831
Social, Cultural, and Recreational	11,684
Agriculture and Natural Resources	1,673
Highways/Public Works	243,860
	<hr/>
Total Depreciation Expense - Governmental Activities	\$ 541,102
	<hr/>

Discretely Presented Clay County School Department

Governmental Activities:

	Balance 7-1-24	Increases	Decreases	Balance 6-30-25
Capital Assets Not Depreciated:				
Land	\$ 298,098	\$ 0	\$ 0	\$ 298,098
Construction in Progress	445,707	542,609	(445,707)	542,609
Total Capital Assets Not Depreciated	\$ 743,805	\$ 542,609	\$ (445,707)	\$ 840,707
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,232,824	\$ 805,555	\$ 0	\$ 15,038,379
Infrastructure	648,860	0	0	648,860
Other Capital Assets	2,707,414	846,791	(167,807)	3,386,398
Total Capital Assets Depreciated	\$ 17,589,098	\$ 1,652,346	\$ (167,807)	\$ 19,073,637
Less Accumulated Depreciation:				
Buildings and Improvements	\$ 6,938,052	\$ 349,592	\$ 0	\$ 7,287,644
Infrastructure	477,791	7,393	0	485,184
Other Capital Assets	1,556,339	185,245	(143,039)	1,598,545
Total Accumulated Depreciation	\$ 8,972,182	\$ 542,230	\$ (143,039)	\$ 9,371,373
Total Capital Assets Depreciated, Net	\$ 8,616,916	\$ 1,110,116	\$ (24,768)	\$ 9,702,264
Governmental Activities Capital Assets, Net	\$ 9,360,721	\$ 1,652,725	\$ (470,475)	\$ 10,542,971

Depreciation expense was charged to functions of the school department as follows:

Governmental Activities:

Instruction	\$ 403,334
Support Services	124,698
Operation of Non-instructional Services	<u>14,198</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 542,230</u></u>

C. Construction Commitments

On June 30, 2025, the county had construction in progress of approximately \$292,800 for survey and design expenditures for a new jail. The construction contracts have not been bid for this project as of June 30, 2025. The county plans to fund these future expenditures through the issuance of general obligation bonds.

On June 30, 2025, the highway department had an uncompleted construction contract of approximately \$812,090 for bridge construction. Funding for these future expenditures is expected to be received from state grants.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2025, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 2,334
Solid Waste/Sanitation	General	25,000
Nonmajor governmental	"	2,400

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
Governmental Activities	School Department	
	Governmental Activities	\$ 2,390,000

The Due to Primary Government of \$2,390,000 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, 2025, consisted of the following amounts:

Discretely Presented Clay County School Department

Transfer Out	Transfer In	
	General Fund	Purpose
School Federal Projects Fund	\$ 24,309	Indirect costs

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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, 2025, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2025, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-25
General Obligation Bonds	3 %	6-1-31	\$ 4,660,000	\$ 2,390,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2025, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2030-2031	845,000	38,250	883,250
Total	\$ 2,390,000	\$ 257,250	\$ 2,647,250

There is \$3,847,304 available in the county's General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$315, 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.

Description of Debt	Outstanding 6-30-25
Bonds Payable -	
Contributions from General Purpose School Fund	
General Obligation School Bonds, Series 2018	\$ 2,390,000

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2025, was as follows:

Governmental Activities:

	Bonds
Balance, July 1, 2024	\$ 2,750,000
Reductions	(360,000)
Balance, June 30, 2025	\$ 2,390,000
Balance Due Within One Year	\$ 370,000

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt - June 30, 2025	\$ 2,390,000
Less: Balance Due Within One Year - Debt	(370,000)
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	\$ 2,020,000

F. Long Term Obligations

Primary Government

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2025, was as follows:

Governmental Activities:

	Compensated Absences *
Balance, July 1, 2024	\$ 85,788
Additions	154,810
Reductions	0
 Balance, June 30, 2025	 <u>\$ 240,598</u>
 Balance Due Within One Year	 <u>\$ 174,982</u>

* Restated beginning balance - see Note I.D.9. The change in compensated absences is presented as a net change.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other - June 30, 2025	\$ 240,598
Less: Balance Due Within One Year - Other	<u>(174,982)</u>
 Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	 <u>\$ 65,616</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, 2025, was as follows:

Governmental Activities:

	Other	
	Compensated Absences *	Postemployment Benefits
Balance, July 1, 2024	\$ 94,174	\$ 1,018,043
Additions	40,135	63,084
Reductions	0	(38,021)
 Balance, June 30, 2025	 <u>\$ 134,309</u>	 <u>\$ 1,043,106</u>
 Balance Due Within One Year	 <u>\$ 134,309</u>	 <u>0</u>

* Restated beginning balance - see Note I.D.9. The change in compensated absences is presented as a net change.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other - June 30, 2025	\$ 1,177,415
Less: Balance Due Within One Year - Other	<u>(134,309)</u>

Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	\$ <u>1,043,106</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

V. OTHER INFORMATION

A. *Risk Management*

Primary Government

The county is exposed to various risks related to general liability, property, and casualty losses. During 2024, 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 (LGWCF), 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. 101, *Compensated Absences*, became effective for the fiscal year ending June 30, 2025. This statement updates the recognition and measurement guidance for compensated absences under a unified model and amends certain previously required disclosures.

GASB Statement No. 102, *Certain Risk Disclosures*, became effective for the fiscal year ending June 30, 2025. This statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

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. 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, 2025. 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

E. Jointly Governed Organization

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

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Clay County and non-certified employees of the discretely presented Clay County School Department are provided a defined benefit pension plan

through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 68.03 percent, the non-certified employees of the discretely presented school department comprise 31.97 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 on the [Tennessee Department of Treasury website](#).

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, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	91
Inactive Employees Entitled to But Not Yet Receiving Benefits	190
Active Employees	178
<hr/> Total	<hr/> 459

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. 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, 2025, the employer contribution for Clay County was \$412,917 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, 2024, 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, 2024, 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, 2024, 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	4.88	%
Developed Market		31
International Equity	5.37	14
Emerging Market		
International Equity	6.09	4
Private Equity and		
Strategic Lending	6.57	20
U.S. Fixed Income	1.20	20
Real Estate	4.38	10
Short-term Securities	0.00	1
Total	100	%

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2023	\$ 13,918,678	\$ 13,997,871	\$ (79,193)
Changes for the Year:			
Service Cost	\$ 502,672	\$ 0	\$ 502,672
Interest	946,201	0	946,201
Differences Between Expected and Actual Experience	161,517	0	161,517
Contributions-Employer	0	393,781	(393,781)
Contributions-Employees	0	273,839	(273,839)
Net Investment Income	0	1,358,746	(1,358,746)
Benefit Payments, Including Refunds of Employee Contributions	(807,118)	(807,118)	0
Administrative Expense	0	(19,793)	19,793
Net Changes	\$ 803,272	\$ 1,199,455	\$ (396,183)
Balance, June 30, 2024	<u>\$ 14,721,950</u>	<u>\$ 15,197,326</u>	<u>\$ (475,376)</u>

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

		Plan	Net
	Total Pension Liability	Fiduciary Net Position	Pension Liability (Asset)
Primary Government	68.03%	\$ 10,015,343	\$ 10,338,741
School Department	31.97%	<u>4,706,607</u>	<u>4,858,585</u>
Total		<u>\$ 14,721,950</u>	<u>\$ 15,197,326</u>
			<u>\$ (475,376)</u>

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 percent) or one percentage point higher (7.75 percent) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%		1% Increase 7.75%
Clay County				
Net Pension Liability (Asset)	\$ 1,678,531	\$ (475,376)	\$ (2,228,102)	

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, 2025, Clay County recognized (negative pension expense) of \$402,963.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, Clay County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 445,440	\$ 117,004
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	161,695
Changes in Assumptions	234,966	0
Contributions Subsequent to the Measurement Date of June 30, 2024 (1)	<u>412,917</u>	N/A
Total	<u>\$ 1,093,323</u>	<u>\$ 278,699</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2024,” 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	\$ 743,704	\$ 189,599
School Department	<u>349,619</u>	<u>89,100</u>
Total	<u>\$ 1,093,323</u>	<u>\$ 278,699</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
2026	\$ 100,636
2027	298,028
2028	54,593
2029	(51,550)
2030	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 Plans

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 68.03 percent and the non-certified employees of the discretely presented school department comprise 31.97 percent of the plan based on contribution data.

Discretely Presented Clay County School Department - 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 on the [Tennessee Department of Treasury website](#).

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, 2025, to the Teacher Retirement Plan were \$68,442, which is three percent of covered payroll. In addition, employer contributions of \$20,326, which is one 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). On June 30, 2025, the school department reported a liability (asset) of (\$60,204) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, 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, 2024, the school department's proportion was .084483 percent. The proportion as of June 30, 2023, was .089136 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2025, the school department recognized pension expense (negative pension expense) of \$50,565.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 4,973	\$ 18,496
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	10,155
Changes in Assumptions	23,924	0
Changes in Proportion of Net Pension Liability (Asset)	11,400	7,929
LEA's Contributions Subsequent to the Measurement Date of June 30, 2024	<u>68,442</u>	N/A
Total	\$ 108,739	\$ 36,580

The school department's employer contributions of \$68,442 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2026. 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
2026	\$ (5,622)
2027	8,428
2028	(3,484)
2029	(3,429)
2030	1,484
Thereafter	6,339

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, 2024, 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, 2024, 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	4.88	%
Developed Market		31
International Equity	5.37	14
Emerging Market		
International Equity	6.09	4
Private Equity and		
Strategic Lending	6.57	20
U.S. Fixed Income	1.20	20
Real Estate	4.38	10
Short-term Securities	0.00	1
 Total	 100	 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the 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 percent) or one percentage point higher (7.75 percent) 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)	\$ 158,776	\$ (60,204)	\$ (223,170)

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

Discretely Presented Clay County School Department - Certified Employees - 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 on the [Tennessee Department of Treasury website](#).

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, 2024, to the Teacher Legacy Pension Plan were \$264,275, which is 6.36 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). On June 30, 2025, the school department reported a liability (asset) of (\$2,115,068) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, 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, 2024, the school department's proportion was .122765 percent. The proportion measured at June 30, 2023, was .124485 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2025, the school department recognized pension expense (negative pension expense) of \$426,931.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, 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	\$ 564,032	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	411,929
Changes in Proportion of Net Pension Liability (Asset)	22,859	62,612
LEA's Contributions Subsequent to the Measurement Date of June 30, 2024	<u>264,275</u>	<u>N/A</u>
 Total	 <u>\$ 851,166</u>	 <u>\$ 474,541</u>

The school department's employer contributions of \$264,275 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2026. 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
2026	\$ (258,743)
2027	802,623
2028	(214,916)
2029	(216,883)
2030	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability as of the June 30, 2024, 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, 2024, 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	4.88	%
Developed Market		31
International Equity	5.37	14
Emerging Market		
International Equity	6.09	4
Private Equity and		
Strategic Lending	6.57	20
U.S. Fixed Income	1.20	20
Real Estate	4.38	10
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the 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 percent) or one percentage point higher (7.75 percent) 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)	\$ 2,686,869	\$ (2,115,068)	\$ (6,097,619)

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. 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 \$135,640 and teachers contributed \$104,945 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

Until December 31, 2024, the discretely presented Clay County School Department provided OPEB benefits to its employees through a commercial insurance plan. Beginning January 1, 2025, the school department converted to the state group health insurance plan. Since the state's actuary prepares an actuarial report based on the last fiscal year, the school department will not be included in the state's report for the fiscal year ending June 30, 2025.

The county's actuary provided an actuarial report dated December 31, 2024; therefore, the amounts shown in the county's financial statements on June 30, 2025, are taken from that report. So, all OPEB amounts shown in this report are for the six-month period ending December 31, 2024, and reflect the valuation of liabilities and cost as of that date.

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 December 31, 2024, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving Benefits	8
Inactive Employees Entitled To But Not Yet Receiving Benefits	0
Active Employees Eligible for Benefits	<u>94</u>
 Total	<u>102</u>

Total OPEB Liability

The school department's total OPEB liability of \$1,043,106 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the December 31, 2024, 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	4.28%
Healthcare Cost Trend Rates	4.5%
Retirees share of	
Benefit-related Cost	45% to 100% depending on years of service and employee classification

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on RHP-2014 Total Table with Projection MP-2021.

The actuarial assumptions used in the December 31, 2024, valuation were based on plan data and costs presented by the school department with concurrence by the actuary.

Changes in the Total OPEB Liability – As of the Measurement Date

	Total OPEB Liability
Balance July 1, 2024	\$ 1,018,043
Changes for the Year:	
Service Cost	\$ 15,795
Interest	21,424
Difference between Expected and Actual Experience	25,865
Changes in Assumption	(5,919)
Benefit Payments	(32,102)
Net Changes	<u>\$ 25,063</u>
 Balance December 31, 2024	 <u>\$ 1,043,106</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, the school department recognized a negative OPEB expense of \$(20,522). On June 30, 2025, 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 Actual and Expected Experience	\$ 101,141	\$ 99,445
Changes of Assumptions	<u>11,547</u>	<u>160,643</u>
Total	<u><u>\$ 112,688</u></u>	<u><u>\$ 260,088</u></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
2026	\$ (56,194)
2027	(47,064)
2028	(45,291)
2029	(16,425)
2030	12,380
Thereafter	5,194

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 4.28 percent, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (3.21%) or one percentage point higher (5.21%) than the current rate:

Discount Rate	Current		
	1% Decrease	Discount Rate	1% Increase
	3.28%	4.28%	5.28%
Total OPEB Liability	\$ 1,130,795	\$ 1,043,106	\$ 962,279

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:

Healthcare Cost Trend Rate	Current		
	1%	Trend	1%
	Decrease	Rate	Increase
	3.5%	4.5%	5.5%
Total OPEB Liability	\$ 942,336	\$ 1,043,106	\$ 1,160,442

H. *Purchasing Laws*

Office of County Mayor

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

Office of Road Superintendent

Chapter 565, Private Acts of 1951, as amended, and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the highway department. Provisions of the Uniform Road Law require all purchases exceeding \$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. Furthermore, the Board of Education adopted the provisions of Section 12-3-1212, *TCA*, on May 18, 2023. This statute requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$25,000.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	\$ 285,817	\$ 288,245	\$ 283,956	\$ 301,295	\$ 309,901	\$ 316,257	\$ 337,170	\$ 413,852	\$ 425,460	\$ 502,672
Interest	580,662	618,024	639,352	660,048	687,238	726,314	771,509	829,244	860,046	946,201
Differences Between Actual and Expected Experience	23,293	(215,363)	(206,343)	(151,464)	(17,454)	(3,246)	(132,389)	(226,316)	527,042	161,517
Changes in Assumptions	0	0	244,394	0	0	0	1,174,834	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(359,622)	(428,444)	(376,061)	(422,492)	(464,406)	(429,729)	(443,992)	(724,440)	(419,667)	(807,118)
Net Change in Total Pension Liability	\$ 530,150	\$ 262,462	\$ 585,298	\$ 387,387	\$ 515,279	\$ 609,596	\$ 1,707,132	\$ 292,340	\$ 1,392,881	\$ 803,272
Total Pension Liability, Beginning	7,636,153	8,166,303	8,428,765	9,014,063	9,401,450	9,916,729	10,526,325	12,233,457	12,525,797	13,918,678
Total Pension Liability, Ending (a)	\$ 8,166,303	\$ 8,428,765	\$ 9,014,063	\$ 9,401,450	\$ 9,916,729	\$ 10,526,325	\$ 12,233,457	\$ 12,525,797	\$ 13,918,678	\$ 14,721,950
Plan Fiduciary Net Position										
Contributions - Employer	\$ 249,053	\$ 243,631	\$ 248,962	\$ 253,290	\$ 262,937	\$ 277,398	\$ 284,131	\$ 285,184	\$ 327,587	\$ 393,781
Contributions - Employee	175,737	170,013	173,131	176,140	183,842	192,907	197,588	198,481	227,809	273,839
Net Investment Income	233,484	207,931	911,342	743,487	720,862	515,864	2,822,702	(522,167)	877,859	1,358,746
Benefit Payments, Including Refunds of Employee Contributions	(359,622)	(428,444)	(376,061)	(422,492)	(464,406)	(429,729)	(443,992)	(724,440)	(419,667)	(807,118)
Administrative Expense	0	0	(12,605)	(14,338)	(13,554)	(12,998)	(13,590)	(14,379)	(15,189)	(19,793)
Other	(8,179)	(11,688)	6	0	0	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 290,473	\$ 181,443	\$ 944,775	\$ 736,087	\$ 689,681	\$ 543,442	\$ 2,846,839	\$ (777,321)	\$ 998,399	\$ 1,199,455
Plan Fiduciary Net Position, Beginning	7,544,053	7,834,526	8,015,969	8,960,744	9,696,831	10,386,512	10,929,954	13,776,793	12,999,472	13,997,871
Plan Fiduciary Net Position, Ending (b)	\$ 7,834,526	\$ 8,015,969	\$ 8,960,744	\$ 9,696,831	\$ 10,386,512	\$ 10,929,954	\$ 13,776,793	\$ 12,999,472	\$ 13,997,871	\$ 15,197,326
Net Pension Liability (Asset), Ending (a - b)	\$ 331,777	\$ 412,796	\$ 53,319	\$ (295,381)	\$ (469,783)	\$ (403,629)	\$ (1,543,336)	\$ (473,675)	\$ (79,193)	\$ (475,376)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.94%	95.10%	99.41%	103.14%	104.74%	103.83%	112.62%	103.78%	100.57%	103.23%
Covered Payroll	\$ 3,463,875	\$ 3,388,256	\$ 3,462,610	\$ 3,522,792	\$ 3,656,977	\$ 3,858,106	\$ 3,951,754	\$ 3,966,391	\$ 4,556,146	\$ 5,482,389
Net Pension Liability (Asset) as a Percentage of Covered Payroll	9.58%	12.18%	1.54%	8.38%	(12.85)%	(10.46)%	(39.05)%	(11.94)%	(1.74)%	(8.67)%

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 243,631	\$ 248,962	\$ 253,290	\$ 262,937	\$ 256,564	\$ 262,396	\$ 167,778	\$ 301,162	\$ 362,015	\$ 412,917
Less: Contributions in Relation to the Actuarially Determined Contribution	(243,631)	(248,962)	(253,290)	(262,937)	(277,398)	(284,131)	(285,184)	(327,587)	(393,781)	(412,917)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (20,834)	\$ (21,735)	\$ (117,406)	\$ (26,425)	\$ (31,766)	\$ 0
Covered Payroll	\$ 3,388,526	\$ 3,462,610	\$ 3,522,792	\$ 3,656,977	\$ 3,858,106	\$ 3,951,754	\$ 3,966,391	\$ 4,556,146	\$ 5,482,389	\$ 5,742,948
Contributions as a Percentage of Covered Payroll	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.18%	7.19%

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 15,753	\$ 22,262	\$ 28,054	\$ 18,036	\$ 22,098	\$ 30,329	\$ 31,363	\$ 50,884	\$ 58,547	\$ 68,442
Less: Contributions in Relation to the Contractually Required Contribution	(15,753)	(22,262)	(28,054)	(18,036)	(22,098)	(30,329)	(31,363)	(50,884)	(58,547)	(68,442)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 393,835	\$ 556,552	\$ 705,336	\$ 929,666	\$ 1,088,565	\$ 1,501,420	\$ 1,560,359	\$ 1,772,969	\$ 1,984,647	\$ 2,281,405
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	3.98%	1.94%	2.03%	2.02%	2.01%	2.87%	2.95%	3.00%

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

2019: Pension - 1.94%, SRT - 2.02%

2020: Pension - 2.03%, SRT - 1.97%

2021: Pension - 2.02%, SRT - 1.98%

2022: Pension - 2.01%, SRT - 1.99%

2023: Pension - 2.87%, SRT - 1.13%

2024: Pension - 2.95%, SRT - 1.05%

2025: Pension - 3.00%, SRT - 1.00%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 345,024	\$ 353,013	\$ 358,448	\$ 394,262	\$ 398,111	\$ 396,722	\$ 402,211	\$ 351,040	\$ 276,839	\$ 264,275
Less: Contributions in Relation to the Contractually Required Contribution	(345,024)	(353,013)	(358,448)	(394,262)	(398,111)	(396,722)	(402,211)	(351,040)	(276,839)	(264,275)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 3,816,643	\$ 3,905,011	\$ 3,947,662	\$ 3,769,224	\$ 3,745,166	\$ 3,862,919	\$ 3,904,956	\$ 4,039,577	\$ 4,065,176	\$ 4,155,248
Contributions as a Percentage of Covered Payroll	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%	6.81%	6.36%

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	2022	2023	2024
School Department's Proportion of the Net Pension Liability (Asset)	0.100474%	0.089507%	0.084797%	0.080257%	0.087854%	0.086262%	0.104035%	0.091373%	0.089136%	0.084483%
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)	\$ (27,679)	\$ (37,797)	\$ (60,204)
Covered Payroll	\$ 213,156	\$ 393,835	\$ 556,552	\$ 705,336	\$ 929,666	\$ 1,088,565	\$ 1,501,420	\$ 1,560,359	\$ 1,772,969	\$ 1,984,647
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)%	(1.77)%	(2.13)%	(3.03)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%	104.97%	106.49%

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
School Department's Proportion of the Net Pension Liability (Asset)	0.109005%	0.105730%	0.110469%	0.112736%	0.112409%	0.112526%	0.117694%	0.118658%	0.124485%	0.122765%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ 44,652	\$ 660,754	\$ (36,144)	\$ (396,710)	\$ (1,155,766)	\$ (858,096)	\$ (5,076,433)	\$ (1,455,227)	\$ (1,467,640)	\$ (2,115,068)
Covered Payroll	\$ 4,080,585	\$ 3,816,643	\$ 3,905,011	\$ 3,947,662	\$ 3,769,224	\$ 3,745,166	\$ 3,862,919	\$ 3,904,956	\$ 4,039,577	\$ 4,065,176
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	1.09%	17.31%	(.93)%	(10.05)%	(30.66)%	(22.91)%	(131.41)%	(37.27)%	(36.33)%	(52.03)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%	104.11%	105.76%

CLAY COUNTY, TENNESSEE**Schedule of Changes in the Total OPEB Liability and Related Ratios -****Clay County School Department Plan - Commercial Plan**

Discretely Presented Clay County School Department

For the Fiscal Year Ended June 30

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service Cost	\$ 32,302	\$ 33,555	\$ 43,463	\$ 54,140	\$ 49,178	\$ 35,680	\$ 31,839	\$ 15,795
Interest	55,723	53,426	46,338	29,533	24,086	34,316	37,540	21,424
Differences Between Actual and Expected Experience	0	6,401	(66,899)	(112,631)	(47,923)	(28,140)	108,629	25,865
Changes in Assumptions or Other Inputs	0	(86,991)	49,833	(144,082)	(118,466)	(45,613)	(6,382)	(5,919)
Benefit Payments	(113,629)	(116,218)	(89,478)	(52,578)	(33,924)	(44,228)	(61,418)	(32,102)
Net Change in Total OPEB Liability	\$ (25,604)	\$ (109,827)	\$ (16,743)	\$ (225,618)	\$ (127,049)	\$ (47,985)	\$ 110,208	\$ 25,063
Total OPEB Liability, Beginning	\$ 1,460,661	\$ 1,435,057	\$ 1,325,230	\$ 1,308,487	\$ 1,082,869	\$ 955,820	\$ 907,835	\$ 1,018,043
Total OPEB Liability, Ending	\$ 1,435,057	\$ 1,325,230	\$ 1,308,487	\$ 1,082,869	\$ 955,820	\$ 907,835	\$ 1,018,043	\$ 1,043,106
Covered Employee Payroll	\$ 3,810,347	\$ 3,631,433	\$ 3,791,790	\$ 3,924,076	\$ 3,935,147	\$ 3,874,495	\$ 3,700,273	\$ 3,700,273
Total OPEB Liability as a percentage of covered employee payroll	37.66%	36.49%	34.51%	27.60%	24.29%	23.43%	27.51%	28.19%

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%
2023	4.13%
2024	4.21%
2025	4.28%

(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%
- For the 2023 plan year - rate was 4.5%
- For the 2024 plan year - rate was 4.5%
- For the 2025 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, 2025

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2025 were calculated based on the June 30, 2023, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization	
Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Fair Value
Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.125%

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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.

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for revenues received from the American Rescue Plan Act (ARPA).

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.

CLAY COUNTY, TENNESSEE
Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

	Special Revenue Funds				Total
	Courthouse and Jail Maintenance	Drug Control	Other Special Revenue	Constitu-tional Officers - Fees	Nonmajor Governmental Funds
ASSETS					
Cash	\$ 0	\$ 0	\$ 0	\$ 30,017	\$ 30,017
Equity in Pooled Cash and Investments	208,444	95,532	756,548	0	1,060,524
Accounts Receivable	0	0	0	967	967
Due from Other Funds	2,400	0	0	0	2,400
Total Assets	\$ 210,844	\$ 95,532	\$ 756,548	\$ 30,984	\$ 1,093,908
LIABILITIES					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 2,334	\$ 2,334
Due to Other Governments	0	0	204,333	0	204,333
Total Liabilities	\$ 0	\$ 0	\$ 204,333	\$ 2,334	\$ 206,667
FUND BALANCES					
Restricted:					
Restricted for General Government	\$ 198,731	\$ 0	\$ 0	\$ 0	\$ 198,731
Restricted for General Government - American Rescue Plan Act	0	0	552,215	0	552,215
Restricted for Public Safety	0	95,532	0	0	95,532
Restricted for Capital Outlay	12,113	0	0	0	12,113
Committed:					
Committed for Finance	0	0	0	28,650	28,650
Total Fund Balances	\$ 210,844	\$ 95,532	\$ 552,215	\$ 28,650	\$ 887,241
Total Liabilities and Fund Balances	\$ 210,844	\$ 95,532	\$ 756,548	\$ 30,984	\$ 1,093,908

CLAY COUNTY, TENNESSEE**Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2025**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	<i>Courthouse and Jail Maintenance</i>	<i>Drug Control</i>	<i>Formerly Major Other Special Revenue</i>	<i>Constitu - tional Officers - Fees</i>		
Revenues						
Local Taxes	\$ 15,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,985
Fines, Forfeitures, and Penalties	0	11,030	0	0	0	11,030
Charges for Current Services	0	0	0	115,449	115,449	
State of Tennessee	4,460	0	0	0	0	4,460
Other Governments and Citizens Groups	4,900	0	0	0	0	4,900
Total Revenues	\$ 25,345	\$ 11,030	\$ 0	\$ 115,449	\$ 0	151,824
Expenditures						
Current:						
General Government	\$ 48,238	\$ 0	\$ 348,217	\$ 0	\$ 0	\$ 396,455
Finance	0	0	0	111,097	111,097	
Public Safety	0	8,095	0	0	0	8,095
Other Operations	169	112	0	0	0	281
Total Expenditures	\$ 48,407	\$ 8,207	\$ 348,217	\$ 111,097	\$ 0	515,928
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,062)	\$ 2,823	\$ (348,217)	\$ 4,352	\$ (364,104)	
Net Change in Fund Balances	\$ (23,062)	\$ 2,823	\$ (348,217)	\$ 4,352	\$ (364,104)	
Change to or Within the Reporting Entity	0	0	900,432	0	900,432	
Fund Balance, July 1, 2024	233,906	92,709	0	24,298	24,298	350,913
Fund Balance, June 30, 2025	\$ 210,844	\$ 95,532	\$ 552,215	\$ 28,650	\$ 887,241	

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, 2025

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 15,985	\$ 14,400	\$ 14,400	\$ 1,585
State of Tennessee	4,460	10,000	14,460	(10,000)
Other Governments and Citizens Groups	4,900	20,000	22,500	(17,600)
Total Revenues	<u>\$ 25,345</u>	<u>\$ 44,400</u>	<u>\$ 51,360</u>	<u>\$ (26,015)</u>
Expenditures				
General Government				
County Buildings	\$ 48,238	\$ 149,565	\$ 156,525	\$ 108,287
Other Operations				
Other Charges	169	500	500	331
Total Expenditures	<u>\$ 48,407</u>	<u>\$ 150,065</u>	<u>\$ 157,025</u>	<u>\$ 108,618</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,062)</u>	<u>\$ (105,665)</u>	<u>\$ (105,665)</u>	<u>\$ 82,603</u>
Net Change in Fund Balance	<u>\$ (23,062)</u>	<u>\$ (105,665)</u>	<u>\$ (105,665)</u>	<u>\$ 82,603</u>
Fund Balance, July 1, 2024	<u>233,906</u>	<u>233,905</u>	<u>233,905</u>	<u>1</u>
Fund Balance, June 30, 2025	<u>\$ 210,844</u>	<u>\$ 128,240</u>	<u>\$ 128,240</u>	<u>\$ 82,604</u>

CLAY COUNTY, TENNESSEE**Schedule of Revenues, Expenditures, and Changes****in Fund Balance - Actual and Budget**

Drug Control Fund

For the Year Ended June 30, 2025

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Fines, Forfeitures, and Penalties	\$ 11,030	\$ 2,900	\$ 2,900	\$ 8,130
Total Revenues	<u>\$ 11,030</u>	<u>\$ 2,900</u>	<u>\$ 2,900</u>	<u>\$ 8,130</u>
Expenditures				
Public Safety				
Drug Enforcement	\$ 8,095	\$ 78,000	\$ 78,000	\$ 69,905
Other Operations				
Other Charges	112	0	200	88
Total Expenditures	<u>\$ 8,207</u>	<u>\$ 78,000</u>	<u>\$ 78,200</u>	<u>\$ 69,993</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,823	\$ (75,100)	\$ (75,300)	\$ 78,123
Net Change in Fund Balance	\$ 2,823	\$ (75,100)	\$ (75,300)	\$ 78,123
Fund Balance, July 1, 2024	<u>92,709</u>	<u>92,709</u>	<u>92,709</u>	<u>0</u>
Fund Balance, June 30, 2025	<u>\$ 95,532</u>	<u>\$ 17,609</u>	<u>\$ 17,409</u>	<u>\$ 78,123</u>

CLAY COUNTY, TENNESSEE**Schedule of Revenues, Expenditures, and Changes****in Fund Balance - Actual and Budget**

Other Special Revenue Fund

For the Year Ended June 30, 2025

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Other Local Revenues	\$ 0	\$ 13	\$ 13	\$ (13)
Total Revenues	\$ 0	\$ 13	\$ 13	\$ (13)
Expenditures				
General Government				
County Buildings	\$ 348,217	\$ 995,547	\$ 995,547	\$ 647,330
Total Expenditures	\$ 348,217	\$ 995,547	\$ 995,547	\$ 647,330
Excess (Deficiency) of Revenues Over Expenditures	\$ (348,217)	\$ (995,534)	\$ (995,534)	\$ 647,317
Net Change in Fund Balance	\$ (348,217)	\$ (995,534)	\$ (995,534)	\$ 647,317
Changes to or Within the Financial Reporting Entity	900,432	0	0	900,432
Fund Balance, July 1, 2024	0	995,547	995,547	(995,547)
Fund Balance, June 30, 2025	\$ 552,215	\$ 13	\$ 13	\$ 552,202

MAJOR GOVERNMENTAL FUNDS

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.

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, 2025

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 436,002	\$ 427,008	\$ 427,008	\$ 8,994
Other Local Revenues	115,064	88,000	88,000	27,064
Other Governments and Citizens Groups	442,950	0	442,950	0
Total Revenues	\$ 994,016	\$ 515,008	\$ 957,958	\$ 36,058
Expenditures				
Principal on Debt				
Education	\$ 360,000	\$ 0	\$ 360,000	\$ 0
Interest on Debt				
Education	82,500	0	82,500	0
Other Debt Service				
General Government	7,015	8,000	8,000	985
Education	450	0	450	0
Total Expenditures	\$ 449,965	\$ 8,000	\$ 450,950	\$ 985
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 544,051	\$ 507,008	\$ 507,008	\$ 37,043
Net Change in Fund Balance	\$ 544,051	\$ 507,008	\$ 507,008	\$ 37,043
Fund Balance, July 1, 2024	3,303,253	3,302,967	3,302,967	286
Fund Balance, June 30, 2025	\$ 3,847,304	\$ 3,809,975	\$ 3,809,975	\$ 37,329

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, litigants, heirs, and others.

CLAY COUNTY, TENNESSEE
Combining Statement of Net Position - Custodial Funds
June 30, 2025

	Custodial Funds			
	Cities -	Constitu -	tional	
	Sales	Officers -	Custodial	Total
ASSETS				
Cash	\$ 0	\$ 1,339,266	\$ 1,339,266	
Due from Other Governments	\$ 93,826	\$ 0	\$ 93,826	
Total Assets	\$ 93,826	\$ 1,339,266	\$ 1,433,092	
LIABILITIES				
Due to Other Taxing Units	\$ 93,826	\$ 0	\$ 93,826	
Total Liabilities	\$ 93,826	\$ 0	\$ 93,826	
NET POSITION				
Restricted for Individuals, Organizations, and Other Governments	\$ 0	\$ 1,339,266	\$ 1,339,266	
Total Net Position	\$ 0	\$ 1,339,266	\$ 1,339,266	

CLAY COUNTY, TENNESSEE
Combining Statement of Changes in Net Position - Custodial Funds
For the Year Ended June 30, 2025

	Custodial Funds			
	Cities - Sales Tax	Constitu - tional Officers - Custodial		Total
Additions				
Sales Tax Collections for Other Governments	\$ 519,754	\$ 0	\$ 519,754	
Fines/Fees and Other Collections	0	6,019,391	6,019,391	
Total Additions	\$ 519,754	\$ 6,019,391	\$ 6,539,145	
Deductions				
Payment of Sales Tax Collections for Other Governments	\$ 519,754	\$ 0	\$ 519,754	
Payments to State	0	1,575,451	1,575,451	
Payments to Cities, Individuals, and Others	0	4,063,514	4,063,514	
Total Deductions	\$ 519,754	\$ 5,638,965	\$ 6,158,719	
Change in Net Position	\$ 0	\$ 380,426	\$ 380,426	
Net Position July 1, 2024	0	958,840	958,840	
Net Position June 30, 2025	\$ 0	\$ 1,339,266	\$ 1,339,266	

CLAY COUNTY SCHOOL DEPARTMENT

This section presents combining and individual fund financial statements for the Typical 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.

CLAY COUNTY, TENNESSEE**Statement of Activities**

Discretely Presented Clay County School Department
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 7,936,484	\$ 20,160	\$ 1,498,740	\$ 798,505
Support Services	5,305,565	0	806,817	0
Operation of Non-instructional Services	2,110,049	36,101	1,190,082	0
Interest on Long-term Debt	82,500	0	0	0
Total Governmental Activities	\$ 15,434,598	\$ 56,261	\$ 3,495,639	\$ 798,505
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,764,294
Local Option Sales Taxes				1,104,729
Mixed Drink Tax				138
Grants and Contributions Not Restricted to Specific Programs				9,946,238
Unrestricted Investment Earnings				13,905
Miscellaneous				9,704
Sale of Equipment				4,486
Total General Revenues				\$ 12,843,494
Insurance Recovery				\$ 17,059
Change in Net Position				\$ 1,776,360
Net Position, July 1, 2024				18,937,644
Restatement - See Note I.D.9.				(89,963)
Net Position, June 30, 2025				\$ 20,624,041

CLAY COUNTY, TENNESSEE**Balance Sheet - Governmental Funds**

Discretely Presented Clay County School Department

June 30, 2025

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds		
ASSETS					
Cash	\$ 15,000	\$ 0	\$ 415,664	\$ 430,664	
Equity in Pooled Cash and Investments	8,254,194	356,816	266,889	8,877,899	
Accounts Receivable	0	0	5,590	5,590	
Due from Other Governments	989,765	143,184	60,183	1,193,132	
Property Taxes Receivable	1,859,769	0	0	1,859,769	
Allowance for Uncollectible Property Taxes	(45,607)	0	0	(45,607)	
Restricted Assets	199,540	0	0	199,540	
Total Assets	\$ 11,272,661	\$ 500,000	\$ 748,326	\$ 12,520,987	
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 1,761,655	\$ 0	\$ 0	\$ 1,761,655	
Deferred Delinquent Property Taxes	49,283	0	0	49,283	
Other Deferred/Unavailable Revenue	102,801	0	0	102,801	
Total Deferred Inflows of Resources	\$ 1,913,739	\$ 0	\$ 0	\$ 1,913,739	
FUND BALANCES					
Restricted:					
Restricted for Education	\$ 0	\$ 0	\$ 748,326	\$ 748,326	
Restricted for Hybrid Retirement Stabilization Funds	199,540	0	0	199,540	
Committed:					
Committed for Education	1,421,603	500,000	0	1,921,603	
Assigned:					
Assigned for Education	208,889	0	0	208,889	
Unassigned	7,528,890	0	0	7,528,890	
Total Fund Balances	\$ 9,358,922	\$ 500,000	\$ 748,326	\$ 10,607,248	
Total Deferred Inflows of Resources and Fund Balances	\$ 11,272,661	\$ 500,000	\$ 748,326	\$ 12,520,987	

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, 2025

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)		\$ 10,607,248
(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: construction in progress	542,609	
Add: buildings and improvements net of accumulated depreciation	7,750,735	
Add: infrastructure net of accumulated depreciation	163,676	
Add: other capital assets net of accumulated depreciation	<u>1,787,853</u>	10,542,971
(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	\$ (2,390,000)	
Less: compensated absences payable	(134,309)	
Less: net OPEB liability	<u>(1,043,106)</u>	(3,567,415)
(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	\$ 1,309,524	
Less: deferred inflows of resources related to pensions	(600,221)	
Add: deferred outflows of resources related to OPEB	112,688	
Less: deferred inflows of resources related to OPEB	<u>(260,088)</u>	561,903
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 151,978	
Add: net pension asset - teacher retirement plan	60,204	
Add: net pension asset - teacher legacy pension plan	<u>2,115,068</u>	2,327,250
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>152,084</u>
Net position of governmental activities (Exhibit A)		<u>\$ 20,624,041</u>

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, 2025

	Major Funds			Nonmajor Funds	
	General Purpose School	School Federal Projects	Other Governmental Funds	Total Governmental Funds	
Revenues					
Local Taxes	\$ 2,891,676	\$ 0	\$ 0	\$ 2,891,676	
Licenses and Permits	731	0	0	731	
Charges for Current Services	19,980	0	36,101	56,081	
Other Local Revenues	50,141	0	670,134	720,275	
State of Tennessee	10,839,478	0	0	10,839,478	
Federal Government	360,764	1,457,049	793,463	2,611,276	
Other Governments and Citizens Groups	85,647	0	0	85,647	
Total Revenues	<u>\$ 14,248,417</u>	<u>\$ 1,457,049</u>	<u>\$ 1,499,698</u>	<u>\$ 17,205,164</u>	
Expenditures					
Current:					
Instruction	\$ 6,410,980	\$ 753,146	\$ 0	\$ 7,164,126	
Support Services	5,135,856	358,248	0	5,494,104	
Operation of Non-Instructional Services	520,764	39,811	1,535,276	2,095,851	
Capital Outlay	1,368,572	281,535	0	1,650,107	
Debt Service:					
Principal on Debt	360,000	0	0	360,000	
Interest on Debt	82,500	0	0	82,500	
Other Debt Service	450	0	0	450	
Total Expenditures	<u>\$ 13,879,122</u>	<u>\$ 1,432,740</u>	<u>\$ 1,535,276</u>	<u>\$ 16,847,138</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 369,295</u>	<u>\$ 24,309</u>	<u>\$ (35,578)</u>	<u>\$ 358,026</u>	
Other Financing Sources (Uses)					
Insurance Recovery	\$ 11,469	\$ 0	\$ 5,590	\$ 17,059	
Transfers In	24,309	0	0	24,309	
Transfers Out	0	(24,309)	0	(24,309)	
Total Other Financing Sources (Uses)	<u>\$ 35,778</u>	<u>\$ (24,309)</u>	<u>\$ 5,590</u>	<u>\$ 17,059</u>	
Net Change in Fund Balances	<u>\$ 405,073</u>	<u>\$ 0</u>	<u>\$ (29,988)</u>	<u>\$ 375,085</u>	
Fund Balance, July 1, 2024	8,953,849	500,000	778,314	10,232,163	
Fund Balance, June 30, 2025	<u>\$ 9,358,922</u>	<u>\$ 500,000</u>	<u>\$ 748,326</u>	<u>\$ 10,607,248</u>	

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, 2025

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)	\$ 375,085
(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	\$ 1,749,248
Less: current-year depreciation expense	<u>(542,230)</u> 1,207,018
(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	(24,768)
(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, 2025	\$ 152,084
Less: deferred delinquent property taxes and other deferred June 30, 2024	<u>(160,849)</u> (8,765)
(4) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the school department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Add: change in contribution due to primary government	360,000
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in compensated absences payable	\$ (40,135)
Change in net pension asset - agent plan	126,383
Change in net pension asset - teacher retirement plan	22,407
Change in net pension asset - teacher legacy pension plan	647,428
Change in deferred outflows related to pensions	(605,558)
Change in deferred inflows related to pensions	(335,359)
Change in OPEB liability	(25,063)
Change in deferred outflows related to OPEB	(169)
Change in deferred inflows related to OPEB	<u>77,856</u> <u>(132,210)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 1,776,360</u>

CLAY COUNTY, TENNESSEE**Combining Balance Sheet - Nonmajor Governmental Funds**

Discretely Presented Clay County School Department

June 30, 2025

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Central Cafeteria	Internal School		
ASSETS				
FUND BALANCES				
Cash	\$ 1,420	\$ 414,244	\$ 415,664	
Equity in Pooled Cash and Investments	266,889	0	266,889	
Accounts Receivable	5,590	0	5,590	
Due from Other Governments	60,183	0	60,183	
Total Assets	\$ 334,082	\$ 414,244	\$ 748,326	
Restricted:				
Restricted for Education	\$ 334,082	\$ 414,244	\$ 748,326	
Total Fund Balances	\$ 334,082	\$ 414,244	\$ 748,326	

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, 2025

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Central Cafeteria	Internal School	
Revenues			
Charges for Current Services	\$ 36,101	\$ 0	\$ 36,101
Other Local Revenues	2,155	667,979	670,134
Federal Government	793,463	0	793,463
Total Revenues	\$ 831,719	\$ 667,979	\$ 1,499,698
Expenditures			
Current:			
Operation of Non-Instructional Services	\$ 881,791	\$ 653,485	\$ 1,535,276
Total Expenditures	\$ 881,791	\$ 653,485	\$ 1,535,276
Excess (Deficiency) of Revenues Over Expenditures	\$ (50,072)	\$ 14,494	\$ (35,578)
Other Financing Sources (Uses)			
Insurance Recovery	\$ 5,590	\$ 0	\$ 5,590
Total Other Financing Sources (Uses)	\$ 5,590	\$ 0	\$ 5,590
Net Change in Fund Balances	\$ (44,482)	\$ 14,494	\$ (29,988)
Fund Balance, July 1, 2024	378,564	399,750	778,314
Fund Balance, June 30, 2025	\$ 334,082	\$ 414,244	\$ 748,326

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, 2025

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2024	Add: Encumbrances 6/30/2025	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,891,676	\$ 0	\$ 0	\$ 2,891,676	\$ 2,373,149	\$ 2,373,149	\$ 518,527
Licenses and Permits	731	0	0	731	650	650	81
Charges for Current Services	19,980	0	0	19,980	16,090	16,090	3,890
Other Local Revenues	50,141	0	0	50,141	20,180	25,180	24,961
State of Tennessee	10,839,478	0	0	10,839,478	10,658,599	11,094,724	(255,246)
Federal Government	360,764	0	0	360,764	100,000	323,197	37,567
Other Governments and Citizens Groups	85,647	0	0	85,647	0	85,647	0
Total Revenues	\$ 14,248,417	\$ 0	\$ 0	\$ 14,248,417	\$ 13,168,668	\$ 13,918,637	\$ 329,780
Expenditures							
Instruction							
Regular Instruction Program	\$ 5,277,469	\$ 0	\$ 5,490	\$ 5,282,959	\$ 5,234,779	\$ 5,557,777	\$ 274,818
Alternative Instruction Program	90,364	0	0	90,364	85,920	95,705	5,341
Special Education Program	649,931	0	0	649,931	698,052	698,052	48,121
Career and Technical Education Program	393,216	0	0	393,216	581,413	602,713	209,497
Support Services							
Attendance	65,630	0	0	65,630	71,666	72,731	7,101
Health Services	269,718	0	0	269,718	272,128	292,847	23,129
Other Student Support	228,654	0	0	228,654	230,636	237,176	8,522
Regular Instruction Program	397,075	0	0	397,075	393,712	404,512	7,437
Special Education Program	278,421	0	0	278,421	293,375	298,200	19,779
Career and Technical Education Program	58,710	0	0	58,710	75,716	77,716	19,006
Technology	187,973	0	0	187,973	187,421	234,743	46,770
Board of Education	163,827	0	0	163,827	207,187	207,187	43,360
Director of Schools	141,366	0	0	141,366	152,066	154,351	12,985
Office of the Principal	683,203	0	0	683,203	679,960	700,160	16,957
Fiscal Services	242,515	0	0	242,515	242,697	257,697	15,182

(Continued)

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 7/1/2024	Add: Encumbrances 6/30/2025	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
Support Services (Cont.)							
Operation of Plant	\$ 924,526	\$ 0	\$ 0	\$ 924,526	\$ 1,079,086	\$ 1,084,601	\$ 160,075
Maintenance of Plant	618,144	(299,730)	0	318,414	348,929	353,929	35,515
Transportation	876,094	(113,432)	0	762,662	858,617	904,514	141,852
Operation of Non-Instructional Services							
Food Service	147,057	0	0	147,057	104,917	154,363	7,306
Community Services	34,214	0	0	34,214	37,951	37,951	3,737
Early Childhood Education	339,493	0	0	339,493	332,694	349,039	9,546
Capital Outlay							
Regular Capital Outlay	1,368,572	(660,367)	188,399	896,604	1,218,975	1,461,902	565,298
Principal on Debt							
Education	360,000	0	0	360,000	360,000	360,000	0
Interest on Debt							
Education	82,500	0	0	82,500	82,500	82,500	0
Other Debt Service							
Education	450	0	0	450	500	500	50
Total Expenditures	\$ 13,879,122	\$ (1,073,529)	\$ 193,889	\$ 12,999,482	\$ 13,830,897	\$ 14,680,866	\$ 1,681,384
Excess (Deficiency) of Revenues Over Expenditures	\$ 369,295	\$ 1,073,529	\$ (193,889)	\$ 1,248,935	\$ (662,229)	\$ (762,229)	\$ 2,011,164
Other Financing Sources (Uses)							
Insurance Recovery	\$ 11,469	\$ 0	\$ 0	\$ 11,469	\$ 1,000	\$ 1,000	\$ 10,469
Transfers In	24,309	0	0	24,309	25,000	25,000	(691)
Transfers Out	0	0	0	0	(80,000)	(80,000)	80,000
Total Other Financing Sources	\$ 35,778	\$ 0	\$ 0	\$ 35,778	\$ (54,000)	\$ (54,000)	\$ 89,778
Net Change in Fund Balance	\$ 405,073	\$ 1,073,529	\$ (193,889)	\$ 1,284,713	\$ (716,229)	\$ (816,229)	\$ 2,100,942
Fund Balance, July 1, 2024	8,953,849	(1,073,529)	0	7,880,320	4,363,525	4,363,525	3,516,795
Fund Balance, June 30, 2025	\$ 9,358,922	\$ 0	\$ (193,889)	\$ 9,165,033	\$ 3,647,296	\$ 3,547,296	\$ 5,617,737

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, 2025

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2024	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
			Original	Final	Original	Final	
Revenues							
Federal Government	\$ 1,457,049	\$ 0	\$ 1,457,049	\$ 1,458,334	\$ 1,579,477	\$ (122,428)	
Total Revenues	\$ 1,457,049	\$ 0	\$ 1,457,049	\$ 1,458,334	\$ 1,579,477	\$ (122,428)	
Expenditures							
Instruction							
Regular Instruction Program	\$ 469,324	\$ 0	\$ 469,324	\$ 493,340	\$ 514,731	\$ 45,407	
Special Education Program	268,115	0	268,115	261,710	289,503	21,388	
Career and Technical Education Program	15,707	0	15,707	12,144	15,709	2	
Support Services							
Other Student Support	11,693	0	11,693	14,967	12,534	841	
Regular Instruction Program	199,203	0	199,203	214,610	232,928	33,725	
Special Education Program	140,578	0	140,578	126,542	150,106	9,528	
Career and Technical Education Program	1,017	0	1,017	1,360	1,017	0	
Transportation	5,757	0	5,757	5,814	5,814	57	
Operation of Non-Instructional Services							
Community Services	39,811	0	39,811	50,000	50,000	10,189	
Capital Outlay							
Regular Capital Outlay	281,535	(254,320)	27,215	254,347	281,535	254,320	
Total Expenditures	\$ 1,432,740	\$ (254,320)	\$ 1,178,420	\$ 1,434,834	\$ 1,553,877	\$ 375,457	
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,309	\$ 254,320	\$ 278,629	\$ 23,500	\$ 25,600	\$ 253,029	
Other Financing Sources (Uses)							
Transfers Out	\$ (24,309)	\$ 0	\$ (24,309)	\$ (23,500)	\$ (25,600)	\$ 1,291	
Total Other Financing Sources	\$ (24,309)	\$ 0	\$ (24,309)	\$ (23,500)	\$ (25,600)	\$ 1,291	
Net Change in Fund Balance	\$ 0	\$ 254,320	\$ 254,320	\$ 0	\$ 0	\$ 254,320	
Fund Balance, July 1, 2024	500,000	(254,320)	245,680	0	0	245,680	
Fund Balance, June 30, 2025	\$ 500,000	\$ 0	\$ 500,000	\$ 0	\$ 0	\$ 500,000	

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, 2025

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2024	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Charges for Current Services	\$ 36,101	\$ 0	\$ 36,101	\$ 42,500	\$ 42,500	\$ (6,399)
Other Local Revenues	2,155	0	2,155	2,000	2,000	155
Federal Government	793,463	0	793,463	865,000	865,000	(71,537)
Total Revenues	\$ 831,719	\$ 0	\$ 831,719	\$ 909,500	\$ 909,500	\$ (77,781)
Expenditures						
Operation of Non-Instructional Services						
Food Service	\$ 881,791	\$ (100,000)	\$ 781,791	\$ 1,113,028	\$ 1,113,028	\$ 331,237
Total Expenditures	\$ 881,791	\$ (100,000)	\$ 781,791	\$ 1,113,028	\$ 1,113,028	\$ 331,237
Excess (Deficiency) of Revenues Over Expenditures	\$ (50,072)	\$ 100,000	\$ 49,928	\$ (203,528)	\$ (203,528)	\$ 253,456
Other Financing Sources (Uses)						
Insurance Recovery	\$ 5,590	\$ 0	\$ 5,590	\$ 0	\$ 0	\$ 5,590
Total Other Financing Sources	\$ 5,590	\$ 0	\$ 5,590	\$ 0	\$ 0	\$ 5,590
Net Change in Fund Balance	\$ (44,482)	\$ 100,000	\$ 55,518	\$ (203,528)	\$ (203,528)	\$ 259,046
Fund Balance, July 1, 2024	378,564	(100,000)	278,564	263,973	263,973	14,591
Fund Balance, June 30, 2025	\$ 334,082	\$ 0	\$ 334,082	\$ 60,445	\$ 60,445	\$ 273,637

MISCELLANEOUS SCHEDULES

CLAY COUNTY, TENNESSEE**Schedule of Changes in Long-term Bonds****For the Year Ended June 30, 2025**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-24	Paid and/or Matured During Period		Outstanding 6-30-25						
						7-1-24	6-30-25							
BONDS PAYABLE														
Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund														
General Obligation School Bonds, Series 2018	\$ 4,660,000	3 %	2-15-18	6-1-31	\$ 2,750,000	\$ 360,000	\$ 2,390,000							

CLAY COUNTY, TENNESSEE**Schedule of Long-term Debt Requirements by Year**

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 2,390,000	\$ 257,250	\$ 2,647,250

CLAY COUNTY, TENNESSEE**Schedule of Transfers**

Discretely Presented Clay County School Department

For the Year Ended June 30, 2025

From Fund	To Fund	Purpose	Amount
DISCRETELY PRESENTED CLAY COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	\$ 24,309
Total Transfers Discretely Presented Clay County School Department			\$ 24,309

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, 2025

Official	Salary	Authorization	Bond	Surety
County Mayor		Section 8-24-102, <i>TCA</i>	(1)	Local Government Insurance Pool
Base salary/Total compensation	<u>\$ 99,043</u>			
Road Superintendent		Section 8-24-102, <i>TCA</i>	(1)	Local Government Insurance Pool
Base salary/Total compensation	<u>\$ 94,327</u>			
Director of Schools		State Board of Education and County Board of Education	(1)	Tennessee Risk Management Trust
Base salary	<u>\$ 98,839</u>			
Chief executive officer training supplement	<u>1,000</u>			
Total compensation	<u><u>\$ 99,839</u></u>			
Trustee		Section 8-24-102, <i>TCA</i>	(1)	Local Government Insurance Pool
Base salary/Total compensation	<u>\$ 85,752</u>			
Assessor of Property		Section 8-24-102, <i>TCA</i>	(1)	Local Government Insurance Pool
Base salary/Total compensation	<u>\$ 85,752</u>			
County Clerk		Section 8-24-102, <i>TCA</i>	(1)	Local Government Insurance Pool
Base salary/Total compensation	<u>\$ 85,752</u>			
Circuit and General Sessions Courts Clerk		Section 8-24-102, <i>TCA</i>	(1)	Local Government Insurance Pool
Base salary/Total compensation	<u>\$ 85,752</u>			
Clerk and Master		Section 8-24-102, <i>TCA</i> and Chancery Court Judge	(1)	Local Government Insurance Pool
Base salary	<u>\$ 85,752</u>			
Special commissioner fees	<u>74,022</u>			
Total compensation	<u><u>\$ 159,774</u></u>			
Register of Deeds		Section 8-24-102, <i>TCA</i>	(1)	Local Government Insurance Pool
Base salary/Total compensation	<u>\$ 85,752</u>			
Sheriff		Section 8-24-102, <i>TCA</i>	(1)	Local Government Insurance Pool
Base salary	<u>\$ 94,327</u>			
Law enforcement training supplement	<u>1,600</u>			
Total compensation	<u><u>\$ 95,927</u></u>			
Administrator of Elections		Section 2-12-208, <i>TCA</i>	(1)	Local Government Insurance Pool
Base salary/Total compensation	<u>\$ 68,602</u>	(2)		
Employee Blanket Bonds:				
Employee Fidelity - County Departments			\$ 400,000	Local Government Insurance Pool
Employee Fidelity - School Department			500,000	Tennessee Risk Management Trust

(1) Official is under the employee fidelity insurance coverage.

(2) Clay County's election office is open four days per week; therefore the administrator's salary is allowed to be below the statutory amount.

CLAY COUNTY, TENNESSEE
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2025

	Special Revenue Funds					Constitu - tional Officers - Fees	Highway / Public Works
	Courthouse General	and Jail Maintenance	Solid Waste / Sanitation	Drug Control			
Local Taxes							
County Property Taxes							
Current Property Tax	\$ 2,243,067	\$ 0	\$ 516,258	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	86,117	0	19,821	0	0	0	0
Trustee's Collections - Bankruptcy	79	0	18	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	28,164	0	6,480	0	0	0	0
Interest and Penalty	17,956	0	4,132	0	0	0	0
Pickup Taxes	1,820	0	419	0	0	0	0
Payments in-Lieu-of Taxes - Other	185,131	0	0	0	0	0	0
County Local Option Taxes							
Local Option Sales Tax	590,230	0	0	0	0	0	0
Hotel/Motel Tax	126,582	0	0	0	0	0	0
Wheel Tax	367,838	0	0	0	0	0	0
Litigation Tax - General	28,732	0	0	0	0	0	0
Litigation Tax - Special Purpose	5,332	1,609	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	1,916	14,376	0	0	0	0	0
Business Tax	67,959	0	0	0	0	0	0
Mixed Drink Tax	138	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	2,876
Statutory Local Taxes							
Bank Excise Tax	18,432	0	4,241	0	0	0	0
Wholesale Beer Tax	63,769	0	0	0	0	0	0
Beer Privilege Tax	570	0	0	0	0	0	0
Total Local Taxes	\$ 3,833,832	\$ 15,985	\$ 551,369	\$ 0	\$ 0	\$ 0	2,876

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Licenses and Permits						
Licenses						
Cable TV Franchise	\$ 19,251	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Permits						
Beer Permits	475	0	0	0	0	0
Building Permits	54,086	0	0	0	0	0
Total Licenses and Permits	\$ 73,812	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	\$ 1,121	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	756	0	0	0	0	0
Drug Control Fines	0	0	0	1,988	0	0
Drug Court Fees	180	0	0	0	0	0
Veterans Treatment Court Fees	142	0	0	0	0	0
Data Entry Fee - Circuit Court	158	0	0	0	0	0
Courtroom Security Fee	487	0	0	0	0	0
General Sessions Court						
Fines	4,521	0	0	0	0	0
Fines for Littering	33	0	0	0	0	0
Officers Costs	10,093	0	0	0	0	0
Game and Fish Fines	720	0	0	0	0	0
Drug Control Fines	0	0	0	537	0	0
Drug Court Fees	569	0	0	0	0	0
Veterans Treatment Court Fees	316	0	0	0	0	0
Jail Fees	1,045	0	0	0	0	0
DUI Treatment Fines	1,579	0	0	0	0	0

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Special Revenue Funds					Highway / Public Works
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
Fines, Forfeitures, and Penalties (Cont.)						
General Sessions Court (Cont.)						
Data Entry Fee - General Sessions Court	\$ 3,178	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	13,062	0	0	0	0	0
Chancery Court						
Officers Costs	790	0	0	0	0	0
Data Entry Fee - Chancery Court	376	0	0	0	0	0
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	0	8,505	0	0
Other Fines, Forfeitures, and Penalties	950	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 40,076	\$ 0	\$ 0	\$ 11,030	\$ 0	\$ 0
Charges for Current Services						
General Service Charges						
Tipping Fees	\$ 60	\$ 0	\$ 116,130	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	0	1,191	0	0	0
Patient Charges	666,606	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	23,445
Fees						
Recreation Fees	4,175	0	0	0	0	0
Copy Fees	896	0	0	0	0	0
Telephone Commissions	4,663	0	0	0	0	0
Vending Machine Collections	889	0	0	0	0	0
Additional Fees - Titling and Registration	9,093	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	115,449	0
Data Processing Fee - Register	3,074	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,400	0	0	0	0	0

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Charges for Current Services (Cont.)						
Fees (Cont.)						
Data Processing Fee - County Clerk	\$ 659	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle Insurance Coverage and Reinstatement Fees	3,634	0	0	0	0	0
Education Charges						
Other Charges for Services	9,538	0	0	0	0	0
Total Charges for Current Services	\$ 705,687	\$ 0	\$ 117,321	\$ 0	\$ 115,449	\$ 23,445
Other Local Revenues						
Recurring Items						
Investment Income	\$ 477	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Recycled Materials	0	0	31,620	0	0	0
Miscellaneous Refunds	33,802	0	7	0	0	25,391
Nonrecurring Items						
Sale of Equipment	26,050	0	0	0	0	0
Contributions and Gifts	2,732	0	0	0	0	0
Total Other Local Revenues	\$ 63,061	\$ 0	\$ 31,627	\$ 0	\$ 0	\$ 25,391
Fees Received From County Officials						
Excess Fees						
Trustee	\$ 75,477	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fees In-Lieu-of Salary						
County Clerk	161,494	0	0	0	0	0
Circuit Court Clerk	8,041	0	0	0	0	0
General Sessions Court Clerk	52,666	0	0	0	0	0
Clerk and Master	35,517	0	0	0	0	0
Register	41,249	0	0	0	0	0

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Fees Received From County Officials (Cont.)						
Fees In-Lieu-of Salary (Cont.)						
Sheriff	\$ 8,814	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Fees Received From County Officials	\$ 383,258	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State of Tennessee						
General Government Grants						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	5,625	0	0	0	0	0
Solid Waste Grants	0	0	146,635	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	12,800	0	0	0	0	0
Other Public Safety Grants	2,000	0	0	0	0	0
Public Works Grants						
Bridge Program	0	0	0	0	0	273,027
State Aid Program	0	0	0	0	0	1,555,822
Litter Program	44,200	0	0	0	0	0
Other State Revenues						
Beer Tax	17,752	0	0	0	0	0
Vehicle Certificate of Title Fees	5,831	0	0	0	0	0
Alcoholic Beverage Tax	32,470	0	0	0	0	0
Opioid Settlement Funds - TN Abatement Council	34,533	0	0	0	0	0
State Revenue Sharing - T.V.A.	312,522	0	0	0	0	7,000
State Revenue Sharing - Telecommunications	43,190	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	13,457	0	0	0	0	0
Contracted Prisoner Boarding	48,421	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,960,890

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
State of Tennessee (Cont.)						
Other State Revenues (Cont.)						
Hybrid/Electric Vehicle Registration Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,199
Petroleum Special Tax	0	0	0	0	0	5,022
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	374,559	4,460	0	0	0	0
Other State Revenues	88,939	0	0	0	0	0
Total State of Tennessee	\$ 1,060,463	\$ 4,460	\$ 146,635	\$ 0	\$ 0	\$ 3,824,960
Federal Government						
Federal Through State						
Other Federal through State	\$ 1,172,861	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Direct Federal Revenue						
Police Service (Lake Area)	21,670	0	0	0	0	0
Total Federal Government	\$ 1,194,531	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Governments and Citizens Groups						
Other Governments						
Contributions	\$ 76,483	\$ 4,900	\$ 0	\$ 0	\$ 0	\$ 0
Citizens Groups						
Donations	14,302	0	0	0	0	0
Other						
Other	128,958	0	0	0	0	0
Opioid Settlement Funds - Past Remediation	46,937	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 266,680	\$ 4,900	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 7,621,400	\$ 25,345	\$ 846,952	\$ 11,030	\$ 115,449	\$ 3,876,672

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Debt Service Fund		
	General Debt Service		Total
Local Taxes			
County Property Taxes			
Current Property Tax	\$ 195,826	\$ 2,955,151	
Trustee's Collections - Prior Year	7,518	113,456	
Trustee's Collections - Bankruptcy	7	104	
Circuit Clerk/Clerk and Master Collections - Prior Years	2,464	37,108	
Interest and Penalty	1,568	23,656	
Pickup Taxes	159	2,398	
Payments in-Lieu-of Taxes - Other	0	185,131	
County Local Option Taxes			
Local Option Sales Tax	0	590,230	
Hotel/Motel Tax	0	126,582	
Wheel Tax	219,762	587,600	
Litigation Tax - General	0	28,732	
Litigation Tax - Special Purpose	0	6,941	
Litigation Tax - Jail, Workhouse, or Courthouse	0	16,292	
Business Tax	0	67,959	
Mixed Drink Tax	0	138	
Mineral Severance Tax	0	2,876	
Statutory Local Taxes			
Bank Excise Tax	1,613	24,286	
Wholesale Beer Tax	7,085	70,854	
Beer Privilege Tax	0	570	
Total Local Taxes	\$ 436,002	\$ 4,840,064	

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Debt Service Fund		
	General Debt Service		Total
Licenses and Permits			
Licenses			
Cable TV Franchise	\$ 0	\$ 19,251	
Permits			
Beer Permits	0	475	
Building Permits	0	54,086	
Total Licenses and Permits	\$ 0	\$ 73,812	
Fines, Forfeitures, and Penalties			
Circuit Court			
Fines	\$ 0	\$ 1,121	
Officers Costs	0	756	
Drug Control Fines	0	1,988	
Drug Court Fees	0	180	
Veterans Treatment Court Fees	0	142	
Data Entry Fee - Circuit Court	0	158	
Courtroom Security Fee	0	487	
General Sessions Court			
Fines	0	4,521	
Fines for Littering	0	33	
Officers Costs	0	10,093	
Game and Fish Fines	0	720	
Drug Control Fines	0	537	
Drug Court Fees	0	569	
Veterans Treatment Court Fees	0	316	
Jail Fees	0	1,045	
DUI Treatment Fines	0	1,579	

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Debt Service Fund		
	General Debt Service		Total
Fines, Forfeitures, and Penalties (Cont.)			
General Sessions Court (Cont.)			
Data Entry Fee - General Sessions Court	\$ 0	\$ 3,178	
Courtroom Security Fee	0	13,062	
Chancery Court			
Officers Costs	0	790	
Data Entry Fee - Chancery Court	0	376	
Other Fines, Forfeitures, and Penalties			
Proceeds from Confiscated Property	0	8,505	
Other Fines, Forfeitures, and Penalties	0	950	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 51,106	
Charges for Current Services			
General Service Charges			
Tipping Fees	\$ 0	\$ 116,190	
Surcharge - Waste Tire Disposal	0	1,191	
Patient Charges	0	666,606	
Other General Service Charges	0	23,445	
Fees			
Recreation Fees	0	4,175	
Copy Fees	0	896	
Telephone Commissions	0	4,663	
Vending Machine Collections	0	889	
Additional Fees - Titling and Registration	0	9,093	
Constitutional Officers' Fees and Commissions	0	115,449	
Data Processing Fee - Register	0	3,074	
Sexual Offender Registration Fee - Sheriff	0	2,400	

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Debt Service Fund		
	General Debt Service		Total
Charges for Current Services (Cont.)			
Fees (Cont.)			
Data Processing Fee - County Clerk	\$ 0	\$ 659	
Vehicle Insurance Coverage and Reinstatement Fees	0	3,634	
Education Charges			
Other Charges for Services	0	9,538	
Total Charges for Current Services	\$ 0	\$ 961,902	
Other Local Revenues			
Recurring Items			
Investment Income	\$ 115,064	\$ 115,541	
Sale of Recycled Materials	0	31,620	
Miscellaneous Refunds	0	59,200	
Nonrecurring Items			
Sale of Equipment	0	26,050	
Contributions and Gifts	0	2,732	
Total Other Local Revenues	\$ 115,064	\$ 235,143	
Fees Received From County Officials			
Excess Fees			
Trustee	\$ 0	\$ 75,477	
Fees In-Lieu-of Salary			
County Clerk	0	161,494	
Circuit Court Clerk	0	8,041	
General Sessions Court Clerk	0	52,666	
Clerk and Master	0	35,517	
Register	0	41,249	

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Debt Service Fund		
	General Debt Service		Total
Fees Received From County Officials (Cont.)			
Fees In-Lieu-of Salary (Cont.)			
Sheriff	\$ 0	\$ 8,814	
Total Fees Received From County Officials	\$ 0	\$ 383,258	
State of Tennessee			
General Government Grants			
Juvenile Services Program	\$ 0	\$ 9,000	
Aging Programs	0	5,625	
Solid Waste Grants	0	146,635	
Public Safety Grants			
Law Enforcement Training Programs	0	12,800	
Other Public Safety Grants	0	2,000	
Public Works Grants			
Bridge Program	0	273,027	
State Aid Program	0	1,555,822	
Litter Program	0	44,200	
Other State Revenues			
Beer Tax	0	17,752	
Vehicle Certificate of Title Fees	0	5,831	
Alcoholic Beverage Tax	0	32,470	
Opioid Settlement Funds - TN Abatement Council	0	34,533	
State Revenue Sharing - T.V.A.	0	319,522	
State Revenue Sharing - Telecommunications	0	43,190	
State Shared Sports Gaming Privilege Tax	0	13,457	
Contracted Prisoner Boarding	0	48,421	
Gasoline and Motor Fuel Tax	0	1,960,890	

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)**

	Debt Service Fund		
	General Debt Service		Total
State of Tennessee (Cont.)			
Other State Revenues (Cont.)			
Hybrid/Electric Vehicle Registration Fee	\$ 0	\$ 23,199	
Petroleum Special Tax	0	5,022	
Registrar's Salary Supplement	0	15,164	
Other State Grants	0	379,019	
Other State Revenues	0	88,939	
Total State of Tennessee	\$ 0	\$ 5,036,518	
Federal Government			
Federal Through State			
Other Federal through State	\$ 0	\$ 1,172,861	
Direct Federal Revenue			
Police Service (Lake Area)	0	21,670	
Total Federal Government	\$ 0	\$ 1,194,531	
Other Governments and Citizens Groups			
Other Governments			
Contributions	\$ 442,950	\$ 524,333	
Citizens Groups			
Donations	0	14,302	
Other			
Other	0	128,958	
Opioid Settlement Funds - Past Remediation	0	46,937	
Total Other Governments and Citizens Groups	\$ 442,950	\$ 714,530	
Total	\$ 994,016	\$ 13,490,864	

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types**Discretely Presented Clay County School Department
For the Year Ended June 30, 2025

		Special Revenue Funds				
		General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
Local Taxes						
County Property Taxes						
Current Property Tax		\$ 1,673,395	\$ 0	\$ 0	\$ 0	\$ 1,673,395
Trustee's Collections - Prior Year		69,276	0	0	0	69,276
Trustee's Collections - Bankruptcy		59	0	0	0	59
Circuit Clerk/Clerk and Master Collections - Prior Years		21,010	0	0	0	21,010
Interest and Penalty		13,396	0	0	0	13,396
Pickup Taxes		1,358	0	0	0	1,358
County Local Option Taxes						
Local Option Sales Tax		1,099,294	0	0	0	1,099,294
Mixed Drink Tax		138	0	0	0	138
Statutory Local Taxes						
Bank Excise Tax		13,750	0	0	0	13,750
Total Local Taxes		\$ 2,891,676	\$ 0	\$ 0	\$ 0	\$ 2,891,676
Licenses and Permits						
Licenses						
Marriage Licenses		\$ 560	\$ 0	\$ 0	\$ 0	\$ 560
Permits						
Other Permits		171	0	0	0	171
Total Licenses and Permits		\$ 731	\$ 0	\$ 0	\$ 0	\$ 731
Charges for Current Services						
Education Charges						
Lunch Payments - Children		\$ 0	\$ 0	\$ 5,165	\$ 0	\$ 5,165
Lunch Payments - Adults		0	0	19,450	0	19,450

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types**

Discretely Presented Clay County School Department (Cont.)

		Special Revenue Funds				
		General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
Charges for Current Services (Cont.)						
Education Charges (Cont.)						
Income from Breakfast		\$ 0	\$ 0	\$ 534	\$ 0	\$ 534
A la Carte Sales		0	0	10,592	0	10,592
Receipts from Individual Schools		18,764	0	0	0	18,764
Community Service Fees - Adults		0	0	360	0	360
Other Charges for Services		1,216	0	0	0	1,216
Total Charges for Current Services		\$ 19,980	\$ 0	\$ 36,101	\$ 0	\$ 56,081
Other Local Revenues						
Recurring Items						
Investment Income		\$ 13,905	\$ 0	\$ 1,774	\$ 0	\$ 15,679
Sale of Materials and Supplies		180	0	0	0	180
E-Rate Funding		19,747	0	0	0	19,747
Miscellaneous Refunds		9,528	0	0	0	9,528
Nonrecurring Items						
Sale of Equipment		6,605	0	381	0	6,986
Other Local Revenues						
Other Local Revenues		176	0	0	667,979	668,155
Total Other Local Revenues		\$ 50,141	\$ 0	\$ 2,155	\$ 667,979	\$ 720,275
State of Tennessee						
State Education Funds						
Tennessee Investment in Student Achievement		\$ 9,004,124	\$ 0	\$ 0	\$ 0	\$ 9,004,124
TISA - On-behalf Payments		13,689	0	0	0	13,689
Early Childhood Education		344,056	0	0	0	344,056

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types**

Discretely Presented Clay County School Department (Cont.)

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
State of Tennessee (Cont.)					
State Education Funds (Cont.)					
School Food Service	\$ 5,980	\$ 0	\$ 0	\$ 0	\$ 5,980
Other State Education Funds	236,091	0	0	0	236,091
Paid Parental Leave	56,465	0	0	0	56,465
Career Ladder Program	12,542	0	0	0	12,542
Other Vocational	761,900	0	0	0	761,900
Other State Revenues					
Flood Control	310,274	0	0	0	310,274
Other State Grants	94,357	0	0	0	94,357
Total State of Tennessee	\$ 10,839,478	\$ 0	\$ 0	\$ 0	\$ 10,839,478
Federal Government					
Federal Through State					
USDA School Lunch Program	\$ 0	\$ 0	\$ 509,945	\$ 0	\$ 509,945
USDA - Commodities	0	0	46,238	0	46,238
Breakfast	0	0	223,722	0	223,722
USDA - Other	0	0	13,558	0	13,558
Vocational Education - Basic Grants to States	0	27,761	0	0	27,761
Title I Grants to Local Education Agencies	0	467,042	0	0	467,042
Special Education - Grants to States	0	401,494	0	0	401,494
Special Education Preschool Grants	0	12,953	0	0	12,953
Rural Education	0	44,897	0	0	44,897
21st Century Community Learning Centers	0	39,809	0	0	39,809
Eisenhower Professional Development State Grants	0	91,539	0	0	91,539
COVID-19 Grant D	0	82,800	0	0	82,800

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Revenues -
All Governmental Fund Types**

Discretely Presented Clay County School Department (Cont.)

Special Revenue Funds						
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School		Total
Federal Government (Cont.)						
Federal Through State (Cont.)						
American Rescue Plan Act Grant #1	\$ 0	\$ 288,754	\$ 0	\$ 0	\$ 0	\$ 288,754
Other Federal through State	19,086	0	0	0	0	19,086
Direct Federal Revenue						
Public Law 874 - Maintenance and Operation	116,881	0	0	0	0	116,881
Public Safety Partnership and Community Policing - COPS	224,797	0	0	0	0	224,797
Total Federal Government	\$ 360,764	\$ 1,457,049	\$ 793,463	\$ 0	\$ 0	\$ 2,611,276
Other Governments and Citizens Groups						
Other Governments						
Contributions	\$ 65,647	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65,647
Citizens Groups						
Donations	20,000	0	0	0	0	20,000
Total Other Governments and Citizens Groups	\$ 85,647	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,647
Total	\$ 14,248,417	\$ 1,457,049	\$ 831,719	\$ 667,979	\$ 17,205,164	

CLAY COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2025

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 38,850
Audit Services	3,336
Dues and Memberships	2,642
Legal Notices, Recording, and Court Costs	602
Travel	571
Other Contracted Services	16,801
Other Charges	356
Total County Commission	\$ 63,158

Board of Equalization

Board and Committee Members Fees	\$ 650
Total Board of Equalization	650

County Mayor/Executive

County Official/Administrative Officer	\$ 99,043
Accountants/Bookkeepers	38,549
Clerical Personnel	18,784
Communication	3,136
Data Processing Services	13,891
Dues and Memberships	2,289
Maintenance Agreements	564
Postal Charges	1,812
Printing, Stationery, and Forms	1,761
Travel	438
Office Supplies	2,173
Premiums on Corporate Surety Bonds	50
Total County Mayor/Executive	182,490

County Attorney

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

Election Commission

County Official/Administrative Officer	\$ 68,602
Other Salaries and Wages	17,484
Election Commission	5,850

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****General Fund (Cont.)**

General Government (Cont.)

Election Commission (Cont.)

Election Workers	\$ 42,776
In-service Training	931
Communication	3,062
Legal Notices, Recording, and Court Costs	3,479
Maintenance and Repair Services - Buildings	12,225
Maintenance and Repair Services - Equipment	25,955
Postal Charges	1,888
Travel	1,328
Office Supplies	5,193
Office Equipment	880
Total Election Commission	\$ 189,653

Register of Deeds

County Official/Administrative Officer	\$ 85,752
Deputy(ies)	24,260
Communication	1,444
Data Processing Services	3,626
Dues and Memberships	953
Legal Notices, Recording, and Court Costs	176
Postal Charges	139
Printing, Stationery, and Forms	1,425
Travel	175
Office Supplies	333
Office Equipment	4,883
Total Register of Deeds	123,166

County Buildings

Custodial Personnel	\$ 72,498
Communication	2,598
Maintenance and Repair Services - Buildings	23,542
Maintenance and Repair Services - Vehicles	3,288
Remittance of Revenue Collected	39,003
Custodial Supplies	3,246
Electricity	15,027
Gasoline	9,246
Instructional Supplies and Materials	890

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****General Fund (Cont.)**

General Government (Cont.)

County Buildings (Cont.)

Natural Gas	\$ 4,324
Uniforms	2,055
Water and Sewer	<u>3,100</u>
Total County Buildings	\$ 178,817

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 85,752
Deputy(ies)	23,437
Part-time Personnel	2,244
In-service Training	858
Communication	2,224
Contracts with Private Agencies	3,518
Data Processing Services	5,144
Dues and Memberships	360
Legal Notices, Recording, and Court Costs	120
Postal Charges	126
Travel	1,609
Office Supplies	1,371
Office Equipment	<u>450</u>
Total Property Assessor's Office	127,213

County Trustee's Office

In-service Training	\$ 85
Data Processing Services	5,449
Dues and Memberships	683
Legal Notices, Recording, and Court Costs	60
Maintenance and Repair Services - Equipment	13,639
Postal Charges	3,040
Printing, Stationery, and Forms	181
Travel	77
Office Supplies	<u>2,766</u>
Total County Trustee's Office	25,980

County Clerk's Office

County Official/Administrative Officer	\$ 85,752
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(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****General Fund (Cont.)**

Finance (Cont.)

County Clerk's Office (Cont.)

Deputy(ies)	\$	54,159
Other Per Diem and Fees		4,597
Communication		1,224
Data Processing Services		2,400
Dues and Memberships		783
Maintenance and Repair Services - Equipment		4,904
Postal Charges		3,810
Rentals		5,036
Office Supplies		3,508
Total County Clerk's Office	\$	166,173

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	85,752
Deputy(ies)		41,787
Other Salaries and Wages		2,400
Jury and Witness Expense		630
Communication		3,925
Dues and Memberships		933
Legal Notices, Recording, and Court Costs		612
Maintenance Agreements		18,292
Postal Charges		1,419
Printing, Stationery, and Forms		444
Travel		360
Remittance of Revenue Collected		1,244
Office Supplies		2,550
Office Equipment		8,068
Total Circuit Court		168,416

General Sessions Court

Judge(s)	\$	93,391
Total General Sessions Court		93,391

Chancery Court

County Official/Administrative Officer	\$	85,752
Deputy(ies)		19,536

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****General Fund (Cont.)**

Administration of Justice (Cont.)

Chancery Court (Cont.)

Communication	\$ 1,202
Data Processing Services	821
Dues and Memberships	968
Maintenance Agreements	7,324
Postal Charges	3,085
Office Supplies	3,246
Total Chancery Court	\$ 121,934

Juvenile Court

Supervisor/Director	\$ 9,000
Other Salaries and Wages	6,000
Social Security	662
Unemployment Compensation	19
Total Juvenile Court	15,681

Judicial Commissioners

County Official/Administrative Officer	\$ 13,299
Other Salaries and Wages	300
Total Judicial Commissioners	13,599

Public Safety**Sheriff's Department**

County Official/Administrative Officer	\$ 94,327
Assistant(s)	53,957
Deputy(ies)	438,264
Accountants/Bookkeepers	39,923
Salary Supplements	15,200
In-service Training	825
Other Per Diem and Fees	5,548
Communication	13,307
Contracts with Government Agencies	400
Contracts with Other Public Agencies	31,142
Dues and Memberships	1,100
Evaluation and Testing	1,435
Licenses	144
Maintenance and Repair Services - Equipment	10,276

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****General Fund (Cont.)**

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Vehicles	\$ 26,284
Pest Control	750
Postal Charges	606
Printing, Stationery, and Forms	19
Travel	19,353
Other Contracted Services	668
Gasoline	60,315
Instructional Supplies and Materials	9,201
Law Enforcement Supplies	6,875
Office Supplies	3,748
Tires and Tubes	6,640
Uniforms	10,870
Other Charges	55,086
Other Equipment	<u>14,419</u>
Total Sheriff's Department	\$ 920,682

Drug Enforcement

Motor Vehicles	\$ <u>101,473</u>
Total Drug Enforcement	101,473

Jail

Dispatchers/Radio Operators	\$ 311,867
Cafeteria Personnel	26,436
Other Salaries and Wages	27,098
Communication	4,105
Contracts with Government Agencies	143,946
Maintenance and Repair Services - Buildings	12,813
Other Contracted Services	20,282
Custodial Supplies	2,826
Drugs and Medical Supplies	86,379
Electricity	18,723
Food Preparation Supplies	1,516
Food Supplies	27,100
Gasoline	222
Other Supplies and Materials	432
Other Charges	<u>14,450</u>
Total Jail	698,195

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****General Fund (Cont.)**

Public Safety (Cont.)

Juvenile Services

School Resource Officer	\$ 178,091
In-service Training	6,602
Other Equipment	<u>104,583</u>
Total Juvenile Services	\$ 289,276

Fire Prevention and Control

Disability Insurance	\$ 15,008
Contributions	<u>20,000</u>
Total Fire Prevention and Control	35,008

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 9,800
Secretary(ies)	1,298
Part-time Personnel	3,600
Other Salaries and Wages	20,166
Communication	3,841
Maintenance Agreements	1,635
Maintenance and Repair Services - Equipment	14,013
Travel	721
Office Supplies	679
Road Signs	1,803
Other Charges	6,380
Other Equipment	<u>9,644</u>
Total Other Emergency Management	73,580

County Coroner/Medical Examiner

Other Salaries and Wages	\$ 1,950
Other Per Diem and Fees	<u>24,296</u>
Total County Coroner/Medical Examiner	26,246

Other Public Safety

Guards	\$ 78,275
Total Other Public Safety	78,275

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****General Fund (Cont.)**

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$ 6,600
Communication	4,632
Maintenance and Repair Services - Buildings	11,912
Custodial Supplies	151
Drugs and Medical Supplies	591
Instructional Supplies and Materials	211,945
Office Supplies	1,517
Utilities	<u>16,721</u>
Total Local Health Center	\$ 254,069

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 49,130
Medical Personnel	473,131
Part-time Personnel	212,714
Other Salaries and Wages	5,000
In-service Training	292
Communication	4,390
Contracts with Government Agencies	6,730
Dues and Memberships	1,291
Licenses	1,780
Maintenance and Repair Services - Buildings	2,320
Maintenance and Repair Services - Vehicles	17,808
Postal Charges	31
Other Contracted Services	3,093
Custodial Supplies	910
Drugs and Medical Supplies	39,554
Gasoline	21,436
Office Supplies	2,084
Uniforms	5,985
Utilities	10,229
Other Charges	1,311
Other Equipment	<u>1,126</u>
Total Ambulance/Emergency Medical Services	860,345

Alcohol and Drug Programs

Other Salaries and Wages	\$ 249,300
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(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****General Fund (Cont.)**

Public Health and Welfare (Cont.)

Alcohol and Drug Programs (Cont.)

Travel	\$ 1,119
Office Supplies	45,256
Other Charges	<u>102,688</u>
Total Alcohol and Drug Programs	\$ 398,363

Appropriation to State

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

Other Public Health and Welfare

Other Salaries and Wages	\$ 104,612
Travel	368
Other Contracted Services	17,500
Office Supplies	30,909
Other Charges	<u>18,890</u>
Total Other Public Health and Welfare	172,279

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 21,848
Other Salaries and Wages	10,958
Social Security	1,527
Unemployment Compensation	18
Communication	2,701
Postal Charges	230
Travel	218
Remittance of Revenue Collected	3,100
Instructional Supplies and Materials	20,167
Utilities	26,098
Other Charges	<u>20,233</u>
Total Senior Citizens Assistance	107,098

Libraries

Supervisor/Director	\$ 24,336
Part-time Personnel	9,638
Other Salaries and Wages	19,983

(Continued)

CLAY COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Communication	\$ 2,307
Dues and Memberships	90
Postal Charges	336
Other Contracted Services	2,016
Custodial Supplies	1,373
Electricity	5,546
Library Books/Media	14,691
Office Supplies	5,344
Periodicals	2,776
Water and Sewer	968
Other Supplies and Materials	7,769
Office Equipment	5,696
Total Libraries	\$ 102,869

Parks and Fair Boards

Other Salaries and Wages	\$ 9,600
Maintenance and Repair Services - Buildings	12,575
Remittance of Revenue Collected	2,350
Electricity	17,677
Natural Gas	4,016
Water and Sewer	1,425
Other Charges	236
Total Parks and Fair Boards	47,879

Other Social, Cultural, and Recreational

Contributions	\$ 8,739
Total Other Social, Cultural, and Recreational	8,739

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 61,007
Social Security	21,116
Extension Service Medicare	410
Communication	3,047
Contributions	18,350
Travel	1,820
Total Agricultural Extension Service	105,750

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)****General Fund (Cont.)**

Agriculture and Natural Resources (Cont.)

Forest Service

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

Soil Conservation

Secretary(ies)	\$ 23,067	
Other Salaries and Wages	35,709	
Communication	7,569	
Utilities	1,330	
Premiums on Corporate Surety Bonds	180	
Total Soil Conservation		67,855

Other Operations

Tourism

Clerical Personnel	\$ 6,039	
Advertising	23,170	
Communication	2,311	
Contributions	1,897	
Dues and Memberships	2,085	
Postal Charges	45	
Travel	1,319	
Office Supplies	1,866	
Other Charges	134,877	
Total Tourism		173,609

Industrial Development

Advertising	\$ 5,600	
Consultants	26,598	
Travel	3,212	
Office Supplies	1,639	
Other Charges	140	
Total Industrial Development		37,189

Other Economic and Community Development

Other Capital Outlay	\$ 95,796	
Total Other Economic and Community Development		95,796

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****General Fund (Cont.)****Other Operations (Cont.)****Veterans' Services**

Other Salaries and Wages	\$ 24,000
In-service Training	732
Other Charges	400
Total Veterans' Services	\$ 25,132

Other Charges

Excess Risk Insurance	\$ 3,590
Liability Insurance	196,990
Trustee's Commission	76,329
Workers' Compensation Insurance	87,378
Other Debt Issuance Charges	2,186
Total Other Charges	366,473

Employee Benefits

Social Security	\$ 252,203
Pensions	224,925
Medical Insurance	112,752
Unemployment Compensation	1,849
Other Fringe Benefits	7,350
Total Employee Benefits	599,079

Highways**Litter and Trash Collection**

Supervisor/Director	\$ 23,095
Other Charges	8,791
Total Litter and Trash Collection	31,886

Total General Fund

\$ 7,171,686

Courthouse and Jail Maintenance Fund**General Government****County Buildings**

Maintenance and Repair Services - Buildings	\$ 40,738
Other Capital Outlay	7,500
Total County Buildings	\$ 48,238

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****Courthouse and Jail Maintenance Fund (Cont.)**

Other Operations

Other Charges

Trustee's Commission	\$ 169	
Total Other Charges		\$ 169
Total Courthouse and Jail Maintenance Fund		\$ 48,407

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$ 39,916	
Laborers	252,044	
Clerical Personnel	3,200	
Social Security	22,580	
Unemployment Compensation	340	
Communication	2,585	
Contracts with Private Agencies	221,209	
Legal Notices, Recording, and Court Costs	112	
Maintenance and Repair Services - Buildings	1,685	
Maintenance and Repair Services - Equipment	8,468	
Maintenance and Repair Services - Vehicles	46,945	
Rentals	2,000	
Custodial Supplies	3,086	
Electricity	6,574	
Gasoline	40,314	
Instructional Supplies and Materials	995	
Natural Gas	1,506	
Office Supplies	565	
Tires and Tubes	14,892	
Uniforms	3,925	
Water and Sewer	630	
Other Charges	4,546	
Site Development	3,781	
Solid Waste Equipment	169,324	
Total Waste Pickup		\$ 851,222

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****Solid Waste/Sanitation Fund (Cont.)**

Other Operations	
Other Charges	
Trustee's Commission	\$ 12,067
Total Other Charges	<u>\$ 12,067</u>
Total Solid Waste/Sanitation Fund	\$ 863,289

Drug Control Fund

Public Safety	
Drug Enforcement	
Contributions	\$ 1,601
Other Supplies and Materials	1,312
Other Charges	<u>5,182</u>
Total Drug Enforcement	\$ 8,095
Other Operations	
Other Charges	
Trustee's Commission	\$ 112
Total Other Charges	<u>112</u>
Total Drug Control Fund	8,207

Other Special Revenue Fund

General Government	
County Buildings	
Maintenance and Repair Services - Buildings	\$ 22,408
Motor Vehicles	253,931
Site Development	<u>71,878</u>
Total County Buildings	\$ 348,217
Total Other Special Revenue Fund	348,217

Constitutional Officers - Fees Fund

Finance	
County Trustee's Office	
County Official/Administrative Officer	\$ 85,752
Deputy(ies)	23,418
Constitutional Officers' Operating Expenses	<u>1,927</u>
Total County Trustee's Office	\$ 111,097
Total Constitutional Officers - Fees Fund	111,097

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types (Cont.)****Highway/Public Works Fund****Highways****Administration**

County Official/Administrative Officer	\$ 94,327
Accountants/Bookkeepers	38,289
Secretary(ies)	32,886
Advertising	336
Communication	2,108
Data Processing Services	30,152
Dues and Memberships	2,515
Postal Charges	230
Other Contracted Services	9,779
Other Charges	3,562
Data Processing Equipment	2,437
Total Administration	\$ 216,621

Highway and Bridge Maintenance

Equipment Operators	\$ 299,000
Truck Drivers	129,401
Laborers	242,500
Rentals	566
Asphalt - Hot Mix	1,605,822
Asphalt - Liquid	235,408
Concrete	900
Crushed Stone	340,412
Pipe	35,241
Road Signs	3,200
Other Supplies and Materials	1,526
Other Charges	3,198
State Aid Projects	6,664
Total Highway and Bridge Maintenance	2,903,838

Operation and Maintenance of Equipment

Mechanic(s)	\$ 25,443
Maintenance and Repair Services - Equipment	71,456
Diesel Fuel	79,995
Equipment and Machinery Parts	45,891
Gasoline	25,299
Lubricants	16,912

(Continued)

CLAY COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Natural Gas	\$ 2,175
Tires and Tubes	24,500
Other Supplies and Materials	2,087
Other Charges	599
Total Operation and Maintenance of Equipment	\$ 294,357

Other Charges

Electricity	\$ 3,820
Water and Sewer	772
Excess Risk Insurance	1,818
Trustee's Commission	20,192
Vehicle and Equipment Insurance	38,920
Workers' Compensation Insurance	77,980
Total Other Charges	143,502

Employee Benefits

Social Security	\$ 51,880
Pensions	54,213
Medical Insurance	76,719
Unemployment Compensation	6,327
Employer Medicare	12,133
Other Fringe Benefits	1,800
Total Employee Benefits	203,072

Capital Outlay

Bridge Construction	\$ 237,920
Highway Equipment	135,060
Total Capital Outlay	372,980

Total Highway/Public Works Fund

\$ 4,134,370

General Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 360,000
Total Education	

\$ 360,000

(Continued)

CLAY COUNTY, TENNESSEE
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Bonds \$ 82,500

Total Education \$ 82,500

Other Debt Service

General Government

Trustee's Commission \$ 7,015

Total General Government \$ 7,015

Education

Other Debt Service \$ 450

Total Education \$ 450

Total General Debt Service Fund \$ 449,965

Total Governmental Funds - Primary Government \$ 13,135,238

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types**

Discretely Presented Clay County School Department

For the Year Ended June 30, 2025**General Purpose School Fund**

Instruction

Regular Instruction Program

Teachers	\$ 3,504,098
Career Ladder Program	8,500
Educational Assistants	215,234
Bonus Payments	131,000
Certified Substitute Teachers	88,187
Non-certified Substitute Teachers	39,720
Social Security	227,634
Pensions	176,063
Medical Insurance	393,476
Unemployment Compensation	2,086
Local Retirement	88,641
Employer Medicare	54,399
Maintenance and Repair Services - Equipment	429
Other Contracted Services	13,868
Instructional Supplies and Materials	72,021
Textbooks - Bound	158,081
TISA - On-behalf Payments	13,689
Other Charges	701
Regular Instruction Equipment	<u>89,642</u>
Total Regular Instruction Program	\$ 5,277,469

Alternative Instruction Program

Teachers	\$ 69,590
Certified Substitute Teachers	5,137
Non-certified Substitute Teachers	517
Social Security	4,441
Pensions	4,467
Medical Insurance	5,107
Unemployment Compensation	33
Employer Medicare	<u>1,072</u>
Total Alternative Instruction Program	90,364

Special Education Program

Teachers	\$ 391,756
Career Ladder Program	1,000

(Continued)

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.)

Special Education Program (Cont.)

Homebound Teachers	\$ 32,787
Educational Assistants	94,319
Certified Substitute Teachers	749
Non-certified Substitute Teachers	2,599
Social Security	30,279
Pensions	28,486
Medical Insurance	53,868
Unemployment Compensation	332
Local Retirement	5,219
Employer Medicare	7,081
Instructional Supplies and Materials	1,219
Software	237
Total Special Education Program	\$ 649,931

Career and Technical Education Program

Teachers	\$ 239,862
Bonus Payments	4,000
Other Salaries and Wages	1,031
Certified Substitute Teachers	3,922
Non-certified Substitute Teachers	1,908
Social Security	14,936
Pensions	9,937
Medical Insurance	14,340
Unemployment Compensation	117
Local Retirement	8,397
Employer Medicare	3,507
Retirement - Hybrid Stabilization	125
Travel	7,682
Other Contracted Services	52,060
Instructional Supplies and Materials	2,087
Textbooks - Bound	600
Software	3,000
Other Supplies and Materials	25,705
Total Career and Technical Education Program	393,216

(Continued)

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****Attendance**

Supervisor/Director	\$ 43,010
Social Security	2,388
Pensions	2,735
Medical Insurance	6,940
Unemployment Compensation	10
Employer Medicare	558
Travel	23
Other Contracted Services	5,625
Other Supplies and Materials	302
In Service/Staff Development	2,560
Other Charges	1,479
Total Attendance	\$ 65,630

Health Services

Medical Personnel	\$ 135,059
Other Salaries and Wages	78,825
Social Security	12,355
Pensions	13,385
Medical Insurance	18,994
Unemployment Compensation	115
Local Retirement	642
Employer Medicare	2,889
Retirement - Hybrid Stabilization	128
Travel	1,240
Drugs and Medical Supplies	273
Other Supplies and Materials	1,827
In Service/Staff Development	544
Health Equipment	3,442
Total Health Services	269,718

Other Student Support

Guidance Personnel	\$ 186,396
Bonus Payments	6,000
Social Security	11,859
Pensions	10,389

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types**

Discretely Presented Clay County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Unemployment Compensation	\$ 61
Local Retirement	2,748
Employer Medicare	2,774
Retirement - Hybrid Stabilization	550
In Service/Staff Development	2,199
Other Charges	5,678
Total Other Student Support	\$ 228,654

Regular Instruction Program

Supervisor/Director	\$ 88,020
Librarians	169,880
Bonus Payments	5,000
Other Salaries and Wages	30,520
Social Security	17,049
Pensions	18,598
Medical Insurance	23,362
Unemployment Compensation	84
Employer Medicare	4,002
Travel	4,066
Library Books/Media	7,333
Other Supplies and Materials	2,816
In Service/Staff Development	26,345
Total Regular Instruction Program	397,075

Special Education Program

Supervisor/Director	\$ 86,020
Psychological Personnel	30,751
Clerical Personnel	23,079
Other Salaries and Wages	18,233
Social Security	8,890
Pensions	9,364
Medical Insurance	14,942
Unemployment Compensation	65
Local Retirement	1,538
Employer Medicare	2,079

(Continued)

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.)

Special Education Program (Cont.)

Retirement - Hybrid Stabilization	\$ 307
Travel	42
Other Contracted Services	79,006
In Service/Staff Development	4,105
Total Special Education Program	<hr/> \$ 278,421

Career and Technical Education Program

Supervisor/Director	\$ 47,484
Career Ladder Program	500
Social Security	2,906
Pensions	3,051
Medical Insurance	3,750
Unemployment Compensation	11
Employer Medicare	680
Travel	49
In Service/Staff Development	279
Total Career and Technical Education Program	<hr/> 58,710

Technology

Education Media Personnel	\$ 44,048
Instructional Computer Personnel	43,010
Social Security	5,065
Pensions	5,902
Medical Insurance	8,197
Unemployment Compensation	31
Employer Medicare	1,185
Internet Connectivity	70,987
Travel	983
Other Contracted Services	5,000
In Service/Staff Development	323
Other Equipment	3,242
Total Technology	<hr/> 187,973

Board of Education

Other Salaries and Wages	\$ 2,300
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(Continued)

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.)

Board of Education (Cont.)

Board and Committee Members Fees	\$ 10,400
Social Security	718
Pensions	86
Life Insurance	3,011
Unemployment Compensation	35
Employer Medicare	184
Advertising	9,897
Audit Services	3,500
Dues and Memberships	8,872
Legal Services	6,669
Other Contracted Services	716
Trustee's Commission	69,882
Workers' Compensation Insurance	43,705
In Service/Staff Development	150
Refund to Applicant for Criminal Investigation	2,209
Other Charges	1,493
Total Board of Education	\$ 163,827

Director of Schools

County Official/Administrative Officer	\$ 98,839
Other Salaries and Wages	1,000
Social Security	6,190
Pensions	6,350
Unemployment Compensation	21
Employer Medicare	1,448
Communication	23,539
Dues and Memberships	122
Postal Charges	957
Travel	496
Office Supplies	1,108
In Service/Staff Development	1,296
Total Director of Schools	141,366

Office of the Principal

Principals	\$ 259,016
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(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types**

Discretely Presented Clay County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Career Ladder Program	\$ 1,000
Assistant Principals	171,360
Secretary(ies)	86,596
Clerical Personnel	21,906
Social Security	31,036
Pensions	34,138
Medical Insurance	58,925
Unemployment Compensation	208
Local Retirement	1,539
Employer Medicare	7,259
Retirement - Hybrid Stabilization	308
Communication	4,921
Travel	757
Other Contracted Services	1,200
Data Processing Supplies	299
In Service/Staff Development	1,335
Other Charges	102
Data Processing Equipment	1,298
Total Office of the Principal	\$ 683,203

Fiscal Services

Accountants/Bookkeepers	\$ 100,114
Secretary(ies)	70,250
Social Security	8,376
Pensions	10,577
Medical Insurance	21,455
Unemployment Compensation	82
Employer Medicare	2,286
Travel	202
Other Contracted Services	20,172
Data Processing Supplies	1,438
Office Supplies	2,290
In Service/Staff Development	1,239
Administration Equipment	4,034
Total Fiscal Services	242,515

(Continued)

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

Custodial Personnel	\$ 70,280
Social Security	4,170
Pensions	3,509
Medical Insurance	6,109
Unemployment Compensation	97
Local Retirement	2
Employer Medicare	975
Maintenance and Repair Services - Equipment	14,826
Travel	192
Contracts for Landfill Facilities	11,910
Other Contracted Services	248,879
Custodial Supplies	33,384
Electricity	332,933
Fuel Oil	18,629
Water and Sewer	35,089
Building and Contents Insurance	107,056
Other Charges	740
Plant Operation Equipment	<u>35,746</u>
Total Operation of Plant	\$ 924,526

Maintenance of Plant

Other Salaries and Wages	\$ 201,801
Social Security	11,925
Pensions	13,291
Medical Insurance	21,576
Unemployment Compensation	104
Employer Medicare	2,789
Maintenance and Repair Services - Buildings	5,974
Maintenance and Repair Services - Equipment	7,806
Rentals	1,270
Other Supplies and Materials	20,373
Other Charges	50
Administration Equipment	330,256
Maintenance Equipment	<u>929</u>
Total Maintenance of Plant	618,144

(Continued)

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

Mechanic(s)	\$ 47,900
Bus Drivers	300,841
Longevity Pay	4,150
Other Salaries and Wages	12,032
Social Security	22,075
Pensions	25,984
Medical Insurance	16,123
Unemployment Compensation	284
Employer Medicare	5,163
Communication	3,415
Contracts with Parents	497
Maintenance and Repair Services - Vehicles	4,737
Medical and Dental Services	2,062
Travel	1,273
Other Contracted Services	648
Diesel Fuel	56,272
Gasoline	14,199
Lubricants	3,393
Tires and Tubes	8,542
Vehicle Parts	10,347
Other Supplies and Materials	1,493
Vehicle and Equipment Insurance	28,274
In Service/Staff Development	919
Other Charges	3,166
Transportation Equipment	302,305
Total Transportation	\$ 876,094

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 87,060
Cafeteria Personnel	33,175
Social Security	7,372
Pensions	7,856
Unemployment Compensation	124
Employer Medicare	1,739

(Continued)

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.)

Food Service (Cont.)

Communication	\$ 995
Travel	548
Food Supplies	4,970
Other Supplies and Materials	1,394
In Service/Staff Development	<u>1,824</u>
Total Food Service	\$ 147,057

Community Services

Supervisor/Director	\$ 24,000
Other Salaries and Wages	4,121
Social Security	1,725
Pensions	1,664
Unemployment Compensation	13
Local Retirement	23
Employer Medicare	403
Retirement - Hybrid Stabilization	5
Travel	103
Other Supplies and Materials	1,907
Other Charges	<u>250</u>
Total Community Services	34,214

Early Childhood Education

Teachers	\$ 167,666
Educational Assistants	74,444
Bonus Payments	6,000
Non-certified Substitute Teachers	2,269
Social Security	13,358
Pensions	14,508
Medical Insurance	52,790
Unemployment Compensation	160
Local Retirement	2,424
Employer Medicare	3,124
Retirement - Hybrid Stabilization	485
Travel	181
Other Contracted Services	568
Instructional Supplies and Materials	<u>1,516</u>
Total Early Childhood Education	339,493

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types**

Discretely Presented Clay County School Department (Cont.)

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$ 34,884
Engineering Services	43,217
Building Construction	482,086
Building Improvements	633,509
Heating and Air Conditioning Equipment	29,541
Site Development	48,656
Other Capital Outlay	96,679
Total Regular Capital Outlay	\$ 1,368,572

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$ 360,000
Total Education	360,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$ 82,500
Total Education	82,500

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 450
Total Education	450

Total General Purpose School Fund \$ 13,879,122

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 186,072
Educational Assistants	153,813
Non-certified Substitute Teachers	1,571
Social Security	19,529
Pensions	21,523
Medical Insurance	44,240

(Continued)

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.)

Unemployment Compensation	\$ 297
Employer Medicare	4,568
Other Contracted Services	16,623
Instructional Supplies and Materials	14,687
Software	4,422
Regular Instruction Equipment	<u>1,979</u>
Total Regular Instruction Program	\$ 469,324

Special Education Program

Educational Assistants	\$ 124,288
Other Salaries and Wages	11,827
Certified Substitute Teachers	325
Non-certified Substitute Teachers	2,991
Social Security	7,994
Pensions	8,817
Medical Insurance	21,215
Unemployment Compensation	177
Local Retirement	145
Employer Medicare	1,870
Other Contracted Services	29,500
Instructional Supplies and Materials	38,084
Other Supplies and Materials	20,136
Special Education Equipment	<u>746</u>
Total Special Education Program	268,115

Career and Technical Education Program

Instructional Supplies and Materials	\$ 5,742
Other Supplies and Materials	1,403
Vocational Instruction Equipment	<u>8,562</u>
Total Career and Technical Education Program	15,707

Support Services

Other Student Support

Other Contracted Services	\$ 4,450
In Service/Staff Development	1,532
Other Charges	<u>5,711</u>
Total Other Student Support	11,693

(Continued)

CLAY COUNTY, TENNESSEE**Schedule of Detailed Expenditures -****All Governmental Fund Types**

Discretely Presented Clay County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$ 37,364
Educational Assistants	500
Instructional Coaches	64,158
Social Security	3,552
Pensions	4,122
Medical Insurance	12,039
Unemployment Compensation	42
Local Retirement	10
Employer Medicare	1,372
Postal Charges	500
Travel	614
Other Contracted Services	72,800
Other Supplies and Materials	1,392
In Service/Staff Development	738
Total Regular Instruction Program	\$ 199,203

Special Education Program

Psychological Personnel	\$ 28,751
Other Salaries and Wages	38,544
Social Security	3,320
Pensions	3,314
Medical Insurance	20,948
Unemployment Compensation	42
Local Retirement	1,438
Employer Medicare	776
Evaluation and Testing	1,842
Maintenance and Repair Services - Equipment	297
Postal Charges	300
Travel	1,783
Other Contracted Services	26,767
Other Supplies and Materials	358
In Service/Staff Development	12,098
Total Special Education Program	\$ 140,578

(Continued)

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.)

Career and Technical Education Program

In Service/Staff Development

\$ 1,017

Total Career and Technical Education Program

\$ 1,017

Transportation

Bus Drivers

\$ 5,000

Social Security

310

Pensions

360

Unemployment Compensation

15

Employer Medicare

72

Total Transportation

5,757

Operation of Non-Instructional Services

Community Services

Teachers

\$ 34,227

Social Security

2,005

Pensions

1,649

Unemployment Compensation

50

Local Retirement

641

Employer Medicare

469

Instructional Supplies and Materials

770

Total Community Services

39,811

Capital Outlay

Regular Capital Outlay

Building Improvements

\$ 281,535

Total Regular Capital Outlay

281,535

Total School Federal Projects Fund

\$ 1,432,740

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel

\$ 280,729

In-service Training

173

Social Security

16,781

(Continued)

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.)

Pensions	\$ 18,125
Medical Insurance	23,284
Unemployment Compensation	375
Employer Medicare	3,925
Communication	1,671
Maintenance and Repair Services - Equipment	16,676
Transportation - Other than Students	7,350
Other Contracted Services	4,060
Food Preparation Supplies	1,622
Food Supplies	335,826
Office Supplies	586
USDA - Commodities	46,238
Other Supplies and Materials	17,178
Workers' Compensation Insurance	6,864
In Service/Staff Development	328
Food Service Equipment	100,000
Total Food Service	<u>\$ 881,791</u>
Total Central Cafeteria Fund	\$ 881,791

Internal School Fund

Operation of Non-Instructional Services

Community Services

Other Charges	\$ 653,485
Total Community Services	<u>\$ 653,485</u>
Total Internal School Fund	<u>653,485</u>
Total Governmental Funds - Clay County School Department	<u>\$ 16,847,138</u>

SINGLE AUDIT SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's 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*

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, 2025, 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 3, 2025. Our report includes a reference to other auditors who audited the financial statements of the Internal School Fund of the Clay County School Department (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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clay County's internal control. Accordingly, we do not express an opinion on the effectiveness of Clay County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified the following deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2025-001 and 2025-002.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 and 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 the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 3, 2025

JEM/gc



JASON E. MUMPOWER
Comptroller

Independent Auditor's 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

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 identified as subject to audit 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, 2025. 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 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, 2025.

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; the standards applicable to financial audits contained in *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, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Clay County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 generally accepted auditing standards, *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 noncompliance 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 generally accepted auditing standards, *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, 2025, and the related notes to the financial statements, which collectively comprise Clay County's basic financial statements. We issued our report thereon dated October 3, 2025, which contained unmodified opinions on those financial statements. Our audit was performed 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 3, 2025

JEM/gc

CLAY COUNTY, TENNESSEE, AND THE CLAY COUNTY SCHOOL DEPARTMENT

Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7) (8)

For the Year-Ended June 30, 2025

Federal/Pass-through Agency/State Grantor Program Title	Assistance Listing Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	\$ 219,885
National School Lunch Program	10.555	N/A	518,969 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program(Commodities - Noncash Assistance)	10.555	N/A	46,238 (6)
Rebate of Storage and Distribution Fees	10.555	N/A	8,371 (6)
Total U.S. Department of Agriculture			\$ 793,463
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants / State's program and Non-Entitlement Grants in Hawaii	14.228	(5)	\$ 295,712
Total U.S. Department of Housing and Urban Development			\$ 295,712
U.S. Department of Justice:			
Direct Program:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 224,797
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	N/A	153,691
Total U.S. Department of Justice			\$ 378,488
U.S. Department of Transportation:			
Passed-through State Department of Safety and Homeland Security:			
Alcohol Open Container Requirements	20.607	(5)	\$ 6,875
Total U.S. Department of Transportation			\$ 6,875
U.S. Department of the Treasury:			
Passed-through State Department of Tourist Development:			
COVID 19 - Coronavirus State And Local Fiscal Recovery Funds (ARP)	21.027	(5)	\$ 11,360 (6)
Passed-through State Department of Education:			
COVID 19 - Coronavirus State And Local Fiscal Recovery Funds (ARP)	21.027	N/A	19,086 (6)
Total U.S. Department of the Treasury			\$ 30,446
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 467,042
Special Education Cluster (IDEA): (4)			
Special Education Grants to States	84.027	N/A	400,496
Special Education Preschool Grants	84.173	N/A	12,953
Career and Technical Education -- Basic Grants to States	84.048	N/A	27,761
Twenty-First Century Community Learning Centers	84.287	N/A	39,809
Special Education - State Personnel Development	84.323	N/A	998
Rural Education	84.358	N/A	44,897
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	N/A	59,448
COVID 19 - Comprehensive Literacy Development	84.371	N/A	82,800
Student Support and Academic Enrichment Program	84.424	N/A	32,091
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary School Emergency Relief Fund (ESSER ARP)	84.425U	N/A	288,754
Direct Program:			
Impact Aid	84.041	N/A	116,881
Total U.S. Department of Education			\$ 1,573,930

(Continued)

CLAY COUNTY, TENNESSEE, AND THE CLAY COUNTY SCHOOL DEPARTMENT

Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7) (8) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Assistance Listing Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	(5)	\$ 2,700
Aging Cluster: (4)			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	(5)	7,875
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	(5)	23,413
Nutrition Services Incentive Program	93.053	(5)	2,550
Passed-through State Department of Health:			
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	(5)	102,069
Grants for Capital Development in Health Centers	93.526	GG-23-77752-01	211,945
Passed-through Power of Putnam, Inc.:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79SP082610	35,971
Direct Program:			
Drug-Free Communities Support Program Grants	93.276	N/A	35,518
Passed-through Tennessee Bureau of Investigation:			
Temporary Assistance for Needy Families	93.558	(5)	31,797
Passed-through State Department of Mental Health and Substance Abuse Services:			
Opioid STR	93.788	(5)	66,909
COVID 19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	(5)	86,079 (6)
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(5)	81,298 (6)
Total U.S. Department of Health and Human Services			<u>\$ 688,124</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(5)	\$ 12,319
Emergency Management Performance Grants	97.042	(5)	4,780
Total U.S. Department of Homeland Security			<u>\$ 17,099</u>
Total Expenditures of Federal Grants			<u>\$ 3,784,137</u>

State Grants

	Contract Number
Commission Initiative - Tennessee Arts Commission	N/A (5) \$ 4,460
Juvenile Court State Supplement Funds - State Department of Children's Services	N/A (5) 9,000
Innovative School Models (ISM) - State Department of Education	N/A N/A 761,900
State Special Education Preschool - State Department of Education	N/A N/A 23,897
Summer Learning Camp - State Department of Education	N/A N/A 81,525
Summer Learning Transportation - State Department of Education	N/A N/A 16,563
Voluntary Pre-K - State Department of Education	N/A N/A 320,159
Recycling Equipment Grant - State Department of Environment and Conservation	N/A (5) 50,182
Used Oil Grant - State Department of Environment and Conservation	N/A (5) 5,195
Convenience Center Grant - State Department of Environment and Conservation	N/A (5) 91,258
Enforcing Underage Drinking Laws (EUDL) Grant - State Department of Mental Health and Substance Abuse Services	N/A (5) 1,200
Substance Use Prevention Coalitions Grant - State Department of Mental Health and Substance Abuse Services	N/A (5) 55,724
Statewide School Resource Officer (SRO) Grant Program - State Department of Safety and Homeland Security	N/A SR025HS224 300,000
Tourism Cooperative Marketing Matching Grants - State Department of Tourist Development	N/A (5) 6,596

(Continued)

CLAY COUNTY, TENNESSEE, AND THE CLAY COUNTY SCHOOL DEPARTMENT

Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7) (8) (Cont.)

State Grants (Cont.)

	Assistance Listing Number	Contract Number	Expenditures
Litter Program - State Department of Transportation	N/A	(5)	\$ 44,200
Healthy Built Environments - State Department of Health	N/A	Z25297385MAY25	890
Recruitment and Retention Grant - State Department of Commerce and Insurance	N/A	(5)	2,000
Three Star Program - State Department of Economic and Community Development	N/A	(5)	49,927
Public School Security Grant - State Department of Education	N/A	N/A	42,925
Brownfield Redevelopment Area Grant - State Department of Environment and Conservation	N/A	N/A	46,432
TCI Equipment Training Grants - Tennessee Corrections Institute	N/A	(5)	10,149
Supporting Postsecondary Access in Rural Communities (SPARC) - Tennessee			
Higher Education Commission	N/A	N/A	21,616
Aging Program - Upper Cumberland Development District	N/A	(5)	5,625
On-the-Job Learning (OJL) - Upper Cumberland Local Workforce Development Board	N/A	N/A	5,000
Total State Grants			\$ <u>1,956,423</u>

ALN = Assistance Listing Number

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Clay County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.

(3) No amounts (\$0) were passed-through to subrecipients.

(4) Child Nutrition Cluster total: \$793,463; Special Education Cluster (IDEA) total: \$413,449; Aging Cluster: \$33,838.

(5) Information not available.

(6) Total for ALN 10.555 is \$573,578; Total for ALN 21.027 is \$30,446; Total for ALN 93.959 is \$167,377.

(7) CONSOLIDATED ADMINISTRATION

Program Title	ALN	Amount
Title I Grants to Local Educational Agencies	84.010	\$ 39,040
Supporting Effective Instruction State Grant	84.367	1,815
Rural Education	84.358	454
Total amounts consolidated for administration purposes		<u>\$ 41,309</u>

(8) AMOUNTS TRANSFERRED

Program Title	Amount
From Title IV, Part A (ALN No. 84.424) to Title II, Part A (ALN No. 84.367)	\$ <u>32,092</u>

CLAY COUNTY, TENNESSEE
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2025

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, 2025.

Prior-year Financial Statement Findings

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

2024	169	2024-001	The offices had not established formal purchase order systems.	N/A	Not Corrected - See Explanation on Corrective Action Plan
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OFFICE OF ROAD SUPERINTENDENT

2024	169	2024-002	An investigation revealed the road superintendent misappropriated highway department fuel for his personal use.	N/A	No New Reports in Current Year - Prosecution Still Pending
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Prior-year Federal Awards Findings

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

CLAY COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

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 Listing Numbers: 10.553 and 10.555 Child Nutrition Cluster: School Breakfast Program and National School Lunch Program

* Assistance Listing Number: 84.010 Title I Grants to Local Education Agencies

* Assistance Listing Numbers: 84.027 and 84.173 Special Education Cluster: Special Education Grants to States and Special Education Preschool Grants

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

9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICES OF COUNTY MAYOR AND ROAD SUPERINTENDENT

FINDING 2025-001

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 findings 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.

OFFICE OF ROAD SUPERINTENDENT

FINDING 2025-002

THE OFFICE DID NOT MAINTAIN ADEQUATE CONTROLS OVER CONSUMABLE ASSETS

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

The office did not have adequate inventory controls of consumable assets, such as fuel, materials, and parts.

- A. The highway department dispenses fuel (gasoline and diesel) from pumps located at the department. When fuel is dispensed from pumps, an employee logs their name, the fuel type dispensed, gallons pumped, and vehicle or equipment used into a manual fuel usage log. However, the department did not reconcile amounts used with amounts purchased and on hand. Furthermore, the highway department utilizes several mobile fuel tanks located on the beds of highway department trucks. No records are maintained for the fuel dispensed from the mobile fuel tanks.
- B. The highway department did not have a system to account for materials and parts. These items were purchased by the department, but there were no records maintained to show where materials were used or what vehicles or equipment received parts.

Failure to maintain adequate records of consumable assets weakens control over the assets and increases the risks that assets could be misappropriated without detection. This deficiency can be attributed to the failure of management to adequately monitor controls over consumable assets.

RECOMMENDATION

The office should develop and implement a system to account for consumable assets, such as fuel, materials, and parts.

MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

I concur with this finding. All drivers have a notebook in the truck to log for rock. A notebook is at the pumps to log for gas and diesel. Receipts or invoices for parts now have the truck or equipment name or number on them.

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, 2025.

CLAY COUNTY, TENNESSEE
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2025

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

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

2025-001 The office had not established a formal purchase order system. 174

OFFICE OF ROAD SUPERINTENDENT

2025-001 The office had not established a formal purchase order system. 175

2025-002 The office did not maintain adequate controls over consumable assets. 175

AUDITOR'S COMMENT ON COUNTY MAYOR AND ROAD SUPERINTENDENT'S CORRECTIVE ACTION PLANS

2025-001 The office had not established formal purchase order system. 177

Clay County Government

Dale Reagan, County Mayor
Email: clayexec@twlakes.net



145 Cordell Hull Drive, P.O. Box 387, Celina, TN 38551 * Phone #: 931-243-2161 *Fax #: 931-243-2436

Corrective Action Plan

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

Response and Corrective Action Plan Prepared by:

Dale Reagan, Clay County Mayor
Donna Hamilton, Finance Director for Clay County Govt

Person Responsible for Implementing the Corrective Action:

Dale Reagan, Clay County Mayor
Donna Hamilton, Finance Director for Clay County Govt

Anticipated Completion Date of Corrective Action:

N/A

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

N/A

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 Clay County Highway Department and the Clay County School System, Clay County, at this time, is not financially equipped to establish said system. Therefore, this finding cannot be corrected at this time.

A handwritten signature in blue ink, appearing to read "Dale Reagan".

Official's signature

Dale Reagan
Mayor of Clay County, Tennessee

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 A FORMAL PURCHASE ORDER SYSTEM

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

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

Anticipated Completion Date of Corrective Action:

Repeat Finding:
Yes

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

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

FINDING: THE OFFICE DID NOT MAINTAIN ADEQUATE CONTROLS OVER CONSUMABLE ASSETS

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:
No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

This finding has been corrected. All drivers have notebooks in trucks to log for rock. There is a notebook to log for gas and diesel. Receipts or invoices for parts have the truck or equipment name or number for which it will be used.

Signature:

A handwritten signature in blue ink, appearing to read "Jason Brown".

AUDITOR'S COMMENT ON COUNTY MAYOR AND ROAD SUPERINTENDENT'S CORRECTIVE ACTION PLANS

FINDING 2025-001

THE OFFICES HAD NOT ESTABLISHED FORMAL PURCHASE ORDER SYSTEMS

A formal purchase order system can be implemented without a central system of accounting, budgeting, and purchasing at nominal cost to the county. Many non-centralized counties have implemented a formal purchase order system. Purchase orders are an important internal control over the purchasing process.

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.